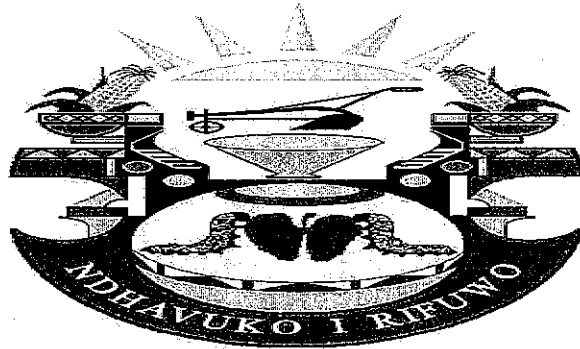


**GREATER GIYANI MUNICIPALITY**



# **RISK MANAGEMENT POLICY**

**2024/2025**

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## PREAMBLE

### PREFACE

The Municipal Manager , as an Accounting Officer, has committed the Greater Giyani Municipality (GGM) to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Finance Management Act (MFMA), Act no 56 of 2003, The Committee of Sponsoring Organisations of the Trade Commission (COSO) Enterprise Risk Management – Integrated Framework, Institute of risk management (IRM) Risk Appetite & Tolerance Guidance Paper and the King III Code on Corporate Governance, as well as ISO Risk Management Principles and Guidelines (ISO 31000:2009), and ISO:22301 standards of Business Continuity Management.

The holistic approach to risk management is adopted by the GGM, which means that every key risk in each part of the organisation will be included in a structured and systematic process of risk management. It is expected that the risk management processes are embedded into the GGM's systems and processes thus ensuring that the responses to risk remain current and dynamic.

All risk management efforts should be focused on supporting the GGM's Mission "ensures the provision of quality and sustainable services through sound environmental management practices, local economic development and community participation" and Vision of GGM is a "municipality where environmental sustainability, agriculture and tourism thrives for economic growth"

The GGM acknowledges that the adoption of a strategic and formal approach to Enterprise Risk Management will improve decision-making, enhance outcomes and accountability. In implementing this Policy, the GGM acknowledges and commits to:

- I. Enterprise risk management as an integral part of all decision-making processes;
- II. Applying a structured risk management program to minimize reasonably foreseeable disruption to service delivery, harm to people, and damage to the environment and property;
- III. Identifying and taking advantage of opportunities as well as minimizing adverse effects;
- IV. Training all its employees to implement risk management effectively;
- V. Striving to continually improve risk management practices;
- VI. Ensuring that the main risks that represent opportunities or hazards to meeting the GGM's objectives will be explicitly identified, assessed, controlled, monitored and reported;
- VII. Ensuring that risks are prioritized, and attention will be focused on these objectives;
- VIII. Identifying and implementing a control system to cover the risks; and
- IX. Adoption of GGM Risk Management Framework as GGM's official document to be implemented.

The effectiveness of efforts to entrench risk management culture GGM-wide, rests entirely on the commitment of the Council and Senior Management, officials and Council. Commitment to risk management enhances effective service delivery and good performance.

## **1. PURPOSE**

The purpose of this Policy is to articulate the GGM's risk management philosophy to Councillors, Management and all officials. This Risk Management Policy forms part of the GGM's internal control and governance arrangements. It sets out a high-level overview for managing risk within the GGM. The objective is to pursue a structured approach to the effective management of risk in pursuit of public service delivery. This approach is set out in the Risk Management Framework, which details the continuous processes of integrated activities by which the potential impact of risks to the achievements of the organisation's objectives should be identified and managed.

This policy recognises that risk is an inherent part of GGM's business operations and processes, presenting both threats and opportunities. To achieve its goals, including meeting the expectations of the shareholders, the GGM must pursue opportunities and make informed decisions that involve effective management of risks.

## **2. POLICY CONTEXT**

In terms of sections 62(1)(c)(i) and 95(c)(i) of the Municipal Finance Management Act (No 56 of 2003) (hereafter the MFMA), the Accounting Officer is required to ensure that the GGM has and maintains an effective, efficient and transparent systems of risk management. Further, section 3.2.1 of the Treasury Regulations requires that the Accounting Officer should ensure that the identification of risks is conducted regularly and that a risk management framework is in place.

## **3. TITLE AND APPLICATION**

3.1 This policy shall be known as the Risk Management Policy of Greater Giyani Municipality.

3.2 This Policy applies throughout the GGM in as far as the implementation of risk management is concerned. This policy applies to: -

- 3.2.1 All GGM Departments and business units;
- 3.2.2 All employees and officials of the GGM;
- 3.2.3 All key business projects;
- 3.2.4 The GGM's Council; Risk Management Committee; Audit Committee and all other governance structure; and
- 3.2.5 The Risk Management Unit.

## **4. COMMENCEMENT AND VALIDITY**

4.1 This policy shall come into effect upon the acceptance hereof by the Council of the Greater Giyani Municipality by resolution.

4.2 The Greater Giyani Municipality shall ensure that employees, councillors and managers are informed about this policy and are trained to implement this policy effectively.

## **5. LEGAL FRAMEWORK**

The following are the legislative requirements for formulation and implementation of this Policy:

- I. MFMA Section 62 and Section 95
- II. Public Sector Risk Management Framework
- III. King III and IV Reports
- IV. COSO Framework
- V. ISO 31000/2009 Risk Management Principles and Guidelines

## **6. OBJECTIVES OF THE POLICY**

6.1 The objective of this Policy is to confirm and communicate the GGM's commitment to risk management to assist in achieving its strategic and operational goals and objectives. To establish a consistent approach and reporting protocol on risk management activities throughout the GGM.

6.2 To ensure that all significant risks are identified, assessed, treated and reported to the Council, the Top Management and the Oversight committees in a timely. To assign the accountability and responsibilities to Council and Senior Management, including all staff for the management of risks within the acceptable levels.

## **7. OBJECTIVES OF RISK MANAGEMENT**

Greater Giyani Municipality implements and maintains effective, efficient and transparent systems of risk management and internal control. The objective of risk management is to assist the Municipality to achieve, among other things, the following outcomes needed to underpin and enhance performance:

- (i) More sustainable and reliable delivery of services;
- (ii) informed decisions underpinned by appropriate rigour and analysis;
- (iii) Innovation;
- (iv) reduced waste;
- (v) Prevention of fraud and corruption;
- (vi) Better value for money through more efficient use of resources;
- (vii) Better outputs and outcomes through improved project and programme management;  
and
- (viii) Provides certainty in achieving the Council's goals and objectives.

## **8. CRITICAL SUCCESS FACTORS FOR EFFECTIVE RISK MANAGEMENT**

- I. Management Support
- II. Risk Management Culture
- III. Dedicated Resources
- IV. Link to Objectives/Strategic Plan
- V. Monitoring and Enforcement.

## **9. RISK MANAGEMENT POLICY STATEMENT**

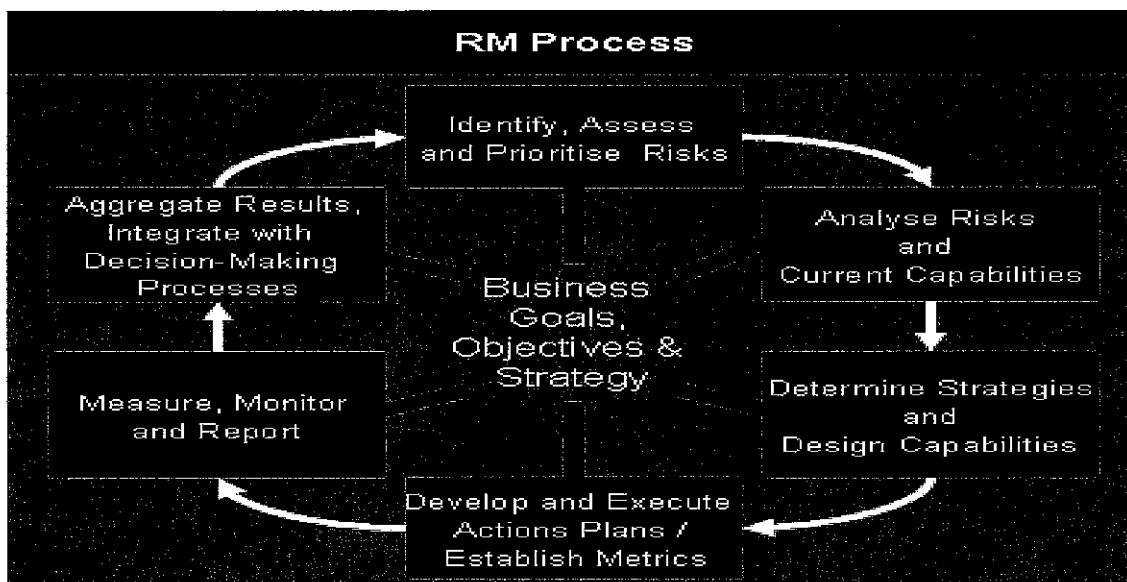
Greater Giyani Municipality is committed to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Finance Management Act (MFMA), Act no 56 of 2003.

- 9.1 Risk management is recognised as an integral part of responsible management and the Council therefore adopts a comprehensive approach to the management of risk. It is expected that all departments/units, operations and processes will be subject to the risk management framework in order to effectively manage risks and achieve objectives. It is the intention that these departments/units will work together in a consistent and integrated manner, with the overall objective of reducing risks, as far as reasonably acceptable. Every employee has a part to play in this important endeavor.
- 9.2 Effective risk management is imperative to Greater Giyani Municipality to fulfill its mandate, of service delivery expectations to the public and the performance expectations within the Municipality.
- 9.3 The realisation of the strategic plan depends on Greater Giyani Municipality being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk will enable Greater Giyani Municipality to anticipate and respond to changes in the Council's service delivery environment, as well as take informed decisions under conditions of uncertainty.
- 9.4 Greater Giyani Municipality subscribe to the fundamental principles that all resources will be applied economically to ensure:
  - (i) The highest standards of service delivery;
  - (ii) A management system containing the appropriate elements aimed at minimising risks and costs in the interest of all stakeholders;
  - (iii) 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
  - (iv) Maintaining an environment, which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

## **10. RISK MANAGEMENT FRAMEWORK**

This Risk Management Policy has been designed to align with GGM's Risk Management Framework. The risk management framework adopted by the GGM is based upon good practices from COSO, the ISO 31000/2009 Risk Management Principles and Guidelines. GGM Risk Management Framework follows a comprehensive risk management approach which provides consistent guidance to the Council, Senior Management and other staff on identifying, analysing, evaluate, monitor, and treat risks. Status of the risks and risk response plans are quarterly reported to Risk Management Committee; Audit Committee and Council. The risks are identified on a 'top-down' and 'bottom up' approach.

#### GGM 's Risk Management Cycle Process:



The Risk Management Policy is geared to achieve the GGM's objectives as determined in the following five categories:

- (a) **Strategic** – High-level goals, aligned with and supporting GGM's mission and vision;
- (b) **Operations** – Effective and efficient use of resources;
- (c) **Safeguarding** – Safeguarding of assets;
- (d) **Compliance** – Compliance with applicable laws and regulations; and
- (e) **Reporting** – Reliable and accuracy of reporting.

## 11. RISK APPETITE AND TOLERANCE

Risk appetite and tolerance is established by top management and approved by Council. This policy emphasises that Council should decide on the organisation's risk appetite and tolerance, that is, those risks Council is willing to take and those will not take in the pursuit of GGM's goals and objectives. The Risk

Management Framework provide guidance in determining risks that are regarded as low probability but high severity, and those risks that should receive specific attention, including the recognition on probability of their occurrence.

## 12. BUSINESS CONTINUITY MANAGEMENT

The GGM's business continuity management addresses the consequences of the disruption, the impact on the availability of operations, infrastructure, ICT, and people. BCM is an essential part of GGM's approach to effective risk management. The principles of BCM framework encompass elements of:

- I. Business Continuity Management Plans;
- II. Recovery and Resumption Strategies;
- III. Disaster Management Plan;
- IV. Strike Action Plan; and
- V. Testing and Exercising.

## 13. ASSURANCE ON RISK MANAGEMENT PROCESS

The adequacy and effectiveness of the risk management process will be independently evaluated from time to time, as considered appropriate by the Risk Management Committee, Audit Committee and by the GGM's Internal Audit Unit, as the independent assurance provider to management and the oversight Committees.

The Annual Assurance Plan will be aligned to the risk profile and the assurance process will include the following:

- I. A review of the adequacy of design and effectiveness of current controls to mitigate key risks; and
- II. Assurance on management's implementation of further actions to mitigate key risks identified through the risk management process.

Assurance model which includes that respective levels of assurance as follows:

1 <sup>st</sup> Line	2 <sup>nd</sup> Line	3 <sup>rd</sup> Line	4 <sup>th</sup> Line
Management oversight	Management of risk and Compliance	Internal audit	Independent external assurance
Risks owners and Action owners: <ul style="list-style-type: none"> <li>Heads of Department/Units and</li> <li>Risk Champions</li> </ul>	Includes functions such as <ul style="list-style-type: none"> <li>HR,</li> <li>SCM,</li> <li>Compliance,</li> <li>Legal,</li> <li>Risk Management,</li> <li>Health &amp; Safety.</li> </ul>	Internal Audit oversight	Includes: <ul style="list-style-type: none"> <li>Auditor General;</li> <li>Audit Committee</li> </ul>
Actual management of risks (strategic and operational) and performance. Systems for self-	Provides management with support in executing their duties and	Provides internal risk-based audits and provides independent assurance over	Conducts statutory and regulatory audits.



assessments must be put in place and implemented to address adequacy of risk management.	their management of risks.	controls, risk management and governance.	Independent oversight.
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### Combined Assurance

Greater emphasis is placed on the Council to ensure that it is satisfied with the management of risk and internal controls as a cornerstone of corporate governance.

Combined assurance requires active consideration of the assurance that Council receives on the risks to which the organisation is exposed. To meet this requirement, the Council will rely on assurance providers to carry out the following (inter alia):

- I. Evaluate the GGM's governance processes.
- II. Objectively assess the effectiveness of risk management and internal controls.
- III. Analyse business processes and controls.
- IV. Have an assurance plan that is informed by strategy and by risks.

## 14. ROLES AND RESPONSIBILITIES

The Risk Management Unit is responsible to facilitate the effective implementation of this Policy, through the guidance provided in the related Risk Management Framework and BCM Framework in interaction with the respective core departments and units, who in turn are responsible to ensure that it is effectively implemented in their areas of responsibility.

In terms of this Policy, Council has overall responsibility for risk management strategies within the GGM, while the Risk Management Committee and Audit Committee provides oversight on the implementation of the Policy as well as the frameworks (Risk Management Framework and BCM Framework). Management is responsible and accountable to implement and practices good risk management practices within their areas of responsibility.

Governance Structure	Roles / responsibility
<b>Risk Management Oversight</b>	
Council	<ul style="list-style-type: none"> <li>▪ Council takes an interest in risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the Municipality against significant risks.</li> <li>▪ The Council should govern risk in a way that supports the municipality in setting and achieving its strategic objectives.</li> <li>▪ The Council should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of value</li> </ul>
Risk Management Committee (RMC)	The Risk Management Committee is appointed by the Accounting Officer/Authority to assist him to discharge his responsibilities for risk management. The Committee's role is to review the risk

Governance Structure	Roles / responsibility
	<p>management progress and maturity of the Municipality, the effectiveness of risk management activities, the key risks facing the Municipality, and the responses to address these key risks. The Risk Management Committee shall:</p> <ul style="list-style-type: none"> <li>I. Review the risk management policy and framework and recommend for approval by the Council;</li> <li>II. Review the risk appetite and tolerance and recommend for approval by the Council;</li> <li>III. Review the institution's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;</li> <li>IV. Evaluate the effectiveness of mitigating strategies to address the material risks of the Council;</li> <li>V. Report to the Council any material changes to the risk profile of the Municipality;</li> <li>VI. Review the fraud prevention policy and recommend for approval by the Council;</li> <li>VII. Evaluate the effectiveness of the implementation of the fraud prevention policy;</li> <li>VIII. Review any material findings and recommendations by assurance providers on the system of risk management and monitor that appropriate action is instituted to address the identified weaknesses;</li> <li>IX. Develop goals, objectives and key performance indicators for the Committee for approval by the Council;</li> <li>X. Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;</li> <li>XI. Set out the nature, role, responsibility and authority of the risk management function within the Municipality for approval by</li> </ul>

Governance Structure	Roles / responsibility
	<p>the Council, and oversee the performance of the risk management function;</p> <p>XII. Provide proper and timely reports to the Council on the state of risk management, together with aspects requiring improvement accompanied by the Committee's recommendations to address such issues.</p> <p>XIII. Review of the Security Policy and recommend for approval by Council.</p>
The Audit Committee	<p>The Audit Committee is an independent committee responsible for oversight of the Council's control, process, governance and risk management. The responsibilities of the Audit Committee with regard to risk management are formally defined in its charter. The Audit Committee provides an independent and objective view of the Municipality's risk management effectiveness.</p> <ul style="list-style-type: none"> <li>• Setting strategic directions with regards to the establishment of Risk Management Framework.</li> <li>• Evaluation of whether management is setting the importance of risk management culture within the municipality</li> <li>• Monitor whether the risk management systems are effective and integrated with IDP objectives.</li> </ul>
<b>Risk Management Implementers</b>	
Management	<p>Management is the custodian of the Risk Management Framework, and coordinator of risk management activities throughout the Municipality.</p> <ol style="list-style-type: none"> <li>I. Take ownership of risks within their functional areas and all responsibilities in managing such risks;</li> <li>II. Cascade risk management into their functional responsibility;</li> <li>III. Maintain the risks within the acceptable levels;</li> <li>IV. Continuously provide reports on the functional risk management as requested; and</li> </ol>

Governance Structure	Roles / responsibility
	<p>V. Manage all unacceptable risks and devote efficient resources to treat such risks</p>
Other officials	<p>Other officials shall:</p> <ol style="list-style-type: none"> <li>I. Integrate risk management into their day-to-day activities;</li> <li>II. Ensure that their delegated risk management responsibilities are executed and continuously report on progress against planned mitigation</li> <li>III. Participate in risk identification and risk assessment within their respective units;</li> <li>IV. Implement the risk responses to address the identified risks;</li> <li>V. Provide information and cooperation with other role players;</li> <li>VI. Maintain and monitor the functioning of the internal controls.</li> </ol>
Manager Risk	<p>The Manager Risk is the coordinator of risk management activities throughout the Municipality. The primary responsibility of the Manager Risk is to bring to bear his/her specialist expertise to assist the Municipality to embed risk management and leverage its benefits to enhance performance.</p> <p>Manager Risk Shall:</p> <ol style="list-style-type: none"> <li>I. Develop the risk management policy, risk management framework, risk management implementation plan, fraud prevention plan and risk appetite for approval by the Council</li> <li>II. Communicate all risk management strategies and policies to all staff at the municipality</li> <li>III. Coordinate and facilitate the risk identification and risk assessment within the municipality</li> <li>IV. Continuously driving the risk management process towards best practice</li> <li>V. Compile and maintain the risk register and reports on risk management activities</li> <li>VI. Conduct regular risk monitoring</li> <li>VII. Review and analyze all risk management reports.</li> </ol>
Risk Champions	<ol style="list-style-type: none"> <li>I. The Risk Champion's responsibility involves intervening in instances where the risk management efforts are being hampered by the lack of co-operation by Management and other officials and the lack of departmental skills and expertise.</li> </ol>

<b>Governance Structure</b>	<b>Roles / responsibility</b>
	II. The Risk Champions will not assume the role of the risk owner but they will play coordinating roles towards risk mitigations in their respective departments.
Risk Owner	<p>I. The Risk Owner has the responsibility to mitigate all risk within his/her department.</p> <p>II. The Risk Owner must submit on a quarterly basis risk dashboard to the Risk Management Committee, indicating progress made with regards to every Strategic Risk he/she's responsible for.</p>
Action Owner	The Action owner must implement action plan to mitigate the risk identified.
<b>Risk Management Assurance Providers</b>	
Internal Audit	The role of the Internal Auditing in risk management is to provide an independent, objective assurance on the effectiveness of the Municipality's system of risk management. Internal Auditing must evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement where necessary.
External Audit	The external auditor (Auditor-General) provides an independent opinion on the effectiveness of risk management.

## 15. INFORMATION AND COMMUNICATIONS

This policy shall be made available and communicated to all officials and be adhered by all officials.

## 16. POLICY REVIEW

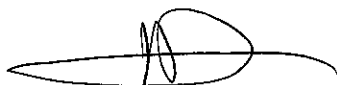
This Policy shall be reviewed as and when required within the cycle of 5 years.

Authority

Signed By:

The Mayor

CLLR ZITHA T



Signature

17/05/2024

Date