DEVELOPMENT BANK OF SOUTHERN AFRICA

OPERATIONAL POLICY MANAGEMENT FRAMEWORK FOR THE DBSA

INTRODUCTION

Purpose of the Framework

The Framework standardises the management of operational policies in the DBSA

Background

Policy monitoring is a key enabler towards good governance and accountability. Apart from governance, proper management of policies creates a knowledge management and sharing environment irrespective of the custodian of the policy. A review of Bank's policy status indicates that policy development and management processes are not sufficiently aligned and coordinated in a standardised manner Bank wide. The information resources of the DBSA must therefore be managed as a valuable asset. Records Management is a vital aspect of maintaining and enhancing information assets. Information assets are the output of the business processes of an organisation.

Compliance

Governmental bodies have an obligation to manage their information assets properly in accordance with the National Archives and Records Service Act No. 43 of 1996 from creation to disposal.

The need for effective information management is further emphasized by the Public Finance Management Act, 1999, the Promotion of Access to Information Act, 2000, the Promotion of Administrative Justice Act, 2000, the Electronic Communications and Transactions Act, 2000 and the newly drafted Protection of Personal Information Act, 2013.

Policies at all levels form part of the "Operational and Governance" series of the Bank's approved Business Classification Scheme. All policies are archived permanently in accordance with the retention schedule.

Technology

In order for the technology to be implemented and used throughout the organization, it needs to be supplemented with a rigid policy framework. These policies will support the core strategic aims of DBSA. The Electronic Document & Records Management Strategy forms part of this Policy Framework. The following requirements will be finalised as part of the Electronic Document & Records Management Project once this framework has been approved:

- Structures around the technology, such as governance and controls;
- The technology components; and
- Information architecture requirements such as indexing and metadata.
- Technology architecture diagram detailing the integration of the various components of the proposed solution.

Scope of the Framework

The Framework covers the development, maintenance and administration of operational policies of the DBSA. Operational policies comprise broadly the standing decisions which govern, at different levels of accountability, the manner in which the DBSA conducts its business, executes its operations and manages its resources.

Development entails the preparation and validation of policy proposals, as well as the presentation and adoption of the recommended policy. Maintenance comprises the on-going monitoring of the effectiveness and relevance of approved policies and the periodical review and amendment thereof. Administration includes the maintenance of a central registry of policies and an electronic library where the latest versions of policies can be published and accessed by users.

Context of the Framework

The objective of the Framework is to ensure that operational policies are used effectively in the creation of an enabling environment for the implementation of the Bank's strategies and the devolution of duties. Operational policies contribute to this objective by:
- Empowering functionaries to execute tasks in accordance with clearly defined authorities, accountabilities and duties;
- Encouraging business practices which contribute to the achievement of the DBSA's objectives and behaviors which are supportive of the DBSA's values; and

- Embedding recurring work into repeatable processes, which is conducted in accordance with defined standards, consistent methods and uniform procedures, subject to internal controls.

The Framework structures operational policy making at three hierarchical levels of accountability (Section A); standardises the process for the management and maintenance of operational policies (Section B); defines the governance structures for the ownership, validation and adoption of operational policies (Section C); and institutes arrangements for the administration of operational policies (Section D).

Section A: HIERARCHICAL STRUCTURE OF OPERATIONAL POLICY MAKING

Operational Policy is instituted in a hierarchical structure at three levels of accountability, i.e:
- Level 1 (Board);
- Level 2 (Chief Executive); and
- Level 3 (Group Executive).

Level 1 Policies[1]

The Level 1 Policies articulate, at the highest level, the objectives, principles and values governing the manner in which the Board of Directors expects the institution to execute its mandate. The purpose of Level 1 Policies is to set the tone at the top and communicate approaches for adherence to ethical business and sound management practices.

Level 1 Policies are decided by the Board of Directors as part of the execution of their fiduciary and oversight duties.

Level 2 Policies

Level 2 Policies institute standing arrangements and formalise standards of excellence for the management of specific areas of strategic, tactical and operational activities. The purpose of Level 2 Policies is to ensure rigorous and consistent execution of key business, management and operational activities in accordance with the expectations as directed by Level 1 Policies.

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[1] See template for level 1 and 2 policy attached as Annexure A

Level 2 Policies are decided at executive management level as part of the execution of their corporate management duties.

Level 3 Policies[2]

Level 3 Policies establish detailed procedures to streamline the execution of key processes and standardise the day-to-day routines within a division, as well as to formalise internal controls for the mitigation of operational risks. The purpose of Level 3 Policies is to institute bespoke directives, rules and controls for the efficient execution of repetitive duties with the minimum need for recurring management intervention, in accordance with the standards directed by Level 2 Policies. Level 3 Policies are instituted to govern decisions and activities at the lowest level and are articulated separately from guidelines and other mechanisms deployed in the encouragement of quality and enhancement of performance.

Level 3 Policies are decided at divisional management level as part of the execution of their line management duties.

Section B: POLICY DEVELOPMENT AND MAINTENANCE PROCESS

Step 1: Policy justification and scoping

At the beginning of a policy development, it is essential to be clear about the purpose of the policy and how the policy will help to resolve the need it is attempting to address or bring about the desired enhancement. As part of determining the business case, consideration has to be given to whether policy is the appropriate method for responding to the need, the boundaries of what the policy will and will not be able to resolve and the readiness of the institution to implement the policy.

Depending upon the nature and scale of the policy, it may be useful to assign a Policy Manager to assume, on behalf of the Policy Owner, responsibility for the day-to-day development of the policy and an advisory team to contribute to the preparation of the policy. For policies where the development requires material resources, a Policy Plan needs to be drafted, which articulates the policy objectives, terms of reference, team members and budget for the development of the policy for authorisation by the Policy Owner.

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[2] See template for level 3 policy attached as Annexure B

Step 2: Policy preparation and review

Policy preparation addresses what needs to be put in place to resolve the need in question. This stage usually involves the identification of the objectives and guiding principles of the policy. It is essential to spend time gathering and analysing information about what is known about the nature of the need and analysing lessons learnt from other reputable organisations and best practices applied in resolving the need.

Depending on the complexity of the policy, the outcome of the policy preparation can be documented in the form of a Policy Discussion Paper, which serves as a mechanism to present the background and need statement, outline the issues assessed and describe alternative options considered, as well as to summarise the main findings and conclusions and state the recommended policy. The Policy Discussion Paper serves primarily as a working document for the review of a recommended policy, but also as a future source of reference of the thinking underlying the proposed policy.

Policy review serves as a key mechanism to solicit inputs from experts and collaborate with practitioners on the appropriateness of the proposed policy solution. Depending on the complexity of the policy, policy review can range from requesting written comments to conducting formal workshops.

Step 3: Policy formulation and validation

Policy formulation is conducted upon completion of policy preparation at the stage when consensus has been reached on the proposed policy. Policy formulation entails the statement of the recommended policy, drafted in a concise manner, free of any background, analytical and other underlying content.

Policy validation entails the presentation and deliberation of the proposed policy for endorsement. Policy validation is a critical step to address concerns of and obtain support from management who will have responsibility for the implementation of the policy.

Step 4: Policy adoption and communication

Policy adoption comprises the finalisation and presentation of the recommended policy for approval. Following the formal sign-off, the adopted policy must be published and communicated to all stakeholders governed by the policy.

Step 5: Policy maintenance and renewal

The implementation of policies must be monitored continuously by the Policy Owners to assess the effectiveness and relevance thereof. All policies must be thoroughly reviewed on a regular basis and where needed renewed in accordance with the following guideline:

Level 1	Level 2	Level 3
Annually	Every 2 to 3 years	Annually

In the event where it is necessary to renew the policy, the preparation and adoption of the revised policy must be processed through the same process as for the drafting of a new policy.

Section C: POLICY IMPLEMENTATION GOVERNANCE

The following structure is applied in assuming accountabilities for the ownership, validation and approval of policies:

Level	Policy ownership	Validation mechanisms	Approval authorities
1	Chief Executive Officer	Exco	Board / Board Committee
2	Group Executive	Exco	Chief Executive
3	General Manager or Manager	Divisional management structures	Group Executive

In addition to duties performed in the development and maintenance of policies as described in Section B, policy owners shall assume accountability for overseeing the implementation of policy. These duties include sending out a communication to stakeholders and users upon the adoption of the policy and coordinating the induction and training of staff on policy where required.

The accountability for overseeing the implementation rests with the policy owner. The monitoring of policy review has been decentralized and is the fore the responsibility of the policy owner. Management will take responsibility for ensuring that policies are implemented within their respective areas of operations. In the event where the need arises to deviate from policy, authorisation must be sought from the relevant policy approval authority. Management will be expected to provide assurance on the effective performance of policies by way of the Combined Risk Assurance Attestation Reports.

DBSA employees must at all times be familiar with and adhere to risk policies in the execution of their duties. DBSA employees will be expected to acknowledge acceptance of compliance obligations with relevant policies by way of an electronic confirmation.

Internal Audit will, on a regular basis, conduct independent assessments of the compliance with and effectiveness of policies.

Section D: POLICY ADMINISTRATION ARRANGEMENTS

This section sets out duties and responsibilities of different stakeholders in the policy development and maintenance process.

Duties of the Policy Owner
- Documentation of the policy in line with the adopted Document Management standards and principles, including the relevant template and naming conventions;
- Obtain sign-off of the approved policy;
- Safe keep the hard copy of the original signed-off policy;
- Forward an electronic copy of the approved policy to the Webmaster for publication.
- Monitor the planned schedule for the review of policy.

Duties of the Corporate Secretariat
- Custodian of the policy framework
- Maintain and enhance the operational policy making process;
- Establish standard templates and formats for articulating the different levels of policies;
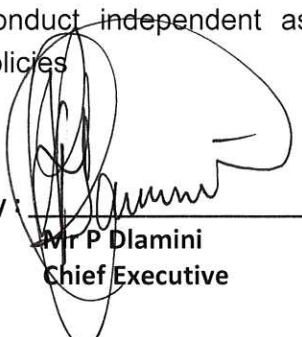- Create and administrate a central register / database for all policies;

Records Management
- Keep a central register of all signed original policies, with version control.

Duties of the Internal Audit
- Conduct independent assessments of the compliance with and effectiveness of policies

Approved by : _____   Date : 04/03/2015

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