



**LIMPOPO**  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

**DEPARTMENT OF  
AGRICULTURE AND RURAL DEVELOPMENT**


**RISK MANAGEMENT POLICY**

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2017 Reviewed version

Date of approval: 27 March 2017

Recommended by:



2017-03-17

HOD

Date

(Maisela, RJ)

Approved by:



27/03/2017

MEC for Agriculture and Rural Development

Date

Mapula Mokaba-Phukwana (MPL)

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## 1. Acronyms and abbreviations

HOD	Head of Department
LDARD	Limpopo Department of Agriculture and Rural Development
MEC	Member of Executive Council
PFMA	Public Finance Management Act

## 2. Executive Summary

This policy addresses all matters regarding the management of all types of risks within the Department of Agriculture and Rural Development. It includes the comprehensive approach to the management of risks whereby the features are outlined in the Department's Risk Management Strategy.

All terminology used in this policy is described precisely under the relevant heading for definitions and ensures resultantly that there is exact clarity at all times.

## 3. Introduction

The Accounting Officer has committed Limpopo Department of Agriculture and Rural Development 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.

## 4. Purpose and objectives

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

Effective risk management is imperative to the department to fulfill its mandate, the service delivery expectations of the public and the performance expectations within the department.

## 5. Authority

This policy stands under the custodianship of the Hon MEC for Agriculture and Rural Development as the Executive Authority as well as the HOD as Accounting Officer.

## 6. Legal Framework

- Public Finance Management Act
- Treasury Regulations
- National Risk Management Framework

## 7. Scope of application

This policy applies to the Department of Agriculture and Rural Development. All employees of the LDARD (including contract employees and interns) must comply with the spirit and content of the policy.

## 8. Definitions

**“Impact”** This is the potential magnitude of the impact on the Department’s operations should the risk/threat actually occur.

**“The Probability of Occurrence”** This is the likelihood that the identified risk/threat will occur within a specified period of time (between 1 and 3 years) on the basis that there are no controls in place to address the risk/threat.

**“Inherent Risk”** Inherent risk is a product of impact and probability of occurrence. It is the Department’s assessed maximum risk exposure before the implementation of any specific controls to reduce such exposure to risks.

**“Control Effectiveness”** Control effectiveness refers to the control environment of the Department. The perceived effectiveness of controls is an indication of how well risks are managed.

**“Residual Risk”** This is the value of risk that the Department is exposed to after taking into account the related controls which currently are believed to be in place to manage that risk.

**“Control”** An action taken by management to enhance the likelihood that established objectives and goals will be achieved.

**“Desired Control Effectiveness”** Desired control effectiveness is the control effectiveness the Department is striving to achieve. This control effectiveness would enable the Department to reduce their risk exposure to the desired level.

## 9. Policy Pronouncements

### 9.1. The Policy

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

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

- a) The highest standards of service delivery;
- b) A management system containing the appropriate elements aimed at minimizing risks and costs in the interest of all stakeholders;

- c) Education and training of all the Departmental staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders expectations; and
- d) Maintaining an environment, which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

## **9.2 Approach to 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 Institution's systems and processes, ensuring that The Departmental responses to risk remain current and dynamic. All risk management efforts will be focused on supporting the department's objectives. Equally, the Department must ensure compliance with relevant legislation, and fulfill the understanding of employees, communities and other stakeholders in terms of corporate governance.

### **10. Default**

There should be adherence to this policy at all times; under no circumstances may this policy be violated.

### **11. Inception date**

The date of inception is the date of approval of the policy.

### **12. Termination and review**


The risk management policy shall be reviewed annually or as and when the need arise.

### 13. Enquiries

All the enquiries should be directed towards:

Risk Management Directorate  
Limpopo Department of Agriculture and Rural Development  
Private Bag x 9487  
Polokwane  
0700  
Tel: 015 294 3000

Recommended:

  
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Maisela, RJ  
(Head of Department)

2017-03-17  
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Date

Approved:

  
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Honourable Member of Executive Council  
Mapula Mokaba-Phukwana (MPL)

27/03/2017  
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Date