



ACTUARIAL
 SOCIETY
OF SOUTH AFRICA

QUANTIFYING RISK, ENABLING OPPORTUNITY

Public Interest role

Establish the structures necessary to support ASSA's public interest work.

To build relationships with key people in government

Coordinate and initiate targeted research and/or specific projects to inform public discourse

To build relationships with key external stakeholders and ensure the necessary visibility of ASSA public interest initiatives.

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Public Sector Entities – Local Government LK Mulaudzi

September 2019

Beneath the ERM Umbrella

**Phase 1:
Assessment**

**Phase 2:
Planning**

**Phase 3:
Coordination**

**Phase 4:
Implementation**

Focus Area: Leadership and Governance

Focus Area: Standards

***Focus Area: Integrating Independent
Risk Management Activities***

***Focus Area: Integrating Independent
Internal Control Activities***

The role of Local Government

Functions of the spheres



National government:

- Delivers policing, foreign affairs, defence, higher education
- Makes policy
- Sets priorities through legislation, norms and standards or political statements

Provinces:

- Deliver school education, health, social welfare
- Generally fund national priorities

Municipalities:

- Deliver water, sanitation, refuse removal
- Have more autonomy on what their resources are spent on

Key risks in Local Government

Internal Risks

- Poor internal controls
- Poor leadership and governance
- Poor planning
- Lack of appropriate skills

External Risks

- Political instability
- Poor economic growth
- Poverty, Unemployment and Inequality
- Falling behind IT developments
- Climate change, Water pollution

Key Challenges in Local Government

- Inadequate capacity
- Excessive bureaucracy
- Silo mentality
- Limited resources
- Competing priorities
- Infrastructure backlogs

Highlights from Auditor General's report

Clean Audits

- 0% LP, FS, NW
- (1%,5%) GP, KZN, MP, NC
- 40% WC

Infrastructure

- 46% no water maintenance plan
- 22% no budget for water maintenance
- 27% no assessment of road infrastructure
- 6% of infrastructure grant unspent

Viability

- 31% of municipalities not able to continue operating

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Risk Management Framework

Definition of Enterprise Risk

“the extent to which the outcomes from the corporate strategy of a company may differ from those specified in its corporate objectives, or the extent to which they fail to meet these objectives”

Dickinson (2001)

Risk Management Framework

Developed based on:

1. Sections 38(1) a) i) and 51(1) a) i) of the PFMA: effective, efficient & transparent systems of risk management
2. Sections 62(1) c) i) and 95 c) of the MFMA: effective, efficient & transparent systems of risk management
3. Sections 6(2) a) of the PFMA , National Treasury norms and standards
4. Sections 20(1) iv, v, vi of the MFMA: uniform norms and standards
5. Batho-pele and King III
6. Protect against adverse outcomes & optimise opportunities

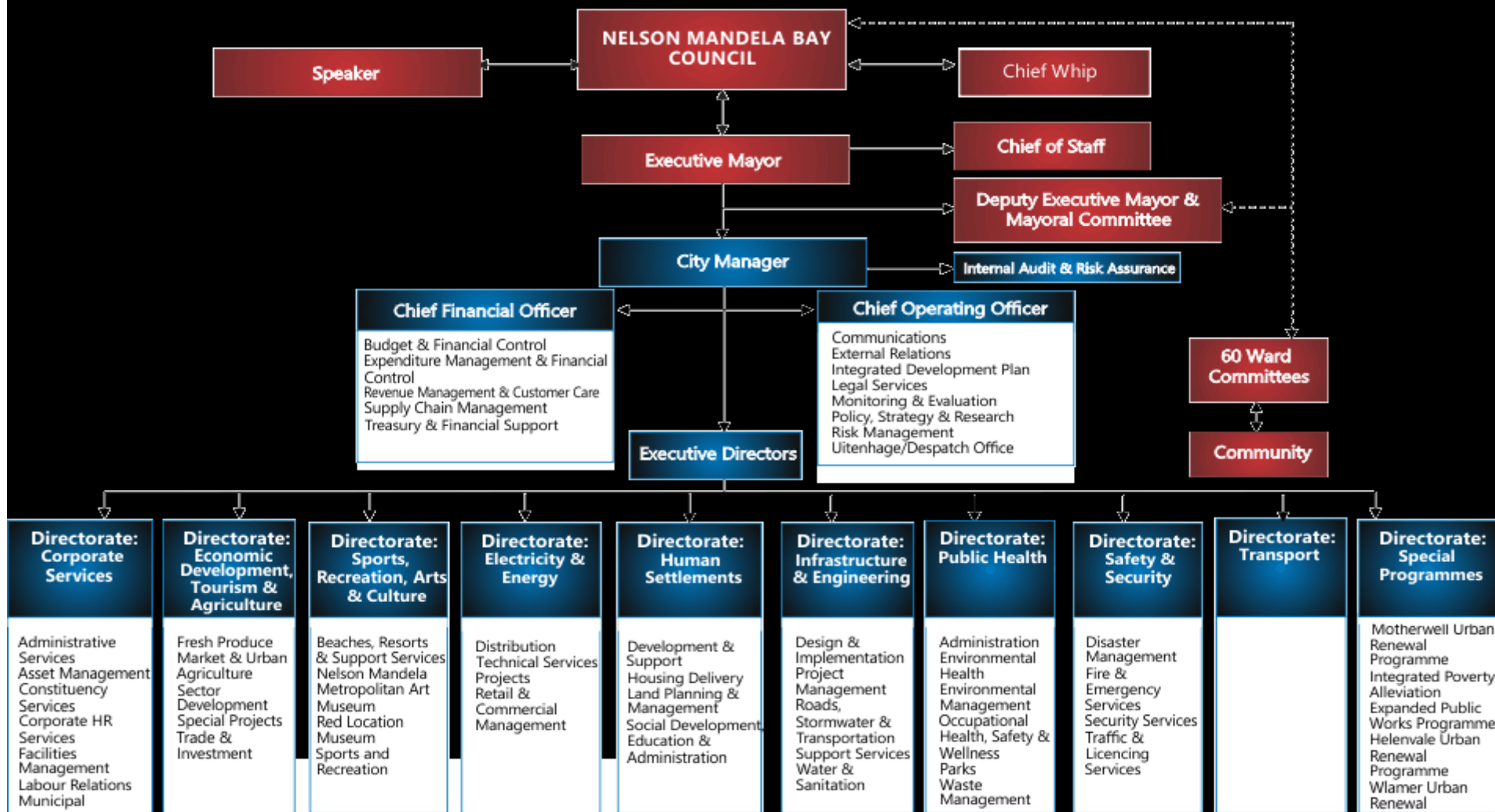
Objectives of Risk Management in Local Government

- More sustainable and reliable delivery of services
- Informed decision-making
- Innovation
- Reduced waste
- Prevention of fraud and corruption
- Better value for money through more efficient use of resources
- Better outputs through improved project and programme management

Process Framework in Local Government

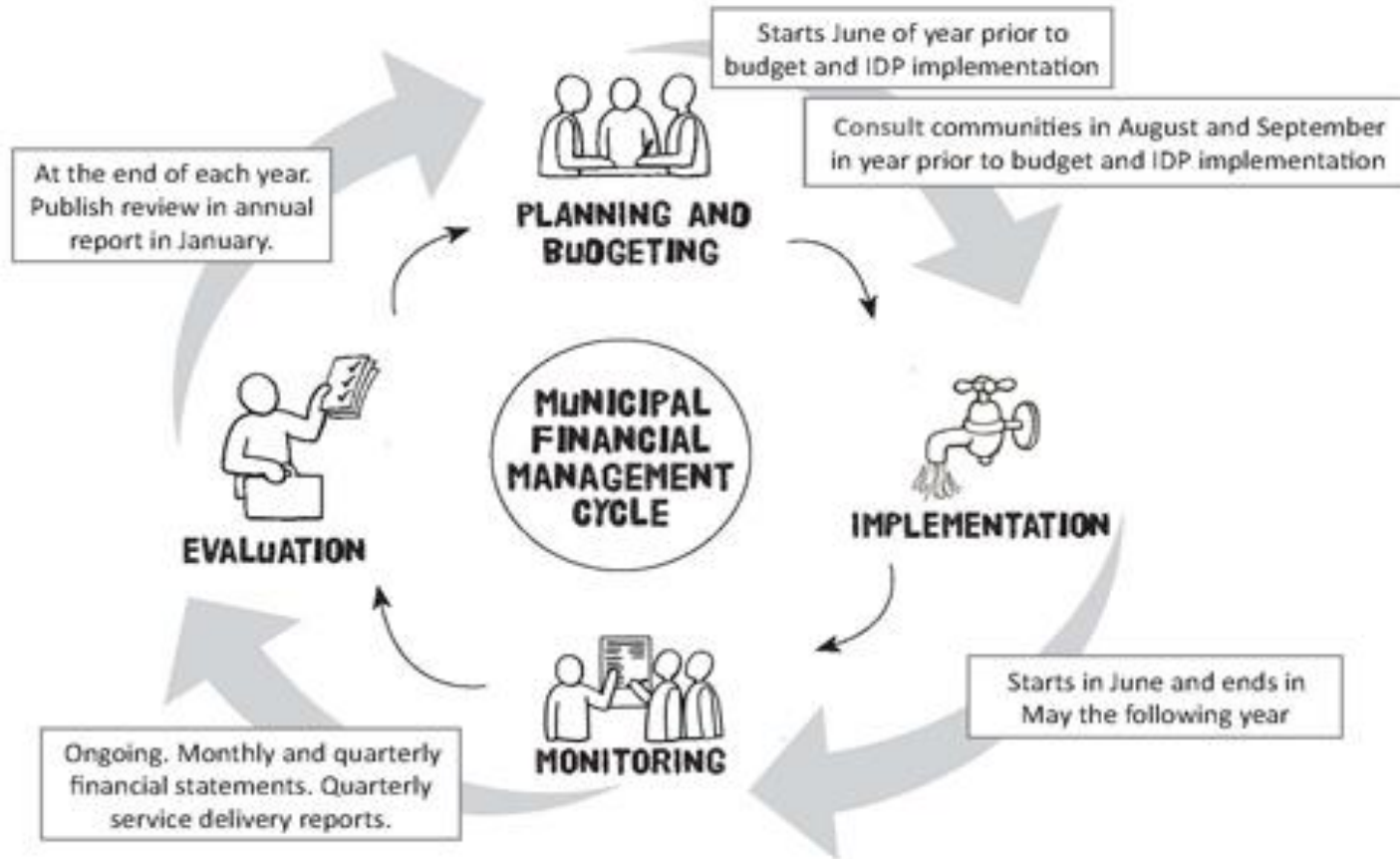


ORGANISATIONAL STRUCTURE OF NELSON MANDELA BAY MUNICIPALITY



It should be noted that the Micro Structure is currently under review and being refined.

Annual Planning Process in Municipality



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Strategic Partnerships

Strategic Partnerships: SALGA

SALGA key enablers in 2017 – 2022 strategic plan

1. Data Intelligence – to enable planning

2. Innovation – exploring new and better ways of delivering services

3. Capacity building – via SALGA Centre for Leadership and Governance

4. Strategic profiling

Risk Management(Actuarial Value Add)

Multiple Project Risk Management

- Infrastructure
- Socio-economic
- IDP

Sustainability Assessments

- Projected income
- Population growth
- Projected costs
- Sensitivity tests

Monitoring and reporting

- Results data
- Results analyses
- Results documentation
- Specify new objectives

Disaster Risk Management

National Disaster Management Centre (NDMC)

- - coordinated system of disaster prevention, mitigation and risk management

Capacity building

Strategic research

Disaster response, relief and rehabilitation

Our role in Disaster Risk Management

Risk Modelling

- Research
- Data preparation
- Model development
- Model documentation

Mitigation Strategies

- Impact assessments

Monitoring and reporting

- Results analyses
- Results documentation

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Way forward

Topics for possible research by actuaries

Lowering of insurance premiums and cost of borrowing due to proper ERM in municipalities

Improvement of service delivery due to proper ERM in municipalities

The value of actuarial expertise in disaster risk management in SA

Key stakeholders and references

1. National Treasury Chief Directorate Risk Management Support Office of the Accountant General
2. COSO – internal controls framework
3. SALGA
4. NDMC – Disaster Management
5. COGTA – Ministry responsible for local government

Comments ? Questions?

Your thoughts ?