

LIMPOPO PROVINCIAL TREASURY

Risk Management Policy

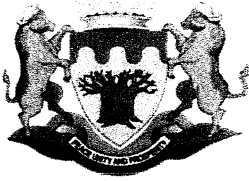
1. PREAMBLE

This policy provides guidelines to address and judiciously deal with Enterprise Risk Management within the Limpopo Provincial Treasury.

The risk management policy and resulting strategy of the Limpopo Provincial Treasury is to adopt a proactive best practice approach in the identification, evaluation, and cost effective control of all risks arising from the services we provide and to ensure that risks are reduced to acceptable levels.

The objectives of the Limpopo Provincial Treasury's risk management policy and resulting enterprise risk management framework, (as contained in the ERMF document accompanying this policy) are to obtain the best possible achievement of:

- Integration of risk management into the culture, management processes and daily management of program activities of the department
- Manage risk and possible opportunities in accordance with best practice to avoid financial loss and enhance stakeholders and clients satisfaction.
- Ensure compliance with related risk management matters of the Public Finance Management Act (PFMA) and Treasury Regulations
- Apply the responsibility of physical management of risks at the most appropriate level as well as accountability for achieving positive results
- Safeguard, enhance and promote the reputation of the department
- Anticipate and respond to changing social, environmental, financial and legislative requirements
- Preserve and enhance service delivery to increase the likelihood of achieving the department's service delivery objectives.
- Raise risk management awareness and need thereof, with all employees of Limpopo Provincial Treasury.



LIMPOPO PROVINCIAL TREASURY

- Apply a balance between the cost of risk mitigation and the anticipated benefits
- Continually improve risk management practices

2. RELEVANT LEGISLATION

This policy has been developed within the legislative framework as contained in Section 38 (a) of the Public Finance Management Act, 1999 supplemented by the Treasury Regulations for departments, trading entities, constitutional institutions and public entities, issued in terms of the PFMA 1999 by National Treasury during March 2005.

3. SCOPE OF POLICY APPLICATION

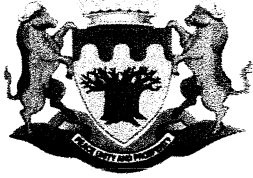
This policy is intended to reflect the department's commitment to the principles, goals and ideals described in the department's mission, vision and core values.

This policy is intended to supplement and enhance existing departmental strategic planning processes, performance management systems, human resource management systems, reporting systems and other control activities.

This policy shall apply to all officials of the Limpopo Provincial Treasury as well as temporary personnel and consultants providing a service to the department

4. RISK MANAGEMENT FRAMEWORK

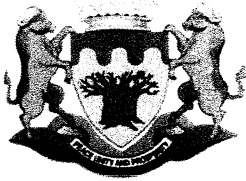
A risk management framework, as contained in the Enterprise Risk Management Framework accompanying this policy document, and subject to continuous updating and improvement, shall be implemented in the Limpopo Provincial Treasury.



LIMPOPO PROVINCIAL TREASURY

The risk management framework will assist management of the Department at achieving the following risk management objectives:

- Identify, evaluate and manage significant risks to achieve departmental objectives
- Assess the likelihood, impact and acceptability of risks to which the department is exposed
- Deliver controls and mitigation treatments to reduce the probability and impact of significant risks to an acceptable level
- Integrate risk management activities at all levels of the department
- Apply the responsibility of physical management of risks at the most appropriate level as well as accountability for achieving positive results
- Indicate specific roles and responsibilities towards risk management by management functions as well as a departmental risk committee
- Involve and integrate the Limpopo Provincial Treasury partners and stakeholders in the risk management processes
- Continually monitor the effectiveness of the management of risks with particular regard to significant weaknesses reported
- Ensure that the necessary action is taken promptly to remedy any significant weaknesses
- Identify and ensure delivery of effective risk management training programmes
- Continuously monitor and review risks and controls to cater for internal and external changes
- Support the required statement on risk management as required in the Annual Report
- Benchmark the Limpopo Provincial Treasury risk management practices with other departments in the Government Service as well as private organisations
- Ensure timely risk management reports by identified risk owners
- Provide a fraud prevention and response plan
- Provide guidelines on risk management methodology and reporting channels
- Provide guidelines on best practice models



LIMPOPO PROVINCIAL TREASURY

5. ROLES / RESPONSIBILITIES

Risk management will be integrated with all management activities at all levels of the Limpopo Provincial Treasury. The responsibility of the physical management of risks will be located at the most appropriate level as well as accountability for achieving positive results.

The specific roles and responsibilities towards risk management by management functions as well as a departmental risk committee are indicated in the Limpopo Provincial Treasury Enterprise Risk Management Framework.

6. RESOURCE IMPLICATIONS

6.1. FINANCIAL

Risk management mitigation and contingency planning have cost implications. The budget set aside for these items covers both of these items, which in practice is determined during the risk assessment process. Branches shall be responsible for the budgeting of Risk Management mitigation and contingency planning costs.

6.2. HUMAN RESOURCES

The Risk Management Directorate should be staffed in accordance with the identified operational requirements of the function.

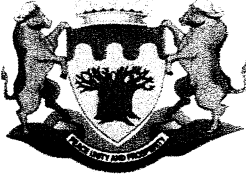
7. POLICY CONTROL

7.1. POLICY AUDIT

The Accounting Officer must ensure periodic audits when deemed necessary or as required from time to time, to ensure appropriate application and compliance with the Policy.

7.2. POLICY REVIEW

This policy is subject to annual review by the Department, to ensure that it is aligned to prevailing legislation and market conditions.



LIMPOPO PROVINCIAL TREASURY

7.3. POLICY AMENDMENTS

No amendment(s) may be made to any section of this policy without such amendment(s) first being:

- Submitted to the review panel for review and discussion;
- Changes made by the review panel incorporated and finalised;
- Duly approved and signed by the MEC, Head of Department and the Chief Financial Officer.

Amendments to this policy will be distributed to the Branch Managers. The Branch Managers will in turn ensure that each unit within their Branch receive copies of the amended policy.

8. EFFECTIVE DATE

This policy will be effective from 1 Sept 06 (date).

9. RATIFICATION

This policy was signed on the 16 (day of) October (month) 2006 at Pookwane (place).

CHIEF FINANCIAL OFFICER: TG Ntshongweni

HEAD OF THE DEPARTMENT: [Signature]

MEMBER OF THE EXECUTIVE COUNCIL: [Signature]