

Victor Khanye Local Municipality
Risk Management Committee, Anti-Fraud & Anti-Corruption Charter 2017/18 Financial Year

VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT



RISK MANAGEMENT, ANTI-FRAUD & ANTI-CORRUPTION COMMITTEE CHARTER 2017/18

Victor Khanye Local Municipality
Risk Management Committee, Anti-Fraud & Anti-Corruption Charter 2017/18 Financial Year

Contents Page

1. Constitution	3
2. Background	3
3. Objectives	3
4. Composition	3
5. Authority	4
6. Roles and Responsibilities	4
7. Removal	5
8. Meetings	5
9. Administrative duties	5
10. Quorum	7
11. Performance Evaluation	7
12. Reporting	7
13. Review of the Charter	7

1. Constitution

The Risk Management, Anti-Fraud and Anti-Corruption Committee has been established by the Victor Khanye Local Municipality to assist the Accounting Officer to fulfil his/her risk management and control responsibilities in accordance with the prescribed legislation and corporate governance principles.

2. Background

2.1 The Municipal Finance Management Act section 62 and Treasury Regulations paragraph- 3.2.1 requires the Accounting officer to ensure that VKLM has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

2.2 The extension of the general responsibilities, in terms of section 79 of the MFMA, to all Top Management is a cornerstone in the institutionalization of risk management in the public service. It establishes responsibility for risk management at all levels of management, extending it beyond the roles of the Accounting Officer, the internal audit units or the Audit Committee in this regard.

2.3 In terms of the King II report on Corporate Governance in South Africa, 2002- a Committee should be appointed to assist an organisation in reviewing the risk management process and significant risk facing the organisation. The Committee is responsible for ensuring that a systematic, documented assessment for the processes and outcomes surrounding the key risks is undertaken, at least annually, for the purpose of including a statement on risk management in the VKLM's annual report

2.4 It is on the above basis that VKLM, in its endeavour to reinforce its internal control system aligned with the best practice, found it imperative to establish a Risk Management, Anti-Fraud and Anti-Corruption Committee which will coordinate and monitor the implementation of risk management as well as any queries that may be raised by the Council and its committees. It shall provide oversight role particularly to ensure greater accountability and provide sound quality responses.

3. Objectives

The primary objective of the committee is to assist the Accounting Officer in discharging his/her accountability for risk management by reviewing the effectiveness of the Municipality's risk management system, practices and procedures, and providing recommendations for improvement.

4. Composition

Permanent members of the committee shall be formally appointed by the Accounting Officer. The members, as a collective, shall possess the blend of skills, expertise and knowledge of the Council, including familiarity with the concepts, principles and practice of risk management, such that they can contribute meaningfully to the advancement of risk management within the municipality.

4.1 Membership shall comprise

- 4.1.1 An independent Chairperson of the committee
- 4.1.2 All section 57 employees
- 4.1.3 Chief Risk Officer

4.2 Standing invitees to the Committee shall be

- 4.2.1 Chief Risk Officer
- 4.2.2 Chief Audit Executive
- 4.2.3 Compliance Officer
- 4.2.4 Other members of senior management (Deputy Managers and Assistant Managers)
- 4.2.5 Any other person who may be co-opted to provide specialist skills, advice and counsel
- 4.2.6 Nkangala District Municipality's Risk Management Support Unit
- 4.2.7 National Treasury and Provincial treasury Risk Management Support
- 4.2.8 Department of Corporate Governance and Traditional Affairs Risk Management Support

5. Authority

- 5.1 The Council shall appoint an independent Chairperson of the committee for a period not exceeding three years.
- 5.2 The committee shall obtain necessary cooperation and assistance from any employee in the VKLM in relation to any information required for the execution of its function related purposes, of which failure to conform the matter shall be reported to the Municipal Manager and Council for intervention.
- 5.3 The Committee shall have the requisites authority to request any employee of council to appear before it to account for their delegated responsibilities in respect of risk management.

6. Roles and Responsibilities

6.1 The duties of the committee shall be to:

- 6.1.1 Review the risk management policy and strategy and recommend for approval by the Council;
- 6.1.2 Review the risk appetite and tolerance and recommend for approval by Council;
- 6.1.3 Review the municipality's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk registers;
- 6.1.4 Evaluate the effectiveness of mitigating strategies to address the material risks of the Municipality;

Victor Khanye Local Municipality
Risk Management Committee, Anti-Fraud & Anti-Corruption Charter 2017/18 Financial Year

- 6.2 Report to the Council any material changes to the risk profile of the Municipality;
- 6.3 Review the fraud and corruption prevention policy and recommend for approval by Council;
- 6.4 Evaluate the effectiveness of the implementation of the fraud and corruption prevention policy and strategy;
- 6.5 Review any material findings and recommendations by assurance providers on the system of risk management and monitor that appropriate action is instituted to address the identified weakness;
- 6.6 Develop goals, objectives and key performance indicators for the Committee for approval by Council;
- 6.7 Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;
- 6.8 Set out the nature, role, responsibility and authority of the risk management function within the municipality for approval by the Council, and oversee the performance of the risk management function;
- 6.9 Provide proper and timely reports to the Council on the state of risk management together with aspects requiring improvement accompanied by the committee's recommendations to address such issues;
- 6.10 Interaction with the Councils Audit Committee

7. Removal

If a member of the committee retires or resigns from their position within the Municipality, that member ceases to be a member of the committee. The Accounting officer may appoint a successor.

8. Meetings

The committee shall meet at least four times per annum. The Chairperson of the committee or majority of the permanent members of the committee may convene additional meetings as circumstances may dictate. A member of a committee must attend at least 75% (3 times) of all meetings with a financial year.

9. Administrative duties

- 9.1 Secretariat from Risk Management Unit shall be the secretary of the committee. The secretary shall forward the notice of each meeting of the committee to all members no later than (72 hours) three working days prior to the date of the meeting. The notice shall confirm the venue, time, date and agenda and include the documents for discussion.

Victor Khanye Local Municipality
Risk Management Committee, Anti-Fraud & Anti-Corruption Charter 2017/18 Financial Year

- 6.1.5 The minutes of the meeting shall be completed by the secretary and sent to all relevant officials for comments within seven working days after the meeting. The minutes shall be approved at the immediately following meeting, whereupon the approved minutes will be circulated to all attendees within three working days.

6.2 The duties of the Risk Champions shall be to:

- 6.2.1 To exercise his/her skills, knowledge, leadership qualities and power of office required to champion a particular aspect of risk management;
- 6.2.2 Intervening in instances where risk management efforts are being hampered, for example, by the lack of co-operation by management and other officials and the lack of institutional skills and expertise;
- 6.2.3 Adding value to the risk management process by providing guidance and support to manage “problematic” risks and risks of a transversal nature that require a multiple participant approach;
- 6.2.4 Should possess a good understanding of risk management concepts, principles and processes, good analytical skills and expert power;
- 6.2.5 Should not assume the role of the Risk Owner but should assist the Risk Owner to resolve problems.

Victor Khanye Local Municipality
Risk Management Committee, Anti-Fraud & Anti-Corruption Charter 2017/18 Financial Year

7 Quorum

50% plus one constitutes a quorum. A permanent member of the committee may nominate a proxy on his/her behalf. This provision shall lapse in the event that the permanent member fails to attend 50% or more of the Committee meetings held in that particular financial year in person.

8 Performance Evaluation

8.1 The Provincial Treasury shall evaluate performance and effectiveness of Risk Management, Anti-Fraud and Anti-Corruption Committee meetings.

8.2 The Accounting Officer shall evaluate performance of Risk Management, Anti-Fraud and Anti-Corruption Committee Chairperson.

9 Reporting

9.1 The Chairperson of the Risk Management, Anti-Fraud and Anti-Corruption Committee shall prepare a written report after each of its meetings, detailing its activities and findings, as well as any recommendations and decisions made by it to the Municipal Manager.

9.2 The report of the Risk Management, Anti-Fraud and Anti-Corruption Committee chairperson will also be submitted to the audit committee on a quarterly basis.

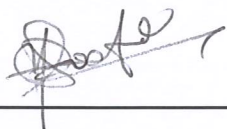
10 Review of the Charter

The Committee shall review the charter annually and recommend to the Council to approve any amendments that may be required.

Victor Khanye Local Municipality
Risk Management Committee, Anti-Fraud & Anti-Corruption Charter 2017/18 Financial Year

11 Approval

PREPARED BY:



DL Skhosana
ACTING CHIEF RISK OFFICER

19/06/2017

DATE

REVIEWED BY:

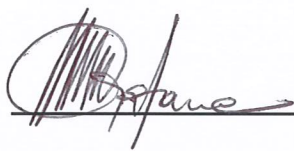


MJ Mahlangu
MUNICIPAL MANAGER

19/06/17

DATE

RECOMMENDED BY:

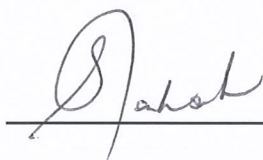


T Gafane
CHAIRPERSON: RISK COMMITTEE

23/06/2017

DATE

APPROVED BY:



Hon. E.N Makhabane
EXECUTIVE MAYOR

27/06/2017

DATE