

DEPARTMENT OF CORRECTIONAL SERVICES

2021 STRATEGIC PLANNING SESSION

2022/23 Strategic Risk Register Focus Points



correctional services

Department:
Correctional Services
REPUBLIC OF SOUTH AFRICA

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Purpose

- ▶ Based on our interactions with Management and experience since the inception of risk management , it is believed that the right place for the Department to conduct strategic risk register is to start on the identification of those risks that are most consequential to the Department ability to execute its strategy.
- ▶ Accordingly, these should be the risks that are of most concern to senior management and most deserving of their time and attention.
- ▶ Due to COVID-19 in order to conduct these strategic risk assessments, we've found that rather than simply asking an open-ended question(Brainstorming workshop) about what an individual considers strategic risks to be, we have rather provided a structured risk catalogue or areas of focus that can make strategic risk realised without compromising the COVID-19 risk based response strategy alert levels

Purpose Continue

- ▶ Senior Management are therefore be encouraged to identify **internal** and **external** risks they believe would inhibit the Department ability to achieve its strategic and business objectives/outcomes.
- ▶ These external factors could include systemic risks, emerging risk areas, or other external factors such as regulation and the “black swan” events.

Legislative Mandates / Requirements

- ▶ The applicable legislations governing risk management arrangement with this sphere of government are: Risk Committee Management Charter as approved, Constitution of RSA, PFMA section 38 (1) (a)(ii), Treasury Regulations, Public Sector Risk Management Framework and Methodology,
- ▶ Batho Pele Principles, King IV report on corporate governance, and ISO 31000.

The implementation of the Enterprise Risk Management (ERM) processes within the department is guided by the following legislative frameworks:

- The Constitution of the Republic of South Africa
- Occupational Health and Safety Act 85 of 1993
- King IV Report
- Public Finance Management Act, 1 of 1999
- Public Sector Risk Management Framework
- Departmental Risk Assessment Methodology
- Departmental Risk Assessment template
- Disaster Management Act, 57 of 2002

Objectives

- ▶ The objective of DCS-risk identification process is to understand what is at risk within the context of the Institution's explicit and implicit objectives and to generate a comprehensive inventory of risks based on the threats and events that might prevent, degrade, delay or enhance the achievement of the objectives.
- ▶ The Department as a continuous process is adopting a rigorous and ongoing process of risk identification that also includes mechanisms to identify new and emerging risks timeously. The risk identification process will cover all risks, regardless of whether or not such risks are within the direct control of the Institution.
- ▶ Risk identification process shall be inclusive, not overly rely on the inputs of a few senior officials and should also draw as much as possible on unbiased independent sources, including the perspectives of important stakeholders. Eg Justice cluster Department.

Problem statement

- ▶ The public sector environment is fraught with unique challenges such as inadequate capacity, excessive bureaucracy and silo mentality, limited resources, competing priorities and infrastructure backlogs to mention a few. Such dynamics increase the risk profile of the public sector as a whole and place an extra duty of care on public sector managers to contain risks within acceptable limits
- ▶ Risk Management strive to highlight the strategic risk facing the Department and to give an insight into the work carried out by the Risk Management Directorate and ensure levels of risk and emerging risks are identified and properly managed, so any potential threat to the delivery of outputs (level of resourcing, time, cost and quality) and the realisation of outcomes/ benefits by the Action Owner and Risk Owner (s) is appropriately managed to ensure efficient and effective delivery of services.
- ▶ Although it is common practice in government that various functions are performed in isolation, practice dictate that for the Department to be effective, it has to put in place a system(Manual or electronic) that brings together various aspects that have to do with operational efficiency.
- ▶ In this regard, in practical terms, risk management must be integrated into strategic planning process, making it integral part to successful implementation of the Department's risk based response strategy for the achievement of departmental goals.

Public Sector Risk Management Framework

Chapter 5 of the Public sector risk management framework on Creating an enabling environment for the management of risks states the following:

- ▶ The Accounting Officer/Authority is responsible for ensuring that the Institutional environment supports the effective functioning of risk management .
- ▶ The Institutions environment is the foundation of risk management , providing the underpinning culture, discipline and structure that influence how strategy and objectives are established, how Institutional activities are planned and executed and how risk are identified, assessed and acted upon.
- ▶ To give effect to 5(1), the Accounting/Authority should ensure that the Institution :
- ▶ Operates within its Constitutional mandate,

Risk Management Techniques

- ▶ The SWOT Analysis may be used at different levels of an organization including enterprise, departments, teams, and projects to name a few. The SWOT Analysis is often used for enterprise and company strategic planning. In a classic sense, the Strengths and Weaknesses are viewed as internal and Opportunities and Threats as external factors (e.g. regulations, competitors, markets).
- ▶ In the orientation of the SWOT analysis, the Risk Management team will define these terms and provide examples and to furthermore, clarify the scope of the analysis.

SWOT Risk Management Techniques

SWOT Techniques



SWOT Risk Management Techniques

Internal risk factors

- ▶ **Stability** (financial health or financial resources, funding /source of revenue; management stability, branding stability)
- ▶ **Organisational structure** (structural deficiencies, job positions, hierarchy, communication and reporting lines)
- ▶ **Politics and mismanagement**(internal politics, lack/inadequate controls)
- ▶ **Human-factor Risk** (personnel issues or staff welfare, ineffective management or leadership)
- ▶ **Physical risk resources** (equipment's, facilities, location, loss or damage to the assets)
- ▶ **Strategy and policies risk** (Strategy and internal policies alignment)
- ▶ **Technological Risk** (ICT infrastructure, operating systems/ applications, ICT ability or disruptions, downtimes; investing in ICT/GITO staff to support the business, server and software problems; financial cost for ICT; governance processes)
- ▶ **Innovation**(Lack of innovation)
- ▶ **Incentives** (right incentives and reward schemes, fairly and appropriately, eg performance bonuses and the implementation of OSD)

SWOT Risk Management Techniques

External risk factors

- ▶ **Socio-Economic Risk Factors/events** (budget cuts, unexpected loss of revenue, rising levels of unemployment and levels of crime/statistics) impact of the socio-economic factors on the DCS business)
- ▶ **Natural Risk Factors** (natural disasters, outbreaks / epidemic, riots/wars, catastrophes)
- ▶ **Political –Legal Risk Factors** (changes in the political environment; governmental policies, changes in legislation/ regulations)
- ▶ **Technology** (monitor technological developments the DCS space and in the wider business sphere)
- ▶ **Public –communities perception Risk factors** (assessing public views and perceptions)

PESTLE Risk Management Techniques

- ▶ PESTLE analysis is a reminder, it stands for – Political, Economic, Sociological, Technological, Legal, and Environmental analysis. It is basically all the elements of the macro environment of a business. The analysis of this environment will help the DCS, to know the factors that are likely to affect our business in the near future. Therefore, this can help us prepare for the upcoming changes.
- ▶ PESTLE analysis is a multi-faceted business tool, it is critical that the analysis is done for a specific projects, or purpose. This will give appropriate results that can be useful in making business decisions. In the orientation of the PESTLE Analysis, the Risk Management team will define these terms and provide examples and to furthermore, clarify the scope of the analysis.

PESTLE Risk Management Techniques

Political Factors

- Executive Authority prioritise
- Government interference with the economy to any degree then this factor becomes important.
- Government policies and laws, taxation policies, budgets, international trade laws, trade restrictions, and even environmental laws in place.

Economic Factors

- Almost all changes in the economy of a nation have a significant impact on the business. For instance economic factors such as Gross Domestic Product (GDP), average National Income, inflation rate, the growth rate of the economy, prevailing interest rates of the market, etc. have a direct effect on the profit of a business.
- These economic factors are inclusive of both micro and macroeconomic factors. Macroeconomic factors like the market demand, interest rate, taxation policies, total expenditure, etc relate to the economy as a whole. Microeconomics focus on single households – disposable income, customer choices, and preferences, etc.

Social Factors

- Social Factors like age, gender ratio, population growth, urban-rural divide, employment rates, health statistics, preferences, etc of a given population affect the sale of the product or service and hence the profit of a business. These are the social and cultural factors of a demographic.

Technological Factors

- This is actually one of the most important factors of the PESTLE analysis. It involves the presence and innovation of technology and the growth of technology in the market.
- This advancement of technology can apply in three basic ways – improvement or the advent of technology in producing the goods, distributing the goods, or in marketing the goods. So the business must keep up with the evolving technology to stay with the times.

Legal Factors

- These factors include any changes in laws and legislation, health and safety guidelines, guidelines for equality and safety of women, consumer rights, ethical standards for advertisement, etc.

Environmental Factors

- In the last two decades or so, these environmental factors have gained a lot of importance. For instance, businesses are now more conscious about the pollution they may cause and their carbon footprint.
- They wish for growth but it must be sustainable growth, not at the cost of the environment. So new environmental laws, Eco-friendly practices, technology to control pollution, etc are all factors they need to be mindful of.

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 1: Administration (HR)			
SR 1	High performing ethical organization.	Improve Human Resource capacity and management to enable the Department to fulfil its mandate.	<ol style="list-style-type: none">1. Ageing workforce.2. Automation of Human Resource Management business processes.3. Staff reduction/High staff turnover.4. Misalignment of organisational structure to business processes and service delivery model.5. Staff low morale/ psychosocial support.6. Disproportional shift patterns.

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 1: Administration (Finance)			
SR 2	High performing ethical organization.	To provide effective and efficient financial and supply chain management (SCM) services.	<ul style="list-style-type: none">1.Continuous changes to financial reporting frameworks/ SCM prescripts(BBEE/ PPPFA changes)2. Automation of finance and SCM processes.3. Inadequate Finance and SCM skills.4.Reduced fiscus.5. Negative audit outcome.6. Exploring partnership with NPA /SIU (zero tolerance to corruption)

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 1: Administration (GITO)			
SR 3	High performing ethical organization.	To create business value through provisioning of reliable integrated and secured ICT infrastructure and business application system to ensure effective strategic alignment and enhancement of business processes.	<ol style="list-style-type: none">1. ICT disruptions/downtimes.2. High exposure to cyber threats.3. Unreliable ICT data and security information.4. Slow implementation of the ICT projects.5. Misalignment of business needs and ICT project planning and implementation.6. Unexplored artificial intelligence 4th industrial revolutions.7. Cost of ICT connectivity.

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 1: Administration (Facilities)			
SR 4	High performing ethical organization.	Facilitate the provision of community corrections offices, including satellite offices and service points to enhance community reintegration.	<ol style="list-style-type: none">1.Overcrowding on facilities.2. Increase in socio-economic issues (High unemployment level, crime and poverty).3.Dilapidated infrastructure.4.Disfunctional security systems (escape, assault, etc).5.Reviewing of the parole systems.

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 2: Incarceration			
SR 5	'Outcome 1: Improved safety and security of inmates, officials ,stakeholders, assets and information.	Provide safe and secure conditions for inmates, consistent with human dignity.	<ul style="list-style-type: none">1.Overcrowding on facilities.2. Increase in socio-economic issues (High unemployment level, crime and poverty).3.Dilapidated infrastructure.4.Security lapses5.Disfunctional security systems (escape, assault, smuggling of contrabands etc).5.Reviewing of the parole systems.

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 2: Incarceration			
SR 6	Outcome 3: Improved access to rehabilitation and developmental interventions	Provide physical infrastructure that supports safe custody, humane conditions and the provision of correctional and development programmes, care and general administration.	<ol style="list-style-type: none"> 1. Ageing infrastructure (Facilities reached its lifespan). 2. High dependency on consulting engineers/ implementing agent (inadequate engineering skills sets) 3. Compromised safety wellbeing of employees and inmates. 4. Exploring the PPPs contracts arrangements. 5. Restriction by devolution policy(Office of the Accountant General) 6. Water scarcity (loss of crops and livestock). 7. Energy scarcity 8. Natural disasters.

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 2: Incarceration			
SR 7	Outcome 5: Healthy incarcerated population.	Ensure effective and efficient remand detention system consistent with human rights in a safe and secure environment.	<ol style="list-style-type: none">1. overcrowding of RD facilities (shared risks)2. dilapidated facilities.3. Bail protocols.4. Records management framework.5. inadequate case management systems.6. Gender mainstreaming and Cross cultural dynamics.7. International/ SADC/AU protocols etc.

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 2: Incarceration			
SR 8	Improved safety and security of inmates, parolees and probationers, officials, stakeholders, assets and information.	Provide safe and secure conditions consistent with human dignity through effective administration and management of offenders.	<ol style="list-style-type: none">1. Overcrowding on facilities.2. Increase in socio-economic issues (High unemployment level, crime and poverty).3. Dilapidated infrastructure.4. Security lapses5. Disfunctional security systems (escape, assault, smuggling of contrabands etc).6. Reviewing of the parole systems

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 3: Rehabilitation			
SR 9	Increased access to needs-based rehabilitation programmes to improve moral fibre	Provide needs-based correctional programmes targeting offending behaviour based on the Correctional Sentence Plans (CSPs). The aim is to raise awareness, provide information and develop life skills.	1.Misalignment of correctional programmes with markets needs. 2.Outdated sets of curriculum on life skills/education.

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 3: Rehabilitation			
SR 10	Increased access to needs-based rehabilitation programmes to improve moral fibre	'Provide offenders with needs-based programmes and interventions to facilitate their rehabilitation and personal development	1.Misalignment of personal development and rehabilitation with markets needs. 2.outdated sets of curriculum on life skills/education.

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 3: Rehabilitation			
SR 11	'Increased access to needs-based rehabilitation programmes to improve moral fibre	Manage and ensure the rendering of needs-based psychological, social work and spiritual services to inmates and persons under correctional supervision with the aim of improving health and emotional wellbeing and assisting in their rehabilitation and reintegration into the community.	1.Inability to provide adequate access to psychological, social work and spiritual services to inmates and persons under correctional supervision. 2.Conducive learning environment 3. Impact of Covid-19 on rehabilitation programmes

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 4: Care			
SR 12	Outcome 5: Healthy incarcerated population	Provide inmates with appropriate nutritional services during the period of incarceration.	<ul style="list-style-type: none">1. inadequate supply of appropriate nutritional requirements.2. possible litigation.3. self-sufficiency & sustainability4. Impact of Covid-195. Political unrest / riots

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 4: Care			
SR 13	'Outcome 4: Successful reintegration of all those under the care of the Department	'To ensure that inmates are provided with appropriate access to healthcare and hygiene services.	1.Possible Outbreaks, re-infection and pandemics. 2.Increase in communicable diseases. 3. Vaccine hesitancy and reluctance

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 5: Social Reintegration			
SR 14	Successful reintegration of all those under the care of the Department	Provide effective supervision of offenders placed under correctional and parole supervision in order to enhance public safety	<ol style="list-style-type: none">1. Exploring partnership with local authorities/ traditional leaders/NPOs (criminal justice cluster).2. Spatial planning.3. Recidivism4. Reports on violations5. Community protest6. Impact of Covid-197. Political unrest/ riots

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 5: Social Reintegration			
SR 15	Successful reintegration of all those under the care of the Department	Provide and facilitate support systems for the reintegration of offenders into society.	1. Exploring partnership with local authorities/ traditional leaders/NPOs (criminal justice cluster). 2.VOD and VOM 3.Community protest 6. Impact of Covid-19 7. Political unrest/ riots

Risk Indicators

	Strategic Outcome	Strategic Purpose	Risk factors
Programme 5: Social Reintegration			
SR 15	Successful reintegration of all those under the care of the Department	Facilitate the provision of community corrections offices, including satellite offices and service points to enhance community reintegration.	1. Exploring partnership with local authorities/ traditional leaders/NPOs (criminal justice cluster). 2. Spatial planning.

Managing strategic risk

- ▶ Define business strategy and objectives;
- ▶ Establish key performance indicators (KPIs) to measure results;
- ▶ Identify risks that can drive variability in performance;
- ▶ Establish key risk indicators (KRIs) and tolerance levels for critical risks;
- ▶ Provide integrated reporting and monitoring;

Draft 2022/23 Strategic Risks

- ▶ ICT Risk (Cyber security, ICT infrastructure, data integrity, IT disasters, equipment/ systems failures and IT modernisation)
- ▶ Security Risk (Security breaches, incidents, contrabands in our facilities)
- ▶ HR Risk (staffing; structural deficiencies, business processes, service delivery model and departmental mandates)
- ▶ Financial Risk (Financial health; reprioritisation, fraud, unauthorised, irregular and fruitless and wasteful expenditure)
- ▶ Self-Sufficiency & Sustainability Risk (resourcing)
- ▶ Business Continuity Risk (black swan events, disasters, reduced water levels and energy availability ;water scarcity and renewable energy)
- ▶ Change Management (Organisation culture)
- ▶ Reputational Risk (reputational damage, public perceptions, negative publicity)
- ▶ Safety, Health and Environment Risk (health and safety of staff; legal ,compliance and regulatory perspective)

Risk Response

- ▶ Risk response is concerned with developing strategies to reduce or eliminate the threats and events that create risks.
- ▶ Risk response should also make provision for the exploitation of opportunities to improve the performance of the Institution.
- ▶ Responding to risk involves identifying and evaluating the range of possible options to mitigate risks and implementing the chosen option.
- ▶ Management should develop response strategies for all material risks, whether or not the management thereof is within the direct control of the Institution, prioritising the risks exceeding or nearing the risk appetite level.
- ▶ Where the management of the risk is within the control of the Institution, the response strategies should consider:

Risk Response

- ▶ **Avoiding the risk** by, for example, choosing a different strategy or terminating the activity that produces the risk;
- ▶ **Treating the risk** by, for example, implementing or improving the internal control system;
- ▶ **Transferring the risk** to another party more competent to manage it by, for example, contracting out services, establishing strategic partnerships and buying insurance;
- ▶ **Accepting the risk** where cost and strategy considerations rule out alternative strategies; and
- ▶ **Exploiting the risk** factors by implementing strategies to take advantage of the opportunities presented by such risk factors.

Conclusion

- ▶ “If you do not invest in risk management, it does not matter what business you are in, it is a risky business.”-Gary Cohn
- ▶ “Risk management is a culture, not a cult. It only works if everyone lives it, not if it is practiced by a few high priests.”-Tom Wilson
- ▶ This can be achieved through a combination of concerted efforts from all departmental branches, Regions, Management Areas, Centre's and other critical stakeholders.

“NAGANELA PELE- THINK AHEAD”

**THANK YOU / BAIE DANKIE/ RE YA LEBOGA /NDIYABULELA ENKOSI/
NGIYABONGA/ NDZA NKHENSA**