



KAAP AGULHAS MUNISIPALITEIT  
CAPE AGULHAS MUNICIPALITY  
U MASIPALA WASECAPE AGULHAS

**CAPE AGULHAS MUNICIPALITY**  
**RISK MANAGEMENT POLICY**  
**FEBRUARY 2016**

This document has been approved by

Subject matter experts and / or owners			Date
	Name	Signature	
1	Mr. D O'Neill (Municipal Manager)		8 February 2016

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## **Risk management philosophy**

Cape Agulhas Municipality is committed to the optimal management of risks in order to achieve our vision, deliver on our core business and key objectives.

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

To ensure business success we have adopted an enterprise-wide integrated approach to the management of risks. By embedding the risk management process into key business processes such as planning, operations and new projects, we will be better equipped to identify events affecting our objectives and to manage risks in ways that are consistent with the approved risk appetite.

To further implement the enterprise-wide approach, we have taken a number of steps to reinforce a culture of disciplined risk-taking.

Council is responsible for oversight of the risk management process and has delegated its day-to-day implementation to the Accounting Officer. The Accounting Officer, who is accountable for the overall governance of the municipality's risks, has delegated this role to the Chief Risk Officer (CRO) (or the Municipal Risk management Champion in the case of a combined Risk management service) and Management. The CRO will ensure that the framework is implemented and that council and the Risk Management Committee (RMC) receive appropriate reporting on the municipality's risk profile and risk management process. Management will execute their responsibilities outlined in the Risk Management Strategy. All other officials are responsible for incorporating risk management into their day-to-day activities.

As the Accounting Officer of Cape Agulhas Municipality, council and I are responsible for enhancing corporate governance within the municipality and to ensure that appropriate focus is placed on important tasks.

**ACCOUNTING OFFICER**

## **1 Overview**

### **1.1. Introduction**

The Accounting Officer has committed Cape Agulhas Municipality to implementing and maintaining an effective, efficient and transparent system of risk management. The process of risk management is aligned to the principles as set out in the King III Report on Governance for South Africa and as supported by the Municipal Finance Management Act (MFMA), Act no. 56 of 2003 (supplemented by the relevant Treasury Regulations).

### **1.2. Purpose**

The purpose of this policy is to formalise The Cape Agulhas Municipality's Enterprise Risk Management (ERM) program and to articulate the roles and responsibilities of the risk implementers, oversight bodies, and risk management and assurance providers in risk management. Through this policy Cape Agulhas Municipality puts into practice its commitment to implement risk management and embed a culture of risk management within the municipality. This policy forms the basis for the accompanying Risk Management Strategy which is designed to help achieve the objective of implementing an effective Enterprise Risk Management (ERM) process.

### **1.3. Scope**

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

### **1.4. Authority**

Section 62(1)(c)(i) and 95(c)(i) of the MFMA states 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."

## **2 Proficiency and due professional care**

Risk management activities must be performed with proficiency and due professional care.

The CRO and risk champions:

- Should apply the care and skills expected of reasonably prudent and competent risk management officials
- Must exercise due professional care by considering the cost of managing the risk in relation to the value of the objective, that management define and implement controls to manage risk and reducing the probability of significant errors, irregularities or non-compliance

- Must be alert to the significant risks that might affect objectives, operations or resources, but cannot guarantee that all significant risks will be identified
- Should enhance their knowledge, skills and other competencies through continuing professional development. This is an interactive process and it is expected to develop as risk management matures and becomes embedded within the municipality.

### **3 Risk appetite**

The Municipality has committed itself to aggressively pursue managing risks to be within its risk appetite to avoid exposures to losses and to manage actions that could have a negative impact on the reputation of the municipality. The risk appetite will be determined on an annual basis in terms of the Risk Management Strategy.

### **4 Risk management strategy**

The Cape Agulhas Municipality will formulate a risk management strategy (framework) to complement this policy that will define the necessary processes and systems to be used by the Enterprise Risk Management (ERM) activity and the Risk Community (risk champions and coordinators).

### **5 Policy review**

This policy shall be reviewed annually to reflect the current stance on risk management within the Cape Agulhas Municipality.

### **6 Conclusion**

This policy allows for all involved to have a mutual understanding of risk management and to speak a common language. Management will be able to assess their risks and place corrective action plans in place to mitigate the risk exposure in a consistent manner.

Risk management processes and responsibilities are incorporated in the list of responsibilities allocated to the Accounting Officer, Risk Committee and Audit Committee. However, these responsibilities are extended to all managers and employees as risk management is everybody's responsibility.

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