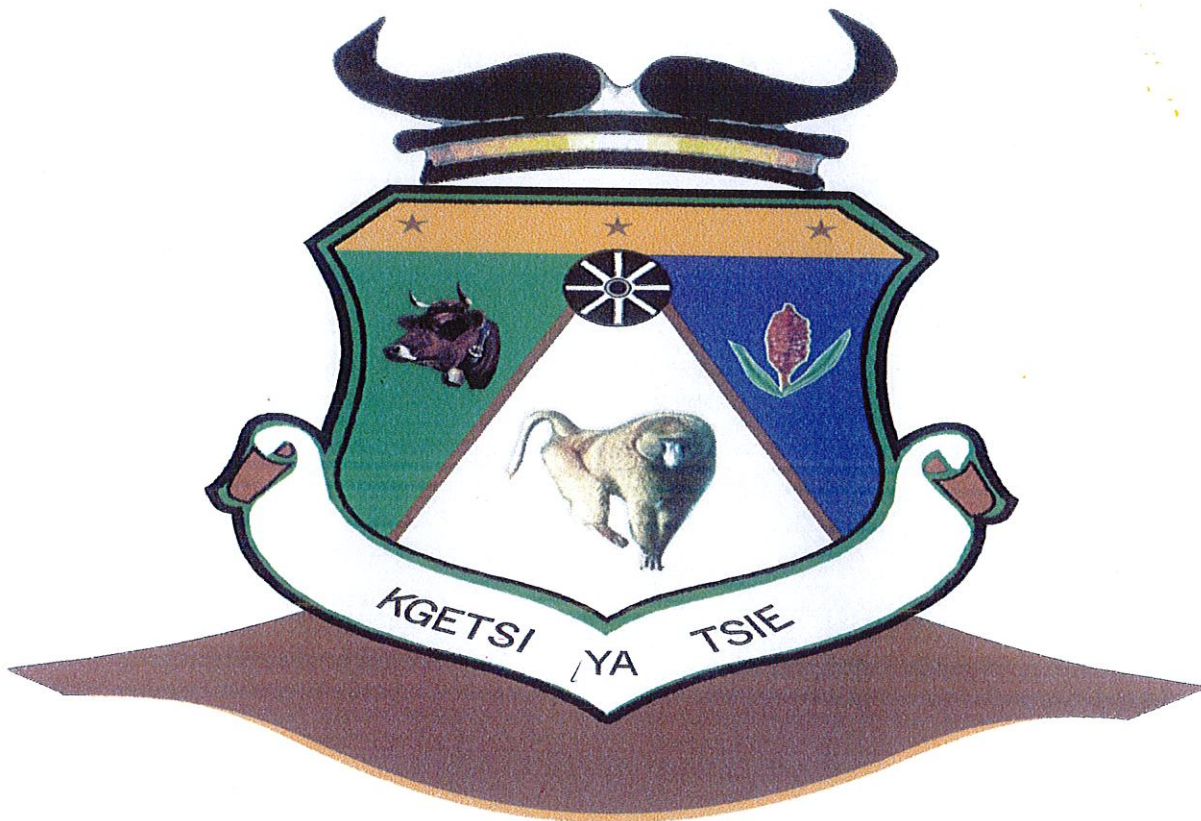


COUNCIL RESOLUTION NUMBER 05/12/2014

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



RISK MANAGEMENT RATING TABLE

2014/2015 FINANCIAL YEAR

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1. Introduction

Risk rating tables are imperative to try and establish the potential impact and likelihood of a risk.

The rating tables serve as a management tool in the prioritization of risk to enable the municipality to correctly identify its most important and critical risks.

The risk rating tables consists out of four components namely:

- a) Measurement of possible impact. (Table One)
- b) Measurement of possible likelihood. (Table Two)
- c) After the possible impact and likelihood of a risk is established the inherent risk exposure. (Table Three) will be established.
- d) The effectiveness of current controls will then be evaluated to establish the residual risk exposure (inherent risk control effectiveness) (Table Four).

The above mentioned four tables will set out the risk rating tables for the evaluation of every risk.

This municipality utilized the risk rating as suggested by the National Treasury.

RATING TABLE TO MEASURE POSSIBLE IMPACT (TABLE ONE)

1	Insignificant	Negative outcomes and/or missed opportunities that are likely to have a negligible material impact on the ability to meet objectives.
2	Minor	Negative outcomes and/or missed opportunities that are likely to have a low impact on the ability to meet objectives.
3	Moderate	Negative outcomes and/or missed opportunities that are likely to have a moderate impact on the ability to meet objectives.
4	Major	Negative outcomes and/or missed opportunities that are likely to have a substantial impact on the ability to meet objectives or render service.
5	Critical	Negative outcomes and/or missed opportunities that may result in loss of ability to render services or the inability to sustain operations.

RATING TABLE TO ASSES THE LIKELIHOOD OF A RISK (TABLE TWO)

1	Rare	The risk is conceivable but is only likely to occur in extreme and rare circumstances
2	Unlikely	The risk occurs infrequently and is unlikely to occur within the next 3 years
3	Moderate	There is an above average chance that the risk will occur at least once in the next 3 years
4	Likely	The risk could easily occur, and is likely to occur at least once within the next 12 months
5	Common	The risk is already occurring, or is likely to occur more than once within the next 12 months

INHERENT RISK EXPOSURE (IMPACT & LIKELIHOOD) (TABLE THREE)

15-25	High	Unacceptable level of risk – High level of control intervention required to achieve an acceptable level of residual risk.
18-14	Medium	Unacceptable level of risk, except under unique circumstances or conditions – Moderate level of control intervention required to achieve an acceptable level of residual risk
1-7	Low	Mostly acceptable- Low level of control intervention required, if any.

RESIDUAL RISK EXPOSURE (CONTROL EFFECTIVENESS) (TABLE FOUR)

Rating	Factor	Criteria
90%	Very Good	Risk Exposure is effectively controlled and managed
80%	Good	Majority of risk exposure is effectively controlled and managed
60%	Satisfactory	There is room for improvement in managing this risk.
40%	Weak	Some aspects of the risk may be controlled but there are major deficiencies.
20%	Unsatisfactory	Control measures are ineffective

12-25	High	Unacceptable level of residual risk – implies that the controls are either fundamentally inadequate (poor design) or ineffective (poor implementation). Controls require substantial redesign, or a greater emphasis on proper implementation.
18-14	Medium	Unacceptable level of residual risk, implies that the controls are either inadequate (poor design) or ineffective (poor implementation). Controls require some redesign, or a more emphasis on proper implementation.
1-7	Low	Mostly acceptable level of residual risk –requires minimal control improvements

13. PRIMARY CONTACTS

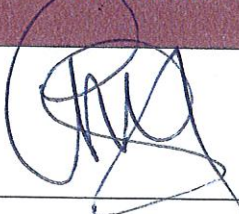
NAME	DESIGNATION	CONTACT DETAILS
Cedric Mtileni	UM: Risk Management	(018) 642 1081

RECOMMENDATION BY THE COUNCIL COMMITTEE

The document was considered by the council at a meeting that took place on the 17 December 2014.

It was resolved to recommend the approval of the risk table.

14. APPROVAL

DESIGNATION	NAME	SIGNATURE	DATE
Municipal Manager	Mr C Maema		18/12/2014

15. COUNCIL RESOLUTION

COUNCIL RESOLUTION NUMBER	DATE
05/12/2014	18/12/2014

AM