

# RISK MANAGEMENT, FRAUD & ETHICS COMMITTEE CHARTER 2023/2024



**public works & roads**

Department:  
Public Works and Roads  
North West Provincial Government



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### 1. INTRODUCTION

Section 38(1)(a)(i) of the Public Finance Management Act (PFMA) requires the Accounting Officer of a Department to establish a transparent system of risk management and internal control. The Department regards the establishment of the Risk Management, Fraud and Ethics Committee (Risk Committee) as an integral part of the system of risk management and internal control.

### 2. OBJECTIVES AND PURPOSE

The objective of the Committee is to assist the Accounting Officer in discharging her/his risk management responsibilities as stated in the PFMA and other relevant prescripts i.e. reviewing the adequacy and effectiveness of the departmental risk management systems, practices and procedures, and providing recommendations for improvement.

The purpose of the Committee is to ensure the implementation of the Department's risk policy and to ensure that appropriate procedures are in place to identify, assess and manage risk from the strategic and operational perspectives of the Department.

### 3. CONSTITUTION

The Risk Committee has been established by the Department of Public Works and Roads to assist the Accounting Officer to fulfil their risk management and ethics responsibilities in accordance with prescribed legislation and corporate governance principles.

### 4. AUTHORITY

The Risk Management Committee is authorized, within the scope of its roles and responsibilities, to:

- 4.1 Obtain any information it needs from the employees and external parties engaged by the department, if such information would assist the Risk Committee in discharging its duties;
- 4.2 Request the attendance of any of the department's employees, including its auditors that fall within the department, to its meetings;
- 4.3 Discuss any matters with both internal and external auditors (auditors) or other external parties as far as those matters fall within the scope of its duties;
- 4.4 The Risk Committee shall have the requisite authority to request management to appear before it to account for their delegated responsibilities in respect of risk management;



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- a. For the purpose of the functioning of the Committee in the event that the members of the Risk Committee are of a more junior rank than the management that they request to appear before them, the traditional rank hierarchy in the Department shall not apply.

- 4.5 The Risk Committee shall from time to time request the specialised functions to provide advisory services;
- 4.6 Obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the expense of the department and after following the department's procurement processes; and
- 4.7 Oversee other committees such as the Information, Communication and Technology Steering Committee and any other committee that might be deemed as an operational committee of the Risk Committee.

### **5. COMPOSITION AND TENURE**

Permanent members of the Risk Committee shall be formally appointed by the Accounting Officer. The membership of the Risk Committee shall be formally appointed in writing and the acceptance of membership must also be in writing.

The Accounting Officer shall appoint two (2) independent members viz. Chairperson and Deputy Chairperson to form part of the committee for a period of 3 years, after which they will be eligible for extension or re-appointment.

Representatives of the Provincial Risk Management and the Provincial Internal Audit, although not members of the Risk Committee may attend meetings as observers and advisors as determined and invited by the Chairperson.

The Membership of the Risk Committee should comprise of two (2) independent officials and members of Senior Management with necessary blend of skills, competencies and attributes, as follows:

#### Members

- Independent Member: Chairperson
- Independent Member: Deputy Chairperson
- Chief Financial Officer
- Chief Director: Corporate Services
- Chief Director: Public Works Infrastructure (Infrastructure construction, maintenance and technical portfolio support)
- Chief Director: Community Based Programmes



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- Chief Director: Transport Management( Roads infrastructure Management)
- Chief Director: Facilities & Property Management( Immovable Asset Management)
- Director: Legal Services
- Director: Security Services
- Deputy Director: Information Communication Technology
- Director: Planning Monitoring and Evaluation

### Secretariat

- Chief Risk Officer
- Risk Management Practitioners

### Standing Invitees

- Representative: Provincial Internal Audit
- Representative: Provincial Risk Management Support
- Any other employee and/or external parties deemed necessary

## **6. ROLES AND RESPONSIBILITIES**

In carrying out its responsibilities, the Risk Committee must at all times recognize that primary responsibility for the management of the department rests with the Accounting Officer.

The responsibilities of the Risk Committee may be revised or expanded from time to time in writing and recommendation by the Risk Committee, through its Chairperson for approval by the Accounting Officer.

**in discharging its risk management responsibilities, the Risk Committee will:**

- Collaborate with the Accounting Officer and Executive Authority in setting an appropriate tone by supporting and being seen to be supporting the Department's objectives for the effective management of risks;
- Review and recommend for the approval of the Accounting Officer the: risk management policy; risk management strategy; risk management implementation plan; and the Department's risk appetite;
- Review and recommend for the approval of the Accounting Officer the: Fraud Prevention Plan and Implementation Plan;





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- Review and recommend for the approval of the Accounting Officer the Department's risk identification and assessment methodologies, after satisfying itself of their effectiveness in timeously and accurately identifying and assessing the Department's risks;
- Evaluate the extent and effectiveness of risk management integration within the department;
- Evaluate the effectiveness of mitigating strategies to address the material risks of the Department;
- Report to the Accounting Officer any material changes to the risk profile of the Department;
- 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;
- 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.
- Evaluate the effectiveness of the implementation of the fraud and corruption prevention strategy.
- The assessment of a departmental ethical climate and values and whether ethics is incorporated into everyday workplace culture.
- Monitor and assess the implementation of the risk management policy and strategy (including the implementation plan).
- Monitor and assess the implementation of the fraud prevention plan (including associated implementation plans);
- Ensure that risk assessments happen on a regular basis to ensure the identification of emerging risks; and
- Report to Audit Committee to share information relating to material risks for their advice and input.

### 7. MEETINGS

- 7.1 The Risk Committee shall meet at least four times per annum. The Chairperson of the Risk Committee convenes the meetings, where the Chairperson is not available the Deputy Chairperson may convene the meetings with a majority of the Risk Committee members.
- 7.2 If a Risk Committee member is unable to attend the meeting, the member should send a representative (as a proxy) and a written report of progress made against their areas of responsibility must be given to the Chief Risk Officer (prior to the meeting taking place) identifying the key issues that should be raised.
- 7.3 All apologies shall be in writing before the day of the meeting.





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### **8. QUORUM**

8.1 A quorum of the Risk Committee consists of 50% plus one member.

8.2 The quorum for decision-making purposes shall be 50% plus 1 of the members present.

### **9. ADMINISTRATIVE DUTIES**

9.1 The Chief Risk Officer, or such person as appointed by the Chief Risk Officer, shall be the secretary of the Risk Committee. The secretary shall forward the notice of each meeting of the Committee to all members no later than five working days before the date of the meeting. The notice shall confirm the venue, time, date, and agenda and include the documents for discussion.

9.2 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.

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

### **10. PERFORMANCE EVALUATION**

The Risk Committee and its members will undertake an annual self-assessment of its performance. The assessment will include how the Risk Committee as a collective has fulfilled its duties and responsibilities as stated in these Terms of Reference.

### **11. CONFLICTS OF INTEREST**

If a matter arises, in which a Committee member is implicated or there may be a conflict of interest, the Risk Committee member shall recuse him/herself from the meeting or part thereof.

### **12. REVIEW OF THE CHARTER**

The Committee must annually review its charter to ensure that it remains relevant to the Risk Committee's authority, objectives and responsibilities. All changes or amendments to the Charter must be discussed and approved by the Accounting Officer.






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**13. APPROVAL OF CHARTER**

The Charter was reviewed and endorsed for approval by the Risk Committee as follows:

**Name** : Mr. M. Mkhabela  
**Designation** : Risk Committee Chairperson  
**Date** : 21/04/23  
**Signature** : 

The Risk Management Committee Charter was approved by the Accounting Officer as follows:

**Name** : Mr. M.I Kgantsi  
**Designation** : Head of Department  
**Date** : 26/04/26  
**Signature** : 