

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



RISK TOLERANCE 2014/2015 FINANCIAL YEAR

RISK TOLERANCE TABLE

1. INTRODUCTION

The municipality as an institution with limited resources needs to prioritize its risks to enable it to focus on the mitigation of the most importance risks

A risk tolerance table is a tool that can be utilized to rate all risks to decide which risks are acceptable which risks can be tolerated but mitigated to prevent it from becoming unacceptable and which risks are unacceptable and therefore needs to be mitigated

The risk tolerance table should be read in conjunction with the risk rating tables as both tables are needed in the risk prioritization process

2. COMPONENTS OF THE RISK TOLERANCE TABLE

The municipality's risk Tolerance Table consists out of the following components.

3. ACCEPTABLE RISKS

The term "acceptable risk" describes the likelihood of an event whose probability of occurrence is small whose consequences are so slight that the municipality is willing to take or be subjected to the risk if the event occurs.

4. TOLERABLE RISKS

These are risks of which urgent mitigation is not a priority, but steps should be taken to monitor it and to avoid the risk from becoming an unacceptable risk.

5. UNACCEPTABLE RISKS

These are risks that will have a disastrous or a negative effect –on

- a. Lives of residents or Councilors/ employees of the municipality
- b. Ability of the municipality to render municipal services or that may result in an interruption of an essential service.
- c. Results in significant financial or equipment loss.
- d. Impact severely on the good reputation of the municipality
- e. Severely impacts the performance of the municipality.
- f. Undermines the independent and objective review of municipal activities.
- g. Results in any directives by regulatory bodies

6. STRATEGIC RISKS



These are the top ten unacceptable risks.

RISK TOLERANCE TABLE

RISK INDEX	RISK MAGNITUDE	RISK ACCEPTABILITY	PROPOSED ACTION
20-25	Maximum Risk	Strategic importance	<ol style="list-style-type: none"> 1. Inform the Municipal Manager, the Executive Mayor and Council. 2. Highest priority. 3. Risk Owners to budget for the mitigation of the risks. 4. Risks Owners to appoint Action Owners who must compile action plans on how to mitigate the risk. 5. Risk Owner to approve action plans. 6. Risk Owner to regularly monitor and evaluates risk mitigation process. 7. Risk Owner to submit progress reports to Risk Management Committee Municipal Manager Risk Management Unit and Member of Mayoral Committee.
15-19	High Risk	Unacceptable	
10-14	Medium Risk	Tolerance, but action required to avoid the possibility of the risk becoming unacceptable	<ol style="list-style-type: none"> 1. Risk Owners to appoint Action Owners who must compile action plans on how to mitigate the risk in order to prevent it from becoming an unacceptable risk. 2. Risk Owner to regularly monitor and evaluate the risk mitigation process. 3. Risk Owner to submit progress reports top the Risk Management Committee Municipal Manager and Risk Management Unit.
5-9	Low Risk	Acceptable	<ol style="list-style-type: none"> 1. Risk Owners appoint Action Owners who need to monitor risks and report to the Risk Owner if the situation becomes worse.
1-5	Minimum Risk	Acceptable	

7. PRIMARY CONTACTS

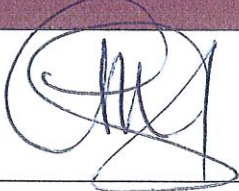
NAME	DESIGNATION	CONTACT DETAILS
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RECOMMENDATION BY THE COUNCIL COMMITTEE

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 tolerance table.

8. APPROVAL

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

9. COUNCIL RESOLUTION

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