



# **OFFICE OF THE PREMIER**

## **RISK MANAGEMENT POLICY**

### **FOR 2025/2026 FINANCIAL YEAR**

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# **OFFICE OF THE PREMIER**

## **Risk Management Policy**

### **1. INTRODUCTION**

1.1 The Accounting Officer has committed Office of the Premier to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Public Finance Management Act (PFMA), Act 1 of 1999 as amended by Act 29 of 1999 and treasury regulations.

### **2. PURPOSE OF THE POLICY**

2.1 The purpose of this Policy is to articulate Office of the Premier's risk management philosophy. Office of the Premier recognizes that risk management is a systematic and formalized process to identify, assess, manage and monitor risks and therefore adopts a comprehensive approach to the management of risk.

### **3. SCOPE OF THE POLICY**

3.1 This policy shall apply throughout the Office in as far as risk management is concerned;

3.2 The policy shall take into account matters in relation to effects of natural disasters and other epidemic diseases that would call for a state of emergency.

### **4. THE POLICY**

4.1 The realization of our strategic plan depends on us being able to take calculated risks in a way that does not jeopardize the direct interests of stakeholders. Sound management of risk will enable us to anticipate and respond to changes in our

service delivery environment, as well as make informed decisions under conditions of uncertainty.

4.1.1 We subscribe to the fundamental principles that all resources will be applied economically to ensure:

- a) The highest standards of service delivery;
- b) A management system containing the appropriate elements aimed at minimizing risks and costs in the interest of all stakeholders;
- c) Education and training of all our staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders expectations; and
- d) Maintaining an environment which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

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

4.1.3 The effect (on delivery of service, socio-economic state Provincially and OOP constitutional mandate) of natural disasters and widespread epidemics calling for state of emergency across the Republic/within the borders of the North West Province, associated risks therefore is the immediate responsibility of Management noting provisions of the Disaster Management Act No. 57 of 2002.

## **5. DEFINITION OF RISK MANAGEMENT**

5.1 Consistent with Chapter 1 of the North West Provincial Risk Management Framework, Risk Management is defined as a systematic and formalized process to identify, assess, manage and monitor risks and “Risk” is further defined as “an unwanted outcome, actual or potential to the Institutions’ service delivery and other performance objectives, cause by presence of risk factor(s). Some risk factor(s) also present upside potential, which Management must be aware of and be prepared to exploit. This definition of “risk” also encompasses such opportunities.

## **6. RISK, CORPORATE GOVERNANCE OF ICT RISKS AND RISK MANAGEMENT**

6.1 The Institute of Internal Auditors defines risk as “uncertainty of an event occurring that could have an impact on the achievement of objectives”. Risk is measured in terms of impact and likelihood.

6.2 Some risk factor(s) also present upside potential, which Management must be aware of and be prepared to exploit. Such opportunities are encompassed in this definition of risk.

6.3 Corporate Governance of Information Technology risks are those risks that may have a negative impact on evaluating and directing the use of Information

Communication Technology to support the organization, and monitoring this will achieve the strategic objectives of the Department.

- 6.4 Office of the Premier will ensure that the implementation of all three phases of the Corporate Governance of Information and Communication Technology Policy framework has been effectively and efficiently achieved.
- 6.5 The risk Management strategy will include mechanisms that the Office of the Premier will use to identify, assess and mitigate business Information and Communication Technology risks.
- 6.6 Risk Management is a continuous, proactive, systematic and formalized process effected by The Executive Authority, Accounting Officer, management and other personnel, applied in strategic planning and across the department, designed to identify potential events that may affect the department, and manage risks to be within its appetite and tolerance, to provide reasonable assurance regarding the attainment of departmental objectives.

#### **6.7 Benefits of Risk Management:**

6.7.1 Office of the Premier implements and maintains effective, efficient and transparent systems of risk management and internal control. The risk management will assist the Office to achieve, among other things, the following outcomes needed to underpin and enhance performance:

- a) more sustainable and reliable delivery of services through its oversight legislative mandate;
- b) uplifting collaboratively with sector departments, labour and other stakeholders socio-economic status of the Provincial citizenry;
- c) informed decisions underpinned by appropriate rigour and analysis;
- d) innovation;
- e) reduced waste;
- f) prevention of fraud and corruption;
- g) better value for money through more efficient use of resources; and

- h) Better outputs and outcomes through improved project and programme management;

6.7.2 Risk management assist in mitigating the following risks in the course of operations within the Public Service Institution:

- a) Social;
- b) Economic;
- c) Environmental (Nature);
- d) System;
- e) Resources (Human and material);
- f) Financial;
- g) Fraud;
- h) Loss of assets and theft; and
- i) Litigation;

## 6.8 Risk appetite

6.8.1 Risk appetite can be defined as ‘the amount of residual risk an organization is willing to accept consistent with the North West Provincial Risk Management Framework.

6.8.2 Management of the Office of The Premier is responsible for monitoring of and setting of the risk appetite in pursuit of set strategic objectives.

6.8.3 Risk appetite statement: The Office of The Premier has no appetite for non-achievement of the set outcomes and targets contained in the Annual Performance Plan for financial year.

## **7. ROLE PLAYERS**

- Every employee is responsible for executing risk management processes and adhering to risk management procedures laid down by the management of the Office in their areas of responsibilities.

### **7.1 Risk Management Oversight**

#### **7.1.1 Executive Authority**

7.1.1.1 The Executive Authority takes an interest in risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the Office against significant risks.

#### **7.1.2 Audit Committee**

7.1.2.1 The Audit Committee is an independent committee responsible for oversight of the department's control, governance and risk management. The responsibilities of the Audit Committee with regard to risk management are formally defined in its charter. The Audit Committee provides an independent and objective view of the department's risk management effectiveness including ICT risks.

#### **7.1.3 Risk Management Committee**

7.1.3.1 Members of Risk Management Committee are appointed by the Accounting Officer to assist the Office to discharge its responsibilities for risk management. The Committee's role is to review the risk management progress and maturity of the department, the effectiveness of risk management activities, the key Information



Communication Technology (ICT) risks facing the department, and the responses to address these key risks. The responsibilities of the Risk Management Committee are formally defined in its charter.

#### **7.1.4 Provincial Risk Management (Provincial Treasury)**

7.1.4.1 The Provincial Risk Management Unit located in Provincial Treasury department has a legal responsibility to build risk management capacity in the public sector to ensure that strategic objectives of the Government are met by assisting Office of The Premier through monitoring and addressing the systems of risk management in the Office consistent with Chapter 21, Sec 32 of the North West Provincial Risk Management Framework.

7.1.4.2 The Office complies with the requirements of The Provincial Treasury consistent with The Provincial Risk Management Framework in enforcing the legislation and any prescribed risk management norms and standards across the Provincial Departments in its pursuit to ensure adequate implementation of risk management systems.

#### **7.1.5 Communication, reporting and monitoring methods**

7.1.5.1 Effective and continuous monitoring is a crucial part of risk management and therefore relevant. Stakeholders will receive reports pertaining to the current status of financial and operational data supported by adequate and appropriate systems.

7.1.5.2 This will be within the time frame that enables the staff to carry out their responsibility properly.

7.1.5.3 Awareness campaigns will be conducted together with analysis of previously conducted campaign. Continuous evaluation will ensure development of campaigns that achieve the desired results.

- 7.1.5.4 Training is another method of communicating where practical skills transfer will be upheld on an ongoing basis for staff to understand what is expected from them.
- 7.1.5.5 Reports to Accounting Officer, Provincial Internal Audits, Auditor General South Africa, Provincial Risk Management Office, Provincial Risk Management Forum, Audit Committee, Risk Management Committee and Management committee structures will provide balanced assessment of significant risks and the effectiveness of risk management processes in managing those risks. It is crucial that there be open communication between management and audit committee.

#### **7.1.6 Risk Management Integration Process**

- 7.1.6.1 The risk management committee assist the Accounting Officer in addressing, evaluating, monitoring and providing oversight responsibility over the Office performance with regard to risk management and governance issues.
- 7.1.6.2 The Office ensures integration of risk management processes into operations and managerial decision making through observing the following:
  - 7.1.6.2.1 Alignment of risk management with strategic planning process;
  - 7.1.6.2.2 Alignment of risk management to governance control environment, internal control environment, fraud risk management systems as well as ICT governance at all levels
  - 7.1.6.2.3 Communicate the Office risk management profile, framework and processes across all levels

- 7.1.6.2.4 Ensure continuous training on risk management across all organizational levels
- 7.1.6.2.5 Align risk management and assessment to internal and external audit outcomes and Audit Committee observations and recommendations/resolutions.
- 7.1.6.2.6 Observe and reporting to management on a constant basis internal and external environmental factors directly impacting on organizational risk profile and negatively impacting of service delivery and the organizational constitutional mandate

#### **7.1.7 The relationship between internal, external audit and risk management**

- 7.1.7.1 Risk management information forms part of core audit planning areas
- 7.1.7.2 The Internal Audit is responsible for independent assessment of (through audit processes) organizational risk management framework, providing assurance thereof of risk management to organizational management through the following:
  - 7.1.7.2.1 Effectiveness of the internal control systems;
  - 7.1.7.2.2 Adequacy of evaluated risks;
  - 7.1.7.2.3 Evaluation of reporting against the material risks and reviewing of their management thereof;
  - 7.1.7.2.4 Providing independent view to management on credibility and reliability of risk management information reported to management.

#### **7.1.8 Risk Management Structures**

- 7.1.8.1 Risk Management Office (approved organogram):

7.1.8.1.1 The Risk Management Office shall comprise of the Deputy Director, Assistant Director, Risk Officer, and Compliance Officer. The Deputy Director (CRO) reports directly to the Accounting Officer.

7.1.8.2 Risk Management Committee:

7.1.8.2.1 The Office shall develop, annually review and approve a Risk Management Committee Charter;

7.1.8.2.2 The composition of the Risk Management Committee shall be outlined in the Risk Management Committee Charter;

7.1.8.2.3 Risk Management Committee meets on quarterly basis to engage on risk related matters and provide management with reports through the Independent Risk Management Committee Chairperson;

7.1.8.2.4 Risk Management Committee resolutions shall be discussed by The Management Committee for final adoption and implementation.

## 7.2 Risk Management implementers

### 7.2.1 Accounting Officer

The Accounting Officer will ensure that the Office has and maintains effective, efficient and transparent systems of financial and risk management and internal control consistent with the PFMA Section 38 no. 1 of 1999, (1)(a)(i).

### 7.2.2 Management

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

### **7.2.3 Other Officials**

7.2.3.1 Other officials are responsible for integrating risk management into their day-to-day activities. They must ensure that their delegated risk management responsibilities are executed and continuously report on progress.

## **7.3 Risk Management Support**

### **7.3.1 Chief Risk Officer**

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

### **7.3.2 Risk Champion**

7.3.2.1 The Risk Champion's responsibility involves intervening in instances where the risk management efforts are being hampered, for example, by the lack of co-operation by Management and other officials and the lack of departmental skills and expertise.

## **7.4 Risk Management Assurance Providers**

### **7.4.1 Internal Assurance Providers**

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

evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement where necessary.

#### **7.4.2 Internal Risk Assessment tools:**

7.4.2.1 The Office will maintain and assess risk maturity through a generic risk management assessment questionnaire (all staff members) and governance risk management committee (GRMC) annual self-assessment tool.

#### **7.4.3 External Assurance Providers**

7.4.3.1 The external auditor (Auditor-General South Africa) provides an independent opinion on the effectiveness of risk management. AGSA is a Chapter 9 institution established in terms of the Constitution of The Republic of South Africa.

### **7.5 Policy Implementation Plan / Risk Profile**

7.5.1 Risk profile and policy implementation plan will be a combination between the various risk registers namely strategic, operational, fraud, emerging and the APP operational plan and indicators, Internal and External Audit action plans and any other structural resolutions/action plans.

7.5.2 Paragraph 5.1 will reflect the baseline information to anticipate performance improvement, training, and system gap analysis in internal and external


governance controls, improvement strategies, and survey assessments to depict the organizational risk maturity level.

**7.6 Policy Review**

7.6.1 The Risk Management Policy shall be reviewed on an annual basis;

7.6.2 The policy shall be effective from the date of approval.

**Recommended / not recommended:**



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**Mr. O.L Mokaila**

**Risk Management Committee: Chairperson**

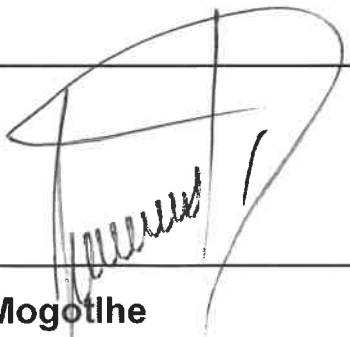
**Date:** 27/03/2025

**Approved / ~~Not approved~~ with comments:**

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**M.P Mogotlhe**

**Director General**

**Date:** 31/03/2025