PART C

RISK MANAGEMENT

THE PPECB'S ROLE IS TO INSTIL CONFIDENCE IN THE INTERNATIONAL COMMUNITY THAT FOOD DELIVERED AS A RESULT OF THE PPECB'S QUALITY ASSURANCE PROGRAMME MEETS THE EXPECTED STANDARD AND IS SAFE TO EAT. THE ONUS 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. Some are predictable while others can take the organisation by surprise. For this reason, the PPECB has developed policies, committees and overall management structures to ensure that risks do not place the organisation in jeopardy.

The Board members have primary responsibility for overseeing risk management and risk assessment across the PPECB. In accordance with the Public Finance Management Act (Act 1 of 1999), and Treasury Regulations, the Board must ensure that a risk assessment is conducted regularly to identify emerging risks. The Board 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 to the PPECB by DAFF
- Protecting the reputation of the PPECB
- Furthering good corporate governance within the organisation
- Developing and growing relationships with the PPECB's stakeholders
- Protecting and developing PPECB employees and the organisation's intellectual property
- Protecting the assets of the public entity

A risk management strategy was used to direct internal audit efforts and priorities, as well as to determine the skills required of management and staff to improve controls and manage these risks. 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 (CEO) and Executive Team in monitoring the risk by reviewing the effectiveness of the PPECB's risk management systems, practices and procedures, as well as providing recommendations for improvement. A review by Internal Audit indicated that the entity must determine criteria to measure the effectiveness of the risk management function for evaluation and that actions in the Fraud Prevention Plan are assigned to a particular person and that due dates are allocated. This is a future focus area for RISCO. 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 risks
- Compliance risks
- Operational risks
- Financial risks
- Stakeholder risks
- Business processes risks
- Technology risks
- People risks
- Social, environmental and economic responsibility risks
- PPECB Laboratory risks

RISCO oversees the risk process from a strategic perspective and monitors risks, practices and procedures, and provides recommendations for improvement. 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.

BELOW IS AN EXTRACT OF THE FOUR MAJOR RISKS THAT MAY IMPACT THE PPECB IN THE YEAR TO COME:

RISK	IMPACT A	PROBABILITY B	INHERENT RISK EXPOSURE C = A X B
Non-compliance with the APS Act mandate	4	3	12
PPEC Act, which constitutes the PPECB, does not fit into the current deregulated environment	3	3	9
Inability to recover costs	4	4	16
Insufficient disaster recovery and business continuity	4	3	12