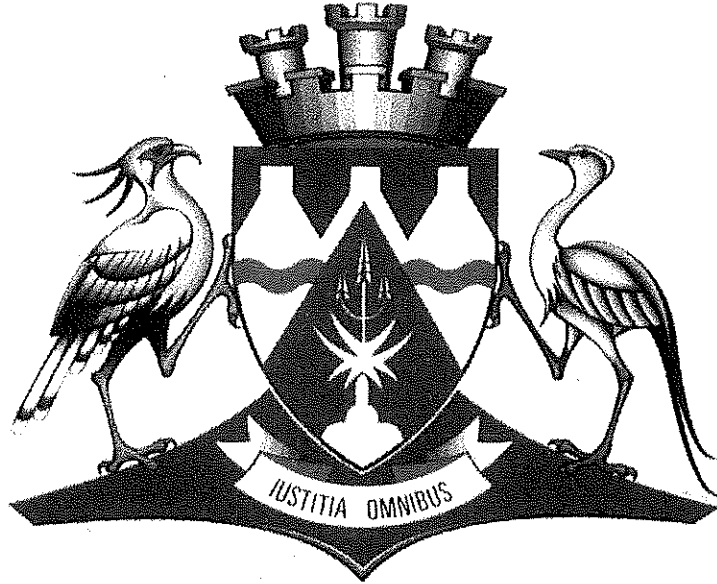


PIXLEY KA SEME DISTRICT MUNICIPALITY



RISK MANAGEMENT POLICY 2017/2018

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1. PREAMBLE

Pixley ka Seme District 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 Municipal Finance Management Act (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 Pixley ka Seme District 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 Pixley ka Seme District 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 the 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.

Risk Management Committee

- The Risk Management Committee has overall responsibility for overseeing risk management processes within the Municipality.

Heads of Department

- 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 institution.

Chief Risk Officer (“CRO”)

- The CRO 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 and signed by the Municipal Manager.

9. APPROVAL

EXECUTIVE MAYOR :



DATE POLICY APPROVED :

27 AUGUST 2013

RESOLUTION :

R 2013 – 08 – 27 (9.3)

DATE POLICY REVIEWED :

30 May 2017

RESOLUTION :

R 2017 – 05 – 30 (9.10.11)