

**Overberg District Municipality**  
**Strategic Risk Register 2018-2019**

Risk Item	Risk Category	Risk Description	Risk Background	Cause of risk	Consequences	Impact	Impact Rating	Likelihoods	Likelihood Ratings	Inherent risk Exposure	Inherent risk rating	Current Controls	Perceived Control Effectiveness	Residual Risk	Residual Risk exposure	Directorate
Carry over	Social environment	Escalating Social Ills within the District	Socio economic issues which involves drugs, alcohol, poverty, teen pregnancy, poaching, abuse etc. Both affecting ODM internally as well as externally. Indirect and direct impact on service delivery.	Social development insufficient.  Lack of work in the region.	Continuing cycle of poverty and unemployment.  Increase in crime as a result of substance abuse.	Critical	9	Certain (100%)	10	High	90	LED initiatives - create jobs and opportunities to mitigate unemployment through LED programmes._Similar government initiatives aimed at job creation._Employee Assistance programme (Internal)	Ineffective	High	72	Office of the Municipal Manager - Municipal Manager
Carry over	Economic environment	Grading of municipalities	Grading of municipality (grade 4) are not aligned with salary structure of its Directors (compensated on grade 2)	Regulations set on salaries by National government caused a direct financial loss to salaries (R3.4m in loss of subsidy)	Loss of key staff members to municipalities with a higher grading Failure to attract skilled staff	Critical	9	Certain (100%)	10	High	90	District Municipalities have submitted a report on the negative impacts of the grading system	Inherent/Moderate controls in place	High	81	Office of the Municipal Manager - Municipal Manager
Carry over	Knowledge and information management	Leverage Shared Services opportunities	Leverage shared services opportunities	Shared services is only on a contract basis and not a permanent institution No Budget to develop Cell	Increased costs	Minor	3	Probable (80%)	8	Low	24	Contract period stipulated according SLA_Shared cost model (Budget allocated for services by all municipalities within the district)	Effective	Low	9.6	Office of the Municipal Manager - Municipal Manager
Carry over	Human Resources	Appointment of key management	Unfilled position of the Director of Community Services & Corporate Services	Historical ODM issues Lack of trust between Management and staff	Failure to meet service delivery objectives Potential litigation for failing to deliver on basic services Failure to implement task	Major	8	Certain (100%)	10	High	80	Appointment of Municipal Manager and the Chief Financial Officer And Head of Corporate Services	Effective	Medium	32	Office of the Municipal Manager - Municipal Manager
Carry over	Economic environment	Calculation of Equitable Share	Equitable Share was appropriated lower than expected and affects the overall budget and planning of the municipality	Formula applied on historic base by National Treasury municipality is currently short staffed	85% income based on calculation Inability to deliver on IDP Reputational damage  Clean audit may not be sustainable	Catastrophic	10	Certain (100%)	10	High	100	Consultation process_Budget process	Inherent/Moderate controls in place	High	90	Finance - Financial Services
Carry over	Financial environment	Lack of revenue source	Revenue source _ Unfunded mandates (Lack of clarity with regard to responsibility for Agri Parks in different spheres of government). Inadequate governance capacity	Lack of legal clarity on revenue generation initiatives No replacement of RSC levies  Over reliance on the equitable share 85% income based on calculation	Inability to deliver on IDP  Reputational Damage  Financial strain on already limited resources	Critical	9	Almost Certain (90%)	9	High	81	Budget process	Inherent/Moderate controls in place	High	72.9	Finance - Financial Services
Carry over	Human resources	Attraction and retention of skilled staff.	Staff structure.  Unfunded staff vacancies.  Employment Equity Candidates.  Attractiveness of Overberg staff for bigger municipalities. Due to the nature and compensation of certain vacancies advertised, sometimes less attractive for competent and qualified job seekers.  Key individuals.	Current funding levels not optimal to pay a premium for Employment Equity candidates.  Loss of key personnel.  Lack of transfer of skills.  Lack of internal revenue source. Location of the ODM.  Income received from road agency fees "subsidised" other services.	High vacancy rate.  Possible fines and penalties.  Failure to achieve Employment Equity targets.  Inability to deliver services.  Non compliance with legislation.  Delivery of services with less staff.  Reputational damage. Management stretched in terms of workload	Critical	9	Certain (100%)	10	High	90	Commitment of current staff_Critical posts identified_MFIP_EPWP skills programme._Internship programme._Grant funding (provincial and National)_Consultants are used when required._Staff recruitment policy and directive._Employment Equity plan._Promotion	Ineffective	High	72	Finance - Financial Services
New Risk	Environmental	Drought Conditions in the Overberg	Strategic oversight role of the district municipality to assist administratively and politically in mitigating the drought conditions.	Extreme weather anomalies  Global warming	Negative impact on local economy, agriculture and tourism Inability to deliver services Increase in cost of service delivery	Significant	7	Potential (50%)	5	Low	35	Disaster Management programme._Municipal Health programme_Environmental Management programme._Climate change strategy for the Western Cape_Global Environmental Fund	Moderately Effective	Medium	22.75	Community Services - Director: Community Services

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					Loss of income and damage to assets Impact on service delivery							(Fynbos fire protection)_Spatial Development Framework_Application of available research				
Carry over	Human Resources	Service delivery - Municipal Health Function	Non-compliance with national norms and standards. Capacity of health and safety services (District Function).  Under funding of capital budget.  Under funding for health and safety service.	Unfunded vacancies. Staff losses to other municipalities.  Insufficient numbers (currently 50% staff shortages). Lack of resources (Property plant and equipment)  Ageing/ unreliable Property, Plant and Equipment.	Fatalities and illnesses. Reputational damage.  Negative staff morale.  Non-compliance with legislative requirements.  Litigation against ODM for service delivery.  Fatalities and/or illness within the district.	Major	8	Probable (80%)	8	High	64	Reducing the number of actions/ functions that provide services_Municipal Health programme.	Ineffective	High	51.2	Community Services - Director: Community Services
Carry over	Financial environment	IDP limited by budgetary constraints	IDP vs Budget	Budgetary constraints  Allocation of resources  Ineffective community participation and consultation	Skewed service delivery  Reputational damage  Unauthorized expenditure  Fruitless expenditure	Significant	7	Expected (70%)	7	Medium	49	Community consultation and participation forums. _SDBIP_IDP budget process plan._District IDP framework.	Moderately Effective	Medium	31.85	Finance - Director: Management Services
Carry over	Economic environment	Loss of Roads Agency function	Should the function of Roads be transferred back to the Provincial Department the municipality will then have a catastrophic financial	Non alignment between spheres of government	Loss of income that is currently used to fund other services	Catastrophic	10	Possible (60%)	6	Medium	60	Annual renewable SLA with Provincial Government _Good relationship with Provincial Government	Very Effective	Low	12	Finance - Director: Management Services
Carry over	Compliance	Cost of Financial governance vs Basic Service Delivery	Duplication of legislative requirements for the submission of information leading to an increased cost of financial governance making it difficult to maintain clean audit status.	Two sets of legislation that amounts to different sets of information.   High cost of ensuring compliance and good governance. Fees attached with the audit is very high.	Misinterpretation of financial information and standing of ODM.   Loss of capacity to meet compliance requirements.  Increased cost of use of consultants and audit fees. Reputational damage	Moderate	6	Possible (60%)	6	Low	36	Requested LGMTEC to do away with the appendices and request that appendices are not used for formal budget reporting regulations._Stable leadership._Policies and procedures (SOP)._Long term financial plan._Key controls managed in-house.  _Audit file ready	Ineffective	Medium	28.8	Finance - Director: Management Services
Carry over	Economic environment	Limited Growth of Regional Economic Development	Deteriorating economic conditions	Deteriorating macro-economic conditions globally and nationally   Emerging Drought Conditions	Additional strain on B-municipalities which in turn negatively affects ODM  Negative impact on service delivery due to increased costs while not being able to recover from the local residents	Marginal	5	Potential (50%)	5	Low	25	Budget and financial processes_Interventions from LED (monitoring progress of B-Municipalities)_Conventions and workshops_DCF and Shared Service model (collective contribution) which will result in lower costs for the same product	Ineffective	Medium	20	Finance - Director: Management Services
Carry over	Service delivery	Service Delivery - Emergency Services Function	Non-compliance with national norms and standards. Capacity of health and safety services (District Function).  Under funding of capital budget.  Disaster funding.	Unfunded vacancies. Staff losses to other municipalities.  Insufficient numbers (currently 50% staff shortages). Lack of resources (Property plant and equipment)	Fatalities and illnesses. Reputational damage.  Negative staff morale.  Non-compliance with legislative requirements.	Major	8	Probable (80%)	8	High	64	Disaster management programme_Expand use of EPWP workers.	Moderately Effective	High	41.6	Community Services - Director: Community Services

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				Ageing/ unreliable Property, Plant and Equipment.	Litigation against ODM for service delivery.  Fatalities and/or illness within the district.											
Carry over	Compliance	Delegations not in alignment with the approved Organisational Structure, IDP and SCM policy	Council adopted the current delegations on 30 August 2016.  Current delegations not aligned with new approved IDP, Organisational Structure and policies	No alignment with approved structure and IDP	Unauthorised and irregular expenditure with possible financial losses and or financial misconduct.  Actions not within legal framework	Critical	9	Almost Certain (90%)	9	High	81	Approved Delegations	Ineffective	High	64.8	Finance - Financial Services
Carry over	Financial environment	<b>Karwyderskraal's Influence on the Financial Viability of ODM</b>	National Norms and Standards implemented by DEA radically increased the operational cost of constructing/expanding of landfill facilities	<b>A lot of variables and legislative compliance that may lead to increase in financial liabilities and IGR considerations. Determination of tariffs based on the full cost account of the waste service rendered.</b>	Potential Loss of Income _ <b>Non Compliance with legislative requirements</b>  Inability to render services to B-municipality (Inability to fulfil district mandate)	Major	8	Certain (100%)	10	High	80	Lease Agreement with Overstrand & TWK to maintain function  Repeated Requests to review MIG Funding	Ineffective	High	64	Community Services - Environmental Management

Approved by Municipal Manager:



Date:

*30.5.2018*