


# MSUKALIGWA LOCAL MUNICIPALITY

# RISK MANAGEMENT, ANTI-FRAUD AND ANTI CORRUPTION COMMITTEE CHRTER

# FINANCIAL YEAR 2026/27

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**1 Definition(s):**

| Concept (terminology) | Explanation (Meaning) |
|---|---|
| **Accounting officer** | The Municipal Manager |
| **Audit committee** | An independent committee constituted to review the control, governance and risk management within the Municipality , established in terms of section 166 of the MFMA |
| **Chief Risk Officer (CRO)** | A senior official who is the head of the risk management unit. |
| **Framework** | The Public Sector Risk Management Framework. |
| **Executive Council** | The Municipal Council |
| **Enterprise-wide risk management (ERM)** | ERM is a broad-based application of risk management in all major functions and activities of the Municipality, rather than only in selected areas, to isolate the material risks. |
| **Municipality** | Msukaligwa Local Municipality. |
| **Internal Auditing** | An independent, objective assurance and consulting activity designed to add value and improve an Organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. |
| **King IV** | The King Code of Corporate Governance for South Africa 2016. |
| **Management** | All officials of the Municipality except for the Chief Risk Officer and officials reporting to him/her. |
| **MFMA** | Municipal Finance Management Act (Act No. 56 of 2003). |
| **Policy** | Msukaligwa Local Municipality Risk Management Policy. |
| **Risk** | An unwanted outcome, actual or potential, to the Municipality's service delivery and other performance objectives, caused by the presence of risk factor(s). Some risk factor(s) also present upside potential, which Management must be aware of and be prepared to exploit. This definition of "risk" also encompasses such opportunities. |
| **Risk Management** | A systematic and formalized process to identify, assesses, manage and monitor risks. |
| **Risk Management Committee** | A committee appointed by the Accounting Officer / Authority to review the Municipality's system of risk management. |
| **Risk Management Unit** | A business unit responsible for coordinating and supporting the overall Municipality al risk management process, but which does not assume the responsibilities of Management for identifying, assessing and managing risk. |
| **Risk Owner** | The person accountable for managing a particular risk (e.g. Head of department). |
| **Assurance Providers** | Independent opinion on the effectiveness of risk management by the internal auditor, external auditor (AGSA) and any other internal and external independent assurance providers. |
| **Section 56 employees** | Employees/Managers that report directly to the accounting officer (Head of department) |

## 2 Constitution

2.1 The Municipal Finance Management Act section 62 require the Accounting Officer to ensure that Msukaligwa Local Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control and that risk are assessed on regular basis

2.2 The extension of the general responsibilities, in terms of Section 79 of the MFMA, to all Top Management is a cornerstone in the Municipality allocation of risk management in the public service. It establishes responsibility for risk management at all levels of management, extending it beyond the roles of the Accounting Officer, the internal audit units or the Audit Committee in this regard.

2.3 In terms of the King IV Report on governance for South Africa 2016-The risk committee should assist the council in carrying out its risk responsibilities

2.4 It is on the above basis that Msukaligwa local Municipality, endeavour to reinforce its internal control system aligned with best practice, found it imperative to establish a Risk management committee which will coordinate audit matters and monitor the implementation of risk management. It shall provide an oversight role to ensure greater accountability and provide sound and quality audit responses

## 3 Objectives

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

## 4 Composition

4.1 Permanent members of the Committee shall be formally appointed in writing, 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. Permanent membership shall comprise of the following:

4.1.1 A Municipal Manager;

4 1.2 A Chairperson not in the employment of the Municipality;

4. 1.3 Section 56 employees, all head of departments (Directors);

4.2 The committee shall have standing invitees for every meeting/sitting arranged which shall comprise the following invitees:

4.2.1 Audit committee members

4.2.2 Chief Audit Executive ;

4.2.3 Legal Advisor;

4.2.4 Chief Risk Officer from the District Municipality;

4.2.5 Representatives from provincial treasury;

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

**5 Authority**

5.1 The Accounting Officer shall appoint the Chairperson of the Committee who is an external individual

5.2 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.

5.3 The committee shall obtain necessary cooperation and assistance from any employee in relation to any information required for the execution of its function and related matters, failure to conform to the matter shall be reported to the municipal manager for intervention

5.4 For the purposes of the functioning of the Committee, in the event that the members of the Committee are of a more junior rank than the management that they request to appear before them, the traditional rank hierarchy in the Municipality shall not apply. This implies that in the context of the functioning of the Committee the Committee members will enjoy greater powers than management although the members themselves may be of a lower status.

## 6 Roles and responsibilities

The duties of the Committee shall be to:

6.1 Review the risk management policy and strategy and recommend for approval by the Accounting Authority (Executive Council);

6.2 Review the risk appetite and tolerance and recommend for approval by the Accounting Officer;

6.3 Review the Municipality 's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;

6.4 Evaluate the effectiveness of mitigating strategies to address the material risks of the Municipality ;

6.5 Report to the Accounting Officer any material changes to the risk profile of the Municipality ;

6.6 Review the fraud prevention policy and recommend for approval by the Accounting Authority (Executive Council);

6.7 Evaluate the effectiveness of the implementation of the fraud prevention policy;

6.8 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;

6.9 Develop goals, objectives and key performance indicators for the Committee for approval by the Accounting Officer;

6.10 Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;

6.11 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;

6.12 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.

6.13 Review risk management related policies within the Municipality

7. **Role of Risk management committee on combined assurance model**

The risk committee will approve the risk management plan and risk register. This committee should make recommendations to the audit committee on the combined assurance proposed scope and coverage and deliberate the assurance provided in conjunction with the audit committee to cover overlaps and gaps

**8 Meetings**

8.1 The Committee shall meet at least four times per annum. The Chairperson of the Committee with knowledge of the other committee members may convene additional meetings as circumstances may dictate.

8.2 All dates for meetings should be scheduled at the beginning of a year in order to set a proper basis on which to plan and submit.

8.3 Committee members shall be provided with an agenda with the relevant documentation for discussion within 7 days in advance.

8.4 The Chief Risk Officer shall be assigned to perform secretariat duties for the committee.

8.5 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.

8.6 The minutes shall be approved at the immediately following meeting, whereupon the approved minutes will be circulated to all attendees within three working days.

**9 Quorum**

9.1 50% plus one constitutes a quorum. A permanent member of the Committee may not nominate a proxy on his / her behalf. This stipulation shall fall in the event that the permanent member fails to attend 50% or more of the Committee meetings held in that particular financial year in person.

**10 Temporally absence of the Chairperson**

In a case were the chairperson of the committee is temporally absence for a meeting, the chairperson can temporally appoint the Municipal Manager or any senior official one level below the Municipal Manager. Alternatively, the chairperson can also opt to temporally appoint the Chief Risk Officer/Risk Officer of the District Municipality.

## 11 Reporting

11.1 The progress report prepared by the Chief Risk Officer shall be submitted to the risk committee for deliberation

11.2 A quarterly progress report shall be submitted to the Municipal Manager and Audit Committee by the chairperson of the committee.

## 12 Performance evaluation

12.1 The Committee shall evaluate at least annually based on KPA and other requirements performance in terms of its charter.

## 13 Review of the charter

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

## 14 Approvals

14.1 The Risk management, antifraud and corruption Committee Charter is supported by the Chairperson of the Committee and approved by the Accounting Officer.

## 1 Authority

| Authority | Date |
|---|---|
| **Recommended by Chairperson of Risk Management, Anti-Fraud and Corruption Committee:** | |
| **Approved by Municipal Manager: Mr M Kunene** | |
| **Approved by council** | **Council resolution number** |