

MPUMALANGA PROVINCIAL GOVERNMENT



DEPARTMENT OF PUBLIC WORKS, ROADS AND TRANSPORT

RISK MANAGEMENT POLICY

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Responsible Section:Risk

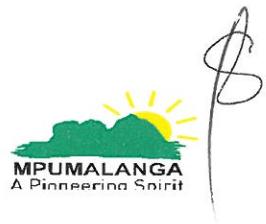
Management

Approval Date:None



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1. DEFINITIONS

Throughout this document, unless otherwise stated, the words in the first column below have the meanings stated opposite them in the second column (and cognate expressions shall bear corresponding meanings):

Risk	The chance of something happening, which will have an impact upon objectives. It is measured in terms of consequence and likelihood.
Consequence	The outcome of an event or situation, expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
Likelihood	A qualitative description or synonym for probability or frequency
Risk Assessment	The overall process of risk analysis and risk evaluation
Risk Management	The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.
Risk Treatment	Selection and implementation of appropriate options for dealing with risk. Conceptually, treatment options will involve one or a combination of the following five strategies: <ul style="list-style-type: none">• <i>Avoid the risk</i>• <i>Reduce the likelihood of occurrence</i>• <i>Reduce the consequences of occurrence</i>• <i>Transfer the risk</i>• <i>Retain/accept the risk</i>
Risk Management Process	The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analyzing, evaluating, treating, monitoring and communicating risk.
Department	Department of Public Works, Roads and Transport

2. INTRODUCTION

The Risk Management Policy assist the Risk Management unit to render advice/consulting activity that shall add value and improve the Department's operations so that the strategic objectives are met.

3. POLICY OBJECTIVE

The purpose of this policy is to:

- 3.1. Support the objectives of the department through the implementation and maintenance of effective systems to identify and mitigate the risks that threatens the attainment of service delivery and other objectives, and optimize opportunities that enhance institutional performance.

4. REGULATORY FRAMEWORK

- 4.1. Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999) (PFMA)
- 4.2. National Treasury Regulations, 2005.
- 4.3. Risk Management Framework by National Treasury
- 4.4. Risk Assessment Report 2010/2011
- 4.5. Fraud Risk Management policy

5. SCOPE OF APPLICATION

The policy shall apply to:

- 5.1. All officials in the Department of Public Works, Roads and Transport.



- 7.1.1. Providing oversight and direction to the Accounting Officer on the risk management related strategy and policies;
- 7.1.2. Having knowledge of the extent to which the Accounting Authority and management have established effective risk management in their respective institutions;
- 7.1.3. Reviewing the Department's portfolio view of risks and considers it against the institution's risk tolerance;
- 7.1.4. Insist on the achievement of objectives, effective performance management and value for money.

7.1. Executive Authority shall:

7. ROLES AND RESPONSIBILITIES

- 6.1. The Mpumalanga Department of Public Works, Roads and Transport adopted the Risk Management methodology developed by the Mpumalanga Provincial Treasury, as well as the Public Sector Risk Management Framework developed by National Treasury in mitigating the identified risks and its associates in accordance with the risk appetite of the Department as per the risk register.
- 6.2. The responsible risk manager for each Directorate shall identify, implement risk management systems within their areas of responsibility and monitor progress to ensure full implementation of risk management processes.
- 6.3. All critical risk areas within the Department will be included on an annual basis in the Risk Assessment Report for the Department.

6. POLICY STATEMENT

7.2. Accounting Officer shall:

- 7.2.1. Setting the tone at the top by supporting Enterprise Risk Management and allocating resources towards the implementation thereof;
- 7.2.2. Approving the risk management strategy, risk management policy, risk management implementation plan and fraud risk management policy;
- 7.2.3. Approving the institution's risk appetite and risk tolerance;
- 7.2.4. Influencing the Departmental risk awareness culture;
- 7.2.5. Approving the code of conduct for the institution and holding management and officials accountable for adherence;
- 7.2.6. Leverage the Audit Committee, Internal Audit, Risk Management Committee and other appropriate structures for assurance on the effectiveness of risk management;
- 7.2.7. Consider and act on recommendations from the Audit Committee, Internal Audit, Risk Management Committee and other appropriate structures for improving the overall state of risk management.

7.3. Risk Management Committee shall:

- 7.3.1. Review the risk appetite and tolerance and recommend for approval by the Accounting Officer;
- 7.3.2. Evaluate the effectiveness of mitigating strategies to address the material risks of the Institution;
- 7.3.3. Report to the Accounting Officer any material changes to the risk profile of the Institution;
- 7.3.4. Review the fraud prevention policy and recommend for approval by the Accounting Officer;
- 7.3.5. Evaluate the effectiveness of the implementation of the fraud prevention policy;
- 7.3.6. Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;
- 7.3.7. Provide proper and timely reports to the Accounting Officer on the state of risk management, together with aspects requiring improvements accompanied by the Committee's recommendations to address such issues.

- risks.
- 7.5.7. Implementation of risk responses to address the identified risks.
- 7.5.6. Participation in risk identification and risk assessment within their business unit;
- 7.5.5. Adhering to the code of conduct for the institution; manage these risks;
- 7.5.4. Focusing upon identifying risks and reporting these to the relevant risk owner. Where possible and appropriate,
- 7.5.3. Applying the risk management process to their respective roles;
- 7.5.2. Acting in terms of the spirit and letter of the above;
- 7.5.1. Familiarity with the overall enterprise risk management vision, risk management strategy, fraud risk management policy and risk management policy;

7.5. Operational Staff and Other employees shall:

- overseeing the management of these risks.
- 7.4.5. Keeps key functional risks at the forefront of the management agenda and devote personal attention in (including appearing before committees);
- 7.4.4. Provide reports on the functional risk management consistent with the institution's reporting protocols
- 7.4.3. Maintains the functional risk profile within the institution's risk tolerance and appetite;
- 7.4.2. Cascades risk management into their functional responsibilities;
- 7.4.1. Acknowledges the "ownership" of risks within their functional areas and all responsibilities associated with managing such risks;

7.4. Management shall:



- 7.7.1. Communicating the risk management policy, risk management strategy and risk implementation plan to all stakeholders in the institution;
- 7.7.2. Setting up of the risk management structure and risk implementation plan to all stakeholders in the institution;
- 7.7.3. Continuously driving the risk management process towards management reporting lines within the institution;
- 7.7.4. Coordinating risk assessments within the Department and business units on an annual basis prior to the end of the financial year end;
- 7.7.5. Assisting management in developing and implementing risk responses for each identified material risk;
- 7.7.6. Participating in the development of the combined assurance plan for the institution, together with internal audit and practitioners for each identified material risk;
- 7.7.7. Continuously transferring risk management principles and management, through training interventions, to all stakeholders within the institution;
- 7.7.8. Collating and consolidating the results of the various assessments within the institution;
- 7.7.9. Compiling the necessary reports to the Risk Management Committee.

7.7. Chief Risk Officer shall:

- 7.6.1. Reviewing the appropriateness of the risk tolerance levels set by the institution taking into consideration the risk profile of the institution;
- 7.6.2. Providing assurance over the institution's risk identification and assessment processes;
- 7.6.3. Utilising the results of the risk assessment to develop long term and current year internal audit plans;
- 7.6.4. Providing independent assurance as to whether the risk management strategy, risk management implementation plan and fraud prevention plan have been effectively implemented within the institution;
- 7.6.5. Providing independent assurance over the adequacy of the control environment. This includes providing assurance over the effectiveness of the internal controls implemented to mitigate the identified risks.

7.6. Internal Audit shall:

8. MONITORING AND EVALUATION

The Risk Management section shall monitor the implementation of the policy and shall report any deviations to the Head of the Department in writing.

9. POLICY REVIEW

The policy shall be reviewed to factor in changes in legal frameworks, organisational development, political and economic trends, and envisaged outputs by the Medium Term Expenditure Framework as well as outcomes of monitoring and evaluation.

10. APPROVAL

APPROVED



KM MOHLASEDI
HEAD OF DEPARTMENT

DATE : 2010/11/12

