

**DEPARTMENT  
OF  
TRANSPORT SAFETY AND LIAISON**



**RISK MANAGEMENT METHODOLOGY**

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## **1. PURPOSE**

This document serves to outline the processes and approaches that will be followed when conducting the risk assessment in the Department of Transport, Safety & Liaison.

Risk management practitioners in various Directorates may customise this methodology to suit the circumstances under which they operate and ensure that it is practical and relevant to their environment.

## **2. INTRODUCTION**

The Public Finance Management Act (PFMA) require that an Accounting Officer must ensure that the Department has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

Risk Assessment will be conducted in accordance with the Public Sector Risk Management Framework as well as other Risk Management best practices. The assessment adds value to the department by providing a prioritised evaluation of key risks and controls towards achieving the goals and objectives of the department.

## **3. RISK IDENTIFICATION PROCESS**

Risk identification is a deliberate and systematic effort to identify and document the identifiable risks the department is exposed to. The objective of risk identification is to understand what is at risk within the context of each programme or sub-programme objectives and to generate a comprehensive inventory of risks based on the threats and events that might prevent, degrade, delay, or enhance the achievement of these objectives.

Identification of risks will cover the following areas:

- Strategic risks
- Operational risks
- Information Technology (IT) risks
- Fraud and corruption risks
- Project Risks

The DTSL supports various risk identification approaches such as:

- group workshops
- interviews
- checklists
- system documentation
- judgments based on experience and records
- flow charts
- brainstorming
- Systems analysis and scenario analysis.

Given the aforementioned, a combination of approaches may be applied and such approach/technique shall be commonly used, for example, if focus will be more on the group workshops or system documentation and then followed by others.

**4. RISK ASSESSMENT PROCESS**

Risk Assessment is a process of identifying and assessing risks within a programme or sub programme and evaluating the effectiveness of the controls that are in place to mitigate such risks.

These processes are designed to facilitate department’s self-assessment of internal controls over significant activities, processes, operations, financial controls, reporting, as well as compliance.

The following key steps will apply when conducting workshops:

**4.1 Pre – workshop planning**

Risk owners, as risk managers in their programmes, should ensure that proper there is planning for the workshop. This planning entails looking at the following documentation:

- Annual report
- Annual Performance Plan
- External and Internal audit reports
- Previous risk registers

**4.2 During the workshop**

The participants are guided by the facilitator in identifying risks linked to business objective, their causes and current controls as well as mitigating actions to manage such risks.

The risk assessment session is aimed at soliciting inputs from both **management and staff** across Directorates.

Focus areas and targeted participants will be as follows:

	<b>Strategic risk assessment</b>	<b>Operational risk assessment</b>
<b>Focus</b>	Strategic goals	Programme/ sub programme objectives
<b>Participants</b>	Senior Management	SMS Supervisors, Assistant and Deputy Directors and any other person invited by programme managers

### Risk Likelihood / Impact assessment criteria

All risks identified during the risk assessment sessions are being rated by the participants, against their likelihood and impact both on inherent and residual.

- **Likelihood**, also known as probability, is defined as the chances that the risk will occur based on previous history, management experience and any current situation; and
- **Impact**, also known as **consequence**, is defined as the level or extent to which the risk would affect the ability of the business to deliver its strategy and objectives if it were to occur;

The risk rating guide below will be utilised to assess all identified risks at an inherent level:

### INHERENT RISK RATING GUIDE

Likelihood rating guide		
Score	Likelihood	Occurrence
5	Common	THE RISK IS ALREADY OCCURRING OR IS LIKELY TO OCCUR MORE THAN ONCE IN THE NEXT 12 MONTHS
4	Likely	THE RISK IS LIKELY TO OCCUR AT LEAST ONCE WITHIN THE NEXT 12 MONTHS
3	Moderate	THE RISK IS LIKELY TO OCCUR IN THE NEXT 2-3 YEARS
2	Unlikely	THE RISK IS UNLIKELY TO OCCUR IN THE NEXT 3 YEARS
1	Rare	THE RISK IS UNLIKELY TO OCCUR EVEN IN THE LONG TERM

Impact rating guide		
Score	Impact	Consequences
5	Critical/ Catastrophic	THE RISK WILL HAVE A SIGNIFICANT IMPACT ON THE ACHIEVEMENT OF OBJECTIVES
4	Major	THE RISK WILL HAVE A HIGH IMPACT ON THE ACHIEVEMENT OF OBJECTIVES
3	Moderate	THE RISK WILL HAVE A MODERATE IMPACT ON THE ACHIEVEMENT OF OBJECTIVES
2	Minor	THE RISK WILL HAVE A LOW IMPACT ON THE

		ACHIEVEMENT OF OBJECTIVES
1	Insignificant	THE RISK WILL HAVE A NEGLIGIBLE IMPACT ON THE ACHIEVEMENT OF OBJECTIVES

The next step will be to determine the residual risks and that is done by rating the perceived effectiveness of controls using the guide below:

### RATING GUIDE FOR PERCEIVED CONTROL EFFECTIVENESS

CONTROL RATING	CONTROL STRENGTH	DESCRIPTION	CONTROL WEIGHT
1	No Controls or very weak controls	Controls/Management activities not existing and/or major deficiencies/don't operate as intended.	0%
2	Weak	Limited controls and/or management activities are in place.	25%
3	Moderate Control	Controls and/or management activities are in place with significant opportunities for improvement identified.	50%
4	Strong Controls	Controls and/or management activities are properly designed and operating with limited opportunity for improvement.	75%
5	Very Strong Controls	Controls and management activities are properly designed and operating as intended.	90%

#### 4.3 Post workshop

The information from the workshop is captured on excel spread sheet to calculate average ratings and consolidate the work done by all participants.

The information will be used to develop the comprehensive risk register which will have risks ranked as follows:

Risk ranking	Priority
1 -7	Low
8 – 14	Medium
15 - 25	High

## 5. MITIGATION OF RISKS

In mitigating the risks of the directorate, managers shall be responsible for submitting a portfolio of evidence, 10 days after the end of a quarter, in support of the mitigation strategy they have engaged in. The submission must be made to the C.R.O. who shall assess the appropriateness of the strategies implemented in mitigating the relevant risks.

## 6. EMERGING RISKS

Department of Transport, Safety & Liaison adopts a quarterly review of the risk registers, and any new or emerging risks will be dealt with during these processes. The emerging risk reporting template as prescribed by the PSRMF may also be used by risk management practitioners and provided to all risk owners/champions and staff in general.

## 7. REVIEW OF THE METHODOLOGY

This risk assessment methodology has been compiled using inputs from risk management practitioners in all Directorates and is subject to a quarterly review.

## 8. APPROVAL

The risk assessment methodology has been compiled for and on behalf of all Directorates' risk management practitioners by Risk Management Committee of the Department.

Recommended by:

  
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Ms. B. Mashobao  
Chairperson: Risk Management Committee

08/07/2022  
.....  
Date

Approved by:

  
.....

Mr. R. Pieterse  
Head of Department  
Department of Transport, Safety & Liaison

08/07/2022  
.....  
Date



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

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Tshupelo:

Isalathiso:

Verwysing:

Date: 26 July 2022

Letlha

Umhla:

Datum:

**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:

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SIGNATURE

27<sup>th</sup> / 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.

