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ADOPTION AND IMPLEMENTATION OF THE REVISED RISK MANAGEMENT POLICY

Attached for your consideration and approval by your good self, the departmental Revised Risk Management Policy, which has gone through the relevant consultative process.


The purpose of the departmental Revised Supply Chain Management Policy is to articulate the department's risk management philosophy. The department recognizes that risk management is a systematic and formalized process to identify, assess, manage and monitor risks and therefore adopts a comprehensive approach to the management of risk.

Ms. E. Botes
Head of Department: Social Development
Recommend/not recommend
Date: 2013.06.27



Approval

The Revised Risk Management Policy for the Department of Social Development is approved by the Member of the Executive Council and shall come into effect from date of approval thereof.



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C.M.CHOTELO (MPL)

Member of the Executive Council for Social Development

28/06/2013
.....

DATE



social development

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DEPARTMENT OF SOCIAL DEVELOPMENT

REVISED RISK MANAGEMENT POLICY



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1. Introduction

The Accounting Officer / Authority has committed the department to a process of risk management that is aligned to the principles of good corporate governance.

The Department of Social Development implements and maintains effective, efficient and transparent systems of risk management and internal control. The risk management will assist the department to achieve the following outcomes underpinned and to enhance performance:

- More sustainable and reliable delivery of services;
- Informed decisions underpinned by appropriate rigour and analysis;
- Innovation;
- Reduced waste;
- Prevention of fraud and corruption;
- Better value for money through efficient use of resources; and
- Better outputs and outcomes through improved project and programme management.

2. Purpose

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

3. Legislative mandate

The Public Finance Management Act (PFMA), Sec 38(1)(a)(i) requires that the Accounting Officer of the Department must ensure that the Department has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

Treasury Regulations also indicates that the Accounting Officer must ensure that a risk assessment must be conducted regularly to identify emerging risks of the Department.

4. Scope of the Policy

The principle contained in this policy will apply to all employees of the Department whether appointed on permanent or temporary contract basis as well as officials enrolled in the internship /learnership program.

This policy will further be applied to all operational activities of the Department, taking into consideration external strategic risks arising from or related to other government departments and the public as well as internal risks.

Since effective risk management is the responsibility of all officials in the Department, it is of vital importance that it be incorporated into Senior Manager's performance agreements as well as job descriptions of key personnel. This must be in line with the prescripts regulating performance agreements and Performance Management and Development System (PMDS).

5. General risk management principles

All risk management activities will be aligned to Departmental aims, objectives and priorities to protect and enhance the reputation and standing of the department. Risk analysis will form part of the departmental strategic and operational planning processes. Managers and staff at all levels will have the responsibility to identify, evaluate and manage or report risks, and will be equipped to do so.

Risk management in the department should take a proactive approach and where possible avoid risks rather than dealing with their consequences. In determining an effective response to risk, the cost of controls and the impact of risks occurring will be balanced with the benefits of reducing the risk. This is to ensure that there are no situations where the cost or effort of implementing or putting in place controls is higher than the impact or expected benefits.

6. Risk assessment

Risk assessment allows a department to consider how potential events might affect the achievement of objectives. Officials assess these events by analysing the likelihood and its impact on Departmental operations.

The departmental risk assessment annually with a review or re-assessment of the risks conducted on regular basis to ensure maximum mitigation thereof. The risk assessment exercise will be conducted as per the Departmental risk assessment methodology developed and adopted by Senior Management.

7. Roles and responsibilities

Every employee is responsible for executing risk management processes and adhering to risk management procedures laid down by the department 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 them to discharge their 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.

7.4 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.

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 processes 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 fulfill the expectations of employees, communities and other stakeholders in terms of corporate governance.

8. Reporting

Senior Managers should be appointed as risk owners and will be required to report regularly on progress relating to mitigation of risks related to their directorates. The Chief Risk Officer will in consultation with relevant managers develop risk mitigation action plans that will enhance effective management of identified risks.

The reporting format designed by the CRO and agreed upon by risk owners will be used for the purposes of regular reporting to the Risk Management directorate to ensure implementation of risk mitigation action plans. The CRO will present risk management reports to both the Risk Management Committee and Senior Management Meetings.

9. Policy review

This Policy shall be reviewed annually to reflect the current stance on risk management.