



RISK MANAGEMENT COMMITTEE CHARTER

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RISK MANAGEMENT COMMITTEE CHARTER

1. PURPOSE

The Risk Management Committee (the "Committee") has been established within Cederberg Municipality to assist the Accounting Officer fulfil his / her responsibilities for Enterprise Risk Management (ERM), in accordance with the prescribed legislation and corporate governance principles. This Charter has therefore been developed to highlight the roles and responsibilities of the Risk Management Committee.

2. AUTHORITY

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

3. ROLES AND RESPONSIBILITIES

3.1. THE CHAIRPERSON

The powers of the chairperson will be to:

- draw up the agenda with the help of the secretary;
- prepare and be fully informed on all matters to be discussed;
- call the meeting to order and declare it formally open;
- deal with items on the agenda in the order set;
- confirm the minutes of the previous meeting;
- preserve and maintain order;
- decide on any points of order submitted;
- eject person/s obstructing the business of the meeting;
- maintain order and see that the meeting is conducted in the proper manner;
- clarify and restate points which may not be clear to all members;
- ensure that the meeting has been properly convened and constituted;
- summarise and draw conclusions from discussions;
- enact the role of facilitator, rather than participant, in debates;
- ensure the recording and exact wording of any proposals or decisions, as well the names of proposers and seconders;
- decide when a motion has been sufficiently discussed and can be put to the vote;
- supervise the voting procedure;
- use the casting vote if necessary;
- identify any action to be taken and delegate responsibilities;

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- adjourn the meeting if it is so disorderly as to prevent the business of the meeting from taking place;
- adjourn the meeting;
- ensure that accurate record (minutes) of the meetings are produced by the secretary and circulated to each member for agreement; and
- follow up on decisions and recommendations taken at the meeting and make sure they are carried out.

3.2. THE SECRETARY / RECORDING OFFICER

The duties of the recording officer will be to:

- draw up the agenda with the chairperson;
- ensure that all necessary documents requiring discussion or comment are attached to the agenda;
- send out the notice of the meeting and agenda five **(5)** working days prior to the meeting, to all members;
- prepare all documents and correspondence to be dealt with at the meeting, in the order on which the items appear on the agenda;
- circulate documents among members, if necessary;
- arrange the venue and material required;
- ensure that all members signed the attendance register;
- read the apologies of those who could not attend the meeting;
- collect copies of all correspondence for later filing;
- make notes on all proceedings;
- record all motions, proposers, seconders and resolutions;
- record the number of votes;
- record the names of those responsible for further action and the due dates;
- prepare the minutes, within **five (5)** working days after the meeting;
- send a copy of the minutes to the chairperson to be checked;
- send copies of the reviewed minutes to the chairperson and other committee members within ten (10) working days after the meeting; and
- file a copy of the adopted and signed minutes.

Note: The secretary takes no part in the debates of the meeting, nor does he/she vote.

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3.3. THE RISK MANAGEMENT COMMITTEE (Independent committee)

The duties of the committee will be to:

- review the risk appetite and provide recommendations to the Accounting Officer;
- review the risk tolerance and provide recommendations to the Accounting Officer;
- review the risk management policy and provide recommendations to the Accounting Officer;
- evaluate the effectiveness of the risk management policy;
- review of the annual risk management implementation plan and provide recommendations;
- monitor implementation of the risk management implementation plan;
- review the fraud prevention policy and provide recommendations to the Accounting Officer;
- evaluate the effectiveness of the fraud prevention policy to the Accounting Officer;
- review the fraud prevention strategy and implementation plan and provide recommendations to the Accounting Officer;
- monitor implementation of the fraud prevention strategy and implementation plan;
- evaluate the effectiveness of mitigating strategies to address the material risks of the municipality;
- report any material changes to the risk profile of the municipality to the Accounting Officer;
- 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;
- develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;
- evaluate the performance of ERM within the municipality;
- provide proper and timely reports to the Accounting Officer on the state of risk management, together with aspects requiring improvement accompanied by the committee's recommendations to address such issues;
- submit quarterly reports to the Audit Committee to share information relating to material risks of the municipality and any other information;
- report annually to the Audit Committee and Council, summarising the activities, recommendations and decisions, which can be included in the annual financial statements;
- review the charter on an annual basis;
- review the risk management policy annually and provide recommendations; and

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- review the fraud prevention policy annually and provide recommendations.
- measure and understand the municipality's overall exposure to fraud and corruption and ensure that proper processes are in place to prevent these risks from materialising;
- measure and understand the municipality's overall exposure to IT and ensure that proper processes are in place to prevent these risks from materialising;
- measure and understand the municipality's overall exposure to Occupational Health & Safety (OH&S) and ensure that proper processes are in place to prevent these risks from materialising;

4. MEMBERSHIP COMPOSITION

The Committee shall be formally appointed by the Accounting Officer at least every **three (3)** years. The members, as a collective, shall possess the necessary blend of skills, expertise and knowledge of the municipality, including familiarity with the concepts, principles and practices of ERM, such that they can contribute meaningfully to the advancement of ERM within the municipality.

The Committee shall consist of at least eight (8) members.

Membership of the Committee shall comprise of:

- Accounting Officer;
- Directors
- Chief Risk Officer;
- Chief Audit Executive,
- Compliance Officer,

Standing invitees to the Committee shall be the:

- a member of the Audit Committee
- Any other person who may be co-opted to provide specialist skills, advice and counsel.

5. MEETINGS

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The committee shall meet at least four times per annum. The chairperson of the committee or a majority of the permanent members of the committee may convene additional meetings as circumstances may dictate.

5.1. MEETING ATTENDANCE

The chairperson may:

- extend an open invitation to particular non-members to attend meetings;
- may invite particular non-members to attend meetings in connection with specific agenda items; and
- limit attendance at particular meetings or parts of meetings or agenda items to committee members only.

5.2. 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.

If there is no quorum, the meeting will be adjourned to a new date and time as determined by the chairperson, not exceeding 2 (two) weeks.

5.3. MEETING PROCEDURES

- Any member of the Committee may add items to the agenda at least **seven (7)** working days prior to the date of the meeting. Such items shall be provided to the chairperson and/or the secretary.
- The members of the Committee as appointed by the Accounting Officer are the only persons with voting rights. Voting shall be by a show of hands unless decided by all members that it be by ballot. The chairperson shall have a casting vote in the event that the votes are tied. Members of the Committee must not vote on any issue in respect of which they have an actual or perceived conflict of interest.
- If a member wishes to protest against a decision he or she may request that it is recorded in the minutes.
- Unless varied by this charter, meetings and proceedings of the Committee will be governed by the Municipality's Rules of Order as adopted by Council or any other municipal guidelines regulating the meetings and proceedings of committees as adopted by Council from time to time.

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6. PERFORMANCE EVALUATION

- Clear objectives and key performance indicators should be set for the Committee in respect of risk management. These indicators should be able to measure the Committee's effectiveness in contributing to the achievement of the municipality's goals and objectives.
- The committee will annually undertake self assessment on its performance.
- The chairperson will provide each member with feedback on that member's contribution to the committee's activities at least once during a member's term of office.
- The assessment will include training needs for each committee member.

7. REVIEW OF THE CHARTER

The committee will review and amend the Charter annually to ensure that its content remains relevant. All changes or amendments to the Charter will be discussed and approved by the Accounting Officer.

8. APPROVAL OF THE CHARTER

The Risk Management Committee Charter is endorsed by the chairperson of the Committee and approved by the Accounting Officer.

GERRIT MATTHYSE
ACCOUNTING OFFICER

Date: