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**Department of Public Works, Roads and
Transport**
Mpumalanga Provincial Government
RISK MANAGEMENT POLICY



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ABBREVIATION

- IT - Information Technology
- ICT - Information Communication Technology

DEFINITIONS

Accounting Officer	Means	A person mentioned in Section 36 of the Public Finance Management Act, 1999 (Act No.1 of 1999) and includes any person acting as the Accounting Officer;
Chief Risk Officer	Means	The Head of the Risk Management Sub-Directorate;
Consequence	Means	The outcome of an event or situation, expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There are a range of possible outcomes associated with an event;
Department	Means	Department of Public Works, Roads and Transport;
Information and Communication Technology Risks	Means	The potential of a given threat exploits vulnerabilities of an asset or a group of assets and thereby cause harm to the organization. It is measured in terms of a combination of the probability of occurrence of an event and its consequence;
Likelihood	Means	A qualitative description or synonym for probability or frequency;
Potential	Means	All risks that will have an impact on the achievement of the Department's objectives;
Risk	Means	The chance of something happening, which have an impact upon objectives. It is measured in terms of consequence and likelihood;
Risk Assessment	Means	The overall process of risk analysis and risk evaluation;
Risk Champion	Means	Official appointed from each Directorate to assist with Risk Management activities within that Directorate;
Risk Management	Means	The culture, processes and structures that are

<p>directed towards the effective management of potential opportunities and adverse effects;</p>		
<p>The systematic application of management policies, procedures and practices to the tasks of establishing the context by identifying, analyzing, evaluating, treating and monitoring and communicating the risk; and</p>	Means	<p>Risk Management Process</p>
<p>Selection and implementation of appropriate options for dealing with risk. Conceptually, treatment options involves one or a combination of the following five strategies:</p> <ul style="list-style-type: none"> • Avoid the risk; • Reduce the likelihood of occurrence; • Reduce the consequences of occurrence; and • Transfer the risk. 	Means	<p>Risk Treatment</p>



- 3.1 Annual Risk Assessment Report;
- 3.2 King V Report;
- 3.3 National Treasury Regulations, 2005;
- 3.4 Public Finance Management Act, 1999 (Act No. 1 of 1999);
- 3.5 Public Sector Risk Management Framework by National Treasury; and
- 3.6 Risk Management Committee Charter;

3. REGULATORY FRAMEWORK

- 2.1. Articulate the Department's risk management philosophy;
- 2.2. Enhance the safeguarding of Departmental assets;
- 2.3. Ensure sustainable and reliable delivery of services;
- 2.4. Prevention of fraud and corruption;
- 2.5. Reduce wastage and achievement of value for money;
- 2.6. Support realization of Departmental outputs and outcomes; and
- 2.7. Improve legal and regulatory compliance.

The objectives are to:

2. OBJECTIVES

- 1.2 This Risk Management Policy forms part of the internal control and governance practices of the Department. It explains the underlying approach to risk management in the Department. The policy also aims to mitigate identified risks and its associate in accordance with the risk appetite of the Department.

- 1.1 The Department follows the good practice of risk management as given in the Public Sector Risk Management Framework published by National Treasury. The framework prescribes that the Department must, in accordance with existing prescripts, implement and maintain effective, efficient and transparent systems of risk management and internal control.

1. INTRODUCTION



5.2 The Approach

5.2.1 This Risk Management Policy articulates the underlying approach to risk management of the Department. The Department operates in an open and high risk environment where not only its actions but those of other role players (e.g. public transport operators, contractors, other Departments, community, etc.) can impact on the manner in which it operates. Risk shall therefore, inherent in all functions undertaken by the Department.

5.1.4 Maintaining an environment, that promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

5.1.3 Education and training of all our staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the expectations of the stakeholder; and

5.1.2 A management system containing the appropriate elements aimed at minimizing risks and costs in the interest of all stakeholders.

5.1.1 The highest standards of service delivery.

The Department subscribes to the fundamental principles that all resources shall be applied economically to ensure:

5.1 The Principles

A more productive, innovative and efficient Department requires a focused approach to managing risks in order to achieve its strategic objectives. Effective risk management, based on sound judgment and the best information available, enhances the Department's capacity to identify, manage and build value.

5 POLICY STATEMENT

This policy shall be applicable to all employees and officials in the Department.

4 SCOPE OF APPLICATION

- 5.2.2 The view of acceptable risk shall be based on a balanced view of all the risks in operating environment of the Department. The intention of this policy cannot be to eliminate all risks to the Department. It is rating to assist the Department to manage the risks involved and minimize adverse consequences.
- 5.2.3 Risk Management forms an integral part of the approach to decision making and accountability. Risk Management is not an ad hoc, once-off, reactive or crisis management process but should be embedded into the Departmental systems and processes, ensuring that our responses to risks remain current and dynamic.
- 5.2.4 The Risk Identification and Assessment shall be performed in a structured and formal manner at least once a year to reflect the current state of risk management within the Department. This includes the risk identification, risk assessment, evaluation of the effectiveness of controls, and the mitigation plan.
- 5.2.5 Risks that have been identified, assessed and treated shall be subject to continuous monitoring and review in order to ensure that the results of the risk treatment approach are and remain acceptable. This shall be affected through ongoing activities and/or separate evaluations. The Risk Management cycle shall be repeated annually.
- 5.2.6 At a Programme or Sub-Directorate level these should be implemented as follows:
- (a) The responsible manager for each Directorate identifies and implements risk management systems within their areas of responsibilities and monitor progress to ensure full implementation of risk management processes.
- (b) All potential risk areas within the Department shall be included on an annual basis in the Risk Assessment Report for the Department; and



- (c) The Departmental Risk Register shall be updated on a quarterly basis to ensure that all risks are mitigated.
- 5.3 Information and Communication Technology (ICT) Risk**
- Business-related Information and Communication Technology risks within the Department shall be included on an annual basis in the Risk Assessment Report for the Department.
- 5.3.1 Four elements shall be considered when conducting an ICT Risk Assessment namely:
- 5.3.1.1 **ICT Governance:** inadequate structures, policies and process through which the Department ensures that IT Departments and public entities support shall be in line with the business requirements;
 - 5.3.1.2 **User Access Management:** lack of controls that prevent authorized access to the networks, operating systems and application systems that generate and prepare financial information;
 - 5.3.1.3 **Security Management:** lack of procedures through which the Department and public entities ensure that only valid, authorized users are allowed segregated access to initiate and approve transactions on the system; and
 - 5.3.1.4 **ICT Service Continuity:** lack of processes of managing the availability of hardware, system software, application software and data to enable the Department to recover or establish information system services in the event of the disaster.
- 5.3.2 In the process of conducting risk assessment workshop, the ICT governance structures (ICT Operational Committee and ICT Steering Committee) shall form part of the assessment workshop which shall be chaired by the Chairperson of the Risk Committee.

6 ROLES AND RESPONSIBILITIES

6.1 Risk Management Oversight

6.1.1 Executive Authority

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

6.1.2 Audit Committee

a) The Audit Committee shall be an independent committee responsible for overseeing the control, governance and risk management of the Department.

b) The responsibilities of the Audit Committee with regard to risk management are formally defined in the Charter.

c) The Audit Committee provides an independent and objective view of the risk management effectiveness of the Department.

6.1.3 Risk Management Committee

a) The Risk Management Committee shall be appointed by the Accounting Officer to assist to discharge responsibilities for risk management.

b) The role of the Risk Management Committee 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.

c) The responsibilities of the Risk Management Committee are formally defined in its Charter.





6.2 Risk Management Implementers

6.2.1 Accounting Officer

- a) The Accounting Officer is the ultimate Chief Risk Officer of the Department and shall be responsible for the overall governance of risk of the Department.
- b) The Accounting Officer set the tone at the top by promoting accountability, integrity and other factors that create a positive control environment.

6.2.2 Management

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

6.2.3 Other Employees

- a) Other employees shall be responsible for integrating risk management into the day-to-day activities.
- b) Other employees are responsible ensuring that delegated risk management responsibilities are properly executed and regularly reported.

6.3 Risk Management Support

6.3.1 Chief Risk Officer

- a) The Chief Risk Officer shall be the custodian of the Risk Management Strategy, and coordinator of risk management activities throughout the Department.
- b) The primary responsibilities of the Chief Risk Officer is to provide specialized expertise to support the Department in embedding risk management practices and leveraging their benefits to improve overall performance.

outcomes.

- (b) Achievement of committee objectives and risk management
- (a) Demonstrated leadership effectiveness in committee governance.

following:

6.3.4.3 The Risk Management Committee Chairperson may be eligible for extension for a maximum period of Two (2) years based on the

for a period of Three (3) years.

6.3.4.2 The Risk Management Committee Chairperson shall be appointed

Management Framework.

6.3.4.1 The Risk Management Committee Chairperson shall be an external person appointed to assist the committee in discharging its responsibilities for risk management in line with the Risk

6.3.4 Risk Management Committee Chairperson

amongst the risk management role players.

(b) The Sub-Directorate shall ensure the provision of support tools or procedures to management and serves as a supporting channel

risk management process.

(a) The Sub-Directorate plays a facilitating and monitoring role in the

6.3.3 Risk Management Unit

risks and risks of transversal nature.

(b) The Risk Champion shall add value to the risk management process by providing guidance and support to manage problematic

officials.

(a) The responsibility of the Risk champion shall involve intervening in instances where the risk management efforts are being hampered, for example, by lack of co-operation by Management and other

6.3.2 Risk Champion

the policy.

The Risk Management Section monitors and evaluates the implementation of

7. MONITORING AND EVALUATION

opinion on the effectiveness of risk management.

The external auditor (Auditor General) shall provide an independent

6.4.2 External Audit

where necessary.

b) Internal Audit evaluates the effectiveness of the entire system of risk management and provides recommendations for improvement

system of risk management of the Department.

a) The role of Internal Audit in risk management shall be to provide an independent, objective assurance on the effectiveness of the

6.4.1 Internal Audit

6.4 Risk Management Assurance Providers

requirements.

(e) Adherence to professional standards and ethical conduct

qualifications.

(d) Continued compliance with external appointment criteria and

oversight.

(c) Maintenance of independence and objectivity in committee

8. POLICY REVIEW

The policy shall be reviewed annually to factor in changes in legal frameworks, organizational development, political and economic trends.

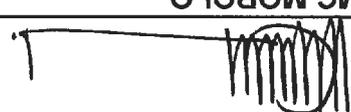
9. DEVIATION

Any deviation from this policy shall be subject to the approval of the Accounting Officer.

10. IMPLEMENTATION DATE

This policy shall come into effect from the date of approval by the Accounting Officer.

11. APPROVAL


MC MOROLO
HEAD: PUBLIC WORKS, ROADS AND TRANSPORT
DATE: 25/11/2025.