



CAPE WINELANDS DISTRICT
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

**CWDM Risk Management Policy,
Strategy and Risk & Fraud
Implementation Plan**

Key Concepts

Accounting Officer (AO)	In the District Municipality: The Municipal Manager referred to in section 60 of the Local Government: Municipal Finance Management, 2003 (Act No 56 of 2003) (MFMA).
Auditor-General South Africa (AGSA)	The Auditor-General of South Africa (AGSA) is the supreme audit institution (SAI) of South Africa. It is the only institution that, by law, has to audit and report on how the institutions are spending the South African taxpayers' money.
Audit and Performance Committee (APC)	An independent committee constituted to review the effectiveness of controls, governance and risk management within each municipality, established in terms of section 166 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA).
Categories of municipalities	Category A, B or C municipality referred to in section 155(1) of the Constitution of the Republic of South Africa, 1996.
Chief Audit Executive (CAE)	A senior official within the District Municipality 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 services provided).
Chief Risk Officer (CRO)	A senior official who is the head of the Risk Management Unit, responsible for the effectiveness and efficiency of the system of risk management within the District Municipality.
COBIT	COBIT is an acronym for the Control Objective for Information and Related Technology, a good practice framework created by the international profession for Information Technology (IT) management and IT governance.
Combined Assurance	Integrating and optimizing all assurance services and functions, so that taken as a whole, these enable an effective control environment, support the integrity of the information used for decision-making by management, the Municipal Council and its

	committees to maximize risk and governance oversight and control efficiencies, and optimize overall assurance to the Audit and Risk Committee, within the District Municipality's risk appetite.
Constitution	The Constitution of the Republic of South Africa, 1996 is the supreme law of the country. It provides the legal foundation for the existence of the republic sets out the right and duties of the citizens and defines the structure of government.
Fraud and Risk Management Committee (FARMCO)	A committee appointed by the Municipal Manager to govern (guide, monitor and review) the District Municipality's system of risk management.
Governance	The act of directing, controlling and evaluating the culture, policies, processes, laws, and mechanisms that defines the structure by which municipalities are directed and managed.
Inherent Risk	The exposure arising from risk factors in the absence of deliberate management intervention(s)/controls to exercise control over such factors.
Institution	The Municipality as described in section 2 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).
Integrated Development Plan (IDP)	The Integrated Development Plan (IDP) of the District Municipality is an elaborate and collaborative planning process which produces the integrated Development Plan designed to guide municipalities to systematically eradicate backlogs of service delivery, encourage socio economic developments, address spatial disparities of development, and deliver on agreed priorities with clearly defined outputs and targets within an agreed timeframe.
Internal Audit	An independent, objective assurance and advisory activity designed to add value and improve the District Municipality's operations.
Likelihood / Probability	Means the probability of the event occurring.

Municipality	A geographic area, determined in terms of the Municipal Demarcation Act, 1998 (Act No 27 of 1998).
Municipal Council	Council of a municipality as referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) as defined in section 1 of the MFMA.
Local Government Municipal Finance Management Act, 2003 (Act No 56 of 2003), as amended (MFMA)	An Act aimed at modernizing budget and financial management practices in municipalities in order to maximize the capacity of municipalities to deliver services.
Management	Officials of the municipality responsible for the planning, organizing, controlling and leading municipal activities, in order to mitigate municipal risks and achieving the municipalities' set objectives. This excludes the CRO and officials reporting to him/her.
Mitigation / Treatment	After comparing the risk score (severity rating = impact X likelihood) with the risk tolerance, risks with unacceptable levels of risk will require treatment plans (additional action to be taken by management)
Operational risks	Operational risks could include the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
Residual Risk	The remaining exposure after the mitigating effects of deliberate management intervention(s) to control such exposure (the remaining risk after management has put in place measures to control the inherent risk).
Risk	An unwanted outcome, actual or potential, to the District Municipality's service delivery and other performance objectives, as a result of uncertainty. Some risk factors also present an upside potential, which management must be aware of and be prepared to exploit.
Risk Appetite	The level of risk the District Municipality is required to take and/or willing to accept in all municipal spheres in order to achieve its set objectives.

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 the risk owner.
Risk Management	Systematic and formalized processes to identify, assess, manage and monitor risks.
Risk Management Strategy	Includes the detailed Risk Management Implementation Plan.
Risk Management Unit	A business unit responsible for coordinating and supporting the overall municipal risk management process, but which does not assume the responsibilities of management for identifying, assessing and managing risk.
Risk Owner	The person accountable for managing a particular risk assigned to him/her.
Risk Management Philosophy	Set of shared beliefs and attitudes that characterizes how the municipal considers risk in everything it does, from strategy development and implementation to its day-to-day activities. It reflects the municipal's values, influencing its culture and operating style, and affects how enterprise risk management components are applied, including how risks are identified, the kind of risks accepted, and how they are managed.
Risk Policy	The statement of the overall intentions and direction of a municipality related to risk management.
Risk Profile	Also known as the risk register. The risk profile will outline the number of risks, type of risk and potential effects of the risk. This outline will allow the District Municipality to anticipate additional costs or disruptions to operations. Also describes the willingness to take risks and how those risks will affect the operational strategy of the District Municipality.
Risk Tolerance	The undesirable level of risk variation relative to the achievement of a specific objective.
Service Delivery and Budget Implementation Plan (SDBIP)	The Service Delivery and Budget Implementation Plan (SDBIP) details the implementation of service delivery and the budget for the financial year in compliance

	<p>with the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003), MFMA. The SDBIP serves as a contract between the municipality, the Council and the community, expressing the objectives set by the Council as quantifiable outcomes that can be implemented by the municipality over the next twelve months. The SDBIP facilitates the process of holding management accountable for their performance. It provides the basis for measuring performance in the delivery of services.</p>
Strategic risk	<p>Strategic risks are those internal and external events and scenarios that can inhibit a municipality's ability to achieve its strategic objectives. This would typically include risks associated with governance, the business model and the industry/ economic environment.</p>

RISK MANAGEMENT PHILOSOPHY

The Cape Winelands District Municipality is committed to effective risk management to achieve our vision, service delivery and key strategic objectives to ensure appropriate outcomes for the community. Furthermore, the District Municipality is committed to a process of risk management that is aligned to the principles of Leading Best Practice and Legislation. It is required that all Departments/Directorates will follow a uniform risk management process and align processes to its key principles and objectives.

In the course of conducting our day-to-day business operations, the Cape Winelands District Municipality is exposed to a variety of risks. These risks include operational and other risks that are material and require comprehensive controls and on-going oversight.

Council recognizes the wide range of risks to which the Cape Winelands District Municipality is exposed. It is therefore a strategic objective to adopt a process of integrated risk management that will assist the Cape Winelands District Municipality in meeting its key goals, most specifically:

- To align the risk-taking behavior to better achieve the goals and related objectives;
- To protect the reputation and brand name Cape Winelands District Municipality world-wide;
- To promote a risk awareness culture in all Departments/Directorates and improve risk transparency to stakeholders;
- To maximize (create, protect and enhance) stakeholder value and net worth by managing risk that may impact on the development and success indicators; and
- To identify risk improvement opportunities that will maximize business opportunities and sustainable delivery of services and programs.

By embedding the risk management process into key business processes such as planning, operations and new projects, Cape Winelands District Municipality will be better equipped to identify events affecting our objectives and to manage risks in ways that are consistent with the approved risk appetite.

The Council is responsible for the overall governance of risk within the District Municipality. However, Council has delegated this responsibility to the Municipal Manager (MM) and the Fraud and Risk Management Committee (FARMCO). The Municipal Manager, who is ultimately responsible for the District Municipality's risks, has delegated this role to the Deputy Director: Performance and Risk and Management. The Deputy Director: Performance and Risk Management will ensure that the framework is implemented and that the Municipal Manager, the FARMCO, the Audit and Performance Committee and the Council receive appropriate reporting on the District Municipality's risk profile and risk management process. Management will execute their responsibilities as outlined in this policy. All other officials are responsible for incorporating risk management into their day-to-day operations.

As the Municipal Manager of the Cape Winelands District Municipality, Council and I are responsible for enhancing corporate governance. Entrenching Enterprise Risk Management (ERM) into the District Municipality is only but one component of governance, but together we will ensure that appropriate focus is placed on key risks.



Municipal Manager: HF Prins

27 AUGUST 2020

DATE:

This document has been reviewed by

No	Reviewer	Date reviewed
1	FARMCO	02 November 2015
2	FARMCO	07 March 2016
3	FARMCO	30 September 2019
4	Audit Committee	21 October 2019
5	Management Team	22 October 2019
6	FARMCO	04 March 2020

This document has been approved by

No	Name	Date reviewed & item number
1	Council	8 November 2008
2	Council	25 August 2011
3	Council	27 August 2020

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1. RISK MANAGEMENT POLICY

1.1. Introduction

The Municipal Manager has committed the Cape Winelands District Municipality to implementing and maintaining an effective, efficient and transparent system of risk management with compliance to relevant legislature.

The Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) supplemented by the relevant Treasury Regulations, has legislated some key governance best practices which have also been included in the King IV Report on Corporate Governance for South Africa and Public Sector Risk Management Framework (PSRMF) issued by National Treasury.

1.2. Policy objective and purpose

The objective of this Policy is to communicate the District Municipality's risk management viewpoint in the context of how risk management is expected to support the Municipality in achieving its objectives. Furthermore, it is to formalise the Cape Winelands District Municipality's Enterprise Risk Management (ERM) program and to articulate the roles and responsibilities of the risk implementers, oversight bodies, risk management and assurance providers in risk management.

1.3. Scope/Application

The scope of this policy applies throughout the Cape Winelands District Municipality in as far as risk management is concerned.

1.4. Background

Legislative Mandate and Guidance

1.4.1 Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003)

1.4.1.1 Sections 62(1)(c)(i) and 95(c)(i) of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA) stipulate that the accounting officer of the municipality and municipal entity is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."

1.4.1.2 Section 166(a) stipulates that:

An audit committee is an independent advisory body which must advise the Municipal Council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, on matters relating to risk management.

1.4.2 Public Sector Risk Management Framework

The Public Sector Risk Management Framework (PSRMF) by National Treasury provides a generic guide for the implementation of risk management strategies in the public service, and suggests that risk management is a formal step-by-step process that can be applied at all levels of a Department. These principles need to be implemented within the context of each Department who should implement this framework in the development of their own risk management strategies.

The District Municipality's RMC adopted the National Treasury: Public Sector Risk Management Framework (RKCO07/12/08) to ensure that a service delivery imperative exists for ERM (benchmark).

1.4.3 King IV Code of Governance

The King IV Code of Governance has nine focus areas and the principles to be applied in each are of equal importance and together forms a holistic approach to governance. The governance of risk is one of these focus areas and in turn is broken up into governance elements, principles and recommended practices.

1.4.4 COSO ERM 2017

The COSO Framework 2017 itself is a set of principles organized into five interrelated components, namely:

- Governance and Culture;
- Strategy and Objective-Setting;
- Performance, Review and Revision;
- Information, Communication, and
- Reporting.

1.5. District Municipality's risk management approach

The risk management principles contained in this Policy will be applied at both strategic and operational levels within the District Municipality. Our positive approach to risk management means that we will not only look at the risk of activities that could go wrong, but also the impact of not taking opportunities or not capitalising on corporate strengths.

All risk management activities will be aligned to the District Municipality's aims, objectives and priorities, and aims to protect and enhance the reputation and standing of the District Municipality.

1.6. Ethics in risk management

Risk management, even when software is used, is performed by humans. The effectiveness of risk management activities is directly influenced by the ethical behavior of the people responsible for risk management, which includes their professionalism and commitment in executing their risk management responsibilities.

A lack of ethics is a contributing factor to a variety of risks, either being the cause of the risk itself or the cause of ineffective control measures. Therefore, risk management initiatives can only be successful in an environment of ethical behavior with adequate ethics risk management processes.

2 RISK MANAGEMENT STRATEGY AND IMPLEMENTATION PLAN

2.1 Introduction

The Cape Winelands District Municipality has undertaken to embed a culture of Enterprise Risk Management (ERM) within the Municipality and to identify, assess, manage, monitor and report risks to ensure the achievement of objectives as identified in the Integrated Development Plan (IDP).

2.2 Purpose

The purpose of the Risk Management Strategy is to support the implementation of the Enterprise Risk Management Policy. This Strategy and Implementation Plan sets out all risk management activities planned for each financial year. This document also provides insight as to how the District Municipality will implement risk management going forward.

2.3 Objectives of Risk Management

The objectives of risk management are to assist Management in making more informed decisions which include:

- To align the risk-taking behaviour to better achieve the goals and related objectives;
- provide a level of assurance that current significant risks are effectively managed;
- improve operational performance by assisting and improving decision making and planning;
- To promote a risk awareness ethic in all Departments/Directorates and improve risk transparency to stakeholders;
- promote a more innovative, less risk averse culture in which the taking of calculated risks in pursuit of opportunities, to benefit the Municipality is encouraged; and
- provide a sound basis for integrated risk management and internal control as components of good corporate governance.

2.4 Benefits of Risk Management

The risk management process will assist the District Municipality achieving its objectives. The benefits include:

- more sustainable and reliable delivery of services;
- enhance decision making underpinned by appropriate rigour and analysis;
- reduced waste;
- prevention of fraud and corruption;
- fewer surprises and crises;
- help avoid damage to the Municipality's reputation and image;
- help ensure effective reporting and compliance with laws and regulations;
- better value for money through more efficient use of resources; and
- better outputs and outcomes through improved project and programme management.

2.5 Roles and responsibilities

Every person within the Cape Winelands District Municipality has a role to play in the risk management process. The primary responsibility for identifying and managing risks lies with Management. Refer to '**Annexure A**' for detailed roles and responsibilities.

2.6 Enterprise risk management process

The risk management process is informed by the Integrated Development Plan (IDP), where risks/opportunities associated with strategic objectives are determined which will ensure that the Municipality covers all aspects to ensure compliance to and achievement of the goals set. Subsequently, the risk management process will inform the Service Delivery and Budget Implementation Plan (SDBIP) in the determination of key performance indicators.

To fulfil its philosophy and implement an enterprise-wide integrated approach, Cape Winelands District Municipality will ensure that the following five (5) COSO principles are implemented and operating effectively, efficiently and economically. These principles cover everything from governance to monitoring. They are manageable in size, and they describe practices that can be applied in different ways for different organizations regardless of size, type, or sector. Adhering to these principles can provide management and Council with a reasonable expectation that the organization understands and strives to manage the risks associated with its strategy and business objectives.

Five (5) COSO Principles:

- **Governance & Culture**

Governance sets the organization's tone, reinforcing the importance of, and establishing oversight responsibilities for enterprise risk management. Culture pertains to ethical values, desired behaviors, and understanding of risk in the entity.

- **Strategy and Objective Setting**

Enterprise risk management, strategy, and objective-setting work together in the strategic-planning process. A risk appetite is established and aligned with strategy; business objectives put strategy into practice while serving as a basis for identifying, assessing, and responding to risk.

The municipal risk appetite and tolerance must be set by the Municipal Council.

- **Performance**

Risks that may impact the achievement of strategy and municipal objectives need to be identified and assessed. Furthermore, risks must be identified within the specific risk management context concerned and with due consideration to the municipal resources involved and the objectives or outputs to be achieved.

The following broad areas of risk categories will be considered:

Internal risks:

- Compliance/Regulatory risks;
- Financial risks;
- Information and communication technology risks;
- Human risks; - Knowledge and information management;
- Reputational risks;
- Fraud and corruption risks;
- Disaster recovery/Business continuity;
- Service delivery risks;
- Misappropriation of assets;
- Procurement risks;
- Litigation risks;
- Health and safety risks;
- Third party performance/ Contract management risks; and
- Security management risks.

External risks

- Social environment;
- Economic environment;
- Political environment;
- Natural environment;
- Technological environment; and
- Legislative environment.

Risks will be identified as:

- (a) **Strategic risks** – that affect the District Municipality’s ability to meet its strategic goals and require oversight by the Municipal Manager and municipal management. It will include risks that have a transversal impact across the District Municipality;

- Impact the goals of the Municipality; and
- Are of a longer term in nature.

(b) Operational risks – arise in the day-to-day operations and require specific and detailed responses and monitoring. These risks are shorter term in nature and linked to the annual performance plan indicators.

The identification and discussion of emerging risks will also be included as an agenda item in staff meetings. Emerging risks arising from these meetings will be communicated to the Executive Management and FARMCO.

Risk identification must result in a documented list of risks (risk register) where each risk is identified in principle and described in order to capture its qualitative characteristics.

The risk register will include:

- Risk type (Internal or External);
- Link to the Strategic Objective/ Strategic Risk;
- Risk category;
- Risk level;
- A clear description of the risk (risk statements);
- Root cause of the risk;
- Consequences of the risk;
- The inherent risk rating divided into Likelihood, Impact and Rating;
- Existing mitigating measures (Controls);
- The control effectiveness rating;
- The residual risk rating;
- Proposed response strategy / action plans with additional actions/ controls to be implemented;
- Risk Owner and responsible person (Action Owner) of additional actions/ controls; and
- Due date for implementation of additional actions/ controls.

Risks are prioritized by severity in the context of risk appetite.

Risk Rating Criteria:

a) Impact Ratings

Impact		
Score	Grading	Description
5	Significant	Loss of ability to sustain ongoing operations.
4	Major	Reduced ability to achieve business objectives (i.e. loss of key operations, reduction in quality of delivery.)
3	Moderate	Disruption to normal operations with a limited effect on achievement of business unit strategy and objectives.
2	Minor	Limited impact on ongoing operations and on the achievement of business strategy and objectives.
1	Insignificant	No material impact on ongoing operations and on the achievement of business strategy and objectives.

b) Likelihood Rating

Impact		
Score	Grading	Description
5	Already occurred / Almost certain	Almost certain to occur/materialize within twelve months.
4	Likely	Likely to occur within the next months.
3	Probable	Could occur in the next one to two years.
2	Unlikely	Not likely to occur within the next two years.
1	Rare	Not likely to occur within a three-year time frame.

The impact of the risk will be assessed before (inherent) and after (residual) considering the perceived effectiveness of the current controls.

The product of the Likelihood and Impact Ratings at both an inherent and residual risk level will be categorised as follows:

Ranking of Risks:

Likelihood

	Almost Certain (5)	Likely (4)	Probable (3)	Unlikely (2)	Rare (1)
Significant (5)	Extreme 25 (5x5)	Extreme 20 (5x4)	High 15 (5x3)	Medium 10 (5x2)	Insignificant 5 (5x1)
Major (4)	Extreme 20 (4x5)	High 16 (4x4)	Medium 12 (4x3)	Low 8 (4x2)	Insignificant 4 (4x1)
Moderate (3)	High 15 (3x5)	Medium 12 (3x4)	Low 9 (3x3)	Low 6 (3x2)	Insignificant 3 (3x1)
Minor (2)	Medium 10 (2x5)	Low 8 (2x4)	Low 6 (2x3)	Insignificant 4 (2x2)	Insignificant 2 (2x1)
Insignificant (1)	Insignificant 5 (1x5)	Insignificant 4 (1x4)	Insignificant 3 (1x3)	Insignificant 2 (1x2)	Insignificant 1 (1x1)

The District Municipality then selects risk responses and takes a portfolio view of the amount of risk it has assumed.

Having assessed relevant risks, management determines how it will respond. Risk responses fall within the following 5 categories:

- **Avoid** – Action is taken to exit the activities giving rise to risk. Risk avoidance may involve exiting a product line, declining expansion to a new geographical market, or selling a division.
 - **Treat** – Implementing or improving the internal control system.
 - **Transfer** – Transfer the risk to another party more competent to manage it.
 - **Accept** – No action is taken to affect likelihood or impact.
 - **Exploit** – Risk factors by implementing strategies to take advantage of the opportunities presented by such risk factors.
- **Review and Revision**

By reviewing municipal performance, the District Municipality can consider how well the enterprise risk management components are functioning over time and in light of substantial changes, and what revisions are needed.

The Risk Registers will be reviewed quarterly by line functions assisted by Risk Champions and communicated to the Risk Management Unit.

- **Information, Communication & Reporting**

Enterprise risk management requires a continuous process of obtaining and sharing necessary information, from both internal and external sources, which flows up, down, and across the District Municipality.

The following risk management reports will be produced:

- (i) The Council will consider risk reports from the Audit Committee and minutes of the Audit Committee meetings, as well as related reports from other assurance providers via the Audit Committee.
- (ii) The Deputy Director: Risk and Performance Management will prepare a quarterly report to the Municipal Manager.

This report will contain the following:

- A status report on the progress made against the approved risk implementation plan;
- The updated strategic and operational risk registers;
- All risks that are outside the agreed risk tolerance and risk appetite level;
- Emerging risks identified; and
- Any relevant risk management information/intelligence.

- (iii) The Deputy Director: Risk and Performance Management will prepare a quarterly report to the FARMCO. The report issued to the Municipal Manager will form the basis of the report but with a focus on the risks outside risk tolerance and risk appetite levels. The FARMCO should consider additional actions/guidance relating to these risks and obtain agreement on how to proceed with these risks.

- (iv) The Deputy Director: Risk and Performance Management, in conjunction with the Chairperson of the FARMCO, will prepare a quarterly report to the Audit Committee.

This report will contain the following:

- A status report on the progress made against the approved risk implementation plan;
- All risks that are outside the agreed risk tolerance and risk appetite levels;
- Emerging risks identified; and
- Any relevant risk management information/intelligence.

2.7 TRAINING AND AWARENESS

Key staff members involved in risk management processes will be trained in risk management methodologies and approaches. A training and awareness programme will be formalised and rolled out for all the key role players in the municipality.

3 RISK AND FRAUD IMPLEMENTATION PLAN

The detailed risk and fraud implementation plan is included as a separate attachment (**Annexure B**).

4 POLICY REVIEW

This Policy shall be reviewed annually to reflect the current stance on risk management within the Cape Winelands District Municipality.

5 APPROVAL

Recommended by the Fraud and Risk Management Committee:

Name in Print: HF PRINS

Position: Chairperson

Signature: 

Date: 27 AUGUST 2020

Approved by the Municipal Manager:

Name in Print: HF PRINS

Position: Municipal Manager

Signature: 

Date: 27 AUGUST 2020

Approved by Council Resolution:

Resolution No.: C15.5

Date: 27 AUGUST 2020

ROLES AND RESPONSIBILITIES

No.	Activity	Responsible Person(s)	Frequency
1.	Approve the Risk Management Policy, Strategy and Implementation Plan, as well as the Risk Committee Charter.	Council	Annually
2.	Ensure that the District Municipality's strategies are aligned to the government mandate and obtain assurance from management that the Municipality's strategic choices are based on a rigorous assessment of risk.	Council	Annually
3.	Approve the District Municipality's risk appetite and risk tolerance with guidance from the CRO and the RMC.	Council	Annually
4.	Approve the District Municipality's Fraud Prevention Policy, Strategy and Implementation Plan.	Council	Annually
5.	Ensure that IT, fraud and occupational health and safety (OHS) risks are considered as part of the District Municipality's risk management activities.	Council	Annually
6.	Ensure that management implements, monitors and evaluates performance through the RMC reports.	Council	Annually
7.	Ensure that combined assurance is given to address all the significant risks facing the District municipality.	Audit and Performance Committee	Annually
8.	Advise Council on risk management. (This will be clearly defined in the Risk Management Charter)	Audit and Performance Committee	Annually
9.	Review the internal and external audit plans and ensure that these plans are aligned to risk profile and address the risk areas of the District Municipality.	Audit and Performance Committee	Annually
10.	Review and recommend disclosures on matters of risk and risk management in the Annual Financial Statements (AFS).	Audit and Performance Committee	Annually

No.	Activity	Responsible Person(s)	Frequency
11.	Review and recommend disclosures on matters of risk and risk management in the Annual Report.	Audit and Performance Committee	Annually
12.	Evaluate the effectiveness of Internal Audit in its responsibilities for risk management.	Audit and Performance Committee	Annually
13.	Ensure that all risks including, IT, fraud, financial reporting, internal financial controls and OHS risks have been appropriately addressed.	Audit and Performance Committee	Annually
14.	Provide an independent and objective view of the District Municipality's risk management effectiveness.	Audit and Performance Committee	Annually
15.	Review and recommend to the Municipal Manager the approval of the Risk Management Policy by Council.	FARMCO	Annually
16.	Review and recommend to the Municipal Manager the approval of the Risk Management Strategy and Implementation Plan by Council.	FARMCO	Annually
17.	Review and recommend to the Municipal Manager the approval of the District Municipality's risk appetite and risk tolerance by Council.	FARMCO	Annually
18.	Review and recommend to the Municipal Manager approval of the District Municipality's risk identification and assessment methodologies by Council.	FARMCO	Annually
19.	Develop KPIs for the RMC for the Municipal Manager's approval.	FARMCO	Annually
20.	Set an appropriate tone by supporting and being seen to be supporting the District Municipality's aspirations for effective management of risks.	Municipal Manager	Annually
21.	Delegate responsibilities for risk management to Management and internal formations and hold them accountable for performance in terms of their responsibilities for risk management.	Municipal Manager	Annually
22.	Hold Management accountable for designing, implementing, monitoring and	Municipal Manager	Annually

No.	Activity	Responsible Person(s)	Frequency
	integrating risk management into their day-to-day activities.		
23.	Leveraging the AC, Internal Audit and RMC for assurance on the effectiveness of risk management.	Municipal Manager	Annually
24.	Evaluate the value add of risk management. (National Treasury Financial management maturity Capability Model)	Chief Risk Officer	Annually
25.	Assist the Municipal Manager and Senior Management to develop the District municipality's vision for risk management. (Philosophy)	Chief Risk Officer	Annually
26.	Develop, in consultation with Management, the District Municipality's Risk Management Framework incorporating, inter alia, the methodologies: <ul style="list-style-type: none"> (i) Risk Management Policy; (ii) Risk Management Strategy; (iii) Risk Management Implementation Plan; (iv) Risk identification and assessment methodology; (v) Risk appetite and tolerance; and (vi) Risk classification. 	Chief Risk Officer	Annually
27.	Communicate the District Municipality's risk management framework to all stakeholders	Chief Risk Officer	Annually
28.	Participate with Internal Audit, Management and the Auditor-General in developing the combined assurance plan.	Chief Risk Officer	Annually
29.	Evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement.	Internal Audit	Annually
30.	Provide assurance on the ERM process design and its effectiveness.	Internal Audit	Annually
31.	Provide assurance on the management of "key risks" including, the effectiveness of the controls and other responses to the "key risks.	Internal Audit	Annually
32.	Provide assurance on the assessment and reporting of risk and controls.	Internal Audit	Annually
33.	Prepare a rolling three (3) year Internal Audit Plan based on its assessment of key areas of	Internal Audit	Annually

No.	Activity	Responsible Person(s)	Frequency
	risk. With the most pertinent risk items to be included in the one (1) year plan.		
34.	Determine whether the Risk Management Policy, Strategy and Implementation Plan is in place and appropriate.	External Audit	Annually
35.	Assess the implementation of the Risk Management Policy, Strategy and Implementation plan.	External Audit	Annually
36.	Review the risk identification process to determine if it is sufficiently robust to facilitate the timely, correct and complete identification of significant risks, including new and emerging risks.	External Audit	Annually
37.	Review the risk assessment process to determine if it is sufficiently robust to facilitate timely and accurate risk rating and prioritisation.	External Audit	Annually
38.	Determine whether management action plans to mitigate the key risks are appropriate and are being effectively implemented.	External Audit	Annually
39.	Obtain assurance that key risks inherent in the Municipality's strategies were identified and assessed, and are being properly managed.	Council	Quarterly
40.	Ensure that risk assessments (strategic and operational) are performed by reviewing the RMC reports.	Council	Quarterly
41.	Disclose how they have satisfied themselves that risk assessments, responses and interventions are effective and to disclose undue, unexpected or unusual risks and any material losses incurred (the annual report to include a risk disclosure).	Council	Quarterly
42.	Provide regular feedback to the Municipal Manager on the adequacy and effectiveness of risk management in the District Municipality, including recommendations for improvement.	Audit Committee	Quarterly
43.	Provide guidance to the Municipal Manager, Chief Risk Officer and other relevant risk management stakeholders on how to manage risks to an acceptable level.	FARMCO	Quarterly

No.	Activity	Responsible Person(s)	Frequency
44.	Provide timely and useful reports to the Municipal Manager on the state of ERM, together with recommendations.	FARMCO	Quarterly
45.	Share risk information with the Audit Committee.	FARMCO	Quarterly
46.	Evaluate the extent and effectiveness of integration of ERM within the District Municipality.	FARMCO	Quarterly
47.	Assess implementation of the Risk Management Policy, Strategy and Implementation Plan.	FARMCO	Quarterly
48.	Evaluate effectiveness of the mitigating strategies implemented to address the material risks of the District Municipality.	FARMCO	Quarterly
49.	Review material findings and recommendations by assurance providers on the system of risk management and monitor implementation of such recommendations.	FARMCO	Quarterly
50.	Measure and understand the District Municipality's overall exposure to fraud and corruption and ensure that proper processes are in place to prevent these risks from materialising.	FARMCO	Quarterly
51.	Measure and understand the District Municipality's overall exposure to IT and ensure that proper processes are in place to prevent these risks from materialising.	FARMCO	Quarterly
52.	Measure and understand the Municipality's overall exposure to occupational health & safety (OH&S) and ensure that proper processes are in place to prevent these risks from materialising.	FARMCO	Quarterly
53.	Understand and determine the risk appetite with guidance from the Chief Risk Officer and the RMC.	Municipal Manager	Quarterly
54.	Ensure that frameworks and methodologies are developed and implemented.	Municipal Manager	Quarterly
55.	Appoint adequate staff capacity to drive the ERM activity.	Municipal Manager	Quarterly
56.	Appoint a RMC with the necessary skills, competencies and attributes.	Municipal Manager	Quarterly

No.	Activity	Responsible Person(s)	Frequency
57.	Ensure that the control environment supports the effective functioning of ERM.	Municipal Manager	Quarterly
58.	Devote personal attention to overseeing management of significant risks.	Municipal Manager	Quarterly
59.	Ensure appropriate action in respect of recommendations of the Audit Committee, Internal Audit, External Audit and RMC to improve ERM.	Municipal Manager	Quarterly
60.	Provide assurance to relevant stakeholders that key risks are properly identified, assessed and mitigated.	Municipal Manager	Quarterly
61.	Provide leadership and guidance to enable management and internal structures responsible for various aspects of risk management to properly perform their functions.	Municipal Manager	Quarterly
63.	Report to the RMC regarding the performance of internal controls for those risks in the operational risk registers.	Management	Quarterly
64.	Assist management with risk identification, assessment and development of response strategies.	Chief Risk Officer	Quarterly
65.	Prepare ERM registers, reports and dashboards for submission to the RMC and other role players.	Chief Risk Officer	Quarterly
66.	Collating, aggregating, interpreting and analysing the results of risk assessments to extract risk intelligence and report accordingly to the Municipal Manager and RMC.	Chief Risk Officer	Quarterly
67.	Consolidate risk identified by the various Risk Champions.	Chief Risk Officer	Quarterly
68.	Facilitate operational risk workshops for their area of responsibility with the assistance of the Chief Risk Officer.	Risk Champions	Quarterly
69.	Co-ordinate the implementation of action plans for the risk and report on any developments regarding the risk.	Risk Champions	Quarterly
70.	Implementing the delegated action plans to address the identified risks.	Other Officials	Monthly
71.	Assist the Municipal Manager to deal with fiscal, intergovernmental, political and other	Council	On-going

No.	Activity	Responsible Person(s)	Frequency
	risks beyond their direct control and influence.		
72.	Insist on the achievement of objectives, effective performance management and value for money.	Council	On-going
73.	Aligning the functional risk management methodologies and processes with the institutional process.	Management	Ongoing
74.	Devote personal attention to overseeing the management of key risks within their area of responsibility.	Management	On going
75.	Empower officials to perform effectively in their risk management responsibilities.	Management	On going
76.	Maintain a co-operative relationship with the Chief Risk Officer and Risk Champions.	Management	On going
77.	Maintain the proper functioning of the control environment within their area of responsibility.	Management	On going
78.	Hold officials accountable for their specific risk management responsibilities.	Management	On going
79.	Continuously monitor the implementation of risk management within their area of responsibility.	Management	On going
80.	Co-operate with other role players in the risk management process.	Other Officials	On going
81.	Apply the risk management process in their respective functions.	Other Officials	On going
82.	Monitoring the implementation of the Municipality's risk management framework.	Chief Risk Officer	On going
83.	Continuously drive ERM to higher levels of maturity.	Chief Risk Officer	On going
84.	Monitor the implementation of response strategies.	Chief Risk Officer	On going
85.	Ensure that all IT, fraud, OHS risks are considered as part of the municipality's ERM activities.	Chief Risk Officer	On going
86.	Provide guidance and support to manage "problematic" risks and risks of a transversal nature that require a multiple participant approach.	Risk Champions	On going
87.	Assist the Risk Owner to resolve risk related problems.	Risk Champions	On going

No.	Activity	Responsible Person(s)	Frequency
88.	Populate the risk registers/dashboard.	Risk Champions	On going
89.	Ensure that all risk information is updated regularly and submitted to the Chief Risk Officer.	Risk Champions	On going
90.	Inform their supervisors and/or the Risk Management Unit (Chief Risk Officer) of new risks and significant changes.	Other Officials	As the need arises
91.	Provide information to role players in the risk management process as required.	Other Officials	As the need arises
92.	Providing risk management reports and presenting to the RMC and Audit Committee as requested.	Other Officials	As the need arises
93.	Take the time to read and understand the content in the Risk Management Policy, but more importantly understanding their roles and responsibilities in the risk management process.	Other Officials	Constantly
94.	Facilitate orientation and training for the RMC.	Chief Risk Officer	As the need arises
95.	Train all stakeholders in their ERM responsibilities.	Chief Risk Officer	As the need arises
96.	Avail the approved risk registers to Internal Audit on request.	Chief Risk Officer	As the need arises

ANNEXURE B – RISK AND FRAUD IMPLEMENTATION PLAN

Focus Area	Activities	Responsibility	Timeframes
Risk and Fraud Management	Development of a fraud risk/incident register.	Facilitated by Deputy Director: Performance and Risk Management.	Quarter 1 2020/2021
	Monitoring of a fraud risk/incident register.	Deputy Director: Performance and Risk Management.	On-going
	Risk Champions training.	Coordinated by Deputy Director: Performance and Risk Management Facilitated by Provincial Treasury.	As and when required and at least once annually
	Monitoring of strategic risks through discussions at Management meetings.	Facilitated by Deputy Director: Performance and Risk Management.	Ongoing
	Creating Risk and Fraud awareness throughout CWDM through: - Municipal newsletter (Imbizo) - Payslip adverts - Roadshows - Posters at all municipal buildings - Induction of new employees.	Facilitated by Deputy Director: Performance and Risk Management.	Quarterly
	Review and update of operational risk registers.	Line Functions and departmental risk champions.	Quarterly
	Co-ordination: - Scheduling quarterly district CAE and CRO fora - Fulfil secretariat role (Timeous compilation and distribution of	Deputy Director: Performance and Risk Management.	Quarterly

Focus Area	Activities	Responsibility	Timeframes
	agendas and meeting packs as well as compilation of minutes).		
	Annual Strategic Risk Assessments.	Facilitated by Deputy Director: Performance and Risk Management.	Quarter 4 2020/2021
	Annual Operational Risk Assessments.	Facilitated by Deputy Director: Performance and Risk Management.	Annually in Quarter 4.
	Reporting - Quarterly reporting on progress to FARMCO, Audit Committee and Council. - Completion of WCG Governance Assessments incl. Fraud and risk management.	Facilitated by Deputy Director: Performance and Risk Management.	Quarterly to FARMCO and PAC As and when required
	Monitoring of a fraud risk/incident register.	Deputy Director: Performance and Risk Management.	On-going
	Reporting to all stakeholders (Fraud hotline related matters and progress on action plans).	Deputy Director: Performance and Risk Management.	On-going
	Arrange a strategic risk assessment workshop and invite all the relevant officials.	Deputy Director: Performance and Risk Management.	Quarter 3 2020/2021
	Arrange operational risk assessment workshops and invite all the relevant officials.	Deputy Director: Performance and Risk Management.	Quarter 4 2020/2021

Focus Area	Activities	Responsibility	Timeframes
	Review of the Risk Management Policy, Risk Management Strategy, Implementation Plan and Fraud Risk Management Policy	Deputy Director: Performance and Risk Management.	Quarter 4 2020/2021