

Part C:

Risk Management

The PPECB's role is to instil confidence in the international community that the food delivered as a result of 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. 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.

PPECB Board members have primary responsibility for overseeing risk management and risk assessment across the entity. In accordance with the Public Finance Management Act (Act 1 of 1999), the Board 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 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 PPECB employees and the organisation's intellectual property
- Protecting the assets of the public entity

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 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

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 PPECB stakeholders.

Below is an extract of the four major risks that may impact the PPECB in the year ahead:

RISK	IMPACT	LIKELIHOOD	INHERENT RISK EXPOSURE
	A	B	C = A X B
Information security incidents	5	5	25
Non-compliance with the APS Act mandate, PPEC Act and other key legislation	5	4	20
Ability of the PPECB to keep up with technological advancements	5	4	20
Outdated PPECB business model	5	5	25