



**CHRIS HANI**  
**DISTRICT MUNICIPALITY**  
**SUSTAINING GROWTH**  
**THROUGH OUR PEOPLE**

**Risk Management Policy**

*Adopted in an Ordinary Council meeting held on 31 May 2023*

## **Risk Management Policy**

### **Purpose of the Policy**

The purpose of this Policy is to articulate Chris Hani District Municipality risk management philosophy. The Chris Hani District Municipality recognizes that risk management is a systematic and formalized process to identify, assess, manage and monitor risks and therefore adopts a comprehensive approach to the management of risk.

### **Scope of the Policy**

This policy applies throughout the municipality in as far as risk management is concerned.

### **Legislative framework**

Municipal Finance Management ACT

Local Government Risk Management Framework

COSO

### **Risk and Risk Management**

Risk refers to as: is the chance of something happening or not happening that will have an impact upon the objectives of CHDM and/or individual business units. And or uncertain future events (threats and opportunities) that could influence the achievement of the goals and objectives of the municipality. Some risk factor(s) also present upside potential, which Management must be aware of and be prepared to exploit. Such opportunities are encompassed in this definition of risk.

Risk management is a systematic and formalized process instituted by the municipality to identify, assess, manage and monitor risks.

### **Benefits of Risk Management**

Chris Hani District Municipality implements maintain effective, efficient and transparent systems of risk management and internal control. The risk management will assist the municipality to achieve, among other things, the following outcomes needed to underpin and enhance performance:

- more sustainable and reliable delivery of services;
- informed decisions underpinned by appropriate rigour and analysis;
- innovation;

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- reduced waste;
- prevention of fraud and corruption;
- better value for money through more efficient use of resources; and
- better outputs and outcomes through improved project and programme management

### **1. Role players**

Every employee is responsible for executing risk management processes and adhering to risk management procedures laid down by the department management in their areas of responsibilities.

#### **1.1 Risk Management Oversight**

##### **1.1.1 Council**

The Executive Authority 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.

##### **1.1.2 Anti-Fraud and Risk Management Committee**

The Anti-Fraud and Risk Management Committee is appointed by the Accounting Officer to assist them to discharge their responsibilities for risk management. The Committee's role is to review the risk 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 responsibilities of the Anti-Fraud and Risk Management Committee are formally defined in its charter

##### **1.1.3 Audit Committee**

The Audit Committee is an independent committee responsible for oversight of the department's control, governance, and risk management. The responsibilities of the Audit Committee regarding risk management are formally defined in its charter. The Audit Committee provides an independent and objective view of the municipality's risk management effectiveness.

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### **1.1.4 ICT Steering Committee**

The ICT Steering Committee has a fundamental role to play in the management of risk. The ICT Steering Committee has responsibility for overseeing risk management within the municipality.

Its role is to:

- a) Communicating the municipality's approach to risk
- b) Determining what types of risk are acceptable and which are not
- c) Determine the appropriate risk appetite or level of exposure for the risk
- d) Approve major decisions affecting the risk profile or exposure.
- e) Identify risks and monitor the management of fundamental risks to reduce the likelihood of unwelcome surprises.
- f) Satisfy itself that the less fundamental risks are being actively managed, with the appropriate controls in place and working effectively.
- g) Annually review the municipality's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

## **1.2 Risk Management Implementers**

### **1.2.1 Municipal Manager**

The Accounting Officer is accountable for the municipalities' overall governance of risk. By setting the tone at the top, the Accounting Officer promotes accountability, integrity and other factors that will create a positive control environment.

### **1.2.2 Management**

Management is responsible for executing their responsibilities outlined in the risk management strategy and for integrating risk management into the operational routines.

### **1.2.3 Other Officials**

Other officials are responsible for integrating risk management into their day-to-day activities. They must ensure that their delegated risk management responsibilities are executed and continuously report on progress.

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### **1.2.4 Information Technology Unit**

- a) Implement policies on ICT risk management and internal control.
- b) Identify and evaluate the fundamental risks faced by the municipality for consideration by the Steering Committee and Risk Management Committee.
- c) Information technology must provide adequate information in a timely manner to the ICT Steering Committee and its sub-committees on the status of risks and controls.
- d) Undertake an annual review of effectiveness of the system of internal control and provide a report to the ICT Steering Committee and Risk Management Committee.

### **1.3 Risk Management Support**

#### **1.3.1 Risk Management Unit**

The Risk Management Unit is the custodian of the Risk Management Strategy, and coordinator of risk management activities throughout the municipality. The primary responsibility of the Risk Management Unit is to bring to bear specialist expertise to assist the municipality to embed risk management and leverage its benefits to enhance performance.

#### **1.3.2 Risk Champion**

The Risk Champion's responsibility involves intervening in instances where the risk management efforts are being hampered, for example, by the lack of co-operation by Management and other officials and the lack of departmental skills and expertise.

### **1.4 Risk Management Assurance Providers**

#### **1.4.1 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.

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### 1.4.2 External Audit

The external auditor (Auditor-General) provides an independent opinion on the effectiveness of risk management.

### 1.5 Incorporation of risk management in the performance agreement

All Heads of Departments must include risk management as a Key Performance Area in their performance agreement.

### 2. Dispute Resolution

Any dispute arising from this policy shall be dealt with in terms of dispute resolution applicable in the sector

### 3. Implementation, Monitoring and Evaluation

The Municipal Manager shall be responsible for overall implementation, monitoring and evaluation of this policy.

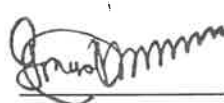
### 4. Policy review

This Policy has been reviewed and no amendments effected for 2023/24 financial year. 5.

### Effective date

01 July 2023.

Signed by Municipal Manager:

G. Mashiyi  \_\_\_\_\_  
Initial & Surname      Signature      Date

Signed by Speaker of the Council:

**J. Cengani**

J. Cengani  \_\_\_\_\_  
Initial & Surname      Signature      Date

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