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Department:
Human Settlements, Public Safety & Liaison
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF HUMAN SETTLEMENTS, PUBLIC SAFETY AND LIAISON

PUBLIC SAFETY & LIAISON BRANCH

RISK MANAGEMENT POLICY

"Working together we can do more"



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1. GLOSSARY OF TERMS

For purposes of this policy the following words will bear the meaning attached to it:

Risk	Any threat which is currently occurring or has a reasonable chance of occurring in the future, which could undermine achievement of goals and objectives.
Risk Identification	Identification of threats to achievement of goals and objectives
Risk Assessment	Is a process whereby risks are evaluated to check whether they are high, medium or low by allocating numbers as indicated on the risk management strategy.
Chief Risk Officer	Is an official within the department which is entrusted with risk management activities and is the head of the unit.
Enterprise Risk Management	Is an application of risk management processes within the entire department, instead of only to certain activities or programmes.
Executive authority	is a member of the executive council who is responsible for the department of Human Settlements, Public Safety and Liaison – Public Safety branch
Accounting Officer	means the Head of the Department
Department	refers to the department of Human Settlements, Public Safety and Liaison – Public Safety branch and / or its successor in title

2. LEGISLATIVE MANDATE

Section 38(1) (a) (i) of the PFMA requires the accounting officer to ensure and maintain an effective, efficient and transparent systems of financial and risk management and internal control.

3. THE POLICY

This policy is applicable and binding to all employees of the Department and is intended to confirm the Department stance on Risk Management. The policy will be communicated to all existing and new employees of the Department through workshops.

4. CONTEXT

The accounting officer has committed the Department of Human Settlements, Safety and Liaison – Safety and Liaison branch to a process of Risk Management that is aligned to the principles of good corporate governance as anticipated by King II and III reports and the Public Sector Risk Management Framework.

The Department also has adopted the COSO (Committee of Sponsoring Organisations) framework on Integrated Risk Management and the EWRM (Enterprise-Wide Risk Management).

Risk Management is recognised as an integral part of responsible management and the Department of Human Settlements, Public Safety and Liaison – Public Safety branch therefore adopts a comprehensive approach to the management of risks. The features of this process are outlined in the Department's Risk Management Strategy.

It is expected that all Programme's and Sub-Programme's operations and processes will be subject to Risk Management processes. It is the intention that all Programmes and Sub-Programmes will work together in a consistent and integrated manner, with the overall objective of reducing or mitigating risks, as far as reasonably practicable.

Effective Risk Management is imperative to the Department to fulfil its mandate, the service delivery expectations of the public and the performance expectations within the Department.

The realisation of our strategic plan depends on us being able to take calculated risks in a way that does not jeopardise the direct interests of our stakeholders. Sound management of risk will enable us to anticipate and respond to changes in our service delivery environment, as well as make informed decisions under conditions of uncertainty.

The Department subscribe to the fundamental principles that all resources will be applied economically to ensure:

- The highest standard of service delivery;
- A management system containing the appropriate elements aimed at minimising risks and costs in the interest of all stakeholders;
- Education and training of all our staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance with stakeholders expectations; and
- Maintaining an environment which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.
- An entity-wide approach to Risk Management;
- That every key risk in each part of the Department will be included in a structured and systematic process of Risk Management. It is expected that the Risk Management processes will become embedded into the systems and processes of the Department, ensuring that our responses to risk remain current and dynamic. All Risk Management efforts will be focused on supporting the Department's objectives.
- To ensure compliance with relevant legislation, and fulfil the expectations of employees, communities and other stakeholders in terms of corporate governance.

5. WHAT IS RISK MANAGEMENT?

Risk management can be described as a systematic and proactive process of identifying, evaluating and addressing or managing risks on a continuous basis before such risks can have a negative impact on service delivery.

6. WHY RISK MANAGEMENT?

Risk Management is a management tool which assists in identifying threats which could undermine achievement of service delivery objectives and / or performance targets, it also assists in managing and controlling the impact and likelihood of the threats and taking advantage of opportunities. Risk management minimises surprises and crisis management.

7. BENEFITS OF RISK MANAGEMENT

The Department acknowledges that it does not operate in a risk free environment, and no risk management process can guarantee such an environment. Instead risk management should assist the department to:

- 7.1. Avoid certain adverse outcomes through taking proactive steps (fraud risk prevention)

8. ENTERPRISE RISK MANAGEMENT ARCHITECTURE



8.1. Risk Management drivers

Risk management within the Department is developed and implemented in terms of section 38(1) (a) (i) of the PFMA which requires the accounting officer to ensure that the department have and maintain effective, efficient and transparent systems of risk management.

Risk management also incorporates the requirements of the Batho-Pele principles and the principles of Good Corporate Governance as indicated on the King Reports.

8.2. Risk Management Enablers

8.2.1. Risk Management Policy and Strategy

The Department should operate within the terms of the risk management policy as approved by the accounting officer. The policy will be communicated to all officials within the Department.

Implementation of the departmental risk management policy will be guided by the risk management strategy which will provide details as to how the risk management processes will be followed.

8.2.2. Human Resource Capacity

Adequate human resource capacity, represented by the requisite number of people with the right skills, is fundamental to implementing the risk management strategy effectively. Risk management team should also be exposed to ongoing training to ensure that their level of knowledge is on par with new developments in this profession.

The risk management team should be able to establish internal processes to sensitise all employees of the relevance of risk management to the achievement of their performance goals. The team should also be able to provide training and support to everyone involved in the risk management activities, to equip them to optimally execute their responsibilities for risk management.

8.2.3. Funding for Enterprise Risk Management

Risk management activities should be funded to ensure effective implementation, maintenance and continuous improvement. The cost of implementing and improving controls should be the responsibility of the responsible risk owners, who should provide for such costs in their capital or operational budgets. Investment in risk management and control should be considered on the basis of cost versus benefit.

8.3. IMPLEMENTERS

8.3.1. Accounting Officer

The accounting officer is responsible for:

- effective Risk Management within the Department;
- Approves Risk Management policies and strategies;
- Provides leadership and guidance for implementation of Risk Management;
- Is accountable to the Executive Authority regarding the effectiveness of Risk Management in the Department; and
- For signing a performance agreement that includes Risk Management, and be appointed in writing by the Executing Authority to indicate the importance of Risk Management.

8.3.2. Management

Management owns the risks, thus taking ownership for management of Departmental risks.

Management are also accountable to the Accounting Officer to integrate the principles of Risk Management in their daily routines to enhance achievement of their service delivery objectives.

8.3.3. Other Personnel

Other personnel are accountable to line management to integrate the principles of Risk Management into their daily routines to enhance achievement of their functional objectives.

8.4. SUPPORT

8.4.1. Chief Risk Officer

The CRO provides specialist expertise in providing a comprehensive support service to ensure systematic, uniform and effective ERM;

The CRO plays a vital communication link between operational level management, senior management, Risk Management committee and other relevant committees;

The CRO is thus the custodian of the ERM Framework, the coordinator of Risk Management throughout the Department and the advisor on all Risk Management matters.