



REPORT ON RISK ASSESSMENT AND DEVELOPMENT OF RISK REGISTERS FOR 2024-25 FINANCIAL YEAR

1. PURPOSE

To apprise Risk Management Committee, Audit and Performance Audit Committee and Council on assessed risks and developed strategies against risks associated with 2024-2025 objectives of King Sabata Dalindyebo Local Municipality.

To apprise Risk Management Committee, Audit and Performance Audit Committee and Council on workshop of entire management on matters of risk management as part of the continued refresher exercise and professional development

2. LEGISLATIVE FRAMEWORK

- Sections 62(1) (c) (i) of the MFMA, require the Accounting Officers to ensure that their municipalities and municipal entities have and maintain effective, efficient, and transparent systems of risk management.
- The Public Sector Risk Management Framework incorporates the requirements of the Batho-Pele principles and King III insofar as they concern risk management.
The Framework also aims to support Institutions to improve and sustain their performance by enhancing their systems of risk management to protect against adverse outcomes and optimize opportunities.
- In terms of King Code on Corporate Governance for South Africa; **Chapter 4** (Governance Functional Areas) **4.1** (Risk and Opportunity Governance)
The governing body should govern Risk and Opportunity in a way that supports organization in defining core purpose and to set and achieve strategic objectives.
- ISO 31000, Risk management – Guidelines, provides principles, a framework, and a process for managing risk. It can be used by any organization regardless of its size, activity, or sector.
- Treasury Regulation 2.1.2 which stipulate that the Accounting Officer / Municipal Manager should ensure that risk assessment is conducted yearly to identify emerging risks of the institution.
- COSO ii Enterprise Risk Management framework 2009
- King Sabata Dalindyebo Risk Management Policy and Strategy

3. BACKGROUND

The King Sabata Dalindyebo Local Municipality annually conducts as part of reviewing its risk registers for the incoming year. The KSDM risk assessment process for the 2024-2025 financial year in accordance with the guiding regulations, KSDM Policy, Strategy and relevant Act's mentioned in paragraph 2, have during the month of May 2024 been conducted. The process was initiated with development and approval of concept document by Municipal Manager, which was distributed to risk champions and relevant personnel prior, as a guide to the process of risk assessment.

The risk assessment process was influenced by IDP situational analysis, IDP objectives, Auditor General Management Letter, Internal Audit Reports and current trends in operations of the King Sabata Dalindyebo local Municipality.

Support Service was sought and provided by the office of the Acting Director Municipal Support at Cooperation Governance and Traditional Affairs (GOGTA)

As part of the highly encouraged continued refresher exercises and professional development personnel through risk assessment process, were also workshopped.

4. The OBJECTIVES OF THE PROGRAM

At the end of the Risk Management sessions, attendees should understand the following :

- Definition of risk
- Categories of risks
- Risk Management
- Management responsibility regarding risks
- General staff responsibility regarding risks
- Risk classification
- Risk maturity level
- Risk assessment

5. APPROACH OF THE PROGRAM

- a. The purpose of the exercise was to identify assess and develop of strategies to lower the impact of risks to an acceptable level with timeframes and responsible officials of the risks on the risk registers for 2024-25 financial year.
- b. The exercise for Strategic Risks was initially planned for two days 21 and 22nd of May 2024, which was later not possible due to competing programs of the KSDM and facilitator in that week. The assessment was conducted only on the 21 May 2024 and the session agreed on the follow up exercise to cleanse the document wherein Risk Management Unit will convene departments, which was executed as follows:

NO	DEPARTMENTS	DATES
1.	Rural Economic Development	4 th & 12 of June 2024
2.	Technical Service	5 th of June 2024
3.	Human Settlement	6 th of June 2024
4.	Corporate service	6 th of June 2024
5.	Public Safety	07 th June 2024
6.	Budget and Treasury Office	18 June 2024
7.	Executive and Council	19 th June 2024
8.	Community Service	20 th of June 2024

- c. The Strategic Risks that were identified, assessed and developed strategies for, are thirteen (12) in total. The draft strategic risk register was presented in Risk Management Committee of 13 June 2024 and Audit and Performance Audit Committee on the 24 June 2024. The following are the identified
- (i) Interruption of Electricity Supply
 - (ii) Inconsistent monitoring of compliance in Landfill sites and inconsistent elimination of illegal dumping sites.
 - (iii) Inability to collect sufficient revenue
 - (iv) Non-compliance with SCM laws and regulations (subjective to approval)
 - (v) Unavailability of land for development.
 - (vi) High rate of crime and lawlessness within our community`s.
 - (vii) Increasing litigations.
 - (viii) Inadequate Local Economic Development Strategy.
 - (ix) Rapid deterioration of infrastructure due to disasters.
 - (x) ICT Business Interruptions.
 - (xi) Incomplete implementation of Job Evaluation process.
 - (xii) Poor Capital Project and Contract Management.
- d. The above sessions with departments also dealt extensively with operational risks that were prevalent in all municipal departments. Some of the areas that need council oversight and senior management attention are as follows:
- (i) There are many major businesses within the Mthatha Central Business District to which we are not collecting refuse and subsequently no revenue collection. These areas include BT Ngebs, Walter Sisulu University, Circus Triangle, Umtata Plaza, Savoy Complex, Holiday Inn, Umtata Private Hospital, Pick `n Pay Complex and Spar Group.

The relevant director and MMC urged to embark on one-on-one engagement with these businesses for return of service to these businesses are conducted. The departments should also ensure that relevant a secondary plan is made available for any eventuality of KSDM not able to collect refuse, appointment of capable Cooperatives to augment internal capacity would also be best suitable.
 - (ii) Community Services department should also request businesses to classify waste and internally, compactor or skip trucks be classified per business type to avoid the unnecessary breakdowns due heavy loads of waste.

- (iii) Budget and Treasury Office needs to focus on updating revenue collection related policies to ensure their full effective implementation. As it stands operations are not fully aligned with the existing revenue related policies. There is a gap on write offs delegated to Chief Financial Officer and Municipal Manager as per the Write Off Policy. After thorough review, the Chief Financial Officer is delegated write off, of R30 000 for a household and R50 000 for business, whilst Municipal Manager is given R40 000 for household and R80 000 for business which all currently have been exceeded by other households and businesses for a period over two hundred days which in itself is not normal for collection of revenue due.
- (iv) Human Settlement and Budget and Treasury Office Policy's on indigent households and those entitled to receive housing assistance are not aligned. Alignment of the criteria of beneficiaries should be considered and ensure relevant beneficiaries are the same except for those with improved status of income which should then be paying for municipal services.
- (v) TROIKA and Council needs to take a firm stand against extortion derailing service delivery and chasing away business within the jurisdiction of KSDM. Also, proactive action needs to be taken in dealing with communities we service as they derail service delivery with their demands during the authorized life span of the project.
- (vi) Technical Services should have and monitor a succession plan at the Electricity Unit since there is no Governance Compliance Certificate holder, which on occurrence of serious hazarders incident would lead to closure of the Electricity Unit due to withdrawal of the license.

Relevant managers must be supported and monitored for completion of the required assessment to attain the certification as Governance Compliance Certificate holders.

- (vii) Council Performance that is not being implemented has been maintained in the register despite the push to have it removed since its not implementable.

The argument is that this is a compliance and policy matter, which by its absence from the risk register does not mean that the risk is effectively managed or is not there.

- (viii) Fraud risk will be refined after the 05 July 2024 since the municipality has appointed a service provider for development of Ethic Implementation Plan separate from Risk Management Implementation Plan. Ethic management matters have an element of fraud related situations / activities.

6. CHALLENGES EXPERIENCE

- (a) The silo mentality of departments resulting in reluctance to coordinate efforts for achievement of common objectives.
- (b) The reluctance of departments to provide voluntarily risk information on functions of the departments as if those functions are not prone to risks. This result to low maturity levels on the risk management concept within the department and municipality at large.
- (c) Lack of will attitude demonstrated by some officials, questioning to stop the process unnecessarily due to senior management not prioritizing the process.
- (d) In appropriate incorporation of risk management within institutional planning session to expose all massively affected business areas of the municipality.
- (e) Management does not desist from erroneous conclusions or tendencies that when unable to perform specific tasks / function, then that function or task must be removed from Risk Register as if there is no risk related to it.

7. CONCLUSION AND RECOMMENDATIONS

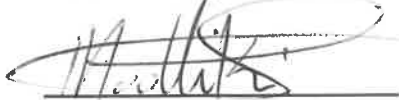
The workshop will assist the municipality in implementing strategies and achieving strategic objectives of the municipality, however it recommended that;

- I. Relevant structures of the municipality accept the report
- II. Directors are always encouraged to focus on all strategic Risk register raised in each department might have role to pay towards achievement of the objective and eliminating risk identified.
- III. Attitude change on risk management matters is required from all levels of the municipality since there is no area immune to risk. All business units are prone to risk and there are examples for all units to quote to affirm that point.

7. ATTACHMET TO THE REPORT

- a. Risk Assessment concept document
- b. Attendance register
- c. Risk Registers
- d. CoGTA Presentation on Risk Management.

PREPARED BY:



**MR. P MADLIKI
CHIEF RISK OFFICER**

DATE

01 July 2024

AUTHORIZED BY:



**MS GR. TOBIA
CHIEF OPERATIONS OFFICER (COO)**

DATE

02 July 2024

**RISK ASSESSMENT WORKSHOP
CONCEPT DOCUMENT FOR 2024 – 2025.**



TABLE OF CONTENTS:

PURPOSE OF THE CONCEPT DOCUMENT3

LEGISLATIVE REQUIREMENTS3

OBJECTIVES OF THIS RISK ASSESSMENT WORKSHOP3

WHAT IS RISK MANAGEMENT?3

CONTEXT AND PURPOSE OF RISK ASSESSMENT4

BENEFITS OF RISK MANAGEMENT.....4

PURPOSE OF THE RISK IDENTIFICATION AND RANKING WORKSHOP5

WHAT IS RISK.....5

RISK MATURITY MODEL FRAMEWORK.....6

RISK CLASSIFICATION.....8

RISK CATEGORIES9

RISK ASSESSMENT12

RISK RATING ASSESSMENT AND RANKING14

MANAGING RISK.....15

CONCLUSION16

INTRODUCTION

This document serves as a concept document for the KSD Risk Assessment workshop to be hosted by the KSD Local Municipality. Risk management is a central part of KSD Local Municipality strategic management. It is the process whereby Municipality addresses the risk attached to their activities with the goal of achieving sustained benefits within each activity and across the portfolio of activities.

Purpose of the Concept Document

The purpose of this document is to provide guidance during the risk assessment process of the KSD Local Municipality and provides criteria to be used assessing and managing risk. The aim is to ensure common understanding and define objective criteria.

LEGISLATIVE REQUIREMENTS

Section 62 (c) (i) of the MFMA states that *“The Accounting officer of the municipality is responsible for the financial administration of the municipality and must for this reason purpose take all reasonable steps ensure-*

That the municipality has and maintains effective, efficient and transparent system-

(i) Of financial and risk management and internal control”.

OBJECTIVES OF THIS RISK ASSESSMENT WORKSHOP

At the end of the Workshop, attendees should understand the:

- Definition of risk;
- Categories of risks;
- Risk Management;
- Management responsibilities regarding the risk management;
- Internal Audit responsibilities regarding risk management;
- Risk classification
- Risk maturity model
- Risk Assessment;

WHAT IS RISK MANAGEMENT?

The Institute of Internal Auditors defines risks as “...the uncertainty of an event occurring that could have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Risk management is defined as:

“a continuous, proactive and systematic process effected by a department’s executive authority, accounting officer, management and other personnel, applied in strategic planning and across the department, designed to identify potential events that may affect the department, and manage risks to be within its risk tolerance, to provide reasonable assurance regarding the achievement of department objectives.” **OR**

Systematic and formalised processes to identify, assess, manage and monitor risks.

CONTEXT AND PURPOSE OF RISK ASSESSMENT

External and internal factors influence which events may occur and to what extent those events will affect an entity’s objectives. Although some factors are common to organizations within an industry, the resulting events often are unique to a particular organisation, because of its established objectives and past choices.

In performing a risk assessment, management considers the mix of potential future events relevant to the entity and its activities in the context of matters that shape the entity’s risk profile, such as entity size, complexity of operations and degree of regulation over its activities.

In assessing risk, management needs to consider expected and unexpected events. Many events are routine and recurring and are already addressed in management programmes and operating budgets, while others are unexpected. Management should assess the risk of unexpected potential events and, if it has not already done so, expected events, which can have a significant impact on the organization.

Although the term “risk assessment” sometimes has been used in connection with a one-time activity, in the context of enterprise risk management the risk assessment component is a continuous and iterative interplay of actions that take place throughout the entity on an ongoing basis.

BENEFITS OF RISK MANAGEMENT

- There is a better understanding of business decisions and consequences, impact and exposure;
- The business strategy becomes the key to everything surrounding the business;
- Cost of control is known.
- There will be more reliable and sustainable service delivery.
- Municipality will make informed decisions accompanied by more rigor analysis.
- Better value for money through improved use of municipal resources.
- Better out-comes and output through improved project and programme management
- The municipality will be innovative.
- Fraud and corruption will be prevented.

PURPOSE OF THE RISK IDENTIFICATION AND RANKING WORKSHOP

To enable the Municipality to take care of their risk management responsibilities as set out in Section 62 of the MFMA.

Identifying and ranking the risks to which the organization is exposed, is primarily performed to enable effective and efficient risk management and preparing a risk management programme that is:

- risk-based;
- addresses the risks identified by management and not by the audit /risk manager, and
- Create organizational risk awareness and an improved control environment throughout all management structures.

When risks, which can influence the achievement of the Municipality's strategic business objectives, are identified, they can be managed effectively and efficiently.

Any possible event or action that will affect the achievement of these objectives could be classified as a risk.

WHAT IS RISK

Definition: Risk is anything which impairs our ability to meet the objectives of the institution.
OR

An unwanted outcome, actual or potential, to the Institution's service delivery and other performance objectives, caused by the presence of risk factor(s). Some risk factor(s) also present upside potential, which Management must be aware of and be prepared to exploit. This definition of "risk" also encompasses such opportunities.

Risk arises as much from the likelihood that something good will not happen as it does from the threat that something bad will happen.

Risks can be viewed from three distinct perspectives:

Risk as an opportunity	Viewing risk from the opportunity perspective recognises the inherent relationship between risk and return. Managing risk as an opportunity necessitates actions being taken by business managers to achieve positive gains. Opportunity analysis creates insights that may be used by business managers to increase the likelihood of success, and decreases the likelihood of failure.
Risk as an uncertainty	When considering risks from this perspective, business units must determine how they can be proactive in preventing uncertain future events from having a negative impact. The management of uncertainty seeks to ensure that a business unit's actual performance falls within a defined range. The management of uncertainty risk is proactive – one must

	anticipate the impact of change and establish controls/processes designed to mitigate its effect on the operations of the business unit.
Risks as a hazard	Risks may be viewed as the possibility of a negative event taking place, or the fact that the negative event has taken place. Such potential negative events include financial loss, fraud theft and damage to assets.

Risk maturity model framework

The approach of organisations towards the management of risk can be categorised into groups which range from those who have no formal processes through to organisation where risk management is fully integrated into the business. In order to reflect this with clarity study the following risk maturity model levels:

Level 1: Naive

On this level the organisation is unaware of the need for management of the risk and has no structured approach to deal with uncertainty. Management processes are repetitive and reactive, with little or no attempt to learn from the past or to prepare for the future threats or uncertainties.

Level 2: Novice

The novice risk organisation is experimenting with application of risk management, usually through small number of nominated individuals, but with no formal structured generic processes in place. Although aware of the potential benefits of managing risk, the novice has no effectively implemented risk processes and has not gained the full benefits.

Level 3: Normalised

The normalized risk organisations has built the management of risk into routine business processes and implements risk management on most or all their projects. Generic risk processes are formalized and widespread; the benefits are understood at all levels of the organisation, although they may not be consistently achieved in all activities.

Level 4: Natural

A natural risk organisation has a risk aware culture, with a proactive approach to risk management in all aspects of the business. Risk information is actively used to improve business process and gain competitive advantage. Risk processes are used to manage opportunities as well as potential negative impacts.

The description of each risk maturity model above indicates where an organisation stands in with risk maturity processes.

Attributes of each typical of organisation at each risk management model level:

Attribute heading	LEVELS			
	Naive	Novice	Normalized	Natural
Definitions				
Culture environment.	No risk awareness. Resistant to change. Tendency to continue with existing trends.	Risk processes may be viewed as additional overheads with variable benefits. Risk management only used in selected projects	Accept policy for risk management. Benefits recognized and expected. Prepared to commit resources in order to reap gains.	Top-down commitment to risk management, with leadership by example. Proactive risk management encouraged and rewarded.
Progress	No formal processes	No generic formal methods may be in use. Process effectiveness depends heavily on the skills of the in-house risk team and availability of external support.	Generic processes applied to most project. Formal processes incorporated into quality system. Active allocation and management of risk budget at all levels. Limited need for external support.	Risk based business process. Total risk management permeating entire business. Regular refreshing and updating of processes. Routine risk metrics with constant feedback for improvement.
Experience	No understanding of risk principles or language	Limited to individuals who may have had little or no formal training.	In-house core of expertise, formally trained in basic skills. Development of specific processes and tools.	All staff are risk aware and using basic skills. Learning from experience as part of the process. Regular external training to enhance skills.
Application	No structured application. No dedicated resources. No risk tools.	Inconsistent application. Variable availability of staff.	Routine and consistent application to all projects.	Second nature applied to all activities. Risk based reporting and

		Ad hoc collection of tools and methods.	Committed resources. Integrated set of tools and methods.	decision making. State of the art tools and methods.
--	--	---	---	--

Risk Classification.

In terms of Section 15. **(Focus points of risk identification)** of Public Sector Risk Management framework:

To ensure completeness or risk identification the municipality should identify risk factors through considering both internal and external factors, through appropriate processes.

1. **Strategic risk identification:** refers to risk emanating from strategic choices the municipality make, these choices weaken or strengthen the municipality's ability to execute its constitutional mandate:
 - ✓ Strategic risk identification should precede the finalization of strategic choices to ensure that potential risk issues are factored into the decision-making process for selecting the strategic options;
 - ✓ Risk inherent to the selected strategic choices should be documented, assessed and managed through the normal functioning of the system of risk management; and
 - ✓ Strategic risk should be formally reviewed concurrently with changes in strategy or at least once a year to consider new and emerging risk.

2. **Operational risk identification:** these are the risks concerned with the municipality's operations:
 - (a) Operational risk identification should seek to establish vulnerabilities introduced by employees, internal processes and system, contractors, regulatory authorities and external events;
 - (b) Operational risk should be an embedded to continuous process to identify new and emerging risk and consider shifts in known risk through mechanisms such as management and committee meetings, environmental scanning, process reviews etc.
 - (c) If 2 (b) is deemed to be inadequate to expose the full extent of risk introduced by significant environmental or municipal changes, operational risk identification should be repeated when changes occur or at least once a year, to identify new and emerging risks.

3. **Project risk identification:** these are risks inherent to particular projects;
 - Project risks should be identified for all major projects, covering the whole life cycle; and
 - For long term projects, the project risk register should be reviewed at least once a year to identify new and emerging risk.

Risk categories

As the risk environment is so diverse and complex it is helpful to group potential events into risk categories. By aggregating events horizontally across the municipality and vertically within the operational units, management develops an understanding of the interrelationship between events, gaining enhanced information as basis for risk assessment.

The main categories to group individual risk are as follows:

Risk type	Risk category	Description
Internal	Human resources	Risks that relate to human resources of the municipality. These risk can have an effect on the municipality's human capital with regard to; <ul style="list-style-type: none"> ➤ Integrity and honesty ➤ Recruitment ➤ Skills and competence ➤ Employee relations ➤ Retention and ➤ Occupational health and safety.
	Knowledge and information management.	Risk relating to municipality's management of knowledge and information. In identifying the risk consider the following aspects related to knowledge management: <ul style="list-style-type: none"> ➤ Availability of information ; ➤ Sustainability of the information; ➤ Integrity of information data; ➤ Retention and ➤ Safeguarding.
	Litigation	Internal
	Loss / theft of assets	Risk that the municipality might suffer losses due to either theft or loss of an asset of the municipality.
	Service delivery	Every municipality exists to add value to its stakeholders. The risk will arise should the appropriate quality of service not be delivered to its citizens.

	Information technology	<p>The risk relating specifically to the municipality's IT objectives, infrastructure requirements, etc. possible considerations could include the following when identifying the applicable risk:</p> <ul style="list-style-type: none"> ➤ Security concerns; ➤ Technology availability ➤ Applicability of IT infrastructure; ➤ Integration / interface of the systems; ➤ Effectiveness of technology.
	Third party performance	<p>Risk related to the municipality's dependence on the performance of a third party. Risk in this regard could be that, there is a likelihood that a service provider may not perform according to the service level agreement entered into with the municipality non-performance could include:</p> <ul style="list-style-type: none"> ➤ Outright failure to perform; ➤ Not rendering the required service in time; ➤ Not rendering the correct service and ➤ Inadequate / poor quality of performance.
	Health and Safety	<p>Risk from occupational health and safety issues e.g. injury on duty; outbreak of diseases with the municipality.</p>
	Disaster recovery / business continuity	<p>Risks related to the municipality's preparedness or absence thereof to disaster that could impact the normal functioning of the municipality e.g. natural disasters, act of terrorism etc. this would lead to the disruption of processes and service delivery and could include possible disruption of operations at the onset of a crisis to the resumption of critical</p>

		<p>activities. Factors to consider include:</p> <ul style="list-style-type: none"> ➤ Disaster management procedures; ➤ Contingency planning.
	Compliance / Regulatory	<p>Risks related to compliance requirements that the municipality has to meet aspects to consider are:</p> <ul style="list-style-type: none"> ➤ Failure to monitor or enforce compliance. ➤ Monitoring and enforcement mechanisms; ➤ Consequences of none compliance, and ➤ Fines and penalties paid.
	Fraud and corruption	<p>These risks relate to improper or illegal acts by employees resulting in a loss of the municipal assets and resources.</p>
	Financial	<p>Risks encompassing the entire scope of general financial management potential factors to consider include:</p> <ul style="list-style-type: none"> ➤ Cash flow adequacy and management thereof; ➤ Financial losses; ➤ Wasteful expenditure; ➤ Budget allocation; ➤ Financial statement integrity; ➤ Revenue collections; and ➤ Increasing operational expenditure.
	Cultural	<p>Risk relating to municipality's overall cultural and control environment. The various factors related to organizational culture include:</p> <ul style="list-style-type: none"> ➤ Communication channels and their effectiveness; ➤ Cultural integration; ➤ Entrenchment of ethics and values; ➤ Goal alignment; and ➤ Management style.
	Reputation	<p>Factors that could result in the tarnishing of the municipality's</p>

		reputation, public perception and image.
External	Risk category	Description
	Economic environment	Risk relating to the municipality's economic environment Factors to consider include: <ul style="list-style-type: none"> ➤ Inflation ➤ Foreign exchange fluctuations, and ➤ Interest rate.
	Political environment	Risk emanating from political factors and decisions that have an impact in the municipal mandate and operations. Possible factors to consider include: <ul style="list-style-type: none"> ➤ Political unrest; ➤ Local, provincial, and national elections; and ➤ Changes in office bearers.
	Natural environment	Risk relating to the municipality's natural environment and its impact on normal operations. Consider factors such as: <ul style="list-style-type: none"> ➤ Depletion of natural resources; ➤ Environmental degradation; ➤ Spillage; and ➤ Pollution.
	Technical environment	Risks emanating from the effects of advancement and changes in technology
	Legislative environment	Risks related to the municipality's legislative environment e.g. changes in legislation, conflicting legislation.

RISK ASSESSMENT

Risk assessment allows a department to consider how potential events might affect the achievements of objectives. During this session we will review the controls that we identified and document them in the risk register. We will consider new controls as a result of changes to the municipality's environment and additional controls implemented during period. Management assesses events by analysing the likelihood and its impact.

Example: Impact on Cost		
Score	Impact	Consequence
5	Catastrophic	Negative outcomes or missed opportunities that are of substantial importance on the ability to achieve KSD municipal objectives
4	Critical	Negative outcomes or missed opportunities that are likely to have a relatively critical impact on the ability to meet objectives
3	Major	Negative outcomes or missed opportunities that are likely to have a relatively crucial impact on the ability to meet objectives.
2	Moderate	Negative outcomes or missed opportunities that are likely to have a relatively low impact on the ability to meet objectives.
1	Negligible / Insignificant	Minimal or no impact on cost: Negative outcomes or missed opportunities that are likely to have a relatively negligible to no impact on the ability to meet objectives.

Example: Certainty of occurrence		
Score	Likelihood	Occurrence
5	Common	The risk is already occurring or is likely to occur more than once within the next 12 months. Certain to occur, almost every time
4	Likely	The risk could easily occur and is likely to occur at least once within the next 12 months. Will occur frequently, 1 out of 10 times
3	Moderate	There is an above average chance that the risk will occur at least once in the next 3 years. Will occur sometimes, 1 out of 100 times
2	Unlikely	The risk occurs infrequently and is unlikely to occur within the next 3 years. Will seldom occur, 1 out of 1000 times
1	Rare	The risk is conceivable but is only likely to occur in extreme circumstances. Will almost never occur, 1 out of 10 000 times OR The event may occur in exceptional circumstances.

Rating Table and Heat Map

The rating table will consider the impact and likelihood of the risk. The heat map is normally presented as follows:

LIKELIHOOD	Common	5	10	15	20	25
	Likely	4	8	12	16	20
	Moderate	3	6	9	12	15
	Unlikely	2	4	6	8	10
	Rare	1	2	3	4	5
		Negligible / Insignificant	Moderate	Major	Critical	Catastrophic
	IMPACT					

Risk Tolerance Levels				Proposed action
Likelihood * Impact	Likelihood * Impact	Risk's index	Risk Magnitude	
2*5	5*5	10 – 25	HIGH	Unacceptable. High level of control intervention required to achieve an acceptable level of residual risk. Avoid, Reduce, Share or Transfer
5*1	3*3	5 – 9	MEDIUM	Unacceptable Except under unique circumstances or conditions - Moderate level of control intervention required to achieve an acceptable level of residual risk Escalation to line management for discussion on treatment plan.
1*1	2*2	1 – 4	LOW	Acceptable. Retain for senior management for monthly monitoring. Accept.

Control Effectiveness Rating - Residual Risk Exposure (Inherent Risk x Control Effectiveness)

Risk Control Effectiveness	Interpretation	Factor	Effectiveness Percentage	Action Plan
Strong / Excellent	Controls are well designed for the risk. Risk exposure is effectively managed.	20%	80%	Review and monitor existing controls / independent assurance.
Good	Most controls are designed adequately and operate effectively. Majority of risk exposure is effectively controlled and managed.	40%	60%	Address some control weaknesses and or improve operational efficiency.
Satisfactory	Controls are designed adequately and operate effectively with average risk exposure effectively controlled and managed. However, there is still huge room for			

	improvement in some inefficiencies.	60%	40%	Redesign processes and or controls with focus on both prevention and detection controls.
Weak	Inadequate, non-existence and or significant weaknesses in control designs with major deficiencies . There is room for major improvement.	80%	20%	Monthly monitoring and reporting should be done.

Risk Rating assessment and Ranking

In any assessment exercise, it is essential that risks are not only identified, but also rated and ranked (prioritize). This is done by rating your risk base on the likelihood (probability) of occurrence and the impact, should the risk materialize.

Pre Controls

For the purpose of this workshop we will be considering inherent risks i.e. the risk to the organization in the absence of any actions management might have taken to alter either the specific risk' likelihood or impact.

For every risk it is important that you consider the nature and the scope of the risk and then rate the risk accordingly. Risks will be individually ranked by each participant.

Post control

The participants shall brainstorm on the existing controls, and or actions plans which need to be formulated, to mitigate the risk. The brainstorming exercise will be followed by a detail merging and clarification session to arrive at a final list of mitigating controls and action plans. The next step is to vote again on the likelihood and impact, after a consideration of the control

Rating Impact

When rating a risk on the impact of the risk on the business, should it occur, you need to consider what the extent of the impact of the risk will be on the area of the business which it affects. Some risks may have a major impact on one objective, yet a fairly low impact on the organization as a whole

"Impact can be defined as the material loss to the organization, should that risk materialize."

MANAGING RISK

Risk can be managed by:


- ❖ Transferring / sharing them to other parties (such as suppliers, insurers)
- ❖ Outright avoidance through non engagement in related activity:
- ❖ Risk can knowingly and objectively be accepted, provided the clearly satisfy the Municipality's policy and criteria on risk tolerance:

Once the risk has been accepted, appropriate internal control policies and procedures should be applied and monitored.

CONCLUSION

In any business world there is always a risk and risks are dynamic depending on the line of business sector the organization operates, there is no risk-free sector or environment. For this reason, it is always imperative that KSD Local Municipality identifies and control risk areas within the business units to enable the municipality to accomplish its objectives. All municipal employees should play a role in risk management process to promote a risk awareness culture / environment. Taking into consideration that our municipality is one step behind from achieving a clean audit, it requires all municipal phases pull together in the same direction as far as the risk is concerned to achieve the goal at hand.

PREPARED BY:



DATE:


07 MAY 2024

MR. P MADLIKI

CHIEF RISK OFFICER

CHIEF OPERATIONS OFFICER (COO) COMMENTS:

AUTHORIZED BY:



MS GR. TOBIA

10/5/2024

CHIEF OPERATIONS OFFICER (COO)

Date

KING SABATA DALINDYEBO



ATTENDANCE REGISTER: RED STRATEGIC AND OPERATIONAL RISK ASSESSMENT

DATE : 04 JUNE 2024

TIME : 08H00

VENUE : BOARDROOM NO.216 MUNITATA BUILDING

NO	INITIAL & SURNAME	DESIGNATION	TELL/CELL	EMAIL ADDRESS	SIGNATURE
1.	V. Dye	Snr. Admin Officer	083857844	dyev@kso.gov.za	
2.	B.Z. NYANGANA	SMME OFFICER	0838877388	zodidi@kso.gov.za	
3.	SM2,mm	Business Development Officer	0725779790	sm2mm@kso.gov.za	
4.	N. Ndlovu	ASD: RED (MSU) - ICATED	073 4962869	NNdlovu@usa.ac.za	
5.	T. Ndlovu	Comm. Training Dev. Officer	0761805512	thendlovu@kso.gov.za	

Modiki P
 RED
 CRD
 0736510719
 Modiki@kso.gov.za

6.	H. Mallalang	VPA Officer	0183355453	hmollalang@ksd.gov.za	
7.	N. Femele	Tourism Dev. Officer	0187419856	nokeza@ksd.gov.za	
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					

KING SABATA DALINDYEBO







ATTENDANCE REGISTER: HUMAN SETTLEMENTS STRATEGIC AND OPERATIONAL RISK ASSESSMENT

DATE : 06 JUNE 2024

TIME : 10H00

VENUE : BOARDROOM NO.216 MUNITATA BUILDING

NO	INITIAL & SURNAME	DESIGNATION	TELL/CELL	EMAIL ADDRESS	SIGNATURE
1.	Z. Mokoengana	Manager Rdp Correl	078877986	hmokoengana@kzd.gov.za	
2.	L. Toph	SME Building Insp	0766225816	ltoph@kzd.gov.za	
3.	Z. Ndzelu	Director Human Settlements Planning	07165846586	zndzelu@kzd.gov.za	
4.	A. MERRA	Manager Housing Admin	0711512281	amerra@kzd.gov.za	
5.	L. Zide	Senior plans Executive	083490375	lzide@kzd.gov.za	

6.	M. Steady	Senior Admin Officer	0193218919	Monicas & ksd.gov.za	
7.	N Tumbayo	Manager Forward Planning	0609975985	Tumbayo@ksd.gov.za	
8.	G SAKI	STIR OFFICER HAMBURG	0731881377	sakig@ksd.gov.za	
9.	MADUNA P	C R O	0736510719	Madunip@ksd.gov.za	
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					



Strategic and Operational Risk Assessment Meeting for Technical Services Department

DATE : 05 June 2024

TIME : 09h00

VENUE : Office 224

Initial and Surname	Designation	Contact Number	Email	Signature
L. MBOZANI	Mayor, Water S&T	066 3011 322	lmbanzi@kds.gov.za	
A. Nwokozi	Director Technical S&T - Project Manager	083 2986441	nwokozi@kds.gov.za	
S. Phelele	MANAGER PLANNING	0731829 018	sphelele@kds.gov.za	
S. Dumakise-Nemwa	SNR ADM OFF.	063 0028302	sdumakise@kds.gov.za	
N. Mphahlele	Acting Roads Manager	083-5705385	nmpahlele@kds.gov.za	
A. S. Mkhumbane	Manager of DM	083 995 2912	asmkhumbane@kds.gov.za	
B. M. G. G. G.	DM	0733033 0653	bmgh@kds.gov.za	
V. MESHLEBENGA	MANAGER	082 947 7467	vmeshlebensga@kds.gov.za	
M. M. M.	CR O	0736510 719	mm@kds.gov.za	



Strategic and Operational Risk Assessment Meeting for Public Safety Department

DATE : 07 June 2024

TIME : 08h00

VENUE : Office 216

Initial and Surname	Designation	Contact Number	Email	Signature
E. N. DINDA	Director	0665880215	Fikile Ndlovu	
P. Mchabelane	Project manager	082 874 9047	Machobane P. Mchabelane	
N.M. SAPA	Community Safety Manager	083 979 5281	A. Umhosi	
N.S. SAPA				
W. J. TESSING	Chief of Police	084 270 3097	William T. Tessing	
X. XHOENI - MATHEKI	Principal Engineer BTE	072051910	Matheki X. Xhoeni	
Z. DUBE	Senior Planning Officer	083 517 8391	Zethuani Dube	
Z. NDIKI	Chief Traffic Officer	07 2964 7565	Ndiki Z.	
S. M. ZAKHAYI	Principal VC	0600191832	S. M. Zakhayi	
N. NDIKAYI	Chief of Police	07 3610 5693	N. Ndikayi	
B. C. VICE	Chief Accounting Officer	082 589 4430	B. C. Vice	

KING SABATA DALINDYEBO









ATTENDANCE REGISTER: CORPORATE SERVICE STRATEGIC AND OPERATIONAL RISK ASSESSMENT

DATE : 06 JUNE 2024

TIME : 10H00

VENUE : BOARDROOM NO.216 MUNITATA BUILDING

NO	INITIAL & SURNAME	DESIGNATION	TELL/CELL	EMAIL ADDRESS	SIGNATURE
1.	M. LUBANYA	Asst. Asst. Management Review	082 8744074	lubanya@kcsd.gov.za	
2.	M. SHANDEBA	ICT TECH	0732546974	MANUETHUGA@ESD.GOV.ZA	
3.	M. Ntsheni	Senior HR OFFICER	0781832324	Ntsheni@kcsd.gov.za	
4.	M. MTEBELE	Senior HR OFFICER : COS	072 028 8788	Mandlam@kcsd.gov.za	
5.	N. Siwawa	ICT ASSISTANT	0735131350	Nukubanyaga@kcsd.gov.za	

6.	P. HRIU	ICT Helpdesk	0706176969	helpdesk@ksta.gov.za	
7.	S. Magaw	Manager Wellness	06090227331	magaw@ksta.gov.za	
8.	P. Madlaka	CRD	0736510119	Madlaka@ksta.gov.za	
9.	B. Mfeneke	HRD ASST. MAN	0835668882	mfeneke@ksta.gov.za	
10.	N. Zokade	JE Clerk	0836190177	Zokade@ksta.gov.za	
11.	T. FENPI	Manager PS	0727441924		
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					



ATTENDANCE REGISTER: BUDGET AND TREASURY DEPARTMENT OPERATIONAL RISK ASSESSMENT

DATE : 18 JUNE 2024

TIME : 11H00

VENUE : Council Chamber

NO	INITIAL & SURNAME	DESIGNATION	TELL/CELL	EMAIL ADDRESS	SIGNATURE
1.	N NTOZAKHE	MANAGER ERP	066 300 0806	nntozak@kcd.gov.za	
2.	T. SITHI	Manager: AFS	073 345 0947	tsithi@kcd.gov.za	
3.	D. MHLOLEKOTHO	GM: ACCOUNTING & ASSETS	078 147 694	dumisanini@kcd.gov.za	
4.	S. Mphahlele	Manager: Accounting	0832166907	mphahlele@gmail.com	
5.	V.D. DZINDI	ACCOUNTANT - AFS	081 8202195	vuyani@kcd.gov.za	
6.	N. Nange	Manager Budget	082415185	nangen@kcd.gov.za	
7.	Ms Ribi	Manager SM	0475014314	phani@kcd.gov.za	



ATTENDANCE REGISTER: BUDGET AND TREASURY DEPARTMENT OPERATIONAL RISK ASSESSMENT

DATE : 18 JUNE 2024

TIME : 11H00

VENUE : Council Chamber

NO	INITIAL & SURNAME	DESIGNATION	TELL/CELL	EMAIL ADDRESS	SIGNATURE
1.	P. Rozani	MANAGER FLEET	0829003359	Rozani@ksd.gov.za	
2.	P. Madlila	CR O	028651079	Madlila@ksd.gov.za	
3.					
4.					
5.					
6.					
7.					

KING SABATA DALINDYEBO MUNICIPALITY

CONTACT DETAILS

Tel: 047 495 1194
Cell No. 078 618 0894
Email: christelleg@ksd.gov.za
Website: www.ksd.org.za



PHYSICAL ADDRESS

Munithata Building
Cnr. York Road & Sutherland Street
First Floor, Office No. 243

POSTAL ADDRESS

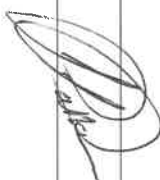
P.O. Box 45
Mithatha
5099

CHIEF OPERATIONS OFFICER

ATTENDANCE REGISTER: RISK ASSESSMENT MEETING





VENUE : OFFICE 243
TIME : 09H00 AM
DATE : 19 JUNE 2024

NO.	SURNAME & INITIALS	DESIGNATION	CELL NUMBER	E-MAIL ADDRESS	SIGNATURE
1.	DUMALISILE Z.	MANAGER MPAC	078 682 3029	Zikhonati@ksd.gov.za	
2.	DUNA M.	CHIEF WHIP OFFICER	078 222 1021	hmedid@ksd.gov.za	
3.	Mqambeli N	PMS	078 464 1050	Nqungqamane@ksd.gov.za	
4.	Momona T.T.	GM Maramba	073 247 3127	momona2@ksd.gov.za	
5.	Z. Tshutshane	Legal Services	073 267 7889		
6.	P. MATHI	CRO	073 651 0719	Mmathi@ksd.gov.za	

7.	P. Pihlem	MANAGER: Pme	0125943360	Thalokarika Ksd. gya. ca	
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					



COMMUNITY SERVICES RISK ASSESSMENT
DATE: 20 JUNE 2024
VENUE: BOARDROOM 352

SURNAME & INITIALS	DESIGNATION	CONTACT DETAILS		SIGNATURE
MAGISA B	SENIOR ADMIN OFFICER	Cell: 063 640 525		
	ACTING ADMIN	Email: m.pegel@kds.gov.za		
	Cell: 073 388 9415	Email: kds@gov.za		
MBOVSWANA T	SUPPORT CLERK	Cell: 0735507333		
	Email: yuplwethu@kds.gov.za			
GENGE V	Acting Secretary	Cell: 063 289 743		
	Email: S.Huleb@kdsd.gov.za			
SHOLE B	Accountant	Cell:		
	Email:	Cell:		
	Email:	Cell:		
	Email:	Cell:		
	Email:	Cell:		



ATTENDANCE REGISTER

DATE : 12/06/2024

TIME : 8 am

VENUE : 1360

No.	Name & Surname	Representing	Tel/Cell	Email	Signature
1	S. Muzni	Representing			
2	V. Ogle	Representing	0725779790	siaru@ktd.com	
3	N. Ogle	Administration	0835657846	oglev@ktd.gov	
4	M. R. P.	Insulation (KLED) RED	0739082869	nkabang@usu.ac	
5	P. R. N. YANSANA	CRD	073651079	Madlik@ktd.com	
6	I. BONGORA	KSD RED EMME	0836877308	gudra@ktd.com	
7	N. BONI	KSD RED	083981946	prah@ktd.com	
8	S. N. BONGORA	Intern RED	0825754013	whombordbok@ktd.com	
9	N. S. Melli	PKK Mangrove Unit	0817363276	Syngop@ktd.com	
10	N. S. Melli	RED	0834726065	msin@ktd.com	
11	N. S. Melli	RED	0674077132	mumun@ktd.com	
12					

5

5

13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				

KING SAEAYA DALINDYEBO RISK REGISTER 2024/2025 FINANCIAL YEAR

Risk No.	IDP objective	Risk description	Root Cause	Consequence	STRATEGIC RISKS			Risk Rating	Residual Risk Rating	Risk Owner	Action to improve controls	Action owner	Time Frame																																																																																																																		
					Current Controls	Control Rating	Control Rating																																																																																																																								
1	Coordinate and facilitate economic infrastructure development through Public-Private Partnerships (PPP) By June 2025 and or Provision and maintenance of basic infrastructure services By June 2025	Electricity theft / Line losses.	Negative impact on municipal revenue and the inability to maintain consistently the existing electricity network or fund upgrades.	Implementation of Credit control policy, Door to door meter inspections	M	Ensure regular inspections of meters, and disconnectors are to be done monthly.	D	Monthly	n	Install locking infrastructure systems to curb vandalism and electricity theft.	n	To create enabling environment for the completion and operation of Qweque Landfill site by conducting engagements with the Royalhouse of Qweque.	D	Quarterly																																																																																																																	
															Vandalism of electricity infrastructure	High maintenance cost and unplanned consumption caused by load shedding.	Stiffings of security cluster forum.	E	i	Implementer of Electricity Maintenance Plan	i	Rangers/Fence Officers inspecting suspected illegal dumping site and issue RED LINES	C	Monthly	M	Continuous monitoring and reporting of defects to Fleet Management Committee through our fleet officer.	n	Quarterly																																																																																																			
																													National Electricity load shedding by Eskom.	Loss of revenue for the Municipality.	Implementation of Electricity By-Laws.	k	a	Stakeholder engagements (Households, Security cluster) to curb and promote protection of electricity infrastructure.	a	Appointment of Cooperatives to augment refuse removal services.	S	Monthly	p	To engage management on more budget allocation for OHS activities.	D	C S	2025/04/31																																																																																				
																																												Inability to generate KSDM electricity	Discouragement of new investment and the risk of existing businesses closing down.	Business plan to DBSA for the development of the solar plant	g	b	Implementation of Electricity Maintenance Plan.	b	To motivate for identification of alternative office space accessible to all employees of the public.	o	Quarterly	m	To facilitate engagement with community towards improving revenue collection for the municipality.	CFO	30 Dec 2024.																																																																						
																																																										Partial compliance of landfill sites to license conditions. (Mthatha and Mqanduli)	Loss of investor confidence and negative perceptions from community damaging KSDM image due to dirty towns / environmental pollution.	Compliance to KSDM Landfill Site Licence.	f	c	To rehabilitate and maintenance of the Mthatha and Mqanduli Landfill sites (Landfilling, Compaction, and Landfill Access Roads).	c	To monitor on monthly basis implementation of Revenue Recovery Plan and enforce consequences for non-implementation.	f	Quarterly	r	Council road shows on payment of municipal services	CFO	Monthly																																																								
																																																																								Non-completion of the construction of landfill sites due operational challenges.	Non-compliance notices from competent authorities.	Continued engagement with Qweque Royal House.	h	d	To request quarterly progress reports from DBSA.	d	To identify illegal land uses and align to applicable rates and service charges.	m	Monthly	u	Expansion of revenue base to Vlodgesville and Hold in the Wall.	CFO	30 Sept 2024.																																										
																																																																																						Increasing illegal dumping sites	Tarnished KSDM image due to dirty towns / environmental pollution.	Regional Wasteking order from MEC	e	e	To intensify meter inspections through monthly monitoring reports from appointed services providers.	e	To conduct thorough analysis of collection strategies, debt owed and Revenue Related Policies.	p	Monthly	i	To intensify meter inspections through monthly monitoring reports from appointed services providers.	CFO	Monthly.																												
																																																																																																				Inadequate planning for provision of services leading to non-adherence to waste collection schedules	Community petitions for non-collection of waste / businesses utilizing alternative means to transport waste.	WMP is being implemented.	j	f	Public Participation to engage all customers to pay for services.	j	Limiting of services (Disconnection of electricity)	f	40%	g	Rolling out data cleansing to ensure accurate customer data is kept on a system.	g	Inspections of property s by Town Planners	KSDM Valuation Roll													
																																																																																																																			Longer downtime on Plant repairs, challenges of fuel supply and lack of intensive monitoring	Imposing community health risk.	National Environmental Management Waste Act is being implemented.	o	g	Waste Collection Schedule	o	Fair value of rates not being paid by households and businesses.	h	7.2	h	Inspections of property s by Town Planners	KSDM Valuation Roll
Inefficient spacing and inaccessible building structures	Construction and use of buildings without proper authorisation	Land Invasion Policy, SP/LUMA, Gazetted Building Management By-Laws	q	i	Data Champions	q	Increased debtors collection days affecting balance sheet negatively.	j	40%	j	Increased debtors collection days affecting balance sheet negatively.	j																																																																																																																			
													Non compliance with building regulation by members of community	Approved Standard Operation.	Public awareness materials (Information Brochures).	r	i	Approved Standard Operation.	r	Revenue loss to municipality.	k	15	k	Conducting Meter inspections and Disconnect and reconnections fees	k																																																																																																						
																										Compromised Community Occupational Safety	Developments will not have valid home insurance cover (including fire risk) and will not have certified quality assurance against structural defects.	National Environmental Management Waste Act is being implemented.	r	j	Public Participation to engage all customers to pay for services.	r	Fair value of rates not being paid by households and businesses.	l	7.2	l	Inspections of property s by Town Planners	KSDM Valuation Roll																																																																																									
																																							Unwillingness by community to pay for services	Public Participation to engage all customers to pay for services.	Limiting of services (Disconnection of electricity)	s	j	Limiting of services (Disconnection of electricity)	s	Inward migration of people to municipal land with no affordability for services.	m	40%	m	Applying for Court Orders to defer land operations.	m																																																																												
																																																				Illegal land uses	Fair value of rates not being paid by households and businesses.	Inspections of property s by Town Planners	t	j	Inspections of property s by Town Planners	t	Increased debtors collection days affecting balance sheet negatively.	n	40%	n	Conducting Meter inspections and Disconnect and reconnections fees	n																																																															
																																																																	Inward migration of people to municipal land with no affordability for services.	Inability to finance provision of services and operations.	Applying for Court Orders to defer land operations.	o	j	Applying for Court Orders to defer land operations.	o	Revenue loss to municipality.	p	40%	o	Conducting Meter inspections and Disconnect and reconnections fees	o																																																		
																																																																														Inability to write off bad debts	Increased debtors collection days affecting balance sheet negatively.	Appointment of debt collector.	p	j	Appointment of debt collector.	p	Revenue loss to municipality.	q	40%	q	Conducting Meter inspections and Disconnect and reconnections fees	q																																					
																																																																																											Line losses / illegal connections	Revenue loss to municipality.	Conducting Meter inspections and Disconnect and reconnections fees	q	j	Conducting Meter inspections and Disconnect and reconnections fees	q	Revenue loss to municipality.	r	40%	r	Conducting Meter inspections and Disconnect and reconnections fees	r																								
																																																																																																								Inability to collect sufficient revenue	Revenue loss to municipality.	Conducting Meter inspections and Disconnect and reconnections fees	r	j	Conducting Meter inspections and Disconnect and reconnections fees	r	Revenue loss to municipality.	s	40%	s	Conducting Meter inspections and Disconnect and reconnections fees	s											

7.	Promote local Economic Development through Agriculture, tourism, heritage, oceans, economy, SME development and investment.	Inadequate Local Economic Development Strategy	Absence of effective contracts management. Carelessness, negligence and human error of judgement in performance of task.	Tarnished image of the KSDM and Unnecessary litigations against KSDM	Continuous engagements with internal departments on Law Enforcement.	1	H	1	M	Continue to monitor cases referred to Court and recover costs on cases awarded in favour of KSDM.	COO	Quarterly
			Affected personnel not willing to account for own work and defend municipality. Community becoming more litigious against KSDM and government in general.	Large provisional budget made and set aside for any liabilities that may occur.	Litigation register analysis and report to management and judicial structures. Cost recovery on awards in favour of KSDM.	2	H	2	M	Disciplinary process and consequence management be initiated on personnel refusing to defend own actions.	COO	Quarterly
8.	Promote local Economic Development through Agriculture, tourism, heritage, oceans, economy, SME development and investment.	Inadequate Local Economic Development Strategy	Delays in submission of strategy to council	Lack of sufficient economic development	Approved LED strategy for approved implementation with the JDP	3	H	3	M	Scrutinisation of the reviewed inputs on LED strategy for approval by Strategic Planning Session.	DSED	31 April 2024.
			Delays of stakeholder participation on the development of LED Strategy.	Poor stakeholder management / coordination	Identified stakeholders participating in the LED Strategy	Bookmarked with City of Sauray	4	H	4	M		
09.	Provision and maintenance of basic infrastructure services June 2025	Rapid deterioration of infrastructure due to disasters	Climate change, Heavy winds and flooding destructing human livelihood.	Road infrastructure network severely damaged.	District Disaster Management Strategy.	5	H	5	M	Insuring assets with third parties need to be explored to transfer the risk in the event of disaster and vandalism	TS / CFO	30 Sept 2024.
			Limitations on designs of the infrastructure projects.	Community protests and complaints for lack of service delivery.	MIS registration		6	H	6	M	To request more budget for repairs and maintenance of infrastructure assets for the municipality.	DTS
10.	Create a conducive administrative environment and organisational development	ICT Biases Interruptions.	Incapacity to develop Strategy and response plan in the event of disaster.	Negative impact on economic growth within the area of KSD.	Performance of undocumented and unbudgeted interventions.	7	H	7	M	Disaster Management Plan / Implementation Plan must be updated for implementation.	DTS	30 Dec 2024.
			Lack of preparedness for and response to disasters.	Absence of proper response plans in the event of disaster	Awareness campaigns on illegal and hazardous settlements		8	H	8	M	Agreements need to be entered into with other affected stakeholder like DOT, for performance of services on their behalf.	DTS
11.	Create a conducive administrative environment and organisational development	ICT Biases Interruptions.	Poor level of climate change awareness and Energy efficiency understanding by communities.	Communities losing hope and trust towards Municipality's ability to respond to disaster.	Awareness campaigns	9	H	9	M	Joint awareness campaigns with all affected departments.	DHS	30 Dec 2024.
			Absence of tested Business Continuity / Contingency Plans in the event of disruption of services	Massive spending on unplanned provision of services in response to disaster and unfunded mandates.	Draft Policy on Business Continuity is developed.		10	H	10	M	Conduct public awareness campaigns on disaster management response	DCS; DHS; DTS
12.	Provision and maintenance of basic infrastructure services June 2025	Poor Capital Project and Contract Management	Unstable network and internet connectivity.	Limited productivity and unreachable business applications.	ICT Policies and Standard Operating Procedures.	11	H	11	M	Costed Business Continuity Plans and methodology needs to be developed to cater for emergency situations in the event of disaster.	DTS	30 Sept 2024.
			Dispatched ICT infrastructure.	Loss of data.	ICT Strategy		12	H	12	M	Provide connectivity for Mthatha stadium, Magadull DITC and Ultra City.	D
13.	Provision and maintenance of basic infrastructure services June 2025	Poor Capital Project and Contract Management	Lack of implementation of ICT business Continuity.	Damage to ICT equipment.	Multiple corporate governance of information and communication technology.	13	H	13	M	Upgrade of storage and servers.	S	2024/12/01
			Inadequate ICT security management.	Financial loss.	Disaster recovery plan.		14	H	14	M	Development of ICT business continuity plan.	O
14.	Create a conducive administrative environment and organisational development	ICT Biases Interruptions.	Inadequate implementation of governance	Poor organisational performance.	Cyber security awareness.	15	H	15	M	Implementation of firewall	D	01-Sep-24
			Delays in service delivery.	Reputation damage.	Cloud based electronic document management system.		16	H	16	M	Antivirus software	C
15.	Provision and maintenance of basic infrastructure services June 2025	Poor Capital Project and Contract Management	Exposure to cyber crime.	Inability to embrace fully technological advancements.	Reviewed ICT organogram and segregation of duties.	17	H	17	M	Email security	O	30-Dec-24
			Improper implementation of Task Grading	Most personnel are aggrivated.	Job Descriptions Framework (JDFA)		18	H	18	M	Cyber security awareness.	S
16.	Provision and maintenance of basic infrastructure services June 2025	Poor Capital Project and Contract Management	Interrupted operations on line of command.	Organisational Development Unit is in place.	Established and functional Local Labour Forum	19	H	19	M	Reviewal of frameworks, plans, policies and standard operating procedures.	F	Quarterly
			Non-compliance to start and conclusion period of facilitating Task Grading system.	Court cases challenging Task Grading	Internal Job Evaluation Committee		20	H	20	M	Completion of Job Grading of posts on 2023 / 2024 organisational structure by June 2025	D
17.	Provision and maintenance of basic infrastructure services June 2025	Poor Capital Project and Contract Management	Continuous review of organisational structure and inadequate placement	Contract disputes with Service Providers.	Staffing Committee.	21	H	21	M	To ensure conclusion of placement for COO and Public Safety by 30 August 2024	S	30-Aug-24
			Late handover of contractors	Delayed completion of projects and provision of services.	Appointment of consultants.		22	H	22	M	To approve Internal Task Job Evaluation Policy	O
18.	Provision and maintenance of basic infrastructure services June 2025	Poor Capital Project and Contract Management	Community disagreements regarding projects.	Contractor leaving the site.	Public Participation.	23	H	23	M	Monthly monitoring reports in line with Constructions Plan and conditions of contract.	F	Monthly
			SMMME exaggerated demands	MIG funds returned to treasury	RAS workshops from MIEC COGTA.		24	H	24	M	Within two weeks of appointment the contractor must be handed over to the community.	DTS.
19.	Provision and maintenance of basic infrastructure services June 2025	Poor Capital Project and Contract Management	Improper accessibility and engagements with community's for borrow-ups	Cost escalations in projects	Monthly technical meetings	25	H	25	M	To conduct community engagements on proposed next financial year projects and develop Minutes with community's by third quarter each year.	DTS.	Third Quarter
			Delays caused by required unfair rewards and protection fees demanded by stakeholders.	Contractors leaving sites.	Issuing of default letters		26	H	26	M	To conduct community engagements on proposed next financial year projects and develop Minutes with community's by third quarter each year.	DTS.
20.	Provision and maintenance of basic infrastructure services June 2025	Poor Capital Project and Contract Management	Lack of proper backgroung on housing	Contractors leaving sites.	Monthly technical meetings	27	H	27	M	To conduct community engagements on proposed next financial year projects and develop Minutes with community's by third quarter each year.	DTS.	Third Quarter
			Insufficient cashflow and or pricing escalations to finance operations.	Delays in completion of the projects.			28	H	28	M	To encourage improvement on assessment of cashflow of the service provider through bid committees.	DHS



Province of the
EASTERN CAPE
COOPERATIVE GOVERNANCE
& TRADITIONAL AFFAIRS

RISK ASSESSMENT

KING SABATHA DALINDYEBO

LOCAL MUNICIPALITY

21 MAY 2024

SERVING OUR COMMUNITIES BETTER

B&B

BACK TO BASICS
SERVING OUR COMMUNITIES BETTER

Organizations of all types and sizes face internal and external factors and influences that make it uncertain whether and when they will achieve their objectives. The effect this **uncertainty** has on an organization's objectives is "risk" **ISO 31000 – 2018**.

- Uncertainty** is the first factor in considering of what a risk is
- Effect** is a deviation from the expected

COSO – 2004 - Defines risk as the **possibility** that an **event** will **occur** and **adverse** affects the **achievement of objectives**

ERM - Continuous, Proactive and Systematic process, effected by the Municipal 's **Executive Authority, Accounting officer, Management** and other **Personnel**, applied in strategic planning and across all levels of the Municipality

STRATEGIC VS OPERATIONAL RISK

- Strategic risks** are risks that affect or are created by an organization's business strategy and strategic objectives.
- Operational risks** are major risks that affect an organization's ability to execute its strategic plan.
- Strategic risk** relate more on the core of the municipality which would service delivery related e.g. electricity, water, refuse collection infrastructure etc.
- Operational** will now focus on operations such as people (Human Resource, skills, capacity), processes (reporting, verifications, supervisions) and systems (financial systems, ICT systems)

CONTEXT ESTABLISHMENT

What is the Municipality trying to achieve? (Context establishment)

- Organisational structure and governance.
- Tone at the top
- Leadership Commitment and Buy-in.
- Internal Policies, Systems and Procedures
- Risk Culture and Philosophy
- Risk Appetite
- Capabilities, in terms of resources and knowledge

RISK ASSESSMENT

Risk identification

- Process of finding, recognizing and describing risks from a risk sources
- Determine the cause and their causes and their potential consequences
- Risk identification can involve historical data, theoretical analysis, informed and expert opinions, and stakeholder's

Risk analysis

- What are the chances that the identified risk occurs? When last did something like this occurred?

Likelihood

- Should the risk occur, what will be the damage and how much will be the damage cost? **Impact**
- Inherent risk exposure** – amount of risk after considering likelihood and impact, but before acting on it, such as by putting in place control systems

INHEREN RISK RATINGS cont...

Evaluating risk likelihood		
Score	Likelihood	Occurrence
100	Certain	The risk is already occurring
80	Likely	The risk could easily occur, and is likely to occur at least once in a quarter
60	Medium	The risk could easily occur, and is likely to occur at least once in a financial year
40	Unlikely	There is an above average chance that the risk will occur at least once in the next three years.
20	Very rare	The risk is conceivable but is only likely to occur in extreme circumstances

RESPONDING TO RISKS

- Treating a risk by implementing control systems (any process, policy, device, or practice).**
 - ❖ Directive controls
 - ❖ Preventative controls
 - ❖ Detective controls
 - ❖ Corrective controls
- Evaluate the adequacy and effectiveness of existing control systems
- Residual risk – remaining amount of risk after risk treatment.** The residual risk should be documented and subjected to monitoring, review and, where appropriate, further treatment.
- Risk assessment should be documented in a risk register and also be integrated with the Management Performance Strategies and communicated with the various relevant stakeholders.



STRATEGIC RISK vs OPERATIONAL RISK

Risk value (%)	Risk magnitude	Risk acceptability	Proposed actions
20 – 25	Maximum	Unacceptable	Take action to reduce risk with highest priority, Executive Mayor, Council and the Municipal Manager for attention.
16 – 19	High risk	Unacceptable	Take action to reduce risk, inform senior management.
11 – 15	Medium risk	Unacceptable	Control, monitor, inform management.
6 – 10	Low risk	Partially Acceptable	No risk reduction – control and Monitor.
1 – 5	Minimum risk	Partially Acceptable	Monitor.



MONITORING AND REPORTING

- Progress in implementing risk treatment plans
- Use of monitoring and reporting mechanisms and platforms
- The results of monitoring and review should be recorded and externally and internally reported as appropriate, and should also be used as an input to the review of the risk management strategy



RISK MANAGEMENT STRATEGY

	Policy and governance	Identification and assessment	Monitoring	Roles and responsibilities
Elements	<ul style="list-style-type: none"> • Definitions • Principles • Policy • Risk Appetite • Risk implementation plan 	<ul style="list-style-type: none"> • Tools and Techniques • Risk and Control identification • Risk and Control Assessment • Risk and Control Ownership 	<ul style="list-style-type: none"> • Monitoring of strategic risks vs other risks • Risk monitoring tools • Risk reporting channels • Indicators (risk performance) • Loss casual analysis 	<ul style="list-style-type: none"> • Management • Risk Champions • Rimco • Audit Committee • MPAC • Council

ROLES AND RESPONSIBILITIES...

Executive Authority (Executive Mayor & Council)

Oversight role involves taking comfort that systems of risk management are properly established and functioning to protect the municipality against significant risks.

- Ensure Municipal strategies are aligned to the government mandate;
- Obtain assurance that Municipal Strategic Choices were based on a rigorous assessment of risks;
- Obtain assurance that key risks inherent in the Institution's strategies were identified and assessed;
- Assisting Municipal Manager to deal with fiscal, intergovernmental, political and other risks beyond their direct control and influence; and
- Insisting on the achievement of objectives, effective performance management and value for money.

ROLES AND RESPONSIBILITIES...

Accounting Officer (Municipal Manager)

Accountable for the municipalities' **overall governance of risk.**

- Set the tone at the top, the Accounting Officer promotes accountability, integrity and other factors that will create a positive control environment.
- Support the organisation's aspirations for effective management of risks;
- Hold Management accountable for integrating risk management into their day-to-day activities;
- Approve the risk management policy, strategy, and implementation plan;
- Provide leadership and guidance to enable functioning of risk management related functions;
- Ensure appropriate action in respect Risk Management and Risk Management Committee recommendations.



ROLES AND RESPONSIBILITIES...

Management

Management execute their responsibilities outlined in the risk management strategy

- Include Risk Management in the Performance Agreements.
- Integrate risk management into the operational routines.
- Align risk management methodologies and processes with the Institutional process;
- Devote personal attention to overseeing the management of key risks within their area of responsibility;
- Maintaining a co-operative relationship with the Risk Management Unit and Risk Champion;
- Implement formulated risk action plans within set timeframes;
- Monthly reporting to Risk Management;
- Empower officials to perform effectively in their risk management responsibilities;

ROLES AND RESPONSIBILITIES...

Other officials

- Other officials are responsible for integrating risk management into their day-to-day activities.
- Applying the risk management processes in their respective functions;
- Implementing the delegated action plans to address the identified risks;
- Informing their supervisors and/or the Risk Management Unit of new risks and significant changes in known risks;



Province of the
EASTERN CAPE
COOPERATIVE GOVERNANCE
& TRADITIONAL AFFAIRS

“Sound internal controls minimize risks”

THANK YOU

SERVING OUR COMMUNITIES BETTER

B&B
BACK TO BASICS
SERVING OUR COMMUNITIES BETTER