# BERGRIVIER MUNICIPALITY

## Risk Management Strategy
## APRIL 2018

**HISTORY OF REVIEW AND APPROVAL**

**Author of Document:**

| Version | Author | Date Compiled |
|---------|--------|---------------|
| *1.0* | Chief Risk Officer: Madell Lihou | April 2013 |
| | | Based on policy as developed by Corporate Governance, Provincial Treasury. |
| 1.1 | Chief Risk Officer: Madell Lihou | September 2014 |
| 1.2 | Chief Risk Officer: Madell Lihou | March 2016 |
| 1.3 | Internal Auditor: Jurene Erasmus | November 2017 |

**Reviewed and Recommended By:**

| Version | Reviewed By | Comments | Date Reviewed |
|---------|-------------|----------|---------------|
| *1.0* | Risk Management Committee | Recommended with minimal changes to be made by CRO. | 7 May and 20 September 2012. |
| 1.1 | Risk Management Committee | Recommended with minimal changes | 17 September 2014 |
| 1.2 | Risk Management Committee | Recommended with changed Implementation plan | 10 March 2016 |
| 1.3 | Risk Management Committee | Recommended with minimal changes | November 2017 |
| | | | |

**Approved By:**

| Version | Approval By | Date Approved |
|---------|-------------|---------------|
| *1.0* | Council (Resolution No. …..) | May 2013 |
| 1.1 | Council (Resolution No. …..) | March 2015 |
| 1.2 | Council (Resolution No.RVN10/05/2016) | May 2016 |
| 1.3 | Mayoral Committee (Resolution BKN037/04/2018) | April 2018 |

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## ACRONYMS

AC  Audit Committee

AO  Accounting Officer

CAE  Chief Audit Executive

CRO  Chief Risk Officer

ERM  Enterprise Risk Management

IDP  Integrated Development Plan

MFMA  Municipal Finance Management Act

MM  Municipal Manager

RMC  Risk Management Committee

SDBIP  Service Delivery and Budget Improvement Plan

# 1. INTRODUCTION

Bergrivier Municipality has undertaken to embed a culture of Enterprise Risk Management (ERM) within the municipality and to identify, assess, manage, monitor and report risks to ensure the achievement of objectives as identified in the IDP.

# 2. PURPOSE OF DOCUMENT

The purpose of the risk management strategy is to take what is in the risk management policy and apply it in strategy. This strategy sets out all risk management activities planned for the 2017-2018 financial year (See annexure A). This document also provides insight as to how the municipality will implement risk management going forward.

# 3. RISK MANAGEMENT IMPLEMENTATION

## 3.1. Reporting Lines

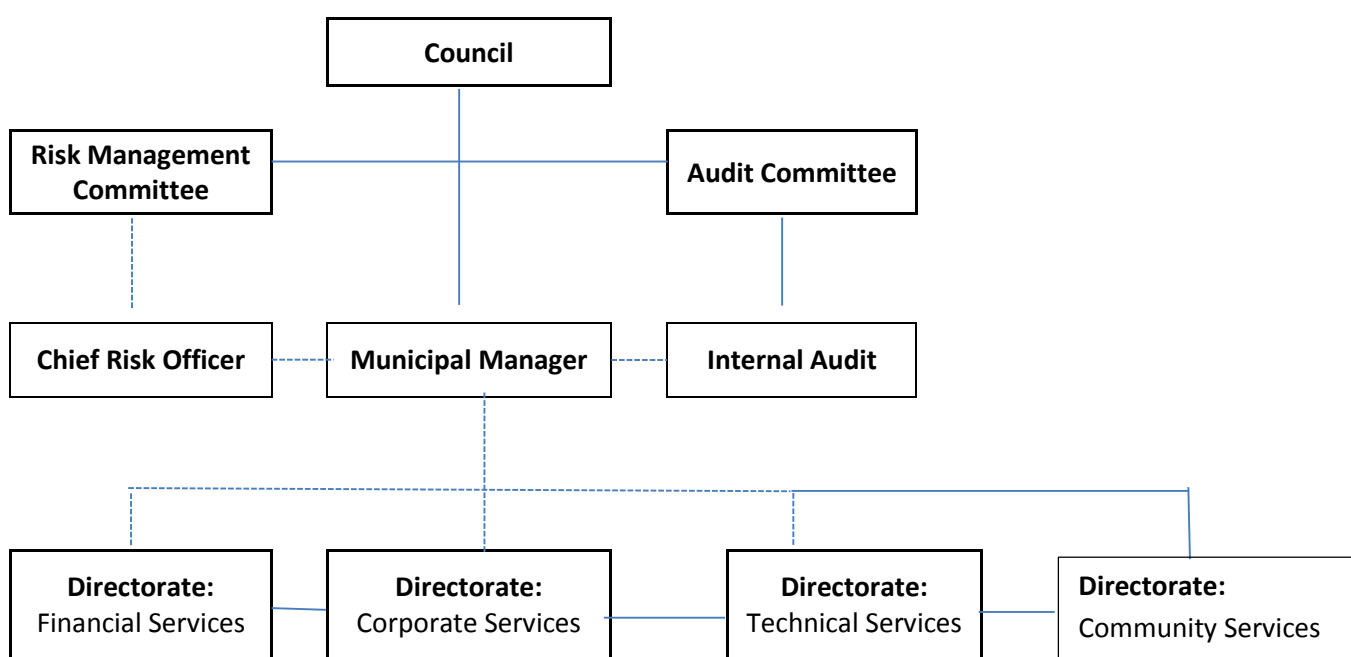The structures through which risk management will be reported within Bergrivier Municipality are set out below.



**Illustration 1**: Bergrivier Municipality's Risk Management Reporting Structure

**ANNEXURE A- RISK MANAGEMENT IMPLEMENTATION PLAN 2017/2018**

The table below refers to the risk management implementation plan for the 2017/2018 financial year.

| No | MEASURE | ACTION | PROGRESS/ DUE DATES |
|---|---|---|---|
| 1.1 | HUMAN RESOURCE CAPACITY | Identify and appoint Risk Champions within the municipality. | |
| 1.2 | | Identify and arrange training for Risk Champions. | |
| 1.3 | | Facilitate orientation and training for Risk Champions. | |
| 2 | KNOWLEDGE OF APPLICABLE LAWS & REGULATIONS | Complete the e-learning modules or selected modules and attend the MFMA course. | |
| 2.1 | QUARTERLY MUNICIPAL RISK MANAGEMENT FORUM | Nominate a member and proxy to the forum. | |
| 2.2 | | Attend meetings (In terms of the forum ToR) | |
| 3.1 | RISK MANAGEMENT OVERSIGHT COMMITTEE | Develop the committee Terms of Reference (ToR). | |
| 3.2 | | Review and approve the ToR. | |
| 3.3 | | Identify and appoint (issue appointment letters) risk management oversight committee members. | |
| 3.4 | | Facilitate orientation and training for the risk management committee. | |
| 4.1 | RISK MANAGEMENT TOOLS & TECHNOLOGY | Identify an appropriate risk management tool, one that can be used for capturing risk information and generating reports. E.g. Excel, ERA, Barnowl etc. | |
| 4.2 | | Arrange training for the risk official/s (if training is necessary) | |
| 4.3 | | Attendance to training/workshops | |
| 5.1 | RISK MANAGEMENT POLICY | Determine the risk management philosophy. | |
| 5.2 | | Submit the risk management philosophy to the risk management oversight committee for review and recommendation. | |

| No | MEASURE | ACTION | PROGRESS/ DUE DATES |
|---|---|---|---|
| 5.3 | | Submit the risk management philosophy to the MM for review and recommendation/approval. | |
| 5.4 | | Determine the risk appetite | |
| 5.5 | | Submit the risk appetite to the risk management oversight committee for review and recommendation. | |
| 5.5 | | Submit the risk appetite to the MM for review and recommendation/approval. | |
| 5.6 | | Research & develop the risk rating criteria (impact & likelihood & control effectiveness, if any) | |
| 5.7 | | Submit the risk rating scales to the risk management oversight committee for review and recommendation. | |
| 5.8 | | Submit the risk rating scales to the MM for review and recommendation/approval. | |
| 5.9 | | Determine the risk categories. | |
| 5.10 | | Submit the risk categories to the risk management oversight committee for review and recommendation. | |
| 5.11 | | Submit the risk categories to the MM for review and recommendation/approval. | |
| 5.12 | | Develop *or* review the Risk Management Policy. | |
| 5.13 | | Submit to the oversight committee for review and recommendation. | |
| 5.14 | | Submit to MM for review and recommendation/ approval. | |
| 5.15 | | Submit to council for resolution. | |
| 5.16 | | Communicate the Risk Management Policy to all staff i.e. staff orientations, workshops, keeping the intranet updated, posters, pamphlets, awareness programs etc. | |
| 5.17 | | Provide each department head with a copy of the approved Risk Management Policy, ensuring that they acknowledge receipt of the policy. | |
| 5.18 | | Place approved Risk Management policy on the municipal website. | |

| No | MEASURE | ACTION | PROGRESS/ DUE DATES |
|---|---|---|---|
| 6.1 | **RISK MANAGEMENT STRATEGY** | Develop *or* review the current Risk Management Strategy, Fraud Prevention Policy and a Fraud Prevention Strategy and Implementation Plan. | |
| 6.2 | | Submit the RM Strategy with the RM implementation Plan, Fraud Prevention Policy and Strategy to the risk management oversight committee for review and recommendation. | |
| 6.3 | | Submit the Risk Management Strategy to the MM for approval. | |
| 6.4 | | Submit the Risk Management Strategy for council resolution. | |
| 6.5 | | Communicate the Fraud Prevention Policy to all staff i.e. staff orientations, workshops, keeping the intranet updated, posters, pamphlets, awareness programs etc. | |
| 6.6 | | Provide each department head with a copy of the approved Fraud Prevention Policy, ensuring that they acknowledge receipt of the policy. | |
| 6.7 | | Place approved Fraud Prevention policy on the municipal website. | |
| 7.1 | **RISK IDENTIFICATION AND ASSESSMENT METHODOLOGY** | Develop *or* review the current Risk Identification and Assessment Methodology. | |
| 7.2 | | Submit the Risk Identification and Assessment Methodology to the risk management oversight committee for review and recommendation. | |
| 7.3 | | Submit the Risk Identification and Assessment Methodology to the MM for approval. | |
| 7.4 | | Submit the Risk Identification and Assessment Methodology for council resolution. | |
| 7.5 | | Place approved Risk Identification and Assessment Methodology on the municipal website. | |
| 8.1 | **STRATEGIC RISK IDENTIFICATION & ASSESSMENT** | Arrange a strategic risk identification and assessment workshop. | |
| 8.2 | | Prepare for the workshop, by obtaining the municipality's strategic objectives. | |
| 8.3 | | Send notification of the workshop to the various department heads. | |

| No | MEASURE | ACTION | PROGRESS/ DUE DATES |
|---|---|---|---|
| 8.4 | | Facilitate the strategic risk identification and assessment workshop. (Inherent & residual risk assessment) | |
| 8.5 | | Ensure that all risks, controls, risk owners, risk responses and actions and dates are captured. | |
| 8.6 | | Ensure that risks are rated fairly. | |
| 8.7 | | Generate a strategic risk report. | |
| 8.8 | | Submit the strategic risk report to the risk management oversight committee. | |
| 8.9 | | Submit the minutes of the risk management oversight committee meeting to the AC. | |
| 8.10 | | Submit the report to the Council, MM and the various department heads. | |
| 9.1 | **OPERATIONAL RISK IDENTIFICATION & ASSESSMENT** | Arrange operational risk identification & assessment workshops with the various departments. | |
| 9.2 | | Prepare for the workshop, by obtaining the objectives of each department etc. | |
| 9.3 | | **Office of the Municipal Manager, Financial, Corporate and Technical Services:** | |
| 9.4 | | Facilitate the operational risk identification and assessment workshop. (Inherent & residual) | |
| 9.5 | | Ensure that all risks, controls, risk owners, risk responses and actions and dates are captured. | |
| 9.6 | | Ensure that risks are rated fairly. | |
| 9.7 | | Generate an operational risk report for the departments, highlighting the high risks. | |
| 9.8 | | Submit the report to the risk management oversight committee. | |
| 9.9 | | Submit the minutes of the risk management committee meeting to the AC. | |
| 9.10 | | Consolidate the various risk identified by the Risk Champions. | |

| No | MEASURE | ACTION | PROGRESS/ DUE DATES |
|---|---|---|---|
| 9.11 | | Provide Internal Audit with the approved operational risk register upon request. | |
| 10. | PROJECT 1 RISK IDENTIFICATION & ASSESSMENT | **Project 1: Risk Identification and Assessment** | |
| 10.1 | | Facilitate the project risk identification and assessment workshop. (Inherent & residual) | |
| 10.2 | | Ensure that all risks, controls, risk owners, risk responses and actions and dates are captured. | |
| 10.3 | | Ensure that risks are rated fairly. | |
| 11.1 | PROJECT 1 RISK REGISTER | Generate a risk register/report, highlighting the high risks. | |
| 11.2 | | Submit the register/report to the risk management oversight committee. | |
| 11.3 | | Submit the register/report to the MM for review and approval. | |
| 11.4 | | Submit the minutes of the risk management oversight committee meeting to the AC. | |
| 11.5 | | Submit Project 1 risk register to council for approval. | |
| 12.1 | FRAUD & CORRUPTION, IT, COMPLIANCE AND OCCUPATIONAL HEALTH & SAFETY (OH&S) RISK REGISTER | Generate a risk register. | |
| 12.2 | | Submit the risk register to the risk management oversight committee for review and recommendation. | |
| 12.3 | | Submit the risk register to the MM for review and approval. | |
| 12.4 | | Submit the minutes of the risk management committee meeting to the AC. | |
| 12.5 | | Submit the risk register to council for approval. | |
| 13.1 | INFORMATION & COMMUNICATION | Communicate progress of the Risk Management Implementation Plan and any changes to the plan to the risk management oversight committee. | |
| 13.2 | | Communicate progress of the Risk Management Implementation Plan and any changes to the plan to the MM. | |

| No | MEASURE | ACTION | PROGRESS/ DUE DATES |
|---|---|---|---|
| 13.3 | | Communicate progress of the Risk Management Implementation Plan and any changes to the plan to council. | |
| 14.1 | **TRAINING & SUPPORT** | Develop a training programme for all officials involved in the risk management activity. | |
| 14.2 | | Identify training interventions for the CRO and her staff (if any). | |
| 14.3 | | Attendance to training and workshops. | |