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Audit & Risk - Risk Management strategies that mitigate the impact of COVID-19

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Risk management strategies

Strategy 1 - Start documenting and collaborating

Strategy 2 - Learn from research

Strategy 3 - Do not forget the obvious

Strategy 4 - Continuous retrospective and adapting

Strategy 1

- Have you updated your risk register?
- Have you included it as an agenda point in the relevant oversight committee?
- Have you checked in with the eco system e.g. Internal auditors, external auditors, National Treasury, peers in other entities?
- Have you look beyond PPE and personal safety?

Strategy 2

- Please allow me to share some thoughts from the below paper:
- ***COVID-19 and public-sector capacity by Mariana Mazzucato, Rainer Kattel - Oxford review of economy 29 August 2020.***
- *“We argue that the pandemic has shown the areas in which capacities are critical for governments in the aftermath of the crisis and in rebuilding economies and societies namely,*
 - *capacity to adapt and learn;*
 - *capacity to align public services and citizen needs;*
 - *capacity to govern resilient production systems;*
 - *and capacity to govern data and digital platforms.”*
- *“..such as productive capacity, procurement capabilities, symbiotic public– private collaborations that genuinely serve the public interest, and digital and data expertise”*

Strategy 2 - Continue

- *“COVID-19 has brought to the fore long-held concerns about the digital economy: the monopoly power of big tech, the lack of privacy, poor government capabilities, and the digital divide between those with and without access.”*
- *“Governments need to counteract the hollowing out of public organizations’ ability to steer and analyse their own domain. The lack of investment in in-house public capabilities has resulted in the loss of institutional memory and an increased dependence on consulting companies.”*
- *“Crucially, talented people are motivated not just by high salaries, but also by the prospect of being able to apply their skills for the advancement of the common good through challenging analytical work.”*
- *“Agile bureaucracies require highly motivated, high-capacity (career) civil servants”*
- *“A challenge- or mission-oriented approach, driven by strong public capacity aimed at solving problems, is not synonymous with top-down decision-making, but with the dynamism necessary to create more effective interfaces with innovators across the whole of society, rethinking intellectual property regimes and R&D investments to catalyse the distributed intelligence of the private sector and individual citizens.”*

Strategy 3

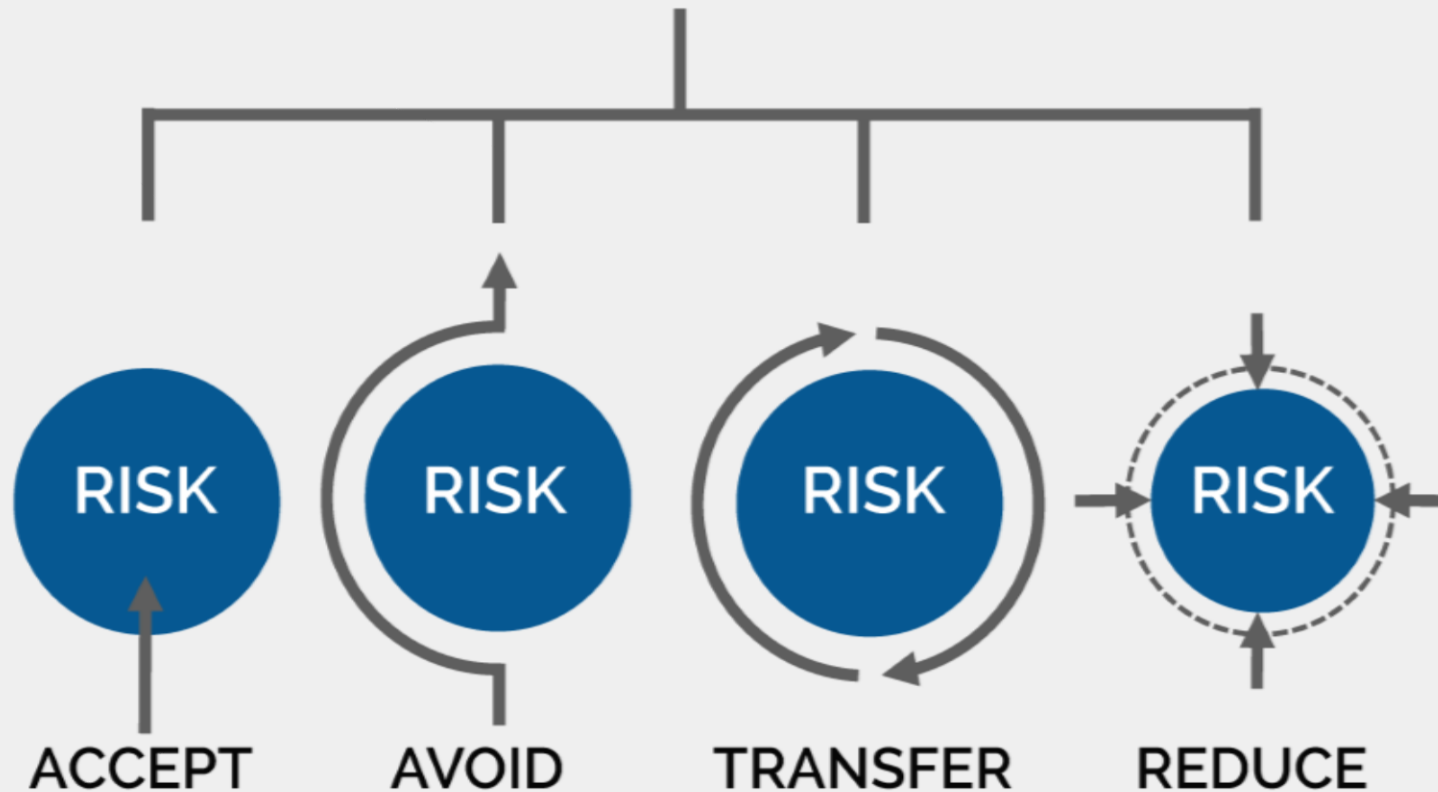
- What is the obvious impact of COVID-19?
- Decrease in revenue – Increase in defaults
- Unplanned expenses – PPE
- Change in processes – reporting dates movements
- Plummeting Employee Productivity

Strategy 4

- Continuous retrospective and readiness assessment
 - Relook at risk register and responses
 - Incident Management
 - Update budget and use adjustment process and virement policies
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- Example of what it means

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FOUR TYPES OF RISK MITIGATION



Impact of Covid 19

Impact of Covid 19	Risk Mitigating	Cost	Example
Impact on Annual Financial Statements	Limit	Medium	Analyse very line item
Impact on Audit	Limit	Medium	Use technology
Telecommunications Requirements	Avoid	High	Long term planning adjustment
Decrease revenue	Limit	Medium	Decrease expenses
Change in expenses	Limit	Medium	Re-prioritise
Change in processes	Accept	Low	Planning
Default ratepayers	Transfer	High	Outsource to debt collectors

Conclusion

Some risks that are thought to be unknown, are not unknown. With some foresight and critical thought, some risks that at first glance may seem unforeseen, can in fact be foreseen. Armed with the right set of tools, procedures, knowledge and insight, light can be shed on variables that lead to risk, allowing us to manage them.

Daniel Wagner