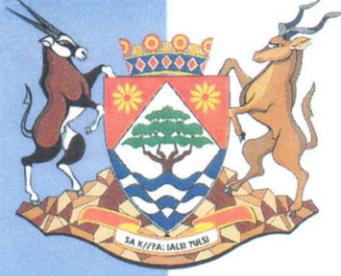


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Datum :

NORTHERN CAPE DEPARTMENT OF EDUCATION

RISK MANAGEMENT POLICY

2012/13



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1. Introduction

The Accounting Officer has committed the Northern Cape Department of Education to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Public Finance Management Act (PFMA), Act 1 of 1999 as amended by Act 29 of 1999 / Municipal Finance Management Act (MFMA), Act no 56 of 2003.

2. DEFINITIONS

Risk - Risk refers to an unwanted outcome, actual or potential, to the department's service delivery and other performance objectives, caused by the presence of risk factor(s). 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 - Risk management is a systematic and formalised process instituted by the department to identify, assess, manage and monitor risks.

Risk owner – The person accountable for managing a particular risk

Management – All officials of the institution except for the chief risk officer and officials reporting to him/her.

Institution – National and provincial departments and public entities reporting to these departments, including their subsidiaries and trading entities; municipalities and municipal entities and independent institutions established by the constitution.

Accounting Officer – The head of department.

Chief Audit Executive – A senior official within the organisation responsible for internal audit activities (where internal audit activities are sourced from external service providers, the Chief Audit Executive is the person responsible for overseeing the service contract and the overall quality of the service provider).

Chief Risk Officer – A senior official who is the head of the risk management unit.

Audit committee – An independent committee constituted to review the control, governance and risk management within the institution, established in terms of section 77 of the PMFA, or section 166 of the MFMA.

Risk management committee – A committee appointed by the accounting officer to review the institutions system of risk management.

Risk champion – A person who by virtue of his/her expertise or authority champions a particular aspect of the risk management process, but who is not a risk owner

2.1 Benefits of Risk Management

The Northern Cape Department of Education implements and maintains effective, efficient and transparent systems of risk management and internal control. The risk management will assist the department 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;
- 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.

3. Purpose of the Policy

The purpose of this Policy is to articulate the Northern Cape Department of Education's risk management philosophy. This department 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.

4. Scope of the Policy

This policy applies throughout the Northern Cape Department of Education in as far as risk management is concerned.

5. The Policy

The realisation of our strategic plan depends on us being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk will enable us to anticipate and respond to changes in our service delivery environment, as well as take informed decisions under conditions of uncertainty.

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 minimising 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?

An entity-wide approach to risk management is adopted by the Northern Cape Department of Education, which means that every key risk in each part of the department will be included in a structured and systematic process of risk management. It is expected that the risk management processes will become embedded into the department's systems and processes, ensuring that our responses to risks remain current and dynamic. All risk management efforts will be focused on supporting the departmental objectives. Equally, they must ensure compliance with relevant legislation, and fulfill the expectations of employees, communities and other stakeholders in terms of corporate governance.

6. 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.

6.1 Risk Management Oversight

6.1.1 Executive Authority

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 department against significant risks.

6.1.2 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 with regard to risk management are formally defined in its charter. The Audit Committee provides an independent and objective view of the department's risk management effectiveness.

6.1.3 Risk Management Committee

The Risk Management Committee is appointed by the Accounting Officer to assist him to discharge his responsibilities for risk management. The Committee's role is to review the risk management progress and maturity of the department, the effectiveness of risk management activities, the key risks facing the department, and the responses to address these key risks. The responsibilities of the Risk Management Committee are formally defined in its charter.

6.2 Risk Management Implementers

6.2.1 Accounting Officer

The Accounting Officer is the ultimate Chief Risk Officer of the department and is accountable for the department's 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.

6.2.2 Management

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

6.2.3 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.

6.3 Risk Management Support

6.3.1 Chief Risk Officer

The Chief Risk Officer is the custodian of the Risk Management Strategy, and coordinator of risk management activities throughout the department. The primary responsibility of the Chief Risk Officer is to bring to bear his/her specialist expertise to assist the department to embed risk management and leverage its benefits to enhance performance.

6.3.2 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.

6.4 Risk Management Assurance Providers

6.4.1 Internal Audit

The role of the Internal Auditing in risk management is to provide an independent, objective assurance on the effectiveness of the department'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.

6.4.2 External Audit

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

7. Policy review

This policy shall be reviewed annually by the Risk Management Committee to reflect the current stance of the Northern Cape Department of Education risk management.

Recommended by the Risk Management Committee:

Signature: 

Date: 19/10/2012

Approved by the Accounting Officer:

Signature: 

Date: 12/10/19