OVERSTRAND MUNICIPALITY

RISK MANAGEMENT STRATEGY

Approved by Council
25 November 2009

OVERSTRAND RISK MANAGEMENT STRATEGY - NOVEMBER 2009

1 Introduction

The risk management strategy outlines a high level plan on how the Municipality will go about implementing its risk management policy. The strategy is designed to:

- Provide the all the role players with information to enable them to fully understand the roles and responsibilities of their office in terms of risk management and to effectively discharge such roles and responsibilities

The risk management strategy contains the following five main elements:

- Structural configuration

  This element describes how the institution will be structured in terms of committees and reporting lines to give effect to the risk management policy;

- Accountability, roles and responsibilities

  This element describes the authority and delegation of responsibilities to give effect to the risk management policy.

- Risk management activities

  This element includes the risk assessment processes and methodologies, monitoring activities and risk reporting standards to give effect to the risk management policy;

- Monitoring of the achievement of the risk management strategy

This element includes assessment of whether or not key milestones are achieved. More importantly it is also monitoring whether the risk management strategy is producing the sustainable outcomes as originally envisaged;

- Assurance activities

This element considers all assurance providers available to the institution and integration of their scope of responsibility.

The Municipality should draw guidance from the following nationally accepted references:

- **King II Report on Corporate Governance**;
- **Batho Pele principles**.

2 Risk management strategy

Structural configuration

The Municipality will implement the following structure to give effect to its Risk Management Policy:

➢ The Executive Authority will be as follows:

For the Municipality: The Executive Mayor;

For any Municipal Entity of which this Municipality is the parent: The Member of the Mayoral Committee who is accountable to the Municipal Council for that municipal entity.

➢ The Accounting Officer will be as follows:

For the Municipality: The Municipal Manager.

For any Municipal Entity of which this Municipality is the parent: The Chief Executive Officer

- The Chief Risk Officer will be appointed by the Accounting Officer, be it an employee with the designation of Chief Risk Officer or an employee with the delegated responsibilities of a Chief Risk Officer.
- The Risk Management Committee will consist of the Municipal Manager, Directors, Chief Risk Officer and Manager: Internal Audit (if the Manager: Internal Audit is not also the Chief Risk Officer).
- The Risk Champions will be at least one designated Manager from each of the Directorates of the Municipality.
- Management will be all other managers, divisional managers, process owners and section heads.
- The Audit Committee will be the Committee Members as appointed by the Executive Mayor.
- The Internal Audit service will be provided by the Municipality's Internal Audit Unit or an external service provider (co-sourced function).
- Other staff, who also have a role in Risk Management, are employees within the Municipality with non specific risk management responsibilities

3. Accountability, roles and responsibilities

Legislating the implementation of risk management in public sector institutions is part of a macro strategy of Government towards ensuring the achievement of national goals and objectives.

EXECUTIVE AUTHORITY

(i) Legal Mandate

The Executive Authority is accountable to the Municipal Council in terms of the achievement of the goals and objectives of the Municipality and those advocated nationally. As risk management is an important tool to support the achievement of this goal, it is important that the Executive Authority provides leadership to governance and risk management.

To derive optimal benefits, risk management ought to be conducted in a systematic manner, using proven methodologies, tools and techniques.

(ii) Role and Responsibilities

High level responsibilities of the Executive Authority in risk management include:

- Providing oversight and direction to the Accounting Officer on the risk management related strategy and policies;
- Having knowledge of the extent to which the Accounting Officer and management has established effective risk management in their respective institutions;
- Awareness of and concurring with the institution's risk appetite and tolerance levels;

- Reviewing the institution's portfolio view of risks and considers it against the institution's risk tolerance;
- Influencing how strategy and objectives are established, institutional activities are structured, and risks are identified, assessed and acted upon;
- Requiring that management should have an established set of values by which every employee should abide by;
- Insist on the achievement of objectives, effective performance management and value for money.

In addition the Executive Authority should consider the following aspects below which if not considered could affect the institution's risk culture:

- The design and functioning of control activities, information and communication systems, and monitoring activities;
- The quality and frequency of reporting;
- The way the institution is managed including the type of risks accepted;
- The appropriateness of reporting lines.
- Assign responsibility and authority;
- Insist on accountability

(iii) Evaluation

To measure the Executive Authority's effectiveness in the institution's ERM in contributing to the institution's goals and objectives, clear objectives and key performance indicators should be set for the Executive Authority in respect of risk management. The key performance indicator for the Executive Authority is:

Year-on-year performance that requisite outcomes are achieved.

ACCOUNTING AUTHORITY

(i) Legal Mandate

The following legislative instruments provide the legal foundation for the Accounting Authority's responsibility for risk management:

For the Municipality

Section 62 (1)(c)(i) of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

For Municipal Entities

Section 95 (c)(i) of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

(ii) Role and Responsibilities

To derive optimal benefits, risk management ought to be conducted in a systematic manner, using proven methodologies, tools and techniques. For consistency in the way that risk management is handled in the Public Sector, all institutions are encouraged to adopt the **ERM architecture.** (This is dealt with in a separate document)

The Accounting Officer must ensure that the responsibility for risk management vests at all levels of management and that it is not only limited to the Accounting Authority / Officer. The Accounting Authority / Officer must also ensure that a risk assessment is conducted regularly to identify emerging risks.

High level responsibilities of the Accounting Authority / Officer include:

- Setting the tone at the top by supporting ERM and allocating resources towards the implementation thereof;
- Establishing the necessary structures and reporting lines within the institution to support ERM;
- Approving the risk management strategy, risk management policy, risk management implementation plan and fraud risk management policy;
- Approving the institution's risk appetite and risk tolerance;
- Influencing an institutional "risk aware" culture;
- Approving the code of conduct for the institution and holding management and officials accountable for adherence;
- Place the key risks at the forefront of the management agenda and devote personal attention to overseeing their effective management;
- Hold management accountable for designing, implementing, monitoring and integrating risk management principles into their day-to-day activities;
- Holding the structures responsible for risk management activities accountable for adequate performance;
- Ensuring that a conducive control environment exists to ensure that identified risks are proactively managed;
- Leverage the Audit Committee, Internal Audit, Risk Management Committee and other appropriate structures for assurance on the effectiveness of risk management;

- Provide all relevant stakeholders with the necessary assurance that key risks are properly identified, assessed, mitigated and monitored;
- Consider and act on recommendations from the Audit Committee, Internal Audit, Risk Management Committee and other appropriate structures for improving the overall state of risk management;
- Provide appropriate leadership and guidance to senior management and structures responsible for various aspects of risk management.

(iii) Evaluation

To measure the Accounting Authority / Officer's effectiveness in leading the institution's ERM in contributing to the institution's goals and objectives, clear objectives and key performance indicators have been set for the Accounting Authority / Officer in respect of risk management. The key performance indicators for the Accounting Authority / Officer are:

- Maturity level of ERM as measured in terms of an appropriate index such as the Financial Capability Maturity Model;
- The institution's performance against key service delivery indicators, including comparison of year-on year performance;
- Percentage change in unauthorised expenditure, fruitless and wasteful expenditure and irregular expenditure based on year on year comparisons;
- Percentage change in incidents of fraud based on year-on-year comparisons;

- Comparison of year-on-year Auditor-General regularity and performance report findings.

CHIEF RISK OFFICER

(i) Legal Mandate

Legislating the implementation of risk management in public sector institutions is part of a macro strategy of Government towards ensuring the achievement of national goals and objectives.

The CRO is bound by the legislation applicable to “Other Personnel”, as set out below.

The following legislative instruments provide the legal foundation for risk management for “Other Personnel”:

For Municipalities

Section 78 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

For Municipal Entities

Section 105 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

(ii) Role and Responsibilities

The primary responsibility of the CRO is to bring to bear his / her specialist expertise to assist the institution to embed and leverage the benefits of risk management to achieve its stated objectives.

To derive optimal benefits, risk management ought to be conducted in a systematic manner, using proven methodologies, tools and techniques. Focusing on enterprise-wide risk management programmes, the CRO is tasked with the overall efficiency of the ERM function. This is inclusive of the embedding of risk management practices and fostering a risk aware culture within the institution.

The CRO effectively assumes the role of institutional advocate for ERM and brings specialist expertise to assist in integrating risk management throughout the institution.

High level responsibilities to achieve this include:

- Working with senior management to develop the overall enterprise risk management vision**, risk management strategy, risk management policy,** as well as risk appetite and **tolerance** levels for approval by the Accounting Authority / Officer;
- Communicating the risk management policy, risk management strategy and **risk management implementation plan** to all stakeholders in the institution;
- Setting up of the risk management structure and **risk management reporting lines** within the institution;
- Continuously driving the risk management process towards best practice;
- Developing a common **risk assessment** methodology that is aligned with the institution's objectives at strategic, tactical and operational levels for approval by the Accounting Authority / Officer.
- Coordinating risk assessments within the institution/ directorate/ department / section / on a regular basis.
- Sensitising management timeously of the need to perform risk assessments for all major changes, capital expenditure, projects, institutional restructuring and similar

events, and assist to ensure that the attendant processes, particularly reporting, are completed efficiently and timeously.

- Assisting management in developing and implementing risk responses for each identified material risk;
- Participating in the development of the **combined assurance plan** for the institution, together with internal audit and management;
- Ensuring effective information systems exist to facilitate overall risk management improvement within the institution;
- Continuously transferring risk management principles and practices, through training interventions, to all stakeholders within the institution;
- Advising management in the development of financing structures;
- Performing a PEST(EL) analysis to identify emerging risks facing the institution for further action and intervention;
- Collating and consolidating the results of the various assessments within the institution;
- Analysing the results of the assessment process to identify trends, within the risk and control profile, and develop the necessary high level control interventions to manage these trends;
- Compiling the necessary reports to the Risk Management Committee;

- Providing input into the development and subsequent review of the fraud prevention strategy, business continuity plans, occupational health, safety and environmental policies and practices and disaster management plans.

In addition to the above mentioned high level responsibilities the CRO needs to possess certain attributes to function effectively and efficiently.

(iii) Evaluation

To measure the CRO's effectiveness in leading the institution's ERM in contributing to the institution's goals and objectives, clear objectives and key performance indicators have been set for the CRO in respect of risk management. The key performance indicators for the CRO are:

- Maturity on the implementation of the ERM Framework;
- Risk management structures active and credible;
- Realistic risk management implementation plan achieved;
- Proactive identification of emerging risks;
- Implementation progress achieved of Loss Prevention Programme;
- Lack of surprises;
- Updated risk profile of the institution;
- Updated action plans for all material risks.

RISK COMMITTEE

(i) Legal Mandate

There is currently no legal mandate for the establishment of a Risk Management Committee.

(ii) Role and Responsibilities

The Risk Management Committee is responsible for assisting the Accounting Officer in addressing its oversight requirements of risk management and evaluating and monitoring the institution's performance with regards to risk management. The role of the Risk Management Committee is to formulate, promote and review the institution's ERM objectives, strategy and policy and monitor the process at strategic, management and operational levels.

In discharging its oversight responsibilities relating to risk management, the Risk Management Committee as the following high level responsibilities:

- Review the **risk management policy** and **strategy** and recommend for approval by the Accounting Officer;
- Review the risk appetite and **tolerance** and recommend for approval by the Accounting Officer;
- Review the institution's **risk identification and assessment** methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;
- Evaluate the effectiveness of mitigating strategies to address the material risks of the Institution;
- Report to the Accounting Officer any material changes to the risk profile of the Institution;

- Review the fraud prevention policy and recommend for approval by the Accounting Officer;
- Evaluate the effectiveness of the implementation of the fraud prevention policy;
- Review any material findings and recommendations by assurance providers on the system of risk management and monitor that appropriate action is instituted to address the identified weaknesses;
- Develop goals, objectives and key performance indicators for the Committee for approval by the Accounting Officer;
- Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;
- Set out the nature, role, responsibility and authority of the risk management function within the Institution for approval by the Accounting Officer, and oversee the performance of the risk management function;
- Provide proper and timely reports to the Accounting Officer on the state of risk management, together with aspects requiring improvement accompanied by the Committee's recommendations to address such issues.

(iii) Evaluation

To measure the Risk Management Committee's effectiveness in the institution's ERM in contributing to the institution's goals and objectives, clear objectives and key performance indicators have been set for the Risk Management Committee in respect of risk management. The key performance indicators for the Risk Management Committee are:

- Results of the Risk Management Committee 360 degree assessment;
- % implementation of the ERM Framework;
- Credibility of the implemented risk management structures.

AUDIT COMMITTEE

(i) Legal Mandate

Legislating the implementation of risk management in public sector institutions is part of a macro strategy of Government towards ensuring the achievement of national goals and objectives. The following legislative instruments provide the legal foundation for the Audit Committee's responsibility for risk management:

Municipality

Section 166 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

Municipal Entities

Municipal Finance Management Act (Act 56 of 2003) (MFMA).

(ii) Role and Responsibilities

The Audit Committee is responsible for providing the Accounting Officer with independent counsel, advice and direction in respect of risk management. The stakeholders rely on the Audit Committee for an independent and objective view of the institution's risks and effectiveness of the risk management processes.

In this way, the Audit Committee provides valuable assurance that stakeholder interests are protected.

In discharging its oversight responsibilities relating to risk management, the audit committee:

- Gains thorough understanding of the **risk management policy**, **risk management strategy**, **risk management implementation plan,** and **fraud risk management policy** of the institution to enable them to add value to the risk management process when making recommendations to improve the process;
- Reviews and critiques the risk appetite and risk tolerance, and recommends this for approval by the Accounting Officer;
- Reviews the completeness of the risk assessment process implemented by management to ensure that all possible categories of risks, both internal and external to the institution, have been identified during the risk assessment process. This includes an awareness of emerging risks pertaining to the institution.
- Reviews the risk profile and management action plans to address the risks;
- Reviews the adequacy of adapted risk responses;
- The audit committee must monitor the progress made with the management action plan;
- Reviews the progress made with regards to the implementation of the risk management strategy of the institution;
- Facilitates and monitors the coordination of all assurance activities implemented by the institution;
- Reviews and recommends any risk disclosures in the annual financial statements;

- Provides regular feedback to the Accounting Officer on the effectiveness of the risk management process implemented by the institution;
- Review the process implemented by Management in respect of fraud prevention and ensure that all fraud related incidents have been followed up appropriately;
- Reviews and ensures that the internal audit plans are aligned to the risk profile of the institution;
- Review the effectiveness of the internal audit assurance activities and recommends appropriate action to address any shortcomings.

(iii) Evaluation

To measure the Audit Committee's effectiveness in the institution's ERM in contributing to the institution's goals and objectives, clear objectives and key performance indicators have been set for the Audit Committee in respect of risk management. The key performance indicators for the Audit Committee are:

- Auditor-General report on effectiveness of the Audit Committee;
- Results of the Audit Committee 360 degree assessment;
- The credibility of the Audit Committee statement in the annual report;
- Proactive identification of emerging / new risks to avoid surprises;
- Effective Risk Management Committee and other governance committees.

RISK CHAMPIONS

(i) Legal Mandate

Legislating the implementation of risk management in public sector institutions is part of a macro strategy of Government towards ensuring the achievement of national goals and objectives. The Risk Champions are bound by the legislation applicable to "Other Personnel", as set out below.

For Municipalities

Section 78 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

For Municipal Entities

Section 105 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

(ii) Role and Responsibilities

The Risk Champion is a person with the skills, knowledge and leadership required to champion the risk management cause.

A key part of the Risk Champion's responsibility involves escalating instances where the risk management efforts are stifled, such as when individuals try to block ERM initiatives.

The Risk Champion also adds value to the risk management process by providing guidance and support to manage "problematic" risks and risks of a transversal nature.

The Risk Champion acts as a change agent in the ERM process and is distinguished from risk co-ordinators as they are trouble shooters that facilitate resolution of risk related problems.

In order to be an effective and efficient risk champion, he / she must:

- Have a good understanding of risk concepts, principles and processes;
- Have good analytical skills to assist with the analysis of root causes to risk problems;

- Leadership and motivational qualities;
- Have good communication skills.

(iii) Evaluation

To measure the Risk Champion's effectiveness in the institution's ERM in contributing to the institution's goals and objectives, clear objectives and key performance indicators should be set for the Risk Champion in respect of risk management. The key performance indicators for the Risk Champion are:

- Resolution of problems identified.

MANAGEMENT

(i) Legal Mandate

Management are bound by the legislation applicable to "Other Personnel", as set out below.

For Municipalities

Section 78 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

For Municipal Entities

Section 105 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

(ii) Role and Responsibilities

Management is accountable to the Accounting Officer for designing, implementing and monitoring risk management, and integrating it into the day-to-day activities of the institution. This needs to be done in such a manner as to ensure that risk management becomes a valuable strategic management tool for underpinning the efficacy of service delivery and value for money.

In discharging their high level responsibilities relating to risk management, Management:

- Acknowledges the "ownership" of risks within their functional areas and all responsibilities associated with managing such risks;
- Cascades risk management into their functional responsibilities;
- Empowers officials to perform adequately in terms of risk management responsibilities through proper communication of responsibilities, comprehensive orientation and ongoing opportunities for skills development;
- Holds officials accountable for their specific risk management responsibilities;
- Maintains the functional risk profile within the institution's risk tolerance and appetite;
- Provides reports on the functional risk management consistent with the institution's reporting protocols (including appearing before committees);
- Aligns the functional and institutional risk management methodologies and processes;
- Implements the directives of the Accounting Officer concerning risk management;
- Maintains a harmonious working relationship with the CRO and supports the CRO in matters concerning the functions risk management;
- Maintains a harmonious working relationship with the Risk Champion and supports the Risk Champion in matters concerning the functions risk management;

- Keeps key functional risks at the forefront of the management agenda and devote personal attention in overseeing the management of these risks.

(iii) Evaluation

To measure the Management's effectiveness in the institution's ERM in contributing to the institution's goals and objectives, clear objectives and key performance indicators should be set for the Management in respect of risk management. The key performance indicators for the Management are:

- The business unit's performance against key service delivery indicators, including comparison of year-on year performance;
- Implementation level of the ERM Framework within their business unit;
- Implementation of credible risk management structures within their business unit;
- Proactive identification of emerging / new risks to avoid surprises;
- Zero contravention notices served by authorities;
- Service delivery performance and improvement;
- Improvement in efficiency ratios for service delivery;
- % achievement of KPI's;
- Updated risk registers;
- Updated action plans;
- Actual effectiveness of controls validated;
- Year-on-year reduction in incidents/ losses

- Implementation progress achieved of Loss Prevention Programme;
- Reduction in fraud;
- Reduction in stakeholder complaints.

OTHER STAFF

(i) Legal Mandate

The following legislative instruments provide the legal foundation for Other Personnel's responsibility for risk management:

For Municipalities

Section 78 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

For Municipal Entities

Section 105 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

(ii) Role and Responsibilities

Other Personnel are accountable to their Management for implementing and monitoring the process of risk management and integrating it into their day-to-day activities.

High level responsibilities include:

- Familiarity with the overall enterprise risk management vision, risk management strategy, fraud risk management policy and risk management policy;
- Acting in terms of the spirit and letter of the above
- Acting within the risk appetite and tolerance levels set by the business unit;
- Adhering to the code of conduct for the institution;

- Maintaining the functioning of the control environment, information and communication as well as the monitoring systems within their delegated responsibility;
- Providing information and cooperation with other role players;
- Participation in risk identification and risk assessment within their business unit;
- Implementation of risk responses to address the identified risks.

(iii) Evaluation

To measure Other Personnel's effectiveness in participating in the institution's ERM in contributing to the institution's goals and objectives, clear objectives and key performance indicators have been set for Other Personnel in respect of risk management. Their main indicator is to establish whether Other Personnel are held accountable to perform in terms of their delegated responsibilities.

INTERNAL AUDIT

(i) Legal Mandate

The following legislative instruments provide the legal foundation for Internal Audit's responsibility for risk management:

Municipalities

- Section 165(2)(b)(iv) of the Municipal Finance Management Act (Act 56 of 2003) (MFMA);
- International standards for the Professional Practice of Internal Auditing – Performance standard 2110.

Municipal Entity

- Section 165(2)(b)(iv) of the Municipal Finance Management Act (Act 56 of 2003) (MFMA);
- International standards for the Professional Practice of Internal Auditing – Performance standard 2110.

(ii) Role and Responsibilities

Responsibilities of Internal Audit in risk management include:

- Reviewing the risk philosophy of the institution. This includes the risk management policy, risk management strategy, fraud prevention plan, risk management reporting lines, the values that have been developed for the institution;
- Reviewing the appropriateness of the risk tolerance levels set by the institution taking into consideration the risk profile of the institution;
- Providing assurance over the design and functioning of the control environment, information and communication systems and the monitoring systems;
- Providing assurance over the institution's risk identification and assessment processes;
- Utilising the results of the risk assessment to develop long term and current year internal audit plans;
- Providing independent assurance as to whether the risk management strategy, risk management implementation plan and fraud prevention plan have been effectively implemented within the institution;

- Providing independent assurance over the adequacy of the control environment. This includes providing assurance over the effectiveness of the internal controls implemented to mitigate the identified risks.

(iii) Evaluation

To measure the Internal Audit's effectiveness in the institution's ERM in contributing to the institution's goals and objectives, clear objectives and key performance indicators should be set for the Internal Audit in respect of risk management. The key performance indicators for the Internal Audit are:

- Effectiveness, timeliness and quality of assurance and recommendations to improve risk management;
- Effectiveness, timeliness and quality of reporting on the control environment of the institutions material risks;
- Effectiveness, timeliness and quality of consulting services in respect of risk management activities.

4. Risk Management Activities

The following are the risk management activities that the Municipality will implement together with the methodology that will be applied in each case:

RISK ASSESSMENT

The Municipality will as far as possible conduct an enterprise risk assessment annually, ie one that will include every directorate, department and section, however small or seemingly insignificant and no such directorate, department or section may exclude them from the assessment. Due to the limited resources in the Internal Audit Department, the project would in all likelihood be conducted by an external service provider. Workshops will be held, per directorate, to be attended by the relevant Director and all his Managers. After conclusion of the workshops and scrutiny of the draft result of the assessment, copies of the final document will be distributed to each directorate.

It goes without saying that such an Assessment must be conducted in accordance with the IIA Standards.

RISK TOLERANCE

It is important for the institution to make an informed decision on how much risk it accepts as part of normal management practice.

Setting risk tolerance is a collective senior management responsibility.

The output is a clearly defined tolerable level of risk established through a rigorous process of analysis and expert management judgement. Depending on the nature of the risk the tolerance may be expressed either in qualitative of quantitative terms.

A **Risk Tolerance Guideline** has been made available.

RISK MITIGATION

After the risk tolerance has been determined, those risks that exceed the level are to receive immediate attention by:

- Revisiting the existing controls that are inadequate

- Designing /redesigning processes that provide controls that will mitigate the risk.
- Obtain expert advice from knowledgeable persons/ companies, etc
- To obtain the best possible result, actions taken in redesigning controls should be done through a collective process by the Director/ Manager with their staff who can often make valuable contributions to finding solutions.

MONITORING OF RISK MITIGATION

The Accounting Officer is ultimately responsible in ensuring that risks that require mitigation receive the necessary attention by enhancing existing/ designing new control measures. However, the directors assume delegation of this duty and ensure that risk management is carried through to the managers and all other staff. The CFO and the Risk Committee have the responsibility of monitoring the increase in the level of the control environment. Factors inhibiting the implementation of new or revised controls to reduce the risk exposure should be reported to the Risk Committee.

RISK REPORTING STANDARDS

Over and above the annual enterprise risk assessment, risks need to be identified and reported as soon as possible. This will assist in curbing potential and actual loss. Templates for this purpose have been designed and are available on request.

5. Monitoring of the achievement of the risk management strategy.

As already mentioned above, this element includes the assessment of whether or not key milestones are achieved. More importantly it is also monitoring whether the risk management strategy is producing the sustainable outcomes as originally envisaged. This falls within the scope of the responsibilities of the Chief Risk Officer, Executive Authority, Accounting Authority, and the Audit Committee. During the initial stages of implementation of the RM Strategy, a brief report should be prepared to serve before the Accounting Authority on a monthly basis of which the frequency can be extended to quarterly and eventually biannually.

The Accounting Authority must evaluate the progress as contained in the report and endeavour to resolve hurdles that are inhibiting the RM implementation plan. The report plus the Accounting Authority's comment/ recommendation should then be submitted to the Audit Committee. As the Executive Authority is present at the Audit Committee meetings, they will be made aware of inhibiting factors to which they can possibly provide solutions.

6. Assurance

This process is inseparable from ERM and is as important as the aforementioned. A combined assurance plan must be compiled from the risk analysis performed. This will enable management to assign resources efficiently to mitigate the risks to an acceptable level and to identify who is responsible for each risk. The Municipality will also on a continuous basis be informed of assurance (or not) that risks are being managed efficiently, effectively and economically.

Policy Section	Internal Audit
Current update	N/A
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