

# KWADUKUZA MUNICIPALITY



## ETHICS, FRAUD AND RISK MANAGEMENT COMMITTEE CHARTER

FINANCIAL YEAR **2025/2026**

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## **1. CONSTITUTION**

The Ethics, Fraud and Risk Management Committee has been established by the KwaDukuza Municipality to assist the Accounting Officer to fulfil their risk management and ethics responsibilities in accordance with prescribed legislation and corporate governance principles.

## **2. OBJECTIVES**

The primary objective of the Ethics, Fraud and Risk Management Committee is to assist the Accounting Officer and Council in discharging their accountability for risk management and ethics; by reviewing the effectiveness of the Institution's risk management systems, practices and procedures, and providing recommendations for improvement.

## **3. LEGAL MANDATE**

- a) The Ethics, Fraud and Risk Management Committee is a committee appointed by the Accounting Officer (Municipal Manager) as an oversight Committee
- b) **Section 62(1)(c)(i) of the Municipal Finance Management Act, 2003** requires that: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure (c) that the municipality has and maintains effective, efficient and transparent systems (i) of financial and risk management and internal control
- c) In terms of **Section 22(b) of the Public Sector Risk Management Framework** the high-level responsibilities of the Accounting Officer /Authority should include delegating the responsibilities for risk management and internal formations such as the Risk Management Committee & Fraud Prevention Committee.
- d) In terms of **Section 24(1) of the Public Sector Risk Management Framework** the Risk Management Committee is appointed by the Accounting Officer / Authority to assist them to discharge their responsibilities for risk management

## **4. COMPOSITION & TERM OF OFFICE**

- 4.1 The Executive Directors who are permanent members of the Committee shall be formally appointed by the Accounting Officer.
- 4.2 The Accounting Officer shall also appoint the independent member as the Chairperson from of the Ethics, Fraud and Risk Management Committee with a 3-cycle term of office, comprising of 3 years for each cycle

4.3 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.

**4.4 Membership shall comprise of:**

4.4.1 An external independent person as Chairperson of the committee

4.4.2 Representatives of Senior Management (Executive Directors of all 8 Business units)

4.5 The following shall be the standing invitees to risk management committee meetings:

(i) Director Internal Audit.

(ii) Director Risk & Compliance.

(iii) Assistant Manager Risk & Ethics.

(iv) Director Performance Monitoring & Evaluation.

(v) Director Integrated Development Planning.

(vi) Director Legal;

(vii) Director ICT.

(viii) Director Human Resources.

(ix) Business Unit Risk Champions.

(x) Any other official that committee may require from time to time.

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

## **5. ROLES AND RESPONSIBILITIES**

The duties of the Ethics, Fraud and Risk Management Committee are as listed in the Terms of Reference under roles and responsibilities of the Ethics, Fraud and Risk Management Committee.

## **6. AUTHORITY**

6.1 The Chairperson of the Committee shall escalate all Ethics, Fraud and Risk Management matters to the Accounting Officer, Audit Committee and Council timeously through formal reports.

6.2 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.

## **7. MEETINGS**

7.1 The Committee shall meet **at least four (4)** times per annum.

7.2 The Chairperson of the committee or a majority of the permanent members of the Committee may convene additional meetings as circumstances may dictate.

7.3 In the absence of the Chairperson the Municipal Manager shall assume chair responsibilities.

## **8. QUORUM OF MEETINGS**

50% constitutes a quorum. A permanent member of the Committee may nominate a proxy on his / her behalf. This proviso shall lapse if the permanent member fails to attend 50% or more of the Committee meetings held in that particular financial year in person.

## **9. ADMINISTRATIVE DUTIES**

9.1 The Committee Office shall provide the secretariat duties of the Ethics, Fraud and Risk Management Committee.

9.2 The secretary shall forward the notice of each meeting of the Committee to all members no later than 5 working days prior to the date of the meeting.

9.3 The notice shall confirm the venue, time, date and agenda and include the documents for discussion.

9.4 The minutes of the meetings shall be completed by the secretariat and sent to all relevant officials for comment within seven working days after the meeting.

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

## **10. PERFORMANCE EVALUATION**

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.

**11. REVIEW OF THE CHARTER**

The Ethics, Fraud and Risk Management Committee will annually review its Charter to ensure that it remains relevant with the Committee's authority, objectives and responsibilities. All changes or amendments to the Charter will be discussed, recommended by the Accounting Officer and approved by the Council

**12. APPROVAL OF THE CHARTER**

The Ethics, Fraud and Risk Management Committee Charter is endorsed by the Chairperson of the Committee, recommended by the Accounting Officer and approved by the Council / Board of Directors

**RECOMMENDED BY:**

**30/06/2025**

\_\_\_\_\_  
**MUNICIPAL MANAGER**

\_\_\_\_\_  
**DATE**

**RISK MANAGEMENT COMMITTEE**

**ADOPTED BY KDM COUNCIL:**

\_\_\_\_\_  
**COUNCIL RESOLUTION**

\_\_\_\_\_  
**DATE**