



CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

**IMPACT OF INTERNAL AUDIT AND RISK
MANAGEMENT IN A COVID-19 ENVIRONMENT**


21 APRIL 2021

PRESENTER: THANTASWA MPETSHENI

1

OVERVIEW OF THE PRESENTATION

- ❑ WHY ENTERPRISE RISK MANAGEMENT & INTERNAL AUDIT
- ❑ SCENARIO: PLANNING
- ❑ SCENARIO: BUSINESS CONTINUITY
- ❑ SCENARIO: POST COVID-19



CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

2

WHY ENTERPRISE RISK MANAGEMENT

Compliance:

- ❖ MFMA
- ❖ PFMA
- ❖ NATIONAL TREASURY FRAMEWORK
- ❖ PROVINCIAL TREASURY
- ❖ BUSINESS CONTINUITY GUIDELINES

Good Governance:

KING 4 ON CORPORATE GOVERNANCE

Value Add:

SUPPORTS/INFORMS DECISION MAKING



3

WHY INTERNAL AUDIT

Compliance:

- ❖ MFMA
- ❖ PFMA
- ❖ INTERNAL AUDIT STANDARDS

Good Governance:

KING 4 ON CORPORATE GOVERNANCE

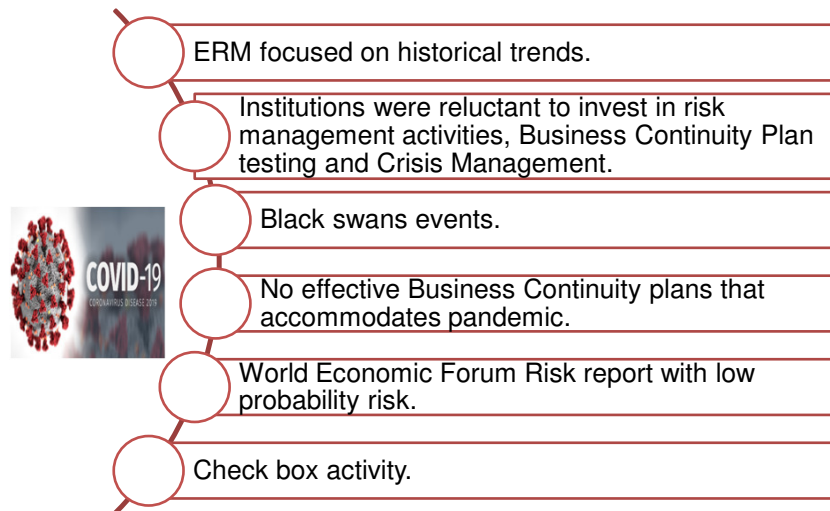
Value Add:

PROVIDES INDEPENDENT ASSURANCE



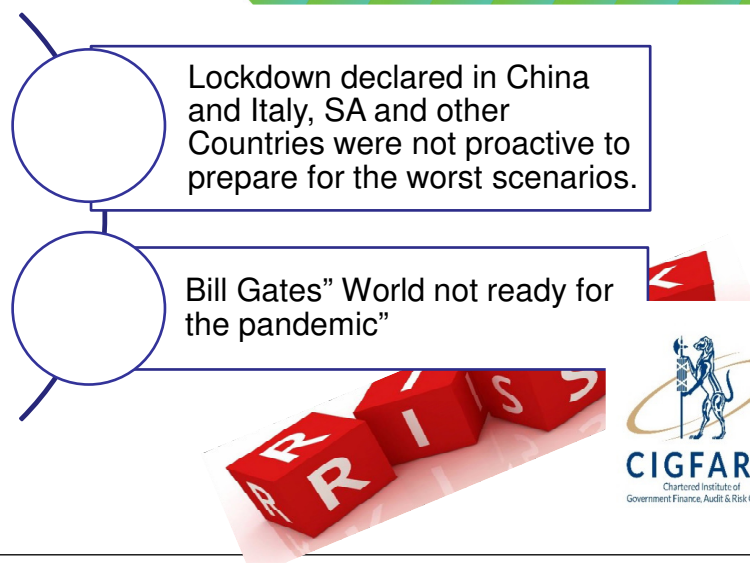
4

ENTERPRISE RISK MANAGEMENT BEFORE COVID-19

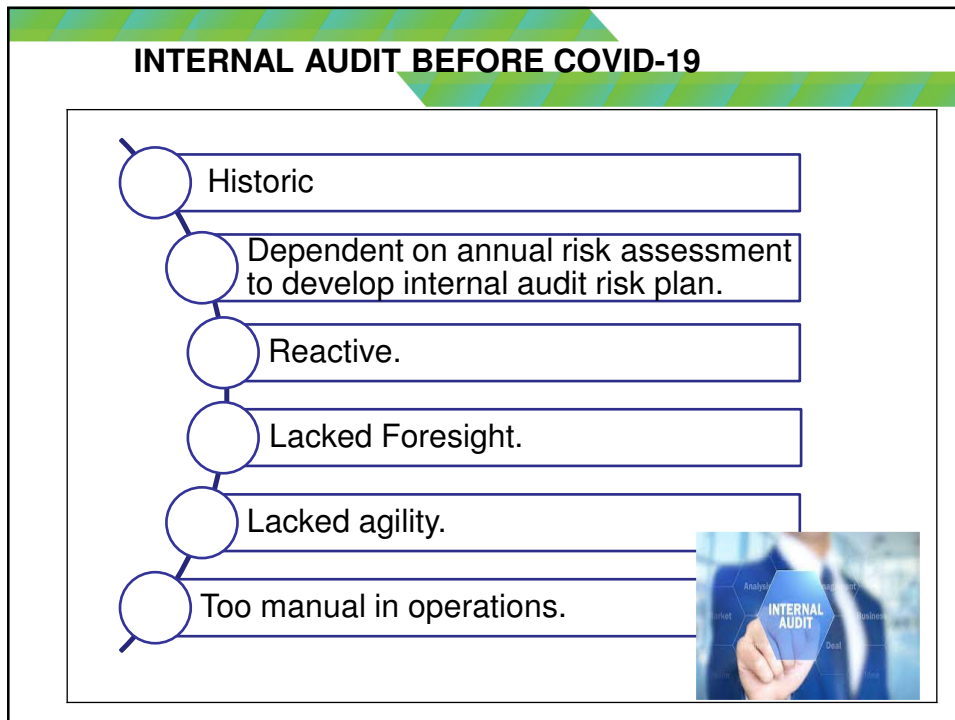


5

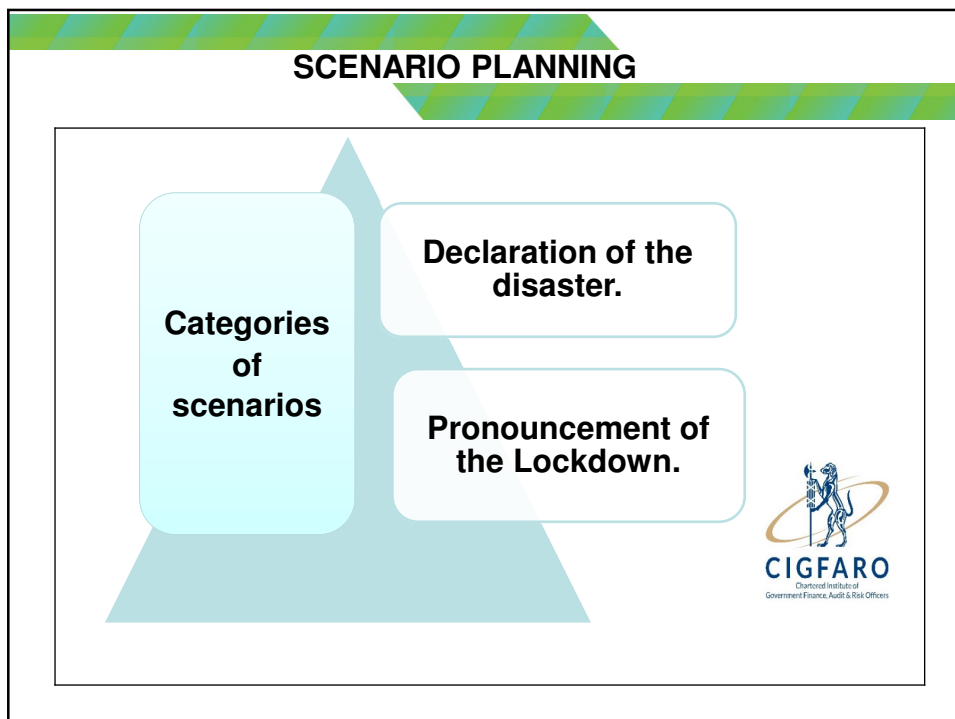
ENTERPRISE RISK MANAGEMENT BEFORE COVID-19 continues.....



6



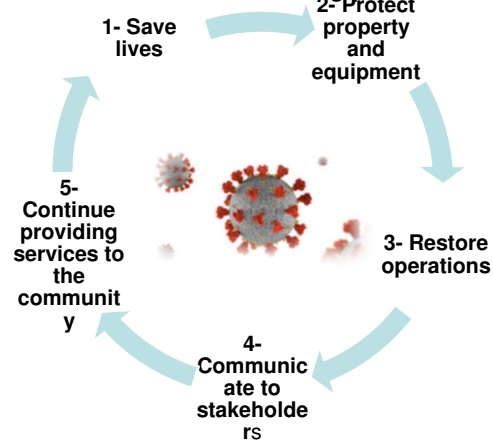
7



8

SCENARIO PLANNING- Continues

In the event of a disaster, the following priorities will apply:



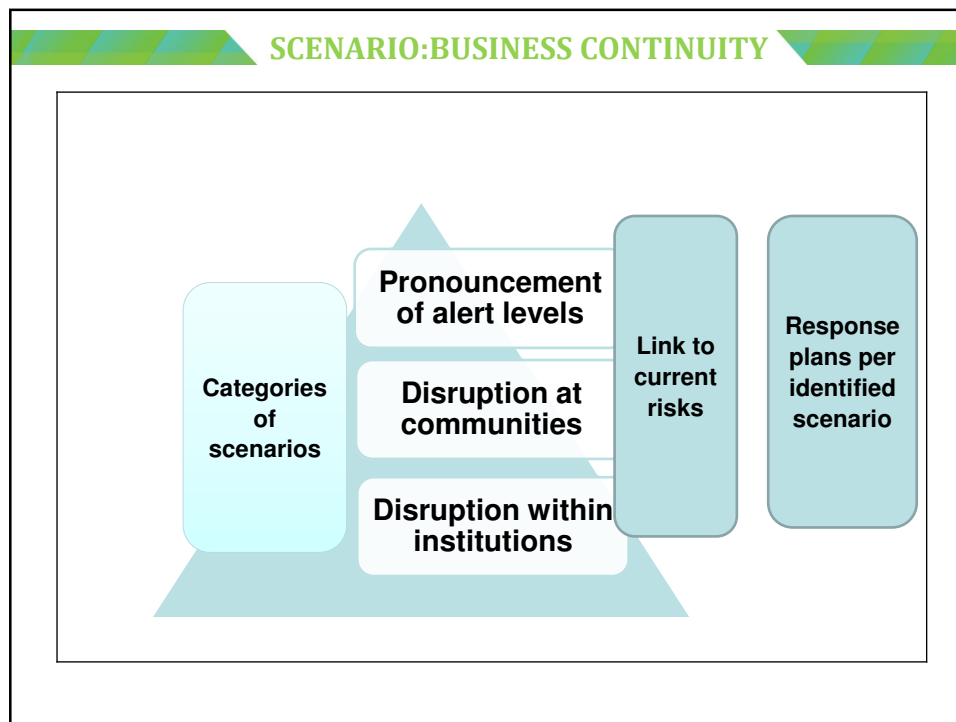
Also Continue to service the critical needs of institution's stakeholders including the Communities we are serving.

9

SCENARIO PLANNING- Continues

- Risk profile changed which will impact IA plan.
- Establish a crisis management team.
- Risk Assessment were to be performed to identify risks/threats that relates to Covid-19.
- Develop response plans/strategies to tackle uncertainties and submit for approval to relevant structures.
- Monitor implementation of the response plans as well as circulars from all government departments to ensure business continuity.

10



11

SCENARIO: BUSINESS CONTINUITY continues ...

- ❖ The scenarios have been identified into two.
 - A - Disruptions at our communities and
 - B - Disruptions within our institutions

Pronouncement of the alert levels as presented by the government risk strategy have been considered.

Each scenario identified has to be linked to the risk/s as per the COVID-19 risk profile.

Response plans to mitigate any impact of the identified scenario have to be considered.

12

SCENARIO: BUSINESS CONTINUITY continues

- ❖ Implementation and monitoring of the Covid-19 response plans in line with alert levels to ensure Business Continuity.
- ❖ Risk Assessments performed in line with alert levels.
- ❖ Prepare workplace.
- ❖ Develop work plans in line with Government Gazettes issued by Dept of Labour.
- ❖ Monitoring functionality of Occupational Health and Safety Committee.



13

SCENARIO: BUSINESS CONTINUITY continues

- ❖ Re-prioritizing and re-focusing internal audit activity to the risks and key business processes.
- ❖ Provide critical **assurance** over emerging risk areas (scenario analysis, govt policy changes)
- ❖ IA to be proactive and prepared.
- ❖ Help **advise** management and the Board/Council on the shifting risk and controls landscape (listening ear than to be judgmental).
- ❖ Help **anticipate** emerging risks.
- ❖ Review scenarios and testing uncertainty.
- ❖ Providing objective and valuable organizational knowledge.
- ❖ Ensuring lessons learnt exercises are performed and recorded.

14

CHANGES IN INSTITUTIONS SINCE THE INCEPTION



The added exposure to cyber threats



Certain policies had to be amended in order to comply with the labour directives and gazettes issued by National and Provincial Departments e.g. Employee Wellness Policies.



Increase digital investments to allow for remote working.

15

LESSONS LEARNT

- ❖ Most organisation's Business Continuity Plans were not adequate for the pandemic and did not cater for all scenarios.
- ❖ People easily embrace risk management when they can visualise and relate.
- ❖ The importance of having and monitoring the correct risk indicators-chances were taking place at a fast pace and decisions needed to be taken timeously .
- ❖ Saving costs.
- ❖ The importance of Occupational Health & Safety.
- ❖ The importance of a strong Information CT infrastructure.

16

OPPORTUNITIES



Rollout of the 4th industrial revolution within the public sector and ensure better use of technology by developing long term digital learning solutions.



Collaboration of spheres of government in fighting Covid-19 pandemic by implementing the District Development Model (DDM) that was launched by the Honourable President.



Prioritise investment in next generation entrepreneurs that build innovative products, services and solutions that are critical for economic recovery and the “new normal”.



Review and introduce appropriate enabling legislation and policies that account for the agility required to navigate the current crisis.



17

OPPORTUNITIES continues....



The COVID-19 pandemic reveals the importance of ERM such as technical competence and the ability to integrate many business processes.



Intensify anti-corruption efforts through collaboration by all law enforcement agencies and implement stringent preventative measures and consequence management.



The importance of continuous environmental scanning in the risk management process. This will enhance the pro-active identification and management of risks.



The use of virtual tools to facilitate risk management activities.



Our risk management framework, policies and process to embrace the culture of innovation.



18

OPPORTUNITIES continues.....



Rebuild trust with business and public by ensuring improved transparency, collaboration and engagement on decisions taken and why they are taken. This will reduce the trust deficit and stakeholder revolts.



Chief Risk Officers, should keep the ball rolling when COVID-19 has ended so that we don't lose the responsibility that has been carried by each line manager in terms of management of risks on a daily basis.(we have a chance to build on it so that risk management is never seen as an added responsibility.



Automate most business processes.



There is an appetite to explore hybrid working models.(the risk profile of organisations will change due to this)



19

POST COVID-19

- ❖ Develop and Monitor Post Covid-19 Business Recovery Plans.
- ❖ Review or Develop Business Continuity plans and critical processes to address a disaster.
- ❖ Include lessons learnt.
- ❖ The culture of risk management to be maintained throughout institutions.
- ❖ Risk resilient scenarios to be done by Risk Practitioners.
- ❖ Sustaining collaboration of all spheres of government.
- ❖ Future opportunists for both IA and ERM.
- ❖ More advisory role by internal auditors.
- ❖ IA be proactive and more in contributions than being judgmental.



20

