



PROPERTY - POLICIES AND PROCEDURES

RISK MANAGEMENT POLICY AND PROCEDURES

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1. INTRODUCTION

1.1 PURPOSE

POLOKWANE HOUSING ASSOCIATION is committed to building increased awareness and a shared responsibility for risk management at all levels of the organizations in order for the organization to meet its objectives and protect the organizations assets and reputation.

1.2 POLICY

POLOKWANE HOUSING ASSOCIATION is committed to the development, implementation, and maintenance of an effective risk management framework and process that addresses both strategic and operational level risk exposures. The embedding of risk management disciplines in the day-to-day activities that are carried out is a key success factor.

Ongoing management attention is focused on the following:

- Achievement of POLOKWANE HOUSING ASSOCIATION objectives;
- Prevention of losses arising from risk exposures;
- Recognition of opportunities to the advantage of POLOKWANE HOUSING ASSOCIATION;
- Uncertainty relating to risk events;
- Maintenance of a control framework that mitigates risks in the light of POLOKWANE HOUSING ASSOCIATION risk tolerance; and
- Comprehensive risk management reporting process.

The POLOKWANE HOUSING ASSOCIATION will develop an organizational culture that optimizes our ability to achieve our strategic objectives while ensuring appropriate management of strategic and operational risks.

2. SCOPE

2.1 OBJECTIVES

This policy applies to all business operations of POLOKWANE HOUSING ASSOCIATION. Other risk related policies may be developed in support of this policy.

The objectives of the policy and charter are to ensure that:

- Appropriate systems are in place to identify the material risks facing POLOKWANE HOUSING ASSOCIATION.
- The potential financial impact of identified risks is ascertained
- Any material changes to POLOKWANE HOUSING ASSOCIATION's risk profile are disclosed in accordance with the PROPERTY HOLDINGS's continuous disclosure policy.
- Appropriate controls and strategies are adopted to manage exposure to those risks
- Appropriate responsibilities are delegated to control identified risks effectively

2.2 RATIONALE FOR RISK MANAGEMENT

Risk management is seen as an on-going process that adds value in business operations. It is embedded into the planning and day-to-day processes of the organization. The introduction and maintenance of sound risk management disciplines is designed to promote effective risk management in a manner that is appropriate to the POLOKWANE HOUSING ASSOCIATION.

The control framework of the organization provides reasonable assurance that business objectives will be achieved.

2.3 THE IMPORTANCE OF RISK MANAGEMENT

A certain amount of risk taking is inevitable if your organisation is to achieve its objectives. Effective management of risk helps you to manage projects and improve operational performance by contributing to:

- better service delivery
- increased certainty and fewer surprises

- Risk management process
- Compliance risk management
- Risk reporting

The risk management methodology that is contained in the above documentation is applied in respect all of POLOKWANE HOUSING ASSOCIATION's operations.

3.2 RISK MANAGEMENT PROCESS

The risk management process encompasses risk identification, risk assessment; risk management and monitoring. Communication and reporting are important threads that run through all phases of the process.

As indicated in the POLOKWANE HOUSING ASSOCIATION risk management guide that has been adopted, an appropriate risk categorization is necessary, which includes (but is not limited to) the following:

- Development risk;
- Operational risk
- Financial risk;
- Property management risk;
- Human resource risk;
- Market risk;
- Institutional risk;
- Compliance risk

The risk management process must facilitate appropriate focus on each of the higher risk exposures.

Risk management tools (The Matrix) are developed and implemented in order to assist management to effectively manage risks.

3.3 RISK ASSURANCE

A combined risk assurance model is used in order to support POLOKWANE HOUSING ASSOCIATION in the achievement of objectives. Management provides assurance to

the board that the risk management plan is integrated in the daily activities of the organisation.

An independent assessment of the effectiveness of the system of internal controls and risk management is provided to the board as required. The governance structures and processes relating to risk management are developed with a view towards continuous improvement in the quality of risk management initiatives, which are evaluated periodically.

3.4 REPORTING

All significant risks must be recorded in the POLOKWANE HOUSING ASSOCIATION risk matrix annually, together with the management response and relevant tracking information towards risk mitigation.

4. ROLES AND RESPONSIBILITIES

4.1 CONTEXT

The King III Code of Corporate Governance places ultimate responsibility for risk management with the Board of the POLOKWANE HOUSING ASSOCIATION. The Board will exercise this responsibility by ensuring that there is an appropriate framework for risk management. The main components of this framework includes:-

- integration of risk management activity with other business and business planning activities, and
- obtaining third party assurance on process of risk Management.
- definition of the respective roles taken up by the Board and the management team
- Board involvement in the risk management process

4.2 RESPONSIBILITIES

The Board is ultimately responsible for the performance and control of the organization, including the risk management framework and process. It is responsible for the governance of risk.

The Board sets limits for the levels of risk the organization is able to tolerate quarterly and monitors that risks taken are within the tolerance and appetite levels. It also ensures that the implementation of the risk management plan is monitored continually and ensures that management considers and implements appropriate risk responses.

The CEO and Financial Manager are responsible for ensuring that POLOKWANE HOUSING ASSOCIATION's risks are determined, analysed and managed. The effectiveness of the committee's governance of risk management is evaluated at least once a year by the board.

Of necessity, management is delegated the responsibility of developing and maintaining effective risk management systems and processes. Management is responsible for: the implementation and monitoring of business strategies; recommending and managing business policies and procedures; overseeing and implementing and dealing with all risk management related duties and business.

Importantly, management is accountable for integrating risk management in the day-to-day activities of the organization. The primary responsibility of POLOKWANE HOUSING ASSOCIATION's risk management function is to assist management to identify, assess, manage and monitor risks, as well as promote effective communication and reporting. Management is responsible for the management of risks within their area of responsibility.

4.2 COMPOSITION AND TERMS OF OFFICE

PHA does not have independent Risk Management Committee, It utilise Municipality this done through share services agreement entered into between PHA and Municipality.

Membership shall comprise:

- Membership shall comprise:
- Independent Chairperson who is not an employee of the PHA or Polokwane Municipality
- PHA Chief Executive Officer
- Risk Manager from Polokwane Municipality
- Risk Officer (secretary of the Committee) from Polokwane Municipality
- Risk Officer seconded by Municipality to PHA
- Manager: Internal Audit from Polokwane Municipality

- PHA Finance Manager
- PHA Acting Property Manager
- Company Secretary
- Expenditure Officer

5. MAINTENANCE OF POLICY AND CHARTER

5.1 SPONSORSHIP AND APPROVAL

This policy and charter is maintained by the CEO and Financial Manager. It must be reviewed at least annually and updated as needed. This policy and charter is sponsored by the CEO and Financial Manager and is approved by the Board. The Board considers the policy and charter yearly and approves all amendments thereto.

The Senior Management considers POLOKWANE HOUSING ASSOCIATION's risk matrix for approval by the Board yearly. Risk issues are discussed at Board meetings quarterly.

5.2 COMMUNICATION AND AWARENESS

On-going communication within the POLOKWANE HOUSING ASSOCIATION relating to this policy and charter must be undertaken. All board members are required to be aware of and understand its contents. Specifically, board member induction and other development indicatives address the risk management policy and charter.

6. REFERENCE

- SHRA Risk Management Guide, June 2011;
- SHRA Risk Management Instructions, June 2011;
- SHRA Risk Marix Template, June 2011;
- SHRA Risk Management Policy and Charter Template, August 2011;
- King III Code of Governance for South Africa 2009;
- Companies Act,71 of 2008;
- COSA.