



**PROVINCE OF THE EASTERN CAPE
SOCIAL DEVELOPEMENT**

**RISK & ANTI-FRAUD COMMITTEE
CHARTER
2016/2017**



Table of Contents

1.	Background	3
2.	Objectives of the Risk Management Committee	3
3.	Independence	4
4.	Constitution	4
5.	Composition	4
6.	Induction and Continuous Education	4
7.	Meetings	5
8.	Attendance at meetings	5
9.	Minutes of the Risk Committee meetings	5
10.	Powers of the Risk Management Committee	6
11.	Duties and Responsibilities	6
12.	Reporting	7
13.	Performance Evaluation	7
14.	Review of the Terms of Reference	7
15.	Risk Management Committee Reference approval	8



1. Background

- 1.1 Section 38 (1) (a)(i) of the PFMA prescribes that the accounting Officer must ensure that a department has and maintains effective, efficient and transparent systems of financial and risk management and internal control
- 1.2 A Risk Management Committee is established in accordance with the Department's risk management strategy and in line with the provisions of Treasury Regulation 3.2.1 and section 38 (1)(a)(i) of the Public Finance Management Act, 1 of 1999, as amended and King III Code of Corporate Governance.
- 1.3 The Committee is therefore, established to assist the Accounting Officer (AO) to discharge his risk management responsibilities as prescribed by the legislation and in accordance with good corporate governance principles.

2. Objectives of the Risk Management Committee

2.1 The Risk Management Committee ("RMC") is a committee that advises the Superintendent General ("SG") and the Audit Committee of the Department of Social Development ("ECDSD") on matters relative to risk management and anti-corruption strategies.

The benefits derived from the formation of an effective RMC are:

- To assist Management to focus on critical risk areas on a regular and systematic basis.
 - Ensure Management review of actions is taken to minimise risks that have been identified.
 - Ensure Management involvement with the Internal Audit and Risk Management activities of ECDSD.
 - Give assurance to the SG and the Audit Committee that adequate actions have been taken to minimise/ manage the risks facing ECDSD.
 - Continuous monitoring of fraud risk management programs so as to ensure the Department's continuing commitment to the anti-fraud and anti-corruption program.
- 2.2 The overall benefit to ECDSD should be an increase in achieving its objectives by minimising potential loss and events.
 - 2.3 The RMC will review and assess the integrity of the risk control systems and ensure that the risk policies and strategies are effectively managed.
 - 2.4 The RMC will ensure that management understand and accept its responsibility for identifying, assessing and managing risks.



3. Independence

- 3.1 The RMC will provide an independent and objective oversight and review of the information presented by management of ECDS.
- 3.2 The ECDS has appointed an independent RMC chairperson to enhance the independence of the committee.

4. Constitution

- 4.1 The RMC should be annually reviewed by the Superintendent General and Audit Committee.
- 4.2 At its first meeting, the RMC may review the terms of reference and make recommendations to the SG for necessary amendments.
- 4.3 The Chief Risk Officer shall serve as secretariat of the Risk Management Committee.
- 4.4 The SG shall appoint the Committee Chairperson
- 4.4 The Risk Management Committee shall appoint the Deputy Chairperson

5. Composition

- 5.1. Members of the RCM shall be appointed by the SG.
- 5.2 The members individually, but the committee collectively, shall possess the blend of skills, expertise and knowledge of the department, including familiarity with the concepts, principles and practise of risk management, anti-fraud and corruption and governance enabling them to contribute meaningfully to the advancement of risk & anti-fraud and corruption management.
- 5.3 Membership shall comprise of:
 - 5.3.1. A member of the Audit Committee (AC) or any member not in the employment of the department, as an independent Chairperson of the RMC;
 - 5.3.2. All top management members
- 5.4 Standing attendees shall be the:
 - 5.4.1. Chief Audit Executive/ Director Internal Audit
 - 5.4.2. Auditor General
 - 5.4.3. Provincial Treasury
- 5.5 Attendees by invitations shall be:
 - 5.5.1. Senior Management Service members as requested/required; and
 - 5.5.2. Any other person required to provide specialist skills, advice and counsel
- 5.6 The RMC should review the adequacy of its composition at least annually and make recommendations to the SG if a change in its composition is required.

6. Quorum



- 6.1 Quorum is constituted by 50% plus one
- 6.2 Only permanent members can constitute a quorum
- 6.3 The independent Chairperson must form part of the quorum
- 6.4 Members may nominate must a proxy to attend meetings
- 6.5 In instances of voting on decisions/ resolution, a democratic process will be followed

7. Term of appointment

- 7.1. The term of appointment for the Chairperson shall coincide with the term of appointment as an AC member
- 7.2. The term of appointment for the Program Managers shall be as long as they are in those portfolios, or unless deemed otherwise by the SG

8. Remuneration

- 8.1. Members appointed from outside the public service will be appointed on contract and will be remunerated as prescribed.
- 8.2. Remuneration shall be applicable to the RMC member in respect of independence, which are linked to the rates paid to the AC members.

9. Meetings

- 9.1 The RMC should meet at least four times per financial year. The meetings should be scheduled in such a manner that they precede Audit Committee meetings.
- 9.2 Further meetings may be called by RMC members, the SG, and should be done so in writing.
- 9.3 Notice should be given to all members of the RMC and other interested parties of each meeting to be held, at least 14 days prior to the date of the meeting.
- 9.4 At least 7 days prior to each meeting, an agenda of items to be discussed shall be prepared and distributed to all members of the RMC and other interested persons attending the meeting.
- 9.5 Any person who is going to attend the meeting may, not less than 2 days prior to the meeting, request the secretary to add such items to the agenda as they deem necessary.

10. Attendance at meetings

- 10.1 Meetings should be attended by the RMC members or officials who have been appointed to act in the position of the Risk Management Committee



member.

- 10.2 The RMC may invite any other person who would have meaningful input to the meeting, such as Auditor General, Provincial Risk Management, Senior Management, etc.
- 10.3 The RMC may exclude from the meetings, any member or persons, who in their opinion presents a conflict of interest to the meeting's proceedings.

11. Minutes of the meetings

- 11.1 The secretariat of the RMC is responsible for recording the proceedings of the meeting and the decisions taken.
- 11.2 Minutes of meetings should be recorded in the required format within 14 days of the meeting. These minutes are to be signed by the Chairperson at the subsequent meeting as evidence that the minutes are a true and fair reflection of the proceedings.
- 10.3 Distribution of the minutes of meetings should include the RMC members, SG and members of the Audit Committee.

11. Powers of the Risk Management Committee

- 11.1 The RMC shall have direct and unobstructed lines of communication to the Audit Committee, internal auditors, external auditors, and management and staff members of ECDSD.
- 11.2 The RMC should have the right to:
 - Request any staff member to attend any of the meetings, if necessary, to supply information to the RMC, which may be required for the RMC to perform its duties and execute its powers.
 - Initiate investigations regarding any matter it may deem necessary, and obtain legal advice or any other professional opinion from external experts.

12. Duties and Responsibilities

The RMC should:

- 11.1 Advise management of ECDSD on matters relative to risk management.
- 11.2 Provide input on the evaluation, assessment, mitigation, and monitoring of all risks affecting the achievement of departmental objectives.
- 11.3 Ensure that risk management processes are implemented timeously
- 11.4 Review and recommend risk management policy for approval by the SG.



- 11.5 Monitor the development, implementation and revision of the fraud prevention strategy and provide liaison with such Anti- Corruption structures.
- 11.6 Monitor and review the fraud cases reported and recommend for referral where necessary
- 11.7 Advise management of ECDSO on the risk appetite relevant to ECDSO.
- 11.8 Ensure that ECDSO approved risk appetite is communicated throughout ECDSO, and that it is embedded in the controls and systems of ECDSO.
- 11.9 Ensure that the annual formal risk assessment is timeously performed.
- 11.10 Ensure that the departmental risk registers are updated immediately after the formal risk assessment process.
- 11.11 Review the risk strategies used (e.g. manages, outsource, insure, ignore etc.) at ECDSO, and that they are relevant and are being properly applied.
- 11.12 Review the risks reported by the various programs, and consider whether the actions planned to mitigate the risks are adequate/appropriate.
- 11.13 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.
- 11.14 Act as a management body to ensure that management's plans and agreed corrective action to minimise identified risks and control weaknesses are adequately and timeously carried out.
- 11.15 Gain a clear understanding of the significant risk areas to which ECDSO is exposed and the plans devised to address these risk areas - the end result being reducing these risk areas to acceptable levels.
- 11.16 Liaise closely with the SG and Audit Committee on all matters and plans pertaining Risk Management and Fraud and Corruption management.

12. Reporting

The RMC should:

- 12.1. Report directly to the Superintendent General (SG)
- 12.2 Prepare a written report after each of its meetings, detailing its activities and findings, as well as any recommendations and decisions made by it. This report should be signed by the Chairperson of the RMC and submitted to the SG. A copy of such reports should also be given to the Chairperson of the Audit Committee.

13. Performance Evaluation

- 13.1 The Committee will review its performance against the responsibilities of the



Committee as outlined in the Charter.

- 13.2 The SG and Management shall evaluate the performance of the committee at least annually in terms of its Charter .
- 13.3 An independent evaluation will be done by the Provincial Treasury on approval by the SG.

14. Induction and continuous education

- 14.1 Members of the Committee shall undergo induction to orientate them on their responsibilities and duties if necessary.
- 14.2 The Chief Risk Officer shall be responsible for developing and implementing an induction and continuous education program for members of the Committee.

15. Review of the RCM Charter

The Committee shall review and reassess these terms of reference on an annual basis to ensure its adequacy and relevance.

15. APPROVAL AND IMPLEMENTATION OF THE RISK MANAGEMENT COMMITTEE CHARTER

The charter is effective for the period 01 April 2016 – 31 March 2017

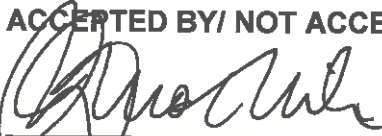
PROPOSED BY



MR. L.B ZENZILE
DIRECTOR - GOVERNANCE

30.04.2016
DATE

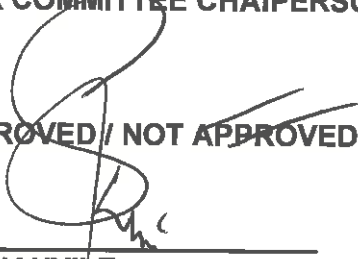
ACCEPTED BY/ NOT ACCEPTED



ADV. L. MOTHIBI
RISK COMMITTEE CHAIRPERSON

30.04.2016.
DATE

APPROVED / NOT APPROVED



S. KHANYILE
SUPERINTENDENT GENERAL

01/06/2016.
DATE