## Risk Analysis and Risk Assessment

### EMnambithi/ Ladysmith Local Municipality
Corporate Services

### RISK ANALYSIS

<table>
<thead>
<tr>
<th>Risk Context:</th>
<th>Human Resources Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Name:</td>
<td>Human resource: Attraction and Retention</td>
</tr>
<tr>
<td>Risk Description:</td>
<td>Inability to attract and retain critical /scarce skills.</td>
</tr>
<tr>
<td>Root Cause:</td>
<td>Unattractive remuneration packages.</td>
</tr>
<tr>
<td></td>
<td>Lack of amenities and recreational facilities.</td>
</tr>
<tr>
<td></td>
<td>Geographical location.</td>
</tr>
<tr>
<td></td>
<td>SALGA limitation.</td>
</tr>
<tr>
<td></td>
<td>Lack of Retention Strategy.</td>
</tr>
<tr>
<td></td>
<td>Poor Job Evaluation processes.</td>
</tr>
<tr>
<td>Consequences:</td>
<td>Poor service delivery.</td>
</tr>
<tr>
<td></td>
<td>Brain drain.</td>
</tr>
<tr>
<td></td>
<td>Lack of internal capacity.</td>
</tr>
<tr>
<td></td>
<td>Low staff morale.</td>
</tr>
</tbody>
</table>

### RISK ASSESSMENT

<table>
<thead>
<tr>
<th>Impact Rating:</th>
<th>100</th>
<th>Critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likelihood Rating:</td>
<td>100%</td>
<td>Certain</td>
</tr>
<tr>
<td>Inherent Risk Rating:</td>
<td>100</td>
<td>Critical</td>
</tr>
<tr>
<td>Control Effectiveness (Current):</td>
<td>20%</td>
<td>Weak</td>
</tr>
<tr>
<td>Residual Risk (Current):</td>
<td>80</td>
<td>Critical</td>
</tr>
<tr>
<td>Control Effectiveness (Desired):</td>
<td>45%</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Residual Risk (Desired):</td>
<td>55</td>
<td>Major</td>
</tr>
<tr>
<td>Residual Risk Gap:</td>
<td>24</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

### Current Controls

- Retention Policy.
- Recruitment Policy.

### Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of an effective Skills Retention Policy.</td>
<td>Not Started</td>
<td>2012/08/28</td>
<td>2013/06/30</td>
</tr>
<tr>
<td>Risk Owner: Municipal Manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action Owner: Manager Corporate Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start date: 28/08/2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due date: 30/06/2013</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Section D - Risk Analysis and Risk Assessment

**EMnambithi/ Ladysmith Local Municipality**  
**Office of the Mayor**

**RISK ANALYSIS**

<table>
<thead>
<tr>
<th>Risk Context:</th>
<th>Political Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Name:</td>
<td>Political Office Bearers: IGR</td>
</tr>
<tr>
<td>Risk Description:</td>
<td>Poor intergovernmental relations between the Municipality and the District Municipality.</td>
</tr>
</tbody>
</table>
| Root Cause:         | Lack of Co-ordination by the District Municipality.  
                      | Poor Communication. |

**Consequences:**  
- Poor service delivery.  
- Fraud and corruption.  
- Invoking of Section 139 by the Province.

### Risk Assessment

<table>
<thead>
<tr>
<th></th>
<th>Impact Rating:</th>
<th>100 Critical</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Likelihood Rating:</td>
<td>80% Likely</td>
</tr>
<tr>
<td></td>
<td>Inherent Risk Rating:</td>
<td>80 Critical</td>
</tr>
<tr>
<td></td>
<td>Control Effectiveness (Current)</td>
<td>20% Weak</td>
</tr>
<tr>
<td></td>
<td>Residual Risk (Current)</td>
<td>64 Critical</td>
</tr>
<tr>
<td></td>
<td>Control Effectiveness (Desired)</td>
<td>45% Satisfactory</td>
</tr>
<tr>
<td></td>
<td>Residual Risk (Desired)</td>
<td>44 Major</td>
</tr>
<tr>
<td></td>
<td>Residual Risk Gap</td>
<td>20 Minor</td>
</tr>
</tbody>
</table>

### Current Controls

- Councillors Code of Conduct.
- IGR Agreement.
- Councillors Induction.

### Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Not Started</td>
<td>2012/08/28</td>
<td>2013/03/31</td>
</tr>
</tbody>
</table>

- Establishment of Chief Whips Committee.  
  - **Risk Owner:** Mayor  
  - **Action Owner:** Municipal Manager  
  - **Start Date:** 28/08/2012  
  - **Due Date:** 31/03/2013
**Risk Context:** Strategic and Service Delivery Risks

**Risk Name:** Electricity: Provision

**Risk Description:** Insufficient capacity to supply electricity services.

**Root Cause:**
- Unplanned development and growth.
- Lack of a master plan.

**Consequences:**
- Poor service delivery.
- Failure to attract investments.
- Social and economic impact i.e. failure to alleviate poverty through job creation.

**Risk Analysis**

**Impact Rating:** 65  
**Likelihood Rating:** 100% Certain  
**Inherent Risk Rating:** 65 Critical  
**Control Effectiveness (Current):** 10% Unsatisfactory  
**Residual Risk (Current):** 58 Major  
**Control Effectiveness (Desired):** 45% Satisfactory  
**Residual Risk (Desired):** 35 Moderate  
**Residual Risk Gap:** 22 Moderate

**Current Controls**

- **Action Plans & Accountability**

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
</table>
| Development of a Master Plan. | Risk Owner: Municipal Manager  
Action Owner: Manager Electricity and Infrastructure  
Start Date: 28/08/2012  
Due Date: 30/06/2014 | Not Started | 2012/08/28 | 2014/06/30 |
| Upgrading of the network in Colenso. | Risk Owner: Municipal Manager  
Action Owner: Manager Electricity and Infrastructure  
Start Date: 28/08/2012  
Due Date: 30/06/2015 | Not Started | 2012/08/28 | 2015/06/30 |
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Corporate Services IT

RISK ANALYSIS

Risk Context: Disaster Recovery/Business Continuity Risk

Risk Name: IT - Strategic Alignment

Risk Description: Non-alignment of the IT Initiatives or processes with the strategic objectives of the Municipality.

Root Cause:
- Lack of buy-in by management with regard to IT Governance processes.
- Financial constraints or low budget provided due to poor planning by departments and IT Unit.
- Delays in finalising the IT Strategy.
- Delays in appointing an IT manager.

Consequences:
- Hampered service delivery.
- Misalignment of IT Projects.
- Inadequate planning of IT resources.
- Duplication amongst different initiatives.
- Fruitless and Wasteful expenditure.
- Failure of IT projects.

RISK ASSESSMENT

<table>
<thead>
<tr>
<th>Impact Rating</th>
<th>Likelihood Rating</th>
<th>Inherent Risk Rating</th>
<th>Control Effectiveness (Current)</th>
<th>Residual Risk (Current)</th>
<th>Control Effectiveness (Desired)</th>
<th>Residual Risk (Desired)</th>
<th>Residual Risk Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>80%</td>
<td>48</td>
<td>20% Weak</td>
<td>38</td>
<td>45% Satisfactory</td>
<td>26</td>
<td>12</td>
</tr>
</tbody>
</table>

Current Controls

◆ No Control.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
</table>

◆ Formation of an IT Steering Committee.
  Risk Owner: Manager- Corporate Services
  Action Owner: IT Manager
  Start Date: 02/04/2012
  Due Date: 30/06/2012

◆ Finalisation of IT Strategy.
  Risk Owner: Manager- Corporate Services
  Action Owner: IT Manager
  Start Date: 01/02/2011
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Corporate Services IT

RISK ANALYSIS

Risk Context: Disaster Recovery/Business Continuity Risk

Risk Name: IT - Outdated software and Infrastructure

Risk Description: Obsolete infrastructure.

Root Cause: Lack of change management procedures.
Delays in finalising the IT Strategy.
Inadequate planning.

Consequences: Incompatibility of old/outdated infrastructure and systems with the new software.
Regular malfunctioning of critical application software and hardware.
Inability or failure of systems to handle high system load when new applications or initiatives are deployed.
Financial implications.
Compromised service delivery.
Compromised data and systems security.

RISK ASSESSMENT

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
</tr>
</thead>
</table>
| Approval of IT Strategy. | Risk Owner: Manager- Corporate Services
Action Owner: IT Manager
Start Date: 21/05/2012
Due Date : 30/06/2012 | | |
| Review of Asset Management Policy. | Risk Owner: Manager- Administration
Action Owner: Chief Financial Officer
Start Date: 02/04/2012
Due Date : 31/03/2013 | | |
| Upgrading of Network. | Risk Owner: Manager- Corporate Services
Action Owner: IT Manager | | |

Current Controls

◆ No Control.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Progress</td>
<td>2012/05/21</td>
<td>2012/06/30</td>
</tr>
<tr>
<td>Not Started</td>
<td>2012/04/02</td>
<td>2013/03/31</td>
</tr>
<tr>
<td>Not Started</td>
<td>2012/05/21</td>
<td>2013/03/31</td>
</tr>
<tr>
<td>Start Date:</td>
<td>21/05/2012</td>
<td></td>
</tr>
<tr>
<td>Due Date:</td>
<td>21/05/2013</td>
<td></td>
</tr>
</tbody>
</table>
### RISK ANALYSIS

**Risk Context:** Disaster Recovery/Business Continuity Risk

**Risk Name:** IT - Human Resources

**Risk Description:** Retention or recruitment of key IT Staff.

**Root Cause:**
- Poor market related remunerative packages offered by the Municipality.
- IT has not been realised as a strategic enabler within the Municipality.

**Consequences:**
- Delays or failure in implementation of critical IT initiatives.
- Hampered service delivery.
- Failure to test IT policies.

#### Impact Rating
- Inherent Risk Rating: 60
- Likelihood Rating: 80%
- Impact Rating: 48

#### Control Effectiveness (Current)
- Control Effectiveness (Current): 20%
- Residual Risk (Current): 38

#### Control Effectiveness (Desired)
- Control Effectiveness (Desired): 45%
- Residual Risk (Desired): 26

#### Residual Risk Gap
- Residual Risk Gap: 12

### RISK ASSESSMENT

**Current Controls**
- Human Resources Retention Policy.

#### Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appoint an IT Manager.</strong></td>
<td></td>
<td></td>
<td></td>
<td>In Progress</td>
<td>2012/05/21</td>
<td>2012/06/30</td>
</tr>
<tr>
<td></td>
<td>Risk Owner: Municipal Manager</td>
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<tr>
<td></td>
<td>Action Owner: Executive Manager- Corporate Service</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Start Date: 21/05/2012</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Due Date: 30/06/2012</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Approval of IT Strategy.</strong></td>
<td></td>
<td></td>
<td></td>
<td>In Progress</td>
<td>2012/05/21</td>
<td>2012/06/30</td>
</tr>
<tr>
<td></td>
<td>Risk Owner: Manager- Corporate Services</td>
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<tr>
<td></td>
<td>Action Owner: IT Manager</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Start Date: 21/05/2012</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Due Date: 30/06/2012</td>
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</tbody>
</table>
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Engineering

RISK ANALYSIS

Risk Context: Infrastructure Risks

Risk Name: Building Control: Encroachments

Risk Description: Illegal developments.

Root Cause:
- Inadequate monitoring.
- Lack of awareness to the community.
- Lack of capacity (staff).
- Limited Skilled personnel.
- Lack of enforcement of Municipal Bylaws.

Consequences:
- Loss of income.
- Loss of life.
- Litigations.
- Non compliance with National Building Regulations.

RISK ASSESSMENT

Impact Rating: 60 Major
Likelihood Rating: 80% Likely
Inherent Risk Rating: 48 Major
Control Effectiveness (Current) 20% Weak
Residual Risk (Current) 38 Major
Control Effectiveness (Desired) 45% Satisfactory
Residual Risk (Desired) 26 Moderate
Residual Risk Gap 12 Minor

Current Controls

- By-laws.
- Building Inspectors.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Appointment of Inspectors and By-law Enforcement Officers.</td>
<td>Not Started</td>
<td>2012/08/28</td>
<td>2013/06/30</td>
</tr>
<tr>
<td>Risk Owner: Municipal Manager</td>
<td>Action Owner: Manager Electricity Services</td>
<td>Start Date: 28/08/2012</td>
<td>Due Date: 30/06/2013</td>
<td></td>
</tr>
</tbody>
</table>

- Effective enforcement of by-laws and Legislation. | Not Started | 2012/08/28 |
<table>
<thead>
<tr>
<th>Risk Owner: Municipal Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action Owner: Manager Electricity Services</td>
</tr>
<tr>
<td>Start Date: 28/08/2012</td>
</tr>
<tr>
<td>Due Date: Ongoing</td>
</tr>
</tbody>
</table>
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Office of the Mayor

Risk Context: Governance, Compliance/Regulatory and Reputational Risks

Risk Name: Business Support: Ward Committees

Risk Description: Ineffective Ward Committees.

Root Cause:
- Inadequate understanding of roles and responsibilities.
- Lack of training due to financial constraints.
- Lack of incentives.
- Lack of regular meetings.
- Poor relations between Ward Committee and relevant stakeholders.
- Lack of co-ordination between ward councillors and administration.

Consequences:
- Poor communication of information between the Municipality and the community.
- Service delivery protests.
- Unco-ordinated service delivery.

RISK ASSESSMENT

Impact Rating: 100 Critical
Likelihood Rating: 60% Moderate
Inherent Risk Rating: 60 Major
Control Effectiveness (Current): 45% Satisfactory
Residual Risk (Current): 33 Moderate
Control Effectiveness (Desired): 70% Good
Residual Risk (Desired): 18 Minor
Residual Risk Gap: 14 Minor

Current Controls

- Ward Committee Stipend.
- Ward Committee Policy.
- Schedule of Ward meetings.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action Plans &amp; Accountability</td>
<td>Review of the nomination processes of Ward Committee.</td>
<td>Municipal Manager</td>
<td>Municipal Manager</td>
</tr>
</tbody>
</table>

Status | Start Date | Due Date
--- | --- | ---
Not Started | 2012/08/28 | 2014/06/30
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Finance

RISK ANALYSIS

Risk Context: Financial Risks
Risk Name: Financial Management: Debt Management
Risk Description: Failure to collect outstanding debts within required time.
Root Cause:
Lack of capacity.
Disconnections not actioned.
Limited ability to disconnect electricity outside the licenced area.

Consequences:
Loss of revenue.
Poor service delivery.
Increased tariff.

RISK ASSESSMENT

Impact Rating: 100 Critical
Likelihood Rating: 100% Certain
Inherent Risk Rating: 100 Critical
Control Effectiveness (Current) 70% Good
Residual Risk (Current) 30 Moderate
Control Effectiveness (Desired) 90% Very Good
Residual Risk (Desired) 9 Insignificant
Residual Risk Gap 20 Minor

Current Controls

◆ Summons/Final Demands of Payment.
◆ Debt Collection and Credit Control Policy.
◆ Monitoring of Debt Collection.
◆ Indigent Policy.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

◆ No future action plan.
### Risk Context:
Process/Operational Risks

### Risk Name:
Business Support: Registry/Records Management

### Risk Description:
Inadequate records management system.

### Root Cause:
- Lack of automated electronic system.
- Inadequate accountability.
- Lack of standardised records management system and training.
- Decentralised system.

### Consequences:
- Auditor General queries.
- Non compliance with National Archiving requirements.
- Loss of crucial information.

### Risk Analysis

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve current filing to</td>
<td>National Archives Standards.</td>
<td>Not Started</td>
<td>2012/08/28</td>
<td>2013/06/30</td>
</tr>
<tr>
<td>Action Owner</td>
<td>Risk Owner: Municipal Manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Action Owner: Executive Manager Governance and Transformation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Start date: 28/08/2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Due date: 30/06/2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implement file tracking</td>
<td>Measures.</td>
<td>Not Started</td>
<td>2012/08/28</td>
<td></td>
</tr>
<tr>
<td>Action Owner</td>
<td>Risk Owner: Municipal Manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Action Owner: Executive Manager Governance and Transformation</td>
<td></td>
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</tr>
</tbody>
</table>

### Risk Assessment

<table>
<thead>
<tr>
<th>Impact Rating</th>
<th>Likelihood Rating</th>
<th>Inherent Risk Rating</th>
<th>Control Effectiveness (Current)</th>
<th>Residual Risk (Current)</th>
<th>Control Effectiveness (Desired)</th>
<th>Residual Risk Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>60%</td>
<td>36</td>
<td>20%</td>
<td>28</td>
<td>70%</td>
<td>18</td>
</tr>
</tbody>
</table>

### Current Controls

- Electronic Records Filing System.
<table>
<thead>
<tr>
<th>Start date: 28/08/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due date: Ongoing</td>
</tr>
</tbody>
</table>
### RISK ANALYSIS

**Risk Context:** Disaster Recovery/Business Continuity Risk

**Risk Name:** IT - User Account Management

**Risk Description:** Unauthorised access to systems and circumvention of logical access rights.

**Root Cause:**
- Inadequate user account management (password expiry, history, complexity, idle workstation).
- Lack of user account management guidelines.
- Violation of security rules by users (e.g. sharing of passwords).
- Excessive allocation of access rights to users.

**Consequences:**
- Fraud.
- Compromised data and systems security.
- Financial implications.
- Hampered service delivery.

### RISK ASSESSMENT

<table>
<thead>
<tr>
<th>Impact Rating</th>
<th>Likelihood Rating</th>
<th>Inherent Risk Rating</th>
<th>Control Effectiveness (Current)</th>
<th>Residual Risk (Current)</th>
<th>Control Effectiveness ( Desired)</th>
<th>Residual Risk ( Desired)</th>
<th>Residual Risk Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>80%</td>
<td>48</td>
<td>45%</td>
<td>26</td>
<td>70%</td>
<td>14</td>
<td>12</td>
</tr>
</tbody>
</table>

**Risk Owner:** Manager - Corporate Services

**Action Owner:** IT Manager

**Start Date:** 02/04/2012

**Due Date:** 31/05/2012

### Current Controls

- **Review of User Access.**
- **User Access Forms.**
  - SAMRAS.
  - Internet & E-mail.
  - Contour Prepaid Electricity Vending System.

- **Password Controls.**

- **Audit Trails for Critical Applications.**
  - SAMRAS.
  - Contour.
  - Georeality.
  - Internet and e-mail.

### Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td>Not Started</td>
<td>2012/04/02</td>
<td>2012/05/31</td>
</tr>
<tr>
<td></td>
<td>Password controls on all machines.</td>
<td></td>
<td></td>
<td>Not Started</td>
<td>2012/04/02</td>
<td>2012/04/30</td>
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<tr>
<td></td>
<td>Review of Virtual Private Network</td>
<td></td>
<td></td>
<td>Not Started</td>
<td>2012/04/02</td>
<td>2012/04/30</td>
</tr>
</tbody>
</table>
**Section D - Risk Analysis and Risk Assessment**

**EMnambithi/ Ladysmith Local Municipality**

**Corporate Services IT**

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access and activities</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Risk Owner: Manager- Corporate Services</td>
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<td></td>
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<tr>
<td>Action Owner: IT Manager</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Start Date: 02/04/2012</td>
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<td></td>
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<tr>
<td>Due Date: 30/04/2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monitoring of super user activities</td>
<td>Not Started</td>
<td>2012/04/02</td>
<td>2012/05/31</td>
</tr>
<tr>
<td>Risk Owner: Manager- Corporate Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action Owner: IT Manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start Date: 02/04/2012</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Due Date: 31/05/2012</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Economic Development Risk Analysis

#### Economic Development: Investment Attraction and Retention

**Risk Description:**
Inability to attract and retain investments.

**Root Cause:**
- Lack of infrastructure.
- Low buying power in Colenso and surrounding areas.
- Inadequate strategic marketing.
- Unavailability of suitable land (ownership).

**Consequences:**
- High rate of crime and unemployment.
- Loss of revenue.
- Migration of investors.

#### Risk Assessment

<table>
<thead>
<tr>
<th>Component</th>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact Rating</td>
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<tr>
<td>Likelihood Rating</td>
<td>80%</td>
<td>Likely</td>
</tr>
<tr>
<td>Inherent Risk Rating</td>
<td>48</td>
<td>Major</td>
</tr>
<tr>
<td>Control Effectiveness (Current)</td>
<td>45%</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Residual Risk (Current)</td>
<td>26</td>
<td>Moderate</td>
</tr>
<tr>
<td>Control Effectiveness (Desired)</td>
<td>70%</td>
<td>Good</td>
</tr>
<tr>
<td>Residual Risk (Desired)</td>
<td>14</td>
<td>Minor</td>
</tr>
<tr>
<td>Residual Risk Gap</td>
<td>12</td>
<td>Minor</td>
</tr>
</tbody>
</table>

**Control Effectiveness (Current):** 45% Satisfactory
**Residual Risk (Desired):** 70% Good

**Residual Risk Gap:** 26

**Current Controls**
- Local Economic Development Strategy.
- Business Incentive Policy.

**Action Plans & Accountability**

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action Owner</td>
<td>Risk Owner</td>
<td>Not Started</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Electricity and Infrastructure

RISK ANALYSIS

Risk Context: Cultural Risks
Risk Name: Electricity: Accountability
Risk Description: Unaccounted electricity losses.
Root Cause:
- Tampering and theft.
- Line losses.

Consequences:
- Financial loss.
- Compromised Service Delivery.
- Compromised future expansion.

RISK ASSESSMENT

Impact Rating: 60 Major
Likelihood Rating: 80% Likely
Inherent Risk Rating: 48 Major
Control Effectiveness (Current) 45% Satisfactory
Residual Risk (Current) 26 Moderate
Control Effectiveness (Desired) 70% Good
Residual Risk (Desired) 14 Minor
Residual Risk Gap 12 Minor

Current Controls
- Reports to NERSA and Council.
- Meter Reading System.
- Energy Auditors.
- Meter Inspectors.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installation of data loggers.</td>
<td>Risk Owner: Municipal Manager</td>
<td>Action Owner: Manager Electricity and Infrastructure</td>
<td>Not Started</td>
<td>2012/08/28</td>
<td>2013/06/30</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Start Date: 28/08/2012</td>
<td>Start Date: 30/06/2013</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Finance

RISK ANALYSIS

Risk Context: Process/Operational Risks
Risk Name: Financial Management: Municipal Grants
Risk Description: Failure to fully utilise conditional grants.
Root Cause:
- Delays in implementation of projects.
- Poor communication.
- Lack of reconciliation of grants.

Consequences:
- Poor service delivery.
- Withdrawal of grants.
- Unauthorised expenditure.

RISK ASSESSMENT

Impact Rating: 60 Major
Likelihood Rating: 80% Likely
Inherent Risk Rating: 48 Major
Control Effectiveness (Current) 45% Satisfactory
Residual Risk (Current) 26 Moderate
Control Effectiveness (Desired) 70% Good
Residual Risk (Desired) 14 Minor
Residual Risk Gap 12 Minor

Current Controls
- Monthly Reporting to Provincial and National Treasury.
- Conditional Grants' Business Plans.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve communication with grantors.</td>
<td></td>
<td>Municipal Manager</td>
<td>Chief Financial Officer</td>
<td>Not Started</td>
<td>2012/08/28</td>
<td></td>
</tr>
</tbody>
</table>
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Finance

RISK ANALYSIS

Risk Context: Financial Risks

Risk Name: Financial Management: Supply Chain Management Procurement

Risk Description: Delays in procurement of goods and services.

Root Cause:
- Inadequate utilisation of procurement plan.
- Limited coordination between Supply Chain Management and departments.
- Limited knowledge of staff.
- Incorrect specification.
- Inadequate Budgets.

Consequences:
- Poor service delivery.
- Delays in implementation of projects.

RISK ASSESSMENT

Impact Rating: 60 Major
Likelihood Rating: 80% Likely
Inherent Risk Rating: 48 Major
Control Effectiveness (Current) 45% Satisfactory
Residual Risk (Current) 26 Moderate
Control Effectiveness (Desired) 70% Good
Residual Risk (Desired) 14 Minor
Residual Risk Gap 12 Minor

Current Controls
- Supply Chain Management Policy.
- Supply Chain Management Unit.
- Verification of Material Delivered by User Department.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training on electronic system to enhance Supply Chain Management processes. Training of staff on electronic system to enhance Supply Chain Management processes. Risk Owner: Municipal Manager Action Owner: Chief Financial Officer Start date: 28/08/2012 Due date: 30/06/2013</td>
<td>Not Started</td>
<td>2012/08/28</td>
<td>2013/06/30</td>
</tr>
</tbody>
</table>
### Section D - Risk Analysis and Risk Assessment

**EMnambithi/ Ladysmith Local Municipality**

**Governance and Transformation**

#### Risk Analysis

**Risk Context:** Infrastructure Risks

**Risk Name:** Community Development: Housing Provision

**Risk Description:** Inability to reduce housing backlog.

**Root Cause:**
- Inadequate planning.
- Non alignment of Municipal plan with the Sector Department.
- Delays on implementation of Housing Project.
- Unavailability of land for development.
- Lack of skills and capacity.

**Consequences:**
- Poor service delivery.
- Community unrest.
- Increase of slums/informal settlements.
- Invasion of Municipal and private land.
- Failure to alleviate poverty through provision of human settlement.

#### Risk Assessment

<table>
<thead>
<tr>
<th>Impact Rating</th>
<th>Likelihood Rating</th>
<th>Inherent Risk Rating</th>
<th>Control Effectiveness (Current)</th>
<th>Residual Risk (Current)</th>
<th>Control Effectiveness (Desired)</th>
<th>Residual Risk (Desired)</th>
<th>Residual Risk Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>80%</td>
<td>48</td>
<td>45%</td>
<td>26</td>
<td>70%</td>
<td>14</td>
<td>12</td>
</tr>
</tbody>
</table>

**Current Controls**
- Housing Beneficiary Database.
- Progress Reports.

**Action Plans & Accountability**

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Not Started</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- No future action plan.
**Section D - Risk Analysis and Risk Assessment**

**EMnambithi/ Ladysmith Local Municipality**

**Public Safety**

**RISK ANALYSIS**

**Risk Context:** Disaster Recovery/Business Continuity Risks

**Risk Name:** Community Services: Disaster Management

**Risk Description:** Delays in responding to disaster.

**Root Cause:**
- Lack of satellite offices/resources.
- High number of speed humps.
- Widespread area.

**Consequences:**
- Loss of life and property.
- Poor service delivery.
- Community unrest.

**RISK ASSESSMENT**

<table>
<thead>
<tr>
<th>Impact Rating:</th>
<th>60</th>
<th>Major</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likelihood Rating:</td>
<td>80%</td>
<td>Likely</td>
</tr>
<tr>
<td>Inherent Risk Rating:</td>
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<td>Major</td>
</tr>
<tr>
<td>Control Effectiveness (Current):</td>
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</tr>
<tr>
<td>Residual Risk (Current):</td>
<td>26</td>
<td>Moderate</td>
</tr>
<tr>
<td>Control Effectiveness (Desired):</td>
<td>70%</td>
<td>Good</td>
</tr>
<tr>
<td>Residual Risk (Desired):</td>
<td>14</td>
<td>Minor</td>
</tr>
<tr>
<td>Residual Risk Gap:</td>
<td>12</td>
<td>Minor</td>
</tr>
</tbody>
</table>

**Current Controls**

- Assistance by Traffic Officers.
- 24/7 Standby.
- Assistance by Ithala Fire Department.

**Action Plans & Accountability**

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of satellite station at Ezakheni and Van Reenen.</td>
<td>Memorandum of understanding between Van Reenen and Ezakheni working on fire and Memorandum of understanding with N3 TC.</td>
<td>Municipal Manager</td>
<td>Manager Public Safety</td>
<td>Not Started</td>
<td>2012/08/28</td>
<td>2012/12/31</td>
</tr>
<tr>
<td></td>
<td>Risk Owner: Municipal Manager</td>
<td>Action Owner: Manager Public Safety</td>
<td>Start date: 08/28/2012</td>
<td>Due date: 31/12/2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTAS establishment of fire satellite station in rural areas.</td>
<td>Municipal Turn Around Strategy establishment of fire satellite station in rural areas.</td>
<td>Municipal Manager</td>
<td>Manager Public Safety</td>
<td>Not Started</td>
<td>2012/08/28</td>
<td>2018/06/30</td>
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<tr>
<td></td>
<td>Risk Owner: Municipal Manager</td>
<td>Action Owner: Manager Public Safety</td>
<td>Start Date: 28/08/2012</td>
<td>Due Date: 30/06/2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Section D - Risk Analysis and Risk Assessment**

**EMnambithi/Ladysmith Local Municipality**

**Public Safety**

### RISK ANALYSIS

**Risk Context:** Health and Safety / Security Risks

**Risk Name:** Business Process: Safety and Security

**Risk Description:** Failure to reduce crime.

**Root Cause:**
- High unemployment rate/socio economic issues.
- Poor policing visibility.
- Lack of resources.

**Consequences:**
- Failure to attract investments.
- High rate of crime.
- Sense of insecurity.
- Poor service delivery.
- Community unrest.

### RISK ASSESSMENT

<table>
<thead>
<tr>
<th>Impact Rating</th>
<th>60</th>
<th>Major</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likelihood Rating</td>
<td>80%</td>
<td>Likely</td>
</tr>
<tr>
<td>Inherent Risk Rating</td>
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<td>Major</td>
</tr>
<tr>
<td>Control Effectiveness (Current)</td>
<td>45%</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Residual Risk (Current)</td>
<td>26</td>
<td>Moderate</td>
</tr>
<tr>
<td>Control Effectiveness (Desired)</td>
<td>70%</td>
<td>Good</td>
</tr>
<tr>
<td>Residual Risk (Desired)</td>
<td>14</td>
<td>Minor</td>
</tr>
<tr>
<td>Residual Risk Gap</td>
<td>12</td>
<td>Minor</td>
</tr>
</tbody>
</table>

### Current Controls

- Crime Statistics Used To Identify Crime Hotspots.
- South African Police Service Forums.
- Installation and Monitoring of CCTV.

### Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2012/08/28</td>
<td>2013/06/30</td>
</tr>
</tbody>
</table>

- Appointment of additional Traffic Officers.
  - **Risk Owner:** Municipal Manager
  - **Action Owner:** Manager Public Safety
  - **Start date:** 28/08/2012
  - **Due date:** 30/06/2013
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Corporate Services IT

RISK ANALYSIS

Risk Context: Disaster Recovery/Business Continuity Risk

Risk Name: IT - Disaster Recovery

Risk Description: Failure to recover data and systems efficiently and effectively in the event of disruptions.

Root Cause:
- Financial constraints.
- No tests have been conducted on the critical information systems.
- Inadequate monitoring and implementation of backup procedures.
- Inadequate training of staff on IT Disaster Recovery.
- Lack of formalised disaster recovery and business continuity processes.

Consequences:
- Inability to manage a timely recovery process.
- Loss of critical data.
- Negative impact on service delivery.
- Adverse financial implications.
- Tarnished reputation.
- Litigation.

RISK ASSESSMENT

Impact Rating: 100 Critical
Likelihood Rating: 80% Likely
Inherent Risk Rating: 80 Critical
Control Effectiveness (Current) 70% Good
Residual Risk (Current) 24 Moderate
Control Effectiveness (Desired) 90% Very Good
Residual Risk (Desired) 7 Insignificant
Residual Risk Gap 16 Minor

Current Controls
- Daily Monitoring of Backups.
- Testing of Disaster Recovery Plan.
- New Server.
- Onsite and Offsite Storage.
  - SAMRAS
  - Contour (Offsite)
  - Geo-reality
  - Metval
- Data Replication System for SAMRAS and Network Services.
- Approved DRP.
  - Recovery procedures have been tested.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval of Back Up Policy</td>
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<td>Municipal Manager</td>
<td>Manager- Corporate Services</td>
</tr>
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</table>

Status | Start Date | Due Date
--- | --- | ---
Not Started | 2012/05/18 | 2012/09/30

### Section D - Risk Analysis and Risk Assessment

**EMnambithi/ Ladysmith Local Municipality**

**Corporate Services IT**

<table>
<thead>
<tr>
<th>Task</th>
<th>Status</th>
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<th>Due Date</th>
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<tbody>
<tr>
<td>Periodic testing of backups.</td>
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<td>2012/04/30</td>
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<tr>
<td>Risk Owner: Manager- Corporate Services</td>
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</tr>
<tr>
<td>Action Owner: IT Manager</td>
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<td>Start Date: 21/05/2011</td>
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</tr>
<tr>
<td>Due Date: 30/04/2012</td>
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<td></td>
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<tr>
<td>Procurement of Generator/Uninterruptible Power Supply.</td>
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<td>2012/05/18</td>
<td>2013/07/30</td>
</tr>
<tr>
<td>Risk Owner: Manager- Corporate Services</td>
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</tr>
<tr>
<td>Action Owner: IT Manager</td>
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</tr>
<tr>
<td>Start Date: 18/05/2012</td>
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</tr>
<tr>
<td>Due Date: 30/07/2013</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Disaster Recovery Plan and Business Continuity Plan testing.</td>
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<td>2011/12/01</td>
<td>2013/03/31</td>
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<td>Risk Owner: IT Manager</td>
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</tr>
<tr>
<td>Action Owner: Manager- Corporate Services</td>
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<td></td>
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</tr>
<tr>
<td>Start Date: 01/12/2011</td>
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<tr>
<td>Due Date: 31/03/2013</td>
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</tr>
<tr>
<td>Periodic testing of backups.</td>
<td>In Progress</td>
<td>2012/05/21</td>
<td>2012/04/30</td>
</tr>
<tr>
<td>Risk Owner: Manager- Corporate Services</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Action Owner: IT Manager</td>
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</tr>
<tr>
<td>Start Date: 21/05/2011</td>
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<tr>
<td>Due Date: 30/04/2012</td>
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<td></td>
</tr>
</tbody>
</table>
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Engineering

RISK ANALYSIS

Risk Context: Infrastructure Risks
Risk Name: Infrastructure: Maintenance
Risk Description: Flooding of infrastructure.
Root Cause:
Adverse weather conditions.
Inadequate storm water system.
Lack of operational budget.

Consequences:
Loss of life/property.
Negative economic growth.
Financial constraints (disaster fund).

RISK ASSESSMENT

| Impact Rating: | 100 | Critical |
| Likelihood Rating: | 80% | Likely |
| Inherent Risk Rating: | 80 | Critical |
| Control Effectiveness (Current): | 70% | Good |
| Residual Risk (Current): | 24 | Moderate |
| Control Effectiveness (Desired): | 90% | Very Good |
| Residual Risk (Desired): | 7 | Insignificant |
| Residual Risk Gap: | 16 | Minor |

Current Controls
◆ Tide Flex Valves.
◆ Emergency Plan.
◆ Upgrading of Storm Water Systems.
◆ Operational Manual and Maintenance.
◆ Pre-warning System.
◆ Sluice Gates.
◆ Levies on River Bank.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convert Sluice gates into tide valves.</td>
<td></td>
<td>Municipal Manager</td>
<td>Manager Electricity Services</td>
<td>Not Started</td>
<td>2012/08/28</td>
<td>2012/12/31</td>
</tr>
</tbody>
</table>

Risk Owner: Municipal Manager
Action Owner: Manager Electricity Services
Start Date: 28/08/2012
Due Date: 31/12/2012
### Section D - Risk Analysis and Risk Assessment

**EMnambithi/ Ladysmith Local Municipality**

**Corporate Services IT**

---

**Risk Context:** Disaster Recovery/Business Continuity Risk

**Risk Name:** IT - Governance

**Risk Description:** Inability or failure to provide direction on information technology governance processes which give due consideration to the risks, processes and controls required to ensure IT value and improved service delivery.

**Root Cause:**
- IT has not been realised as a strategic enabler in the Municipality.
- Limited representation of IT at the management level.
- No IT Manager.

**Consequences:** Inadequate management of the IT control environment.

---

**RISK ASSESSMENT**

| Impact Rating: | 35 | Moderate |
| Likelihood Rating: | 80% | Likely |
| Inherent Risk Rating: | 28 | Moderate |
| Control Effectiveness (Current): | 20% | Weak |
| Residual Risk (Current): | 22 | Moderate |
| Control Effectiveness (Desired): | 70% | Good |
| Residual Risk (Desired): | 8 | Insignificant |
| Residual Risk Gap | 14 | Minor |

---

**Current Controls**

- **IT Policies.**

---

**Action Plans & Accountability**

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
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<tbody>
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<td>Develop an IT Governance Framework.</td>
<td></td>
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<td>2012/04/02</td>
<td>2012/12/31</td>
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<td>Due Date: 31/12/2012</td>
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<td>Appoint an IT Manager.</td>
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<td>2012/07/01</td>
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<td>Action Owner: Manager- Corporate Services</td>
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<td>Start Date: 02/04/2012</td>
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<td>Formation of IT Steering Committee.</td>
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<td>2012/05/21</td>
<td>2013/03/31</td>
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<td>Risk Owner: Municipal Manager</td>
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<tr>
<td></td>
<td>Action Owner: Manager- Corporate Services</td>
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<td></td>
<td>Start Date: 21/05/2012</td>
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<td>Due Date: 31/03/2013</td>
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</table>
### RISK ANALYSIS

**Risk Context:** Human Resources Risks  
**Risk Name:** Human Resource: Skills Development and Training  
**Risk Description:** Failure to train and develop Municipal staff (operational staff).  
**Root Cause:**  
- Poor planning.  
- Lack of prioritisation by management.  
- Limited participation by other staff members.  
**Consequences:**  
- Low staff morale.  
- Disgruntled employees.

**Inherent Risk Rating:**  
- Rating: 60  
- Likelihood: 60%  
- Impact: Major

**Control Effectiveness (Current):**  
- Rating: 36  
- Effectiveness: Major

**Residual Risk (Current):**  
- Rating: 19  
- Effectiveness: Minor

**Control Effectiveness (Desired):**  
- Rating: 70%  
- Effectiveness: Good

**Residual Risk (Desired):**  
- Rating: 10  
- Effectiveness: Insignificant

**Residual Risk Gap:**  
- Rating: 9  
- Effectiveness: Insignificant

### RISK ASSESSMENT

**Current Controls:**  
- Monthly Reports on Training and Development.  
- Reporting to Management Committee.  
- Workplace Skills Plan.

### Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
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</thead>
<tbody>
<tr>
<td>Conducting a Work Study process.</td>
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</table>
**Risk Owner:** Municipal Manager  
**Action Owner:** Manager Corporate Services  
**Start date:** 28/08/2012  
**Due date:** 30/06/2013 | Not Started | 2012/08/28 | 2013/06/30 |
Section D - Risk Analysis and Risk Assessment
EMnambithi/ Ladysmith Local Municipality
Engineering

RISK ANALYSIS

Risk Context: Infrastructure Risks
Risk Name: Infrastructure: Roads Maintenance
Risk Description: Inability to maintain roads infrastructure.
Root Cause: Inadequate implementation of maintenance plan.
Inadequate operational budget.
Shortages of roads maintenance material.
Adverse weather conditions.

Consequences: Network collapsing (damaged roads).
High rate of accidents.
High replacement costs.
Tarnished image of the Municipality.

RISK ASSESSMENT

Impact Rating: 60 Major
Likelihood Rating: 60% Moderate
Inherent Risk Rating: 36 Major
Control Effectiveness (Current): 45% Satisfactory
Residual Risk (Current): 19 Minor
Control Effectiveness (Desired): 70% Good
Residual Risk (Desired): 10 Insignificant
Residual Risk Gap: 9 Insignificant

Current Controls
◆ Road Maintenance Plan.
◆ Pavement Management System.
◆ Regular Monitoring.

Action Plans & Accountability

Task Name | Description | Risk Owner | Action Owner | Status | Start Date | Due Date
--- | --- | --- | --- | --- | --- | ---
Align maintenance budget to Pavement Management System. |  | Municipal Manager | Manager Electricity Services | Not Started | 2012/08/28 | 2013/06/30
Start date: 28/08/2012
Due date: 30/06/2013
### Risk Analysis

#### Risk Context:
Financial Risks

#### Risk Name:
Financial Management: Assets Management

#### Risk Description:
Inadequate asset register.

#### Root Cause:
- Decentralisation of asset management.
- Lack of co-operation by staff to control movement of assets.
- Limited register for infrastructure assets.
- Duplication of assets.

#### Consequences:
- Loss of assets.
- Non compliance with GRAP 17.
- AG adverse opinion.

### Risk Assessment

<table>
<thead>
<tr>
<th>Impact Rating:</th>
<th>60</th>
<th>Major</th>
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<td>Control Effectiveness (Desired)</td>
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<td>Good</td>
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<td>Residual Risk (Desired)</td>
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<td>Insignificant</td>
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<tr>
<td>Residual Risk Gap</td>
<td>9</td>
<td>Insignificant</td>
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### Current Controls
- Assets Register.
- Assets Policy.
- Quarterly Assets Verification.

### Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
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<tr>
<td>Action Owner</td>
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</table>

- No future action plan.
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Public Safety

RISK ANALYSIS

Risk Context: Process/Operational Risks

Risk Name: Business Process: Traffic Services

Risk Description: Unethical behaviour (bribery, unauthorised issuing of licences and road worthy certificates).

Root Cause:
- Criminal elements.
- Conflict of interest.
- Inadequate segregation of duties.
- Inadequate supervision and monitoring by senior officials.

Consequences:
- Loss of revenue.
- Lawlessness.
- Poor service delivery.

RISK ASSESSMENT

Impact Rating: 60 Major

Likelihood Rating: 60% Moderate

Inherent Risk Rating: 36 Major

Control Effectiveness (Current): 45% Satisfactory

Residual Risk (Current): 19 Minor

Control Effectiveness (Desired): 70% Good

Residual Risk (Desired): 10 Insignificant

Residual Risk Gap: 9 Insignificant

Current Controls
- Gift register.
- Supervision and Monitoring.
- Annual Review of Peace Officers.
- Code of Ethics.
- Anti Fraud and Corruption Awareness and Hotline.
- Criminal Background Check Prior To Appointment.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Status</th>
<th>Start</th>
<th>Due Date</th>
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<td>Action Owner</td>
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</table>

- No future action plan.
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Corporate Services

RISK ANALYSIS

Risk Context: Technological and System Risks

Risk Name: Business Support: Information Technology

Risk Description: Ineffective information technology support.

Root Cause:
- Lack of capacity.
- Financial constraints.

Consequences:
- Loss of critical data.
- Operational inefficiency.
- Financial loss.
- Poor service delivery.

RISK ASSESSMENT

Impact Rating: 100 Critical
Likelihood Rating: 60% Moderate
Inherent Risk Rating: 60 Major
Control Effectiveness (Current) 70% Good
Residual Risk (Current) 18 Minor
Control Effectiveness (Desired) 90% Very Good
Residual Risk ( Desired) 5 Insignificant
Residual Risk Gap 12 Minor

Current Controls
- Information Technology Communications Policy.
- 5 Year Information Technology Policy.
- Call Centre.
- Information Technology Security Policy.
- Information Technology Strategy Plan.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
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<tr>
<td>Appointment of an Information Technology Manager.</td>
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<td>Municipal Manager</td>
<td>Manager Corporate Services</td>
<td>Not Started</td>
<td>2012/08/28</td>
<td>2012/10/31</td>
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<tr>
<td>Upgrading of systems infrastructure.</td>
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<td>Municipal Manager</td>
<td></td>
<td>Not Started</td>
<td>2012/08/28</td>
<td>2013/08/31</td>
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</tbody>
</table>
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Corporate Services

Action Owner: Manager Corporate Services
Start date: 28/08/2012
Due date: 30/06/2013
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Finance

RISK ANALYSIS

Risk Context: Fraud and Corruption Risks

Risk Name: Fraud and Corruption Risks

Risk Description: Vulnerability to fraud and corruption.

Root Cause:
- Conflict of interest.
- Manipulation of internal controls.
- Inadequate monitoring and supervision.
- Lack of segregation of duties.
- Unethical behaviour.

Consequences:
- Financial loss.
- Reputational damage.
- Office of the Auditor General queries.
- Non compliance with legislation.

RISK ASSESSMENT

Impact Rating: 100
Likelihood Rating: 60%
Inherent Risk Rating: 60
Control Effectiveness (Current): 70% Good
Residual Risk (Current): 18 Minor
Control Effectiveness (Desired): 90% Very Good
Residual Risk (Desired): 5 Insignificant
Residual Risk Gap: 12 Minor

Current Controls
- Segregation of Duties.
- Legal Support.
- Internal Audit Reviews.
- Internal Control Inspection.
- Anti Fraud and Corruption Strategy.
- Cash Up Procedures.

Action Plans & Accountability

<table>
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<th>Description</th>
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<td>Security Clearance for newly appointed staff.</td>
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<td>Action Owner: Chief Financial Officer</td>
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<td>Start Date: 28/08/2012</td>
<td>Due Date: 31/12/2012</td>
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<p>| Monitoring of segregation of duties. | | Not Started | 2011/08/01 | 2011/08/01 |
| Start Date: 28/08/2012 |</p>
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<th>Ongoing staff development and training.</th>
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<td>Due date: Ongoing quarterly</td>
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<tr>
<td>Action Owner: Chief Financial Officer</td>
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</table>
### Section D - Risk Analysis and Risk Assessment

**EMnambithi/ Ladysmith Local Municipality**  
**Office of the Mayor**

#### Risk Analysis

**Risk Context:** Political Risks

**Risk Name:** Political Office Bearers: Councillors Conduct

**Risk Description:** Unethical conduct of Councillors.

**Root Cause:**
- Lack of understanding of roles and responsibilities.
- Non compliance with legislation.

**Consequences:**
- Fraud and corruption.
- Poor service delivery.
- Invoking Section 139 by the Province.

#### Risk Assessment

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<tr>
<th></th>
<th>Current</th>
<th>Desired</th>
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<td><strong>Control Effectiveness (Current)</strong></td>
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<td><strong>Residual Risk (Current)</strong></td>
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<td><strong>Control Effectiveness (Desired)</strong></td>
<td>90%</td>
<td>Very Good</td>
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<td><strong>Residual Risk (Desired)</strong></td>
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<tr>
<td><strong>Residual Risk Gap</strong></td>
<td>12</td>
<td>Minor</td>
<td></td>
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</table>

#### Current Controls

- Councillors Code of Conduct.
- Councillors Induction.
- All Municipal Policies.

#### Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
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</table>

- No future action plan.
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Office of the Municipal Manager

RISK ANALYSIS

Risk Context: Process/Operational Risks
Risk Name: Business Support: Performance Management System
Risk Description: Ineffective implementation of the Performance Management System.
Root Cause:
- Unavailability of the Heads of Departments.
- Lack of understanding of the Performance Management System.
- Delays in submitting information for Performance Management System.
- Lack of incentive for evaluated staff.

Consequences:
- Rewarding of non-performance.
- Poor service delivery.
- Low staff morale.

RISK ASSESSMENT

Impact Rating: 60 Major
Likelihood Rating: 100% Certain
Inherent Risk Rating: 60 Major
Control Effectiveness (Current) 70% Good
Residual Risk (Current): 18 Minor
Control Effectiveness (Desired) 80% Very Good
Residual Risk (Desired): 5 Insignificant
Residual Risk Gap: 12 Minor

Current Controls
◆ Performance Management System Software.
◆ Performance Management System Framework.
◆ Performance Management System Plan.
◆ Quarterly Reviews.

Action Plans & Accountability

<table>
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<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
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</table>

◆ No future action plan.
## Risk Context:
Process/Operational Risks

## Risk Name:
Business Support: Internal Audit/Risk Management

## Risk Description:
Ineffective Internal Auditing and Risk Management services.

## Root Cause:
Lack of resources (Auditing system).
Lack of awareness/or understanding of the Internal Audit and Risk Management functions.

## Consequences:
Failure to achieve pre-determined goals and objectives, due to inability to understand risks facing the Municipality.
Failure to provide Internal Audit advice.

## Risk Analysis

| **Impact Rating** | 60 | Major |
| **Likelihood Rating** | 100% | Certain |
| **Inherent Risk Rating** | 60 | Major |
| **Control Effectiveness (Current)** | 70% | Good |
| **Residual Risk (Current)** | 18 | Minor |
| **Control Effectiveness (Desired)** | 90% | Very Good |
| **Residual Risk (Desired)** | 5 | Insignificant |

### Residual Risk Gap
- Current: 12
- Desired: Minor

## Current Controls
- Internal Audit Charter.
- Internal Audit Plan.
- Risk Management Framework.
- Internal Audit Methodology.
- Audit Committee Charter.
- Risk Management Plan.
- Audit Committee.

## Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
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- No future action plan.

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EMnambithi/ Ladysmith Local Municipality
Office of the Municipal Manager
# Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Corporate Services IT

## RISK ANALYSIS

### Risk Context:
Governance, Compliance/Regulatory and Reputational Risk

### Risk Name:
**IT - Asset Management**

### Risk Description:
Loss, Disposal or donation of IT assets which contain critical and confidential data.

### Root Cause:
- Inadquate disposal management procedures for IT assets.
- Inconsistent security checks on IT equipment at entrance and exit points.

### Consequences:
- Loss of assets.
- Financial Implications.
- Inability to account for assets.
- Adverse audit opinion.
- Loss of data.

## RISK ASSESSMENT

| Impact Rating: | 35 | Moderate |
| Likelihood Rating: | 80% | Likely |
| Inherent Risk Rating: | 28 | Moderate |
| Control Effectiveness (Current) | 45% | Satisfactory |
| Residual Risk (Current) | 15 | Minor |
| Control Effectiveness (Desired) | 70% | Good |
| Residual Risk (Desired) | 8 | Insignificant |
| Residual Risk Gap | 7 | Insignificant |

### Current Controls
- Laptop Acceptance Form(Policy).
- Asset Transfer Form.
- Asset Management Policy.
- Liability Cover for Notebooks/ Laptops.
- IT Asset Movement Form.

### Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
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</tbody>
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- No future task.

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Annexure D - Risk Analysis and Risk Assessment

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21 September 2012 09:32:21
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Economic Development

RISK ANALYSIS

Risk Context: Process/Operational Risks
Risk Name: Waste Management: Collection
Risk Description: Ineffective waste/refuse collection.
Root Cause: Inadequate resources.

Consequences:
- Illegal dumping.
- Poor service delivery.
- Community unrest.
- Health hazards.

RISK ASSESSMENT

| Impact Rating: | 60 | Major |
| Likelihood Rating: | 80% | Likely |
| Inherent Risk Rating: | 48 | Major |
| Control Effectiveness (Current): | 70% | Good |
| Residual Risk (Current): | 14 | Minor |
| Control Effectiveness (Desired): | 90% | Very Good |
| Residual Risk (Desired): | 4 | Insufficient |
| Residual Risk Gap: | 9 | Insufficient |

Current Controls
- Waste Collection Schedule.
- Waste Management Plan.
- Waste Removal Trucks.

Action Plans & Accountability

<table>
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<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
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<tr>
<td>Future identification of a dumping site.</td>
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</table>

Risk Owner: Municipal Manager
Action Owner: Manager Economic Development
Start Date: 28/08/2012
Due Date: 30/06/2014
### Risk Analysis

**Risk Context:** Infrastructure Risks

**Risk Name:** Electricity: Infrastructure Theft

**Risk Description:** Theft of electricity/electricity equipment.

**Root Cause:**
- Socio economic factors.
- Criminal elements.
- Lack of security.

**Consequences:**
- Poor service delivery.
- Loss of life.
- Financial loss.

### Risk Assessment

<table>
<thead>
<tr>
<th>Impact Rating</th>
<th>Likelihood Rating</th>
<th>Inherent Risk Rating</th>
<th>Control Effectiveness (Current)</th>
<th>Residual Risk (Current)</th>
<th>Control Effectiveness (Desired)</th>
<th>Residual Risk (Desired)</th>
<th>Residual Risk Gap</th>
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<tr>
<td>60</td>
<td>80%</td>
<td>48</td>
<td>70% Good</td>
<td>14 Minor</td>
<td>80% Very Good</td>
<td>4 Insignificant</td>
<td>9 Insignificant</td>
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</tbody>
</table>

### Current Controls
- Data Loggers.
- Quarterly Patrols.
- Frequent Meter Inspections.

### Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
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<tr>
<td>Action Owner</td>
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</table>

- No future action plans.
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Electricity and Infrastructure

RISK ANALYSIS

Risk Context: Infrastructure Risks
Risk Name: Electricity: Infrastructure
Risk Description: Ageing electricity infrastructure.
Root Cause:
- Lack of operational budget.
- Lack of proper planning.
Consequences:
- Poor service delivery.
- Failure to attract investments.
- Negative economic growth.

RISK ASSESSMENT

<table>
<thead>
<tr>
<th>Impact Rating:</th>
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<tbody>
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<td>Control Effectiveness (Current):</td>
<td>70%</td>
<td>Good</td>
</tr>
<tr>
<td>Residual Risk (Current):</td>
<td>14</td>
<td>Minor</td>
</tr>
<tr>
<td>Control Effectiveness (Desired):</td>
<td>90%</td>
<td>Very Good</td>
</tr>
<tr>
<td>Residual Risk (Desired):</td>
<td>4</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Residual Risk Gap:</td>
<td>9</td>
<td>Insignificant</td>
</tr>
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</table>

Current Controls

- Refurbishment Programme.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
</table>

Risk Owner: Municipal Manager
Action Owner: Manager Electricity and Infrastructure
Start Date: 28/08/2012
Due Date: 30/06/2018
### RISK ANALYSIS

**Risk Context:** Financial Risks

**Risk Name:** Financial Management: Budget Process

**Risk Description:** Over/under expenditure on Municipal programmes.

**Root Cause:**
- Inadequate monitoring of a budget.
- Urgent orders.
- Political interference.
- Unplanned projects expenditure.

**Consequences:**
- Failure to achieve the goals and objectives as per the Integrated Development Plan.
- Compromised service delivery.
- Auditor General queries.
- Community unrest.

### RISK ASSESSMENT

| Impact Rating | 60 | Major |
| Likelihood Rating | 80% | Likely |
| Inherent Risk Rating | 48 | Major |
| Control Effectiveness (Current) | 70% | Good |
| Residual Risk (Current) | 14 | Minor |
| Control Effectiveness (Desired) | 90% | Very Good |
| Residual Risk (Desired) | 4 | Insignificant |
| Residual Risk Gap | 9 | Insignificant |

### Current Controls

- Procurement Plan.
- National Treasury Circular.
- Budget Policy.
- Section 71 Reports.
- Virement Policy.

### Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
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<tr>
<td>Action Owner</td>
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- No future action plan.

---

**Annexure D - Risk Analysis and Risk Assessment**

Page 43 of 58
## Section D - Risk Analysis and Risk Assessment

**EMnambithi/ Ladysmith Local Municipality**  
**Finance**

### Risk Analysis and Risk Assessment

#### Risk Context:  
Financial Risks

#### Risk Name:  
**Financial Management: Contract Management**

#### Risk Description:  
Poor contract management.
Inadequate periodic review of long term contracts.
Inadequate performance monitoring system.

#### Root Cause:  
- Financial loss.
- Litigations.
- Poor service delivery.

#### Consequences:  
- Financial loss.
- Litigations.
- Poor service delivery.

### Risk Assessment

<table>
<thead>
<tr>
<th>Impact Rating</th>
<th>Likelihood Rating</th>
<th>Inherent Risk Rating</th>
<th>Control Effectiveness (Current)</th>
<th>Residual Risk (Current)</th>
<th>Control Effectiveness (Desired)</th>
<th>Residual Risk (Desired)</th>
<th>Residual Risk Gap</th>
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</thead>
<tbody>
<tr>
<td>60</td>
<td>80%</td>
<td>48</td>
<td>70%</td>
<td>14</td>
<td>90%</td>
<td>4</td>
<td>9</td>
</tr>
</tbody>
</table>

**Current Controls**
- Quotation Register.
- Contract Management Procedure.
- Supply Chain Management Policy and Regulation.
- Procurement Plan.
- Contracts Register.

**Action Plans & Accountability**

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
</table>
|           | Develop and Implement performance management system. | **Risk Owner:** Municipal Manager  
**Action Owner:** Chief Financial Officer | | Not Started | 2012/08/28 | 2013/06/30 |
|           |             |            |              |        |            |          |
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality

Finance

RISK ANALYSIS

Risk Context: Financial Risks

Risk Name: Financial Management: Revenue Management

Risk Description: Inability to maximise revenue.

Root Cause:
- Incorrect receipting.
- Prepaid vending system not interfaced with a financial system.
- Dishonoured cheques.

Consequences: Loss of revenue.

RISK ASSESSMENT

| Impact Rating: | 60 | Major |
| Likelihood Rating: | 80% | Likely |
| Inherent Risk Rating: | 48 | Major |
| Control Effectiveness (Current) | 70% | Good |
| Residual Risk (Current) | 14 | Minor |
| Control Effectiveness (Desired) | 90% | Very Good |
| Residual Risk (Desired) | 4 | Insignificant |
| Residual Risk Gap | 9 | Insignificant |

Current Controls

- Balancing Cash Daily.
- Cash Up Report.
- Detailed Procedure for Cash Collection.
- SAMRAS Financial Systems.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Status</th>
<th>Start Date</th>
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<tr>
<td>Action Owner</td>
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</tr>
</tbody>
</table>

- No future action plan.

21 September 2012 09:32:21
Financial Risks

Risk Name: Financial Management: Expenditure Management

Risk Description: Payments of goods and services not received or rendered.

Root Cause:
- Lack of verification of banking details.
- Head of Departments not verifying the invoices before submitting to Finance.

Consequences: Fruitless and wasteful expenditure.
- Irregular expenses.
- Fraud and corruption.

Impact Rating: 60
Likelihood Rating: 80%
Inherent Risk Rating: 48
Control Effectiveness (Current): 70%
Residual Risk (Current): 14
Control Effectiveness (Desired): 90%
Residual Risk (Desired): 4
Residual Risk Gap: 9

Current Controls
- Payment Verifications by Internal Control.
- Segregation of Duties.
- Payment Voucher.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
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<td>Action Owner</td>
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</tbody>
</table>

◆ No future action plan.
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Corporate Services IT

Risk Context: Disaster Recovery/Business Continuity Risk

Risk Name: IT - Management of Third Party Services

Risk Description: Non-deliverance of services by the service providers in line with the expectations and requirements of the municipality.
Root Cause:
- Lack of defined service level agreements with certain service providers.
- Poor contract management processes.
- Failure to monitor the implementation of services in line with the Service Level Agreements.

Consequences:
- Compromised service delivery.
- Fruitless and wasteful expenditure.
- Redundant application systems.
- Adverse audit opinion.

RISK ASSESSMENT

Impact Rating: 35 Moderate
Likelihood Rating: 60% Moderate
Inherent Risk Rating: 21 Moderate
Control Effectiveness (Current) 45% Satisfactory
Residual Risk (Current) 11 Minor
Control Effectiveness (Desired) 70% Good
Residual Risk (Desired) 6 Insignificant
Residual Risk Gap 5 Insignificant

Current Controls
- Service Level Agreements are drafted with the aid of Legal Services unit.
- Regular meetings with some service providers.
- Service Level Agreements for some Critical Applications:
  - SAMRAS
  - Georeality
  - Contour Prepaid Vending Electricity
  - Metval
  - Internet Services

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Status</th>
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<th>Due Date</th>
</tr>
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<tr>
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<td>2012/06/30</td>
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<tr>
<td>Risk Owner: Municipal Manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action Owner: IT Manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start Date: 21/05/2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due Date : 30/06/2012</td>
<td></td>
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</tr>
</tbody>
</table>

| **Regular meetings with all service providers.** | Not Started | 2012/06/01 |
| Quartely.                                      |            |           |
| Risk Owner: Manager- Corporate Services        |            |           |
| Action Owner: IT Manager                       |            |           |

| **Appoint of IT Steering Committee.**          | In Progress| 2012/05/21| 2012/06/30|

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<table>
<thead>
<tr>
<th>Risk Analysis and Risk Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EMnambithi/ Ladysmith Local Municipality</strong></td>
</tr>
<tr>
<td>Corporate Services IT</td>
</tr>
</tbody>
</table>

**Risk Analysis**

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<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Owner: Manager - Corporate Services</td>
<td></td>
</tr>
<tr>
<td>Action Owner: IT Manager</td>
<td></td>
</tr>
<tr>
<td>Start Date: 21/05/2012</td>
<td></td>
</tr>
<tr>
<td>Due Date: 30/06/2012</td>
<td></td>
</tr>
</tbody>
</table>

- Review Service Level Agreement with current service providers.
  - **Risk Owner:** Municipal Manager
  - **Action Owner:** Managers of different business units
  - **Start Date:** 02/04/2012
  - **Due Date:** 30/06/2012

**Status:** In Progress

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<table>
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<tbody>
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<td>Due Date: 30/06/2012</td>
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</table>
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Corporate Services

RISK ANALYSIS

<table>
<thead>
<tr>
<th>Risk Context:</th>
<th>Health and Safety / Security Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Name:</td>
<td>Human Resource: Employee Assistance Programme</td>
</tr>
<tr>
<td>Risk Description:</td>
<td>Ineffective implementation of Employee Assistance Programme.</td>
</tr>
<tr>
<td>Root Cause:</td>
<td>Lack of awareness and buy-in by employees.</td>
</tr>
<tr>
<td></td>
<td>Lack of confidentiality.</td>
</tr>
<tr>
<td></td>
<td>Lack of attendance of HIV/AIDS Steering Committee meetings.</td>
</tr>
</tbody>
</table>

Consequences:
- High rate of absenteeism.
- Low staff morale (Excessive work load).
- High stress levels.
- Poor performance and productivity.
- High disciplinary rate.

RISK ASSESSMENT

| Impact Rating: | 60 | Major |
| Likelihood Rating: | 60% | Moderate |
| Inherent Risk Rating: | 36 | Major |
| Control Effectiveness (Current): | 70% | Good |
| Residual Risk (Current): | 10 | Insignificant |
| Control Effectiveness (Desired): | 90% | Very Good |
| Residual Risk (Desired): | 3 | Insignificant |
| Residual Risk Gap: | 7 | Insignificant |

Current Controls

- Employee Assistance Programme Awareness.
- HIV/AIDS Steering Committee.
- Employee Assistance Programme Policy.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td></td>
<td></td>
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<tr>
<td>Risk Owner</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action Owner</td>
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</tr>
</tbody>
</table>

- No future action plan.
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Corporate Services IT

RISK ANALYSIS

Risk Context: Disaster Recovery/Business Continuity Risk
Risk Name: IT - Information Security
Risk Description: Exposure of critical data and systems to acts of irregularity such as hacking and system attacks, internet and e-mail misuse, manipulation of critical data, etc.
Root Cause:
- Implementation of obsolete technology.
- Inadequate user awareness and training.
- Less efforts towards implementing and managing preventative measures.
- Loss of unprotected media storage devices.
- Installation and utilisation of malicious, illegal or unauthorized software by users.
Consequences:
- Unauthorised access to sensitive information.
- Compromised information security.
- Financial loss due to fraud.
- Reputation damage.
- Litigation.

RISK ASSESSMENT

| Impact Rating: | 60 | Major |
| Likelihood Rating: | 60% | Moderate |
| Inherent Risk Rating: | 36 | Major |
| Control Effectiveness (Current): | 70% | Good |
| Residual Risk (Current): | 10 | Insignificant |
| Control Effectiveness (Desired): | 70% | Good |
| Residual Risk (Desired): | 10 | Insignificant |
| Residual Risk Gap: | 0 | Insignificant |

Current Controls

- E-mail/Internet & Network Access Forms.
  Approval of access to the e-mail, internet and network has to be approved by the manager of the respective division.
  Users are also required to acknowledge through a signature to comply with the municipal rules of use of information systems resources.

- Password controls.
- IT Security Policy.
- Proxy Server.
- Communication Policy.
- Firewall Systems.
- Anti-Virus Systems.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
</table>
| Awareness training and Workshop for employees. | Risk Owner: Manager- Corporate Services  
Action Owner: IT Manager  
Start Date: 30/09/2013 | Not Started | 2012/05/21 | 2013/09/30 |
### Section D - Risk Analysis and Risk Assessment

**EMnambithi/ Ladysmith Local Municipality**  
**Corporate Services IT**

<table>
<thead>
<tr>
<th>Task Description</th>
<th>Status</th>
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<th>Due Date</th>
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<tbody>
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<td>In Progress</td>
<td>2012/05/21</td>
<td>2012/06/30</td>
</tr>
<tr>
<td>Risk Owner: Manager- Corporate Services</td>
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<td></td>
</tr>
<tr>
<td>Action Owner: IT Manager</td>
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</tr>
<tr>
<td>Start Date: 21/05/2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due Date : 30/06/2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Strategy.</td>
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<td>2012/05/21</td>
<td>2012/06/30</td>
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<tr>
<td>Risk Owner: Manager- Corporate Services</td>
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<td></td>
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</tr>
<tr>
<td>Action Owner: IT Manager</td>
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<tr>
<td>Start Date: 21/05/2012</td>
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<tr>
<td>Due Date : 30/06/2012</td>
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<tr>
<td>Approval of Back Up Policy.</td>
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</tr>
<tr>
<td>Action Owner: IT Manager</td>
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<tr>
<td>Start Date: 21/05/2012</td>
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<tr>
<td>Due Date : 30/06/2012</td>
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</tbody>
</table>
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Engineering

RISK ANALYSIS

Risk Context: Project Risks

Risk Name: Business Support: Project Management-Monitoring

Risk Description: Ineffective project management.

Root Cause:
- Lack of capacity and resources.
- Undue pressure from different stakeholders.
- Shift in priorities.

Consequences:
- Poor service delivery.
- Community unrest.
- Tarnished image of the Municipality.
- Delays in implementation and finalisation of projects.
- Financial loss due to substandard quality.
- Non compliance with legislation.

RISK ASSESSMENT

Impact Rating: 60
Likelihood Rating: 60% Moderate
Inherent Risk Rating: 36 Major
Control Effectiveness (Current) 70% Good
Control Effectiveness (Desired) 90% Very Good
Residual Risk (Current) 10 Insignificant
Residual Risk (Desired) 3 Insignificant
Residual Risk Gap 7 Insignificant

Current Controls
- General Conditions of contract.
- Monitoring and Supervision.
- Contract Register.
- Supply Chain Management Policies and Procedures.
- Progress Reports.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Status</th>
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<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

- No future action plan.
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Office of the Mayor

RISK ANALYSIS

Risk Context: Governance, Compliance/Regulatory and Reputational Risks

Risk Name: Business Support: Municipal Public Accounts Committee

Risk Description: Ineffective functioning of Municipal Public Accounts Committee (MPAC).

Root Cause:
1. Non preparation prior to meetings.
2. Misunderstanding of roles and responsibilities.
3. Limited Legislation requirement.

Consequences:
1. Poor quality advise from committees.
2. Failure to improve Municipality's systems of internal controls.

RISK ASSESSMENT

| Impact Rating: 60 | Major |
| Likelihood Rating: 60% | Moderate |
| Inherent Risk Rating: 36 | Major |
| Control Effectiveness (Current): 70% | Good |
| Residual Risk (Current): 10 | Insignificant |
| Control Effectiveness (Desired): 90% | Very Good |
| Residual Risk (Desired): 3 | Insignificant |
| Residual Risk Gap: 7 | Insignificant |

Current Controls
- Terms of References.
- Schedule of Meetings.
- Agendas Distributed 3 Days Prior to Meetings.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Risk Owner</th>
<th>Action Owner</th>
<th>Status</th>
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<tbody>
<tr>
<td>Training of Municipal Public Accounts Committee Members.</td>
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<td>Due Date: 30/06/2013</td>
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</tbody>
</table>
### Risk Analysis

**Risk Context:** Infrastructure Risks

**Risk Name:** Infrastructure: Municipal Facilities Safeguarding

**Risk Description:** Failure to safeguard Municipal facilities.

**Root Cause:**
- Lack of awareness/ownership.
- Criminal elements.

**Consequences:**
- Financial loss.
- Vandalism.
- Poor service delivery.

### Risk Assessment

<table>
<thead>
<tr>
<th>Impact Rating</th>
<th>Likelihood Rating</th>
<th>Inherent Risk Rating</th>
<th>Control Effectiveness (Current)</th>
<th>Residual Risk (Current)</th>
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<td>80%</td>
<td>28</td>
<td>70%</td>
<td>8</td>
<td>2</td>
<td>6</td>
</tr>
</tbody>
</table>

**Current Controls**
- Surveillance Cameras.
- Caretakers.
- Alarm Systems.
- Security.

**Action Plans & Accountability**

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
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<tbody>
<tr>
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</table>
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Finance

RISK ANALYSIS

Risk Context: Governance, Compliance/Regulatory and Reputational Risks

Risk Name: Financial Management: Tender Awards

Risk Description: Awarding of tenders to people/suppliers in the employ of the state.

Root Cause:
- Limited access to Companies and Intellectual Property Commission database(CIPC).
- Limited access to national employment databases.
- Unethical behaviour by state employees.
- Lack of declaration of interest at the database registration stage.

Consequences: Irregular expenditure.
- Tarnished image of the organisation.

RISK ASSESSMENT

Impact Rating: 35 Moderate
Likelihood Rating: 80% Likely
Inherent Risk Rating: 28 Moderate
Control Effectiveness (Current) 70% Good
Residual Risk (Current) 8 Insignificant
Control Effectiveness (Desired) 90% Very Good
Residual Risk (Desired) 2 Insignificant
Residual Risk Gap 5 Insignificant

Current Controls
- Declarations by Staff and Service Providers.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Status</th>
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<th>Due Date</th>
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</table>

Annexure D - Risk Analysis and Risk Assessment
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Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Corporate Services IT

RISK ANALYSIS

Risk Context: Governance, Compliance/Regulatory and Reputational Risk

Risk Name: IT - Physical Access and Environmental Controls

Risk Description: Exposure of critical data and IT Assets to damage or loss.

Root Cause: Lack of server rooms standards.
Financial constraints.

Consequences: Loss or damage to IT infrastructure.
Loss of critical data.

RISK ASSESSMENT

<table>
<thead>
<tr>
<th>Impact Rating</th>
<th>Likelihood Rating</th>
<th>Inherent Risk Rating</th>
<th>Control Effectiveness (Current)</th>
<th>Residual Risk (Current)</th>
<th>Control Effectiveness (Desired)</th>
<th>Residual Risk (Desired)</th>
<th>Residual Risk Gap</th>
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<td>70%</td>
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<td>70%</td>
<td>7</td>
<td>0</td>
</tr>
</tbody>
</table>

Current Controls

- Biometrics Access Controls.

- Environmental Controls.
  Access Control Register.
  Smoke Detectors (sms sent incase of smoke).
  Fire Extinguishers.
  Server Area closed with aluminium frame with a lockable sliding door and shatter proof glass.
  Airconditioner.
  Servers have been stored in metal lockable rack units.
  No windows.

Action Plans & Accountability

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Description</th>
<th>Status</th>
<th>Start Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Owner</td>
<td>Action Owner</td>
<td></td>
<td></td>
<td></td>
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<table>
<thead>
<tr>
<th>Procurement of Server.</th>
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<tbody>
<tr>
<td>Risk Owner: Manager- Corporate Services</td>
</tr>
<tr>
<td>Action Owner: IT Manager</td>
</tr>
<tr>
<td>Start Date: 17/04/2012</td>
</tr>
<tr>
<td>Due Date: 18/05/2012</td>
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<table>
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<tr>
<th>Procurement of Fire Supression System.</th>
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<tbody>
<tr>
<td>Risk Owner: Manager- Corporate Services</td>
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<tr>
<td>Action Owner: IT Manager</td>
</tr>
<tr>
<td>Start Date: 21/05/2012</td>
</tr>
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<td>Due Date: 31/07/2013</td>
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<table>
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<tr>
<th>Procurement of Generator.</th>
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<td>Risk Owner: Manager- Corporate Services</td>
</tr>
<tr>
<td>Action Owner: IT Manager</td>
</tr>
<tr>
<td>Start Date: 21/05/2012</td>
</tr>
</tbody>
</table>

21 September 2012 09:32:21
Section D - Risk Analysis and Risk Assessment

EMnambithi/ Ladysmith Local Municipality
Public Safety

RISK ANALYSIS

Risk Context: Process/Operational Risks


Risk Description: High rate of accidents.

Root Cause:
- Damage/theft of signage.
- Substance abuse.
- Defects on traffic signals.
- Invisible/substandard road markings.
- Misinterpretation of road traffic rules.
- Unlicenced/unauthorised drivers.
- Reckless and negligent driving.
- Poor maintenance of the roads.

Consequences:
- Loss of life and property.
- High replacement cost.
- High rate of claims against the Municipality.

RISK ASSESSMENT

Impact Rating: 35  Moderate
Likelihood Rating: 60%  Moderate
Inherent Risk Rating: 21  Moderate
Control Effectiveness (Current) 70%  Good
Residual Risk (Current) 6  Insignificant
Control Effectiveness (Desired) 90%  Very Good
Residual Risk (Desired) 2  Insignificant
Residual Risk Gap 4  Insignificant

Current Controls
- Repairs and Maintenance of Street Furnisher.
- Road Traffic Signs.
- Traffic Calming Measures.
- Road Blocks.
- Traffic Prosecution for Offenders.
- Red Robot Violations.
- Traffic Officer/Law Enforcement.

Action Plans & Accountability

Task Name
Description
Risk Owner
Action Owner
Status  Start Date  Due Date

- No future action plan.