



**Zululand**  
District Municipality

## **RISK MANAGEMENT COMMITTEE CHARTER**

**FINANCIAL YEAR - 2023/2024**

*"Service Delivery through Integrity"*

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## **1. LEGAL MANDATE AND CORPORATE GOVERNANCE**

### **Legal mandate**

Legislating risk management in the Municipality is a macro risk management strategy of government towards ensuring the achievement of the District Municipality's goals and objectives. Section 62. (1) C (i) of the Municipal Finance Management Act (Act 56 of 2003) (MFMA) provide a legal foundation for establishment of Risk Management Committee.

### **Governance**

The Municipality has drawn guidance from the following in this regard:

- Municipal Finance Management Act (MFMA) 2003.
- Treasury Regulations as amended.
- Public Sector Risk Management Framework, April 2010; and
- Bathe Pele principles.
- King IV Report on Corporate Governance.

## **2. PURPOSE**

This Charter provides the Risk Management Committee (RMC) with information to enable them to fully understand their roles and responsibilities in terms of risk management and the terms and conditions within which the Committee should operate including their conduct.

## **3. OBJECTIVES**

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

The Committee shall also ensure compliance with internal guidelines (risk management policy, strategy, etc.) and external requirements (MFMA, Treasury Regulations, etc.) in the conduct of risk management activities throughout the Municipality.

The Committee will contribute to overseeing the implementation of effective, efficient and transparent financial and risk management systems and processes required to

be implemented by the Accounting Officer throughout the Municipality by the MFMA Section 62 (1) (c) and Section 165 (2) (b) (iv)

The committee will also assist the Accounting Officer in discharging her accountability for anti-corruption & fraud prevention by reviewing the effectiveness of the Municipality's fraud prevention policy, strategy, and plan, strengthen measures for managing unethical conduct and promoting integrity in the Municipality.

#### **4. CONSTITUTION**

The RMC has been established to assist the Accounting Officer to fulfil his/her risk management and control responsibilities in accordance with prescribed legislation and corporate governance principles.

#### **5. COMPOSITION**

Permanent members of the RMC shall be formally appointed by the Accounting Officer. The members, as a collective, shall possess the blend of skills, expertise, and knowledge of the Municipality, 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.

The chairperson of the Risk Management Committee must be an independent external person, appointed by the Accounting Officer, preferable, one of the members of the Audit and Performance Audit Committee of the Municipality.

##### **Membership shall comprise:**

- Member not in the employ of the Municipality (Member of APAC, chairperson).
- GM: Planning Services
- GM: Technical Services
- GM: Community Services
- GM: Corporate Services
- GM: Finance Services (CFO)
- COO
- Manager: Information and Communication Technology (ICT)

**Standing invitees to the Committee may include:**

- Deputy General Managers
- Internal Audit representatives
- Legal Compliance Manager
- Any other person who may be co-opted to provide specialist skills, advice, and counsel.

**6. AUTHORITY**

The RMC shall have the requisite authority to request management to appear before it to account for their delegated responsibilities in respect of risk management.

**7. ROLES AND RESPONSIBILITIES**

The duties of the RMC shall be:

***Risk Management -***

- Review the risk management policy and recommend for approval by the Council through the Accounting Officer.
- Review the Municipality's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register and recommend the risk register for approval by the Accounting Officer.
- Evaluate the effectiveness of mitigating strategies to address the material risks of the Municipality.
- Evaluate the extent and effectiveness of integration of risk management within the Municipality.
- Assess implementation of the risk management policy.
- Review the material findings and recommendations by assurance providers on the system of risk management and monitor the implementation of such recommendations.
- Report to the Audit Committee and the Accounting Officer any material risk of the Municipality as well as changes to the risk profile of the Municipality.
- Interact with the Audit and Performance Audit Committee to share information relating to material risks of the Municipality.

***Anti-Corruption, Fraud Prevention and Ethics Management-***

- Review the Ethics, Anti-Corruption & fraud prevention policies and recommend for approval by the Council through the Accounting Officer.
- Evaluate the implementation effectiveness of the fraud prevention plan and Ethics strategy.

**8. MEETINGS**

The RMC shall meet at least once per quarter. The meetings of the RMC must precede those of the Audit Committee by at least 10 working days to allow reports to be submitted as part of the audit committee agenda. The Chairperson of the RMC or a majority of the permanent members may convene additional meetings as circumstances may dictate.

**9. ADMINISTRATIVE DUTIES**

- The Office of the Municipal Manager shall serve as the Committee's secretariat. The secretary shall forward the notice of each meeting of the RMC to all members no later than seven working days prior to the date of the meeting. The notice shall confirm the venue, time, date, and agenda. The discussion documents shall be circulated no less than three working days before the meeting.
- The minutes of the meetings shall be compiled by the secretary and sent to all relevant officials for comment 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.

**10. QUORUM**

- 50% plus one constitutes a quorum.  
A permanent member of the Committee may nominate a proxy on his/her behalf. This proviso shall lapse if the permanent member fails to attend two consecutive Committee meetings held in that particular financial year in person. This non-attendance will then be reported to the Accounting Officer by the Committee Chairperson.

- Meeting will not continue without meeting the quorum unless all members consent to the meeting continuing without meeting a quorum. Decision made where a quorum has not been met will not be binding until ratified by majority (75%) of the members in writing.

## **11. TERMINATIONS**

- Where a Member of the Committee is transferred to another Municipality or to another Component within the Municipality, he/she will cease to be a Member from the effective date of transfer or an earlier date. This shall be referred to as transfer termination.
- Where a Member of the Committee resigns or his/her appointment in the Municipality is terminated for one or more reasons provided in his/her termination, he/she will cease to be a Member of the Committee from the date of resignation or termination or an earlier date. This termination shall take effect whether the Member has challenged his/her termination of employment in any manner possible, i.e., legally, or otherwise. This shall be referred to as resignation termination. Otherwise, it shall be referred to in accordance with the nature of termination, e.g., if termination is in the form of a dismissal, it shall be referred to as dismissal termination.
- If a Member of the Committee's conduct does not meet the standards set in his/her standards of conduct contained in the Municipality's or Public Sector Code of Conduct, appointment contract or any other form of conduct expected of him/her in his/her position appointed into in the Municipality, he/she will cease to be a Member from the date that the Municipality summon/find him/her guilty of misconduct. This shall be referred to as termination in lieu of charges of misconduct against a Member of the Committee.
- Where a Member's employment ends as a result of incapacity or death, he/she will cease to be a Member of the Committee from the date the Member is declared incapable by a duly authorised Institution or from the date of death of the Member.
- Terminated members will be replaced by suitable persons selected from the relevant areas of the Municipality by the Accounting Officer.

## **12. CODE OF CONDUCT**

All members of the RMC, standing invitees and other officials invited to consider certain matters must conduct themselves in a professional and ethical manner and

must respect the Code of Conduct for Public Servants in the performance of their duties.

### **13. TERM OF OFFICE**

The external Chairperson will serve for a period of thirty-six (36) months (three (3) years). The representatives of Senior Management (all GMs) will serve indefinitely unless their membership is terminated by either the RMC or the Accounting Officer as indicated in section 11 above.

### **14. REMUNERATION**

External members will be remunerated for preparation and attendance of meetings in terms of their signed appointment contracts. No remuneration for internal members in this regard.

### **15. PERFORMANCE EVALUATION**

The RMC will annually undertake self assessment on its performance. The assessment will highlight areas in need of improvement and a response plan will be facilitated by Risk Management.

Below is the Key Performance Indicators for the RMC: RISK MANAGEMENT COMMITTEE KEY PERFORMANCE INDICATORS



OBJECTIVE/ OUTCOME	KPI	UNIT OF MEASUREMENT	SOURCE OF EVIDENCE	RESPONSIBILITY
<b>RISK MANAGEMENT</b>				
1. Good governance and compliance.	Review the Risk Management Policy and recommend for approval of the Council.	Reviewed Risk Management Policy is submitted to Council for approval by 30 June 2022.	Approved Risk Management Policy.	M: Risk Management
	Review the Municipality's risk identification and assessment methodology.	Risk identification and assessment (RIA) methodology exists to provide reasonable assurance to the development of the risk register.	1. RIA methodology. 2. Minutes of the RMC.	M: Internal Audit
	Review the effectiveness of the conducted Risk Assessments.	Review Progress on the identification and assessment of risks in the Municipality and recommend for approval of the Accounting Officer.	1. Risk registers 2. Quarterly reports on the management of risk registers.	RMC Chairperson
	Evaluate the effectiveness of risk mitigating strategies.	Progress reports are submitted to the RMC quarterly to address the risks faced by the Municipality.	1. Quarterly Reports on the progress made with risk mitigation plans. 2. Minutes of the RMC.	GMs or delegates  M: Risk Management

OBJECTIVE/ OUTCOME	KPI	UNIT OF MEASUREMENT	SOURCE OF EVIDENCE	RESPONSIBILITY
	Report to the Accounting Officer any material changes to the risk profile of the Municipality.	Consider progress reports submitted to the RMC and report to the AC all material changes to the current risk profile (emerging risks, etc.)	1. Quarterly Progress Reports by RMC. 2. Minutes of the RMC.	RMC Chairperson  M: Risk Management
	Submission of RMC reports to the Audit Committee.	Progress reports are submitted to the Audit Committee from the RMC.	Quarterly approved RMC minutes and status reports.	RMC Chairperson
	Performance assessment of the RMC in relation to the determined Key Performance Indicators (KPIs).	Annual assessment of the performance by the RMC is conducted.	Annual RMC Assessment report.	RMC Chairperson and members
<b>ANTI-CORRUPTION &amp; FRAUD PREVENTION PLAN</b>				
<b>1. To set the tone through which Management commits itself to the Municipality towards rejecting corruption and fraud as a business norm.</b>	Review the Fraud Prevention Policy.	Completed Fraud prevention Policy is submitted to the Accounting Officer by 30 June 2022.	Approved Fraud Prevention Policy.	M: Risk Management

## 16. ENFORCEMENT

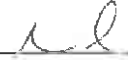
Failure to observe and adhere to this charter by any Member of the Committee, Standing Invitee or other officials of the Municipality shall be treated as a breach and dealt with in accordance with the Municipality's disciplinary processes, including the review and termination of the Member's membership.

## 17. REVIEW OF THE CHARTER

This Charter will be reviewed on an annual basis and/or amended as necessary.

## 18. APPROVAL

### Endorsed by Risk Management Committee

Signature of the Chairperson (VR Nhleko):  Date: 20/04/2023

### Recommended by Municipal Manager

Signature of the Municipal Manager (RN Hlongwa):  Date: 20/04/2023

### Approval by Council

Signature of the Speaker of Council (Cllr. D.T Memela): 

Council Resolution: ZDMC 23/320. Dated: 27/07/2023