

EMAKHAZENI LOCAL MUNICIPALITY

DATE: 09-10 MARCH 2026

Presentation to cover the following:

- Introduction
- Statutory and Legal Obligations of RMAFACC
- Areas of RMAFACC Support
- ELM Strategic Risks
- Risks Mitigations Action Plans Performance Implementation
- Benefits of Risk Management Implementation
- Risk Management Role Players
- Risk Assessments
- Effective Risk Management Implementation
- Enterprise-Wide Risk Management Implementation

1. Introduction

What is the risk?

- Risk refers to an unwanted outcome, actual or potential, to service delivery and other performance objectives, caused by the presence of risk factor(s).
- Risk is also refers to uncertainty of events; including the likelihood of such events occurring and their effect (Impact) both positive and negative, on the achievement of objectives.

What is Risk Management?

- Risk management is a systematic and formalised process instituted by municipality to identify, assess, classify, manage, monitor and report risks, on a continuous basis before such risks can impact negatively on the municipality's service delivery capacity.

What is Risk assessment?

- Risks should be assessed based on their **likelihood** of occurring and the **impact** of their occurrence on a particular municipality objective(s) it is likely to affect.

What is Enterprise Wide Risk Management?

- Enterprise Wide Risk Management (EWRM) is the application of risk management throughout the municipality rather than only in selected business areas or disciplines of the municipality

Introduction

- The Municipal Council of eMakhazeni Local Municipality (ELM) should commit the municipality to a process of risk management that is aligned to the King IV Report on Corporate Governance (now King V), supported by the Public Sector Risk Management Framework and Municipal Finance Management Act (MFMA).
- The Municipal Manager must set the right tone on top for risk management implementations at ELM.
- Although all officials are aware of the need to prevent loss and to safeguard stakeholders' interest.
- The Officials may not be quite so clear about the municipality's desire and standpoint on risk management implementations matters in order to achieve objectives of the municipality.
- It is the desired intention that all directorate, departments, operations and processes should work together in a consistent and integrated manner with the overall objective of reducing or mitigating risks in ELM in order to achieve municipal objectives.

Statutory and Legal Obligations of RMAFACC

- Section 62(1)(c)(i) of the Local Government Municipal Financial Management Act (No. 56 of 2003) stipulates that the Accounting Officer is responsible for managing the financial administration of the municipality; and for this purpose the Accounting Officer must take all reasonable steps to ensure amongst others things that the municipality has and maintains effective, efficient and transparent systems of financial, risk management and internal control.
- Public Sector Risk Management Framework was developed in response to requirements of MFMA and PFMA public institutions to implement and maintain effective, efficient and transparent systems of risk management and controls.
 - It focus on supporting public sector institutions to improve and sustain their performance by enhancing their systems of risk management implementation in order to protect them against adverse outcomes and optimise opportunities.
- COSO Framework which is widely adopted structured model for designing, implementing and assessing internal control in order to ensure effective governance, risk management and compliance.
 - It focus on five integrated components namely control environment, risk assessments, control activities, information & communication and monitoring.

Statutory and Legal Obligations of RMAFACC

- The King IV Report on Corporate Governance prescribes that an organisation should establish a management structure that adequately identifies, measures, monitor, evaluate and controls the risks involved on both strategic and operational levels. King V Report on Corporate Governance is now in place and it came into effect from the 01 January 2026.
- ISO 31000 which is an international standard providing the framework and process for managing risk in the institution.
- It provide guidance on risks identifications, analysis, evaluations, treatment and monitoring.
- ISO 37000 which focus on governance to achieve institutional objectives in an ethical, responsible and sustainable manner.
- In order to give effect to the above the Accounting Officer (AO) in consultation with the Municipal Council had established the Risk Management, Anti-Fraud and Anti-Corruption Committee to fulfil these obligations and compliance with the legislations and best practices.

Areas of RMAFACC Support

- Risk Management, Anti-Fraud and Anti-Corruption Committee (RMAFACC) is an oversight committee responsible to the Accounting Officer (AO) and Council for the monitoring of risk management which includes assisting in designing, implementing and coordinating the institution's risk management, anti-fraud and anti-corruption preventions and detections initiatives.
- RMAFACC is constituted by both independent external chairperson and management of the municipality and other stakeholders of the municipality.
- RMAFACC plays its oversight roles in assisting the Accounting Officer to address requirements of the municipality to manage, evaluate and monitor the performance with regards to risk management, anti-fraud and anti-corruption matters.
- Review risk management, anti-fraud and anti-corruption policies, strategies, plans, procedures and risk registers and evaluate effectiveness of their implementation.

Areas of RMAFACC Support

- To give direction, guidance and support on risk management, anti-fraud and anti-corruption initiatives implementation matters in the municipality.
- To facilitate the establishment, improvements and sustainability of risk management capacity within the municipality.
- Advice, monitor and oversee risk management implementation processes.
- Recommend improvements on the implementation of risk management, anti-fraud and anti-corruption initiatives to the Council, Accounting Officer, Management, Risk Management Unit, Audit Committee and Internal Audit.
- Review annually the adequacy and relevancy of RMAFACC Charter in line with best practices.

Areas of RMAFACC Support

- Evaluate any material findings and recommendations of assurance providers on the system of risk management; and
- Monitor that appropriate actions are instituted and implemented by management to address the identified weaknesses and deficiencies.
- Develop and implement goals, objectives and key performance indicators for the committee.
- Provide proper and timely reports to the Accounting Officer, Audit Committee and Council on the state of risk management, anti-fraud and anti-corruption initiatives implementation;
Together with aspects requiring improvements accompanied by the committee recommendations to address such issues.
- RMAFACC had adopted appropriate Terms of Reference which were approved by the Municipal Council for implementation in 2025/2026 Financial Year to guide its effective functioning, clarify its authority and constitution of membership.

ELM Current Strategic Risks

- SR1: Inadequate social and economic development
- SR2: Inadequate and unsustainable financial management
- SR3: Inadequate implementation of municipal systems and support
- SR4: Inadequate access and unsustainable provision of basic services
- SR5: Inadequate measures to ensure compliance to public safety and security
- SR6: Inadequate implementation of Public Participation Policy and Strategy
- SR7: Inadequate integrated development for human settlements in urban and rural planning
- SR8: Possible delays in the adoption of the IDP.

Mitigations Action Plans Performance Implementation

Risk Management Implementation Plan

- Quarter 3 of 2024/2025: 4/4 (100%)
- Quarter 4 of 2024/2025: 8/10 (80%)

Strategic Risk Register Performance

- Quarter 3 of 2024/2025: 38/39 (97%)
- Quarter 4 of 2024/2025: 33/35 (94%)

Operational Risk Register Performance

- Quarter 3 of 2024/2025: 47/52 (90%)
- Quarter 4 of 2024/2025: 44/49 (90%)

ICT Risk Register Performance

- Quarter 3 of 2024/2025: 8/8 (100%)
- Quarter 4 of 2024/2025: 10/10 (100%)

MSCOA Risk Register Performance

- Quarter 3 of 2024/2025: 3/3 (100%)
- Quarter 4 of 2024/2025: 2/3 (67%)

Risks Mitigations Action Plans Performance Implementation

Project Risk Register Performance

- Quarter 3 of 2024/2025: 6/6 (100%)
- Quarter 4 of 2024/2025: 5/5 (100%)

Fraud Risk Register Performance

- Quarter 3 of 2024/2025: 14/14 (100%)
- Quarter 4 of 2024/2025: 12/12 (100%)

RMAFACC has not yet fully assessed Quarter 1 and 2 of 2025/2026 Financial Year Risk Registers as risk assessments were finalised in Quarter 1 of 2025/2026.

RMAFACC sent the request to management for urgent meeting to be held in order to assess mitigation action plans performance implementation for Quarter 1 and 2 of 2025/2026 Financial Year.

RMAFACC recommended that annual schedule of meetings be developed and implemented to ensure that meetings takes place on time as planned.

RMAFACC would like to see full integration of risk management into the planning, budgeting, implementation and reporting of the municipality.

Benefits of Risk Management Implementations

- Adequate planning and realisation of IDP and SDBIP depends on ELM being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders
- Sound risk management enables ELM to anticipate and respond to changes in service delivery environment and take informed decisions under conditions of uncertainty.

ELM should subscribe and commit to fundamental principles that all resources will be applied economically in order to ensure the following:

- The highest standards of service delivery to the community;
- A system that minimise risks and costs in the interest of all stakeholders;
- Education and training of all our staff to ensure continuous improvements.
- Maintaining an environment, which promotes the right culture, attitude and sensitivity towards internal and external stakeholders' satisfactions.

Benefits of Risk Management Implementations

Risk management will assist the municipality to benefit and achieve, among other things, the following outcomes needed to underpin and enhance performance:

- more sustainable and reliable delivery of services to the community;
- informed decisions underpinned by appropriate rigour and analysis;
- tools to anticipate changes and threats that face ELM and to allocate appropriate resources;
- provide assurance to ELM's management and stakeholders that critical risks are being managed appropriately within the municipality;
- reduced waste;
- Improved Innovations;
- prevention of fraud and corruption;
- better value for money through more efficient use of resources; and
- better outputs and outcomes through improved projects management.

Risk Management Role Players

Role Players of Risk Management within ELM

Risk Management Oversight

Municipal Council

- Municipal Council takes an interest in risk management to the extent necessary to obtain comfort that the properly established and functioning systems of risk management are in place to protect the municipality against significant risks.

Audit Committee

- Audit Committee is an independent committee responsible for oversight of the municipality's control, governance and risk management.
- The responsibilities of the Audit Committee with regard to risk management are formally defined in its charter.
- The Audit Committee provides an independent and objective view of the municipality's risk management effectiveness.

Risk Management Role Players

Role Players of Risk Management within ELM

Risk Management Oversight

Risk Management, Anti-Fraud and Anti-Corruption Committee (RMAFACC)

- RMAFACC should assist the municipality with discharging responsibilities for risk management implementation.
- The Committee's role is to review the risk management effectiveness, progress and maturity of the municipality, key risks facing the municipality and the responses or mitigation actions or controls to address these key risks.
- The responsibilities of the Risk Management Committee are formally defined in its charter.

Risk Management Role Players

Role Players of Risk Management within ELM

Risk Management Implementers

Municipal Manager

- Municipal Manager is accountable for the municipality overall governance of risk management implementation. By setting the tone at the top, the Municipal Manager promotes accountability, integrity and other factors that will create a positive or improved control environment.

Management

- Management is responsible for executing their responsibilities outlined in the risk management prescripts and for integrating risk management into their daily activities.

Other Officials

- Other officials are responsible for integrating risk management into their day-to-day activities. They must ensure that their delegated risk management responsibilities are executed and continuously report on progress.

Risk Management Role Players

Risk Management Support

Risk Officer

- Risk Officer is the custodian of the Risk Management Prescripts and coordinator of risk management activities throughout ELM. The primary responsibility of the Risk Officer is to bring his/her expertise to assist the municipality to embed risk management and leverage its benefits to enhance performance and achievements of objectives of the municipality.

Risk Champions

- Risk Champion is a person with the skills, knowledge, leadership qualities and power of office required to champion a particular aspect of risk management.
- Risk Champion should add value to the risk management process by providing guidance and support to manage or mitigate risks and risks of a transversal nature that require a multiple participant approach.

Risk Management Role Players

Risk Management Assurance Providers

Internal Audit

- The role of the Internal Audit in risk management is to provide an independent, objective assurance on the effectiveness of ELM's system of risk management.
- Internal Audit must evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement where necessary.

External Audit

- The external auditor (Auditor General South Africa) provides an independent opinion on the effectiveness of risk management.

Risk Assessments

- Risk assessment is a systematic process to quantify or qualify the level of risk associated with a specific threat.
- The main purpose of risk assessment is to help ELM to prioritise the most important risks as ELM is not expected to have the capacity to deal with all risks on an equal basis or manner.
- At least once a year, ELM should conduct assessment of its risks at all levels.
- Risk assessments should be performed during the municipality's strategic planning sessions per each objectives.
- Once risks have been identified per objectives, they need to be assessed in terms of their likelihood of the risk occurring and the potential impact on the municipality should the risk occur.
- Risk assessment should involve interrogating risks at two levels, namely at the inherent risk level and the residual risk level, using the same rating criteria for each assessment.
- Inherent risk considers the likelihood and impact of the risk in the absence of any management control interventions.
- Residual risk is the level of risk remaining after the mitigating influence of the existing control interventions is considered.

Effective Risk Management Implementation

Effective risk management implementation can be achieved through the following:

- Appointing Risk Owners who are Directors (at the level of top management) for each directorate and assigning them clear risk management responsibilities to implement.
- Appointing representatives (Risk Champions) from each directorate, whose responsibilities will be to ensure implementation, monitoring, evaluations and revising plans in order to assist the Risk Owners to implement their risk management responsibilities and achieve their objectives and priorities.
- Inclusions of Risk Management as Key Performance Indicator and targets in the performance agreements of Senior Managers and other officials with more score allocated weight and their related quarterly performance assessments.
- Including risk management as standing agenda item at every Council, Mayoral Committee, Portfolio Committees and Senior Management Committee meetings.
- Every employee is responsible for executing risk management processes in their areas of responsibilities and adhering to established risk management policy, principles and procedures.

Enterprise-Wide Risk Management Implementation

Implementation of Enterprise Wide Risk Management Approach:

- An Enterprise Wide Risk Management approach to risk management means that every key risk in each part of the municipality will be included in a structured and systematic process of risk management.
- It is expected that the risk management processes will become embedded into the municipality's systems and processes, ensuring that our responses to risks remain current and dynamic.
- All risk management efforts will be focused on supporting ELM objectives achievements. Equally, Management must ensure compliance with relevant legislation and fulfil the expectations of employees, communities and other stakeholders in terms of corporate governance requirements.
- Ensure overall integrations of risk management in planning, implementation and reporting cycles and processes of the municipality.
- Management of risk is a shared responsibility at all levels of the municipality.

END

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I THANK YOU