



health

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REPUBLIC OF SOUTH AFRICA



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RISK & ETHICS MANAGEMENT

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DEPARTMENTAL RISK MANAGEMENT COMMITTEE CHARTER

1 April 2024 - 31 March 2025

Author	Directorate Risk and Ethics Management
Implementation Date	01 April 2024
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Description	This charter defines the functions, duties and scope of operations for the Departmental Risk Management Committee



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1. MEANINGS OF ACRONYMS AND DEFINITIONS

MEANINGS OF ACRONYMS	
Accounting Officer	AO
Chief Financial Officer	CFO
Chief Risk Officer	CRO
Committee of Sponsoring Organization of the Treadway Commission	COSO
Departmental Management Committee	DMC
Departmental Risk Management Committee	DRMC
Enterprise Risk Management	ERM
Executive Council	EXCO
Public Sector Risk Management Framework of 2010	PSRMF
North West Provincial Risk Management Framework Approved by EXCO 2014	NWRMF
Public Finance Management Act	PFMA
Provincial Treasury	PT

DEFINITIONS

<i>“Accounting Officer”</i>	In a Provincial Department: The Accounting Officer is the Head of Department (HOD).
<i>“ Chief Risk officer</i>	The official responsible for heading the risk management unit at senior management level or any such designated position.
<i>“External member”</i>	A person outside North-West Department of Health, who is expected to have skills, competencies and attributes on Risk Management
<i>“Framework”</i>	The Public Sector Risk Management Framework 2010 and the North West Public Sector Risk Management Framework approved by EXCO in 2014.
<i>“Inherent Risk ”</i>	The exposure arising from risk factors in the absence of deliberate management intervention(s) to exercise control over such factors.
<i>“Internal Auditing”</i>	An independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations.



<i>“Other Official:</i>	An official other than the Accounting Officer/Authority, Management, Chief Risk Officer and his/her staff.
<i>“Residual Risk”</i>	The remaining exposure after the mitigation effects of deliberate management intervention/s to control such exposure.
<i>“Risk”</i>	Unwanted outcome, actual or potential, to the Institution’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.
<i>“Risk Appetite”</i>	The amount of residual risk that the Institution is willing to accept.
<i>“Risk Champion”</i>	A person who by virtue of his/her expertise or authority champions a particular aspect of the risk management process,.
<i>“Risk Factor”</i>	Any threat or event which creates, or has the potential to create a risk.
<i>“Risk Management”</i>	A systematic and formalized process to identify, assess, manage and monitor risks.
<i>“Risk Management Committee (RMC)”</i>	A Committee appointed by the Accounting Officer/Authority review the Institution’s system of risk management and will be referred to in this Charter as the “Committee”.
<i>“Risk Management Unit”</i>	A Business Unit responsible for co-ordinating and supporting the overall Institutional risk management process, but which does not assume the responsibilities of Management for identifying, assessing and management of risk.
<i>“Risk Owner”</i>	The person accountable for managing a particular risk.
<i>“Risk Tolerance”</i>	The acceptance levels of variation relative to the achievement of objectives; or the limit of the Department’s capacity to take on risks. The amount of risk the Institution is capable of bearing (<i>as opposed to the amount of risk it is willing to bear</i>).



2. LEGAL FRAMEWORK

The Risk Management Committee (RMC) has been established

- 2.1 In accordance with prescribed legislation [Sections 38 (1)(a)(i) and 51(1)(a)(i) of the Public Finance Management Act [PFMA],
- 2.2 Treasury Regulations 3.2.1,
- 2.3 Public Sector Risk Management Framework of 2010 (PSRMF) &
- 2.4 Chapter 24(4) of the North West Provincial Risk Management Framework (NWPRMF) of 2014,
- 2.5 COSO's [Committee of Sponsoring Organisation of the Treadway Commission], ERM (Enterprise Risk Management)
- 2.6 Integrated Framework and King IV Report on Corporate Governance.

3. OBJECTIVE

- 3.1 The objective of the Committee is to assist the Accounting Officer (AO) in discharging his/her responsibilities for Risk Management by reviewing the effectiveness of the Department's Risk Management systems, practices and procedures and providing recommendations for improvement.

4. AUTHORITY AND PURPOSE

- 4.1 The Accounting Officers shall appoint an independent Chairperson of the Risk Management Committee who will chair the committee meetings and an independent Deputy Chairperson who will step in in the absence of the chairperson.
- 4.2 The Committee shall have the requisite authority to summon management and any other official to appear before it to account for their delegated responsibilities in respect of Risk Management in the Department.



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5. ROLES AND RESPONSIBILITIES OF THE COMMITTEE

- 5.1 Ensure risk management oversight within the Department of Health.
- 5.2 Review the Risk Management Policy and Strategy and also recommend for approval by the Accounting Officer;
- 5.3 Exercise oversight on the annual Risk Assessment and review the risk identification and assessment methodologies.
- 5.3. Review the Department's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the Risk Register.
- 5.4. Review and recommend the institution's risk appetite and tolerance for the approval of the Accounting Officer.
- 5.5. Evaluate the effectiveness of mitigating strategies to address the material risks of the Department.
- 5.6. Report to the Accounting Officer any material changes to the risk profile of the Department.
- 5.7. Review the Fraud Prevention Policy and recommend for approval by the Accounting Officer.
- 5.8. Evaluate the effectiveness of the implementation of the Fraud Prevention Policy.
- 5.9. 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.
- 5.10. Develop goals, objectives and Key Performance Indicators to measure the effectiveness of the risk management activity.
- 5.11. Set out the nature, role, responsibility and authority of the Risk Management function within the Committee for approval by the AO.
- 5.12. Ensure that all Risk internal audit reports (PIA reports), Risk external Audit Reports (AG reports); Risk Audit Action Plans and Provincial Risk Management Units Reports are responded to.
- 5.13. Provide proper and timely reports with recommendations to the AO on the state of Risk Management within the Department with aspects requiring improvement accompanied by the Committee's recommendations to address such issues



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- 5.14. The Risk Management Committee may invite any person/official to address any pertinent matter related to risk management within the Department.

6. COMPOSITION OF THE COMMITTEE

6.1 Membership Requirements

The members must have the necessary blend of skills, competencies and attributes, including the following critical aspects:

- a. An intimate understanding of the institution's mandate and operations,
- b. The ability to act independently and objectively in the interest of the institution
- c. A thorough knowledge of risk management principles and their application; and
- d. The ability to honour the obligations of the Risk Management Committee

6.2 Appointment of Members

- 6.2.1 The nominations will be done by the Chief Risk Officer, the approval and appointment will be done by the Accounting Officer. Where the Accounting Officer is not in agreement with the nomination then the Accounting Officer can nominate and appoint.
- 6.2.2 Members of the Committee shall be formally appointed by the Accounting Officer for the period not exceeding three years.
- 6.2.3 Not more than 10 Committee Members, including independent external members and an independent external chairperson shall be appointed as per requirements set out in 6.1.
- 6.2.4 The committee should comprise at least 30% of external members including independent external chairperson and 70% of internal members.
- 6.2.5 Should a vacancy arise in the RMC due to whatever reason it should be filled within 3 months.



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- 6.2.5 The Chief Risk Officer will nominate the official and submit the motivation for appointment to the Accounting Officer who will approve and appoint, the nominee appointed shall serve for the remaining period of the 3 year term.

6.3 External Members

The external members, shall be persons so delegated outside North-West Department of Health, whom are expected to having skills, competencies and attributes as set out in 6.1.

The Chairperson of the Risk Management Committee will be an independent person outside North West Department of Health. The Deputy Chairperson of the Risk Management Committee shall be an independent person outside North West Department of Health.

6.4 Termination

Membership can be terminated at the discretion of the Accounting Officer provided there are reasonable grounds to do so.

6.5 Standing Invitees

The standing invitees to the RMC will be

- Provincial Internal Audit
- Other members of Senior Management
- Provincial Risk Management Support Office
- Any other person/official/expert who may be invited by the RMC to address any pertinent matter related to risk management in the Department.



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7. MEETINGS AND PROCEDURES AND ADMINISTRATIVE DUTIES

7.1 Meetings

- 7.1.1 The Committee shall meet at least once per Quarter. The Chairperson may at his/her discretion or on the proposal of another committee member call a special meeting of the RMC to dispose of any urgent business or matter(s) requiring the attention of the RMC.
- 7.1.2 To regulate the time and business of RMC, all discussions of RMC shall be conducted on the basis of strict agenda, which shall be prepared, and distributed by the secretariat, after consulting with the Chairperson;
- 7.1.3 Should a member not attend two meetings in a financial year, without valid reasons the matter will be reported to the AO for his/her intervention.

7.2 Chairperson's role:

The Chairperson's role shall be to:

- i. Preside over all meetings of the RMC;
- ii. In liaison with the Secretariat, prepare and ensure that the agenda for all meetings is distributed timeously to members of the RMC;
- iii. Ensure that minutes of RMC meetings are recorded and reviewed prior to distribution;
- iv. Ensure the functionality of the RMC;
- v. Ensure that Risk, financial and non-financial performance of the Department is included in the Chairperson's report to the Accounting Officer.

7.3 Notice of meetings

- 7.3.1 The Secretariat shall forward the notice of each meeting of the Committee to all the members no later than **ten (10)** working days prior to the date of the scheduled meeting.
- 7.3.2 The notice shall confirm the venue/virtual, time, date and agenda.



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7.3.3 Documents for discussion purposes will be circulated at least **five (5)** working days prior to the scheduled meeting.

7.3.4 Members should confirm attendance and apologies for non-attendance in writing by an e-mail/WhatsApp, within the period specified by secretariat, to enable appropriate planning for the Committee.

7.4 Minutes of the meetings

7.4.1 The Minutes of the meetings shall be completed by the Secretariat and sent to all relevant members of the RMC for comment within ten (10) working days after the meeting.

7.4.2 Comments or inputs received from members on draft minutes shall be consolidated into a composite record of proceedings and submitted to the; Secretariat

7.4.3 The Minutes shall be approved at the RMC's subsequent meeting. The approved Minutes will be forwarded with the recommended amendments and rectified changes to the Chairperson for his/her signature, after which the approved Minutes will be circulated to all members within Seven (7) working days after signature by the Chairperson.

7.5 Secretariat

The Chief Risk Officer (CRO) shall be the Secretariat to the Committee and it is expected that he/she shall perform the following roles:

- i. Service RMC and work with the Chair to facilitate the effective management, and/or work of this committee;
- ii. Arrange meetings and draft and distribute the agenda of RMC meetings, in consultation with the Chair;
- iii. Ensure that minutes are taken at all RMC meetings and appropriate follow up action is taken subsequent to decisions taken by the RMC;
- iv. Brief the Chair on any items or issues relating to the RMC's business that requires the Chairperson's attention;



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- v. Provide/obtain any background information necessary to ensure the functionality of the RMC ;
- vi. Safeguard all documents that are under its care and management.

8. QUORUM

- 8.1 50% plus one (1) shall constitute a quorum.
- 8.2 If the members present do not form a quorum, the meeting will be postponed to an agreed date.
- 8.3 If there are reasonable grounds, members present may convert that meeting to working session where no resolutions are taken.
- 8.4 The proposals from such a session can be discussed at the next properly constituted meeting for ratification and adoption.

9. REPORTING

- 9.1 The Committee shall prepare and submit formal reports and minutes through the Chairperson on its activities to the AO with such recommendations as the Committee may deem appropriate on a quarterly basis.

10. EFFECTIVE DATE OF CHARTER

- 10.1 This Charter shall be effective from 1 April 2024 and replaces any other charter prior to this date



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11. REVIEW OF THE CHARTER

The Risk Management Committee shall review the Charter by 31 March 202⁵, or as and when required to ensure alignment and relevance to any significant changes in the professional, regulatory, governance and any other environments that affect functionality of risk management processes.

ENDORSEMENT

Signed:



Date:

14-02-2024

Mr. L.A Gopane

Independent Chairperson: Risk Management Committee (RMC)

Signed:



Date:

29/02/2024

Mr. O.E Mongale

Superintendent General

