



TSHIPING

Water User Association

FINANCIAL RISK MANAGEMENT POLICY

Policy Document:

(2014)

TABLE OF CONTENTS

1. LIST OF ABBREVIATIONS	3
2. STATEMENT	4
3. INTRODUCTION	5
4. RISK MANAGEMENT POLICY	5
5. ROLE AND RESPONSIBILITIES OF THE INTERNAL AUDIT COMMITTEE	6
6. INTERNAL CONTROL AND RISK MANAGEMENT	6
7. RISK MANAGEMENT	6
1. FINANCIAL RISK DIAGRAM	8
2. FINANCIAL RISK IDENTIFICATION AND MANAGEMENT TABLE	9

1. LIST OF ABBREVIATIONS

Committee	Internal Audit Committee
IFMC	Internal Financial Management Committee
Manco	Management Committee
NWA	National Water Act
TWUA	Tshiping Water User Association
WUA	Water User Association

2. STATEMENT

Tshiping Water User Association (TWUA) is wholly committed to the management of risks within its control in order to safeguard its members, protect its assets, preserve and enhance service delivery to its members, maintain effective stewardship of public funds, to ensure good Corporate Governance and promote a favorable public image.

The Management Committee (Manco) will promote an inclusive approach to Risk Management through the establishment of an Internal Financial Management Committee (IFMC). The IFMC will act as a focal point for promoting Financial Risk Management within the Manco and raising awareness in Manco members of their obligation to take responsibility for good risk management, to take ownership of risks and to share best practice in addressing these.

It is the Management Committee's duty to embed Risk Management throughout the Manco and to encourage the Manco members to be part of the Culture of the Manco. Standards and procedures will be promoted in the Manco to help identify and analyze risks in all areas, allowing for appropriate controls to be put in place. This will be supported by a structured, open approach on both an Organizational and Operational level.

The Manco will continue to develop its Risk Management Strategy, which will be supported by Corporate and Operational Risk Registers to record risks in a systematic way and review these regularly to ensure exposures are managed within agreed and acceptable levels.

Through adoption of the above policy, the TWUA will continue to promote Risk Management throughout the Manco, ensuring close links with the decision making processes, service plans, project management, Business Continuity and Health & Safety. This in turn will allow the TWUA to build on its successes and seize opportunities with greater confidence.

3. INTRODUCTION

The process of identifying risks, assessing risks and developing strategies to manage risks is known as risk management. A risk management plan is an important part for business continuity.

By understanding potential risks to the Water User Association and finding ways to minimize their impacts, this risk management plan will help the TWUA to recover quickly if an incident occurs.

Types of risk vary from organization to organization, but preparing a risk management plan involves a common process.

The risk management plan will detail the strategy of TWUA for dealing with risks specific to the organization.

The WUA will allocate the required time, budget and resources for preparing a risk management plan. This will help the WUA to meet their legal obligations for providing a safe workplace and business environment and can reduce the likelihood of an incident negatively impacting on their operations.

This document sets out the risk management guidelines of the TWUA. The guidelines are intended to assist the WUA to establish a sound system of risk oversight and management and internal control that will effectively:

- (a) identify, assess, monitor and manage risk; and
- (b) inform members of material changes to the WUA's risk profile.

The Manco will take a pro-active approach to risk management, ensuring that a system is in place which addresses all material internal and external risk factors facing the WUA, which includes:

- (a) financial;
- (b) legal and regulatory;
- (c) operating; and
- (d) commercial risks, including health & safety and environment.

4. RISK MANAGEMENT POLICY

The TWUA has an Audit and Risk Management Committee (the Internal Audit Committee) which is an integral part of the TWUA's governance structure. The Committee strives to ensure that the Manco are aware of all material actual and potential risks facing the organization and that a system to identify monitor and assess those risks is implemented and regularly monitored and reviewed.

5. ROLE AND RESPONSIBILITIES OF THE INTERNAL AUDIT COMMITTEE

The Committee is responsible for identifying the risks that face the TWUA. These will include both internal and external risks.

The Manco is responsible for:

- a. establishing the Committee and implementing the risk management system;
- b. overseeing the activities of the Committee; and
- c. at least annually, reviewing the effectiveness of the implementation of the risk management system.

6. INTERNAL CONTROL AND RISK MANAGEMENT

The Committee has overall responsibility for the TWUA's internal control environment, and must strive to ensure that:

- a. The TWUA has an integrated framework of control, based on formal procedures and appropriate delegation of authority and responsibility;
- b. There is a disciplined approach to identification and management of risk;
- c. The Manco has established and implemented a system for identifying, assessing, monitoring and managing material risk through the TWUA; and
- d. These systems include internal compliance and controls.

7. RISK MANAGEMENT

The Manco expects that the Committee will provide periodic reports of the results of the risk management process to the Manco.

In particular the Manco anticipates that the Committee will:

- a. research and review reference materials and background information relating to risk management in the WUA's industry as a basis to assess whether or not the process used by the WUA is appropriate and represents the best practices for the industry;
- b. research and review current developments, trends, industry information related to the business conducted by the WUA and other sources of information to determine risk and exposure that may affect the WUA;
- c. review corporate policies, the Manco and Internal Audit Committee members' meeting minutes to determine the WUA's business strategies, risk management philosophy and methodology, appetite for risk and acceptance of risks;
- d. review previous risk evaluation reports by the Manco, internal and external auditors;

- e. compile information to evaluate the effectiveness of risk litigation monitoring and communication of risks;
- f. review the adequacy and timeliness of recording of risk management results;
- g. review the completeness of management's risk analysis and actions taken to remedy issues raised by the risk management process;
- h. determine the effectiveness of Manco's self-assessment process;
- i. review risk related issues that may indicate weakness in risk management practices; and formulate a formal Manco risk management policy for future use in assessing and monitoring and responding to risk.

EFFECTIVE DATE:

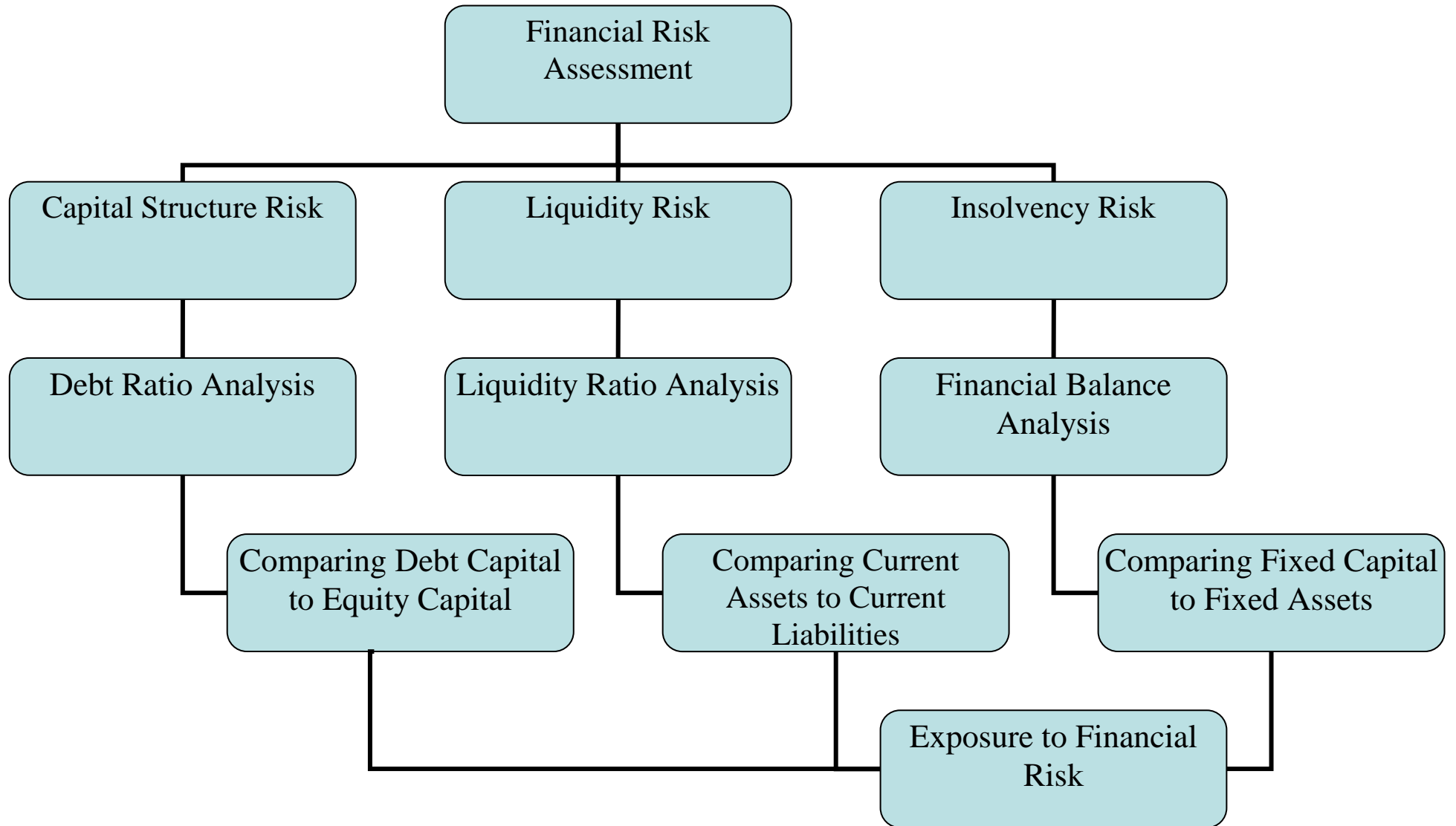
This policy has been approved by the requisite majority of the members at a Manco meeting held on -

Dated at _____ this _____ day of _____
2014.

Manco – Chairperson

CEO

1. FINANCIAL RISK DIAGRAM



2. FINANCIAL RISK IDENTIFICATION AND MANAGEMENT TABLE

Step 1: Risk Identification	Step 2: Risk Assessment		Step 3: Risk Management				
List of Possible Risks	Likelihood H/M/L	Impact H/M/L	What are we already doing about it? (mitigating factors)	What more can we do about it?	Timescale	Person Responsible	Reviewed Level of Risk

Date to be reviewed	
Person/Group responsible for review	