dpwr

Department:
Public Works and Roads
North West Provincial Government
Republic of South Africa

RISK MANAGEMENT POLICY 2019/20

POLICY TITLE : **RISK MANAGEMENT POLICY**

DEPARTMENT : **PUBLIC WORKS AND ROADS**

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ENTERPRISE RISK MANAGEMENT POLICY

1. Introduction

The Accounting Officer / Authority has committed the **Department of Public Works and Roads** (DPWR) to a process of risk management that is aligned to the principles of good corporate governance, as supported by the **Public Finance Management Act (PFMA), Act 1 of 1999 as amended by Act 29 of 1999.**

2. Risk and Risk Management

Risk refers to an unwanted outcome, actual or potential, to the department'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. Such opportunities are encompassed in this definition of risk.

Risk Management is a continuous and proactive process, effected by management and other personnel, applied in strategic planning and across the department, designed to identify potential events that may affect the Department and manage risks to be within its risk tolerance and lastly to provide reasonable assurance that Department objectives will be achieved.

2.1 Benefits of Risk Management

The Department implements and maintains effective, efficient and transparent systems of risk management and internal control. The risk management will assist the department to achieve, among other things, the following outcomes needed to underpin and enhance performance:

- More sustainable and reliable delivery of services;
- Identify opportunities for continuous improvement;
- Increase probability of achieving objectives;
- Innovation;
- Reduced waste;

- Avoid certain adverse outcomes through taking proactive steps (fraud risk prevention);
- Better value for money through more efficient use of resources;
- Improve the audit outcomes of the department;
- Better match of capacity to Information Communication Technology (ICT) users' requirements;
- Less adverse impact of changes on the quality of ICT;
- Reduced ICT risk of failure, minimising the effect of such failure.

Risk management is recognised as an integral part of responsible management and the Department therefore adopts a comprehensive approach to the management of risk. The features of this process are outlined in the Departmental Risk Management Strategy. It is expected that all programme's operations and processes will be subject to the risk management strategy. It is the intention that these programmes will work together in a consistent and integrated manner, with the overall objective of reducing risk, as far as reasonably practicable.

3. Purpose of the Policy

The purpose of this Policy is to articulate the Department's risk management philosophy that is a systematic and formalized process to identify, assess, manage and monitor risks and therefore adopts a comprehensive approach to the management of risk.

4. Scope of the Policy

This policy applies throughout the department in as far as risk management is concerned.

5. The Policy

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 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.

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

- The highest standards 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 to the stakeholders expectations;
- Maintaining an environment which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction;
- Ensuring that IT-related risks and opportunities are identified, analysed and presented in business terms;
- Ensuring that measures for seizing immediate opportunities or limiting the magnitude of loss from IT-related events are activated in a timely manner and are effective;
- Ensuring that risk management activities are aligned with the department's objective capacity for IT-related loss and leadership's subjective tolerance of it;
- Maintaining an up-to-date and complete inventory of known risks and attributes (e.g. expected frequency, potential impact and disposition), IT resources, capabilities and controls as understood in the context of business products, services and processes.

An entity-wide approach to risk management will be adopted by the Department, which means 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 process will become embedded into the Department's systems and processes, ensuring that our responses to risk remain current and dynamic. All risk management efforts will be focused on supporting the Department's objectives. Equally, they must ensure compliance with relevant legislation, and fulfil the expectations of employees, communities and other stakeholders in terms of corporate governance.

6. Strategy and objective setting

Objective setting is a decision making process where management will decide on the strategic goals and objectives of the Department during the strategic planning session. Management should decide/develop the Departmental risk appetite and risk tolerance levels.

6.1 Risk appetite

The Department aim to achieve all its targets as set out in the Annual Performance Plan.

6.2 Risk tolerance

The Department as adopted the risk matrix ratings which are outlined in the risk management strategy.

7. Role players

Every employee is responsible for executing risk management process and adhering to risk management procedures laid down by the Departmental Management in their areas of responsibilities.

7.1 Risk Management Oversight

7.1.1 Executive Authority

The Executive Authority takes an interest in risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the department against significant risks.

7.1.2 Audit Committee

The Audit Committee is an independent committee responsible for oversight of the department's control, governance and risk management. The responsibilities of the Audit Committee with regard to risk management are formally defined in its charter. The Audit Committee provides an independent and objective view of the department's risk management effectiveness.

7.1.3 Risk Management Committee

The Risk Management Committee is appointed by the Accounting Officer / Authority to assist him to discharge his responsibilities for risk management. The Committee's role is to review the risk management progress and maturity of the Department, the effectiveness of risk management activities, the key risks facing the Department, and the responses to address these key risks. The responsibilities of the Risk Management Committee are formally defined in its charter.

7.2 Risk Management Implementers

7.2.1 Accounting Officer

The Accounting Officer is the ultimate Chief Risk Officer of the Department and is accountable for the Department's overall governance of risk. By setting the tone at the top, the Accounting Officer promotes accountability, integrity and other factors that will create a positive control environment.

7.2.2 Management

Management is responsible for executing their responsibilities outlined in the risk management strategy and for integrating risk management into the operational routines.

7.2.3 Other Officials

Other officials are responsible for integrating risk management into their day-to-day activities. They must ensure that their delegated risk management responsibilities are executed and continuously report on progress.

7.3 Risk Management Support

7.3.1 Chief Risk Officer

The Chief Risk Officer is the custodian of the Risk Management Strategy, and coordinator of risk management activities throughout the department. The primary responsibility of the Chief Risk Officer is to bring to bear his/her specialist expertise to assist the Department to embed risk management and leverage its benefits to enhance performance.

7.3.2 Risk Champion

The Risk Champion's responsibility involves intervening in instances where the risk management efforts are being hampered, for example, by the lack of co-operation by Management and other officials and the lack of departmental skills and expertise.

7.3.3 Provincial Risk Management Unit

The Provincial Risk Management Unit monitors and assesses the implementation of risk management, build risk management capacity and enforce the PFMA and prescribed National and Provincial norms and standards.

7.4 Risk Management Assurance Providers

7.4.1 Internal Audit

The role of the Internal Auditing in risk management is to provide an independent, objective assurance on the effectiveness of the department's system of risk management. Internal Auditing must evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement where necessary.

7.4.2 External Audit

The external auditor (Auditor-General) provides an independent opinion on the effectiveness of risk management.

8. Policy review

The risk policy statement shall be reviewed annually to reflect the current stance on risk management.

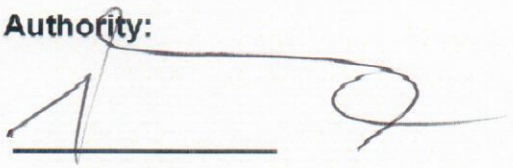
Every employee has a part to play in this important endeavour and we look forward to working with you in achieving these aims.

Recommended by the Risk Management Committee:

Signature: _____

Date: 25/03/2019

Approved by the Accounting Officer / Authority:

Signature: 

Date: 26/03/2019