

PART C: RISK MANAGEMENT

THE PPECB'S ROLE IS TO INSTIL CONFIDENCE IN THE INTERNATIONAL COMMUNITY THAT THE FOOD DELIVERED AS A RESULT OF THE PPECB'S QUALITY ASSURANCE PROGRAMME MEETS THE EXPECTED STANDARD, AND IS SAFE TO EAT. THE EMPHASIS IS ON THE PPECB TO REDUCE OR CONTROL ANY LIABILITY THAT MAY ARISE FROM PROFESSIONAL ERRORS OR NON-PERFORMANCE AROUND THE ORGANISATION'S MANDATE.

The PPECB needs to manage an array of risks that present themselves annually to the organisation. While some risks are predictable, others can take the organisation by surprise. For this reason, the PPECB has developed policies, committees and overall management structures so as to ensure these risks do not place the organisation in jeopardy.

The Board of Directors has primary responsibility for overseeing risk management and risk assessment across the PPECB. In accordance with the Public Finance Management Act (Act No. 1 of 1999), the Board of Directors of the PPECB recognises that it is obliged to protect the organisation, people and assets against the adverse consequences of risk with a view to ensuring that objectives are met. These key objectives include:

- Delivering on the mandate delegated by the DAFF to the PPECB
- Protecting the reputation of the PPECB
- Furthering good corporate governance within the organisation
- Developing and growing relationships with PPECB's stakeholders
- Protecting and developing the PPECB's employees and the organisation's intellectual property
- Protecting the assets of the public entity

Below is an extract of the five major risks that may impact the PPECB in the year to come:

Risk	Impact [A]	Probability [B]	Inherent [C]=[A]x[B]	Residual
Non-compliance to the APS mandate	4.4	3.4	15	7.8
The PPEC Act does not fit into the current deregulated environment	3.8	3.8	14.4	9.9
Financial instability	4.1	3.4	13.9	8.1
Misalignment of the Act, the mandate and the business model	3.8	3.6	13.7	9.3
Insufficient disaster recovery	4.4	3	13.2	3

Management is responsible for designing, implementing and monitoring the effective functioning of system internal controls. The Risk Management Committee (RISCO) has been established by the PPECB to support the Chief Executive Officer and Executive Team in monitoring the risk by reviewing the effectiveness of the PPECB's risk management systems, practices and procedures, and providing recommendations for improvement. The top risks are addressed through action plans that have individuals responsible for the known risks.

The following are broad areas of risk relevant to the PPECB:

- Strategic
- Compliance
- Operational
- Financial
- Stakeholder
- Business processes
- Technology
- People
- Social, environmental and economic responsibility
- PPECB Laboratory

The PPECB's internal audit department oversees the risk process from a strategic perspective. The independent, external financial auditors and internal auditors check for the robustness and thoroughness of risk management within the PPECB, and report independently on such risk matters. The assessment methodology takes into account the severity and probability of risk occurring, including the ranking and prioritisation of identified risks. The top risks are addressed through action plans that have individuals responsible for the known risks. Risks can vary depending on the nature, scope and size of the business matter involved. Importantly, the threat to the integrity of the business as a going concern must be considered, including the potential collateral damage (reputational and otherwise) to all of the PPECB's stakeholders.