



Central Karoo District Municipality

FRAUD AND RISK MANAGEMENT COMMITTEE CHARTER

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1. Constitution

The Fraud and Risk Management Committee (Committee) has been established by the Central Karoo District Municipality to assist the Accounting Officer to fulfill his/her risk management and control responsibilities in accordance with prescribed legislation and corporate governance principles.

2. Objectives

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 institution's risk management systems, practices and procedures, and providing recommendations for improvement.

3. Composition

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

Membership shall comprise:

- A member of the Audit Committee (not in the employ of the Institution);
- Representatives of senior management:
 - The Municipal Manager
 - The Chief Financial Officer
 - The Director Corporate Services
 - The Senior Manager: Roads Infrastructure Services

Standing invitees to the Committee shall be:

- Chief Risk Officer;
- Chief Audit Executive / Internal Auditor
- Any other person who may be co-opted to provide specialist skills, advice and counsel.

4. Authority

The Accounting Officer shall appoint the Chairperson from the permanent membership 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 management.

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 Institution 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.

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;
- Review the risk appetite and tolerance and recommend for approval by the Accounting Officer;
- Review the institution'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 Institution;
- Report to the Accounting Officer any material changes to the risk profile of the Institution;
- Review the fraud prevention policy and recommend for approval by the Accounting Officer;
- 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 Institution for approval by the Accounting Officer, and oversee the performance of the risk management function;
- 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.
- Support the Accounting Officer to influence an institutional risk awareness culture.
- Review and evaluate the conduciveness of the control environment to ensure that the identified risks are pro-actively managed.

6. Meetings

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.

7. Administrative duties

The Chief Risk Officer 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 five 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 within seven working days after the meeting.

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

8. Quorum

50% plus one of the Committee Members constitutes a quorum. A permanent member of the Committee may nominate a proxy on his / her behalf. This proviso 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 in person.

9. Performance evaluation

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

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.

11. Declaration of interest

Each member/ member co-opted will declare his/ her interests at the start of every meeting and annually complete a declaration of interest form.