

**DEPARTMENT
OF
TRANSPORT SAFETY AND LIAISON**



RISK MANAGEMENT STRATEGY

TABLE OF CONTENTS

	Topic	Page
1.	Purpose	3
2.	Accountability, Roles, and Responsibilities	3 - 5
3.	Risk Management Processes	5 - 7
4.	Departmental Risk Tolerance	7 – 8
5.	Treatment of Risks – Risk Mitigation	9 - 11
6.	Monitoring of the Achievements of the Risk Management Strategy	11 - 12
7.	Assurance Activities	13
8.	Review of the Risk Management Strategy	13
9.	Approval	13

1. PURPOSE

The Department of Transport, Safety & Liaison Risk Management Strategy is aimed at outlining a plan on how the department will go about implementing its risk management policy. This strategy is informed by the risk management policy and the department's risk profile.

In simpler terms, this document illustrates how on-going risk management will work in the Department of Transport, Safety & Liaison.

2. ACCOUNTABILITY, ROLES, AND RESPONSIBILITIES

The following roles and responsibilities are applicable to relevant stakeholders and must be read with those stipulated in the Departmental Risk Management policy:

2.1 Accounting Officer

The Public Finance Management Act (PFMA), Sec 38(1) a (i) requires that Accounting Officer for a Department must ensure that a Department has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

Treasury Regulations indicate that the Accounting Officer must ensure that a risk assessment is conducted regularly to identify emerging risks.

The Accounting Officer is ultimately responsible for and should assume ownership of risk management.

2.2 Management

Senior management plays a key role in ensuring that risk management is an on-going process.

They must ensure that the department:

- Integrates risk management into the planning, monitoring, and reporting processes and the daily management of programmes and activities.

- Determines the acceptable risks levels based upon on-going risk assessments.
- Has a risk management culture where every official is encouraged to practice risk management on daily activities.

2.3 Chief Risk Officer

The Risk Officer:

- Facilitates and co-ordinates all the Departmental risk management processes.
- Works with other managers in establishing and maintaining effective risk management in their areas of responsibility.
- Has the responsibility for monitoring progress and for assisting other managers in reporting relevant risk information up, down and across the Department, and is a member of an internal risk management committee.
- Report to Accounting Officer and Management, via the RMC, on Risk Management issues.
- Utilise the Communication Unit of the department to disseminate risk management documentation to all officials of the department.

2.4 Chairperson of the RMC

The Chairperson of the RMC shall be responsible to report to the Audit Committee and the Accounting Officer on the activities of the RMC.

2.5 Audit Committee

The Head of Department will report to the Audit Committee per invitation with regard to effective implementation of risk management activities as well as compliance with the public sector risk management framework and related prescripts.

2.6 Internal Auditors

Internal Auditors play an important role in the monitoring of risk management and the quality of performance as part of their regular duties or upon special request of senior management, which is approved by the audit committee.

They may assist both management and executive authority or audit committee by monitoring, examining, evaluating, reporting and recommending improvements to the adequacy and effectiveness of risk management processes.

2.7 Other Personnel

All other Officials within the Department are vital for the on-going risk management processes within the Department.

They play an important role in the following:

- Identifying and controlling risks appropriate to their positions or scope of operations.
- Report risks to management on a timely basis.
- Communicating of risks, which includes problems in operations, noncompliance with code of conduct and other policy violations or illegal actions

3. RISK MANAGEMENT PROCESSES

3.1 Risk Management methodology

The process of managing risk is a structured approach for incorporating risk management into the daily, broader management process. Risk management is more than an exercise of risk avoidance. It is as much about identifying opportunities as avoiding or mitigating losses.

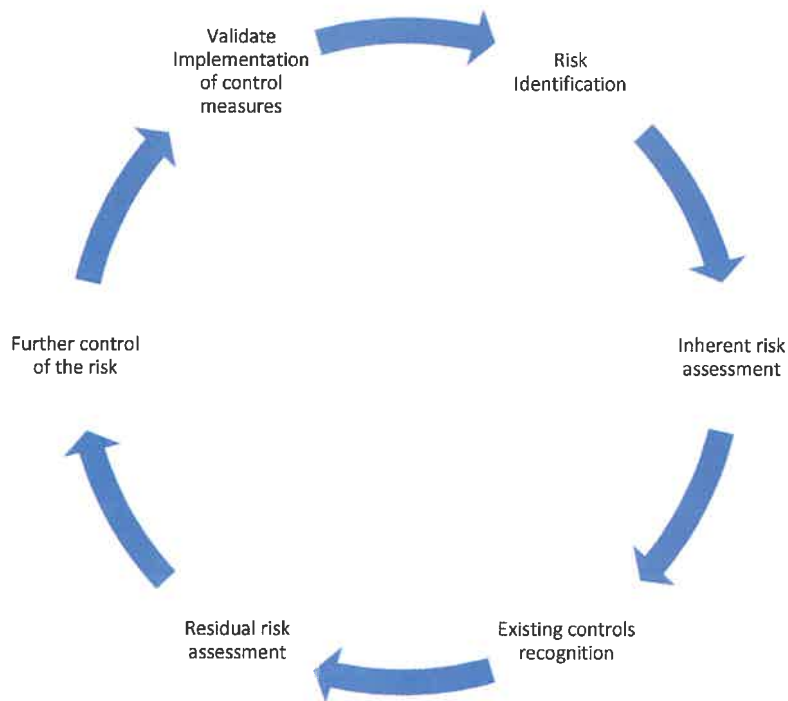
Risk management is an ongoing process at every level, and consists of eight interrelated components, namely:

- The control environment;
- Objective setting;
- Risk identification;
- Risk assessment;
- Risk management strategy;
- Information and communication;
- Control activities; and
- Monitoring

3.2 Risk Assessment

Risk assessment will be conducted annually during strategic/ operational planning sessions. On a quarterly basis, re-assessment of existing risks shall be performed as well as identification of new/emerging risks using various risk identification methodologies suitable to the Department.

The following diagram represents an approach the Department will follow in conducting risk assessment:



3.3 Risk Reporting Standards

The Chief Risk Officer, in consultation with management has a responsibility to design a system that will enable identification and reporting of new/emerging risks as well as mitigation of existing risks.

4. DEPARTMENTAL RISK TOLERANCE LEVEL

This is the amount of risk that the Department is prepared to accept, tolerate, or be exposed to at any point in time. This measure becomes part and parcel of the issues which must be considered when proposing the mitigation strategies on identified risks,

4.1 Rationale on which the department needs to determine the risk tolerance level

Management should have sufficient guidance on the levels of risks that are legitimate for them to take during execution of their duties.

By clearly articulating the risk tolerance level, it will among other things assist the Department in:

- Showing how different resource allocation strategies can add to or lessen the burden of risk
- Enhancing decision making processes
- Improved understanding of risk-based audits
- Expose the human capital gaps required to effectively manage the department's risks.

4.2 DTSL's model for the risk tolerance level

The residual risks (*exposure arising from a specific risk after controls to minimize risk have been considered*) will be used to determine the risk tolerance level.

The following risk tolerance level model will apply regarding all risks facing Department of Transport, Safety & Liaison:

Risk priority	Risk acceptability	Proposed actions
Low risks, except those falling within financial & fraud and corruption categories	Acceptable	<ul style="list-style-type: none"> • No further risk reduction required • Continue control
Only low risks falling within financial & fraud and corruption categories	Unacceptable	<ul style="list-style-type: none"> • Increase existence/effectiveness of controls to reduce likelihood of risk occurrence • Ensure zero tolerance to fraud and corruption
Medium risks	Unacceptable	<ul style="list-style-type: none"> • Implement further actions to reduce likelihood of risk occurrence • Draw action plans to mitigate risks
High risks	Unacceptable	<ul style="list-style-type: none"> • Drastic action plans (avoid/transfer/reduce) • Allocate resources • Contingency plans • Business Continuity Plans • Remedial actions • Continuous monitoring

All risks categories to be monitored quarterly during the assessments.

5. TREATMENT OF RISKS – RISK MITIGATION

5.1 Risk treatment options

If the risk is not acceptable, measures must be put in place to mitigate it.

The following risk treatment options (4T's) are available and can be applied depending on the nature/type of risk as well as taking into cognizance the nature of services rendered within the Directorate:

- Treat (previously referred to as reduce)
- Tolerate (previously referred to as accept)
- Terminate (previously referred to as avoid)
- Transfer also referred to as share

Below are the brief explanations of risk treatment options:

5.1.1 Treat

This option refers to reducing the likelihood of the risk to occur or the impact it may cause in the event it occurs. To some extent it can reduce both the likelihood and the impact.

It must be noted though that the cost of controlling these risks must not be greater than the benefits. The responsible person (risk owner) must ensure that the risk reduction measures are carried out to the level required.

When opting for this, management may among other things:

- Intensify existing controls (e.g. increased supervision, double checks, segregation of duties, review reconciliations)
- Allocate additional resources
- Increase human capital
- Improve means of communication
- Develop contingency plans

5.1.2 Tolerate

This is when the Department decides to accept risk by allowing prudent risk that is necessary for progress and service delivery.

There are several reasons why some risks may be accepted, which could possibly include:

- The level of risk is so low that specific treatment is not appropriate within available resources.
- The risk is such that there is no treatment available.
- The cost of treatment is so high compared to the benefit.
- The impact is immaterial even if the risk may occur.

With regard to this option, not further risk reduction is required; however, the risk must be monitored annually by the risk owner

5.1.3 Terminate

Management may decide not to proceed with the activity that contains an unacceptable risk.

When choosing this option, management is expected to among other things:

- Identify alternative ways of doing things but still meeting the set objectives.
- Develop/review policies and strategies

5.1.4 Transfer

Management may decide to transfer the risk by involving contractual arrangements with third parties to accept some or all the risk.

It must however be noted that the primary risk often remains with its original owner.

Regarding this option, the following apply:

- Insurance

- Outsourcing

5.2 Risk treatment/ mitigation action plan

The Chief Risk Officer, in consultation with management has a responsibility to design a risk mitigation plan that will ensure that material risks to which the Department is exposed are addressed. This shall include requesting a portfolio of evidence (PoE) from risk owners of the continuation of controls for acceptable risk levels and for the actions in place to manage and treat unacceptable risk levels.

6. MONITORING OF THE ACHIEVEMENTS OF THE RISK MANAGEMENT STRATEGY

6.1 Monitoring is one of the integral parts of risk management as it provides information that assists with making effective decisions in advance of the risks occurring. It is a process that systematically tracks and evaluates the effectiveness of risk mitigation options and assists in identifying new risks.

6.2 Risk monitoring must not be construed as a problem-solving technique, but rather, a pro-active technique to observe the results of risk mitigation. However, this does not mean that it does not provide room for capturing lessons learnt for future risk assessments and allocation efforts.

6.3 The Risk Management Committee is responsible for evaluation of risk management processes as well as the risk management strategy to ensure that it produces sustainable outcomes as envisaged.

6.4 The objectives are to determine if:

- risk mitigation action plans have been implemented as planned
- risk mitigation action plans are as effective as expected
- level of risk priority has changed from its prior state
- a risk event has occurred
- proper policies and procedures were followed
- risks not previously identified have occurred

6.5 Risk monitoring approach

The Chief Risk Officer in consultation with management and relevant staff members will periodically monitor risks facing the Department in line with:

- risk register
- risk mitigation action plans
- risk tolerance level
- key risk triggers/indicators

6.6 Risk monitoring template

The template (indicating the programme, sub-programme, period under review) with the following information will be used for monitoring purposes:

- Risk Description (The description of captured risk in the risk register with all the details)
- Measures to be taken to address risk (as appearing in the risk mitigation action plan)
- Time frame (as appearing in the risk mitigation action plan)
- Risk Trigger/indicator (event that indicates that a risk has occurred or will occur)
- Risk Status:
 - Active – the risk is being monitored
 - Dormant – the risk is not currently high priority but may become active in future. The controls should be maintained on these risks.
 - Retired – the risk has been resolved for the period under review. These risks do not require further controls.

6.7 Frequency of monitoring

Risks will be monitored on a period ranging from monthly to annually depending on:

- timeframes as set in the risk mitigation action plans
- requirements as stipulated in the risk tolerance level model
- management request

7. ASSURANCE ACTIVITIES

The Provincial Internal Audit will examine the Departmental risk environment taking into consideration the identified risks of the Department and issue reports to the Accounting Officer indicating progress made regarding the risk identified.

The Management of the department shall facilitate for a conducive environment to prevail for the attainment of Risk Management objectives. They shall also be supporting the C.R.O. in the execution of the risk management function.

The C.R.O. shall be responsible for the proper implementation of risk management responsibilities in the department.


The other discretionary assurance providers shall be provided as per the combined assurance plan.

8. REVIEW OF THE RISK MANAGEMENT STRATEGY

DTSL Risk Management Strategy is subject to an annual review.


9. APPROVAL

Recommended by:


.....
Mr. B. Mashobao
Chairperson: Risk Management Committee

28/07/2022
.....
Date

Approved by:


.....
Mr. R. Pieterse
Accounting Officer

28/07/2022
.....
Date



**DEPARTMENT OF TRANSPORT, SAFETY AND LIAISON
ISEBE LEZOTHUTO, EZOKHUSELEKO NONXULUMANO
LEFAPHA LA DIPALANGWA, PABALESEGO LE BOGOKAGANYI
DEPARTEMENT VAN VERVOER, VEILIGHEID EN SKAKELING**

Noord-kaap Provinsie / Northern Cape Province
Phondo Lomntla Kapa / Porofensi ya Kapa Bokone

Ocean Echo Building
Cnr. Sydney & Lennox Street
P.O Box
KIMBERLEY

Tel: 053 839 1700

Fax:

Email:

Webmail: <http://dtsl.ncpg.gov.za>

Enquiries: Mr. R.E Pieterse
Dipatlisiso:
Imibuzo:
Navrae:

Date: 26 July 2022

Letlha

Umhla:

Datum:

Reference: S4.2
Tshupelo:
Isalathiso:
Verwysing:

TO:

Mrs. R.K Williams
Director: Policy and Planning
8 Estelle Street
Northview
KIMBERLEY
8301

APPROVAL OF ACTING APPOINTMENT

Dear Mrs. Williams

This letter serves to confirm that you have been appointed to act within the position of Head of Department, for a period of two (2) days, effectively from 28 July 2022 until 29 July 2022, allowed by PSR, Part v11 B.5.2.

You are hereby authorized to perform the duties of the higher post and that the assignment of duties is made in terms of section 32 (1) and (2) of the Public Service Amendment Act 30 of 2007, and the Public Finance Management Act of 1994.

You are vested with full responsibility and authority attached to this post, and your performance will be closely monitored.

I wish to express my appreciation for your willingness to accept this responsibility and trust that you will execute the functions attached to this position with the necessary integrity, probity and irreproachable ethical conduct.

Kind regards


MR. R.E PIETERSE
HEAD OF DEPARTMENT

27.07.2022
DATE:

APPROVAL OF THE MEMBER OF THE EXECUTIVE COUNCIL: MS. S.N BLOEM

APPROVED / ~~NOT APPROVED~~

COMMENTS IF ANY:


SIGNATURE

27th / 07 / 2022
DATE

I R.K. Williams ~~do not accept~~ accept to serve as Head of Department with effect from 28 July 2022 until 29 July 2022. I agree to perform the roles and responsibilities of the acting position.

