

CommPropRisk Handbook

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1. Introduction

Community Schemes are complex organisations operating in a highly regulated environment.

They are staffed largely by volunteers and in some cases by executive employees, who are in most instances under skilled or ill equipped for the challenges they may face. Yet the size of many Community Schemes in terms of complexity, revenues, expenditure levels and assets under management, rivals those of many medium sized businesses. However, unlike formalised business organisations, they lack the resources, structured support systems, well entrenched processes, specialised operating skills and time available to address the operational requirements. Trustees/Directors and Estate Management are nevertheless expected and required to meet the same exacting standards of governance, management standards, compliance, performance and to give the required amount of time and level of commitment to the Community Scheme. The extent of resources and money spent on this area by Community Schemes is largely minimal to that expended by like sized businesses.

This is a daunting challenge and even though in many cases Managing Agents provide professional assistance in this regard, the legal onus and fiduciary responsibility remains squarely on Trustees and Directors to ensure these objectives are met. The CommPropRisk (CPR) tool set is designed to assist in helping focus attention on key issues and to bridge and close the gaps in the many challenges faced by Community Schemes.

It is essential though that governance, compliance, operational and risk weaknesses be managed within a formalised management structure and processes that become entrenched.

CommPropRisk (CPR) is essentially a management tool for either Professionally Managed or Self-Managed Community Schemes. The tool is designed for use by Managing Agents and/or the Trustees/Directors/Office Bearers or Estate Management of a Community Scheme to improve management and ensure clear accountability for key elements which can expose the Community Scheme to risk and loss.

This handbook should be used in tandem with the CommPropRisk (CPR) tool. The handbook sets out the background to and the effective use of the assessment tool by Professional Managing Agents, Trustees/Directors and/or the Management/key employees of Community Schemes.

The tool, guides and content will play a key role in identifying areas of weakness or blind spots in the Community Schemes under their management and in the case of Trustees/Directors, under their fiduciary responsibility. By enabling an improvement in overall compliance and governance and assisting in the management of risks and the vulnerability to risk, the Community Scheme will be far more robust and capable of dealing with and mitigating adverse risk events.

For a Community Scheme to be successful, it has to have good governance and must focus on the critical elements that will ensure its sustainability. Community Schemes with dysfunctional Trustee/Director and oversight structures, invariably end up in trouble.

It needs to be borne in mind that neither Managing Agents nor Accountants are responsible for enforcing compliance, the management of risk and the governance of a Community Scheme.

One of the biggest risks facing Community Schemes is the disconnect between what the perceived role of Managing Agents is, versus what they are contractually required to do, which then results in numerous things falling through the cracks or not being addressed.

The Managing Agent industry is unregulated, and membership of their various associations is voluntary. Only where Managing Agents are involved in the sale and leasing of properties where they are required by law to register with the Estate Agency Affairs Board (EAAB), are they compelled to comply with the Estate Agency Affairs Act and be members of the Property Practitioners Association in terms of Property Practitioners Act (PPA).

It is very important that Trustees/Directors or executive management of Community Schemes are very clear where the Managing Agents role starts and ends and what areas of responsibility remain clearly, theirs. Managing Agents fill predominantly an administration and secretarial role. This normally includes production and distribution of levy statements, receipt/collection of levies, payment of accounts/service providers and employees, operating the bank and trust accounts of the Community Scheme, collection and payment of CSOS levy, provision of monthly management accounts, co-ordination/scheduling of Trustee/Director meetings and AGM's/SGM's, provision of minutes and the circulation of notices and letters on behalf of the Community Scheme.

While Managing Agents may participate and give guidance in some areas e.g. budgeting, setting of levies, maintenance plan, conduct/house rules and other areas of non-compliance, they are not responsible for the formalisation and execution of these and other key operational aspects. They clearly have no responsibility in the management of risk and areas of weakness/vulnerability in the Community Scheme. It needs to also be remembered that Managing Agents can resign, close down, suffer from turnover in staff and often do under-perform resulting in their contracts being terminated. As such it is extremely important that the Community Scheme retain continuity in all issues.

Trustees and Directors should take note of the statement in their audited annual financial accounts where it is made clear that the Trustees/Directors and Office bearers have a fiduciary obligation to their owners and employees. A fiduciary duty is a legal obligation of one party to act in the best interest of another. The obligated party is typically a fiduciary, someone entrusted with the care of money or property. Also called a fiduciary obligation.

These controls should be monitored throughout the Community Scheme. All office bearers and employees should be required to maintain the highest ethical standards in ensuring that operations are conducted in a manner that is above reproach in all reasonable circumstances. Risk management focuses on identifying, assessing, managing, and monitoring all known forms of risk across the Community Scheme. While operating risk cannot be fully eliminated, the Community Scheme must endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems, processes and ethical behaviour are applied, enforced and managed within predetermined procedures and constraints.

The CommPropRisk (CPR) risk assessments are intended to assist Managing Agents, Trustees, Directors or the Estate Management of these bodies in identifying their areas of risk, governance and control weaknesses and to provide guidance and processes on how to better manage these and improve overall governance and compliance.

The areas of vulnerability identified by using the CommPropRisk (CPR) tools will also enable better operational and financial control to be implemented and clear accountability for areas of responsibility between owners, Trustees, Directors, Estate Management, Operators and Managing Agents, to be set.

The CommPropRisk (CPR) tool and its feedback will not only help both professionally Managed and self-managed Community Schemes to improve their overall management but will help Trustees and Directors in carrying out their roles and responsibilities by ensuring a focus on the key areas of weakness and improving their ability to better deal with unexpected events.

A key part of the CommPropRisk (CPR) process is around taking the results of the assessments/identified areas of weakness from the output for a specific Community Scheme and moving forward on the management and mitigation of these. The CommPropRisk (CPR) framework tool enables prioritisation and quantification of risks and the identified areas of weakness, and the allocation of clear responsibilities and setting of timelines around these to specified individuals. By making use of the Framework, progress can be managed and measured.

The management of risks, areas of weakness and compliance must be seen as a continuous process. The effectiveness of actions to improve governance, reduce risks and improve controls must be checked. The tool provides a diary system for subsequent review and re-assessment as required. It is important to remember that weaknesses and risks in one area can have repercussions and knock-on effects in other areas, resulting mainly in financial losses.

A review date for the re-assessment of a Community Scheme can be set at time of registration of a Community Scheme or as part of individual risk assessment areas. If no date or timeframe is selected, a default date will be applied. The users linked to the Community Scheme in question will receive e-mails prompting review of the Scheme.

2. How to use this handbook

This handbook will help you with the following:

1. It will help to organise compliance, governance and risk management efforts into a structured and documented process.
2. It will help navigate the CommPropRisk (CPR) website (www.Commproprisk.co.za) and help users get maximum value out of the tool and content.
3. It will help to identify and assess the risks and areas of weakness facing the respective Community Scheme.
4. It will help to prioritise the actions and assign responsibility and accountability for tasks, and issues facing the Community Scheme.
5. It will help Community Scheme's with the retention of key documentation and documentary evidence which are an integral part of good governance, continuity and risk management efforts through use of the Repository tool (e.g. for AGM's, Trustee/Directors meetings, contractual disputes, budgetary considerations, maintenance plans, management meetings, auditors and regulators/oversight bodies)

The Handbook can be accessed via a button link after the registration process or from the dashboard. A copy will also be e-mailed to the registered party upon finalisation of registration.

3. What this handbook can't do

This handbook cannot own or manage the risk management and governance of the Community Scheme. It is vital that the Community Scheme appoints a suitable risk management/governance “champion/s” and that this person/persons drive the governance and risk management and make use of the tools referred to in this handbook to achieve this and ensure that good governance and risk management is a process and not an event.

4. How to get maximum value out of CommPropRisk and this handbook

You will get maximum value out of this handbook, if Trustees/Directors/Managing Agents:

- Take the time to really consider the level of compliance, governance, risks and their implications on the Community Scheme.
- Involve others in the Community Scheme to get as many perspectives as possible.
- Work systematically through this handbook and the CommPropRisk (CPR) tool.
- Sticking to deliverables and timelines
- See this process as being of critical importance to the Community Scheme (not just a task that must be completed).

While we understand that CommPropRisk (CPR) cannot eliminate all the risks and governance issues facing a Community Scheme, we believe that it can:

1. Identify the bigger risks, governance weaknesses and non-compliance facing the Community Scheme.
2. Assess the potential impact of these risks and weaknesses.
3. Help manage these risks by proactive programs and effective controls, so that the impact is greatly reduced.
4. Assign the responsibility of risk and governance oversight to a Trustee/Director (the “risk/governance” champion). This person will have the responsibility to formally report on risk to the fellow Trustees/Directors/owners/board.
5. Help determine the types, levels and risks that are acceptable to the Community Scheme.
6. Ensure that “risk/governance” owners are actively and effectively managing and monitoring key operational risks and governance shortcomings.
7. Integrate risk management into the culture of the Community Scheme, including employee training and including risk management elements into employee job descriptions.
8. Develop appropriate procedures for the monitoring and controlling of risk, including risk/incident registers.
9. Assess the effectiveness of the implementation of the risk management and governance processes into the internal control systems to ensure they are operating efficiently and effectively in all material respects.
10. Develop, implement and maintain a formal risk management framework template for monitoring and comprehensive Trustee/Director/Management reporting.

11. Integrate risk management and good governance into the operations of the Community Scheme.

5. The CommPropRisk Process

- Registration of user - Managing Agent or Trustees/Director/Estate Management for both professionally managed or self-managed schemes
- Completion of payment details
- Familiarisation with Handbook and CommPropRisk process
- Registration of the Community Scheme – Property/Complex/Estate or registration of multiple properties/Community Schemes in the case of Managing Agents with portfolios of Community Schemes
- Appointment of the “responsible party” for the respective Community Scheme – Managing Agent portfolio Manager or responsible Trustees/Directors as part of the Community Scheme registration
- Loading of designated recipients for output/feedback from the assessment process and score results for the particular Community Scheme as part of the registration process
- Setting of review dates for re-assessment/review of the respective Community Scheme
- Setting of the RTL (Risk tolerance threshold level) for the respective Community Scheme
- Completion of Tell Us More – general property details and general information for the Community Scheme (compulsory)
- Completion of General Assessment – pointers to specific areas of weakness for the Community Scheme (compulsory)
- Completion of Detailed Assessments for all the core areas of risk for the Community Scheme (optional/as recommended)
- Analysis/synthesis of areas of critical vulnerability, risk guides provided and inclusion of other identified risks/weaknesses/lack of governance
- Use of the pre-populated CommPropRisk (CPR) Framework to record and expand on the areas of high risk/weakness identified, quantification of potential losses, prioritisation and allocation of responsibility for actions to mitigate risks
- Use of the CommPropRisk (CPR) repository to store critical documentation and specific record of the respective Community Scheme

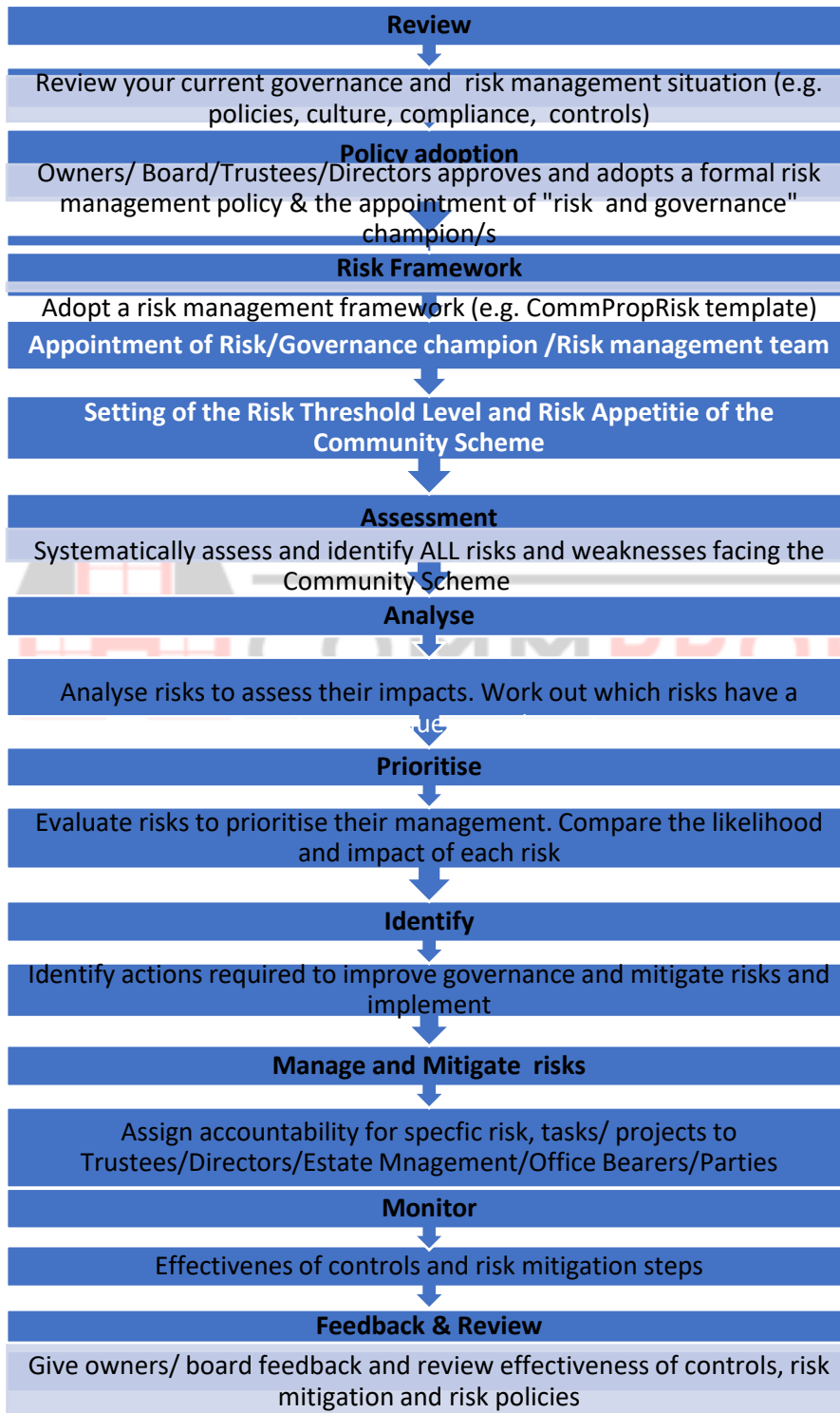
6. Work Processes

6.1 Background Preparation and Governance/Risk Assessment Processes

Preparation Process



Risk Management Process



6.2 How the CommPropRisk assessment and review process functions



7. Managing Risk and Risk Culture

If the Community Scheme is to effectively manage the risks facing it, it has to create and entrench a risk management and good governance culture. Risk management is a process and not an event. An effective risk management program requires wide acceptance of the importance of a risk management culture by all stakeholders in the Community Scheme.

A risk and good governance culture has to start from the top i.e. with the Trustees or Directors and transcend every dimension, area and facet of the Community Scheme's activities and operations. It must include all owners and residents, estate management, managing agents, developers, operators, employees and extend to the suppliers of services and contractors to the Community Scheme.

A risk culture requires the on-going identification and management of risks and areas of weakness. This covers physical threats and includes engagement with contractors and suppliers. It must also incorporate financial control and expenditure management, it must form part of recruitment and the terms and conditions of employees, it must form part of job descriptions, be part of trustee/director/estate management/employee induction and training,

encompass the conduct and house rules, form an integral part of the usage of IT systems and technology, requires a specific focus on safety and security and the minimising of risk in every operational process.

An inappropriate risk culture can result from certain individuals or office bearers acting negligently and ignoring their fiduciary responsibilities. As soon as inappropriate behaviour is condoned or accepted, or where parties conduct themselves in a way which is condoned or overlooked, notwithstanding laid down procedures, processes or rules, risks will manifest. These will inevitably result in damage to the Community Scheme's reputation and financial losses.

A good place to start is to use the CommPropRisk (CPR) risk tool to adopt an introspective approach to the Community Scheme and to do a self-assessment of the risk profile, culture and risk attitude. This can be done for both professionally Managed and Self-Managed properties. This involves asking objective questions about the Community Scheme itself, the Trustees/Directors/Office Bearers/Estate Management and Managing Agents, the level of Compliance, level of Financial Control/Governance and Oversight, the broader socio-economic environment, operational capabilities or limitations, general risk awareness and the behaviour of owners, tenants and employees. In this way you will be able to identify the risk culture and risk management prevailing in the Community Scheme.

A risk culture should be integrated into almost every aspect and area of the Community Scheme's operational processes.

Risk appetite and the ability to absorb losses may vary from one Community Scheme to the next. As potential risk and losses are very hard to quantify, many Community Schemes will not have the capital base, reserves or funding to carry an unexpected loss and be able to continue as a going concern.

The CommPropRisk (CPR) tool provides a framework in which to focus the management of the risks facing Community Schemes by assessing risk in key areas namely: Property and Management Complexity, Financial Control, Levies/Debtors, Balance Sheet, Income Statement/ Expenditure, Governance and Oversight, Regulatory and Legal and Operational risk which encompasses IT/Technology, People/HR, Strategic, Socio Economic, Crime/Fraud and Criminality, Reputation, Environmental and Physical Assets.

With technology forming an ever-increasing part of operations, it is essential that you have robust Technology and IT controls and disciplines in the Community Scheme. Physical security and cyber-crime awareness need to form an integral part of the risk management focus and culture. Increasing use of technology should be made wherever possible e.g. bio-metric access control, CCTV, motion sensors, digital cameras etc.

The assessment of each category and area will enable a managed and focused approach on the critical risks facing each Community Scheme i.e. their potential impact, prioritisation, mitigation, responsibility/accountability etc.

By using the CommPropRisk (CPR) management tool in tandem with a proactive risk culture, trustees, directors, estate management or professional Managing Agents will be in a

position to develop a strategic and systematic approach to managing existing and potential future risks facing their respective Community Schemes.

While a risk management focus using the CommPropRisk (CPR) risk tool will not eliminate all the risks facing a Community Scheme, CommPropRisk will provide significant key benefits as covered in 13 below.

8. Risk Management Plan

A risk management plan is a document that a Community Scheme should prepare to foresee risks, estimate impacts, and define responses to risks. It also contains a risk assessment framework/table or matrix.

A risk is "an uncertain event or condition" that, if it occurs, has a negative effect on an organisation's objectives. Risk is inherent with any business operations or project. The risk management plan contains an analysis of likely risks that have been identified with both high and low impact, as well as mitigation strategies to help the operations of the Community Scheme avoid being derailed should common problems arise. Risk management plans should be periodically reviewed by the "risk team" to avoid having the analysis become stale and not reflective of actual potential risks.

Most critically, risk management plans include a risk strategy. Any operational activities or projects, immaterial of their size carry a lot of risks, which may be financial, non-financial, legal or physical. Having an effective risk management plan is key to the sustainability and success of any Community Scheme.

It is important that a Risk Management Plan is put in place in a Community Scheme to ensure that there is continuity and formalised disciplined and structured processes around the management of risk. It also facilitates prioritisation, accountability, problem solving and performance management of service providers/estate management. This needs to extend from normal operations to include any projects undertaken by the Community Scheme.

A good risk management plan makes use of a number of tools and strategies to mitigate risk. The strategy may be to avoid risk or transfer a component of it e.g. don't undertake the activity, take out insurance or exit/cease that activity, so that the potential impact is eliminated or reduced.

Community Schemes need to synthesise their business context, undertake logical problem solving/gap analysis and make use of relevant available data and information. Risk scoring is essential for prioritisation and visualisation of risks relative to each other so that risk discussions are grounded in facts rather than anecdotes. Risks need to be aligned with actions so that they can be performance managed i.e. monitored and controlled.

Depending on the structure of the Community Scheme and its complexity, it is important that as many parties as possible participate in the risk management process. For larger Community Schemes risks need to be distributed to "owners" of activities/departments/areas of operation i.e. those parties/areas actually delivering the actions/services, designing and implementing the controls or being accountable for specific areas eg. maintenance, finance, compliance etc.

All members of management or service delivery should be able to input to the process and see where things fit in and hear what is happening in the Community Scheme.

A risk management plan should also be incorporated into all projects undertaken by the Community Scheme e.g. major painting or maintenance projects, fixed asset refurbishing, building, security installations/upgrades, road and parking projects, borehole installation etc. Proper documentation, such as risk assessment reports are important during every step of the project planning process. To apply the risk plan to future projects, you should add project-specific risks and triggers and assess the probability, impact, and detectability for each risk. This will save time and help institutionalise the risk management plan into the project culture of the Community Scheme.

8.1 Risk Management Planning Process

The Risk Management Planning process needs to cover the following key elements:

- Adoption of a risk policy (See paragraph 9 below)
- Establishment and composition of the “Governance/Risk Committee/Risk management team” e.g. Trustees/Directors/Board/Estate Management
- When and how often will the Committee meet (monthly/quarterly)
- Accountability - who will the Committee report to (Board/Owners/Other Trustees/Directors/Auditors)
- What format will the Committee report in e.g. verbal/minutes of meetings/dashboard/scorecard/agreed matrix/written report
- When must the Committee report e.g. 2 days after their meeting/monthly/quarterly
- Setting of risk tolerance levels and risk appetite levels
- What tools will be used to measure and manage risk and governance e.g. CommPropRisk (CPR) tool/PI Matrix/ ERM Framework/Incident Log or Risk Register/SWOT Analysis/Heat maps/GAP analysis
- Basis for and actual identification of risks
- Formalise timelines and individual responsibilities for managing and dealing with the mitigation of identified risks
- Formalise budget availability for the handling and management of risk
- Identify clear responsibility and accountability for actions

The key elements of a Risk Management plan are:

Step One: Risk Identification & Risk Register

The first step in writing the plan is to assemble all stakeholders and identify all possible risks. This can be done from the use of risk tools (CommPropRisk), audit reports, insurance claims, project documentation, legal records, past loss experience and from consultation with various parties/areas in the Community Scheme. Before starting or deciding on anything else it is important to also make a list of potential risks. Even the minutest details need to be considered as something that might appear to be a very small threat now, may transform into a potential larger risk in the near future. The documentation of risks should be recorded in the risk register or in a risk management framework e.g. CommPropRisk (CPR) Framework Template.

Step Two: Risk Analysis Methods

The operations of every Community Scheme or project is faced with risks. There is no 100% certainty that risks will not occur. There are risks that creep up at various stages in normal business operations or phases of a project that the “Governance/Risk Committee” has to be vigilant to and ready to handle. Some risks may be beneficial, but there are many risks that may harm and hinder the Community Scheme or its projects.

Risks that are identified have to be analysed for their probability and potential impact using for example a Probability and Impact Matrix (PI Matrix) and also translated into numerical values so as to accurately know the outcome of these risks on the cost, time and resource factors. There are two methods of risk analysis – qualitative or quantitative. **Prioritise the Risks:** Arrange the risk in order of priority. Those that need to be dealt with first are listed first. Risks are prioritised on the basis of degree of impact and the likelihood of occurrence.

Probability Impact Matrix

- Different matrices can be used for cost, time, scope
- It helps guide risk responses (priority action & response strategies)

		Impact				
		Trivial	Minor	Moderate	Major	Extreme
Probability	Rare	Low	Low	Low	Medium	Medium
	Unlikely	Low	Low	Medium	Medium	Medium
	Moderate	Low	Medium	Medium	Medium	High
	Likely	Medium	Medium	Medium	High	High
	Very likely	Medium	Medium	High	High	High

Step Three: Identify Risk Triggers

Divide the “Governance/Risk Committee/Risk management team” into subgroups and assign segments of the master risk list to each subgroup e.g. operational, financial, governance/regulatory. The job of each subgroup is to identify triggers, or warning signs, for each risk on its segment of the master list. It is important to document all triggers associated with each risk. Three triggers per risk are sufficient.

Developing an Action Plan: Plans are designed to minimise the impact of the risk and to check the occurrence. An action plan should be developed against each risk i.e. in event of occurrence how do we respond to the risk, who all will be responsible and what are the contingencies?

Human Resource Deployment: People are allocated at specific points with specific roles/responsibilities. This can include parties responsible for the management of the Community Scheme, and not just Trustees/Directors. They should work in tandem with the entire “Governance/Risk Committee/Risk Management team” and are specially deployed to undertake planned actions in case the anticipated risks come true. These actions are to be taken at specific points in time; a timeframe is necessary.

Step Four: Risk Resolution ideas

Individual “Governance/Risk Committee/Risk Management team” members should identify and document preventive actions for the “threats” and enhancement actions for the “opportunities.” This can be approached through the various areas involved, such as Financial

Risk reports, Operational Risk Reports, IT/Technology Risk Reports, Governance/Regulatory etc.

Risks are unknown events that are inherently neutral. They can be characterised as either positive or negative. Unfortunately, a lot of time and energy is spent handling negative risks, or “threats” rather than positive risks, or “opportunities”. No Community Scheme should overlook the chance to benefit from any opportunities that present themselves.

Step Five: Risk Resolution Action Plan Based on the collective ideas of all the areas/departmental teams, the “Governance/Risk Committee/Risk Management team” or appointed risk manager will have to decide on a plan of action to bring about risk resolution. Risks with a high Probability Impact value will have to be treated with urgency while those with the least probability or impact can just be monitored without having any real action plan. Identifying the most serious risks at the onset can save time, cost and resources, and likewise identification of such risks will also trigger the resolution plan at the earliest moment.

Step Six: Responsibility and Accountability

The last step in writing a risk management plan is assigning an owner for each risk on the master list. Use a Framework Document (CommPropRisk Framework) or Responsibility Assignment matrix for this purpose. By using these tools, various teams and/or team members may be assigned responsibility for carrying out the risk resolution plans. At the end, the “Governance/Risk Committee/Risk Management team” or risk manager is solely accountable for all the plans and actions related to the risks at large.

Communication: Communication of the plan to all stakeholders (owners, residents, customers, suppliers, service providers) is very necessary. The plan should be presented to those who are supposed to make the key interventions. Timeframes and the actions and the responsibilities should be clearly spelled out.

9. Risk Policy

9.1 Background

The purpose of a risk policy is to provide guidance and direction as to the management of risk and areas of weakness within an organisation.

In the same way a Community Scheme needs to be committed to ensuring that it establishes risk management systems and processes to ensure its objectives and governance responsibilities are met.

The policy must recognise that risk is an inherent part of operations, presenting both threats and opportunities. To achieve objectives a Community Scheme must make decisions that involve some degree of risk.

This policy formalises and communicates the Community Schemes approach to risk management. This policy provides guidance in relation to a transparent and consistent consideration of risk and uncertainty when decisions are made.

9.2 Scope

This Policy needs to apply across all the operational areas and activities within a Community Scheme.

Risk is defined as the effect of uncertainty on the Community Scheme's objectives.

Risk management for most organisations is defined as the identification, assessment and response to risk and uncertainty to support the making of decisions that will help the organisation achieve objectives, including the control of activities.

Risk management should follow a comprehensive risk management framework (ISO or other agreed framework) which provides consistent guidance to all Trustees/Directors and employees of a Community Scheme on how to identify, analyse, evaluate, monitor, treat and report on risks.

Every employee within a Community Scheme is responsible for the effective management of risk, including identifying risks, responding to risks and reporting risks.

9.3 Support Structures Required

Trustees/Directors/Board/Management Committee

The Trustees/Directors/Board/Management Committee is ultimately responsible for the oversight of Risk within a Community Scheme. The broader duties and responsibilities of the Committee should be detailed within the Board Charter which should include:

- Establishing a sound system of risk oversight and management of internal controls to ensure systems and processes are properly managed and function effectively;
- Determining the types and levels of risks that are acceptable for the Community Scheme;
- Understanding and monitoring the status of the material/significant risks and uncertainties facing the Community Scheme;
- Ensuring that an appropriate consideration of risk and uncertainty has been included in any submissions provided to the Trustees/Directors/Board for approval;
- Assessment of management's report or judgment on the effectiveness of the implementation of the risk management and internal control systems;
- Receiving assurance from the Trustees/Directors regarding the annual declaration in the Annual financial statements in relation to the efficiency and effectiveness of risk management and internal controls.

Audit and Risk Committee

The Audit and Risk Committee (where in place/applicable), assists the Trustees/Directors/Board in discharging its fiduciary responsibilities by monitoring and advising the Board on matters as they relate to risk management such as:

- Reviewing and reporting on the efficiency, effectiveness and appropriateness of the Community Scheme's Risk Management Framework, Risk policies and controls;

- Considering the extent to which internal controls are both designed and operating effectively within the Community Scheme;
- Overseeing management's actions in the identification, management and reporting of material operational/business risks.

9.4 Chief Executive Officer (if in place)

The Chief Executive Officer is responsible for maintaining the risk management procedures that will assure the Trustees/Directors/Board that major business risks are managed appropriately which incorporates:

- Designing and implementing a risk management and internal control system to manage the Community Scheme's material business risks in line with the Risk Management Policy and Framework;
- Review and approve the controls and strategies implemented for the management of identified risks;
- Managing the operations and allocating the resources of the Community Scheme in a manner that balances risk and reward and is consistent with the Community Scheme's objectives and risk profile;
- Regular reporting to the Trustees/Directors/Board/Management and/or Audit and Risk Committee on how effectively the Community Scheme is managing its material business risks and details of risk response strategies in place to manage these risks/areas of weakness;
- Allocation of risk owners to implement controls and strategies to manage and mitigate the business risks; and reporting from the risks owners on the performance of these controls and strategies to manage these risks;
- Periodic review of the Community Scheme's risk profile, fostering a risk awareness culture;
- Providing an annual attestation to the Trustees/Directors/Board;
- Ensuring that the financial statements are founded on a sound system of risk management and internal compliance and control;
- Ensuring that the Community Scheme's risk management and internal control system is operating efficiently and effectively in all material respects.

9.5 Management Responsibilities

Key responsibilities of a management committee, if in place, as they relate to risk management include:

- Implementing and monitoring the systems and processes required for the day to day identification and assessment of risks;
- Ensuring that systems and processes to manage risk are operating effectively in accordance with the Community Scheme's risk management policy and framework;
- Ensuring that the "risks owners" are actively and effectively managing and monitoring key business risks;
- Regular reporting to the Trustees/Directors on how effectively the Community Scheme is managing its material business risks and details of risk response strategies in place to manage these risks; and
- Periodic review of the Community Scheme's risk profile, fostering a risk aware culture.

9.6 Reporting

A register of the most significant and/or material risks should be centrally maintained. The status of these risks and risk response plans should be regularly reported to the Trustees/Directors/Board, Management and/or the Audit & Risk Committee. These risks should be identified on a bottom-up basis and be reviewed regularly by the Trustees/Directors/Board, Management and/or the Audit & Risk Committee.

Depending on the size of the business or organization, the Group Risk and Assurance function should be responsible for providing integrated risk and assurance services to assist all employees in the execution of their responsibilities. This includes:

- Development, implementation and maintenance of the risk management framework;
- Assistance provided to the business to ensure compliance under the risk management policy and framework;
- Assistance provided to the business to identify, monitor, and respond to risks;
- Reporting to the Board, Management and/or the Audit & Risk Committee on the status of critical business risks and strategies in place and to manage these risks, as owned by the business or organisation.

9.7 Review of Risk Policy

The Risk Policy of a Community Scheme should be periodically reviewed by the Trustees/Directors/Board/Management Committee or Audit & Risk Committee and any proposed or recommended changes made to the Policy need to be recommended to the Trustees/Directors/Board by the Management Committee or Audit & Risk Committee.

10. Identifying your risks

The CommPropRisk (CPR) process aligns with the classical approach to risk management, namely: Assessment, Identification, Managing, Monitoring and Mitigation. Identifying and managing risks involves 5 steps. These steps should be performed within a management framework (CommPropRisk Framework).

1. Identifying risks that could impact the performance of the Community Scheme

Take a close look at the financials of the Community Scheme and each of the areas of operations and ask yourself:

- What could cause an impact?
- How serious would that impact be?
- What is the likelihood of this occurring?
- Can it be reduced or eliminated?

(e.g. cash flow problems, key operational staff leaving the operation, owners defaulting on levy payments).

The Tell Us More and General Assessment in the CommPropRisk (CPR) assessment tool will highlight the majority of the key areas of vulnerability and weakness in the Community Scheme. These assessments will guide you on your areas of weakness and recommend the

more detailed assessments, that will help you to identify additional areas of vulnerability and weakness in the Community Scheme..

2. Analysing risks to assess their impacts

Work out which risks have a greater consequence or impact on your Community Scheme's performance than others. Separate minor acceptable risks (e.g. a single owner defaulting on a levy payment) from major risks that require immediate action (e.g. major outsourced service provider failing).

Analysing risks involves deciding on the relationship between the likelihood and impacts of the risks you have identified. The potential losses need to be calculated (by considering the probability and scope of the loss).

3. Evaluate risks to prioritise their management

Compare the likelihood and impact of each risk on your Community Scheme to evaluate and prioritise the resources you are prepared to invest or commit to mitigate these risks. The outcome of this step is a prioritised list of risks that require further action.

4. Treat risks to minimise their impact

You will need to work out which risks you consider acceptable to be left unmitigated and which risks need to be mitigated.

Once you've identified the risks you consider unacceptable, you need to consider strategies for improving your Community Scheme's performance. These involve acting on and implementing feedback from the guides and the process of managing the identified risks within the framework (CommPropRisk Framework) i.e. accepting them, passing them on, eliminating them or minimising them). This not only requires critical decisions on what levels of risk are acceptable to the Community Scheme, but also typically requires risk mitigation for the various risks to be documented and projects established, with clear accountability assigned to one or more individuals. While many projects to manage risk take time to fully implement, it is vital that these projects remain focused and that these risks are managed and recorded in a meaningful framework (CommPropRisk).

5. Develop and review your risk management plan

A risk management plan shows your chosen strategy for mitigating risks you have identified. It details information about:

- risks identified
- level of risks
- planned strategy and actions
- time frame for implementing the strategy and actions
- resources required to mitigate
- parties responsible for ensuring that the strategy and mitigation is implemented.

It is vital that the owners and estate management are given effective feedback on the risk management initiatives and that the risk policies and practices are reviewed and renewed on an ongoing basis.

The final plan should include appropriate objectives, a budget, milestones and appropriate measurement around the attainment of the objectives.



Additional notes to risk assessment:

We recommend that you watch the videos on the various risk categories on the CommPropRisk Dashboard as well as the other videos on the web site (www.commprisk.co.za/resources/videos):

The CommPropRisk (CPR) assessment tool groups risks (see graphic below) into 4 major areas of Community Scheme risk – these being Operational, Financial, Governance/Regulatory and Complexity

It might be necessary to discuss these risks with a number of people involved in the Community Scheme to ensure you consider all the significant risks. This is important as you may not be aware of some very material risks if these are ‘not in your area of involvement/scope’.

The inter-connectedness of risks must always be considered. Risks invariably don’t happen in isolation and while many risks might start out as small weaknesses, they can quickly develop into major areas of significant risk and ultimately into financial losses. E.g. a disagreement with a contractor or service provider can result in termination of services. This could then result in legal action, which if lost, could result in payment and damages having to be made.

This will impact the operations, income statement and balance sheet of the Community Scheme in varying degrees.

We suggest that Trustees/Directors/Estate Management/Managing Agent representatives take a few hours (or even days) to work systematically through all the risk types (and consider others that may apply to the respective Community Scheme).

You may opt to document your summary of the risks facing your Community Scheme and then distribute your ‘findings’ to your fellow Trustees/Directors/Management before listing your top risks and including these in the formal management framework (CommPropRisk Framework).

It is important that other risks not identified in the formal assessment process that you would classify as material, are included. A material risk is a risk that would have a meaningful impact (e.g. a financial loss that one would consider significant or the threat from reputational damage).

Place these in order of importance (i.e. more significant risks are at the top of the list).

10.1 CommPropRisk Risk Breakdown



Within each risk area there are a number of key elements which require management and focus by either Trustees/Directors/Estate Management or Managing Agents. It is very important that there is clear responsibility and accountability for these elements otherwise they can fall through the cracks and expose the Community Scheme to risk and losses.

10.2 Key elements within the risk areas

The following are the most likely risks that are likely to be present in the risk categories in the majority of Community Schemes.

Regulatory and Legal

1. Compliance with CSOS and Sectional Title Management Act
2. Other core compliance – labour, basic conditions of employment, tax, occupational health and safety, environmental, disaster management, POPI, Credit
3. Contractual risk
4. Litigation/claims/damages/disputes/settlements
5. Documentary controls and record keeping

Governance and Oversight

1. Managing Agent involvement/responsibilities
2. Trustee/Directors – representation/make up/participation/accountability
3. Notices, Meetings, Minutes, AGM's, Quorum and Voting Compliance
4. Delegation of authority
5. Culture/policies/controls/risk management/oversight levels/approval processes
6. Enforcement of conduct/house rules/restrictions and conditions

Property Complexity

1. Developer involvement
2. Size/extent of infrastructure
3. Locality
4. Soil type
5. Construction material type

Management Complexity

1. Ownership structures/voting rights
2. Owner/tenant mix
3. Number of units
4. Extent of conduct/house rule – ability to enforcement and manage breaches
5. Number of issues being dealt with/approvals required of Trustees/Directors
6. Extent of services/facilities offered
7. Number of employees/extent of resources

Operational

1. Complex/Estate management – access controls, security, maintenance processes/routines, use of technology
2. Maintenance plan and practices
3. Management of third-party service providers/outsourced services/projects/supply chain
4. Management of physical assets, natural risks, disasters, continuity of service provision
5. Employee/people relations and management

6. Reputation management
7. Utility management – water and power

Financial Control

1. Financial discipline and oversight
2. Budgetary and expenditure management
3. Core controls – segregation of duties, qualified accounting staff
4. Provision of management accounts
5. Payment and procurement controls

Balance Sheet

1. Audited and current
2. Reserves and solvency
3. Liquidity and cash management
4. Debtors/levies outstanding levels
5. Debt levels
6. Creditors
7. Contingent liabilities

Income Statement

1. Levy/income collection
2. Expenditure variances
3. Unbudgeted/uncontrolled expenditure perating surplus/accumulation of reserves

Debtors/Levies

1. Level of arrears/outstandings/age analysis
2. Collection of debtors/policies/collection disciplines
3. Payment trends
4. Levy increases

11. Common problems and likely areas of weakness/failure that are currently being faced by Community Schemes

1. Compliance with regulatory environment (highly regulated industry).
2. Being able to recruit/have appropriate Trustees/Directors.
3. Skills levels of Trustees/Directors and staff of Managing Agents given the Complexity of the environment in which they are required to operate.
4. Turnover of Trustees/Directors and staff at Managing Agents
5. General management and continuity issues – lack of governance/oversight, lack of a risk culture and knowledge of the Community Scheme, no clearly defined delegation of authority, contractual and legal issues, financial/management accounts, oversight of employees/estate management/ contractors and service providers.

6. Total misunderstanding of the role and obligations of Managing Agents and what the roles/responsibilities and fiduciary responsibilities of Trustees/Directors/Estate Management are (things falling through the cracks).
7. Poor Financial position of many Community Schemes due to: high level of arrears levies/debtors, increasing bad debts and inability to collect levies, financial mismanagement, lack of segregation of duties, poor procurement processes, conflicts of interest, lack of budgetary/expense management, poor/weak financial controls and a lack of liquidity/solvency.
8. A lack of compliance with/adherence to laid down policies and procedures around procurement, expenditure, appointment of contractors, supervision of work, receiving value for money, adherence to maintenance schedules, mismanagement of utility services and consumables.
9. Poor contract and project management resulting in cost over-runs, legal disputes and under/non delivery. Arrangements not formalised/reliance on verbal contracts.
10. Poor record and documentary keeping – lack of audit trails, minutes from meetings, annual accounts, budgets, transaction records, personal information of owners/tenants, loss of key documentation/non-formalisation of contracts and agreements.
11. Lack of preparedness for any adverse events – physical threats, crime events, power/water outages, failure of suppliers/service providers.
12. Non-adherence to and enforcement of conduct/house rules giving rise to major issues in Community Schemes.

12. Challenges for the management of Community Schemes

12.1 Challenges for Managing Agents of Community Schemes

- Community Schemes operate in highly regulated environment with implications for non-compliance
 - High degree of non-compliant Schemes
 - Complex industry and technical environment
 - Boards largely dysfunctional/Turnover of Trustees and Directors/Continuity issues
 - Key issues and risks not being identified/dealt with
 - Roles and responsibilities between Managing Agents and Trustees/Directors are not clear/remain blurred
 - Abdication of responsibilities/accountabilities of Trustees/Directors to Managing Agents
 - Fees continually under pressure
 - Due to low margins, they are forced to take on a high number of Community Schemes supported by a very limited staff compliment
 - Considerable effort and time is required on each Community Scheme
 - Competence and turnover of staff
 - High reputation risk
 - Termination or cancellation of mandates as a result of perceived poor service delivery or Trustee/Director expectations not being met
 - They operate in an unregulated industry
 - Archiving and storing of records is complicated and costly

The tool can also play a major part in educating both the employees of Managing Agents and Trustees/Directors/Office Bearers, by facilitating a broader focus on the management of Community Schemes.

12.2 Challenges for Trustees and Directors of Self-Managed Community Schemes

- High degree of non-compliance
- Limited competency and skills of office bearers
- Continuity issues
- Turnover of Trustees/Directors
- Need to engage, supervise and manage third party service providers directly e.g. security and gardening service providers, accountants, book-keepers, debt collectors, lawyers
- Inability to ensure segregation of duties due to limited support
- Compromise on controls and procedures
- High reliance on the institutional memory and record keeping of individuals
- Conflicts of interest

13. What are the benefits of CommPropRisk for users?

13.1 Professional Managing Agents

- Enables Professional Property Managers to manage Community Schemes under their management in tandem with the Trustees/ Directors or Estate Management.
- Membership flexibility and user optionality enables the allocation of clear responsibility and accountability for the management of a portfolio of Community Schemes, to specified employees.
- Easy addition, removal and amendment of Community Schemes under management.
- Enables a detailed assessment of the potential impact of the identified risks to a Community Scheme and prioritisation of these risks.
- Provides a comprehensive dashboard of each property along with graphics and feedback on areas of critical vulnerability.
- Helps identify the weaknesses and bigger risks facing individual Community Schemes.
- Managing Agents can readily extract a dashboard view and appropriate graphics of a Community Scheme for use at Trustee/Director meetings or AGM's/SGM's.
- Will be seen as a significant value-added service offering to Community Schemes under their management.
- Assists Managing Agents in providing continuity for new Trustees/Directors in the respective Community Schemes.
- Helps Managing Agents enforce Governance and Regulatory Compliance in Community Schemes under their management.
- Helps Managing Agents drive a focused agenda in Trustee/Director meetings on the key areas requiring the attention of Trustees/Directors in the Community Scheme.

13.2 Trustees/Directors/Office Bearers/Estate Management

- Helps entrench clear responsibility and accountability for areas of risk between Trustees/Directors, the Community Scheme, Managing Agents, Estate Management and Operators etc.
- Enhances overall governance, oversight and enforces a risk culture in the Community Scheme.

- Focuses the efforts of the Trustees/Directors and Estate Management on the key issues and risks facing their Community Scheme and their inter-connectedness.
- Enables Trustees or Directors to better fulfil their fiduciary obligations to the Community Scheme they serve.
- Provides continuity for the consistent management of risk and financial control within the Community Scheme.
- Enables better timed and informed decision making, and the prioritisation of risks by making use of an integrated ERM Framework.
- Helps improve overall compliance by highlighting areas of non-compliance.
- Enables the management and mitigation of identified risks with proactive focused programs of action, so that the impacts are greatly reduced.

14. Use of the Output from CommPropRisk

14.1 Dashboard, Graphics, Heat Map, Guides

A critical area of the CommPropRisk (CPR) process is the effective use of the output for the mitigation of identified risks, closing of gaps in responsibility for areas and the improvement of controls, management, compliance and governance of the Community Scheme.

The output for a Community Scheme is only as good as the accuracy and honesty of the responses recorded in the system. The more honest the responses and completion of all the detailed assessments, the more comprehensive and accurate the dashboard output and scoring will be.

The dashboard will also enable the watching of short videos giving a brief overview of the respective risk areas as well as provide overviews of each risk area and the inter-connectedness of the risks..

The persons registered for output/results in the registration section of the respective Community Scheme, will receive the applicable feedback as prompting messages, assessment review reminders or various guides in PDF formats, as the case might be. The guides will be sent where assessment scores in the various risk areas are below the set risk or default risk threshold level or where an area of critical vulnerability has been identified. This feedback will be sent by assesments@commproprisk.co.za. This is a non-reply address.

The output from the dashboard and graphic displays can be printed or saved as PDF's. It is recommended that these are written to/stored in the CommPropRisk (CPR) repository under the respective Community Scheme. Functionality to do this automatically is provided. The latest view date of the dashboard will be reflected, enabling comparison with subsequent assessments/reviews of the respective Community Scheme.

This output should be used in decision making and prioritisation of initiatives to improve compliance, governance, controls and areas of risk/weakness in the Community Scheme. It can also be used in Trustee/Directors meeting to focus discussion and drive an agenda. The output will be also particularly helpful in AGM's/SGM's or meetings with Managing Agents, accountants, regulatory bodies, individual owners and contracted service providers. The output and results, apart from guiding focus and action, can be used as a base line for comparison assessments subsequent to improvements in processes and controls having been made.

The various CommPropRisk (CPR) guides provide extensive information on the various risk areas and ways to mitigate and improve governance, controls, oversight and compliance.

Relevant regulatory changes, blogs, articles and content of interest for the better management and governance of Community Schemes, is also added to the site from time to time.

14.2 CommPropRisk – Framework

The most important part of the output is its use as the key input to a Management Framework process (see below).

The CommPropRisk (CPR) tool will automatically populate the integrated CommPropRisk (CPR) Framework with the risk type and areas of critical vulnerability. These will be dictated by the RTL (risk threshold level set). Users may want to/should add other identified or known areas of risk or weakness which could have a material impact on the Community Scheme to the framework, so that their mitigation can be formally managed.

It is recommended that the content be transferred to and managed using a software tool such as Excel, which allows for the ready addition of extra columns, calculations of potential risk, sorting etc.

The users of the tool will be required to quantify, assess potential impact, prioritise, allocate responsibility and allocate timelines/dates to the various risks/areas of weakness. Current controls – if any, and proposed controls and mitigation steps should be added. These actions need to be monitored and checked going forward to see if these required controls and mitigation measures have been implemented, and what effect if any, they are having.

Recommended General Risk Framework for Community Schemes (extension of CommPropRisk Framework template)

Risk, Event or Incident Identified	Risk Category e.g Operational, Financial Control, Gov/Regulatory	Risk Importance- High/ Med/ Low	Risk Probability- %	Potential Impact- Monetary Terms	Area / Impacted	Priority Ranking	Controls in Place- Yes/No

Control Required- Yes/No	Nature of Control	Responsible Party	Follow Up Action Required- Yes/No	Date for Action Completion	Effectiveness / Adequacy of Control or Action

15. Use of the Repository in the CommPropRisk Tool

The repository is a key component to assist in ensuring continuity in the Community Scheme given that in the normal course, there is turnover of Trustees/Directors, Office Bearers, key Estate Management, Accountants and changes in Managing Agents.

- The repository should be used for the storage of key documentation, contracts, financial records and other key records of the Community Scheme.
- The repository can be used for other key relevant documentation and records of each Scheme e.g. Conduct/House rules, minutes of meetings, supporting documentation, employee records, budget related documentation
- The repository can also be used to store articles of specific general interest to Trustees/Directors and Estate Management.

16. Use of CommPropRisk as an Educational Tool

The education and skills building of the employees of Managing Agents responsible for Community Schemes along with the Trustees/Directors and Executive Management of Community Schemes, is a critical area of weakness and a challenge for all parties involved in the management of Community Schemes.

- Use of the assessment tool increases the “education and awareness of risk, compliance, governance and weaknesses” within the Community Scheme for Trustees/Directors/ /Estate Management and employees of Managing Agents.
- It also acts an educational and learning tool for both employees of the Managing Agents and for both existing or prospective Trustees/Directors/Office Bearers of the respective Community Schemes.

16.1 New Trustees/Directors – Induction and Familiarisation

Introduction

There is always the need for skilled and committed Trustees/Directors in a Community Scheme, but these are not always readily available.

In many instances, Trustees/Directors are co-opted onto Boards under duress, or due to a lack representation, by default or due to concern for their underlying property investments in a Community Scheme. Most owners/interested parties are reluctant to serve as Directors/Trustees as the role is both time consuming and demanding and invariably goes without reward.

Notwithstanding that the role is largely volunteerism, to perform effectively, the role of a Trustee/Director or Office Bearer requires broad based knowledge and skills extending from finance to legal.

Given that the skills set required to manage a Community Scheme are very broad, it is likely that they will not all be found in single individuals. As such the appointment and selection of

Trustees/Directors needs to try and strike a balance of individuals that collectively have the required skills and experience. This is even more critical where a Community Scheme is self-managed, and the skills and knowledge of the managing agent can't be leveraged off.

Ideally responsibilities and accountability of Trustees/Directors should be matched/aligned with their respective skill sets e.g. financial skills, people skills, project management, building/ maintenance skills, legal knowledge etc.

It is equally important that all new or prospective Trustees/Directors familiarise themselves fully with the affairs and issues facing the Community Scheme as best they can. This extends from the financial position, revenue and expense dynamics, budgets, level of compliance, legal and other disputes, operational challenges and issues, and the general level of complexity and specific challenges associated with the Community Scheme. The complexity extends from how difficult it is to manage the Community Scheme and includes the inherent complexities associated with the physical buildings and common property in question.

Given the turnover of Trustees/Directors due to parties selling/moving/death and resignation, it is preferable to have alternate Trustees/Directors in place from a continuity perspective until the next AGM, rather than have an under complement of representatives. The same applies to the appointment of non-owners or third parties who can bring strength and add value to the governance of the Community Scheme. The size, complexity and specific requirements of the Community Scheme should also dictate the number of Trustees/Directors.

An alternate trustee will have the powers and be subject to the duties of a trustee. The alternate trustee will cease to hold office if the trustee they replace ceases to be a trustee or if their appointment as alternate is revoked (PMR 8).

Trustees/Directors who are owners are not entitled to remuneration for their time and services, unless otherwise determined by special resolution of the members. However, the body corporate/board may agree (PMR 10), to remunerate trustees who are not owners. Trustees/Directors (owners and non-owners) are entitled to be reimbursed for all disbursements and expenses actually and reasonably incurred while carrying out their duties and exercising their powers.

Trustees are indemnified, by the body corporate (PMR 12) against any costs, losses, expenses and claims they may incur or become liable to during their term as trustee, unless they are found to be fraudulent or grossly negligent. Trustees are however obliged to put indemnity insurance in place for their conduct or omission.

The roll of a Trustee/Director requires commitment, investment in time and energy and assumption of fiduciary duties. It remains critical that all parties who act as Trustees/Directors do so in good faith without any ulterior motives. Any potential conflicts of interest should be disclosed, and if possible averted.

Skills Required

1. Organisational – planning, organising, controlling, monitoring
2. Financial – understanding of core controls, budgeting, cash flow management, expenditure management, asset management, procurement and payment controls, liability management
3. Operational – administration, people/HR, operations, security, general IT skills, project management
4. Legal – contracting, compliance, record and documentation control
5. Communication – writing skills

Induction and Familiarisation

1. Familiarisation with the level of governance and oversight, the inherent complexity within and facing the Community Scheme, controls in place, delegation of authority to third parties/Trustees/Directors, adherence to controls and procedures as well as with the fiduciary responsibilities of Directors/Trustees.
2. Familiarisation with financials and financial controls – balance sheet (physical and other assets), income statement, current budget and latest management accounts. Level of monthly receipts and disbursements – regular creditors and payments – recurring and non-recurring expenses, debit orders, management fees, utility usage levels/billing. Monthly cash flow position – surplus/deficit, reserve levels. Segregation of duties, procurement and payment controls.
3. Scrutiny of latest banking accounts and associated activity – balances, credits/collections, debit orders, bank charges, recurring payments, creditors.
4. Familiarisation with current House/Conduct rules and level of compliance by residents/owners.
5. Scrutiny of levy receipts/debtors outstanding – level of arrears, history of levy increases/special levies.
6. Familiarisation with 10 year maintenance plan, projects and operational routines.
7. Familiarisation with the state of the building, fixed and moveable assets and common property.
8. Familiarisation with all contracts, agreements, service providers and any outsourcing arrangements.
9. Familiarisation with any litigation or disputes.
10. Familiarisation with any owner or tenant specific issues -disputes/ complaints/ litigation.
11. Familiarisation with employees, contracts, job descriptions, key performance areas, disciplinary issues.
12. Familiarisation with the state of security, perimeter fences/walls, access controls, crime incidents.
13. Familiarisation with technology and IT systems being used – controls/disciplines/ roles.
14. Familiarisation with communication processes- use of social media, notices, circulars.
15. Responsibilities and accountability of Trustees/Directors/Estate management/Managing Agent.
16. Familiarisation with Managing Agents, their representative, latest minutes of meetings, last AGM pack.
17. Familiarisation with the state of compliance of the Community Scheme – CSOS, Sectional Title Management Act, Labour, Health and Safety.

18. Familiarisation with risks facing the Community scheme – natural, crime, other and insurance held/excesses applying.
19. Familiarisation of the reputation of the Community Scheme and issues facing owners/tenants.
20. Familiarisation with the level of preparedness for disasters or catastrophes – continuity plans.

17. Review/Re-assessment

A critical area of the risk management and governance improvement process is continuous review and re-assessment. The CommPropRisk (CPR) tool enables the responsible party at a Managing Agent or Trustees/Directors/Estate management of a Community Scheme to input a review date for each Scheme into the system. Even where critical areas of vulnerability and weaknesses have been identified and are being managed in a Framework, it is recommended that the various risk areas of the Community Scheme be re-assessed on an on-going basis at key intervals. This is to ensure that there has in fact been an improvement in all areas of compliance, governance and control improvement and that areas of governance and oversight have not regressed or worsened.

A review date for the re-assessment can be set at time of registration of a Community Scheme or at any time thereafter. In addition, specific re-assessment/review dates of individual risk assessment areas can also be set. The parties who are loaded for the receipt of output for the respective Community Scheme, will receive e-mails prompting review/reassessment of either the entire Community Scheme or specific areas of risk selected for review, as per diary settings.

Once a reassessment of a Community Scheme has been undertaken, the assessment area will reflect the date of the re-review of the various areas and the risk scores from the revision will be reflected on the dashboard for the respective Community Scheme. Again, this will be copied to the repository for the scheme and can also be printed out reflecting the viewing date. This print out should be compared with the earlier dashboard review and any trends or negative deviations focused on. Re-assessments should be aligned with and tabled at the AGM or meeting of the Trustees/Directors/Board/Estate management.

18. Support/FAQ's/Help

For support on the use of the CommPropRisk (CPR) tool send e-mails to support@commproprisk.co.za .

The site contains menu options with frequently asked questions (FAQ's) and a help option link.



19. Annexure – Risk Policy Adoption Resolution

Adoption of a risk management policy by Trustees/Directors/Board of a Community Scheme

We, the undersigned Directors/Trustees/board herewith formally adopt the risk mitigation plan dated _____ on behalf of _____
(Community Scheme name).

The Trustees/Directors/board not only formally recognise this initiative but fully support it and undertake to commit the resources required to ensure its effective implementation.

Signed at _____ on this the ___ day of _____ 20__.

Designation _____

Designation _____

