



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
ECONOMIC DEVELOPMENT, ENVIRONMENT & TOURISM

ENTERPRISE RISK MANAGEMENT POLICY

2019/20 FY

Enterprise Risk Management Policy for the 2019/20 FY

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1. ACRONYMS

HOD : Head of Department

LEDET : Limpopo Department of Economic Development, Environment and
Tourism

MEC : Member of Executive Council

2. INTRODUCTION

The Risk Management Policy communicates the departmental stance on risk management. Effective risk management assists in the fulfillment of the Department's mandate, service delivery expectations and performance expectations. It is guided by the regulatory expectations, safety and health demands, sustainability management and corporate governance requirements. It also provides a uniform approach for employees to adopt in identifying and managing risks to an acceptable level.

3. PURPOSE AND OBJECTIVES OF THE POLICY

The purpose and objectives of this policy is to:

- 3.1 Emphasize the departmental commitment to effective risk management;
- 3.2 Communicate broad risk management principles; and
- 3.3 Guide the Department to enhance the successful mitigation of departmental risks to an acceptable level.

4. AUTHORITY OF POLICY

The policy is issued under the authority of the MEC as the Executive Authority and the HOD as the Accounting Officer for LEDET.

5. LEGAL FRAMEWORK

This policy is informed by the following legal prescripts:

- 5.1 The Constitution of the Republic of South Africa, 1996 as amended.
- 5.2 Batho Pele principles.

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5.3 King IV Report on Corporate Governance

5.4 Labour Relation Act, 1995

5.5 Limpopo Provincial Risk Management Framework, 2010

5.6 Public Finance Management Act, 1999

5.7 Treasury Regulations, 2001 as amended

5.8 Public Service Act, 1994 as amended

6. SCOPE OF APPLICATION

This policy is applicable to all employees of the Department of Economic Development, Environment and Tourism.

7. DEFINITIONS

The following definitions are applicable for the purpose of this policy document:

7.1 "Chief Risk Officer" means an employee entrusted with or delegated to coordinate the risk management processes;

7.2 "Enterprise Risk Management" means a process that is effected by the Department and applied in strategy setting and is designed to:

- a. Identify potential events that may affect the Department's ability to achieve its objectives;
- b. Manage risk to be within its risk appetite; and
- c. Provide reasonable assurance that departmental objectives will be achieved.

7.3 "Executive Authority" means the member of the Executive Council of the Province who is accountable to the Provincial Legislature for the Department;

7.4 "Risk" means any internal or external event that may impact on the ability of an organization to achieve its objectives;

7.5 "Risk assessment" means assessment and prioritization of identified risks;

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- 7.6 **“Risk champion”** means a person who is not a risk owner but who, by virtue of his or her expertise or authority champions a particular aspect of the risk management process;
- 7.7 **“Risk identification”** means a process of identifying risks that may negatively impact on the achievement of goals or objectives;
- 7.8 **“Risk management”** means an organized process to identify, evaluate and address risks on a continuous basis;
- 7.9 **“Risk mitigation”** means action taken by the Department to minimize a risk or its consequences;
- 7.10 **“Risk profile”** means a database of all risks identified within a financial year;
- 7.11 **“Risk response”** means the process of managing risks through use of risk management strategies, i.e. avoidance, acceptance, reduction and transfer to mitigate risks to an acceptable level;
- 7.12 **“Risk appetite”** means the amount of risk that the Department is willing to accept in pursuit of its objectives; and
- 7.13 **“Risk tolerance”** means the acceptable variation relative to the achievement of an objective.

8. POLICY PRONOUNCEMENTS

7.1 Risk management philosophy

The Department is committed to a process of risk management that is aligned with the principles of good corporate governance as supported by the Public Finance Management Act. The Department considers risk management in strategy and goal setting as it is an integral part of responsible management towards realization of the set

objectives that are aligned to the Department's mission and consistent with its risk appetite as outlined in the departmental risk management strategy. The philosophy that everybody is a risk manager ensures that everybody is involved in risk management process. The Department subscribes to the fundamental principles that all resources will be applied economically to ensure the following:

- 8.1.1 A management system containing the appropriate elements aimed at minimising risks and costs in the interest of all stakeholders;
- 8.1.2 Education and training of all staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders' expectations; and
- 8.1.3 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 will be embedded into systems and processes, ensuring that responses to risks remain current and dynamic. All risk management efforts shall be focused on supporting the Department's objectives and ensuring compliance with relevant legislation, and fulfilling the expectations of employees, communities and other stakeholders in terms of corporate governance.

8.2 Risk management approach

The Department will follow a structured, consistent and continuous approach to risk management as outlined in detail in the Risk Management Strategy.

Management shall work together in concert

8.3 Key role players and responsibilities

8.3.1 Executive authority

The Executive Authority shall:

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- a. Provide ongoing oversight and direction to the Accounting Officer on the management of risks and the risk management philosophy; and
- b. Obtain comfort that the Accounting Officer has properly established effective systems of risk management to enhance the ability to achieve the Department's objectives.

8.3.2 Accounting Officer

The Accounting Officer shall:

- a. Support risk management and devotes sufficient resources towards implementation thereof, as well as approving the risk management strategy, annual implementation plan, risk appetite and risk tolerance;
- b. Hold all officials accountable for designing, implementing, monitoring and integrating risk management principles into a day to day activities;
- c. Provide guidance to Senior Management and structures responsible for aspects of risk management;
- d. Provide all relevant stakeholders with necessary assurance that key risks are properly identified, assessed, mitigated and monitored; and
- e. Ensure that the Department has and maintains effective, efficient and transparent systems of financial, risk management and internal risk control.

8.3.3 Management

The management of the Department shall:

- a. Take full ownership for the effective identification and management of risks within their functional areas;
- b. Integrate the principles of risk management into the daily processes to enhance the ability to achieve the Department's objectives;
- c. Work together with the Department's Risk Officers and amongst themselves to address common or shared risks

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- d. Cascade risk management into their functional responsibilities and ensure compliance with relevant legislation and applicable policies;
- e. Be responsible for oversight over risk management, management of audit processes and the implementation of the Standing Committee On Public Accounts resolutions in relation to the identified risk issues between the Department and its public entities;
- f. Empower employees to perform adequately in terms of risk management responsibilities through proper communication of responsibilities and holds officials accountable for their specific risk management responsibilities;
- g. Communicate risk profiles / outcomes to employees within their directorates; and
- h. Monitor progress towards the mitigation of risks and provide quarterly report to the Chief Risk Officer.

8.3.4 Employees

The employees of the Department shall:

- a. Familiarize themselves with the overall risk management vision, risk management strategy, risk management policy and risk profile; and
- b. Participate in risk management processes within their functional areas.

8.3.5 Chief Risk Officer

The Chief Risk Officer of the Department shall:

- a. Work with the senior management to develop the overall risk management vision, risk management strategy, risk management policy as well as risk appetite and tolerance levels for approval by the Accounting Officer;
- b. Set up the risk management structure and risk management reporting lines within the Department and continuously drives the risk management process towards best practice;
- c. Develop a common risk assessment methodology that is aligned with the Department's objectives at all the departmental levels;
- d. Communicate the risk management policy, risk management strategy and risk management implementation plan to all stakeholders in an effective manner;

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- e. Monitor the implementation of the policy and risk management processes within the department; and
- f. Facilitate the establishment of a risk aware culture within the Department.

8.3.6 Risk Champions

Risk Champions shall:

- a. Add value to the risk management processes by providing guidance and support to manage risk related problems within their functional areas
- b. Seek to embed risk management within their functional areas; and
- c. Be held accountable for effective management of risks within their functional areas.

8.3.7 Audit Committee

The Audit Committee shall oversee, guide and monitor the implementation of an effective system of risk management within the Department.

8.3.8 Internal Audit

The internal audit function shall:

- a. Provide independent assurance over the adequacy and effectiveness of the Department's risk management processes; and
- b. Utilise the results of the risk assessment to develop risk-based audit plans.

8.3.9 Risk Management Committee

The committee shall:

- a. On a quarterly basis, review the implemented risk management processes for effectiveness and adequacy; and
- b. Advise the Accounting Officer on the management of risks within the Department.
- c. Monitor the implementation of the policy and risk management processes within the Department.

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9. DEFAULT

An employee who fails to comply with the provisions of this policy shall be handled in terms of the public service disciplinary code and procedures for public services as amended.

10. INCEPTION DATE

The inception date of this policy is the date of the signature of the Head of Department.

11. REVIEW

This policy shall be reviewed annually as prescribed by the Provincial Treasury.

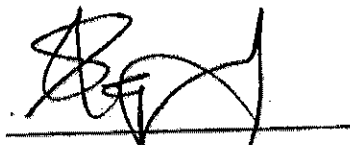
12. TERMINATION

The policy shall remain in force until or unless it is withdrawn and/or amended.

13. ENQUIRIES

Enquiries with regard to any matter relating to this policy must be directed to the Office of the Chief Risk Officer.

14. APPROVAL



Mr. Kgopong NS
Head of Department

15/07/19
Date