

! Kheis

Munisipaliteit
Municipality

**RISK MANAGEMENT
CHARTER**

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Introduction

IKheis Municipality is in the process of establishing a Risk Management Committee (RMC)/ Risk Forum, in terms of the Local Government: Municipal Finance Management Act 56 of 2003. The Committee aims to assist the Accounting Officer, Management and Council to ensure that policies, internal controls and procedures are in place to create a system and appropriate culture, which include processes for risk – management – planning – identification – analysis - monitoring and risk control in a consistent manner.

Background

Section 62 (1) (a) of the Municipal Finance Management Act (hereafter referred to as "MFMA") states that the Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems

- i) Of financial and risk management and internal controls; and
- ii) Of internal audit operating accordance with any prescribed norms and standards.

Section 95 of the Municipal Finance Management Act (hereafter referred to as "MFMA") states that the Accounting Officer in a municipal entity is responsible for managing the financial administration of the entity, and must for this purpose take all reasonable steps to ensure

- (a) That the resources of the entity are used effectively, efficiently, economically and transparently;
- (b) That full and proper records of the financial affairs of the entity are kept;
- (c) That the entity has and maintains effective, efficient and transparent systems
 - i. Of financial and risk management and internal control; and
 - ii. Of internal audit complying with and operating in accordance with any prescribed norms and standards;
- (d) That irregular and fruitless and wasteful expenditure and other losses are prevented;
- (e) That expenditure is in accordance with the operational policies of the entity; and
- (f) That disciplinary or, when appropriate, criminal proceedings, are instituted against any official of the entity who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15.

Objectives

The primary objectives of the Committee is to assist the Accounting Officer, the Council and the Audit Committee in discharging their accountability for risk management by reviewing the effectiveness of the municipality's risk management system, practices and procedures, and providing recommendations for improvement.

Authority

The Risk Management Committee has authority to assess and analyse any risk related matters of the Municipality, and may require members of management or others to attend meetings and to provide advice and information. This Charter sets out specific responsibilities delegated by the

Accounting Officer and Council to the Committee and provides support for the manner in which the Committee will operate:

- The Risk Management Committee will foster a culture within the Municipality that emphasizes and demonstrates the benefits of a risk-based approach to internal control and management of !Kheis Municipality.
- To reinforce Management's control consciousness and make appropriate recommendations to management on all significant matters relating to the Municipality's risk strategy and policies.

Roles and responsibilities

The duties of the Committee shall be to:

- Review the institution's risk identified and assess methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;
- Evaluate the effectiveness of mitigating strategies to address the Strategic and Operational Risk of the institution;
- Report to the Accounting Officer and Audit Committee any material changes to the risk profile of the Institution;
- Develop goals, objectives and key performance indicators for the Committee for approval by the Accounting Officer and Council;
- Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;
- Set out the nature, roles, responsibility and authority of the risk management function within the Institution for approval by the Accounting Officer, and oversee the performance of the risk management function;
- Provide proper and timely reports to the Accounting Officer, Audit Committee and Council on the state of risk management, together with aspects required for improvement accompanied by the Committee's recommendations to address such issues.

Meetings

- The Committee shall meet at least four times per annum, (July, October, January and April) and at such additional times as may be necessary to carry out its responsibilities.
- Meeting agendas will be prepared in consultation with the chairperson and provided in advance to members, along with appropriate briefing materials.
- Minutes of proceedings and resolutions of Committee meetings will be kept.

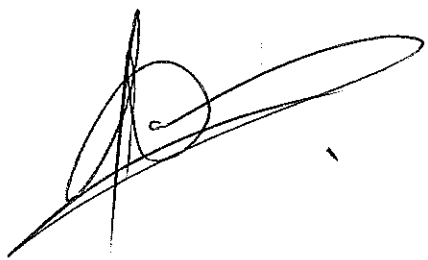
Members

Senior Managers of the Municipality shall compile the committee

- CFO
- Corporate Manager
- Technical Manager
- Community Manager

Recommendation

The Risk Management Charter to be brought before council for adoption.

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