

Msinga Local Municipality



RISK, COMPLIANCE & FRAUD PREVENTION COMMITTEE CHARTER

1. Constitution

The Risk Management Committee has been established by Msinga Local Municipality to assist the Accounting Officer to fulfil the risk management and control responsibilities in accordance with prescribed legislation and corporate governance principles.

Further, all institutions are obliged to appoint a Fraud Prevention Committee, in our case the Risk Committee will handle all fraud related matters. The Fraud Prevention Committee must ensure the implementation of the fraud and misconduct strategy, creating fraud awareness amongst all stakeholders and accepting responsibility for considering any reports of fraud or misconduct and for taking appropriate action in consultation with the Head of institution. The Accounting Officer establishes the right tone for the prevention and management of fraud and misconduct in the institution. This is achieved through developing and publishing a fraud and misconduct risk management policy.

Msinga Local Municipality will not establish a separate Committee to deal with fraud prevention and compliance matters, however it will be incorporated with the Risk Management Committee.

2. Objectives

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

3. Composition

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.

Membership shall comprise:

- Accounting Officer or person delegated by the Accounting officer, and
- Senior Managers

Standing invitees to the Committee shall be:

- Risk Officer;
- Manager Internal Audit;
- Compliance Officer;
- Manager Performance Management;



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- Manager Legal;
- Any other person who may be co-opted to provide specialist skills, advice and counsel.

4. Authority

The Accounting Officer or person delegated by the accounting officer shall be the Chairperson of the Committee.

The Committee shall have the requisite authority to request management to appear before it to account for their delegated responsibilities in respect of risk, compliance and fraud prevention.

5. Roles and responsibilities

The duties of the Committee shall be to:

- Review the risk management policy and strategy and recommend for approval by the Accounting Officer and Council;
- Review the risk appetite and tolerance and recommend for approval by the Accounting Officer and Council;
- Review the municipality's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;
- Evaluate the effectiveness of mitigating strategies to address the material risks of the municipality;
- Report to the Accounting Officer and Audit Committee any material changes to the risk profile of the municipality;
- Review the fraud prevention policy and recommend for approval by the Accounting Officer and Council;
- Evaluate the effectiveness of the implementation of the fraud prevention policy;
- 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 Committee for approval by the Accounting Officer;
- Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;
- Set out the nature, role, responsibility and authority of the risk management function within the municipality for approval by the Accounting Officer, and oversee the performance of the risk management function;



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- Provide proper and timely reports to the Accounting Officer and Audit Committee on the state of risk management, together with aspects requiring improvement accompanied by the Committee's recommendations to address such issues.

In terms of Fraud Prevention, the Committee is responsible for ensuring that the following is achieved:

- Monitoring of the application of the policy and ensuring adequate supervision and dynamism of the controls and procedures.
- The planned and required activities are undertaken such as the policy inclusion in the letter of appointment for staff, communication and training campaigns.
- Review the fraud prevention policy and recommend for approval by the Accounting Officer;
- Evaluate the effectiveness of the implementation of the fraud prevention policy;
- Reviews the process implemented by management in respect of fraud prevention and ensures that all fraud related incidents have been followed up appropriately.
- An appropriate fraud risk assessment is completed.
- The reports of fraud and misconduct are effectively handled.
- Consistent and appropriate action is taken on known incidents of fraud and misconduct.
- Quarterly reports to the Audit Committee that summarises the institution's fraud prevention, detection and action for the period.

In terms of compliance the Committee is responsible for ensuring that the following is achieved:

- Ensuring that the compliance policy is in line with enterprise wide risk management strategy and framework which is underpinned by the organizational growth and development strategy and the Integrated Development Plan;
- Developing and implementing the compliance policy and manuals;
- Ensuring that standard risk based regulatory compliance processes, including processes to identify the relevant regulatory frameworks, controls and systems are based on international compliance best practice;
- Developing and reviewing the Compliance policy and processes;
- Developing and implementing compliance management techniques;
- Implement and managing the standard risk based compliance processes;
- Reviewing reports of non-compliance incidents and major frauds and corruption (both potential and actual) including the evaluation of the effectiveness of the response in investigating any loss and preventing future occurrences;
- Submit monthly reports to the Council on non-compliance.



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6. Meetings

The Committee shall meet monthly for the next three months (May, June) thereafter we will meet on a quarterly base as legislated. The Chairperson of the Committee may convene additional meetings as circumstances may dictate.

7. Administrative duties

The Risk Officer, or such person as appointed by the Committee, 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 seven 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.

The minutes of the meetings shall be completed by the secretary and sent to all relevant officials for comment after the meeting.

The minutes shall be approved at the immediately following meeting, whereupon the approved minutes will be circulated to all attendees.

8. Quorum

50% plus one constitutes a quorum.

9. Performance evaluation

The Committee shall evaluate its performance in terms of its charter at least annually.

10. Review of the charter

The Committee shall review the Charter annually and recommend to the Accounting Officer for approval any amendments that may be required.



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11. Review / Approval

Reviewed by the Risk, Compliance and Fraud Prevention Committee

**Mr. TL Kunene
(Speaker)**

Resolution No: 23/2020 FC

**Mr. SL Sokhela
(Accounting Officer)**

Approval Date:27/05/2020