

KAROO HOOGLAND MUNICIPALITY

RISK MANAGEMENT POLICY 2018/2019

APPROVED : _____

DOCUMENT NAME	Risk Management Policy	DOCUMENT VERSION	2018/2019
NAME	DESIGNATION	SIGNATURE	DATE

TABLE OF CONTENTS

CONTENTS		PAGE NUMBER
1.	PREAMBLE	4
2.	SCOPE AND APPLICATION	4
3.	PURPOSE	5
4.	OBJECTIVES	5
5.	APPROACH TO RISK MANAGEMENT	5
6.	ROLES AND RESPONSIBILITIES	6
7.	POLICY REVIEW	7
8.	POLICY AMENDMENT	7
9.	APPROVAL	7

DEFINITIONS

'MFMA' - Municipal Finance Management Act, Act no 56 of 2003

'PSRMF' - the Public Sector Risk Management Framework

'ERM' - Enterprise Risk Management

'RMO' - Risk Management Officer

1. PREAMBLE

Karoo Hoogland Municipality hereby commits itself to an integrated process of enterprise-wide risk management that is aligned to the King III principles of good corporate governance, as supported by the MFMA, Act no 56 of 2003 and all other applicable laws and regulations

The Municipality recognizes risk management as an integral part of responsible management within the organization that must be implemented in an integrated manner within all departments, operations and processes with the overall objective of reducing risk, as far as reasonably practicable.

Furthermore, the Municipality recognizes that effective risk management is important for the fulfillment of its mission of providing an integrated municipal governance system for improved quality of life for its communities.

We subscribe to the fundamental principles that all resources will be applied economically to ensure:

- The highest standards of service delivery;
- A management system containing the appropriate elements aimed at minimizing risks and costs in the interest of all stakeholders;
- Education and training of all our staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders expectations; and
- Maintaining an environment which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

2. SCOPE AND APPLICATION

- This policy applies to all employees of Karoo Hoogland Municipality (including employees who are employed on a fixed-term contract, interns and learners).
- Since effective risk management is the responsibility of all officials in the Municipality, it is of vital importance that it be incorporated into Senior Managers' performance agreements as well as job descriptions of key personnel.

3. PURPOSE

- This risk management policy is aimed at guiding Karoo Hoogland Municipality on how to manage its exposure to risk.
- To communicate the Municipality's stance with regard to risk management.
- Provide reasonable assurance that the risks that threaten the achievement of Municipality objectives are effectively managed.

- Promote adoption of sound risk management practices within Karoo Hoogland Municipality.

4. OBJECTIVES

The key objectives of this risk management policy are:

- To guide the establishment of an enterprise wide risk management system and processes within the Municipality
- To guide the establishment of appropriate institutional arrangements to support effective implementation of the Municipality's risk management system
- To promote a uniform risk management approach within the Municipality
- To promote compliance with all relevant Local Government legislation, regulations, norms and standards
- To promote awareness of risk management functions throughout the Municipality
- To facilitate monitoring and evaluation of risk management practices within the Municipality.

5. APPROACH TO RISK MANAGEMENT

An entity-wide approach to risk management will be adopted by the municipality meaning that every key risk in each part of the municipality will be included in a structured and systematic process of risk management. The following key principles outline the Municipality's approach to risk management:

- The Municipality will **periodically identify and assess its risks** and closely monitor the implementation of interventions aimed at reducing the potential negative impacts of risks guided by the Public Sector Risk Management Framework.
- **Awareness and understanding** of the Enterprise risk management process will be established at all of the appropriate levels of the municipality, with the aim of establishing a culture of risk management across the municipality.
- **Risk management processes** will become embedded into the Municipality's systems and processes, ensuring that its responses to risk remain current and dynamic.
- All risk management efforts will be focused on **supporting the Municipality's strategic objectives and ensure compliance** with relevant legislation, while fulfilling the expectations of employees, communities and other stakeholders in terms of corporate governance

6. ROLES AND RESPONSIBILITIES

Effective risk management is the responsibility of **every employee** within the Municipality, from senior management through to the lowest level. Given the limited resources and capacity constraints, the Municipality will strive to ensure that Risk management roles and responsibilities are carried out as follows:

Municipal Manager

- The Municipal Manager as the Accounting Officer, supported by the Heads of Departments, has overall accountability with regards to risk management within the Municipality. The Accounting Officer will ensure that the Risks regarding MSCOA Implementation and MSCOA Compliance will be addressed.

Risk Management Committee

- The Risk Management Committee has overall responsibility for overseeing risk management processes within the Municipality; however this function would be fulfilled by the Audit Committee.

Heads of Department/ Risk Owners

- Heads of Departments are responsible for **implementing and monitoring** good risk management practices within their departments.

Risk Management Champions

- Each department shall appoint a Risk Management Champion that will be responsible for coordinating the risk management initiatives within their respective departments.

Audit Committee

- The Audit Committee is responsible for providing the Municipal Manager with independent counsel, advice and direction in respect of risk management. The Audit Committee provides an independent and objective view of the institution's risks and effectiveness of the risk management processes.

Internal Audit

- Internal Audit is accountable to the Municipal Manager and the Audit Committee for providing independent assurance regarding the efficiency of the risk management activities of the municipality.

Risk Management Officer ("RMO")

- The RMO is the custodian of the ERM framework, the co-coordinator of the risk management process throughout the institution and the institutional advisor on all risk management matters.

Other Officials

- Other officials and personnel are accountable to line management to integrate the principles of risk management into their daily routines to enhance the achievement of their functional objectives.

7. POLICY REVIEW

The risk management policy shall be **reviewed annually** to reflect the prevailing status of risk management within the Municipality.

8. POLICY REVIEW/AMENDMENT

The risk management policy shall be reviewed annually to reflect the prevailing status of risk management within the Municipality.

No amendments may be made to any section of this policy without such amendments first being approved by Council, in terms of a Council Resolution at a properly constituted meeting.

9. APPROVAL

This policy was approved by Council at a meeting held on the

in terms of Council Resolution No:

PREVIOUS COUNCIL DECISIONS WITH REGARDS TO THIS POLICY

UITTREKSEL UIT ALGEMENE RAADSVERGADERING VAN 28 AUGUSTUS 2014 SE NOTULE :

10. RISK ASSESSMENT VERSLAG

10.1 Die verslag rakende Risk Assessment sal tydens die vergadering uitgedeel word aan die Raad.

BESLUIT DAT:

- a) die item oorsaak na die volgende geleentheid waar die Departement Tesourie teenwoordig kan wees.
- b) dat die Departement Tesourie genooi word om die verslag aan die Raad te verduidelik.

Dr MK Botha noem dat die "Risk Assessment" gedoen is sonder sy insette asook sonder insette van die interne ouditeure en die audit komitee. Die Munisipale Bestuurder noem dat enige byvoegings gedoen kan word. Die Burgemeester versoek dat Tesourie die regte werkswyse moet volg en dat alle partye se insette geakkommodeer moet word.

UITTREKSEL UIT ALGEMENE RAADSVERGADERING VAN 25 FEBRUARIE 2015 SE NOTULE :

4. RISK MANAGEMENT SUPPORT COUNCIL ORIENTATION

4.1 THE TREASURY COMPILED A RISK ASSESSMENT FOR THE MUNICIPALITY AND WISH TO DISCUSS IT WITH THE COUNCIL

Die item staan oor tot 'n volgende vergadering omdat die betrokke persoon van Tesourie nie die vergadering kon bywoon nie.

UITTREKSEL UIT ALGEMENE RAADSVERGADERING VAN 30 MAART 2016 SE NOTULE :

6.1 POLICIES (BUDGET RELATED)

The following Budget Related Policies will be distributed for revision and input:

- a. Tariff Policy
- b. Property Rates Policy
- c. Credit Control Policy, Customer Care and bad debt
- d. Indigent Policy (Deernis)
- e. Budget Policy
- f. Supply Chain Management Policy (Voorsieningskanaalbestuur)
- g. Write Off Policy
- h. Asset Management Policy
- i. Subsistence and Traveling Policy
- j. Gift and Reward Policy
- k. Borrowing Policy
- l. Bank Investment and Interest Policy
- m. Unauthorised, irregular, Fruitless and Wasteful Expenditure policy
- n. Fraud Prevention Policy
- o. Risk Management Policy

For Information

RESOLVES THAT:

- i. Council take note of the Budget Related Policies and other policies that will be distributed and revised before the approval of the final Budget for 2016/17;
- ii. Council will study these policies and propose amendments before the final Budget.

Proposed by: Councillor JE Davids
Seconded by: Councillor K Koopman

UITTREKSEL UIT ALGEMENE RAADSVERGADERING VAN 26 APRIL 2016 SE NOTULE :

6.3 BY-LAWS & POLICIES : FINANCIAL ADMINISTRATION

Policies to which none amendments were made during the reviewing process:

- a. Tariff Policy
- b. Property Rates Policy
- c. Credit Control Policy, Customer Care and bad debt
- d. Indigent Policy (Deernis)
- e. Budget Policy
- f. Supply Chain Management Policy (Voorsieningskanaalbestuur)
- g. Write Off Policy
- h. Gift and Reward Policy
- i. Bank Investment and Interest Policy
- j. Unauthorised, irregular, Fruitless and Wasteful Expenditure policy
- k. Risk Management Policy
- l. Fraud Prevention Policy

Policies to which amendments were made during the reviewing process:

1. Borrowing Policy
2. Subsistence and Traveling Policy

RESOLVED:

- a. That Council approves the List of policies to which none amendments were made during the reviewing process;
- b. That Council takes note that only the Borrowing Policy and Subsistence and Traveling Policy were amended during the reviewing process;
- c. That Council takes note that these policies will now be advertised for public comment and will be implemented from 1 July 2016.

Proposed by : Councillor E Vermeulen

Seconded by: Councillor K Koopman

UITTREKSEL UIT DIE NOTULE VAN 'N ALGEMENE VERGADERING VAN DIE RAAD WAT GEHOU IS OP VRYDAG, **26 MEI 2017**, OM 10:00 TE **WILLISTON RAADSAAL.**

6.3 BY-LAWS & POLICIES : FINANCIAL ADMINISTRATION

Policies to which none amendments were made during the reviewing process :

- a. Property Rates Policy
- b. Credit Control Policy, Customer Care and bad debt
- c. Indigent Policy (Deernis)
- d. Budget Policy
- e. Borrowing Policy
- f. Write Off Policy
- g. Gift and Reward Policy
- h. Bank Investment and Interest Policy
- i. Unauthorised, irregular, Fruitless and Wasteful Expenditure policy

- j. Fraud Prevention Plan/Policy
- k. Risk Management Strategy/ Policy
- l. Road & Water Maintenance Policies

Policies to which some amendments were made during the reviewing process:

- 1. Subsistence and Traveling Policy (*Annual Travel tariff changes*)
- 2. Supply Chain Management Policy (*Prescribed changes from Provincial Treasury amended*)
- 3. Tariff Policy (*Tariffs changed*)
- 4. Ward Committee Policy (*Stipend changed to R500*)

RESOLVED THAT:

- 6.3.1** Council approves the List of policies to which none amendments were made during the reviewing process;
- 6.3.2** Council takes note of the Policies which were amended during the reviewing process;
- 6.3.3** Council takes note that these policies will now be advertised for public comment and will be implemented from 1 July 2017;
- 6.3.4** Council request that Personnel from Namakwa District Municipality be requested to workshop the policies of Karoo Hoogland With Council and not Personnel from Karoo Hoogland itself.