

RISK POLICY AND FRAMEWORK

OF

THEEWATERSKLOOF MUNICIPALITY

1. Background and Context

a) Legislation

The MFMA no. 56 of 2003 defines the Municipal Manager as the accounting officer of the Municipality. Section 62 of the MFMA requires the accounting officer to take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management, of internal control and of internal audit as well as the effective, efficient and economical use of the resources of the municipality. The purpose of the risk management policy is to enable the Theewaterskloof Municipality to comply with legislation.

b) Uncertainty of the Future

It is becoming increasingly more difficult for the Management of a municipality to accurately predict the future, to anticipate future threats and weaknesses and to predict the negative impact it can have on the municipality and all of its stakeholders.

It has therefore become necessary to adopt a firm position on how the uncertainty of the future and the adverse implication that it may hold, can be managed in the most effective, efficient and proactive way possible and to in the process protect the Municipality and its stakeholders against any possible future adverse and unforeseen occurrence. It is also necessary to ensure that sufficient and appropriate controls are in place in order to monitor and evaluate whether or not the controls intended to manage the risk down to an acceptable level are appropriate and functioning as intended and that recommendations are developed for the enhancement or improvement of such controls.

Prevention, minimization, and avoidance are often simpler, less painful, less costly and more successful than cure.

c) Need for an integrated approach to the management of a Municipality

A complete integrated management approach to the management of a municipality is required. Such an approach should allow for public participation, need analyses, strategic planning, business planning, policymaking, capacity management and optimization, and performance and risk control and management.

All of such processes need to anticipate risks and obstacles that need to be managed in order to secure ultimate success, sustainability and avoid, minimize and or prevent the probability of a disastrous outcome.

Internal Audit should assist the Council, its committees and management in identifying, evaluating, and assessing significant organizational risk and to provide assurance as to the effectiveness of related internal controls regarding the focus area review.

Internal Audit is about improving the effectiveness of risk management, control and governance processes.

All of the above must ultimately result in an Internal Audit Plan that is based on the risk profile identified by Management.

d) Risk Awareness

The greater the awareness and acknowledgement in the municipality that risks need to be identified, prevented, avoided, minimized and removed in a pro active manner, the less the risk that a municipality and its management shall be caught off guard and not be able to protect the interest and assets of the Municipality and those it serves and not be able to comply with Good Governance principles and legal requirements.

Any management team that stands reckless towards the risks faced by its organization and its beneficiaries are grossly irresponsible and negligent.

The management of the municipality's risks should therefore be done in a deliberate, orderly, and structured fashion.

2. Purpose and Objective of the Policy

a. Compliance and Corporate Governance

As stated in 1(a) the MFMA requires compliance in respect of risk management and this policy's purpose and objective is to enable and secure compliance.

It sets the principles, deliverables and process through which risk management needs to be performed.

b. Improved Management of the Future

In every single management planning and performance management activity provision needs to be made for the unpredictability of the future, for obstacles and risks that need to be overcome and the adverse impact it can have on the municipality and its beneficiaries. The aim of the policy is to guide management in the identification of risk and in the development, controlling and monitoring of suitable responses to such risks.

c. Clarify, Empower and Enable

All levels of management have a responsibility to ensure that the unpredictability of the future is reduced and the municipality and its beneficiaries are protected against such unpredictability.

The aim of the Policy is to empower such levels of management, to enable it in accordance with its responsibility and to clarify the powers and functions of all levels of management.

d. Sets risk management standards

The Policy sets the standard at which the Council intends and expects risk to be managed and accordingly ensures that such a required standard is known and set for the organization.

Accordingly it is possible to monitor to what extent such a risk management responsibility is being met.

3. Stakeholders: Powers and Accountability

a. Principal

- Council and its Committees and at an executive level represented by the Executive Mayor and its committee.

The role and function of such a body is to ensure that appropriate risk strategies, policies and processes are adopted, that powers and functions are clearly defined, assigned and performed, and that those made responsible are empowered and enabled in accordance with its responsibilities. It also needs to ensure that all other strategies and policies are aligned with adopted risk management strategies, plans, requirements and standards.
Oversees risk management progress and performance.

- The Executive Management Team and chaired by the Accounting Officer (Municipal Manager) shall act as the body at which the corporate risk management plan is reviewed and finalized on an annual basis for adoption by Council. Such a body shall also oversee the annual risk management process and copies of all Divisional and Departmental Risk Management Plans need to be submitted for quality assurance and control purposes to such a committee.
- The Corporate Risk Management Policy, Plan and Internal Audit reviews thereof or any amendment thereof, should also be submitted for scrutiny and comments to the Audit Committee.
- The Director Finance and assisted by the Internal Auditor shall be operationally responsible for the implementation of and compliance with the Risk Policy.

b. Implementing Accountability

The powers and functions of each level of management and the Accounting Officer and who are responsible for the implementation of and compliance with the Policy are clearly defined under Chapter 5 of the Policy.

Management is also responsible for the establishment and maintenance of an effective system of governance to:

- Establish and communicate organizational goals and values
- Monitor the accomplishment of goals; and
- Ensure accountability and that values are preserved

Management is further more responsible for the establishment and maintenance of an effective and functional system of internal control. The objectives of the system of internal control are, inter alia, to provide management with reasonable, but not absolute, assurance that:

- Risks are properly managed
- Assets are safeguarded;
- Financial and operational information is reliable
- Operations are effective and efficient; and
- Laws, regulations and contracts are complied with

The principal safeguard against fraud, misstatement and irregularities is an effective system of internal controls. It must however, be recognized that there are always an inherent limitation in any system of internal control-including human error and circumstances through collusion. The prevention and detection of fraud is therefore management's responsibility.

c. Stakeholders placing the Municipality at risk

Stakeholders that could through their action or lack of action put the Council at risk should in every management plan and performance assessment be identified and defined and be provided for in risk management assessments and strategies.

d. Specialized Support and Operational Coordination

The Internal Audit division shall act as the internal specialized support unit and that needs to assist all levels of management during the aforementioned risk management process.

It will also coordinate a structured approach in terms of the policy and monitor compliance with the policy by all levels of management and report on its finding to the Municipal Manager as the Accounting Officer and to the Audit Committee.

The Internal Auditing Division is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic,

disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit Activity should assist the Executive Management in achieving the goals of the Municipality by evaluating the process through which:

- Goals and values are established and communicated
- The accomplishment of goals is monitored ; and
- Accountability is ensured and corporate values are preserved.

The Internal Audit Activity should assist the TWK in identifying, evaluating and assessing significant organizational risk and provides assurance as to the effectiveness of related internal controls regarding the focus areas review.

The Internal Audit function should evaluate whether the controls of the focus areas, as set out in its Internal Audit plan and which management relies on to manage risks down to acceptable levels, are appropriate and functioning as intended (i.e. are they, effective yet efficient) and to develop recommendations for improvement and or enhancement.

The Internal Audit Activity is authorized to:

- Have unrestricted access to all records, facilities, functions, property and personnel
- Have full and uninhibited access to the Audit Committee; and
- Obtain the necessary assistance of personnel in departments and functions of the municipality where they perform audits as well as other specialized services from within or outside the Municipality.

The Internal Audit activity is not authorized to:

- Perform any operational duties for the Municipality
- Initiate or approve any accounting transactions external to the Internal Audit function; and
- Direct the activities of any organization employee not employed by the Internal Audit Division, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors in carrying out an investigation.

4. Risk Management Principles and Values

a. Integral pro active component of the corporate management process.

Risk identification, prevention, minimization, avoidance and cure form an integral part of every activity and mechanism of the management process in the municipality.

b. Internal and External Risks

Internal and external risks are monitored and managed continuously i.e. external threats and internal weaknesses that may in the future have an adverse effect on the municipality and or its beneficiaries.

- c. Accountability is accepted for the risks faced by the Municipality at every level of management and is not the responsibility and or function of the Accounting Officer, Executive Management Team or that of the Internal Audit function only.

- d. Risk Management is a formal annual process

Risk Management is not an ad hoc, once off, reactive or crisis management process and shall be performed in a structured and formal manner at least once a year, every year. It should also be done and reviewed in a three year planning cycle basis.

- e. Uniform and Consistent Approach

Risk Management shall be approached in a consistent and uniform manner throughout the Municipality.

- f. Skilful

Risk Management requires specialized skill and management shall be trained and supported accordingly.

- g. Value for Money and Effort Approach

Risk shall be managed in accordance with the combined “impact and likelihood” value of a risk in order to ensure appropriate and economical investment of time effort and resources.

- h. Prevent, Avoid, Minimize, Remedy, Eliminate Risk

Risk will be managed to either/or minimize the impact or likelihood of a risk, to prevent it, avoid it or to eliminate it.

- i. Risk should be managed diagnostically and the focus will be on cause rather than symptom

- j. Every single functional and geographical area should be assessed

- k. Control effectiveness in respect of each critical risk and focus area should be assessed, addressed and monitored.

- l. The critical success factors for an effective Risked Based Internal Audit Plan are, that it:

- Is aligned with the Strategic Objectives of the Organisation

- Covers the Strategic Risks of the organization not only the Financial risks and related controls.
 - Is Risk based- does address the key risk areas/concerns of management
 - Is prepared in co operation with the audit committee and senior management
 - Matches assurance needs with available resources.
- m. The Risk Plan should indicate the 3 Year Internal Audit Rolling Plan
- n. The Risk Plan should include an Internal Audit budget in other words how many hours are set aside for a specific purpose and a definition of the Audit Scope
- o. Management is required to submit quarterly reports to Internal Audit assessing the current status of their respective control environments. These reports should include:
- A self assessment of the current status of their control environment
 - The identification of additional risks/ controls within their environment
 - The review of and where necessary the re assessment of impact or probability scales pertaining to each risk
 - The development of remedial plans to address residual exposures
- p. Risks should be categorized as follows for purposes of internal audit planning:
- High Risk in other words an annual audit of business process is required
 - Medium Risk in other words 2 yearly audit of business process is required
 - Low Risk in other words 3 yearly audit of business process is required
 - Compliance in other words it is a statutory requirement
 - Follow –Up Audits in other words an annual follow process is required.

5. Risk Functions and Activities

The Risk Management process shall consist of the following components and process.

a. Identify the Risk

What	How	Who	When
-Identify the risks faced by each service, resource, function and operation of the municipality. -Risks may relate to internal weaknesses or external threats. -Risks can relate to any of the following: 1Service Delivery and	-Through a bottom up approach. -Prioritize, summarize, consolidate and integrate results of process at every higher level of the institution and management structure as the bottom up approach “pyramids” towards an overall corporate result. -Identification of risks takes	-Starts at Divisional Head Level and -Head of department responsible for the identification of departmental risks in consultation with heads of	-This process will ultimately take place whenever services, resources, functions, operations, projects are planned, audited, controlled, or performance

Stakeholder Expectation, Perception. 2 Institutional Transformation or Capacity 3 Corporate Governance including compliance with laws, regulations and or contracts 4 Financial Viability and Management of Financial Resource. 5 Local Economic Development	place at every level of planning, internal auditing/controlling/compliance assessment and performance management and results are recorded and ultimately extracted from planning, auditing and performance management documentation for risk reporting in a prescribed format during the annual risk planning review.	divisions and -Municipal Manager responsible for the identification of the Corporate Risks in consultation with Heads of Departments -Internal Audit division shall oversee and corporately manage the aforementioned process	managed. However at the beginning a special project will be launched to identify, remedy and monitor risks and for the development of the initial risk management plans. -It is however annually formally reviewed at every management level and thereafter at a corporate level. -To be completed prior to commencement of the annual IDP and Budget Preparation process i.e. August of each year.
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b. Define Risk

What	How	Who	When
Define the risk	-Define as a Problem Statement -Happens at every level of management i.e. divisional, departmental and at corporate level.	-Divisional Head in consultation with section heads and other senior staff. -Head of Department in consultation with Divisional Heads -Municipal Manager in consultation with Directors.	-At every level of planning, auditing, controlling, performance management -Consolidated and reviewed annually and for completion before commencement of the preparation of the annual IDP and Budget.

c. Define Impact of Risk

What	How	Who	When
What are the future implications of the problem if not successfully resolved,	#The impact could have any of the following implications: -Service Interruption, Failure or Deterioration -Stakeholder Relations Deterioration/ retaliation etc. -Institutional Transformation or Capacity Deterioration or failure -Infra Structure collapse, inability to cope, increased	Same as above	Annually for finalization prior to the commencement of the IDP and Budget preparation

<p>minimized, prevented, or avoided.</p>	<p>maintenance etc. -Political instability, loss of power etc. -Legal non-compliance and related action and ramifications -Socio Economical collapse, deterioration etc. -Human Health or Safety disaster, pollution etc. -Corporate Governance collapse, failure, misadministration, corruption etc. -Financial Viability of the Municipality deteriorating, collapsing etc.</p> <p>#The nature of the impact could be any of the following: -Quality deterioration -Quantity, variety or scope -Speed or response time could drop -Reliability could deteriorate -Flexibility -Cost/ lost revenue/deteriorating affordability/deteriorating viability</p> <p>#Also consider the strategic importance of the risk. The more strategic it is the higher the impact is likely to be.</p> <p>#How limited or elaborate is a particular risk. If a risk is limited to a small component of the organization or stakeholder group or geographical area then it is likely to have a lesser impact than one that has a more comprehensive impact field.</p> <p>#Rate the seriousness of the impact on a 10 point scale. 1 to 3 will indicate a low impact risk in other words relatively limited damage can be caused and if it happens the damage can be coped with and remedied with relative ease. 4 to 7 will indicate impact of a serious nature and will cause setbacks and disruption. Damage will have a relatively limited lasting impact. 8 to 10 will indicate an implication that can have a disastrous and devastating impact for example loss of life, property, destroy the financial viability of the municipality. In these instances the municipality or its stakeholders are unlikely to cope with the implication or to manage it once it has happened. In the latter instance the damage is likely to have a lasting impact.</p>		<p>process.</p>
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d. Define Probability of Risk materializing

What	How	Who	When
<p>How likely is it that the implication will take place or occur?</p>	<p>#Consider the following: -The more external the condition the less control you have. -The state of your relationship with external stakeholders and your influence over such stakeholders. -The degree of uncertainty, and lack of substance,</p>	<p>Same as above</p>	<p>Annually for finalization prior to the commencement of the IDP and Budget preparation</p>

<p>information and facts.</p> <ul style="list-style-type: none"> -Level of capacity in the municipality to prevent, avoid or minimize the implication from materializing for example: -Management Structures, Mechanisms, Capacity and Skill. The more vulnerable you are from a management point of view the more likely it is that a risk may materialize -Staff capacity and skill -Financial ability -Technological skill and ability including MIS and the general reliability and availability of information -Process, Methodology, Controls and Systems in place -Plant, Equipment and Fleet Required -Infra Structure and state thereof -Sufficient and appropriate material <p><i>The weaker the ability or capacity of the municipality, the higher the likeliness.</i></p> <p>#The capacity of the key external stakeholders and their ability, reliability and quality to prevent, minimize or avoid the negative implication and whether or not any indication exists that such a stakeholder may even cause the implication/ risk to happen. The more unreliable or the weaker the capacity of such a stakeholder the more probable the risk becomes.</p> <p>#By means of the above information, rate “probability” on a 10 point scale. 1 to 3 will indicate a low likeliness in other words it is highly unlikely that the risk will realize. 4 to 7 will indicate a real possibility that the implication may realize. 8 to 10 is an indication that the certainty about the risk is high and that the implication is inevitable.</p>	<p>process</p>
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e. Rate Importance of Risk

What	How	Who	When	Comments				
<p>Asses the importance of each particular risk at the different management levels. The more important risks only will be taken to the next management level and will</p>	<p># Plot the risk as follows:</p> <table border="1" data-bbox="328 1559 531 1686"> <tr> <td data-bbox="328 1559 432 1626">C</td> <td data-bbox="432 1559 531 1626">D</td> </tr> <tr> <td data-bbox="328 1626 432 1686">A</td> <td data-bbox="432 1626 531 1686">B</td> </tr> </table> <p>A=Low impact and low probability i.e. both got rated below 5 out of 10 in other words it is a low risk that requires little if any attention, effort, monitoring, control or resources investment.</p> <p>B=High probability but low impact in other words probability was rated 5 or above but impact got rated less than 5. Although a risk is likely to</p>	C	D	A	B	<p>Same as above</p>	<p>Annually for finalization prior to the commencement of the IDP and Budget preparation process</p>	<p>This will assist management to decide on which risks to focus and on how much resources and effort to invest in the prevention, minimization, avoidance and or remedy of a particular risk. It will also</p>
C	D							
A	B							

<p>be integrated,/ consolidated with other risks that emerged from other components of a department or from other departments of the municipality.</p>	<p>materialize the impact is low and effort, control and resources investment should be managed accordingly. C=High impact in other words rated 5 or higher but probability rated as low in other words less than 5. In other words although the impact is serious it is unlikely to happen and the risk needs to be managed accordingly D=These are the serious risks and that should receive the highest priority in the organization in its efforts and in the way resources are deployed in order to control, monitor, minimize or resolve the impact of a risk or to avoid or prevent a risk. In these instances the probability and impact of the risk are both high i.e. 5 or above.</p>		<p>indicate to what extent what type of control and internal auditing effort should be allowed for and be planned for. It will also assist with the prioritization of risks.</p>
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f. Define Cause of Risk

What	How	Who	When	Comments
<p>Establish and define the cause of the risk. The focus will at this point be on the B,C and D type of risks and in the case of B and C type of risks focus on those with the highest combined value for example if one risk got a 2 probability rating and a 7 impact rating then the combined value of the two factors would have been 9 compared to another risk that had a 4 probability rating and a 7 impact rating and of which the</p>	<p>#A cause to a risk may be any of the following: -Of a legislative nature -Of a political nature -Your community expectation, perception, action or lack of action -A competitors action -A partners action or lack of action -Social Change -Economical change or development -A deteriorating relationship -Changing technology or methodology -A product or current service level -Management capacity, skill, structure, mechanism or lack thereof -Staff capacity or skill -Financial capacity or viability -Technological capacity of the Municipality -Ageing, inappropriate</p>	<p>Corporate attention needs to be given to all risks reported with a D classification. Corporate attention is also required where a risk has been widely reported by all directorates and or may have an impact on the organization or the community as a whole. Risks requiring strategic or policymaking attention also need to be addressed as a corporate risk. Risks of a more departmental or divisional nature</p>	<p>Annually for finalization prior to the commencement of the IDP and Budget preparation process</p>	<p>Unless the real cause of the risk problem is understood, suitable and appropriate avoidance, preventative, control and remedial action cannot be taken. The result would be of a symptomatic remedial nature and the actual cause of the risk will remain unattended.</p>

<p>combined value would then have been 11. The second one would be considered as the more serious of the two. It is in any event unlikely that much attention will be given to risks with a combined value of less than 10/20. Bear in mind though that this is in many ways a subjective process and that it is not a mathematical process either. Sound judgment, reasoning and discretion is required when deciding whether or not one risk is more critical than another and whether or not a risk requires further attention or not and to what an extent effort and resources need to be invested in managing a particular risk.</p>	<p>or insufficient infra structure -Outdated or absent process, policy, control or systems and methodology/ approaches -Material availability, quality or quantity -Plant, Fleet or equipment capacity of the organization</p> <p>#Select the most appropriate cause(s) from the above. Be careful not to blame it too soon and too easily on external factors. Focus on those causes that you can control and address, even if it is not the main cause. If the cause is beyond your control then you have no other option but to shift your focus to the symptom and the secondary causes and to manage the symptoms in an attempt to limit, minimize, prevent, avoid or remedy a risk.</p> <p>#Be as specific as possible about the cause for example if the cause is about insufficient financial management mechanisms causing a risk then clearly state which mechanism it is for example no long term financial planning etc.</p>	<p>and with a lesser rating will remain at either divisional or departmental level and will be managed at such a level by the management of such a division and or department.</p> <p>It is however important that divisional Risk Plans and related components thereof be reported and ideally be reported at departmental level, departmental plans should be reported at corporate level and corporate plans at council level.</p>		
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g. Define Risk Response

What	How	Who	When
The purpose of this exercise is to	#The plan shall consist out of the following:	Corporate attention needs to be given to all risks	This plan will be reviewed

<p>ensure that an appropriate preventative, avoidance, minimization and /or remedial strategy/action plan is developed for each of the identified critical risks at each level of the organization.</p> <p>The main intention is to reduce impact and or probability.</p>	<p>-What should be done -How should it be done -When should it begin and end -Who should be responsible for the respective components of the strategy and who shall take overall accountability? Also provide clarity about who should take responsibility as Principal and who can assist. -What capacity and resources are required to successfully take action -What is the ultimate goal with the action and what is the desired outcome and deliverable. Is the strategy for example focused on avoidance, minimization, prevention, remedy and elimination or even the transferring of the risk to another body or institution? -What obstacles and uncertainties can impact on the successful outcome of the strategy and what are the contingencies if any.</p> <p>#A Project Management approach should be followed wherever necessary and possible.</p> <p>#Remedial action should address the cause and could therefore be aligned with for example the causes listed under (f) above.</p>	<p>reported with a D classification. Corporate attention is also required where a risk has been widely reported by all directorates and or may have an impact on the organization or the community as a whole. Risks requiring strategic or policymaking attention also need to be addressed as a corporate risk.</p> <p>Risks of a more departmental or divisional nature and with a lesser rating will remain at either divisional or departmental level and will be managed at such a level by the management of such a division and or department.</p> <p>It is however important that divisional Risk Plans and related components thereof be reported and ideally reported at departmental level, departmental plans at corporate level and corporate plans at council level.</p>	<p>as often as necessary and at least annually before and after the IDP and Budget preparation phase.</p>
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h. Monitor and Review

What	How	Who	When	Comments
<p>Compliance with the Risk Management Plan and progress in terms of such a plan needs to be carefully monitored and at least reported on once a year.</p>	<p>Use the Plan as set out above as the benchmark and report accordingly to the next level</p> <p>It is at this point that the Risk Based Audit Plan will be drafted or reviewed i.e. is to ensure that sufficient controls</p>	<p>As above. Internal Audit is however the Corporate Coordinator and Watchdog.</p>	<p>By not later than the first week of July of each year.</p>	<p>Remedial, reviewed or contingency action needs to be taken in time.</p>

	<p>are in place to ensure that risks are managed down to acceptable levels.</p> <p>It is accordingly also at this point required</p>			
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6. Obstacles to Risk Management

It is being recognized that the factors listed below may cause an obstacle or blockage in the risk management process and that special care is required to ensure that the Risk Management Process is protected against such factors or the effect thereof.

a. Political Interference

For political reasons blocking or rejecting risk management action or strategies.

b. Instability in the Political and Administrative leadership

Regular changes to political or administrative leadership may result in uninformed review of risk management findings, strategies or action plans, and continuity may be disrupted.

c. Insufficient Awareness and Commitment

All levels of management are not equally aware of the importance of risk management and the implications and benefits of such a process. Accordingly commitment lacks and that again is likely to impact on the quality, credibility, speed, cost and general success with which risk can be managed by the Municipality.

d. Short term focus

A short term focus in the management of the organization and one that ignores longer term risks and action in preventing and avoiding such risks.

e. Insufficient Staff Capacity

Insufficient staff and skills through which actual risks can be identified and managed successfully.

f. Insufficient Management Capacity

Insufficient management capacity and skill to identify and manage risk successfully.

g. Reactive and Crisis Management Approach

h. Insufficient Risk Management Skill

Insufficient specialized skills in the organization and required to support the management and staff.

i. Complexity of causes and remedies.

Causes and remedies that are too complex for those in the organization to cope with and as a result risks cannot be correctly identified and diagnosed and suitable solutions cannot be found or implemented.

7. Providing Capacity in order to ensure successful Risk Management

a. Management Requirements

- Management Mechanisms

Ensure that suitable and reliable management mechanisms are in place for example the IDP, Strategic Frameworks in respect of Service Delivery, Infra Structure, Disaster Management, Capacity Development and Sustainability, Stakeholder Relations Management, Business Plans, Supporting Policies and Corporate Parameters, Performance Management Systems, Internal Controls and Internal Auditing programs and structures as well as management structures. With all of the above in place, risk management is simplified and becomes more scientific and a reliable process.

- Management Skill

Ensure that sufficient management capacity exists to attend to the management mechanisms and processes referred to above and that such management has the skill and appropriate attitude towards management in general and risk management in particular.

b. Skill Requirements

Ensure that there are specialized skills inside the municipality to assist management and affected staff in the management of risk and the implementation of risk prevention, avoidance, minimization and or remedial strategies and programmes. Should such skills not be available skills shall be contracted in if and when required.

It is recognized that management and staff cannot be held accountable for risk management unless all reasonable steps have been taken to enable and empower such management and staff accordingly.

c. Financial Requirements

Risk Management assessments and planning shall be completed prior to the finalization of the IDP and Budget in order to ensure that appropriate provision shall be made in the budget for risk strategies and remedial programmes.

d. Technological and MIS requirements

Appropriate ITS and MIS provision shall be made in order to ensure that risk related decisions can be based on as accurate and complete information as possible.

e. Process and System requirements

As the policy provides for appropriate principles and guidance only in the management of risk, further steps shall be taken to ensure that all systems and processes in the municipality are compliant with the Risk Management Policy and shall support the risk management process as set out in the Policy.