

“ The City of Heritage ”



ULUNDI MUNICIPALITY RISK MANAGEMENT STRATEGY

INDEX

1. INTRODUCTION.....	3
2.RISK MANAGEMENT POLICY.....	3
3.MUNICIPALITY’S APPROACH TO ENTERPRISE RISK MANAGEMENT.....	3
4.PURPOSE OF THE RISK MANAGEMENT STRATEGY.....	4
5.STRATEGIC OBJECTIVE OF THE RISK MANAGEMENT UNIT.....	4
6.ROLE OF THE RISK MANAGEMENT UNIT.....	4
7. STRATEGY IN PHASES.....	5
7.1 Phase One	5
7.2 Phase Two.....	5
7.3 Phase Three.....	5
7.4 Phase Four.....	5
7.5 Phase Five.....	5
7.6 Phase Six.....	6
7.7 Phase Seven.....	6
7.8 Phase Eight.....	6
7.9 Phase Nine.....	6
7.10 Phase Ten.....	7
8. RISK MANAGEMENT STRUCTURE.....	7
9. CONCLUSION.....	7

RISK MANAGEMENT STRATEGY

1. INTRODUCTION

The Risk Management Strategy (RMS) forms part of the Risk Management Framework of the Municipality

The Risk Management Strategy guides the activities of Council, Accounting Officer, the Risk Management Unit, Risk Management Committee, risk champions as well as risk owners and action owners.

The municipality acknowledges that there are different models and frameworks that institutions can implement in order to manage their risks

The municipality utilizes the proposed Risk Management Framework as formulated by National Treasury.

The municipality shall review and update its Risk Management Strategy on an annual basis.

This Risk Management Strategy will be applicable for a particular financial year.

2. RISK MANAGEMENT POLICY

The RMS seeks to realize the Risk Management Policy. It is therefore imperative to read the RMS in conjunction with the Risk Management Policy.

3. MUNICIPALITY'S APPROACH TO ENTERPRISE RISK MANAGEMENT

Risk management forms part of management's core responsibilities and is an integral part of the internal processes of the municipality.

It is seen as a systematic process to identify, evaluate and address or mitigate risks on a continuous basis before the risks impact negatively on the municipality's service delivery capacity.

It is believed that when properly executed, risk management provides a reasonable but not absolute assurance, that the municipality will be successful in achieving its goals and objectives.

For enterprise risk management to be effective, it should be embedded into systems and culture of the municipality.

4. PURPOSE OF THE RISK MANAGEMENT STRATEGY

The purpose of the RMS is to:

4.1 Focus on energies of all role players into an effort to manage/mitigate risks of the municipality to successfully render municipal services in terms of the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP) for a particular financial year.

4.2 To provide clarity and direction to the role players on what is expected from them in order to reach the strategic risk objectives.

5. STRATEGIC OBJECTIVES OF THE RISK MANAGEMENT UNIT

As RMU plays a central role in terms of risk management in the municipality, it may assist to clarify the strategic objectives of the Unit

The strategic objective is "To add value by assisting Council, Accounting Officer and Management, to ensure that all risks facing the municipality are identified, rated, tolerance levels established, mitigating strategies formulated and action plans compiled to manage all risks."

6. ROLE OF THE RISK MANAGEMENT UNIT

The primary role of the RMU is to:

- Act as champions of risk management in the municipality
- To facilitate the establishment and maintenance of the effective and efficient risk management structure in the municipality
- To advise management on all matters pertaining to risk management
- To continually advise management about possible new risks

The RMU is an advisory unit and not responsible for the mitigation of risks.

The mitigation of risks is the responsibility of the risk owners and action owners and finally the Accounting Officer.

7. STRATEGY in PHASES

The strategy with regards to risk management in the municipality should include the following phases:

7.1 Phase One

(Review of the Risk Management Framework and Risk Management related documents)

All documents that form part of the Risk Management Framework will be reviewed and adopted to ensure that risk management complies with the guidelines of Municipal Finance Management Act and National Treasury.

7.2 Phase two

(Creation of Risk Awareness amongst officials and Councillors)

To ensure positive contribution of all management processes and awareness about the importance of risk management is communicated amongst all role players. Role players should be capacitated where necessary.

7.3 Phase Three

(Review of the Municipal Risk Register)

A risk identification workshop will be arranged for all departments to review the Municipal Risk Registers and finalize the register for the 2015/2016 financial year.

All possible risks that may hamper the achievement of the objectives of the municipality need to be identified.

7.4 Phase Four

(Risk Rating)

Once all the possible risks have been identified, the risks will be rated in terms of the risks rating table, to determine their respective seriousness and potential impact.

7.5 Phase Five

(Risk Tolerance)

After the completion of the risk rating, members of the Risk Management Committee and relevant managers will by means of a rigorous process of analysis and expert judgement, establish the municipality's risk tolerance level with regards to every risk.

If this process is finalized, all the risks facing the municipality will be categorized in :

- Ten most important risks (Strategic risks)
- Unacceptable risks
- Tolerable risks
- Acceptable risks

7.6 Phase Six (Action Plans)

It will be required of Risk Committee and Action Owners to compile action plans on how to mitigate the strategic risks, unacceptable risks as well as tolerable risks in their respective departments.

7.7 Phase Seven (Reporting)

Quarterly progress reports must be submitted by Risk Owners to the Risk Management Unit (RMU). The RMU will include reports in the agenda of the Risk Management Committee (RMC).

The RMC will then submit the reports to the Municipal Manager , the Audit Committee and Council.

The Audit Committee and Council will be informed of the strategic risks and unacceptable risks

7.8 Phase Eight (Evaluating and monitoring)

It is expected from Risk Owners, Risk Management Committee and the Municipal Manager to monitor and evaluate progress with regards to the mitigation of risks

7.9 Phase Nine (Assurance)

The Internal Audit Unit must from time to time review the effectiveness of the risk management processes and provide the necessary assurance to the Municipal Manager.

Reports need to be submitted to the Audit Committee, to enable the Committee to evaluate risk management and submit assurance to the Council

7.10 Phase Ten

(Updating of the Risk Management Framework and Municipal Risk registers)

All documents pertaining to the Risk Management Framework and Municipal Risk registers will be formally reviewed and updated on an annual basis.

It should be noted that risk management is an on-going process and therefore departments will be encouraged to bring to the attention of the Risk Management Unit any emerging or new risks that the department faces, for noting

8. RISK MANAGEMENT ARCHITECTURE

A schematic presentation of Risk Management Architecture has been established.

9. CONCLUSION

The Risk Management Unit trusts that this Risk Management Strategy will add value to the municipality's stated goal to build city of heritage as encapsulated in its Municipal Mission Statement.