DCSR POLICY: ENTERPRISE RISK MANAGEMENT STRATEGY AND FRAMEWORK

DOCUMENT INFORMATION AND LOG

File Name	**Enterprise Risk Management Strategy And Framework**
Original Author	**Department Of Culture Sport and Recreation**
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FOREWORD

This is Mpumalanga Department of Culture, Sport and Recreation's Enterprise Risk management Strategy and Framework. This strategy aims to improve the effectiveness of risk management across the department. This is a high level plan which outlines how the department will go about implementing its risk management policy and plan.

Effective risk management allows us to:

a) Have increased confidence in achieving our priorities and outcomes.

b) Constrain threats to avoidable risks.

c) Take informed decisions about exploiting opportunities.

d) Ensure that we get the right balance rewards and risks.

e) Improve our partnership working arrangements and corporate governance.

f) Ultimately, effective risk management will help to ensure that the department maximizes its opportunities, and minimizes the impact of risks it faces, thereby improving our ability to deliver our priorities and improve outcomes for farmers.

This risk management strategy explains the department's approach to risk management and the framework in which we operate to ensure that we manage our risks effectively.

The department is committed to effective management of risks. The department's employees, stakeholders, assets and ability to deliver services to the farmers of Mpumalanga are constantly affected by such risks. The department recognizes that its risks need to be managed so that pitfalls are avoided, but opportunities are not missed.

Our risk management philosophy is, **"We are all risk managers"**.

Contents

Glossary of terms

Throughout this document, unless otherwise stated, the words in the first column below have the meanings stated opposite them in the second column (and cognate expressions shall bear corresponding meanings):

"Impact" This is the potential magnitude of the impact on the Department's operations should the risk/threat actually occur.

"The Probability of Occurrence" This is the likelihood that the identified risk/threat will occur within a specified period of time (between 1 and 3 years) on the basis that there are no controls in place to address the risk/threat.

"Inherent Risk" Inherent risk is a product of impact and probability of occurrence. It is the Department's assessed maximum risk exposure before the implementation of any specific controls to reduce such exposure to risk

"Control Effectiveness" Control effectiveness refers to the control environment of the Department. The perceived effectiveness of controls is an indication of how well risks are managed.

"Residual Risk" This is the value of risk that the Department is exposed after taking into account the related controls which currently are believed to be in place to manage that risk.

"Control" An action taken by management to enhance the likelihood that established objectives and goals will be achieved.

"Desired Control Effectiveness" Desired control effectiveness is the control effectiveness the Department is striving to achieve. This control effectiveness would enable the Department to reduce their risk exposure to the desired level.

1. INTRODUCTION

The purpose of this document is to outline an overall approach to risk management that addresses the risks facing Mpumalanga Department of Culture, Sport and Recreation in pursuing its strategy and which will facilitate the effective recognition and management of such risks.

The strategy is drawn up in order to ensure that areas of high risk are identified, appropriate remedial action is considered and where appropriate, a provision is made to implement risk reduction measures. Risk management is about managing threats and opportunities and, in so doing, creates an environment of "no surprises". This strategy will assist to embed the process of risk management within the governance structure of the department.

Risk management is both a statutory requirement and an indispensable element of good management. As such its implementation is crucial to the department and essential to its ability to discharge its various functions in accordance with its strategic plans.

Our risk management strategy provides a comprehensive framework and process designed to support members and officers in ensuring that the department is able to fully discharge its risk management responsibilities. The strategy outlines the objectives and benefits of managing risks, responsibilities for risk management, and provides an overview of the framework we will implement to manage risk.

Risk management in Mpumalanga Department of Culture, Sport and Recreation is about improving our ability to deliver our strategic objectives by managing our threats, enhancing our opportunities and creating an environment that adds value to ongoing service delivery activities.

2. OBJECTIVES OF THE STRATEGY

2.1 To develop a risk map which will identify and rank all significant risks facing the department and facilitate the achievement of the departmental strategy through proactive risk management.
2.2 To rank all risks in terms of the likelihood and occurrence and expected impact upon the department.
2.3 To allocate Clear roles, responsibilities and accountabilities for risk management.
2.4 To facilitate compliance with best practices in corporate governance.
2.5 To raise awareness of the principles and benefits of involved in the risk management process and to obtain staff commitment to the principles of risk control and,
2.6 To articulate processes applied to review the effectiveness of the systems of internal controls.

3. STRUCTURAL CONFIGURATION

In ideal circumstances the Chief Risk Officer (CRO) should report directly to the Accounting Officer given the latter's legal responsibility for risk management (Sec 38(1) (a) (i)) of the PFMA). However, where this is not practical because of the Accounting Officer large span of control and other operational factors, the Accounting Officer should delegate (Sec 44(1) (a) and (b)) to any person who is suitable and able to take up the responsibility.

On this basis, the accounting officer for the Department of Culture, Sport and Recreation (DCSR) has entrusted the Chief Risk Officer with the responsibility to ensure that the department has and maintains an effective, efficient and transparent systems of financial and risk management and internal control. Subsequently, the Chief Risk Officer will report functionally to the Risk Management Committee and administratively to the Accounting Officer.

It is clear throughout the department that the risk management function is a departmental resource and not an extension of the function under which it is placed for reporting purposes. The Chief Risk Officer should enjoy sufficient "power of office" such that his/her influence does not become diluted, conscious of the fact that the Chief Risk Officer needs to work with and through top management;

The Risk management Unit of the DCSR is composed of 1 Manager who is also designated to be a Chief Risk Officer of the department.

The Risk Management Committee of the department is operational and is composed of General Managers, Senior Managers and Managers experts in their field of the department. The Department aims to enhance the work of the committee and to ensure that the committee is operating in line with best practices.

The department has appointed Risk Champions who will assist the Risk Management Unit to facilitate risk management activities in the department.

4. ACCOUNTABILITY, ROLES AND RESPONSIBILITIES

4.1 Executive Authority

4.1.1 High level responsibilities of the Executive Authority in risk management include:

a) Providing oversight and direction to the Accounting Officer on the risk management related strategy and policies;

b) Having knowledge of the extent to which the Accounting Officer and management has established effective risk management in their respective departments;

c) Awareness of and concurring with the department's risk appetite and tolerance levels;

d) Reviewing the department's portfolio view of risks and considers it against the department's risk tolerance;

e) Influencing how strategy and objectives are established, departmental activities are structured, and risks are identified, assessed and acted upon;

f) Requiring that management should have an established set of values by which every employee should abide by;

g) Insist on the achievement of objectives, effective performance management and value for money.

4.1.2 In addition the Executive Authority should consider the following aspects below which if not considered could affect the department's risk culture:

a) The design and functioning of control activities, information and communication systems, and monitoring activities;

b) The quality and frequency of reporting;

c) The way the department is managed including the type of risks accepted;

d) The appropriateness of reporting lines.

4.2 Accounting Officer/ Head: Culture, Sport And Recreation

The Accounting Officer shall ensure that the responsibility for risk management vests at all levels of management and that it is not only limited to the Accounting Officer. The Accounting Officer shall also ensure that a risk assessment is conducted regularly to identify emerging risks.

High level responsibilities of the Accounting Officer include:

a) Setting the tone at the top by supporting enterprise risk management (ERM) and allocating resources towards the implementation thereof;

b) Establishing the necessary structures and reporting lines within the department to support ERM;

c) Approving the risk management strategy, risk management policy, risk management implementation plan and fraud risk management policy;

d) Approving the department's risk appetite and risk tolerance;

e) Influencing an departmental "risk aware" culture;

f) Approving the code of conduct for the department and holding management and officials accountable for adherence;

g) Place the key risks at the forefront of the management agenda and devote personal attention to overseeing their effective management;

h) Hold management accountable for designing, implementing, monitoring and integrating risk management principles into their day-to-day activities;

i) Holding the structures responsible for risk management activities accountable for adequate performance;

j) Ensuring that a conducive control environment exists to ensure that identified risks are proactively managed;

k) Leverage the Audit Committee, Internal Audit, Risk Management Committee and other appropriate structures for assurance on the effectiveness of risk management;

l) Provide all relevant stakeholders with the necessary assurance that key risks are properly identified, assessed, mitigated and monitored;

m) Consider and act on recommendations from the Audit Committee, Internal Audit, Risk Management Committee and other appropriate structures for improving the overall state of risk management;

n) Provide appropriate leadership and guidance to senior management and structures responsible for various aspects of risk management.

4.3 Management

In discharging their high level responsibilities relating to risk management, Management:

a) Acknowledges the "ownership" of risks within their functional areas and all responsibilities associated with managing such risks;

b) Cascades risk management into their functional responsibilities;

c) Empowers officials to perform adequately in terms of risk management responsibilities through proper communication of responsibilities, comprehensive orientation and ongoing opportunities for skills development;

d) Holds officials accountable for their specific risk management responsibilities;

e) Maintains the functional risk profile within the department's risk tolerance and appetite;

f) Provides reports on the functional risk management consistent with the department's reporting protocols (including appearing before committees);

g) Aligns the functional and departmental risk management methodologies and processes;

h) Implements the directives of the Accounting Officer concerning risk management;

i) Maintains a harmonious working relationship with the Chief Risk Officer and supports the Chief Risk Officer in matters concerning the functions risk management;

j) Maintains a harmonious working relationship with the Risk Champion and supports the Risk Champion in matters concerning the functions risk management;

k) Keeps key functional risks at the forefront of the management agenda and devote personal attention in overseeing the management of these risks.

4.4 Chief Risk Officer

High level responsibilities to achieve this include:

a) Working with senior management to develop the overall enterprise risk management vision, risk management strategy, risk management policy, as well as risk appetite and tolerance levels for approval by the Accounting Officer;

b) Communicating the risk management policy, risk management strategy and risk management implementation plan to all stakeholders in the department;

c) Setting up of the risk management structure and risk management reporting lines within the department;

d) Continuously driving the risk management process towards best practice;

e) Developing a common risk assessment methodology that is aligned with the department's objectives at strategic, tactical and operational levels for approval by the Accounting Officer.

f) Coordinating risk assessments within the department / branches / division / unit on a regular basis.

g) Sensitising management timeously of the need to perform risk assessments for all major changes, capital expenditure, projects, departmental restructuring and similar events, and assist to ensure that the attendant processes, particularly reporting, are completed efficiently and timeously.

h) Assisting management in developing and implementing risk responses for each identified material risk;

i) Participating in the development of the combined assurance plan for the department, together with internal audit and management;

j) Ensuring effective information systems exist to facilitate overall risk management improvement within the department;

k) Continuously transferring risk management principles and practices, through training interventions, to all stakeholders within the department;

l) Advising management in the development of financing structures;

m) Performing a PEST(EL) analysis to identify emerging risks facing the department for further action and intervention;

n) Collating and consolidating the results of the various assessments within the department;

o) Analysing the results of the assessment process to identify trends, within the risk and control profile, and develop the necessary high level control interventions to manage these trends;

p) Compiling the necessary reports to the Risk Management Committee;

q) Providing input into the development and subsequent review of the fraud prevention strategy, business continuity plans, occupational health, safety and environmental policies and practices and disaster management plans.

4.5 Risk Management Committee

In discharging its oversight responsibilities relating to risk management, the Risk Management Committee has the following high level responsibilities:

a) Review the risk management policy and strategy and recommend for approval by the Accounting Officer;

b) Review the risk appetite and tolerance and recommend for approval by the Accounting Officer;

c) Review the department's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;

d) Evaluate the effectiveness of mitigating strategies to address the material risks of the Department;

e) Report to the Accounting Officer any material changes to the risk profile of the Department;

f) Review the fraud prevention policy and recommend for approval by the Accounting Officer;

g) Evaluate the effectiveness of the implementation of the fraud prevention policy;

h) Review any material findings and recommendations by assurance providers on the system of risk management and monitor that appropriate action is instituted to address the identified weaknesses;

i) Develop goals, objectives and key performance indicators for the Committee for approval by the Accounting Officer;

j) Develop goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;

k) Set out the nature, role, responsibility and authority of the risk management function within the Department for approval by the Accounting Officer, and oversee the performance of the risk management function;

l) Provide proper and timely reports to the Accounting Officer on the state of risk management, together with aspects requiring improvement accompanied by the Committee's recommendations to address such issues.

4.6 Audit Committee.

In discharging its oversight responsibilities relating to risk management, the audit committee:

a) Gains thorough understanding of the risk management policy, risk management strategy, risk management implementation plan, and fraud risk management policy of the department to enable them to add value to the risk management process when making recommendations to improve the process;

b) Reviews and critiques the risk appetite and risk tolerance, and recommends this for approval by the Accounting Officer;

c) Reviews the completeness of the risk assessment process implemented by management to ensure that all possible categories of risks, both internal and external to the department, have been identified during the risk assessment process. This includes an awareness of emerging risks pertaining to the department.

d) Reviews the risk profile and management action plans to address the risks;

e) Reviews the adequacy of adapted risk responses;

f) The audit committee must monitor the progress made with the management action plan;

g) Reviews the progress made with regards to the implementation of the risk management strategy of the department;

h) Facilitates and monitors the coordination of all assurance activities implemented by the department;

i) Reviews and recommends any risk disclosures in the annual financial statements;

j) Provides regular feedback to the Accounting Officer on the effectiveness of the risk management process implemented by the department;

k) Review the process implemented by Management in respect of fraud prevention and ensure that all fraud related incidents have been followed up appropriately;

l) Reviews and ensures that the internal audit plans are aligned to the risk profile of the department;

m) Review the effectiveness of the internal audit assurance activities and recommends appropriate action to address any shortcomings.

5. RISK MANAGEMENT ACTIVITIES

In implementing the departmental risk management policy, we undertake the following:

5.1 To define and implement a context for risk management in the department by:

a) Developing a centrally co-ordinated risk framework and management process to ensure consistency throughout the department. This will include the development of a Fraud Prevention Plan.

b) Ensuring that risk management is not one event, but a series of continuous actions that permeate a department's activities.

c) Defining the responsibility structure for risk management throughout the department.

d) Developing a clear and unambiguous understanding of our strategic objectives and purpose.

e) Continually evaluating and reviewing the internal and external environment for risks that may affect the achievement of our strategic objectives.

f) Continually reviewing our risk tolerance as our internal and external environment changes.

5.2 To implement the following continuous risk management process in the department:

a) An annual review of the most significant risks facing the organization.

b) Assessment and evaluation of the inherent impact and likelihood of risk occurring.

c) Determination of the department's response to the risk – (Take, Manage, Transfer (insure) or Avoid). Cost benefit as well as service delivery considerations will be a factor in deciding on the most suitable response.

d) Where the response is to manage or transfer the risk, we will examine existing procedures and controls in place to manage the risk to an acceptable level.

e) Re-evaluation of the risk after taking controls into account, to obtain the residual risk/ exposure.

f) Consideration of any enhancements to control that may be required to reduce residual exposure to an acceptable level.

g) Continual monitoring of the status of risks and developing a process for appropriate action if that status changes.

h) Reporting to senior management and the audit committee on an ongoing basis regarding the results and status of risk management throughout the department.

i) Maintaining an awareness of risk and risk management processes throughout the department.

5.3 The risk framework of the department will consider the following risk categories:

a) Strategic,

b) Service Delivery,

c) Departmental Structure,

d) Systems and procedures,

e) Financial,

f) Procurement,

g) Budgeting,

h) Communication,

i) Legal,

j) Compliance,

k) Fraud and corruption,

l) Technology,

m) Human Resources,

n) Employee value,

o) Security.

5.4 The risk management process needs to be integrated into the current processes within the department. (Annexure A)

5.4.1 The risk management process shall consist of the following key stages:

a) Risk Profiling

- **Determination of objectives:** The objectives of a department/ division should be identified along with the key performance indicators to measure the achievement of these objectives. Objectives need to flow from a strategic level, to a business and ultimately a process level to ensure this alignment as set out below.
- **Strategic:** Departmental objectives that are agreed to by the HOD and MEC
- **Operational:** Objectives that are set by the Chief Directorates to support the achievement of the strategic objectives
- **Process:** Objectives that are set by the Chief Directors and / or Directors at process level to support the operational / business objectives
- **Identification of risks:** The risks which can prevent the achievement of the objectives will be identified. Identification of risks will use the skills and experience of management, in conjunction with established industry risk models.
- **Risk Evaluation:** The impact and likelihood of risks, pre and post considering the current systems, controls, processes and people in place will be assessed using the criteria in **Annexure B**. The outcome of this evaluation for each risk will be compared to the risk appetite to determine if the current exposure is acceptable, cautionary or unacceptable.

- **Identification of opportunities:** For each objective and area profiled management should identify opportunities for improving current practices. These opportunities will then be subject to rigorous planning.

b) Review of Internal Controls

- **Revision of Control Strategy:** Once the initial risk profile has been completed for each area, management will review the control strategy for each individual risk to assess if it is the most appropriate. Control strategies which can be employed are:
- **Accept:** Each risk can be accepted. This is normally the case for low impact risks with a low likelihood of occurrence.
- **Avoid:** Certain new ventures, initiatives and / or projects may have too much associated risk and as such a decision can be taken not to engage in the activity.
- **Manage:** In most cases the risks need to be managed, in a cost effective manner, so that the risk exposure is acceptable. This control strategy includes transferring the risk to a third party such as an insurance company. Note the transfer of risks normally occurs for risks with a high impact but a low likelihood of occurrence.
- **Control Enhancements:** If the control strategy is to manage the risks, then the system of internal controls in place to manage the risks need to be reassessed. Improvements may be required to the systems of internal control and this would include identifying efficiency issues which can reduce the cost of control. To assist in this regard it should be noted that:
- **Preventative** controls which manage the likelihood of a risk occurring are more efficient than **detective** controls which manage the impact of the risks were they to occur.
- **Automated** controls are more efficient than **manual** controls and are generally more reliable. Where improvements to the current internal control systems are required, action plans will be documented by management.

c) Determine action required

- Management need to decide whether further action is required to reduce either the impact and / or likelihood of the risk. In many cases the likelihood of a risk occurring can be reduced. Consideration should also be given to the value added by the action. An over controlled environment results inefficiencies.

It is critical to allocate actions to specific individuals or groups of individuals with clear start and due dates. Where actions are dependent on one another this should also be indicated so that bottlenecking can be avoided.

d) Set risk appetite

The Accounting Officer, through the Risk Committee shall set the risk appetite for Limpopo Department of Agriculture. Risk appetite is the level of tolerance for risk in Limpopo Department of Agriculture; in

other words, at what point does a risk become serious enough for Limpopo Department of Agriculture to start committing resources to the management of the risk.

e) Risk and Control Monitoring

- **Key Risk Indicators:** For each of the risks in the profiles, where appropriate, management shall identify the key risk indicators which should be monitored to determine if the risk is likely to materialize. These key risks indicators will complement our key performance indicators and shall be included in our management reporting.
- **Issue Tracking:** Where risks in the profile are identified as unacceptable or where control improvements are identified, management will track progress in resolving these issues until the revised internal controls are embedded in the operations.
- **Reassessment of risks:** Some risks, by their nature, need to re- evaluate on a frequent basis and this period will be determined by management. However, as a minimum the risk profiles and system of internal control to manage the risks should be formally re-assessed on an annual basis.

f) Risk response control

After risks are identified and quantified, and clear responses developed, those responses must be put into action. Risk response control is the daily activity management of risk. It takes place as the project progresses. Risk response control involves implementing the risk management plan, which should be an integral part of the project plan.

The challenges are dealing with risk events as they occur. Plans in carefully structured plans become evident when those plans are implemented. Some strategies work very effectively, others prove far less effective. Thus, it often becomes necessary to begin the cycle new, which involves either reconsidering risk response or mitigating even further back in the process to re-evaluate identified risks.

g) Risk Monitoring

To ensure sustainability of the risk management process in the office, constant monitoring and learning should take place. A risk management monitoring section will monitor processes to ensure that they are sustainable and have necessary integrity. However managers are also expected to monitor their processes on a continual basis.

Monitoring risk is crucial to the success of the whole strategy. Systems will be created in order to ensure regular and systematic monitoring of risk, and to generate accurate and reliable data, which become the subject of regular and vigorous review. Regular briefings on risks will reinforce the culture of risk management. Relevant concise summary reports, which will keep management briefed and updated on progress made with implementation, will be produced. Information generated through the system will be regularly communicated in order to build the culture of risk management in the office.

6. ASSURANCE ACTIVITIES

The Internal Audit division shall include, in their audit plan the examination of the departmental risk environment taking into consideration the identified risks of the department. Internal Audit shall from time to time issue reports to the Accounting Officer indicating progress made with regard to the risks

identified. Should the Office of the Head: Culture, Sport and Recreation elect not to rely on tests performed by the internal audit, they may re-examine the department's risk environment.

7. MONITORING OF ACHIEVEMENT OF THE RISK MANAGEMENT STRATEGY

Management of the Department of Culture, Sport and recreation Agriculture acknowledges that in order to realize the full potential, risk management processes and strategy should be subject to periodic reviews. Senior management of the department shall ensure that risk management strategy monitoring forms part of the agenda of the senior management meeting and also the Risk Management implementation Plan forms part of the Performance Agreement of the Executive Management of the Department. Quarterly monitoring and reporting of progress against the action plans developed to treat risks shall take place as scheduled. Quarterly progress report shall be submitted to the Audit Committee.

8. POLICY REVIEW

This policy will be reviewed every three years or whenever a need arises, consultative sessions will be carried out to obtain inputs or comments and well as Legal opinion when needed prior approval by the Accounting Officer or his/her duly appointed delegate.

9. POLICY APPROVAL

MR GS NTOMBELA
HEAD: CULTURE, SPORT & RECREATION
DATE 05/09/2024

ANNEXURE A

Integrating risk management and planning process (RMPP)

The developed risk management planning process includes a sequence of activities that will culminate in every financial year. The RMPP is limited but focused set of strategic objectives that are shared by all employees within the Department of Culture, Sport and Recreation (DCSR) and inform the risk management planning process. The planning process links risk management with the day-to-day activities of Units within DCSR

Risk Management planning process:

Dates	Activity
May – early July	DCSR conducts risk management planning activities. Objectives are identified. The risks to those objectives are identified. This must be done before the department submits their budget to Treasury.
Mid July – September	DCSR shall ensure that risk management plan is integrated in both, the strategic and operational plans.
End October – Mid January	DCSR shall ensure that Risk Management plan is still aligned with the operational and strategic plan. The identified risks should be evaluated and prioritized. These activities constitute the Risk Assessment process.

ANNEXURE B

ASSESSMENT TABLES

Below are the tables used to size the risks according to the potential impact of the risk, the likelihood that the risk will occur, the inherent risk, the perceived effectiveness of existing controls, as well as the residual risk remaining.

Qualitative assessment of impact

Impact	Consequence	
Catastrophic	Negative outcomes or missed opportunities that are of critical importance to the achievement of objectives.	5
Major	Negative outcomes or missed opportunities that are likely to have a relatively substantial impact on the ability to meet the objectives	4
Moderate	Negative outcomes or missed opportunities that are likely to have a relatively moderate impact on the ability to meet objectives.	3
Minor	Negative outcomes or missed opportunities that are likely to have a relatively low impact on the ability to meet objectives.	2
Insignificant	Negative outcomes or missed opportunities that are likely to have negligible impact on the ability to meet objectives	1

Qualitative assessment of probability of likelihood

The table below was used to assist management in quantifying the likelihood of a specific risk occurring.

Likelihood factor	Qualification criteria	Rating
Almost certain	The risk is almost certain to occur in the current circumstances. The risk is already occurring, or is likely to occur more than once within the next 12 months	5
Likely	More than an even chance of occurring. The risk could easily occur, and is likely to occur at least once within the next 12 months	4
Possible	Could occur quite often. There is an above average chance that the risk will occur at least once in the next 3 years	3
Unlikely	Small likelihood but could happen. The risk occurs infrequently and is unlikely to occur within the next 3 years	2

Rare	Not expected to happen – Event would be a surprise. The risk is conceivable but is only likely to occur in extreme circumstances	1

Inherent risk exposure

The table below was used to categorise the inherent risk exposure of the identified risks into the 5 different categories.

Inherent Risk Rating	Inherent Risk Magnitude	Risk Acceptability	Proposed mitigating steps
20 - 25	Maximum risk	Unacceptable risk	Take action to reduce risk with highest priority
15 - 19	High risk	Unacceptable risk	Take action to reduce risk with highest priority
10 - 14	Medium risk	Unacceptable risk	Take action to reduce risk, inform management
5 - 9	Low risk	Accept Risk	No risk reduction – control, monitor, inform management
1 – 4	Minimum risk	Accept Risk	No risk reduction – control, monitor, inform management

Residual risk exposure

The table below was used to categorise the residual risk exposure:

Category	Risk tolerance	Factor
Unacceptable	The risk is intolerable and requires urgent action to further mitigate the exposure	15 - 25
Cautionary	The risk exposure exceeds the current risk tolerance and should be monitored to ensure prompt intervention if and when required	10 - 14
Acceptable	The risk exposure is tolerable	1 - 9