

(A4187)



RISK MANAGEMENT COMMITTEE CHARTER

2021/22

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<u>Abbreviation</u>	<u>Definition</u>
A&PC	Audit & Performance Committee
CAE	Chief Audit Executive
FARMCO	Fraud & Risk Management Committee
IAA	Internal Audit Activity
MM	Municipal Manager. MM is also the Accounting Officer of the Municipality.

1. Constitution

The Fraud & Risk Management Committee (FARMCO) has been established by the Langeberg Municipality to assist the Municipal Manager (MM) to fulfil his duties on risk management and control responsibilities in accordance with prescribed legislation and corporate governance principles.

2. Objectives

The primary objective of the FARMCO is to assist the MM in discharging his accountability for risk management by reviewing the effectiveness of the Langeberg Municipality's risk management systems, practices and procedures, and providing recommendations for improvement.

3. Composition

The MM shall formally appoint permanent members of the FARMCO. 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 Langeberg Municipality.

Membership of the Fraud & Risk Management Committee will comprise of:

- Audit & Performance Committee (A&PC) Member as independent Chairperson
- Director: Engineering Services
- Director: Financial services (CFO)
- Director: Strategy and Social Development
- Director: Corporate Services
- Director: Community Services
- Standing invitees to the FARMCO shall be the members from the Internal Audit Activity (IAA), the risk champion of each directorate and any other person who may be co-opted to provide specialist skills, advice and counsel.

4. Authority

The MM shall appoint the Chairperson of the FARMCO from the permanent membership of the A&PC.

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

The Chairperson shall monitor the compliance to the approved charter and ensure that feedback is provided to the MM and A&PC.

5. Roles and responsibilities

The duties of the FARMCO shall be to:

- Review the risk management policy and strategy and recommend to the MM, A&PC and Council for approval;
- Review the risk appetite framework, risk tolerance level statement and risk appetite level statement and recommend to the MM, A&PC and Council for approval;
- Review the municipality's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register and recommend to the MM, A&PC and Council for approval;
- Evaluate the effectiveness of mitigating strategies to address the material risks of the Municipality;
- Report quarterly to the MM any material changes to the risk register of the Municipality;
- Review the fraud prevention policy and fraud prevention plan & strategy and recommend to the MM, A&PC and Council for approval;
- Evaluate the effectiveness of the implementation of the fraud prevention policy and fraud prevention plan & strategy;
- 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 weaknesses;
- Develop goals, objectives and key performance indicators for the FARMCO for approval by the MM;
- Develop goals, objectives and key performance indicators to measure the effectiveness of the CAE in discharging his allocated risk management responsibilities;
- Set out the nature, role, responsibility and authority of the IAA in terms of its risk management function within the Municipality for acceptance by the MM, and oversee the performance of the IAA in terms of risk management activities;
- Provide proper and timely reports to the MM on the state of risk management, together with aspects requiring improvement accompanied by the Committee's recommendations to address such issues.

6. Meetings

The Committee shall meet at least four times per annum and therefore the Committee shall approve a year planner with the scheduled dates annually before 30 June of each year. The Chairperson of the Committee or a majority of the permanent members of the Committee may convene additional meetings as circumstances may dictate.

Members of the Committee are allowed electronic attendance when a member cannot physically be present in a meeting, i.e. by telephone or through other electronic means of communication (which are available to all attended parties)

7. Administrative duties

The CAE, as the designated driver of the risk management process or his delegate shall be the secretary of the FARMCO. The secretary shall forward the notice of each meeting of the FARMCO to all members and standing invitees after the approval of the year planner. The notice shall confirm the venue (if applicable), time, date and the agenda, including the documents for discussion which will be distributed five (5) or more days before the date of the meeting.

The minutes of the meetings shall be completed 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 immediate following meeting, whereupon the approved minutes will be safeguarded by the Internal Audit Activity.

8. Quorum

The majority of members shall form a quorum.

9. Performance evaluation

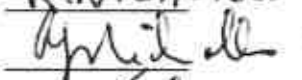
The Committee shall be evaluated by the MM at least annually on its performance in terms of its charter and its duties and responsibilities.

10. Review of the charter

The Committee shall review the Charter whenever required and recommend to the MM for approval of any amendments that may be required. This document will remain effective until a new one is approved.

ACKNOWLEDGEMENT OF APPROVAL

Recommended by the Fraud & Risk Management Committee:

Position: Chairperson of the Committee
Name in Print: R. NICHOLLS
Signature: 
Date: 19 July 2021

Approved by the Municipal Manager:

Position: Municipal Manager
Name in Print: ASA DE KLERK
Signature: 
Date: 20 July 2021

Approved by Council Resolution:

Report No.: A4187
Date: 31 August 2021