NATIONAL CONSUMER COMMISSION

STRATEGIC PLAN

(2018/19 to 2022/23)

30 January 2018

Foreword by Minister

In terms of the Public Finance Management Act 1 of 1999 (PFMA), I have to ensure that every public entity that I am responsible for, must comply with the provisions of the PFMA and in the case of the National Consumer Commission (NCC), it must also comply with the provisions of the Consumer Protection Act 68 of 2008 (CPA). I am satisfied that the NCC's past focus on complying with the PFMA, is on track. This must be maintained and improved, in line with the guidance provided by its relevant governence structure.

One of my key focus areas insofar as the NCC is concerned, particularly in this strategic period, is to ensure that the NCC meets its policy objectives as contained in the CPA. To this end, I aim to ensure that the NCC, focusses on the following key priority areas:

1) Improving consumer awareness and information and encouraging responsible and informed consumer choice and behaviour;
2) Providing for a consistent, accessible and efficient system of consensual resolution of disputes arising from from consumer transactions;
3) Enforcing the CPA by monitoring the consumer market to ensure that prohibited conduct and offences are prevented or detected and prosecuted;
4) Promoting education and awareness on labelling across the different sectors and working in collaboration with other entities and or Departments; and
5) Publication of the work undertaken by the NCC.
6) Promotion of effective relations with provinicial consumer protection authorities, enforcement agencies and other regulators;

I do understand that the NCC is a small entity, with limited resources. However, it is imperative that the NCC maximises delivery to consumers. I would expect that business would cooperate with the NCC in ensuring that consumers realise the benefits of the provisions of the CPA and thereby promote the proliferation of ethical business practices throughout and beyond the borders of the Republic of South Africa.

Dr Rob Davies, MP
Minister of Trade and Industry
28 February 2018

Abbreviations and commonly used acronyms

CPA/ Act	-	Consumer Protection Act No. 68 of 2008
the dti	-	Department of Trade and Industry
CGSO	-	Consumer Goods and Services Ombud
DPSA	-	Department of Public Service and Administration
HR	-	Human resource/s
ICT	-	Information and communications technology
MIOSA	-	Motor Industry Ombud of South Africa
NCC/ Commission	-	National Consumer Commission
NRCS	-	National Regulator for Compulsory Specifications
NCT	-	National Consumer Tribunal
PFMA	-	Public Finance Management Act
SABS	-	South African Bureau of Standards

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Overview by the Commissioner

I am pleased to present this five year strategic plan of the National Consumer Commission ("the NCC"). It sets out the key focus areas for the NCC over the financial years 2018/19 to 2022/23. An annual performance plan and business plan linked to this strategic plan will provide details of the specific performance measures in relation to the strategic goals.
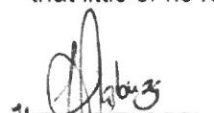
The NCC was established in terms of section 85 of the Consumer Protection Act No. 68 of 2008 ("the Act") Act and began exercising its mandate with effect from 1 April 2011.

The NCC, has slowly, but surely begun entrenching itself as a key consumer protection regulator in South Africa, within the SADC region and on the African continent on the whole. It has begun to take up consumer issues that have a serious negative impact on a significant number of consumers. Consumer rights relative to the expiry of data coupled with the forfeiture of unused data is but one example. Another example is that which relates to the timeshare enquiry that the NCC has commenced with in the 2017/ 18 financial year. The NCC has every intention of upholding the rights of consumers in these two matters. This is a mammoth task over this strategic period for a fairly under resourced entity. The respective business sectors that the NCC are up against in these two matters are both vital and significant contributors to the South African economy with significant resources at their disposal when compared with the resources of the NCC. The NCC is, however, mindful that it is in a battle and it has braced itself for a good fight. It is also mindful, despite the expectations, of the fact that it is unable to take on much more than it can handle at any given point in time. It is difficult to predict how long its battles with certain business sectors are going to last or what it is eventually going to cost. However, the NCC remains confident that it will, apart from uncovering unethical conduct by certain business, emerge with tangible and significant benefits for South African consumers.

In line with the consumer policy of **the dti** the NCC has to work closely with other key stakeholders to promote the resolution of consumer complaints. Hence, one of its focus areas is its engagement with targeted industries/ sectors on the submission of industry codes and the expansion of alternate dispute resolution schemes in South Africa. The NCC has enjoyed some success in this regard, now that the ombud schemes for the motor industry and the consumer goods and services industry have been accredited by Minister. The NCC has recommended the accreditation of another two ombud schemes in the 2016/17 year. It is envisaged that at least other similar scheme will be recommended for

accreditation by Minister over this strategic period. Apart from working closely with the provincial consumer protection authorities and other key regulators like ICASA, I am encouraged that the NCC is also involved with consumer protection at SADC level, which requires the promotion of consumer protection amongst member states.

This strategic plan is aligned to the South African consumer policy prerogatives as espoused in the Consumer Protection Act (CPA). This has been highlighted in 2015 by Minister as well as by representatives of the DPSA. Minister and the DPSA have rightly pointed out that the NCC must focus on its key legislative mandate. This necessitated the NCC revisiting its legislative mandate. The strategic, annual performance and business plans remain highly ambitious in view of the fact that the NCC has very limited resources. However, despite these challenges I implore all staff members and stakeholders of the NCC to adopt this strategic plan and play their role in fulfilling it with commitment and zeal. It is of immense importance for the economy of South Africa and for consumers in particular, that little or no room is left for unscrupulous business to operate within the borders of the Republic.

Mr E Mohamed
Commissioner

E: Official plan sign-off

It is hereby certified that this strategic plan:

- Was developed by the management of the NCC under the guidance of the Executive Authority;

- Takes into account all the relevant policies, legislation and other mandates for which the NCC is responsible;

- Accurately reflects the strategic outcome oriented goals and objectives which the NCC will endeavour to achieve over the period from 1 April 2018 to 31 March 2023.

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_____   _____
Mr E Mohamed   **Date**
Commissioner

1.   **SECTION 1: BACKGROUND INFORMATION**

1.1 Vision

In pursuance of its strategic mandate as enshrined in the Act, the vision of the NCC is: **"To be the leading institution in consumer protection that is professional, responsive and effective."**

1.2 Mission

The mission of the NCC is: **"To promote compliance with the Consumer Protection Act through advocacy and enforcement, in order to ensure fair business practice and to uphold the social and economic welfare of consumers".**

1.3 Value statements

Values are common traits and attributes, which guide the manner in which the organisation will relate with its stakeholders. They are intended to define and shape the culture of the NCC and guide how staff members interact both internally and with stakeholders.

The NCC's value statements are:

a.   **Professionalism and Ethical conduct** – to promote and maintain a high standard of professional ethic

b.   **Efficiency & effectiveness** – to promote efficient, effective and economic use of resources.

c.   **Transparency** – to foster a culture wherein the bases upon which decisions are made are consistent and transparent

d.   **Accountability** - Accepting responsibility for its own actions.

e.   **Teamwork** – to promote coherent and effective teams within the NCC

1.4 Legislative and policy mandates

The NCC has considered the following sets of legislation and policy prescripts:

1.4.1 Constitutional mandates

In terms of Section 41 of the Constitution read with Schedule 4 thereof, consumer protection is an area of concurrent jurisdiction. Through its legislative mandate and its promotion of fair business practice, the NCC plays a significant role in upholding and preserving the principles enshrined in the Constitution. Specifically, the NCC has a direct impact on the following areas within the Constitution of the country, under the **Bill of Rights** section:

- **Sub-section 9: Equality** – Through remaining accessible to diverse groupings of consumers, the NCC plays its role in ensuring that parties have the right to equal protection and benefit of the law. Additionally, the NCC strives through its value system to respect human diversity and ensure that no form of discrimination, if any, is tolerated.

- **Sub-section 10: Human dignity** – The NCC ensures that prohibited conduct on the part of suppliers of goods and services, as well as the relevant action thereto, does not impair human dignity.

- **Sub-section 14: Privacy** – The NCC ensures that the privacy of persons in their capacity as consumers, is protected and respected.

- **Sub-section 33: Just administrative action** – The NCC ensures it hears both sides to a dispute and that it issues reasons for its decisions.

1.4.2 Legislative mandates

The NCC is established in terms of Section 85 of the Consumer Protection Act No. 68 of 2008 ("the Act") with jurisdiction through the Republic of South Africa. The NCC reports to the Department of Trade and Industry's ("the **dti")** Entity and Oversight Unit and to the Consumer and Corporate Regulation Division ("CCRD") which has, as one of its key roles, the creation of *"credible institutions for enforcement and implementation of regulatory instruments"*.

The NCC is charged with the responsibility to enforce and carry out the functions assigned to it in terms of the Act. The Act seeks to promote a fair, accessible and sustainable marketplace for consumer products and services and for that purpose, to establish national norms and standards relating to consumer protection. It further seeks to provide for improved standards of consumer information, to prohibit certain unfair marketing and business practices, to promote responsible consumer behaviour and to promote a consistent legislative and enforcement framework relating to consumer transactions and agreements.

1.4.3   Policy mandates

The NCC also ensures that through its alignment with the **dti's** key priorities, it is also aligned to Government's key national priorities as espoused in the government's overall mandate to the people of South Africa. However, its key focus is on its legislative mandate.

These national priorities are:

1. Improved quality of basic education.
2. A long and healthy life for all South Africans.
3. All people in South Africa are and feel safe.
4. Decent employment through inclusive economic growth.
5. A skilled and capable workforce to support an inclusive growth path.
6. An efficient, competitive and responsive economic infrastructure network.
7. Vibrant, equitable and sustainable rural communities with food security for all.
8. Sustainable human settlements and improved quality of household life.
9. A responsive, accountable, effective and efficient local government system.
10. Environmental assets and natural resources that are well protected and continually enhanced.
11. Create a better South Africa and contribute to a better and safer Africa and World.
12. An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.
13. A comprehensive, responsive and sustainable social protection system
14. A diverse, socially cohesive society with a common national identity

1.4.4   Decisions of the Courts

The NCC continually reviews key decisions of the National Consumer Tribunal, High Courts and Constitutional Court. It evaluates the potential impact on its mandate and functions for consideration during planning processes.

The NCC, is in the process of appealing a decision of a high court which has ordered the National Consumer Tribunal to consider issuing a cost order against the NCC following the withdrawal of a matter by the NCC at the Tribunal. As it stands, legislation prevents such an order from being considered. If such an order where to stand, then the ability of the NCC to deal with contraventions of the Act at the Tribunal, will be severely affected. This would mean that for every matter that the NCC files with the Tribunal, it should make provision for the costs of respondents if it were to withdraw a matter or if the Tribunal were to grant judgment against the NCC. This would have the effect of rendering the NCC a toothless body as it would be unable to set aside millions of rand for costs. It must be understood that the NCC cannot pre-empt a finding in its favour. The NCC's inability to approach the Tribunal would essentially stem the development of consumer law in South Africa.

In line with its strategic plan, the NCC continuously assesses the need for and submits recommendations to Minister for the accreditation of industry codes. Once these codes are accredited, then as part of its monitoring function, the NCC will constantly analyse the decisions of accredited alternative dispute resolution (ADR) schemes with a view to determining trends and emerging concerns for both consumers and business. These schemes are a critical part of creating and expanding the dispute resolution platform for dealing with disputes between consumers and suppliers.

The Financial Sector Regulation Act, known as "Twin Peaks", which establishes a prudential regulator and a separate, dedicated market conduct regulator has recently been signed into law. It has been reported that this legislation aims to achieve a financial system that works in the interests of consumers, and supports balanced and sustainable economic growth. Further, that the "Twin Peaks" model will see the creation of a prudential regulator, which will oversee risks taken on by financial firms such as banks and focus on macro prudential aspects of financial stability. This particular oversight role will be effected by the South African Reserve Bank (SARB). Whereas, The

Financial Services Board (FSB) will become the dedicated market conduct regulator, tasked with ensuring consumers are treated fairly and financial firms' conduct complies with law.

The act was mooted mainly in response to the 2008 global financial crisis. It makes provision for the establishment of the Financial System Council of Regulators. The objective of the Financial System Council of Regulators is to facilitate co-operation and collaboration, and, where appropriate, consistency of action, between the institutions represented on the Financial System Council of Regulators by providing a forum for senior representatives of those institutions to discuss, and in-form themselves about, matters of common interest. The Financial System Council of Regulators will be composed of the following members:

(a) The Director-General;

(b) the Director-General of the Department of Trade and Industry;

(c) the Director-General of the Department of Health;

(d) the Chief Executive Officer;

(e) the Commissioner;

(f) the Chief Executive Officer of the National Credit Regulator;

(g) the Chief Executive Officer of the Council for Medical Schemes;

(h) the Director of the Financial Intelligence Centre;

(i) the Commissioner of the National Consumer Commission;

(j) the Commissioner of the Competition Commission;

(k) the Deputy Governor responsible for financial stability matters; and

(l) the head, however described, of any organ of state or other organisation that the Minister may deter-mine.

Since the FSB will be responsible for protecting customers of financial services firms and improving the way financial service providers conduct their business, the business practices of banks, long term and short term insurers will no longer be regulated by the Consumer Protection Act. However, it must be understood that the Consumer Protection Act is the current yardstick for the protection afforded to consumers in general, whichever sector consumers transact in. The NCC will always be supportive of regulators seeking to protect consumers provided that these regulators are enabled to provide an equivalent or better protection to consumers than that which is contained in the

Consumer Protection Act. This is intrinsic to the Consumer Protect Act. The NCC looks forward to cooperating with the FSB on the protection of consumers in the financial sector.

1.5 Situational Analysis

The elected manner of conducting a situational analysis was through a detailed SWOT (strengths, weaknesses, opportunities, threats) analysis conducted at a workshop on the 26-27 November 2015. The results are tabled below:

STRENGTHS	WEAKNESSES
1. Clearly defined mandate. Easy access to leadership of the NCC. 2. Learning and growing organisation – Opportunity to innovate. 3. Support of the Executive Authority and Parliament. 4. Young and vibrant workplace - that can be easily galvanised. 5. Diverse skills. 6. Genuine need for NCC services.	1. Inadequate information and communications technology ("ICT") systems. 2. Human & Financial resource constraints. 3. Inadequate internal business processes. 4. Inadequate skills and capacity building. 5. Working in silos. 6. Low staff morale.
OPPORTUNITIES	**THREATS**
1. Establishing a national presence. 2. Working with other agencies within consumer protection environment. 3. Influencing the status of consumer protection locally and internationally.	1. Poor working relations with other regulators. 2. Inadequate resources to fully achieve its mandate. 3. Lack of strategy to enable the NCC to work with the consumer protection groups. 4. Safety and security of enforcement staff may be compromised.

1.5.1 Performance Delivery Environment

Consumer protection is an integral part of a modern, efficient, effective and just market place. Confident consumers are one of the important drivers of competitiveness. By demanding competitive prices, improved product quality and better service, consumers provide an impetus for innovation and enhanced performance by business. The Consumer Protection Act is a critical part of **the dti**'s overall strategy to improve the competitiveness of business in South Africa.

In implementing the revised consumer protection framework, **the dti**'s intention was to create an environment where a culture of consumer rights and responsibilities prevail. Such an environment is

not only beneficial to consumers but to business as well. The enforcement of the Consumer Protection Act assists in regulating the conduct of suppliers of goods and or services to consumers. If left unchecked, unethical traders will merely serve to hinder the creation of a fair, competitive and equitable environment for all. Prior to the enactment of the Consumer Protection Act, South Africa lagged behind other international jurisdictions in protecting its consumers. The global and domestic trading environment has changed significantly over time. Markets have opened up and there has been a significant increase in the movement of people, goods and services across borders. The incidence of scams and unfair practices, on the other hand, has become more sophisticated.

The need to enforce the Consumer Protection Act is critical to:

- establishing a legal framework for the achievement of a fair, accessible, responsible and sustainable market;
- reducing any disadvantages experienced in accessing the supply of goods and services by low income, low literacy, rural and vulnerable consumers;
- Promoting fair business practices;
- Protecting consumers from unfair and deceptive conduct;
- Improving consumer awareness; and
- Providing for an accessible, efficient and effective system of redress;

The Consumer Protection Act applies to:
- Suppliers (for profit or non-profit) that promote or supply goods or services to consumers across all sectors of the economy, unless exempted;
- Government institutions or any entity contracted by the state to provide goods or services to consumers;
- Franchise offers, solicitations and agreements; and to
- Any business to business transaction subject to a stipulated two million rand turnover per annum threshold.

Consumer Protection is a concurrent functional area of national and provincial legislative competence. Provincial consumer protection authorities exist in all provinces. Provincial consumer courts have jurisdiction over complaints of unfair business practices in terms of their respective legislation. A

consumer court can declare a business practice unfair and in contravention of a provincial legislation and order appropriate redress to a consumer in terms of a provincial legislation which created it.

Section 146 (2) (b) of the Constitution provides that national legislation applies uniformly with regard to the country as a whole and prevails over provincial legislation if, amongst other things, the following conditions are met:

- The national legislation deals with a matter that cannot be regulated effectively by legislation enacted by the respective provinces individually;
- The national legislation deals with a matter that, to be dealt with effectively, requires uniformity across the nation, and the national legislation provides that uniformity by establishing:

(i)   *norms and standards;*

(ii)   *frameworks; or*

(iii)   *national policies*

- The national legislation is necessary for the-
    - protection of the common market in respect of the mobility of goods, services, capital and labour;
    - promotion of economic activities across provincial boundaries;
    - promotion of equal opportunity or equal access to government services;

The Consumer Protection Act entrenches national consumer protection policy as well as norms and standards.

The NCC had changed its strategy in the 2012/13 financial year and further revised it in 2015/16 in line with its legislative mandate. This document therefore reflects the NCC's revised strategy which is also in line in line with recommendations made by Minister and the DPSA.

In order to expand conciliation and mediation fora for the resolution of consumer complaints, the NCC will continue approaching key industries or sectors, as the need arises, to assist in the establishment of industry/ sector ombud schemes. This approach serves to benefit consumers and business. Consumers will be able to seek accessible, free and speedy conciliation and mediation services on their consumer related disputes. These disputes will ordinarily be dealt with by persons who should be

familiar with the nature of the transactions as these are endemic within the particular industry or sector. This would enable the NCC to monitor consumer disputes per industry and or sector. In monitoring the complaints dealt with by these alternate dispute resolution schemes, the NCC will be able to identify pervasive harmful business practices as well as emerging harmful trends emanating from these industries and or sectors. Interventions by the NCC can therefore be meaningful. This is vital, as the spirit of the Act did not envisage that the NCC should have internal experts to deal with the complex complaints arising out of each and every sector or industry. Ultimately, another key focus of the NCC would include the monitoring of the accredited ombud schemes.

Minister has thus far accredited the Motor Industry Ombud (MIOSA) and the Consumer Goods and Services Ombud (CGSO) as the ADR agents implementing the respective codes. All complaints related to the motor industry and to the fast moving consumer goods industries are now mainly dealt with by the MIOSA and CGSO. Complainants will refer their complaints directly to these ombuds and those complaints lodged with the NCC or the Provincial Consumer Affairs would be referred to these ombuds as per referral protocols. The NCC and the accredited ombuds have commenced developed mechanisms and or entered into an arrangements in relation to the reporting of performance and utilization of resources.

Insofar as investigations are concerned, despite the increasing demand, the NCC is unable to investigate every consumer complaint. This is neither possible nor feasible given the resources at its disposal. Instead, the NCC will continue to focus on the investigation of mainly systemic unfair conduct, based on criteria that are in line with its enforcement strategy. Investigations will be conducted so as to promote market integrity and transparency by addressing unethical or unscrupulous conduct and promoting better disclosure of information. Apart from the enforcement criteria, investigations and or other regulatory interventions by the NCC, are also informed by research and complaints trend analysis. The NCC intends increasing its access to consumer complaints databases in order to obtain better and more reliable trends analysis. This approach is in line with international practice (of like regulators).

Consumer safety will invariably be promoted so as to ensure that consumers are supplied with reliable goods and services which are safe for consumer health and life as well as for the environment. In order to promote the supply of safe consumer goods and services, the NCC will continue working closely with, amongst other regulators, the National Regulator for Compulsory Specifications (NRCS); South

African Bureau of Standards (SABS), the Department of Agriculture, Forestry and Fisheries and the health . The facilitation and monitoring of recall of unsafe products is a critical function of the NCC. In the absence of its own product testing facilities, coupled with the lack of financial resources that are normally associated with product tests, the NCC will continue to rely on entities like NRCS and SABS. The scanning of product recalls by regulators in other jurisdictions will be factored in.

It is still evident that the vast majority of consumers do not lodge complaints. Consumers who are unaware of their rights as consumers, will not complain. The genuine need to increase awareness of consumers' rights remain. It is also evident, that whilst suppliers are aware of their obligations in terms of the Consumer Protection Act, this is not the case for all suppliers. A greater need exists for small and medium enterprises to be made aware of their obligations. The NCC intends to continue encouraging suppliers to comply with the consumer protection legislative framework. Awareness does lead to increased compliance. To this end, awareness initiatives for both consumers and suppliers are intrinsic to the NCC's enforcement function.

Following the receipt of a qualified audit in the 2012-13 financial year, the NCC subsequently focussed on implementing compliance related processes so as to enable it to comply with the PFMA, Treasury Regulations and directives. This resulted in the NCC receiving an unqualified audit for the 2013-14; 2014-15; 2015-16 and 2016-17 financial years. The compliance burden on the NCC has been increasing. This impacts on all officials and on the NCC's efficacy to deal with its core mandate. The NCC has been saddled with a poor compliance history and it will endeavour to maintain and improve on its internal controls. This will be largely guided by findings made by internal and external auditors as well as the assessments performed by its Executive Authority.

1.5.2 Organisational Delivery Environment

The NCC is an organ of state and is a Schedule 3A entity in terms of the Public Finance Management Act, 1999, Act No. 1 of 1999 (PFMA). The entity is established by section 85 of the CPA.

In terms of section 87 of the CPA, the Commissioner of the NCC is responsible for all matters pertaining to the functions of the NCC and is required to hold office for an agreed term, not exceeding five years. Provision is however made for reappointment on expiry of an agreed term of office.

The NCC does not have a Board. The Commissioner is the accounting authority for the NCC, duly assisted by the Deputy Commissioner and as such, is responsible for all income and expenditure of the NCC; revenue collected by the NCC; assets and the discharge of all liabilities of the NCC; as well as the proper and diligent implementation of the PFMA in relation to the NCC. Thus, Parliament, the Executive Authority and the Commissioner are responsible for corporate governance.

The Commissioner has, as permitted, assigned management and or other duties to employees with appropriate skills to assist the NCC in the management, or control over the functioning of the entity by way of written and approved delegations of authority. He has duly delegated, certain powers or functions to suitably qualified employees of the NCC. However such delegation does not divest the Commissioner of responsibility for the exercise of any power or performance of any duty.

The Minister has designated a Deputy Commissioner to assist the Commissioner and to perform the functions of the NCC whenever the Commissioner is unable, for any reason, to perform the functions of the Commissioner; or when the position of the Commissioner is vacant. The Minister of Trade and Industry, in consultation with the Minister of Finance, determines the Commissioner's and Deputy Commissioner's remuneration, allowances, benefits and other terms and conditions of employment.

Parliament, through the Portfolio Committee on Trade and Industry (Portfolio Committee) exercises its oversight role through evaluating the performance of the NCC by interrogating its strategic and annual performance plans, quarterly reports, annual financial statements and performance information and other relevant documents which have to be tabled in Parliament from time to time.

Oversight by the Executive Authority rests by and large on the prescripts of the PFMA. The PFMA grants authority to the Executive Authority for the exercise of its oversight powers.

The Executive Authority also enters into a Shareholders Compact with the NCC and a performance agreement with the Commissioner, both, on an annual basis. A Compliance Schedule is included as part of the Shareholders Compact indicating the deliverables and due dates of all documents as stipulated in the PFMA, Treasury Regulations and the Shareholders Compact. Compliance is reported

on a quarterly and/ or annual basis, whereas management accounts are required to be submitted monthly. Reports are also provided from time to time on matters of significance.

The NCC currently has an approved structure that makes provision for 182 full-time positions. However, only 85 positions out of the 182 approved positions are funded. Given the existing fiscal status, the likelihood of receiving an increase in the budget allocation that would enable the NCC to fill all unfunded posts, is remote. In order effect its strategy and annual performance plans, a review of the NCC structure is underway. The assistance of the DPSA and that of **the dti** has been solicited. Following the review, unnecessary vacant positions will be abandoned and only key vacant positions will be filled, funds permitting. The review of the structure is not expected to result in any retrenchments. Going forward, the NCC largely intends decreasing its approved structure to coincide with funded posts.

A skills audit has been conducted at the NCC, it is apparent that a major skills shortage does exist within the entity. An appropriate skills upgrade programme is underway under the guidance of an internal Skills Development Committee.

Insofar as trade union activity is concerned, the NCC has entered into a recognition agreement with NEHAWU. As it stands, the NCC has adopted the salary scales, benefits and increments as determined by the Minister of the Department of Public Service and Administration. This does not imply that the NCC is not a Schedule 3A entity, in terms of the PFMA.

The process embarked upon by the Executive Authority, of facilitating the establishment of bargaining chambers for its entities, is at an advanced stage. NCC officials are members of the GEPF. Officials are prevented by the Government Employees Medical Scheme (GEMS) from participating in GEMS. However, the usual benefits applicable to employees as negotiated at the PSCBC in relation to employees on levels 1-12 are, wherever possible, also granted to NCC employees on these levels.

Corporate governance at the NCC embodies processes and systems by which public entities are generally directed, controlled and held to account. In addition to legislative requirements based on the CPA, corporate governance is applied through the precepts of the PFMA and run in tandem with the principles contained in the King Reports on Corporate Governance.

In line with the requirements of the PFMA, the NCC has an Audit and Risk Committee. The membership thereof is made up of independent persons. The said Committee also provides for one ex-officio member to serve thereon at the behest of the Executive Authority.

Risk management is integral to corporate governance at the NCC. A risk strategy is implemented and revised from time to time. A risk register is in place and monitored regularly and reported on at Audit and Risk Committee meetings.

Internal audit assists the Accounting Authority in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement. The NCC has outsourced the internal audit function. Internal audit, in consultation with and the approval of the Audit and Risk Committee, ordinarily prepares and submits –

a) a rolling three-year strategic internal audit plan based on its assessment of key areas of risk for the institution, having regard to its current operations, those proposed in its strategic plan and its risk management strategy;

b) an annual internal audit plan for the first year of the rolling three year strategic internal audit plan;

c) plans indicating the proposed scope of each audit in the annual internal audit plan; and

d) reports to the Audit and Risk Committee detailing its performance against the annual internal audit plan, to allow effective monitoring and possible intervention.

Internal Audit reports administratively to the Accounting Authority and functionally to the Audit and Risk Committee. The function is independent of activities that are audited, with no limitation on its access to information.

The NCC has approved a Fraud Prevention Plan (Plan) which is regularly canvassed with NCC officials. Thus far, no acts of fraud have been reported to have occurred over the last five years. In terms of the Plan, mechanisms are in place to report fraud and corruption. In order to promote fraud prevention, a whistleblowing policy is in place which makes provision for officials to make confidential disclosure about suspected fraud and corruption.

1.6 Alignment with the dti's priorities

The main objective of the **dti**'s CCRD unit is to create a **fair regulatory environment** that enables investment, trade and enterprise development in an equitable and **socially responsible** manner and promote a professional, competitive and customer-focused working environment that ensures effective and efficient service delivery.

In line with the prescripts of the Act, the NCC contributes to the **dti**'s growth path by freeing up / increasing funding in the SA economy for investment / productive purposes through promoting compliance with the Consumer Protection Act and thereby curtailing incidences of prohibited business practice. Moreover, enforcing the said Act consistently, certainty is created which adds to confidence amongst suppliers/business.

2.   SECTION 2: STRATEGIC OBJECTIVES

2.1. Strategic objectives

This revised strategic plan is linked to and flows from various plans developed by the NCC to fulfil its mandate, especially Performance Agreements between the Minister and Commissioner and between the Commissioner and Deputy Commissioner. The Shareholders Compact entered into between the NCC and the Executive Authority.

The strategic objectives articulated below were arrived at through a careful assessment of the legislative mandate and the environment in which the NCC operates. Up-to-date information about the organisation's performance and its challenges were gathered in developing the strategic objectives. Consideration was also given to political, economic, social, environmental and technological aspects applicable to the NCC. In assessing the information gathered, the NCC was able to define the critical strategic tasks facing the NCC over the next five years.

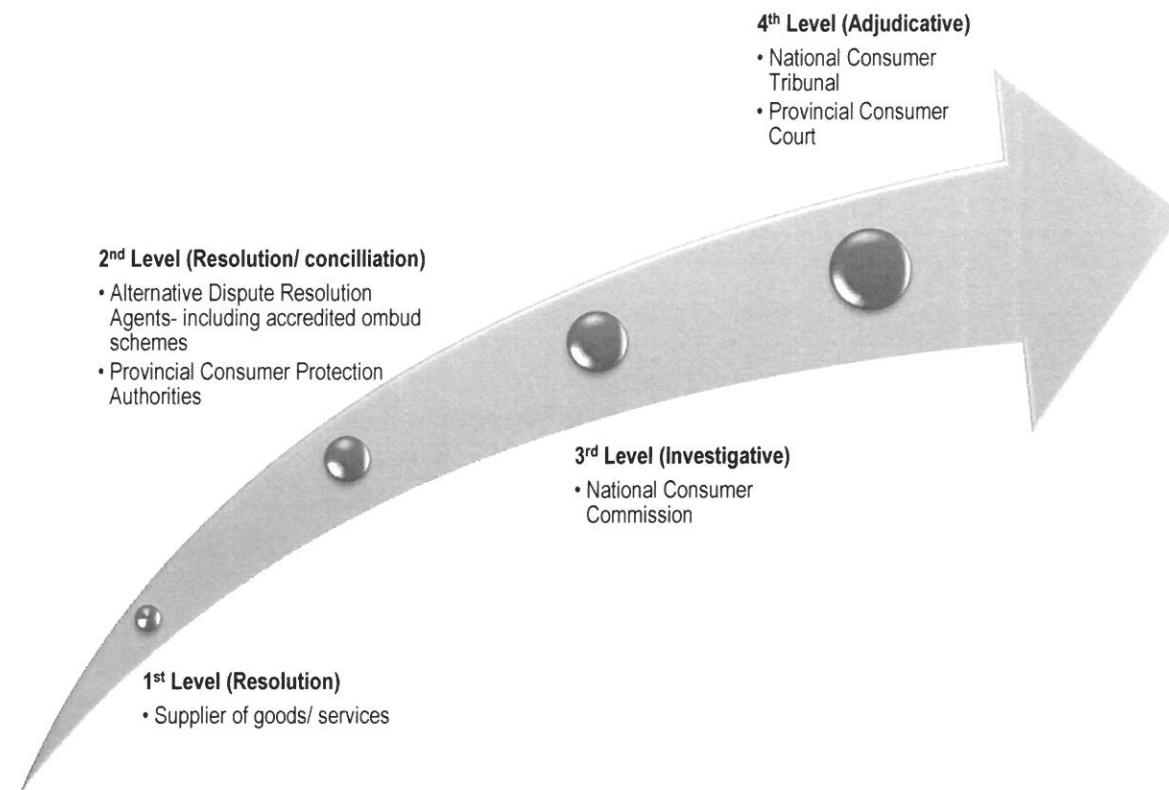| Strategic Outcome Oriented Goal 1	To Promote Consumer Protection and Consumer Safety
Goal statement	The goal is to ensure consumer protection and consumer safety through the enforcement of the provisions of the Consumer Protect Act and to facilitate an environment that enables resolution of disputes between consumers and suppliers that is expedient, cost effective, fair and transparent.
Description	The functions in relation to this objective are performed by the Legal Division and the Enforcement and Investigations Division The purpose is to: (i) Facilitate an environment that enables resolution of disputes between consumers and suppliers that is expedient, cost effective, fair and transparent. . (ii) Conduct investigations so as to enforce the provisions of the Consumer Protection Act thereby ensuring compliance with the provisions of the Consumer Protection Act; (iii) Make applications in terms of the CPA to the National Consumer Tribunal (iv) Facilitate, conduct and monitor product recalls

Strategic Outcome Oriented Goal 2	**To promote reform of consumer policy and compliance with consumer protection legislation.**
Goal Statement	To promote compliance with consumer protection policy and the reform of consumer legislation/ business practices that are inconsistent with the CPA.
Description	The functions in relation to this objective are performed by the Legal Division. The purpose is to: i) Identify legislation that affects the welfare of consumers which is inconsistent with the purposes of the CPA and develop proposals for reform of practices ii) Provide guidance to the public by issuing explanatory notes and/or non-binding opinions on the interpretation of provisions of the CPA iii) Make application for declaratory order on the interpretation or application of any provision of the CPA

Strategic Outcome Oriented Goal 3	**To promote public awareness on consumer protection**
Goal Statement	To increase knowledge on the nature and dynamics of the consumer market and promote public awareness on consumer protection matters by implementing education and information measures to develop public awareness of the provisions of the CPA.
Description	The functions in relation to this objective are performed by the Advocacy, Education and Awareness Divisions. The purpose is to conduct targeted consumer workshops as well as business focused workshops and presentations aimed at facilitating a better understanding of the CPA

Each objective is supported by specific key outputs, which are in turn supported by key performance indicator and targets, is detailed in the annual performance plan and business plan of the NCC.

Delivery Model

The following diagram provides for a simplistic depiction of the relationship between the NCC in relation to other mechanisms for resolving consumer and credit disputes:

4th Level (Adjudicative)
• National Consumer Tribunal
• Provincial Consumer Court

2nd Level (Resolution/ concilliation)
• Alternative Dispute Resolution Agents- including accredited ombud schemes
• Provincial Consumer Protection Authorities

3rd Level (Investigative)
• National Consumer Commission

1st Level (Resolution)
• Supplier of goods/ services

2.2 Governance Structure

EXECUTIVE AUTHORITY: Minister of Trade & Industry

ACCOUNTING AUTHORITY: Commissioner assisted by Deputy Commissioner

Audit & Risk Committee

Executive Committee

The Commissioner of the NCC is responsible for the governance and oversight of the operations of the NCC. The NCC largely reports through the Consumer and Corporate Regulation Division (CCRD) and the Public Entity Oversight Division (PEO) of **the dti** to the Executive Authority. The NCC acts in terms of a budget approved by **the dti**.

2.3 Operational structure

The NCC has 85 funded positions.   Approximately one third of these 85 funded posts are directly employed to provide support   services, for example, in finance, human resources, IT etc. Thus the number of employees involved in the core deliverables of the NCC is a fairly small number of officials. The ratio of officials involved in support functions is not overly large given the ever increasing compliance requirements for State entities like the NCC.

2.4 Finance Strategy
Financial Plan

(i) **Projections of revenue, expenditure and borrowings**

Financial Performance data in R'000s

Details	2018/19	2019/2020	2020/21
Transfers received	55 865	58 993	62 238
Interest received	1 788	1 888	1 991
Total revenue	**57 653**	**60 881**	**64 229**
Compensation of employees	**44 979**	**47 498**	**50 348**
Salary & wages	40 717	42 997	45 611
Social contributions (employer contributions only)	4 262	4 501	4 737
Use of goods and services	**12 674**	**13 383**	**13 881**
Administrative fees	1 652	1 745	2 590
Advertising	1 460	1 505	887
Assets less than R5 000	25	26	27
Audit costs	1 887	1 993	2 081
Bank charges	29	31	32
Catering: internal activities	292	308	322
Communication	977	1 032	397
Computer services	100	105	110

Details	2018/19	2019/2020	2020/21
Consultants	663	700	711
Contractors	835	880	512
Consumables / Inventory	262	277	289
Lease Payments	432	494	506
Legal fees	800	845	865
Non-life insurance	92	97	101
Printing and publication	950	1 003	1 013
Repairs and maintenance	111	117	122
Property payments	512	541	0
Research and development	360	380	800
Training and staff development	181	191	496
Travel and subsistence	642	678	1 566
Venues and facilities	412	435	454
Depreciation and amortisation			
Total expenses	**57 653**	**60 881**	**64 229**
Surplus / (Deficit)	-	-	

ii. Asset and Liability Management

	2018/19	2019/20	2020/2021
Assets			
Current Assets			
Trade and other receivables from non- exchange transactions	20	20	200
Trade and other receivables from exchange transactions	30	30	20
Cash and cash equivalents	7 462	7 462	6 995
Current Assets	**7 512**	**7 512**	**7 215**
Non-Current Assets			
Property, plant & equipment	3 500	3 500	2 700
Intangible assets	1 300	1 300	900
Non-Current Assets	**4 800**	**4 800**	**3 600**
Total Assets	**12 312**	**12 312**	**10 815**
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	1 000	1 000	700
Trade and other payables from exchange transactions	1 097	1 097	819
Provisions	1 300	1 300	1 100
Total liabilities	**3 397**	**3 100**	**2 619**
Assets	12 312	12 312	10 815

		(3 397)	(3 397)	(2 619)
Net assets		**8 915**	**8 915**	**8 196**
Accumulated surplus		**8 915**	**8 915**	**8 196**
Liabilities				

iii. Cash Flow Projections	2018/19	2019/20	2020/2021
Receipts	**57 653**	**60 881**	**64 229**
Transfer received	55 865	58 993	62 238
Interest received	1 788	1 888	1 991
Payments	**57 653**	**60 881**	**64 229**
Employee costs	44 979	47 498	50 348
Operating expenditure	12 674	13 383	13 881
Cash flow from operating activities	-	-	
Cash flow from investing activities			
Purchase of property, plant & equipment	(650)	(650)	(450)
Purchase of intangible assets	(300)	(300)	(500)
Net cash flow from investing activities	**(950)**	**(950)**	**(950)**
Total cash & cash equivalents movement	**(950)**	**(950)**	**(950)**

(iv)   **Capital expenditure projects**

- Records management system
- Computer Equipment
- Furniture

(v)   **Infrastructure plans; and**
       N/A

(vi)   **Dividend policies**
        N/A

2.5   Materiality and significance framework

The NCC, as a public entity listed in Schedule 3A, must annually submit a proposed strategic plan for by **the dti**. Such a plan must be submitted as agreed to between **the dti** and the public entity. The strategic plan must – include the materiality/significant framework, referred to in Treasury Regulation 28.3.1

In terms of Treasury Regulation 28.3.1 and for purposes of material [section 55 (2) of the PFMA] and significant [section 54 (2) of the PFMA], the NCC must develop and agree a framework of acceptable levels of materiality and significance with **the dti**.

Whereas, the NCC agrees, in line with section 54 (2) of the PFMA, to the following:

1) Prior to concluding any of the following transactions, the NCC shall promptly and in writing inform the Treasury of the transaction and submit relevant particulars of the transaction to **the dti** for approval of the transaction relative to:

    (a) Establishment or participation in the establishment of a company;

    (b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;

    (c) Acquisition or disposal of a significant shareholding in a company;

    (d) Acquisition or disposal of a significant asset;

    (e) Commencement or cessation of a significant business activity; and a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

The NCC may assume that approval has been given if it receives no response from **the dti** on a submission in relating to any of the aforementioned within 45 days.

The dti has not granted any exemptions upfront to the NCC from any of the aforementioned matters.

In terms of 55 (2) of the PFMA, it is accepted that the annual report and financial statements of the NCC must fairly present the state of affairs of the NCC, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned. The annual report and financial statements shall include particulars of—

(i)   Any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;

(ii)   Any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;

(iii)   Any losses recovered or written off,

(iv)   Any financial assistance received from the state and commitments made by the state on its behalf and

(v)   Any other matters that may be prescribed.

Further, the NCC shall submit the annual report and financial statements report and statements for tabling in Parliament, to **the dti** through the Public Entity Oversight Unit of **the dti**.

2.6   Enterprise Risk Management Framework

The approved Enterprise Risk Management Framework is attached hereto marked **Annex "A"** and included therein is the Anti- Fraud and Corruption Policy.

2.6.1 Risk Management Process

The approved Risk Management Strategy is also contained within the above Framework marked **Annex "A"**.

2.6.2 Risk Strategy

The strategic risk register is attached herewith marked **Annex "B"**. The risks facing the NCC are being managed and updated on an on-going basis.
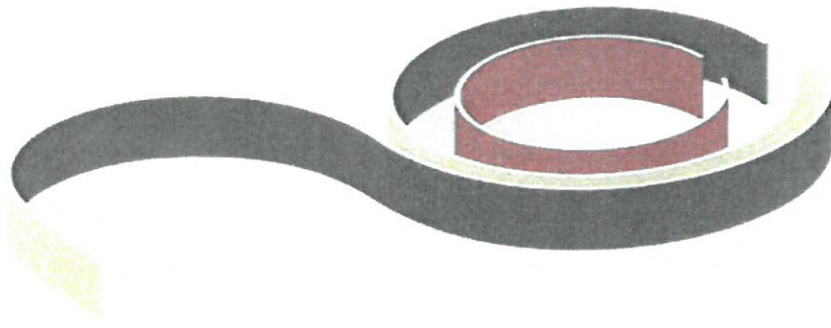
National Consumer Commission

Enterprise Risk Management Framework

Annex A

NATIONAL CONSUMER COMMISSION

a member of the dti group
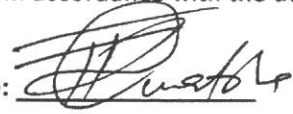
Enterprise Risk Management Framework (ERMF)

Compiled by the Risk Manager

I hereby endorse this Enterprise Risk Management Framework(ERMF) and confirm that it was prepared in accordance with **the dti** requirements
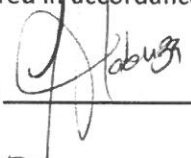
Signature: _____

Name: **Mr. Tshepo Kwatsha**

Rank: **Risk Manager**

Date: _02 March_ 2017

Recommended by the Internal Audit and Risk Management Committee Chairperson

I hereby endorse this Enterprise Risk Management (Framework(ERMF) and confirm that it was prepared in accordance with **the dti** requirements

Signature: _____

Name: **Ms. Thezi Mabuza**

Rank: **Deputy Commissioner**

Date: _08|03_ 2017

Approval by the Accounting Authority

I hereby endorse this Enterprise Risk Management Framework(ERMF) and confirm that it was prepared in accordance with **the dti** requirements

Signature: _____

Name: **Mr. Ebrahim Mohamed**

Rank: **Commissioner**

Date: _09 | 03_ 2017

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Definitions

Term	Definition
Assurance	Assurance is a process that provides confidence that controls are in place and effective and objectives will be achieved within a tolerable level of residual risk.
Cause/driver	Something that gives rise to or creates a risk or an event.
Chief Risk Officer CRO	It is the risk manager
Communication and consultation	Continual or iterative process that an organisation conducts to provide, share and or obtain information and to engage in dialogue with stakeholders regarding the management of risk.
Consequence/Impact	Outcome of an event affecting objectives.
Control	Measure that is modifying risk.
Control Assurance	The process designed to provide reasonable assurance regarding the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. The process is affected by leadership, management and all involved staff
Control Owners	The owners of a control process that mitigates an identified risk. Where controls are evaluated as "requiring improvement" or "not effective", the control owner will participate in developing a treatment to ensure the effectiveness of the control
Control self-assessment	The planned, periodic review by managers of work processes, procedures and systems to ensure that risk controls are still effective and appropriate. The review should focus on opportunities for improvement in respect of existing work processes; procedures and systems and the risk controls themselves.
Corporate Governance	How an organisation is managed, its corporate and other structures, its culture policies and strategies and the way it deals with its various stakeholders. Good governance is important to provide adequate accountability to the many stakeholders and to encourage performance improvement while satisfying control and compliance requirements.
Cost benefit analysis (CBA)	An objective assessment comparing all the costs, including both direct and indirect cost, of treating a risk against all the benefits, including both direct and indirect benefits, from the residual risk.
Divisions	Business Units within the Commission
Enterprise Risk Management	Coordinated activities to direct and control an organisation with regard to risk
Enterprise Risk Management Plan	Document within the Enterprise Risk Management methodology specifying the approach, the management elements and resources to be applied to the management of risk.
Enterprise Risk management information system	A database that contains all risk management information including all risk registers, risk treatment plans and risk management plans.
Enterprise Risk Management Methodology	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management processes throughout the organisation

Term	Definition
Enterprise Risk Management Process	Systematic application of management policies, procedures and practices to the tasks of communicating, consulting, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Enterprise-wide Risk Management (ERM)	Is a brad-based application of risk management in all major functions and activities of the NCC, rather than only selected areas, to isolate the material risk
External Context	The external environment in which the organisation seeks to achieve its objectives (i.e. Political, Economical, Socio-Economical, Technological, Legislative and Environmental aspects).
Hazard	A source of potential harm
Incident	An unplanned and unexpected event (including a near miss). It may or may not result in an injury or illness to a person or damage to an asset/property
Inherent Risk	The risk to an organisation in the absence of any deliberate management intervention(s) to exercise control over such factors
Internal Context	The environment in which the organisation seeks to achieve its objectives (i.e. Strengths, Weaknesses, Opportunities and Threats)
Internal Control	A process designed to provide reasonable assurance regarding the achievement of objectives
Key Risks	Risk that the organisation perceives to be its most significant.
King III	The King Code of Corporate Governance for South Africa 2009
Legislation	A rule which has legislative force enacted or made by legislature or other authority
Level of risk	The magnitude of a risk expressed in terms of the combination of consequences and their likelihood.
Management	All Officials of the organisation except for the Chief Risk Officer and other officials reporting to Him or Her
Monitoring	Continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected.
National Consumer Commission	National Consumer Commission (NCC)
Non-Compliance and/or risk incidents	Referring to non-compliance with applicable policy
PFMA	The Public Finance Management Act (Act No. 1 of 1999 as amended by Act 29 of 1999)
Regulation	Subordinate legislation made in terms of an Act of Parliament or other primary legislation to implement of give effect to the relevant primary legislation
Residual Risk	The remaining exposure after the mitigating effects of deliberate management intervention(s) to exercise control over such exposure
Review	Activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter to achieve established objectives.

Term	Definition
Risk	Effect of uncertainty on objectives. An effect is a deviation from the expected - positive and/or negative.
Risk analysis	Systematic use of information to identify source and to estimate the risk
Risk Analysis	Process used to understand the nature of risk and to determine the level of risk
Risk Appetite	The amount and type of risk that an organisation is prepared to pursue, retain or take – this is illustrated by the risk assessment matrix
Risk Assessment	The overall process of identifying, analysing and evaluating risk.
Risk Assessment	Process of risk identification, risk analysis and risk evaluation
Risk Assessment Matrix	The tool for ranking and displaying risks by defining ranges for likelihood and consequence.
Risk Bearing Capacity	The ability to absorb additional risk based volatility in its results without detrimental effects to key plans, strategies, operational and financial resources
Risk Champion	Senior person with the skills, knowledge, leadership qualities and power of office required to champion a particular aspect of risk management
Risk Control Adequacy	A relative assessment that considers the design effectiveness of a control, i.e. is the control designed appropriately for the function it was intended
Risk control effectiveness (RCE)	A relative assessment of actual level of control that is currently present and effective compared with that which is reasonably achievable for a particular risk.
Risk Criteria	Terms of reference against which the significance of a risk is evaluated
Risk Description	A short statement using the formula Risk Name, due to Cause, results in Consequences
Risk Evaluation	Process of comparing the results of risk analysis against risk criteria to determine whether the level of risk is acceptable or tolerable
Risk Event	The occurrence of risk. The risk may occur as a once off event or may continue to occur as an ongoing event
Risk Factor	Any threat or event which creates, or has potential to create risk
Risk Identification	Is a deliberate and systematic effort to identify and document the organisation's key risks
Risk Identification	Process of finding, recognising and describing risks
Risk Management	The culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.
Risk Mitigation/ Treatment / Action	Measures taken to modify risks to address causes and reduce/treat an undesired consequence.
Risk Owner	Person or entity with the accountability and authority for managing the risk and any associated risk treatments
Risk Register	A formal listing of risks identified, together with the results of the risk analysis, risk evaluation procedures together with details of risk treatment, risk control, risk reduction plans.
Risk Register	A set of identified risks, controls and treatments

Term	Definition
Risk Reporting	Form of communication intended to address particular internal or external stakeholders to provide information regarding the current state of risk and its management.
Risk Source	Anything which alone or in combination has the intrinsic potential to give rise to risk.
Risk Tolerance	An individuals or organisation's readiness to bear the risk after risk treatments in order to achieve its objectives
Root cause	The underlying cause of an event or source of risk that, if rectified, will prevent the recurrence of not just the event or risk with those exact circumstances, but many others with similar root causes. When applied to successes it can elicit the actions required to emulate and repeat the success.
Stakeholder	Any individual or group or organisation that can effect, be affected by, or perceive itself to be affected by a risk
Stakeholder	Any person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity
Supervisory Requirement	Requirement of a supervisory body e.g. PFMA and National Treasury.
Treatment Owners	Treatment owners are responsible for the implementation of treatments. Treatment owners should agree the treatment design, resourcing and agree timeframes for implementation with Directors, Risk owners, and possibly Control owners

Overview

Risk management worldwide has developed from a back-office control function into a strategic competitive weapon. The NCC's approach to Enterprise Risk Management (ERM) is aimed at evaluating, managing and optimising the opportunities, threats and uncertainties that the NCC may encounter in its efforts to maximise sustainable Stakeholder value. Risk management is supported by the Board Risk and Sustainability Committee (BR&SC) and assured by external audits and the Internal Audit function.

Basic Principles of Governance

First line of defence	Second line of defence	Third line of defence
Primary risk and control responsibility	Oversight	Independent assurance
Business line management	Risk management	Internal and external audit
- Promotes strong risk culture - Sets risk appetite; creates risk definitions - Owner of risk management process - Implements controls - Day-to-day risk management by risk takers	- Develops centralised risk management policies and standards - Develops risk management processes and controls - Monitors and reports on risk	- Provides independent and objective challenge to the levels of assurance provided by business operations and oversight - Validates processes in the risk management framework - External audit gives assurance on the financial statements

Enterprise Risk Management (ERM)

ERM is designed to identify potential events that may affect the organisation, manage risks to within its risk appetite and ultimately provide reasonable assurance that the NCC will achieve its objectives. ERM is applied throughout the organisation and the process is supplemented by the NCC Risk Management Framework and a comprehensive set of risk policies and limits.

Embedding risk management techniques in day-to-day operations equips the NCC to identify events that affect its objectives and manage risk in a manner consistent with the corporate strategy. Within this context, all risk to the Corporation, including those associated with sustainability, are managed according to the 'three lines of defence' governance model, as outlined in the table above.

Enterprise Risk management framework

The NCC's ERM framework is based on the principles embodied in the Public Finance Management Act (PFMA), 1 of 1999, Public Sector Risk Management Framework published by National Treasury, Enterprise Risk Management Framework published by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission, International Guideline on Risk Management (ISO 31000), King Code on Governance Principles (King III) and Batho Pele principles. The principles outlined in the framework are incorporated in risk management-related policies and procedures that support the Corporation's ERM framework.

The objectives of this framework are to embed a uniform approach to ERM at the NCC and identify and assess all the risks that could affect the achievement of the Corporation's objectives, its people, reputation, business processes and systems, as well as its financial and environmental performance. It also serves to ensure that these risks are dealt with at an acceptable level.

The Risk Management Framework depicted in the figure below outlines the guiding principles of risk management at an ERM level.

The Enterprise Risk Management Framework depicted in the following diagram, identifies the guiding principles for the NCC's management of risk on an ERM basis.

NCC's ERM process is benchmarked against
PFMA · Treasury Regulations · Public Sector Risk Management Framework · King III
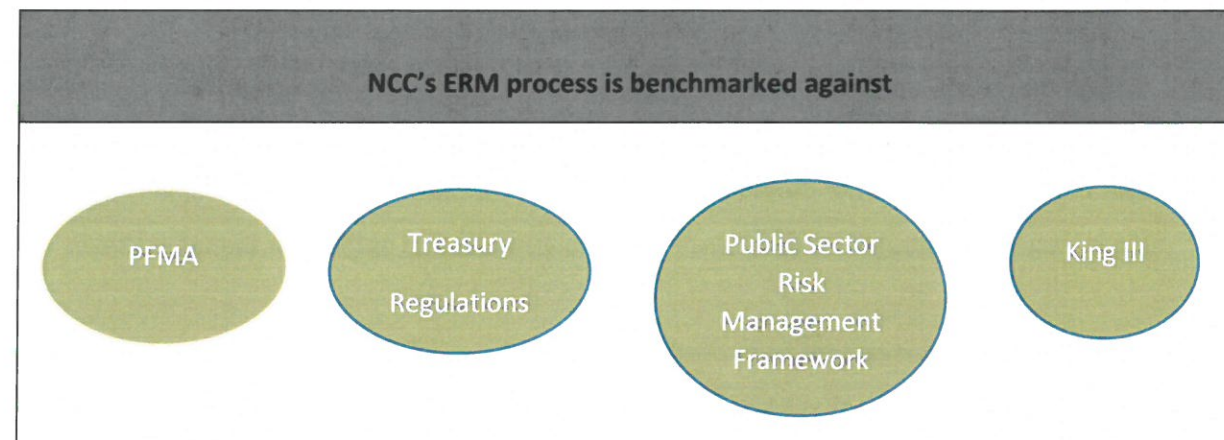
Risk Formulation:

The risk management framework incorporating, inter alia, the:

(i)   Enterprise risk management policy;

(ii)   Risk management strategy;

(iii)   Fraud prevention plan;

(iv)   Risk management implementation plan;

(v)   Risk identification and assessment methodology, and risk classification;

Risk Management Policy

Risk Management *Policy*

Introduction

Risk Management is an integral part of all National Consumer Commission processes and is part of the responsibilities of management to include risk management in strategic planning and all project and change management processes.

The inputs to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement. However, Senior Management should be aware of, and take into account, any limitations of the data or modelling used or the possibility of divergence among experts.

The risk management process does not reside in any one individual or function but requires an inclusive team-based approach for effective application across the Commission. The aim of this policy is not to eliminate risk, rather to manage the risks involved in the Commission's activities to maximize opportunities and minimize adversity.

The National Consumer Commission through the adoption of Risk Management Policy by the Commissioner is thus fully committed to and accountable for effective risk management, in ensuring those strategic and operational objectives are met and that continued, sustained growth is achieved. The National Consumer Commission aims to establish a culture of disclosure of risk, as well as ownership of risk management, with the hope that the same becomes a practice of all National Consumer Commission officials.

Legislative Mandate

The Public Finance Management Act (PFMA)

Section 38 (1) a of the Public Finance Management Act, No.1 of 1999 as amended by the Public Finance Management Amendment Act, No. 29 of 1999, states, that the Accounting Officer must ensure that the entity has and maintains: '"effective, efficient and transparent systems of financial and risk management and internal control".

Treasury Regulation

Section 27.2.1 of the Treasury Regulations, states that the Accounting Authority must ensure that risk assessment is conducted regularly so as to identify new and emerging risks in the Organisation. The risk management strategy, which must include the a fraud prevention plan, must be used to direct internal audit effort and priority as well as determining the skill required of mangers and staff to improve controls while managing risks. The risk management strategy must be communicated to all officials in ensuring that it is incorporated into the language and culture of the NCC.

King III Report

Chapter 4, Principle 4.1 of the King Code of Governance requires that "the governing body should govern risk and opportunity in a way that supports the organisation in defining the core purpose and to set and achieve strategic objectives", and that there should be a disclosure of:

a. Arrangements of managing risk and opportunity

b. Key focus areas during the reporting period

c. Mechanisms for monitoring and assessing adequacy and effectiveness of risk and opportunity management, and

d. How past performance, current operations and future strategic objectives are affected by uncertainties

Deviation

Deviation from this policy document requires prior authorisation by the Risk Management Unit (RMU) and the NCC Commissioner. All such deviations shall be reported to the Audit and Risk Management Committee as it convenes. In such instances a formal request is to be submitted to the RMU and the Commissioner detailing the specific deviation and its impact thereof, failing which disciplinary action will be instituted for non-compliance.

Risk Management

Risk management is a systematic process to identify, assess, manage and monitor risks on a continuous basis before such risk can impact negatively on the organisation's service delivery capacity.

When properly executed risk management provides reasonable, but not absolute assurance that the organisation will be successful in achieving its goals and objectives.

National Consumer Commission's risk management objectives are to:

- Create awareness and understanding of risk management at all levels of the National Consumer Commission;
- Instill a culture of risk management and risk ownership, making everyone engage in this culture and accept responsibility;
- Engage risks and manage them well within the risk appetite of the National Consumer Commission as set by the Audit and Risk Committee;
- Embed risk management in the way the National Consumer Commission is managed, thus include the linking of risks, controls and actions to strategic and operational risks as part of the annual planning process;
- Assist management to make informed decisions which will improve the Commission's performance on decision making, planning and also in prioritizing the allocation of resources;
- Protect and enhance the reputation and standing of the Commission;

Risk Management Approach

The NCC approach to risk is on the basis of five key strategies *(Take 5)*, namely avoidance, treating, transferring, accepting and exploiting

1. **Avoidance**

Avoiding the risk for example, choosing a different strategy or terminating the activity that produces the risk

2. **Treating**

Treating the risk by, for example, Implementing or improving the internal control system

3. **Transferring**

Transferring the risk to other party more competent to manage it, for example, outsourcing services

4. **Accepting**

Accepting the risk where cost and strategy considerations rule out alternative strategies

5. **Exploiting**

Exploiting the risk factors by implementing strategies to take advantage of opportunities presented by such risk factors

General considerations when managing Strategic, Operational and Project risks

    i.   Aligning risk management processes with the organisational plan

    ii.   Using organisational objectives and output as basis for risk identification

    iii.   Root cause and consequence that fuels likelihood and impact respectively will be identified

    iv.   Historical loss data will be considered

    v.   Scenario analysis will be exercised

    vi.   Current and actual risk experience will be acknowledged

    vii.   Risks will be assessed Inherently without considering existing controls

    viii.   Current and existing controls will be identified

    ix.   Residual risks will be further assessed to determine level of exposure after considering control effectiveness

    x.   Appropriate risk response strategies will be developed

    xi.   The implementation of the risk response strategies will be monitored

    xii.   Responsibilities in the Implementation of the response strategies will be assigned and timely communicated

    xiii.   Reasonable timeframes will be set for proper implementation of all response strategies developed

    xiv.   Quarterly assessments and report will be developed to measure the effectiveness and efficiency of risk management initiatives.

Scope

The policy applies to all Divisions of the National Consumer Commission and therefore non-compliance with this policy will be referred to the appropriate level of management. (i.e. EXCO, MANCO, Audit and Risk Committee and/or the Commissioner)

Policy Statement

The National Consumer Commission is committed to the prudent management of its administration on behalf of its stakeholders and undertakes to manage its affairs in accordance with legislative, regulatory, directive and supervisory requirements.

In support of the principles of good corporate governance, the NCC also undertakes to conduct its administration with integrity and due diligence to comply with both the spirit and letter of the law, as well as all internal policies and related procedures.

As part of the risk management process, the NCC appreciates that one of its core risks is compliance with statutory obligations. It is thus committed to not only identifying the legislation which it is obliged to comply with but also measuring the levels of compliance in the organisation.

It is the NCC's mission to openly disclose our risk management process both internally and externally to ensure that our stakeholders view us as transparent public entity. We aspire to achieve awareness and understanding of the NCC's risk management framework at all appropriate levels of the organisation.

It is also our mission to constantly identify, manage, monitor and report on risk in the NCC and hold our management accountable for the effective management of risk in the organisation.

Roles and Responsibilities

The Accounting Officer (Commissioner)
- The accounting officer is accountable for ensuring that a risk management system is established, implemented and maintained in accordance with this policy, assignment of responsibilities in relation to risk management is the prerogative of the accounting officer.
- Review reports on non-compliance with Risk Management policies and procedures and ensure that appropriate plans for corrective action are put in place through the Audit and Risk Committee.

The Audit and Risk Management Committee

- Review National Consumer Commission Risk Management Policy and Methodology and Strategy regularly.
- Review the material findings and recommendations by assurance providers on the system of risk management and monitor the implementation of such recommendations.
- Evaluate the extent and effectiveness of integration of risk management within the NCC
- The Audit and Risk Management Committee, through the delegated authority by the Commissioner, will define the risk appetite of National Consumer Commission in terms of the level of risk that is acceptable.
- Should approve annual risk management plan and review the implementation thereof.
- Should ensure continuous risk monitoring by management.
- Should ensure that management considers and implements appropriate risk responses.

- Should ensure that risk management is effective and continues to support the National Consumer Commission's performance, the committee should:
  - ➤ measure risk management performance against indicators, which are periodically reviewed for appropriateness; (i.e. Risk Management Plan, Quarterly Risk Action Plan Reports, Quarterly Risk Report to the Commissioner);
  - ➤ periodically measure progress against, and deviation from, the risk management plan;
  - ➤ quarterly review whether the risk management framework, policy and plan are still appropriate, given the organizations' external and internal context; and
  - ➤ report on risk, progress with the risk management plan and how well the risk management policy is being followed; and review the effectiveness of the risk management framework

Executive Management (EXCO)

- The Executive Committee Management (EXCO) which consist of the Divisional Heads, has the primary responsibility for managing risk on a day-to-day basis.
- EXCO is responsible for promoting risk awareness within their operations and they should also introduce risk management objectives into their business.
- Risk management should be a regular management-meeting item to allow consideration of exposures and to reprioritise work in the light of effective risk analysis.
- The EXCO should ensure that risk management is incorporated at the conceptual stage of projects as well as throughout a project (Audit and Risk Management Committee).
- Risks with unacceptable exposure have to be addressed in an appropriate manner, by management according to the risk strategy of National Consumer Commission.
- This includes identifying and taking advantage of opportunities, as well as protecting our intellectual capital, income and assets by mitigating adverse impacts of risk.
- Should understand the risk levels that it has the ability to tolerate (risk tolerance) versus the risk that it is willing to take (risk appetite).
- Should ensure that risk assessments are performed on a continual basis.
- Should prioritize and rank risks to focus the responses and interventions on those risks outside the Audit and Risk Committee's risk tolerance limits.
- Should facilitate the implementation of mitigation strategies for high risk areas identified.

Chief Risk Officer (CRO)

- Assist Divisions in implementing Risk Management compliance requirements.
- Provide advice on Risk Management compliance and related matters.
- Facilitate Risk Management Workshops to compile risk registers for respective components of the Divisions.
- Monitor the implementations of action plans to mitigate high risk levels areas identified.
- Report non-implementation of action plans and escalates non-compliance of risk issues to appropriate levels (i.e. the Commissioner and Audit and Risk Committee)
- Prepare quarterly reports to the Commissioner on non-compliance with risk action plans and activities of Risk Management unit and also report on any changes to be effected to the Risk Management Plan.
- Manage relationships with the Divisions' management, supervisors and staff.
- Promote Risk Management culture in conjunction with management.
- Take an active role in the National Consumer Commission's projects that may have risk implications and advising management of relevant risk management requirements.
- Provide training and awareness to all staff of the Commission in regard to Risk Management programmes.
- Co-ordinating the various functional activities which advise on risk management issues within the organisation.
- Developing risk response processes, including contingency and business continuity programmes.
- Preparing reports on risk for the Commissioner, Audit and Risk Committee and the other stakeholders as maybe requested by the Commissioner and the Audit and Risk Committee.
- The CRO will have unrestricted access to the Office of the Commissioner and Heads of Divisions.

Management

Management and supervisors will be made aware of Risk Management Compliance requirements through training, awareness campaigns and other initiatives.

The Divisions within the Commission will:
- Develop and maintain procedures for informing all staff of Risk Management compliance requirements.

- Ensure adequate training on these requirements for their areas of accountability.
- Maintain a training register which appropriately reflects the ongoing status of training provided. The training register should contain at least the following information:
  - Employee trained.
  - Date trained.
  - Training provided.

It is the responsibility of line management to ensure that staff within their areas of accountability is adequately trained to perform their required duties.

Other Officials

- Must be aware of risk management principles and its benefits
- Must practise management of risk on their day to day operations

Internal Audit and Auditor General

- Should provide assurance regarding the efficiency and effectiveness of Risk Management Unit.
- Focusing the internal audit work on the significant risks, as identified by Risk Management, Audit and Risk Committee and auditing the risk management processes across an organisation.
- Providing active support and involvement in the risk management process.

Application and Implementation

- The process for the identification of risk is objective driven and assesses the impact that risks would have on the achievability of the objectives of National Consumer Commission.
- To achieve and facilitate the above, the National Consumer Commission has a clearly defined responsibility structure for the risk management process (i.e. Risk Management Methodology and Strategy).
- The execution of our policy will be governed by a Risk Management Methodology and Strategy, the key components of which are detailed in the document.
- The National Consumer Commission's risk management methodology and strategy will be

reviewed on an annual basis to ensure that it remains appropriate to National Consumer Commission and that the latest best practices for risk management have been adopted, where appropriate.

Risk Management Implementation

Risk Owners:

Heads of Division are ultimately accountable for all risks identified in their respective Divisions and are also responsible for the implementations of action plans.

Action Owners:

Senior Managers/Managers of various units within the Division and are responsible for implementing the mitigating strategies for risks identified within their specific units and report to their Head of Divisions (i.e. Risk Owners)

Risk Assessments:

➢ All the Divisions will be required to compile a risk register at least once a year (i.e. after the approval of strategic plan) through risk assessment workshops / Meetings.

➢ Risk registers will be reviewed and updated once every three months through meetings with risk and action owners

➢ After any strategic/policy/mandate/structural changes a risk assessment workshop will be conducted to review and update a risk register

➢ Report once a month on the implementation of action plans

Risk incident management

9.2.1 The Risk Management Unit will keep records of these non-compliance and risk incidents and will report on these events to the relevant management levels such as the Commissioner and the Audit and Risk Committee

9.2.2 Risk incidents reporting should contain at least the following information:

- Date of incident.
- Division and the specific component.
- Business process.
- Type of non-compliance and/or risk incident.

- Exposure.
- Loss.
- Action plan for addressing the non-compliance and/or risk incident.
- Management responsible for implementing the action plan.

Reporting on the status of Risk Management Compliance

- Division managers will report on the status of compliance with Risk Management requirements for their areas of accountability to the Audit and Risk Committee and other governance bodies at the determined intervals.
- The Risk Management will report on the status of compliance to the Audit and Risk Committees at the determined intervals.

Assurance on the Compliance Process

Internal Audit and Auditor General will provide assurance on the effectiveness of the application of this policy and of all compliance structures and processes in the National Consumer Commission.

Risk Management Strategy

1. Introduction

The Compensation Fund (NCC) environment is inherently exposed to a number of risks and requires constant assessment and monitoring to ensure effective risk management. NCC understands that Enterprise Risk Management (ERM) is a management tool that has the potential to increase the Organisation's prospects of success through getting it right the firsttimeand minimising negative outcomes. It is NCC's intention to maximise value by setting clear and realistic objectives, developing appropriate strategies, understanding the intrinsic risks associated therewith and directing resources towards managing such opportunities on the basis of cost-benefit principles.

The NCC has established a Risk Management Unit (RMU) in pursuance of compliance with Section 38(1)(a)(i) of the Public Finance Management Act (PFMA), No 1 of 1999, read together with Treasury Regulation 3.2.1(TR).

Inputs into this Enterprise Risk Management Methodology (the Methodology) were obtained from the following:

- National Treasury's Public Sector Risk Management Framework (PSRMF);
- ISO 31000:2009, international benchmark standard on risk management;
- King Report and Code of Governance in South Africa 2009 (King VI); and the
- Public Finance Management Act, No.1 of 1999 as amended by Act 29 of 1999.

The purpose of this document is to provide management and all officials with guidelines on implementing and performing ERM activities in their area of work, and to also facilitate the consistent application of the ERM process throughout NCC.

Scope and Application

The scope and application of this Methodology includes:

- Define ERM and its application in NCC;
- Describe the approach to managing risks based on ISO 31000:2009 principles to ensure that a strong culture of ERM is embedded in NCC;
- Provide guidance on the ERM process to be applied in risk assessments and other risk management processes across NCC to ensure consistency in their application;

- Outline roles and responsibilities for ERM across NCC to ensure ownership and buy in;
- Explain the ERM recording and reporting requirements within the Organisation to ensure value is added through ERM; and.
- Outline NCC's risk management plan.

This Methodology applies to the entire spectrum of NCC activities and all its employees. This methodology and related ERM processes need to be applied to all strategic decision making, projects, processes, activities and services and must include all types of risks, having positive and negative consequences.

Enterprise Risk Management Process

Implementing ERM involves a logical and structured way of thinking and it requires the development and use of a consistent language to support the process.

The diagram below, based on ISO 31000 illustrates the ERM activities and processes that will be undertaken in NCC on an ongoing basis.

Communicate and Consult
Who are our stakeholders, what are their objectives and how shall we involve them?

Risk Assessment

Establish the Context	Identify the risks	Analyse the risks	Evaluate the risks	Treat the risks
What do we need to take into account and what are our objectives	What might happen? How when and why?	What this will mean for our objectives?	Which risks need treating and our Priority for Attention?	How should we best deal with them?

Monitor and Review
What changes have occurred, what progress has been made and where is improvement required

The ERM process for conducting risk assessments is to be conducted regularly or when significant change occurs: internal change in planned, or external change is detected.

Risk assessments need to be conducted at different levels in the organisation which will involve different role players and follow different communication lines.

The levels include:

- Strategic risk assessment: Identifying risks emanating to and from NCC's strategic objectives and initiatives;

- Operational risk assessment: Identifying risks introduced by employees, internal processes and systems, contractors, regulatory authorities and external events;

- Process risk assessment: Identifying risks at each step of particular processes, in significant detail.

- Project risk assessment: Identifying risks inherent to particular projects covering the whole lifecycle.

2.1   Communicate and Consult

Communication and consultation is an integral part of the ERM process and it needs to be considered at each step. It needs to identify both internal and external stakeholders and seek to consider their objectives and communication requirements.

Frequent communication of ERM performance across NCC and to key stakeholders is critical to improving maturity. Leadership needs to encourage the open communication of good and bad news throughout NCC and those who raise risks and concerns must be supported and encouraged to bring solutions to problems which encourages openness.

The development of communication plans and associated activities are detailed in the ERM Strategy.

Key elements required in the communication plan relating to stakeholders include, as a minimum:

- Objectives of the
- Participants
- Perspective
- Stakeholder groups;
- Specialist and expects who need to be involved
- Team composition;
- Communication methods to be used; and
- Evaluation process to be used

Stakeholder data is to be reviewed and updated on at least an annual basis or after a change in internal and external stakeholders.

2.1.1 Stakeholder Analysis

The purpose of stakeholder analysis is to identify individuals or groups that are likely to affect or be affected by NCC and its operations. In analysing stakeholders, NCC will strive to understand the stakeholders' objectives as far as these relate to NCC and its operations and the risks involved. This will enable alignment of such objectives to NCC's objectives where appropriate.

It is critical to determine the most appropriate means of communication for each stakeholder, and to what media they will respond to best, e.g. meetings, emails, system messages, stakeholder engagement, and community forums.

Stakeholder data is to be reviewed and updated on at least an annual basis or after a change in stakeholders, internal or external.

2.2   Establishing the Context

Contextualising risk is important because ERM takes place in the context of a particular organisation and its objectives, and needs to be considered from both an internal and external perspective. Internal and external contexts need to be understood, as they give light to sources of risk and vulnerability. Establishing the context of the NCC defines the parameters within which risks must be managed and sets the scope for the rest of the ERM process. The context can be established in various components as outlined below.

2.2.1   Understand the objectives

NCC objectives must exist before management can identify risks facing the organisation. These objectives should be aligned throughout NCC to ensure that the direction and focus of the different levels of management are fully integrated with the vision, mission and strategy of NCC.
Understanding NCC's objectives within which risks are to be managed is essential to ensure that all significant risks are captured. Without clear objectives it would be impractical to identify events that might give rise to risks that could impede the accomplishment of NCC's strategy or objectives. Alignment between objectives and ERM at various levels within NCC will ensure that no important assumptions or unspoken objectives are omitted.

2.2.2   Identify Stakeholders

The key stakeholders, their objectives in their relation with NCC and communication methods with these stakeholders need to be documented. Amongst others, these stakeholders include external stakeholders such as customers, suppliers/contractors, government entities and communities and internal stakeholders such as the Department of Labour, management and staff.

2.2.3   Establishing the Internal Context

The Internal Context is considered in two forms at NCC: The Strategic Context and Organisational Context.

The strategic context addresses various factors related to NCC's functions including financial, operational, competitive, political, public perception, social, Client, cultural and legal.

The organisational context includes understanding the NCC and its capabilities, as well as its goals, objectives and the strategies that are in place to achieve them.

2.2.4   Establishing the External Context

The external environment requires consideration of, amongst others, the stakeholder expectations and needs, socio-economic factors (including possible theft and fraud), regulatory requirements, technological advancements, natural disasters, cultural influences, competitive environment, and the financial and political environment that inform NCC's strategy.

2.2.5   Establishing the risk management context

The goals, objectives, strategies, scope and parameters of the activities of the NCC or part of the NCC where the ERM process is being applied should be established. The process will be undertaken with full consideration of the need to balance costs, benefits and opportunities. The resources required, responsibilities, authorities and the records to be kept will also be specified.

2.2.6   Developing the risk criteria

The criteria against which risks are to be evaluated shall be determined at the outset by the Compensation Commissioner (the Commissioner) with the assistance and advice of the Risk

Management Committee (RMC); and shall reflect the NCC's values, objectives and resources. Decisions regarding risk acceptability and risk treatment will be based on operational, technical, financial, legal, social, humanitarian or other regulatory requirements to which the NCC subscribes.

2.3　　　Identify the Risks

Risk identification enables management to be aware of the exposures that NCC faces, including those risks that are new and emerging and those where the source of the risk may be out of NCC's control. The aim of the risk identification activity is to generate a comprehensive list of risks based on those events and circumstances that might enhance, prevent, accelerate, degrade or delay the achievement of NCC's objectives.

A structured and systematic approach to identifying risks will be followed to ensure that all key risks within NCC are addressed. This will be achieved by:

- Understanding the strategic and operational objectives of NCC; and
- Analysing the business processes of directorates and sub-directorates to identify significant risks that flow from those processes.

NCC needs to also focus on both the upside of risk (opportunity) and the downside of risk (threat). Therefore during the risk identification process the risk opportunity component will be considered and management will have to pay deliberate attention to identifying potential opportunities that may be exploited to improve NCC's performance.

2.4   Analyse the Risks

The objective of risk analysis and measurement is to provide an input into decisions on whether risks need to be treated and the most appropriate and cost-effective risk treatment strategies. Risk analysis and measurement involve consideration of the causes of risk, their positive and negative impacts and the likelihood that those impacts may occur.

Risk analysis is undertaken with varying degrees of detail, depending on the risk, the purpose of the analysis, and the information, data and resources available. The level of detail of the risk analysis however, does need to be fit for purpose. Potentially significant risks need to be analysed in more detail as opposed to lower level risks that may not have such an impact on NCC.

2.4.1   Risk Ratings

The objective of analysing risks is to separate the minor and acceptable risks from the major risks and provide information to assist in the evaluation and monitoring of these risks.

Consequence rating:
Consequence refers to the impact or magnitude should the risk materialise. When analysing the consequences of a risk event management should consider the level of impact in relation to each of the consequence categories outlined. Different impact types that need to be considered when rating consequence.

Likelihood rating:
Likelihood can be defined as a probability or frequency of the risk occurring. This describes how likely it is that a risk will eventuate with the defined consequences.

2.4.2   Inherent and Residual Risk

At NCC, risks are rating firstly as 'Inherent Risk' and secondly, considering controls, as 'Residual Risk'.

Inherent risk refers to the risk exposure determined without taking into consideration any control activities implemented by management to alter either the likelihood or impact of the risk.
Residual risk refers to the risk exposure remaining after considering control activities implemented by management. The controls are considered both in adequacy and effectiveness.

2.4.3 Risk Control Evaluation ('RCE')

For each control identified the RCE value of the control must be established in terms of Risk Control Adequacy and Risk Control Effectiveness.

The first step in the process of risk control evaluation is to determine the adequacy of an individual control, this adequacy can be determined by asking questions around the control's design intent and purpose, its communication, whether performance parameters have been defined and whether the control has in built maintenance aspects.

The second step is to determine the effectiveness of the control, i.e. how well is it used, is the control available when required, is it used as intended, has it been checked/ validated?

It is possible that in some instances minimal or even no control is practically possible. This requires consideration of whether the risk is to be tolerated and if so consider options of transferring or eliminating the risk issue.

2.5 Evaluating Risk

Risk evaluation is the assessment and measurement of the identified risk. The purpose of evaluating risk is to assist management at all levels to prioritise the significant risks within their area of business and make decisions, based on the outcomes of risk analysis and measurement, about which risks need treatment and their priorities. It is impractical for any organisation to deal with all risks in an equal manner. Therefore prioritising risks will enable management to allocate more time, effort and resources to manage risks with a higher priority.

NCC needs to make decisions based on the outcomes of risk analysis by comparing the level of risk found during the analysis process with risk criteria established when the context was considered and can decide which risks need treatment and the priority for treatment implementation.

2.6 Treating Risk

Risk response is concerned with developing strategies to reduce or eliminate the threats and events that create risks with negative impacts, or to exploit opportunities and achieve reward from those risks with positive impacts. Risk treatment is done for all material risks by prioritising the risks exceeding or nearing the risk appetite and tolerance levels.

NCC shall select an appropriate response and consider the cost implication of the selected risk responses in order to achieve an appropriate balance between the cost of managing and treating risk and the anticipated benefits that will be derived.

2.7 Monitoring and Review for Continual Improvement

Monitoring activities are carried out on a regular basis to confirm the proper functioning of the entire risk management system at all levels and across NCC in accordance with the risk management policy, strategy and plan.

It is essential to monitor and review the management of risks as changing circumstances may result in some risks increasing or decreasing in significance.

Monitoring activities involve the monitoring of risk treatment actions, control effectiveness and changes to the external or internal context, including changes to NCC or stakeholder's objectives.

By regularly reviewing the effectiveness and efficiency of controls and the appropriateness of treatment / action options selected, it can be determined if NCC's resources are being put to the best use possible.

2.7.1 Ongoing Monitoring

Ongoing monitoring of contexts and risks needs to be carried out across NCC by various Units and the Risk Owners themselves. The purpose of ongoing monitoring must include:

- Detecting changes in the external and internal context, including changes to risk criteria and the risk itself;
- Ensuring that controls are effective and efficient in both design and operation;
- Identifying emerging risks;
- Obtaining further information to improve risk assessment;
- Determining if response strategies are producing the desired result of treating risks or exploiting opportunities;
- Analysing and learning lessons from events, near-misses, changes, trends, successes and failures;
- Ensuring that allocated responsibilities are being executed effectively;
- Determining if a positive correlation exists between improvements in the system of ERM and NCC performance.

2.7.2 Monthly Reporting

During the monthly reporting process, management are required to review any risks within their area and follow up on controls and actions aimed at treating those risks. This allows them to identify any action that is out of date and requires further attention.

2.7.3 Risk Owner Review

Risks will be periodically subjected to formal review by risk owners. This review will involve the monitoring of risk treatment actions, control effectiveness and changes to the external or internal context, including changes to NCC's or stakeholder's objectives.

2.7.4 Control Owner Review

Controls will be periodically reviewed by control owners to determine if they are both adequate and effective according to an assurance plan. The primary means of control assurance will be through the use of Control-Self-Assessment (CSA) by control owners.

2.7.5 Treatment Review

Completed treatments can be converted to existing controls once they are in place and working. Levels of risk are reconfirmed based on the new controls and the retirement or escalation of risks is implemented.

2.7.6 Internal Audit

Monitoring and the reviewing of risks, controls and treatments also applies to any actions/ treatments to come out of an internal audit. The audit report will provide recommendations that effectively are treatments for controls and risks that have been tested during an internal review.

3.　　　Control Design and Assurance

➤ **Control Design**

Critical control activities need to be a vital part of the day to day activities across NCC to manage significant impacts. Having selected the appropriate risk responses, management should identify the control activities required to ensure that the risk responses are implemented appropriately and in a timely manner. Control activities involve the following elements:

- A policy to establish what should be done;
- Procedures to give affect the policy; and
- Internal controls.

In designing critical controls, links to causes and impacts of risks need to be established to ensure no control gaps exist.

Management at all levels across NCC should develop and implement the policies and procedures within their business areas. The policies and procedures will ensure that the risk responses are integrated into the day-to-day operations of NCC.

Internal controls should be established by management in order to ensure the implementation and effectiveness of the policies and procedures. Internal control should be a continuous operating process which needs to start from the Commissioner and be cascaded to all levels of personnel. NCC must carry out a process for understanding and recording the purpose, design and intent of critical controls to aid control assurance activities.

➤ **Control Assurance**

Control assessments are to be conducted by managers as a line of control assurance. As a continuing review process, controls are to be evaluated for effectiveness in managing risks.

The more critical risk controls for a particular area or project are to be identified and evaluated for adequacy and appropriateness.

Any further actions for improvement are to be determined and included in the risk control action plan to ensure progress. The results from the control assessments are to be reported on and any issues that require urgent attention are to be escalated to a higher level of management.

Questions to be asked may include:

- Does the control perform as intended?
- Is the control actually achieving levels of effectiveness and reliability that are relevant to the criticality of the risk or activity?
- What alternatives or more cost effective controls are possible?

The diagram below illustrates the three levels of control monitoring.
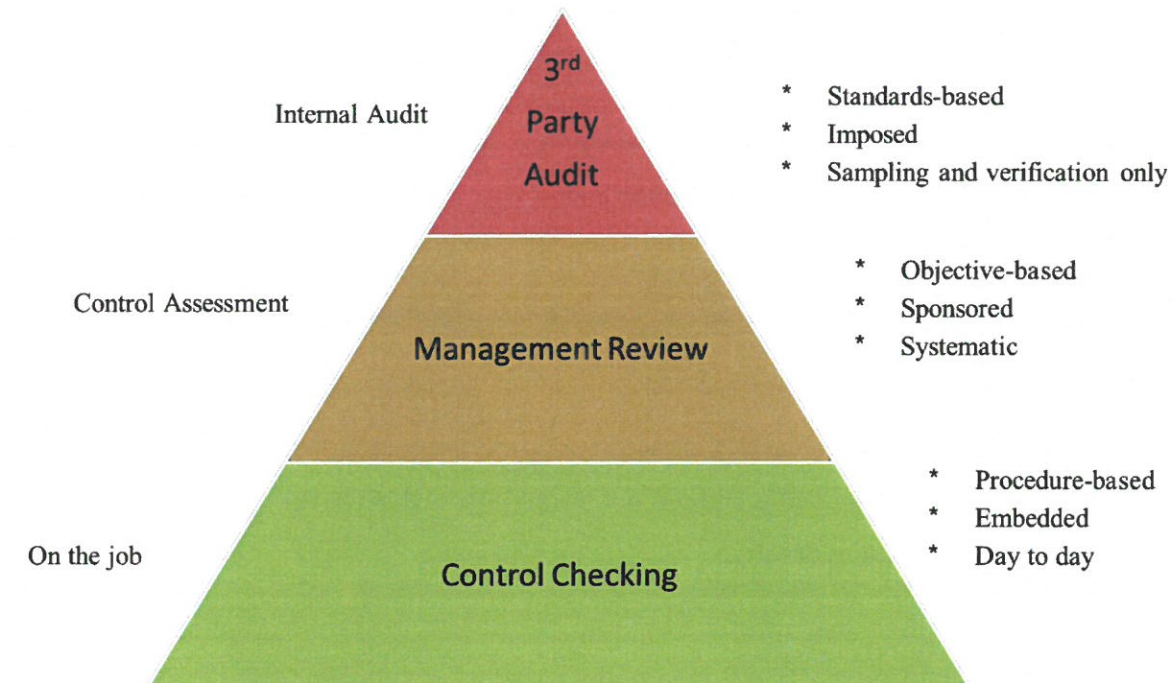
4.   Risk Reporting

and communication are important activities throughout the ERM process. The RMU shall report the results of the risk management process to ensure that the ERM is embedded as an on-going process. Reporting roles and requirements are further detailed in the ERM Strategy.

Relevant risk information shall be identified, recorded and communicated in a form and timeframe which enables personnel to discharge their ERM responsibilities. Information shall be provided to all levels of management across NCC in order to appropriately identify, assess and respond to risks. NCC has adopted the top-down and bottom-up approaches to ensure that risk communication flowing from the Commissioner, oversight structures and Programme Managers reaches personnel of all levels within the Organisation and to also affirm that risk information flowing from personnel reaches management and relevant oversight structures.

It is important to note that value must be placed on risk reports and constant communication with stakeholders must be conducted to provide assurance on the adequacy and value of reports.

Reporting to the Risk Management Committee

Prior to RMC meeting the RMU will review the risk registers of the significant directorates/ sub-directorates. The RMU may engage with the relevant management team members to debate, clarify and agree on the risk information recorded or omitted from the risk registers. The RMU will collate the risk information and identify and present the most significant risks, together with any other relevant information, to the RMC on a bi-monthly basis.

4.1.   Risk Report Categories

In order to focus on reporting risks that require attention, categories of reports have been defined:

Emerging Risks:

Those uncertainties that have a potential to affect the organisation meeting its objectives but which the organisation does not fully understand as there is not enough information available making it difficult for the organisation to understand the possible consequences and/or probability of the risk as well as the potential controls to treat the risk e.g. political change and shifts in technology.

Strategic Risks:

Strategic Risks are the high level risks or uncertainties that the organisation is facing at a strategic level, i.e. those risks that the Deputy Commissioner and EXCO are responsible to manage, and that the Commissioner must have oversight of   e.g. Change in government policy. Strategic risks generally follow the trend of being higher severity and lower likelihood.

Operational Risks:

Operational risks or uncertainties are those that the organisation is facing at an operational or divisional level e.g. IT system failure. The divisional risks are those risks that are found to have the full range of severity ratings over various probabilities and if they had to occur would affect Unit objectives first before the strategic objectives. In many cases, Operational Risks are evident as causes of Strategic Risks, hence why reporting risk information through the different levels of NCC is so important.

4.2.   **Types of Reports**

Different levels within the organisation require different levels of risk information for their required purposes and these may range from dashboard views to more detail intensive reports.

Single Dashboard Report:

A dashboard report is useful to show all Strategic or Operational Risks on one single dashboard, with supporting information available to readers on request.

Options for the dashboard can include, amongst others:

- The Risk Matrix with the count of risks
- A pie chart of controls by their effectiveness
- Risks by category
- Risks by strategic objectives

Report of the Top Risks

In line with existing NCC risk reporting, an alternative is to isolate the top risks and present as below, which includes:

- List of top residual risks – these can be colour coded by Rating, Strategic Objective, Control Status, Impact type, or remain random.
- Heat Map Matrix profile of top residual risks by corresponding number to the list.
- Bar chart by Control Effectiveness
- Bar Chart by Task Status.

Risk Watch List

A Risk Watch List can be created which will focus NCC's priority on particular risks which may include those with:

- particularly high Consequence,
- high Likelihood,
- low Control Effectiveness
- emerging risks

The movement of these risks, based on their risk ratings, can be tracked and plotted to ensure management attention on areas of change. The changes noted in this report can prompt a review of risk ratings, control effectiveness and treatment tasks.

Measuring Risks against KPI's / Balance Score Card

In the same vein that risks are reported against Strategic Objectives, they can be reported against KPI's or other objectives. This will enable management to track and prioritise those risks that could have an impact on various aspects of NCC's performance.

Escalation of significant risks

It is possible that the NCC might face significant risks that warrant reporting to the NCC Executive Committee (EXCO), and the Commissioner, in such instances the risk should be reported immediately without waiting for the next scheduled review of the risk register. The risk should also be reported to the RMU who will subsequently inform the RMC.

The identification and escalation of significant risks should pay specific attention to risks with a potential critical impact on NCC but which are rare or unlikely to materialise, these risks are referred to as "black swans". These risks should be escalated to RMU, EXCO, ARMC, and the Commissioner. Business units should constantly monitor these risks to enable pro-active amendments to the NCC strategy.

5.   Monitoring and Review

Monitoring of ERM processes provides NCC and business units with opportunities to make modifications to the process when necessary. The ERM process shall be monitored continuously to determine if:

- Risk responses have been implemented as planned and closed out;
- Risk treatment actions are effective and adequate as expected;
- Risk exposure has changed from its prior state, with analysis of trends;
- A risk trigger has occurred;
- Proper policies and procedures are followed; and
- New risks have occurred that were not previously identified.

NCC has identified five techniques that should be used for monitoring the ERM process:

- Identification and tracking of key risk indicators that can act as an early warning system;
- Assurance from Internal Audit directorate regarding the adequacy and effectiveness of internal control activities;
- Fraud and Corruption Unit in instances of fraud will highlight internal control weaknesses;
- The ERM process is to be on the agenda at regular management meetings;
- Regular reporting of the most significant risks to senior management and the RMC.

6.   Continual improvement

Learning from successes and failures

A systematic process needs to be in place for NCC to learn from success and failures. Root cause analysis methodologies can be used to identify the causes of successes and failures as well as the deliberate identification and dissemination of lent lessons while developing management improvement plans.

Key risk indicators

KRIs act as an early warning signs by providing by providing the capacity to indicate changes in the NCC's risk profile. KRIs, controls and management action plans are fundamental components of a comprehensive and sound risk management practice, thus, supporting business to reduce losses and mitigate risk exposure by proactively dealing with a potential risk event before it occurs.

6.3   Enterprise risk management maturity evaluation

A crucial element of a successful and effective ERM programme is assessing and enhancing the maturity of such programme across an organisation. In this context, as emphasized in King III, risk positioned as a cornerstone of corporate government and risk governance.

To improve ERM maturity in NCC, work-streams have been created, maturity assessed, objective set and initiatives set and initiatives defined to advance work-stream maturity over the next five years. The NCC RMU currently is rated at Level 2 on the National Treasury Risk Management Maturity Level Assessment and aims to move to a maturity rating of Level 5 within the current 2017 to 2022 five year strategic period.

To facilitate the movement in maturity rating, the NCC RMU has developed a Three year risk management plan which will be tracked, monitored and reported against to the Executive Management Committee and to the Audit and Risk Management Committee.

6. 4   Training

NCC at a strategic level, as well as individuals in the organization need to understand the range of internal and external stakeholders pertinent to them to:

- Determine ERM training requirements, in terms of the NCC's risk management maturity needs
- Develop risk communication plans as to what, how, when and why to risk should be communicated with various stakeholders

Fraud Prevention plan

Fraud Prevention plan

1.   INTRODUCTION

1.1 The purpose of this Plan is to document the NCC's approach to the prevention and detection of fraud and corruption.

1.2 This document is the Fraud Prevention Plan for the NCC.

1.3 The Plan recognises the fraud and corruption prevention measures which are already in place at the NCC.

1.4 In addition, it identifies strategic fraud and corruption risks that must be addressed and which could jeopardise the successful implementation of each component of the Plan.

1.5 The Plan is dynamic and will continuously evolve as the NCC makes improvements in its drive to promote ethics and fight fraud and corruption.

2.   APPROACH

2.1 The Fraud Prevention Policy and The Code of Conduct form an integral part of the Fraud Prevention Plan.

2.2 The Plan does not guarantee that the NCC will not be impacted by incidents of fraud and corruption.

2.3 The Plan is intended to serve as an additional measure to assist in the limitation of fraud and corruption risk (with a particular focus on creating awareness and promoting ethical business conduct).

3.1 Components of the plan:

- A Code of Conduct in which management and employees of NCC believe and to which they subscribe;

- Disciplinary Code and Procedures;

- The NCC's systems, policies, procedures, rules and regulations;

- System of internal controls to prevent and detect fraud and corruption;

- Internal audit;

- Physical and information security management;

- Ongoing risk assessment (which includes systems for fraud and corruption detection);

- Reporting / monitoring of allegations of fraud and corruption;

- A Fraud Prevention Policy(sets out the stance to fraud and corruption and a prevention plan which sets out steps for the reporting / resolution of reported and identified incidents and / or allegations of fraud and corruption;

- Creating awareness of the Plan (amongst employees, the public and other stakeholders through effective and efficient communication and education of the components of the Plan); and

- Ongoing maintenance and review of the Plan.

3.2 Objectives of the Plan:

- Encouraging a culture within the NCC where all employees, stakeholders and the public behave ethically;

- Improving accountability, efficiency and effective administration within the NCC;

- Improving the application of systems, policies, procedures and regulations within the NCC;

- Changing aspects of / areas within NCC which could facilitate fraud and corruption and therefore allow fraud and corruption to go unnoticed or unreported; and

- Encouraging all employees and other stakeholders to strive towards the prevention and detection of fraud and corruption.

- Creating a culture which is intolerant to fraud and corruption;

- Deterrence of fraud and corruption;

- Detection of fraud and corruption;

- Investigating identified fraud and corruption;

- Taking appropriate action (e.g. prosecution, disciplinary action, etc); and

- Applying sanctions, which include recovery in respect of financial losses.

4. PREVENTING FRAUD AND CORRUPTION

4.1 Code of Conduct

4.1.1 The Commissioner recognises that the elements of the Code are contained and entrenched in NCC's policies and procedures.

4.1.2 The ethical principles contained in the Code are applicable to all employees of the NCC.

4.1.3 Therefore, the Code forms part of the Plan for the NCC.

4.1.4   The NCC will arrange workshops to create awareness of the Code as part of the overall Fraud Awareness Training for all employees. A further objective of this intervention is to reinforce the expectations of NCC with regard to their conduct, ethical behaviour and integrity.

4.1.5   Processes / mechanisms to manage professional ethics are crucial to the fight against fraud and corruption.

4.1.6   In conjunction with the principles contained in the Public Sector Anti-Corruption Strategy, the NCC will pursue the following additional steps to communicate the principles contained in the Code:

a)   A summary of the Code will be circulated to all employees and included in the induction information for new employees. In this regard, all employees should be required to sign an annual declaration serving as an indication of their understanding of, and commitment to the Code; and

b)   Include relevant aspects of the Code in further awareness presentations, training sessions and communication programmes to create awareness thereof amongst employees and other stakeholders. Further objectives of this training will be the following:

- Helping employees to understand the meaning of unethical behaviour and identify same, in line with expectations of the NCC;
- Presenting case studies which will assist in developing behaviour to articulate and encourage attitudes and values which support ethical business conduct;
- Helping employees understand the issues relating to making ethical judgements / decisions; and
- Communicating the implications of unethical behaviour and its impact.

4.1.7   The ongoing development of a robust system for the declaration of private business interests, and actual or potential conflicts of interest by all employees and the ongoing maintenance of a central register has been recognised by the NCC's Risk Management Committee

4.2 Systems, policies, procedures, rules and regulations

4.2.1 NCC has a number of systems, policies, procedures, rules and regulations designed to ensure compliance. These policies include inter alia:

- Supply Chain Management Policies
- Asset Management Policy
- Disciplinary Policy and Procedures
- Recruitment Policies
- Conflict of Interest Policy
- Gifts Manual Guideline

4.2.2 NCC is in a process to compile a fraud and corruption risk register that some policies and procedures may be inadequate.

4.2.3 The management of NCC will improve awareness and knowledge of the relevant systems, policies, procedures, rules and regulations, including, *inter alia*, the requirements of the PFMA amongst its employees.

4.2.4 NCC will develop clearly defined communication and training strategies to create awareness of existing and new policies and procedures. This will ensure that all employees are made aware of, and adequately trained in the implementation of policies and procedures relevant to their duties and responsibilities, including:

(a) Provisions for all employees to acknowledge, in writing, that they have read the policies and procedures applicable to their duties, have undergone relevant training and / or are aware of these policies and procedures;

(b) The maintaining of adequate records serving as proof that employees have been made aware of the policies and procedures relevant to their duties; and

(c) The development and distribution of a regular communiqué outlining the importance of complying with policies and procedures and the implications for employees.

4.2.5   NCC is committed to developing and maintaining human resources systems, policies and procedures, which incorporate the fraud and corruption prevention practices detailed below.

(a)   The maintenance of a system for transparent and merit-based hiring and promotion practices with objective standards in order to reduce the risks of nepotism and favouritism;

(b)   Thorough vetting and security clearance screening will be conducted of candidates for sensitive positions. A comprehensive framework within which to address employee fraud risk will include:

- *Advertising posts*: The inclusion of specific provisions when advertising posts to explicitly indicate to applicants that only people with the highest levels of personal integrity will be considered and that submission to appropriate pre-employment and security clearance screening processes are obligatory for consideration in any post;

- *Pre-employment, security clearance screening and probity*: Thorough pre-employment and security clearance screening should be conducted for all employees in sensitive positions. The NCC is committed to complying with and meeting this requirement. The NCC intends ensuring that pre-employment screening procedures are applicable to all employees, regardless of level, including employees acting in specific positions, seconded employees, interns, and temporary and contract workers. Relevant probity checks will be included in all employee screening processes;

- *Probation*: Compulsory probationary periods are applicable to all full-time employees. This provision will be extended to include seconded employees, interns, and temporary and contract workers. Relevant vetting will again be considered for employees on and during probation, and prior to their final appointment in view of the long duration of the probationary period;

- *Ongoing financial disclosure and lifestyle audits*: Senior managers will be obliged to complete a financial disclosure form wherein specific personal assets and private business interests must be declared;

- **Regular reviews relating to employees in sensitive posts:** This relates to the use of a system of more frequent probity checks and vetting of employees who occupy high risk posts. This system will include the identification and relevant security grading of posts;

- **Employee induction programmes:** Employee induction is an opportunity to introduce employees to the culture and ethos of the NCC. Efforts will be made to ensure that organisational strategy, integrity, ethics and conduct standards are included in employee induction. Specific steps will also be developed to include seconded employees, interns and temporary and contract workers in relevant aspects of induction programmes;

- **Obligatory Leave Periods:** A policy obliging all employees to take annual leave will be pursued in order to limit the risk of over-worked employees leading to non-compliance to internal control. This will further limit the risk of unethical conduct, fraud and corruption. In addition the risk of unethical individuals monopolising specific tasks will also be reduced; and

- **Exit Procedures:** Exit procedures for employees leaving the NCC will generally require the return of assets and an exit interview. The return of assets, if not addressed promptly, could lead to obvious losses. Steps should be taken to ensure that specific follow-up time frames are set to encourage managers to apply this requirement more promptly.

(c) The NCC has a grievance procedure which enables employees who have been unfairly or falsely accused to seek recourse. This is based on the recognition that aggrieved employees may become malicious, thus increasing the risk of such employees committing fraud and corruption.

4.2.6 Management must be held accountable for complying with, and implementing, the NCC's systems, policies, procedures, rules and regulations and for preventing fraud and corruption. This will be addressed in job descriptions, agreed work plans and performance contracts.

4.2.7 The NCC must also develop a system with clear guidelines for the placing of prohibitions on individuals and restriction of entities found guilty of fraud and corruption against the Department.

4.3 Disciplinary code

4.3.1 The disciplinary code and procedures prescribe appropriate steps be taken to resolve disciplinary matters.

4.3.2 The NCC recognises the fact that the consistent and efficient application of disciplinary measures is an integral component of effective fraud and corruption prevention.

4.3.3 The following steps to expedite the consistent, efficient and speedy application of disciplinary measures will be initiated:

(a) Creating awareness amongst employees, of conduct which is forbidden in terms of the disciplinary code. Where disciplinary standards are not adhered to, action will be taken against offenders;

(b) Ongoing training of managers in the application of disciplinary measures and the disciplinary process, and sustaining this training;

(c) Developing a system to facilitate the consistent application of disciplinary measures; and

(d) Regular monitoring and review of the application of discipline with the objective of improving weaknesses identified.

4.3.4 Where managers are found to be inconsistent and / or inefficient in the application of discipline, firm corrective action will be considered.

4.4 Internal controls

4.4.1 This section of the Plan relates to basic internal controls to prevent and detect fraud and corruption. It also focuses on the training of employees in internal control and the conducting of their day-to-day duties. The systems, policies, procedures, rules and regulations of the NCC prescribe various controls, which if effectively implemented, would limit the risk of fraud and corruption. These controls may be categorised as follows, it being recognised that the categories contain overlapping elements:

Segregation of duties

4.4.2   One of the primary means of control is the separation of those responsibilities or duties that would, if combined, enable one individual to record and process a complete transaction (i.e. manipulate the transaction irregularly and commit fraud and corruption).

4.4.3   Segregation of duties reduces the risk of intentional manipulation or error.

4.4.4   Functions that should be separated include those of authorisation, execution, custody, and recording and, in the case of computer-based accounting systems, systems development and daily operations. Placed in context with fraud and corruption prevention, segregation of duties lies in separating either the authorisation or the custodial function from the checking function.

Prevention controls

4.4.5   **Prevention controls include the following:**

Authorisation

All transactions require authorisation or approval by an appropriate responsible person. The limits for these authorisations are specified in the delegations of authority of the NCC.

Physical

These controls are concerned mainly with the custody of assets and involve procedures and security measures designed to ensure that access to assets is limited to authorised personnel.

Management Review

Management reviews are carried out by, or on behalf of, the management personnel having direct responsibility for the system, policies and procedures.

Management reviews identify consistency with and deviations from plans, or adequacies and inadequacies of management procedures.

Detection controls

4.4.6   **Detection controls include the following:**

Accounting and arithmetic

- These are basic controls within the recording function which check that transactions have been properly authorised, and accurately processed.

- Such controls include checking the arithmetical accuracy of records, the maintenance and checking of totals, reconciliation's, control accounts, and accounting for documents.

Physical

- These controls relate to the security of records.

- Their similarity to preventive controls lies in the fact that these controls are also designed to limit access.

Supervision

This control relates to supervision by responsible officials of day-to- day transactions and the recording of these transactions.

Management information

- This relates to the review of management accounts and budgetary control. These controls are normally exercised by management outside the day-to-day routine of the system.

- Despite the existence of systems, policies, procedures, rules and regulations to address internal control, risk assessments have identified deficiencies such as non-compliance to policies and legislation.

- Some of the above may result from lack of training, expertise, knowledge and capacity.

- The NCC will continue to initiate steps to address the problem of lack of training, expertise and knowledge in systems, policies, procedures, rules and regulations in order to improve internal controls.

- Areas of weakness will be identified during audits and risk assessments.

- The NCC will develop a formal system by which the performance of managers is appraised by taking into account the number of audit queries raised and the level of seriousness of the consequent risk to the NCC. Where managers do not comply with basic internal controls, e.g. non-adherence to the delegation of authority limits, firm disciplinary action(s) will be considered.

4.5 Physical / information security

Physical security

4.5.1   The NCC will consider conducting a regular detailed review of the physical security arrangements at its offices and improve any weaknesses identified.

Information security

4.5.2   The NCC will ensure that all employees are sensitised on a regular basis to the fraud and corruption risks associated with information security and the utilisation of computer resources.

4.5.3   Regular communications will be sent to employees regarding the NCC's security policy (with a particular emphasis on e-mail and internet usage and the implications of abusing these and other computer related facilities).

4.5.4   Regular communications will be sent to employees regarding the NCC's information technology password policy (with particular emphasis on implications regarding non-adherence to the policy).

4.5.5   Regular reviews of information and computer security will also be considered. Weaknesses identified during these reviews will be addressed.

4.5.6   5.   DETECTING AND INVESTIGATING FRAUD AND CORRUPTION

5.1 Internal Audit

5.1.1   The NCC will out-source its Internal Audit function.

5.1.2   The NCC recognises the fact that the positive support by all its managers that they give to Internal Audit and its functions, the speedy response to, and the addressing of control weaknesses raised by Internal Audit, is vital to the success of the Plan.

5.1.2   The NCC will regularly re-emphasise to all managers that consistent compliance by employees with internal control is one of the fundamental controls in place to prevent fraud and corruption.

5.1.3   Awareness strategies will also be developed to enhance managers understanding of the role of Internal Audit.

5.2   Risk assessment (ongoing)

5.2.1   Acknowledging the fact that it faces diverse business risks from both internal and external sources, the NCC should conduct a comprehensive risk assessment of all its programmes on an ongoing basis.

5.2.2   This information will be used to assist management with the following:

(a)   Prioritising areas for attention and subsequently developing appropriate controls to limit the material risks identified; and

(b)   To enable management to continually assess and update the risk profile (incorporating fraud and corruption risk) of the NCC.

5.2.3   Presentations to employees of the NCC will be conducted in order to ensure that they have a more detailed understanding of the fraud and corruption risks facing the NCC and the areas wherein these risks exist. This will assist in enhancing the prospect of detecting irregularities earlier.

5.2.4   The NCC will also consider performing specific fraud and corruption detection reviews in the below-mentioned areas on a regular basis. This will include the conducting of presentations to managers and staff to ensure that they have a more detailed understanding of the fraud and corruption risks associated within these facets of the NCC, thus also enhancing the prospect of detecting irregularities earlier. The areas include:

- Asset management;
- Conflict of interest (pervasively);
- Contract management;

- Compliance;
- Creditor payments;
- Payroll;
- NCC services management;
- Supply chain management.
-

5.3   Reporting / monitoring

5.3.1   The NCC recognises that the following are vital to the success of the Plan:

(a) To raise the level of awareness that the NCC is serious about fraud and corruption;

(b) To deter potential fraudsters and corrupt individuals by making all employees and other stakeholders aware that the NCC is not a soft target;

(c) To assist the NCC in managing the requirements of the Protected Disclosures Act i.e. the channel through which whistle-blowers can report;

(d) To encourage whistle-blowers to report incidents which they witness;

(e) To further assist the NCC in identifying areas of fraud and corruption risk in order that preventive and detective controls can be improved or developed.

5.3.2   The NCC will ensure that a fraud and corruption information system is developed for the following purposes:

(a) Recording all allegations;

(b) Tracking progress with the management of allegations;

(c) To facilitate the early identification of systemic weaknesses and recurring risks, and inform managers and employees of systemic weaknesses / risks;

(d) Provide feedback to employees and other whistle-blowers on the management of allegations.

5.4 The Fraud Response Plan

5.4.1 A Fraud Response Plan, which contains the response mechanisms in place to report, investigate and resolve incidents of fraud and corruption which impact it, has been developed for the NCC.

5.4.2 The Fraud Response Plan will be circulated to all employees of the NCC.

6. IMPLEMENTATION AND MAINTENANCE

6.1 Creating awareness

This component of the Plan comprises two approaches, namely education and communication.

Education

The creating of awareness amongst employees is intended to address the following issues:

6.1.1 Informing employees on an ongoing basis, regarding what constitutes fraud and corruption;

6.1.2 Promote the NCC policies that must be adhered to;

6.1.3 Informing employees of fraud and corruption risks;

6.1.4 Encouraging employees to blow the whistle on fraud and corruption; and

6.1.5 Employee awareness of the current legislative framework as it relates to fraud and corruption (including obligations and rights should they blow the whistle on fraud and corruption, witness protection system etc.)

Communication

6.1.6 The objective of the communication approaches are to also create awareness amongst employees, the public and other stakeholders, of the Plan in order to

facilitate a culture where all stakeholders strive to contribute toward making the Plan a success as well as for the sustaining of a positive, ethical culture within the NCC.

6.1.7 This will increase the prospect of fraud and corruption being reported and improve the NCC's prevention and detection ability.

6.1.8 Communication strategies that will be considered by the NCC are the following:

(a) Posters, newsletters, pamphlets and other publications to advertise the Code and the Fraud Policy,

(b) Screensavers on computers with appropriate anti-fraud and corruption and pro-ethics messages;

(c) Attachments to tender invitation documents relating to the NCC's stance to fraud and corruption;

(d) Appropriate attachments to offers of employment and inclusion of appropriate items in induction and training programmes;

(e) Prudent terms in contracts signed with providers of goods and / or services relating to offering of gifts to employees of the NCC;

(f) Ensuring that fraud and corruption prevention is a fixed agenda item in meetings;

(g) Signing of declarations of commitment by all employees to the Plan; and

(h) Endorsements of correspondence directed at providers of goods and / or services with anti-fraud and corruption and pro-ethics messages.

6.2   Maintenance and review

6.2.1 The Executive Management Committee will be responsible for the ongoing maintenance and review of the Plan. This includes:

(a) Evaluating reports of fraud and corruption received and highlighting areas of fraud and corruption risk within the NCC;

(b) Considering fraud and corruption threats to the NCC and making recommendations to appropriate committees or management;

(c) Considering criminal activity threatening the NCC and making fraud and corruption prevention recommendations with regard to areas that should be examined;

(d) Monitoring action taken to implement recommendations relating to incidents of fraud and corruption;

(e) Steering and taking responsibility for the Plan;

(f) Reviewing and making appropriate amendments to the Fraud Prevention Plan;

(g) Amending the awareness programme as necessary, and implementing the changes; and

(h) Ensuring that ongoing communication and implementation strategies are developed and implemented.

6.2.2 The Plan will be reviewed on an annual basis under the guidance of the Commissioner.

6.2.3 Progress with regard to the implementation of the various components will be reviewed on a quarterly basis. In this regard, specific priorities stemming from the Plan, actions to be taken, responsible persons and feedback dates relating to progress made will also be set.

6.2.4 A matrix of tasks and responsibilities has been developed to facilitate this as outlined in the Risk Management Plan.

Risk Identification and Assessment Methodology

1. Risk Management Overview

The NCC has established a Risk management Unit in pursuance of compliance with section 38(1)(a)(i) of the Public Finance Management Act (PFMA), No 1 of 1999, read together with Treasury Regulation 3.2.1 (TR)

Good risk management is fundamental to effective corporate governance and has recently become a focus area in all corporate governance frameworks. Risk management is about improving quality while reducing potential harm.

Enterprise is the undertaking of risk for reward. A thorough understanding of the risks accepted by the NCC in the pursuance of its objectives, together with those strategies employed to mitigate those risks, is thus essential for a proper appreciation of the NCC's affairs by the Commissioner and Senior Management.

2.   Introduction

Enterprise Risk Management (ERM) is the coordinated approach to risk management and represent the methods and processes applied by the NCC by proactively **identifying** and understanding the factors and events that may impact the achievement of strategic and operational objectives, then **managing, monitoring** and **reporting** these risks. Good risk management is not about eliminating or avoiding risks, but rather taking acceptable risks and managing them well.

Inputs in to the Enterprise Risk Management Methodology were obtained from the Public Sector Risk Management Framework (PSRMF) issued by the National Treasury as well as the King Report of Code of Governance in South Africa 2009 (King III)

This Methodology supports the Enterprise Risk Management Policy (the policy), both of which are supported by the Enterprise Risk Management Methodology which provides direction for the implementation of the Enterprise Risk Management (ERM) across the NCC.

3.   Purpose of the Risk Management Methodology

The purpose of the Risk Management Methodology is to outline the minimum requirements and approach for risk management in the NCC, in order to address the requirements of the NCC Risk Policy.

The Risk Management Methodology and Methodology is recommended by Risk Management Committee to the Commissioner for approval.

4.   Classification Risk

Financial risk

There are three main sources of financial risk:

Financial risks arising from NCC's exposure to changes in market prices and economic conditions, such as interest rates, exchange rates, and commodity prices which might result in non availability of funds from the National Treasury to fund all the operations of the NCC

Financial risks arising from the actions of, and transactions with, other organizations such as vendors, customers, and counterparts in derivatives transactions

Financial risks resulting from internal actions or failures of the organization, particularly people, processes, and systems

Non compliance with the PFMA, National Treasury Regulations, Division of Revenue Act and other relevant prescripts and legislation.

Political Risks

Political risks arising from NCC's exposure to changes in political climate and activities, such as terrorist attacks, travel restrictions, Prolonged wars (globally) and Concentration of consumer/employees.

Social and Environmental Risks

Social and Enviromntal risks arising from NCC's exposure to changes on social and envirinmental land scape, such as stakeholder engagement, social responsibility, Organisational intergrity, Health and safety, societal transformation, energy,water and labour unrest

Legal and Compliance

Legal and copliance risks arising from NCC's exposure to changes in legislation, regulations and policies, which includes litigious society, public complaints, court unpredictability, Adverse court rulling, illegal acts litigation, compliance-internal policies and authority levels and corporate governance disclosure

Fraud & Corruption Prevention and Awareness

The programme is intended to set down the attitude and stance of the NCC to fraud and corruption.

It also sets down the NCC's attitude towards reinforcing existing systems, policies, procedures, as well as the rules and regulations of the NCC aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud and corruption.

In addition, the purpose of this document is to confirm that the NCC supports a culture of zero tolerance towards fraud and corruption.

Functional Risks

Understanding the objectives is first step in the risk management process. Without this understanding, risks that could prevent the achievement of objectives cannot be identified completely.

These objectives should be aligned throughout the NCC to ensure that direction and focus of the different levels of management are fully integrated.

These objectives need to flow from a strategic level, to a business and ultimately a process level to ensure this alignment as set out below.

Strategic: The NCC's objectives that are informed by NCC's Annul Performance Plan;

Operational: Objectives that are set by the Divisional Head and Business Unit Managers to support the achievement of the strategic objectives

Process: Objectives that are set by the Senior Managers at process level to support the operational / business objectives

Understanding of objectives should take place as part of the existing strategic and operational planning processes.
This should further be supported by the budgeting and forecasting and performance management processes (i.e. KPA's and KPI's)

5.   Risk Model

Definition of risk categories

In terms of the NCC's policy, risks in the NCC will be categorized as in the Risk Model.

This Risk Model is consistent with the National Treasury's Risk Model, with the exception of the risk category Operational and sub-category the NCC, which has been added.

A risk framework has been developed which sets out the various risks that need to be considered as part of the risk identification process. The sub categories reflected should not be regarded as comprehensive but merely as a guide to facilitate the risk identification process. The framework assists in the identification of risks, and in reporting risks by category instead of risks being reported individually.

Each risk should be rated and categorized in terms of the impact the risk may have and should it be in line with the guidelines provided below.

The Risk Register Template (BarnOwl register)

Risk management should be performed at all levels of the NCC i.e. strategic level and operational level.

The overall flow of the Risk Management process will determine:

- A clear and unambiguous understanding of strategic and operational objectives and purpose;
- The obstacles (risks), which can prevent the achievement of these objectives;
- The business environment and contributing factors that can cause the risks to occur;
- An evaluation of the residual impact based on the controls in place to manage the risks if they were to occur;
- A post control evaluation of the risk to determine the likelihood of assurance of the risk and the residual risk exposure;
- The control Methodology, which is the response to the risk – This could be to Accept, Insure, Outsource, Avoid and/or to Manage the risk - and the specific risk management processes (controls) to manage the risk;
- Cost benefit considerations will be a factor in deciding on the most suitable response;
- Any enhancements to controls if the residual exposure is still not acceptable to management;
- Ongoing monitoring of the status of risks and business environment factors that may impact the risk; and
- Ongoing reporting on the risk profile of the organization.

RISK MANAGEMENT PROCESS

The steps to be followed in a risk management process are listed in the table below:
RISK IDENTIFICATION

Identify and understand objectives

Understanding the objectives of the NCC is the first step in the risk management process. Interrogations and deep analysis of risks that could prevent the NCC from the achievement of its strategic, operational and process objectives cannot be identified completely.

These objectives should be aligned throughout the organization to ensure that direction and focus of the different levels of management are fully integrated. Objectives need to flow from a strategic level, to a business and ultimately a process level to ensure this alignment as set out below.

Identify and understand activities

The NCC has certain objectives i.e. goals it has set for itself to achieve and after those objectives follows the activities that have to be performed to achieve these objectives. Therefore, having clearly understood the activities at any level of the NCC, it is important to the achievement of strategic and /or business objectives.

Identify and understand risks

Risks are the obstacles that can prevent the NCC from achieving its objectives. Therefore, having clearly understood the business objectives at any level of the NCC will make it easier to identify the risks that could prevent the achievement of ***strategic, operational and project objectives***.

Risks need to be identified by relevant management and staff. The risk model in the previous section can be used to assist management in the identification of risk.

The following information should be obtained for each risk:

- The business environment and contributing factors that can cause the risks to occur, i.e. the root causes;
- A description of the risk as well as an understanding of which objective it threatens; and
- The allocation of the risk to the relevant risk category and sub category within the risk management framework.

Risk identification is not a once off process but a continuous process.

After completion of the Risk Management process, EXCO in conjunction with the Risk Manager will be responsible for ensuring that they update the risk profile of the NCC by reassessing the status of risks and by identifying new risks arising through change in the business.

New risks would mainly arise through change in the external business environment as well as internal change.

Business environment factors can directly impact the risks that the NCC faces and therefore its objectives. Consideration of the changes in the business environment are also necessary to ensure that management is able to respond to changes in their business environment quickly and to ensure that strategic and operational objectives are realigned. Business environment factors can be both internal e.g. culture or structure; or external to the NCC e.g. competition and legislation.

Risk identification Methods / Techniques

- Individual Interview
- Workshops
- Combination of the Above
- Staff Surveys
- Selected Groupings

RISK ASSESSMENT

All Divisions will be required to compile a risk register at least once a year (i.e. after the approval of strategic plan and annual performance plan) through risk assessment workshops.

Risk registers will be reviewed and updated once every quarter through meetings with risk and action plan owners

After any strategic/policy/mandate/structural changes a risk assessment workshop will be conducted to review and update a risk register

Report once a month on the implementation of action plans

The Risk Assessment Approach

Risks are assessed on the basis of the likelihood of the risk occurring and the impact of its occurrence.

(Risk = Likelihood x Impact)

Risk assessment should be performed in accordance with approved rating criteria for both likelihood and impact.

Risk assessment involves interrogating risks at two levels, namely at the inherent risk level and the residual risk level, using the same rating criteria for each assessment.

Inherent risk considers the "worst case" scenario. This involves considering the likelihood and impact of the risk in the absence of any management control interventions. This level of assessment provides a perspective of the consequences of the risk to the institution in its unmanaged state.

The second tier of assessment concerns establishing the residual risk. Residual risk is the level of risk remaining after the mitigating influence of the existing control interventions are considered. Normally, management would introduce sufficient control to reduce the risk to within a pre-determined level, as informed by the risk appetite. The residual risk is a critical indicator of whether the existing controls are effective in reducing the risk to an acceptable level.

Controls may reduce the likelihood of occurrence of a potential risk, the impact of such a risk, or both. Management then needs to assess the control effectiveness based on their understanding of the control environment currently in place. Residual risk will therefore inform management of the actual level of control effectiveness.

Risks can be assessed on a quantitative basis or a qualitative basis. Quantitative analysis works best for risks that involve numeric functions. A good example would be the risk of financial losses as this can be numerically quantified. Quantitative techniques typically bring more precision and are used in more complex and sophisticated activities.

Qualitative assessment is applied when the risk in question does not lend itself to numeric quantification. In such cases more subjective means are utilized, the most important of which is the expert judgement of management.

Risk assessment considerations

There are a number of other issues that must be considered in the context of risk assessment, which are noted below:

- The risk assessment tables need to consistently applied for all key risks in the institution;

- Certain disciplines, for example, IT and Health and Safety, may utilise assessment methodologies that are informed by their professional norms and standards. In such circumstances, it would be prudent for the sake of the operational efficiency of thesedisciplines to allow them to use their preferred methodology. However, in order to maintain consistency at the institutional level the same risks should be re-assessed in terms of the institution-wide risk assessment tables;

- The results of risk assessment could be represented in **'heat maps'**. These are a simple graphical representation of each risk according to the two scales;

- Assessment of likelihood more often than not imposes a challenge to management. Guidance in this respect can be obtained from the historical experience of the institution, as well as the experience of similar institutions;

- The assessments must be considered together with the Institution's risk appetite to determine whether the risk is acceptable or not. This in turn will inform whether additional interventions will be required;

Rate the risk based on the existing controls

The risk is rated as a score of risk impact multiplied by the score of the likelihood of the risk to occur. The answer is the risk rating that the NCC should make a decision on whether the risk is within the acceptable or tolerance level or above the tolerance level.

Identify current controls

It is important to identify current controls in place that address the risks identified. These should be controls that actually exist and not what should be in place theoretically.

The next step in the process is to determine the control gaps. This can be determined by assessing the change of the impact and likelihood ratings for inherent and residual rating. Refer to the above paragraph.

Assess the existing controls

The existing controls have to be assessed for adequacy and effectiveness to address the identified risks. The control adequacy should be assessed as adequate, partially adequate or inadequate. Similarly the effectiveness of the controls needs to be assessed as either effective, partially effective or ineffective. It is important to ensure that these assessments match the impact and likelihood ratings. For example a control cannot be regarded as effective if the residual likelihood of the risk occurring is common.

Determine risk response Methodology

Management has to decide whether to **accept** the risk, **manage** the risk, **transfer** (insure or outsource) the risk or **avoid** the risk altogether. The strategies are further explained below:

- Accept risk: simply take the chance that the negative impact will be incurred
- Avoid risk: changing plans in order to prevent the problem from arising
- Manage risk: lessening its impact through intermediate steps
- Transfer risk: outsource risk to a capable third party that can manage the outcome

Depending on the risk response Methodology selected management need to consider additional actions/controls to mitigate the risk to an acceptable level.

When identifying possible enhancements, cost benefit considerations need to be taken into account. This step is aimed at optimizing the effectiveness of the NCC's on-going risk management process.

Determine action plan, responsible person and the target date

Management need to decide whether further action is required to reduce either the impact and/or likelihood of the risk. In many cases the likelihood of risk occurring can be reduced. Consideration should also be taken of the value added by the action. An over controlled environment results in inefficiencies.

It is critical to allocate actions to specific individuals or groups of individuals with clear start and due dates. Where actions are dependent on one another this should also be indicated so that bottlenecks can be avoided.

Monitoring

Having identified the response Methodology, continuous monitoring needs to occur to ensure that the desired response Methodology for a risk is implemented successfully. Monitoring is arguably the most important step of the entire risk management process as it provides early warning of where risks may materialise.

Monitoring is critical to the entire process.

The following techniques should be used to assist with monitoring:

- Identification and tracking of risk indicators that can act as an early warning system. For example, if poor client service is identified as a risk and certain controls have been identified to mitigate the risk, a risk indicator could be the number of client complaints reported. If this is above the acceptable norm it is an indication that the mitigating controls are not working well;
- Internal Audit can be used to provide assurance regarding the adequacy and effectiveness of mitigating controls;
- Progress on risk mitigation should be discussed on regular management meetings.
- Regular risk reporting to EXCO and the Audit and Risk Committee.

6.   Reporting

Reporting of the results of the risk management process is critical, as this will ensure that the risk management process is ongoing and embedded.

6.1   Reporting Frequency

Reporting frequency will be quarterly for strategic risks and bi-monthly for operational risks and process risks.

Depending on the changes in the operational environment, the reporting can happen any time and will either be reported on the Strategic and Operational risk profile.

6.2   Reporting Levels

The level of management that risks have to be reported to will depend on the nature of the objective, and the related impact and likelihood of the risk.

Strategic (business) risks

- All strategic (business) risks with a risk rating between 13 and 25 (i.e. high risk area) should be reported to the Risk Management Committee, as well as the responsible Divisional Head and confirmation is required that controls are in place and are adequate and effective.
- Once reviewed by the Risk Management Committee a consolidated report should be forwarded to the Commissioner, and the Risk and Audit Committee.

Operational (Divisions and business units level) risks

- All operational risks with a risk rating between 13 and 25 (i.e. high risk area) should be reported to the Risk Management Committee, as well as the responsible Divisional Head and confirmation is required that controls are in place and are adequate and effective.
- Once reviewed by the Risk Management Committee, a consolidated report should be forwarded to the Commissioner, and the Risk and Audit Committee.

6.3   Reporting format and content

The purpose of this Methodology document is not to prescribe in detail the reporting formats but to specify the minimum requirements in terms of what has to be reported for each risk.

These are:

- A clear description of the risk including context;

- The impact, likelihood and residual risk rating for the risk. Colour codes in terms of the Evaluation Criteria in the next section;
- Current response Methodology for the risk including current actions or controls to mitigate the risk;
- Proposed response Methodology with additional actions/controls to be implemented;
- Owner of the risk;
- Deadline date for implementation of response Methodology; and
- Key risk Indicators to track the status of the risk.

Appendix 1: Risk Rating Scales

Consequence Rating Table

	Financial impact		Legal and Compliance impact	Service delivery	Corporate Services			Health and Safety impact
	Loss or gain in Income	Additional costs or cost saving	Non-compliance to laws, regulations, and mandatory standards	Delivery or non-delivery on NCC mandate	IT's impact on the delivery of NCC's mandate	People / HR impact on the delivery of NCC's mandate	Communication impact on the delivery of NCC's mandate	Impact on life of staff/other stakeholders
5. Critical	- >1,5Bn in any one financial year.	- >1,5Bn in any one financial year.	- Major litigation or prosecution with damages of R100m+ plus significant costs - >5 days interruption to operations or prolonged closure of operations	- Positive/negative impact on receipt of income due of 30% of budgeted income. - Positive/negative impact on the number of claims/benefits paid of 30% - Positive/negative impact on payments to claimants/service providers causing payments to be late / for >12 months - Positive/negative impact on Call Centre causing 25% of calls being not resolved/timely resolved in any given month. - Audit findings causing a disclaimer from the AG or unresolved or repetitive findings for 1 year. - 3 month delay in invoices to employers (income stream)	- A break down in IT services that affects the entire organisation for more than one week.	- Loss of all Senior Executives or Middle Management without replacement for >6 months or - >50% critical/core skill unavailability or - Total failure of Skills Plan.	- Complete communication failure throughout the Fund or with stakeholders for more than 2 months. - Sustained adverse irreversible international / regional/ national press reporting for more than 2 months.	- Multiple fatalities; - Significant permanent disability to more than 10 people.

Financial impact		Legal and Compliance impact	Service delivery	Corporate Services			Health and Safety impact
Loss or gain in Income	Additional costs or cost saving	Non-compliance to laws, regulations, and mandatory standards	Delivery or non-delivery on NCC mandate	IT's impact on the delivery of NCC's mandate	People / HR impact on the delivery of NCC's mandate	Communication impact on the delivery of NCC's mandate	Impact on life of staff/other stakeholders
- R500m to R1.5bn in any one financial year.	- R500m to R1.5bn in any one financial year.	- Major litigation costing R10m+ - Investigation by regulatory body resulting in 3-5 days of interruption.	- Positive/negative impact on receipt of budgeted income due of 5% of income - Positive/negative impact on the number of claims/benefits paid of 5% - Positive/negative impact on payments to claimants/service providers causing payments to be late for >6 months - Positive/negative impact on Call Centre causing 10 - 25% of calls being not resolved/timely resolved in any given month. - Audit findings causing the AG to issue a report with major findings - Adverse audit opinion or findings unresolved within one year - 2-3 months delay in invoices to employers (income stream)	- A break down in IT services that affects 1,000 people for more than a week of less than 1,000 for one week	- > 20 % of critical/core skill unavailability or - 50 % variance on skills plan or - Loss of 50% Senior Executives or Middle Management without replacement for >6 months.	- Communication failure causing employees or stakeholders to be uninformed for 1-2 months. - Sustained adverse national press reporting for 1-2 months.	- Single fatality - Significant permanent disability to one or more people <10.

4. Major

| | Financial impact | | Legal and Compliance impact | Service delivery | Corporate Services | | Communication impact on the delivery of NCC's mandate | Health and Safety impact |
	Loss or gain in Income	Additional costs or cost saving	Non-compliance to laws, regulations, and mandatory standards	Delivery or non-delivery on NCC mandate	IT's impact on the delivery of NCC's mandate	People / HR impact on the delivery of NCC's mandate	Communication impact on the delivery of NCC's mandate	Impact on life of staff/other stakeholders
3. Moderate	- R 50m to R500m in any one financial year.	- R50m to R500m in any one financial year.	- Major breach of regulation with punitive fine - Significant litigation involving 2 days of interruption.	- Positive/negative impact on receipt of income due of 1% of budgeted income - Positive/negative impact on the number of claims/benefits paid of 1% - Positive/negative impact on payments to claimants/service providers causing payments to be late / for >3months - Positive/negative impact on Call Centre causing 5-10% of calls being not resolved/timely resolved in any given month. - Qualified opinion from AG - 1-2 month delay in invoices to employees (income stream).	- A break down in IT services that affects more than 100 people for a week or more than 20 people for one month.	- Loss of two or more senior executives or Middle Management or - >15% critical/core skill unavailability or - 20 % of the succession plan is not filled or - 30% variance on skills plan.	- Communication failure causing t employees and stakeholders to be uninformed for more than 1 month. - Major event that causes adverse regional press for less than a month.	- Incident investigation – extensive injuries or irreversible disability to one or more people - Lost time injury up to one month.

	Financial impact		Legal and Compliance impact	Service delivery	Corporate Services			Health and Safety impact
	Loss or gain in Income	Additional costs or cost saving	Non-compliance to laws, regulations, and mandatory standards	Delivery or non-delivery on NCC mandate	IT's impact on the delivery of NCC's mandate	People / HR impact on the delivery of NCC's mandate	Communication impact on the delivery of NCC's mandate	Impact on life of staff/other stakeholders
2. Minor	- R100k to R50m in any one financial year.	- R100k to R50m in any one financial year.	- Breach of regulation with investigation or report to authority with prosecution and/or moderate fine - Significant litigation involving a 1 day interruption.	- Positive/negative impact on receipt of income due of R100k of budgeted income. - Positive/negative impact on payments to claimants/service providers causing payments to be late for >1 month - Positive/negative impact on Call Centre causing 1-5% of calls being not resolved/timely resolved in any given month. - Audit findings causing the AG to issue a report with some findings. - Emphasis of matter by AG.	- A break down in IT services that affects less than 20 people for less than one week.	- <5 % of identified critical/core skill unavailability or - < 10 % of the succession plan is not filled.	- Communication failure causing some employees and stakeholders to be uninformed for more than 1 month. - Local adverse press coverage for > 2 weeks	- Incident report – medium term reversible disability to one or more people: - Medical treatment by qualified medical personnel; - Lost time injury <1 week

Financial impact		Legal and Compliance impact	Service delivery	Corporate Services			Health and Safety impact
Loss or gain in Income	Additional costs or cost saving	Non-compliance to laws, regulations, and mandatory standards	Delivery or non-delivery on NCC mandate	IT's impact on the delivery of NCC's mandate	People / HR impact on the delivery of NCC's mandate	Communication impact on the delivery of NCC's mandate	Impact on life of staff/other stakeholders
1. Insignificant							
- < R100k any one financial year.	- < R100k any one financial year.	- Minor legal issues, non-compliances and breaches of regulation	- Positive/negative impact on receipt of income due of R100k of budgeted income. - Positive/negative impact on payments to claimants/service providers causing payments to be late for <1 month - Positive/negative impact on Call Centre causing <1% of calls being not resolved/timely resolved in any given Month. - Clean audit from the AG	- A break down in IT services of less than one day	- Sudden loss/resignation of a few staff in key positions.	- Communication failure causing some employees and stakeholders to be uninformed for less than 1 month. - No press reporting or external interest.	- First aid treatment; - No lost time injury

Likelihood Rating Table

Rating	Analyses	Definition
1	Rare	The risk is conceivable but is very difficult to realise and only likely to occur under exceptional circumstances.
2	Unlikely	The risk occurs infrequently and is unlikely to occur within the next 3 years.
3	Moderate	There is an above average chance that the risk will occur at least once within the next 2 to 3 years.
4	Likely	The risk is likely to occur at least once within the next 12 months.
5	Certain	The risk is already occurring, or is likely to occur more than once during the next 12 months.

The impact ratings to be used as a guideline when rating the risks at Strategic (Programme), Operational (Divisions/Business units) levels are:-

Rank	Impact Analysis	Financial	Reputation	Stakeholders
5	Catastrophic	Event would have Catastrophic financial impact (> 15 to 25 %)on budget / income	Long-term impact on public memory with major political implications. Consumers may have been impacted so that complaints result with front page national media coverage > 6 months	Employees may have suffered death. Event may have resulted in staff loss causing catastrophic consequences.
4	Major	Event would have Moderate financial impact of (> 8 %) on budget / income	Medium term public impact with minor political implications. Consumers may have been impacted so that complaints result with front page national media coverage > 1 month	Employees may have suffered multiple permanent disabling injuries. Event may have resulted in staff loss causing very serious consequences.
3	Moderate	Event would have Moderate financial impact of(> 4-6 %) on budget / income	Regulator inquiry with medium term impact on public memory. Customers may have been impacted so that complaints result with local media coverage not front page	Employees may have suffered multiple temporary disabling injuries. Event may have resulted in staff loss causing serious consequences.
2	Minor	Event would have Catastrophic financial impact (> 2 %) on budget / income	Affects significant number of the service area but with likely short-term impact on public memory. Consumers may have been impacted so that complaints result with suburban media coverage	Employees may have suffered temporary disabling injuries. Event may have resulted in staff loss causing minor to moderate consequences
1	Insignificant	Event would have little financial impact on either income / budget	Contained within the individual service area. From a regulatory perspective minor fines or penalties	Employees may have suffered minor injuries. Event may have resulted in localized staff low morale

Inherent Risk Ranking Table

Risk Ranking	Inherent Risk Evaluation	Priority	NCC Response
20 – 25	Significant	Priority 1	**Unacceptable level of risk** Program Mangers should take comprehensiveaction to reduce risk to acceptable level
15 – 19	High	Priority 2	**Unacceptable level of risk** Management should take immediate action to reduce risk to acceptable level
8 – 14	Medium	Priority 3	**Cautionary** Management should constantly monitor the risk exposure.
1 – 7	Low	Priority 4	**Acceptable** Acceptable level of risk

Risk Ranking	Residual Risk Evaluation	Priority	NCC Response
20 – 25	Significant	Priority 1	**Unacceptable level** Program Managers should take comprehensive action to reduce the risk exposure to an acceptable level. Risks shall be brought to the attention of the Commissioner, Risk Management Committee, Audit Committee and the DG. Control activities require substantial redesign or a greater emphasis on proper implementation and operation.
15 – 19	High	Priority 2	**Unacceptable level** Management should take immediate action to reduce the risk exposure to an acceptable level. Risks should be brought to the attention of the Program Managers & Risk Management Committee (RMC) Control activities are either inadequate or ineffective and require redesign or more emphasis on proper implementation.
8 – 14	Medium	Priority 3	**Cautionary** Management should constantly monitor the risk exposure and the adequacy and effectiveness of the related control activities. A low level of control intervention is required.
1 – 7	Low	Priority 4	**Acceptable** Management should keep this risk under periodic review.

Residual Risk Ranking

Risk Control Adequacy

The following table is used to enable NCC to determine the adequacy of the current controls in place to treat the risk. For the purposes of the NCC ERM process the adequacy of the portfolio of controls constitutes the sufficiency of controls for the purpose of treating the identified risk.

Assessment	Definition	Scale
Adequate	A range of controls are in place to manage risk causes and the risk impacts. Controls address causes and impacts. The controls are largely preventative and addresses causes. Reactive controls are aimed at reducing the impact significantly	95%
Partially Adequate	A number of controls are in place but the design of the controls may not be totally adequate or treat the root causes of the risk. Improvement is required to existing controls and / or some additional controls are required.	75%
Inadequate	Virtually no credible controls exist. There is no confidence that any degree of control is being achieved due to poor control design.	25%

Risk Control Effectiveness

The scale to be used when rating risk control effectiveness is as follows:

Assessment	Definition	Scale
Effective	The control is believed to be effective and reliable at all times and the people responsible for performing the control understand it.	90%
Partially effective	Some work could be done to improve operating effectiveness, or some doubt exists about operational effectiveness under certain circumstances and/or not all staff involved in the operation of the control is not fully trained.	80%
Ineffective	The operation of correctly designed controls are not effective and / or the operation of incorrectly designed controls may be good but it is still not effective in managing the risk.	60%
Non-existent	There is no confidence that any degree of control is being achieved due to very limited operational effectiveness.	20%

Overall Risk Control Rating (Adequacy x Effectiveness)

Assessment	Definition	Scale
Excellent	An excellent control environment- can only be achieved when controls are perceived to be adequate and effective as per adequacy/effectiveness results.	>81%
Well/Good	A well-controlled environment is one where controls are adequate but only partially effective in their implementation or where controls are more than adequate and partially effective in implementation.	76% - 80%
Reasonable	The control environment is reasonable and partially effective in its implementation but requires improvement	61% - 75%
Weak	The control environment is below par when partially adequate controls are effectively implemented.	51% - 60%
Poor/ Unsatisfactory	A poor control environment exists when controls are ineffective or implementation is non-existent or where partially adequate controls are partially or less effective in implementation or where controls employed to treat a risk are inadequate.	<50%

Risk Matrix

Likelihood		Insignificant	Minor	Moderate	Major	Critical
Certain	5	Low	Medium	High	Significant	Significant
Likely	4	Low	Medium	Medium	High	Significant
Moderate	3	Low	Low	Medium	Medium	High
Unlikely	2	Low	Low	Low	Medium	Medium
Rare	1	Low	Low	Low	Low	Low
		1	2	3	4	5

Impact

The columns of the risk register are as follows (segmented due to page size)

Risk Identification

Directorate	Objective affected	Risk Description	Risk Category	Cause	Impact	Current Controls

Risk Analysis

Impact rating severity	Likelihood rating	Inherent risk rating	Risk Control Adequacy	Risk Control Effectiveness	Overall Risk Control Rating	Impact rating severity	Likelihood rating	Residual risk rating	Response Decision

Risk Treatment

Risk treatment	Responsible person	Due Dates

Risk Monitoring Frequencies

The table below details the monitoring activities for Risk Information and Risk Management Activities.

Element	Requirement	Steps	Responsibility	Frequency
ERM Policy and Methodology	ERM documents and commitments are to be reviewed to ensure they are still appropriate.	1. Workshop with EXCO facilitated by RMU to determine changes and required improvements 2. Revision of Policy and Methodology 3. Final review of revision 4. Sign-off of revisions; 5. Presentation of revised documents to RMC and Board.	EXCO, RMC RMU RMU NCC Commissioner RMC DG: Dti NCC Commissioner Board RMC Manager: Risk	Annually or in the event of significant change in strategic objectives
ERM Methodology and SOP	ERM methodologies and processes are to be reviewed to ensure they are still appropriate.	1. Workshop with MANCO and Risk Steer Co facilitated by RMU to determine changes and required improvements 2. Revision of Methodology and SOP 3. Sign-off of revisions for submission to RMC; 4. Presentation of revised documents to RMC. 5.	RMU, MANCO Risk Steer Co NCC Commissioner RMC RMU RMU EXCO RMC Manager: Risk	Annually or in the event of significant change in strategic objectives
Risk Appetite and Tolerance (RAT)	RAT Framework and levels need to be reviewed to ensure they are still	1. Workshop with EXCO facilitated by RMU to determine changes and required improvements	EXCO, RMC RMU	Annually or in the event of significant change in strategic objectives

Element	Requirement	Steps	Responsibility	Frequency
	appropriate and are a true reflection of NCC	2. Revision of Policy and Methodology 3. Final review of revision 4. Sign-off of revisions; 5. Presentation of revised documents to RMC and Board.	RMU NCC Commissioner RMC DG: Dti Compensation Commissioner Board RMC Manager: Risk	
Monitoring of objectives	Changes to operational objectives, or as part of the full ERM review, all elements in the ERM process will be reviewed to ensure they are still appropriate.	1. Workshop with MANCO and other key roles, facilitated by RMU. 2. Report on changes. 3. Sign-off of revisions for submission to RMC 4. Presentation of revised documents to RMC and Compensation Commissioner	MANCO RMU RMU RMU Exco Manager: Risk	Every 6 months, or when change occurs.
Monitoring of stakeholders and contexts (internal and external)	Changes in the stakeholders and the operating environment • Stakeholders (new, retired, interaction with NCC, views about NCC, etc); and • Contexts (changes, new, impact of current factors, etc).	1. Stakeholder and context update and draft monitoring report 2. Inclusion in risk registers 3. Review and sign-off of information and accompanying report 4. Presentation of the report to Programme Manager 5. Presentation of risk register and report to MANCOM followed and Risk Steer Co 6. Sign-off of the risk register and report for submission to RMC;	RMU RMU Relevant Director Relevant Director Manager: Risk EXCO RMU	Monthly by Directors Full Review every 6 months by RMU, or when change occurs.

Element	Requirement	Steps	Responsibility	Frequency
		7. Presentation of risk register and report to RMC	Director and Programme Manager	
Risk assessments	Monitoring of changes to risks, what risks have been retired and what new risks have been identified. • Identify the risk itself (future event, causes, consequences, current controls); • Analyse the risk; • Evaluation of the current status; well as • Additional treatments to improvement management of the risk.	1. Risk register update and draft monitoring report 2. Review and sign-off of risk register and accompanying report 3. Presentation of the risk register and report to Programme Manager 4. Presentation of risk register and report to MANCO followed and Risk Steer Co 5. Sign-off of the risk register and report for submission to RMC; 6. Presentation of risk register and report to RMC	RMU Relevant Director Relevant Director Relevant Director EXCO RMU Director and Programme Manager	Monthly by Directors Full Review every 6 months by RMU, or when change occurs.
Risk treatment	Monitoring of process with risk treatment actions: • Nature of risk treatment actions and current status • Status of actions if due date were missed	1. Discussions with risk treatment owners 2. Update of action plans and progress reports 3. Reporting to RMU and EXCO 4. Escalations of significant risks to RMC	Programme Managers Risk Treatment owners Relevant Director EXCO	Monthly by Directors Full Review every 6 months by RMU, or when change occurs.
Emerging risks	Monitoring the current list of emerging risks detailed in the Risk Watch List	1. Risk watch list update and draft monitoring report 2. Review and sign-off of risk watch list and accompanying report	RMU Relevant Director Relevant Director Relevant Director	Monthly by Directors Full Review every 6 months by RMU, or when change occurs.

Element	Requirement	Steps	Responsibility	Frequency
		3. Presentation of the risk watch list and report to Programme Manager	EXCO	
		4. Presentation of risk watch list and report to MANCOM followed and Risk SteerCo	RMU Director and Programme Manager	
		5. Sign-off of the watch list and report for submission to RMC;		
		6. Presentation of risk watch list and report to RMC		
ERM roll out status	Progress with roll out steps: Facilitated during risk training, risk assessments, risk discussions at operational meetings	1. Workshop with MANCO and other key roles, facilitated by RMU.	MANCO RMU	Annually or in the event of significant change
		2. Report on progress with roll out.	RMU	
		3. Revisions made to plan		
		4. Sign-off of updates for submission to RMC	RMU EXCO	
		5. Presentation of revised roll out plan to RMC and Board	Manager: Risk	

Risk Appetite and Tolerance

Risk Appetite and Tolerance

PURPOSE

The purpose of the Risk Appetite and Tolerance is to communicate the National Consumer Commission's (NCC's) risk bearing capacity, appetite and tolerance.

DRIVERS OF RISK APPETITE AND TOLERANCE

- Alignment of risk taking with strategic objectives and mandate
- A need to ensure that risk taking activities create value (service delivery)
- The understanding of the risk universe
- Risk appetite *versus* risk "diet"
- The risk approach

SCOPE AND BACKGROUND

The risk appetite and tolerance curves apply to, employees, managers, executive management and the Accounting Officer.

A decision based on an agreed risk appetite and tolerance framework, should be preceded by a thorough understanding of the NCC's

- Mandate and core pillars
- Operational activities , strategic objectives and financial position
- Stakeholder expectations
- Risk culture
- Risk maturity levels

The Integrated Risk Management Methodology provides management and all officials with guidelines on implementing and performing the risk management activities in the areas of responsibility as well as the standardised application of risk management processes across the NCC

The approved risk appetite and tolerance framework, which its contents are subject for a review and on-going monitoring by the Commissioner, was not developed for the previous financial periods. In the past the financial approach was often followed by setting financial levels for risk appetite and tolerance which are then applied consistently across the organisation

In the past the financial approach was often followed by setting financial levels for risk appetite and tolerance which are then applied consistently across the organisation

APPLICABLE LEGISLATION AND REGULATION

The Public Sector Risk Management Framework (PSRMF) 25.2 (a) & (b) (v) requires among others that the Chief Risk Officer (CRO) in consultation with management to develop the risk management framework, incorporating the risk appetite and tolerance
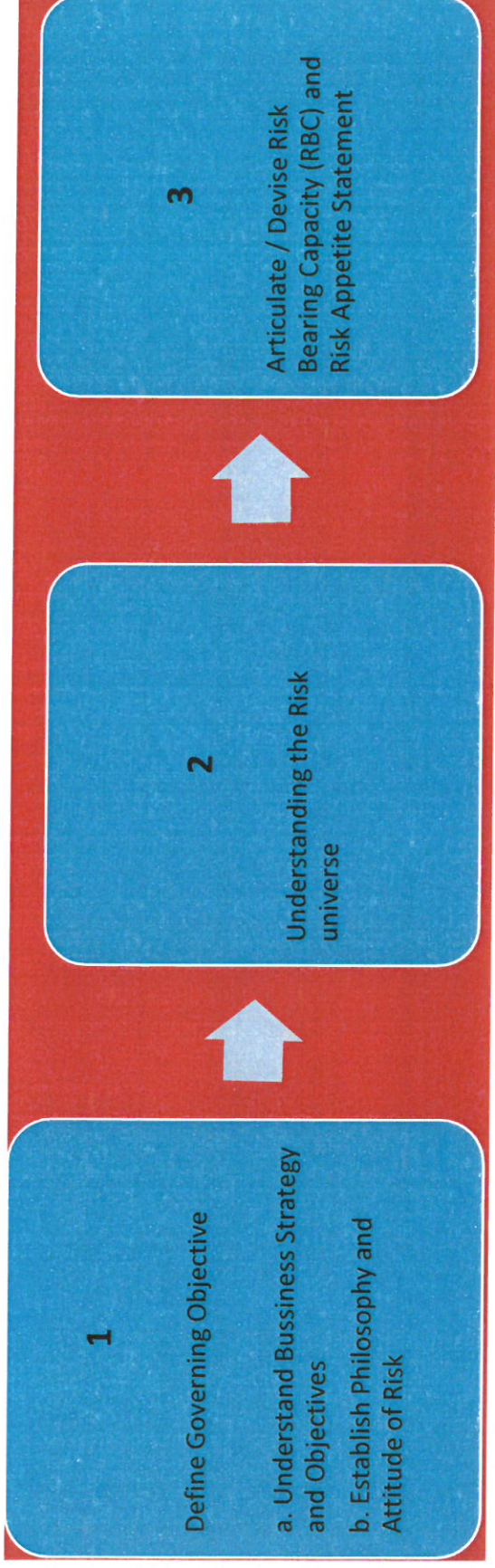
Principle 4.1.3 (a) & (b) of the King III Code on Corporate governance prescribes that the governing body should approve the nature and extent of the risk and opportunities that the organisation should be willing to take.

APPLICATION OF RISK APPETITE AND TOLERANCE

The decision around risk appetite and tolerance usually have far – reaching consequences for any organisation regardless whether it is big or small. Therefore the risk maturity levels when these parameters are set are of critical importance. Management should then determine if any specific activity fits within its risk appetite or not. This will be answered at a level commensurate with the level of risk in question.

1

Define Governing Objective

a. Understand Bussiness Strategy and Objectives

b. Establish Philosophy and Attitude of Risk

2

Understanding the Risk universe

3

Articulate / Devise Risk Bearing Capacity (RBC) and Risk Appetite Statement

DETERMINING RISK APPETITE AND TOLERANCE IN NCC

The framework is based on existing risk management tools and information, It takes cognisance of the following:-

- The NCC strategic Objectives
- The approved insurance programme
- Stakeholder Expectations
- Financial position of the NCC as reflected in the current financial statements
- NCC Delegation of authority
- NCC materiality framework
- Key risks impact associated with specific objectives

- **The NCC strategic Objectives**

The potential influence (**positive /negative**) on all strategic objectives must be considered when determining and evaluating risk appetite and tolerance levels of any specific issue

The NCC's strategic objectives as documented in the 2016/17 Strategic Plan are as follows:-

NCC Strategic Objective	Responsible programme
Goal 1: To improve governance, compliance and resource requirements of the entity	**Programme 1:** Administration (Corporate Services)
Goal 2: To promote consumer protection and consumer safety	**Programme 2:** Legal Division and Investigations and Enforcement
Goal 3: To promote reform of consumer policy and consumer protection legislation	**Programme 3:** Advocacy, Education and Awareness
Goal 4: To conduct research and develop public awareness on consumer protection matters	**Programme 4:** Research and Knowledge management

- **The approved insurance programme**

A process is followed to appoint a service provider to cover all assets as per the entities' asset register (that mainly constitutes of office furniture as well as ICT equipment), insured at book value.

- **Stakeholder Expectations**

The expectations of all key Stakeholders must be taken into consideration when evaluating and determining risk appetite and tolerance levels for specific issues. Stakeholders to be considered by the NCC when determining risk appetite and tolerance position of certain risks, includes:-

1. NCC Management and Employees
2. The dti
3. Other government departments
4. Clients
5. Consumers
6. Service providers
7. General public / Communities
8. Statutory Bodies

- **Financial position of the NCC as reflected in the current financial statements**

    The NCC's materiality and significance Framework, as well as the contents of the financial statements provides valuable information as basis of determining risk appetite and tolerance position of certain risks.

- **NCC Delegation of authority**

    NCC's delegation of authority is vital consideration for effective and efficient risk management and when determining risk appetite and tolerance position of certain risks. The risk appetite and tolerance debate should take place within the Delegations of Authority Framework.

- **NCC materiality framework**

    The NCC's Materiality and Significance Framework, together with the contents of the financial statements provides vital information when determining risk appetite and tolerance position of certain risks. The approved Materiality and Significance Framework has been considered in the development of this document.

- **Key risks impact associated with specific objectives**

The realised/potential impact/Consequences emanating from key risk experience should be assessed in accordance to the approved impact severity scale. The purpose of applying the impact severity scale is to provide MANCO, EXCO and The Commissioner with a clear view of performance versus risk equation.

8   DEFINING OPERATIONAL RISK APPETITE AND TOLERANCE

Prior to determining the NCC's appetite and tolerance graphs a review of the existing consequence rating tables was undertaken as it impacts on the production of heat maps.

Fraud and corruption

The NCC has no **(zero)** appetite for fraud and corruption or financial crime and will implement appropriate measures to control it.

Reputational losses

The NCC has no **(zero)** appetite for adverse media coverage and will use every lawful effort to ensure that events that could potentially lead to such events are avoided.

Regulatory Risk

The NCC has no **(zero)** risk appetite for regulatory breaches or systemic unfair outcomes for customers. To achieve this, the NCC encourages and maintains an appropriately balanced regulatory compliance culture and promotes policies and procedures to enable all business units and their staff to operate in accordance with the laws, regulations and procedures which impact on the entities activities

Another might attempt to quantify its operational risk appetite as follows:-

Corporate services: Finance & SCM

Main assumption

Risk appetite is on single or aggregate loss through criminal conduct, irregular, wasteful and fruitless expenditure or litigation which EXCO has no appetite for operational losses that are more than **R 280 000 rounded up.** In the materiality framework 1 stating that any amount in access of this amount has to be referred to the Accounting Authority after it has been brought to EXCO's attention i.e. **0.5% of the total budget.**

Risk tolerance should ideally be based on the materiality which is typically contained

Option 1: ½ % of gross revenue (R 56 119m) = **R 28 m rounded up**

Option 2: ½ % of total assets (R 18 632)　　　= **R 9m rounded up**

Option 2 is recommended as a lower option, to set the tolerance level of R9 million

Setting tolerance at the above level indicates that any misstatement exceeding that amount is considered to be significant to NCC's financial position and would therefore, be considered unacceptable. The materiality level was determined after taking into account qualitative and quantitative criteria as well as NCC finance policy, PFMA legislation and treasury regulations. Qualitative measures go beyond interpretation of financial statements to include transactions that impact on reputation, enhance potential fraud and corruption or dishonest behaviour and security.

Corporate services: HR

The NCC has the appetite for loss of more than **5%** of key personnel and critical staff in one financial period

Corporate services: ICT

The NCC has an appetite for business interruption that my last more than 3 days

ENTERPRISE RISK MANAGEMENT FRAMEWORK APPROVAL

The enterprise risk management framework as compiled by the risk manager must recommended by the chairperson of internal Audit and Risk Management Steering Committee and approved by the Accounting Officer (Commissioner).

DOCUMENT REVISION

The Enterprise Risk Management shall be reviewed bi-annually to reflect the NCC's current stance on ERM, or in the event that significant external changes are detected or internal planned changes are implemented that could alter the requirements for ERM and nature of the commitment outlined in this framework.
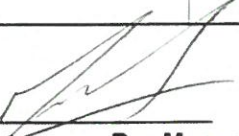
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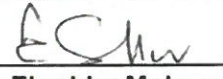
#	Objectives	Risk name	Risk Move	Root causes of the risk	Background/ Consequence to the risk	Impact	Likelihood	Inherent risk exposure	Key controls	Risk Control Adequacy	Risk Control Effectiveness	Risk owner	Impact	Likelihood	Residual risk exposure	Risk Response	Action plans	Action plan owner	Target date	Actual and date	Status	Comments
	To improve governance, compliance and resource requirements of the entity	Incoherent ITC systems	★	Poor ICT Strategy	Poor Service delivery	4. Major	5. Almost certain	Significant 20 - 25	ICT Policies and prescripts Governance Principles - King IV report Batho - pele principles	95% Adequate	80% Partially Effective	HOD Corporate Services	4. Major	5. Almost Certain	Significant 20 - 25	Treat	Develop adequate ICT policies and Strategies	Director: ICT	30 September 2017	Aug-16	Final tests & maintain Finalized	Finalized 17 ICT policies, as well as an ICT Strategy and ICT Governance framework were developed and approved in 2016, and are due for review in 2018. An ICT Assets management policy was also developed and approved in November 2017.
	To improve governance, compliance and resource requirements of the entity	Non-compliance with relevant legislation and prescripts (SCM, Finance and HR)	★	Poor legislation implementation and policy gaps	Financial loss and Reputational Damage , Fruitless and wasteful expenditure	4. Major	5. Almost certain	Significant 20 - 25	PFMA, Finance, SCM and HR policies & prescripts	95% Adequate	80% Partially Effective	HOD Corporate Services	4. Major	5. Almost Certain	Significant 20 - 25	Treat	Relevant legislation and policy Advocacy to ensure compliance	CFO Deputy Director SCM Director HR	30 August 2017	Nov-17	Final tests & maintain Finalized	Finalized All Finance, SCM and HR policies and relevant Standard operating procedures were reviewed and approved during 2017.

Mr Anton van Der Merwe
Head of Corporate Services

Date: _13_ / _12_ /2017

Mr. Ebrahim Mohamed
Commissioner: NCC

Date: _15_ / _12_ /2017

#	Objectives	Risk Description	Risk Move	Root causes of the risk	Background/ Consequence to the risk	Impact	Likelihood	Inherent risk exposure	Key controls	Risk Control Adequacy	Risk Control Effectiveness	Risk owner	Impact	Likelihood	Residual risk exposure	Risk Response	Action plans	Action plan owner	Target date	Actual end date	Status	Comments
1	To promote compliance through enforcement of the CPA.	Increase abuse and exploitation of the consumers in the South Africa Market.	↓	Limited coordination of initiatives performed by consumer protection entities.	Reputational damage. Services delivery.	4. Major	4. Likely	High 15 - 19	CPA enforced	25% inadequate	60% Ineffective	HoD Enforcement and Investigations	3. Significant	4. Likely	Medium 8 - 14	Treat	To identify key stakeholders relevant to all enforcement activities.	HOD: Enforcement and Investigation	31 December 2017	31-Oct-17	Final steps & actions	Identified and meet with stakeholders quarterly.

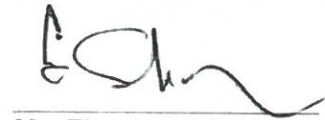Ms. Prudence Moilwa
HOD: Enforcement & Investigation

Date: 12 / 12 /2017

NCC

Legal: Strategic Risk Register 2017 / 2018

#	Objectives	Risk name	Risk Move	Root causes of the risk	Background/ Consequence to the risk	Impact	Likelihood	Inherent risk exposure	Key controls	Risk Control Adequacy	Risk Control Effectiveness	Risk owner	Impact	Likelihood	Residual risk exposure	Risk Response	Action plans	Action plan owner	Target date	Actual end date	Status	Comments
1	To promote reform of consumer policy and consumer protection legislation	Inconsistent legislation with the CPA	⬤	Ineffective legislative framework to address consumer matters.	Inadequate Consumer Protection	5 Severe	4 Likely	Significant 20 - 25	Governance Principles - king IV report Batho - pele principles CPA Legislation	95% Adequate	80% Partially Effective	E. Mohamed	5 Severe	3 Possible	High 15 - 19	Treat	To develop a strategy to identify legislation inconsistent with CPA	All 3 Directors in Legal	11 February 2018		Planned	A workshop with Legal will be held early February 2018 out of which the strategy will be developed

![signature]

Mr. Ebrahim Mohamed
Commissioner: NCC

_14_ / _12_ /2017

#	Objectives	Risk name	Risk Move	Root causes of the risk	Background/ Consequence to the risk	Impact	Likelihood	Inherent risk exposure	Key controls	Risk Control Adequacy	Risk Control Effectiveness	Risk owner	Impact	Likelihood	Residual risk exposure	Risk Response	Action plans	Action plan owner	Target date	Actual end date	Status	Comments
1	To conduct research and public awareness on consumer protection matters	Poor quality of Consumer Research and Knowledge Management	↓	Shortage of skills to conduct research and implement Knowledge management Strategy	Poor Service delivery	4. Major	4. Likely	Significant 20 - 25	Research proposals in place and approved Knowledge management strategy implemented	95% Adequate	80% Partially Effective	HoD Research	3. Significant	2. Unlikely	Medium 8 - 14	Transfer	To develop an SOP for outsourcing complex research work to parties who have adequate research skills	HoD Research	31 December 2017	16-Nov-17	Final tests & maintain	SOP developed and signed off by the Commissioner. All research conducted follow this SOP.

Mr. David Railo
HOD: Research
Date: 19 / 01 /2018

19 / 01 / 2018

Ms. Thezi Mabuza
Deputy Commissioner
Date: 19 / 01 /2017

Advocacy, Education & Awareness Strategic Risk Register 2017 / 2018

#	Objectives	Risk Description	Risk Move	Root causes of the risk	Background/ Consequence to the risk	Impact	Likelihood	Inherent risk exposure	Key controls	Risk Control Adequacy	Risk Control Effectiveness	Risk owner	Impact	Likelihood	Residual risk exposure	Risk Response	Action plans	Action plan owner	Target date	Actual and date	Status	Comments
1	To conduct research and public awareness on consumer protection matters	Incorrect or inaccurate information communicated to consumers and relevant stakeholders		1. Poor Advocacy and Consumer Education Strategy and SOP	1. Potential consumer abuse 2. Wasteful expenditure 3. Reputational damage	3. Significant	5. Almost certain	High 15 - 19	Editorial committee established	95% Adequate	80% Partially Effective	HoD Advocacy, Education and Awareness	3. Significant	3. Possible	Medium 8 - 14	Treat	Develop TOR's for the established Editorial Committee.	Director Advocacy, Education and Awareness	30 June 2017	30-Jun-17	Not new & current	Editorial Committee established and TOR's be finalised by end of the 1st Quarter.

Phumeza Mlungu

HOD: Advocacy, Education & Awareness

Date: 14 / 12 /2017