



Chapter 2

Governance

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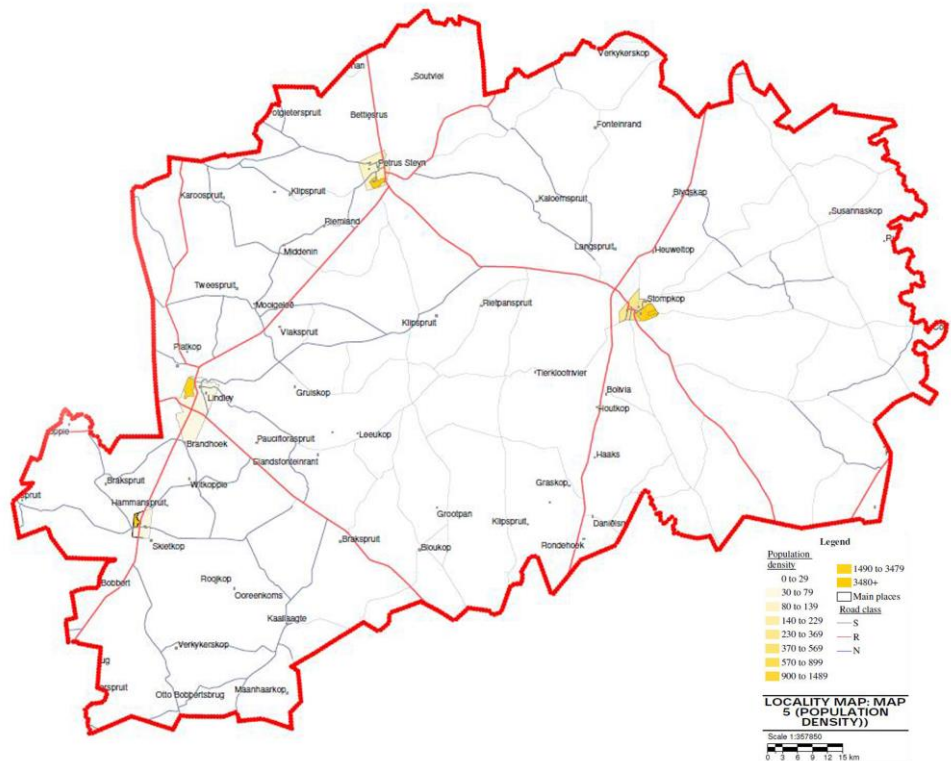
Component A: Political and Administrative Governance

Nketoana Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998). The municipality has nine wards.

Figure / Table 2.1: Wards of the Nketoana Local Municipality

Ward	Total Voters
Ward 1	3296 voters
Ward 2	3716 voters
Ward 3	3599 voters
Ward 4	3118 voters
Ward 5	3151 voters
Ward 6	2816 voters
Ward 7	3402 voters
Ward 8	2830 voters
Ward 9	3617 voters
Total Nketoana	29545 voters

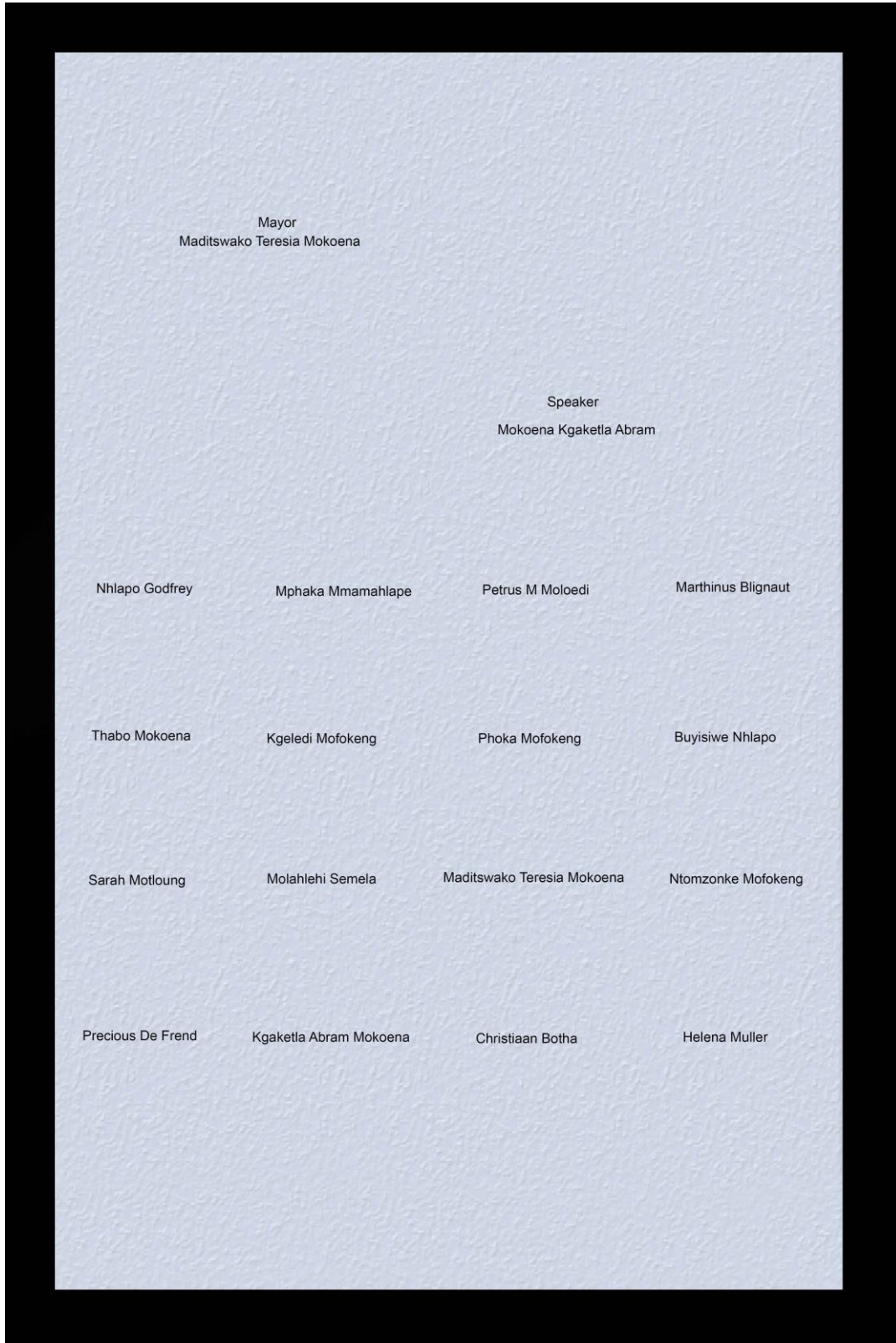
(Source: <http://www.demarcation.org.za>)



(Source: Spatial Development Framework 2010)

2.1 Political and Administrative Governance

Political Leadership



Administrative Leadership



L.I. Mokgathle
Municipal Manager
(until 31 June 2017)



M. Manzi
Director Community Services
(acting Municipal Manager since June 2017)



S.M. Nhlapo
Director Corporate Services



TG Makgale
Chief Financial Officer
(acting)



M. Moletsane
Director Technical Services

Mayor: Maditswako Teresia Mokoena (PR - ANC)
Mamafubedu

Speaker: Mokoena Kgaketla Abram (PR - ANC)
Reitz

Committee	Designation	Name	Constituency
Executive Committee	Chairperson	Cllr. MT Mokoena	PR - ANC Mamafubedu
	Member	Cllr. PM Moloedi	Ward 2 - ANC Mamafubedu
	Member	Cllr. MR Mphaka	PR - ANC Arlington
	Member	Cllr. LG Nhlapo	Ward 5 - ANC Arlington
	Member	Cllr. M Blignaut	Ward 6 - DA Reitz
IDP Steering Committee	Chairperson	Cllr. MT Mokoena	PR - ANC Mamafubedu
	Member	Cllr. PM Moloedi	Ward 2 - ANC Mamafubedu
	Member	Cllr. MR Mphaka	PR - ANC Arlington
	Member	Cllr. LG Nhlapo	Ward 5 - ANC Arlington
	Member	Cllr. M Blignaut	Ward 6 - DA Reitz
	MM	LI Mokgatlhe	
	Directors	MS Nhlapo	
		MP Manzi	
		TG Makgale	
		MM Moletsane	
	Manager IDP & PMS	S Venter	
Finance Standing Committee	Chairperson	Cllr. LG Nhlapo	Ward 5 - ANC Arlington
	Member	Cllr. BM Nhlapo	Ward 7 - ANC Reitz
		Cllr. KA Mofokeng	Ward 3 - ANC Lindley
		Cllr. P. De Frend	PR - DA Reitz
Community Services Standing Committee	Chairperson	Cllr. PM Moloedi	Ward 2 - ANC Mamafubedu
		Cllr. PP Mofokeng	Ward 4 - ANC Lindley
		Cllr. MS Motloung	Ward 8 - ANC Petsana
		Cllr. M Blignaut	Ward 6 - DA Reitz
Corporate Services Standing Committee	Chairperson	Cllr. MR Mphaka	PR - ANC Arlington
		Cllr. TE Mokoena	Ward 1 - ANC

			Mamafubedu
		Cllr. NS Tshabalala	PR - ANC Reitz
		Cllr. HM Muller	PR - FF Mamafubedu
Technical Services and Infrastructure Development Standing Committee	Chairman	Cllr. PM Moloedi	Ward 1 - ANC Mamafubedu
		Cllr. MC Botha	PR - DA Mamafubedu
		Cllr. MJ Mosia	PR - ANC Mamafubedu
		Cllr. NL Mofokeng	PR - ANC Lindley
		Cllr. MS Semela	Ward 9 - ANC Reitz
Audit Committee/Performance Audit Committee	Chairman	Mr BTA Matabane	tebogo@matabane.co.za
	Member	Mr M K Motsoane	Kgostis@gmail.com
	Member	Me MC Mokoena	Caroline.mokoena@lifehealthcare.co.za
Bid Specification Committee	Chairman	M Mahamotsa	Manager LED
	Member	Eunice Mofokeng	SCM Officer
	Member	Tumelo Moloji	Budget & Treasury Coordinator
		Marietjie Jonker	Secretary
Bid Evaluation Committee	Chairman	William Koalepi	Manager Electricity
	Member	Lawrence Ramulwela	Manager Water & Sanitation
	Member	Jacob Mokoena	Acting Manager HR
	Member	Dimakatso Motloun	Acting Manager SCM
		Takatso Motloun	Secretary
Bid Adjudication Committee	Chairperson	MP Manzi	Director Community Services
	Member	MS Nhlapo	Director Corporate Services
	Member	TG Makgale	Acting CFO
	Member	MM Moletsane	Director Technical Services and Infrastructure Development

2.1.1 Ward Committees

Figure / Table 2.2: Ward Committee Members

Ward 01

Ward Councillor: Thabo Mokoena

Elected members

NAME AND SURNAME	Portfolio
Motloung Ramosele	Sports
Mosia Sello	Youth
Mantoa Letsela	Women
Seobi Irene Tsebo	Society
Mphanya Ralenyora	Education
Letsela Seipati	Community Base
Nhlapo Thokozile	Disability
Masontaha Moene	Agriculture
Rasheane Masesi	Traditional
Sompane Moratuwa	Health and Safety

Ward 2

Ward Councillor: Monyatso Moloedi

Elected members

NAME AND SURNAME	Portfolio
Mogoera Selloane Wellemina	Disability
Tshabalala Lindiwe Elizabeth	Unemployed
Mokoena Ntediseng Cathrine	Health and Safety
Nthebe Daniel	Religion
Mokoena Maphakiso Evelyn	Youth
Mgcina Martha	Society
Selemakoro Mamollo	Sports
Motaung Lolo Elias	Agriculture
Mzima Bongjiwe	Employed
Nkomo Matefo	Women

Ward 03

Ward Councillor: Kgeledi Mofokeng

Elected members

Name and surname	Portfolio
Stoffel Mantja	Sports
Tau Matlatsi	Youth
Zwane Emely	Traditional
Nale Maria	Business
Mofokeng Manana	Women
Mabula Panyapanya	Health and Safety
Letha Matshidiso	Crime
Mosia Constance	Religious
Motaung David	Agriculture
Radebe Ntombizodwa	CBO

Ward 04

Ward Councillor: Phoka Mofokeng

Elected members

Name and surname	Portfolio
Mokebe Golai	Youth
Mahlatsi Mohau David	Business
Letha Thethiwe Paulinah	Religious
Kubeli Morake Johannes	Sports
Kitikiti Kenny Mofokeng	CPF
Leotlele Matombi Paulinah	Health and Safety
Sebotsa Mathabo Sarah	Women
Malindi Alfred Molhlophehi	Arts and Culture
Mnguni Thenjiwe Gloria	Education
Bethuel Mofokeng	Agriculture

Ward 05

Ward Councillor: Godfrey Nhlapo

Elected members

Name and surname	Portfolio
Sedikane Tsipi Aaron	Traditional
Phakoe Modiehi	Business
Mohono Sepatala Victor	Community policing forum
Tsitsi Matshediso Margaret	CCF
Motlokoa Pule Johannes	Elderly + Disabled
Mofokeng Moselantjha	Education
MM Sithole	Health and Safety
Tsoeu Sylvia	Youth
Mokoena Mamoya	Sports
Mokoena	Agriculture

Ward 06

Ward Councillor: Marthinus Blignaut

Elected members

Name and surname	Portfolio
Elizabeth Mathebe	Disability
Mokhatla Martha	Elderly
Maseko Mzondeki	Citizen
Mokoena Elizabeth	Women
Mokoena Bokang	Police and Crime
Moloi Mathabo	Traditional
Mofokeng Madikwe	Arts and Culture
Chaba Adelinah	Religion
Motloug Fana	Health and Safety
Mphuthi Mojalefa	Sports

Ward 07

Ward Councillor: Buyisiwe Nhlapo

Elected members

Name and surname	Portfolio
Sithebe Mbuyiswa	Art and culture
Mofokeng Nomali	Unemployed
Mphuthi Refilwe	Sports
Motaung Manaka	Elderly
Themba Mseko	Religious
Thabo Nkomo	Business
Tshabalala Nomvula	Health and safety
Morobi Madipholo	Women
Ntswaki Mokoena	Agriculture
Mosibi Keneuwe	CBO

Ward 08

Ward Councillor: Sarah Motloug

Elected members

Name and surname	Portfolio
Moloi Linah	Settlement
Majola Nikiwe	Disability
Radebe Emily	Society
Mokoena Ntsietseng	Youth
Mofokeng Puseletso	Education
Mofokeng Nthabileng	Religion
Mahlaba Ouma	Unemployed
Molebatsi Mofokeng	Sports
Mollo Phillipinah Ntsebeng	Traditional
Zim Kopo	Health and Safety

Ward 09

Ward Councillor: Molahlehi Semela

Elected members

Name and surname	Portfolio
Makhoba Lerato	Unemployed
Mazibuko Mantlomo Lettie	Education
Puseletso Masweu	Traditional
Sekgoto Jankie	Sports
Portia Semela	Employed
Sophy Nomacala Dladla	ART/Agriculture
Diau S Mokoena	Churches
Mphikeleli W Makhoba	Business Forum
Maria Mokoena	Woman
Sonto Mnguni	Health and Safety

Component B: Intergovernmental Relations

Intergovernmental Forums utilised by the Nketoana Local Municipality:

- Premier's Coordinating Forum (MM and Mayor)
- Premier's Coordinating Technical Forum (MM and Technical Managers)
- SALGA: LED Committee, Finance Committee, Corporate Governance Committee
- Province:
- DWA: Bulk Water Committee
- COGTA: Infrastructure Forum
- District: DME and Electricity Forum, LED Forum, Finance Forum, Technical Forum

Component C: Public Accountability and Participation

The Nketoana municipality has put in place specific arrangements to ensure the realisation of public accountability in and between its political and administrative branches. These arrangements include the following:

- The separation of duties, with a formal, written set of delegation of powers and authority to arrange the relationship among these various structures.
- Institutional controls, including information systems, administrative policies, plans and strategies.
- The implementation of strategic planning arrangements (IDP, SDBIPs) to formalise Council's performance priorities and guide managers in their operational activities.
- The implementation of a performance management system to monitor and evaluation the performance of the municipality and its managers against the IDP and SDBIP objectives and targets.

- An Audit Committee evaluate the service delivery and financial performance of the municipality and advise Council and management regarding appropriate improvement enhancing initiatives and controls.

The Municipality involve our communities in its affairs by means of public advertisements of the Integrated Development Plan and Service Delivery and Budget Implementation Plan, as well as its performance plans, with specific reference to the Annual Report. They also advertise the activities of the Oversight Report and invite participation from their communities.

The community also participate through the structures of the IDP Representative Forum and the annual IDP and budget road shows that we conduct annually. Politicians and managers also conduct public engagement session when major new (or reviewed) by-laws, policies, strategic or sector plans and strategies are considered.

2.2 IDP Participation and Alignment

The Municipality compiles its IDP in terms of the relevant laws and regulations; implying the following:

- The municipality has identified impact, outcome, input and output indicators
- The IDP contains priorities, key performance indicators and development strategies
- The IDP has short, medium and long-term strategic targets
- The budget is aligned with the performance indicators and targets from the IDP
- The performance agreements of section 56/57 managers are aligned to the IDP
- The IDP indicators and targets are translated into in-year performance indicators and targets through the SDBIP
- The IDP and SDBIP indicators are translated to the public
- A mid-year budget and performance report and an Annual Report were compiled to reflect performance in terms of the IDP and SDBIP

Persisting challenges that reduce the efficiency of existing community engagement structures and processes include the following:

- The possibility always exist that community members and stakeholders do not turn up for meetings. Various methods of notifying people of the meetings are used to ensure optimum attendance of meetings.

Component D: Corporate Governance

The Municipality has considerably strengthened its corporate governance capacity with implementation of an Audit Committee and the approval of an Anti-fraud and Corruption Policy.

2.3 Risk Management

Accountability is the key to providing a deterrent for fraud and theft. Training limits the opportunity for staff to claim ignorance when policies are being enforced as stated in the Fraud Prevention Plan Strategy.

Risk assessment should address both the internal and external environments and they should cover all functions and operations to establish the level, nature, form and likelihood of risk exposure. This is accomplished by the:

- Identification of specific fraud risks that may be present within each operational management unit
- Assessment of the effectiveness of internal controls in force that would tend to impact on the risks identified.
- Determination of an overall risk rating for each risk identified
- Development of strategic measures to counter the impact of each fraud risk in light of individual risk ratings.

A risk management plan has since been compiled; which will inform the internal audit plan of the municipality.

The Municipality has identified the following key risks:

- Global Warming - Unsustainable extraction of freshwater and other human interference with the water cycle are the immediate causes of water scarcity within a river basin as well as reductions in rain falls which will affect the supply of clean water. Increase in air pollution also affects the quality of water. These will ultimately lead to an increase in purification costs.
- Disaster mechanisms shortfalls. The backups of the financial systems are stored on site, no off-site storage of backups is being done. The data that is back up on site is not tested to ensure it can be restored should the need arise.
- Cost recovery: The municipality has not been able to collect all its debts effectively. Consumer debtors amounted to R195 million in the previous financial year. Provision for impairment amounted to R153 million. There has been slow recovery of debts from the consumer. Non-payments could affect the income generation capacity of the entity and threaten the survival of the municipality.
- Roads Infrastructure: Poor condition and poor maintenance of internal roads infrastructure which impact the service delivery.
- The municipality is rendering the fire brigade services. The staff and equipment located at the Head office has to service the whole of Nketoana Area. However the municipality does not have the necessary equipment and staff to render these services.
- There is a shortage supply of bulk water supply in Mamafubedu (Petrus Steyn), Lindley and Arlington which affects the service delivery.

- Water networks need to be upgraded so as to avoid possible water contaminations, spillage of water and improve the quality of drinking water.
- Electricity distribution system is currently operating at full capacity and has to be upgraded in order to accommodate future extensions. Existing low voltage problems experienced will also have to be upgraded in future.
- Storm Water: Almost 70% of all systems in both Reitz and Petsana are not functioning properly which could lead to flooding. The lack of maintenance of existing storm water systems contribute to the problem. The maintenance of existing channels are poor and render the channels ineffective when storm water needs to be controlled.
- The municipality renders services with very old vehicles. Equipment maintenance is done regularly due to the age and vehicles spares are not always available. Consequently it becomes very costly for the municipality to maintain and service the vehicles.
- Sanitation: VIP toilets in Arlington need to be converted to water bourn systems.
- There is a lack of distribution failures reporting mechanisms. The community may not be informed timeously regarding electricity and water failures.
- Water Affairs Minister red flagged Nketoana Local Municipality as one of the municipalities within the Free State where residents were warned about the conditions of tap water.

Risk Register

The most important risks as stated in the risks register are:

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (R/RN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
Financial Services																	
	Revenue Management	Financial viability and management	Municipality's inability to collect debts resulting to write-off	Lack of implementation of applicable legislations and policies	FS 01	An ongoing audit qualification; Failure to sustain service delivery.	5	5	25	high	Implementation of credit control policy	4	4	16	high	Management need to ensure that credit control policy is fully implemented	Chief Financial Officer

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		Financial viability and management	Reliance on conditional grants for sustainability	Lack of plans to source/secure additional income	FS 02	Failure to sustain service delivery; Non-achievement of council's objectives	4	4	16	high	There is no control currently in place	4	4	16	high	Management to engage other stakeholders to look into means of sourcing additional income to enhance/sustain service delivery.	Chief Financial Officer
		Financial viability and management	incorrect billing	shortage of meter readers due to management oversight	FS 03	customer dissatisfaction which may lead to unrests	4	4	16	high	appointed meter readers	4	3	12	medium	appointment of skilled meter readers and monitoring of meter readings monthly	Chief Financial Officer
	Payroll Management	Effective management of finance and development of necessary measures for full accountability and reporting	Inaccurate and late payment to third parties	Lack of monitoring and Cash flow problems	FS 04	Fruitless, Wasteful and Unauthorised expenditure due to penalties	4	5	20	high	Third parties are now being paid together with the salaries, latest by month end;	3	4	12	medium	Payment to third parties to be monitored on monthly bases and reconciliations be performed.	Chief Financial Officer
		Financial viability and management	Increased litigation expenditure due to employee claims	Inaccurate progression of salaries; Payroll system not automated.	FS 05	Financial loss; Wasteful expenditure; Audit qualification.	4	3	12	medium	VIP payroll system is automated though there are human errors	3	3	9	medium	Payroll system to be set to automatically update salary notches in accordance with approved	Chief Financial Officer

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
											in feeding information.					salary scales	
		Financial viability and management	Payment of salaries to fictitious employees	Lack of management controls, Poor financial system administration	FS 06	Fraud and Corruption; Financial loss	5	4	20	high	The employee numbers afford the opportunity to ally such errors.	4	4	16	high	Monthly monitoring of salary payments and head count of employees on the payroll. Segregation of duties	Chief Financial Officer
		Financial viability and management	Over/Under-payment of individual employees salaries	Salaries not accurately calculated as per SALGBC and Public Office Bearers Act.	FS 07	Audit qualification; Loss of funds; Increase irregular and unauthorised expenditure	3	4	12	medium	Salaries paid in accordance with appointment letters as received from HR department	3	3	9	medium	Salaries to be paid according to the staff establishment and in compliance with SALGBC and Public Office Bearers Act	Chief Financial Officer
		Financial viability and management	Overpayment on councillors remuneration.	Lack of management oversight and control; Poor interpretation of government gazette	FS 08	Audit qualification; Loss of funds; Increase irregular and unauthorised expenditure	4	4	16	high	Collective interpretation of the government gazette and monitoring of interpretation.	2	4	8	medium	Management to ensure that Councillors' remuneration is accurately calculated and paid according to government gazette.	Chief Financial Officer

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		Financial viability and management	Irregular overtime payment	Lack of monitoring, Poor planning	FS 09	An ongoing audit qualification; Increased irregular expenditure	4	4	16	high	Monitoring of overtime referred to Human Resource Management; approval of overtime is granted prior to execution and is restricted to legislated time.	4	4	16	high	Sound and effective planning for municipal events and meeting. Time off clause to be applied against overtime exceeding regulated time.	Chief Financial Officer
	Budget and reporting	Effective management of finance and development of necessary measures for full accountability and reporting	Non compliance with reporting regulations	Late submission of necessary reports to regulated bodies as required by DoRA and MFMA	FS 10	Failure to account for conditional grants resulting in increased liability and reduce future funding; Audit qualification.	4	4	16	high	Section 71 and 72 reports and other reports are submitted on time as regulated	3	3	9	medium	Monthly monitoring of submission of all regulated reports to the relevant stakeholders	Chief Financial Officer

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		Effective management of finance and development of necessary measures for full accountability and reporting	Non alignment of budget to Integrated Development Plan	Planning in silos; Lack of monitoring; Lack of funding	FS 11	Poor service delivery; Community unrest.	3	4	12	medium	Service Delivery and Budget Implementation Plan is compiled as a link between IDP and the Budget	3	4	12	medium	Budget to be informed by the SDBIP	Chief Financial Officer
		Effective management of finance and development of necessary measures for full accountability and reporting	Non preparation of bank reconciliations not performed	lack of training, lack of management oversight	FS 12	financial loss, fraud and corruption	4	5	20	high	preparation of monthly bank reconciliations	3	5	15	high	management should ensure that officials are empowered with relevant skills to execute their duties	Chief Financial Officer
		Effective management of finance and development of necessary measures for	Late identification of losses	Reconciliations not performed continuously and timeously to correct errors.	FS 13	Loss of funds; Over/Understatement of Assets and Liabilities	3	3	9	medium	Revenue, Expenditure, Creditors and Bank reconciliations are performed on monthly bases	2	3	6	low	Monitoring of monthly performance of all necessary reconciliations	Chief Financial Officer

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		full accountability and reporting															
	Asset Management	Effective and efficient management of municipal resources	Misuse of municipal assets	Non compliance with policies; Poor controls and monitoring.	FS 14	Loss or damage to municipal assets; Financial loss	4	4	16	high	management accounting accountant is monitoring usage of assets and ensures that assets are verifiable	3	4	12	medium	Assets need analysis to be performed per department. Monitoring of compliance with Assets Management Policy	Chief Financial Officer
		Effective management of finance and development of necessary measures for full accountability and reporting	Loss of interest on investment	Investment register not maintained; reconciliations not performed; Lack of controls and monitoring.	FS 15	Financial loss; Audit qualification; Fraud and Corruption.	3	4	12	medium	Reconciliations are performed monthly and interest accounted accordingly	2	3	6	low	None	Chief Financial Officer

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		Effective management of finance and development of necessary measures for full accountability and reporting	Excessive bank charges incurred.	Petty Cash not in place; Poor cash management; Cost versus Benefit analysis is not performed.	FS 16	Audit qualification; Loss of funds; Increased fruitless and wasteful expenditure.	3	3	9	medium	Payments are made in bulk batches resulting to low bank charges.	2	2	4	low	None	Chief Financial Officer
		To ensure that all the assets of the municipality are fully insured	Assets not insured or underinsured	Failure to insure assets immediately after procurement; Lack of supporting documents.	FS 17	Financial loss; Audit qualification	3	5	15	high	Assets are insured at the cost price immediately upon delivery	2	4	8	medium	Statement from insurance company be obtained and reconciled with actual physical assets of the municipality	Chief Financial Officer
	Supply Chain Management	Effective management of finance and development of necessary measures for full accountability and reporting	Non compliance with the SCM policy, MFM A and regulations	Lack of management controls; Shortage of suppliers in the area.	FS 18	Audit qualification; Loss of funds; Increased irregular and unauthorised expenditure; Fraud and Corruption	4	4	16	high	Agency has been appointed to handle bookings of accommodation and deviations are done only on emergencies.	3	4	12	medium	Departmental procurement plans be established quarterly to allow enough time for SCM process to unfold.	Chief Financial Officer

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		Effective management of finance and development of necessary measures for full accountability and reporting	Non compliance with the contractual terms by suppliers	No Memorandum of Understanding between parties; No Service Level Agreements.	FS 19	Suppliers/Service Providers may fail to deliver according to predetermined specifications	5	4	20	high	SCM committees are fully functional. SLA's entered into between the Municipality and Service Providers	4	4	16	high	Service Provider's performance to be evaluated against SLA's and continuously be monitored	Chief Financial Officer
		Ensure compliance with policies, regulations and legislations	Contracts awarded may be disputed by other applicants	Tenders not advertised in accordance with MFMA, MSA and SCM regulations	FS 20	High cost of litigation; Loss of reputation	4	4	16	high	Tenders are advertised on local and national newspapers.	3	4	12	medium	All tenders to be advertised on the Municipality's website, notice boards and be registered on CBID.	Chief Financial Officer
		Ensure compliance with policies, regulations and legislations	procurement of goods or services without prior approval or authorization	poor planning and absence of departmental procurement plan	FS 21	unauthorised expenditure possibly leading to qualified audit opinion	5	3	15	high	SCM unit require approved requisition form before sourcing quotations	3	3	9	medium	Head of departments should develop procurement plan and submit to Supply Chain Management Unit	Chief Financial Officer
		Financial viability and management	Procurement of goods or services from non qualifying	Lack of management control; Vetting of suppliers not	FS 22	Financial loss; Poor quality of goods delivered; Fraud and Corruption; Poor	4	5	20	high	Implementation of supply chain management policy	4	4	16	high	Vetting of suppliers against treasury database of defaulters to be performed prior to	Chief Financial Officer

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
			suppliers	performed.		service delivery.									appointment.		
	Expenditure Management	Ensure payment of credit or within 30 days as per MFMA	Inability to pay creditors within legislated period.	Lack of management controls; Insufficient funds available	FS 23	Suppliers may refuse to provide municipality with credit; Increased fruitless/wasteful expenditure.	5	4	20	high	Creditors are paid every Thursday provided that all necessary documents are provided and that municipality has money to pay	4	4	16	high	enhancement of revenue collection and controlling of expenditure	Chief Financial Officer
		Ensure proper filing and safeguarding of documents	Loss of supporting documents for payments made.	Poor filing and communication between SCM, Expenditure and Registry	FS 24	Failure to provide supporting documents for audit purposes; Audit qualification.	4	4	16	high	supporting documents are properly filed and access is restricted to files	3	3	9	medium	Safe document storage area be provided and access be restricted to an official specially trained for filing.	Chief Financial Officer

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							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		Ensure that payments made are accurate (i.e. the correct amount is paid to the correct supplier's account)	Inaccuracy of payments made (payments made for services not rendered)	Negligence by officials; Lack of management checks; Non performance of expenditure reconciliations	FS 25	Fraud and Corruption; Financial loss; Audit qualification	5	4	20	high	Payments are made against orders and delivery notes; Creditors reconciliations are performed on monthly bases.	4	4	16	high	Confirmation of creditor's details to be made before every payment is processed and bank reconciliation be made monthly and reviewed by CFO	Chief Financial Officer
	Financial Statements	Effective management of finance and development of necessary measures for full accountability and reporting	None compliance with section 122 of the MFMA	None preparation of monthly reconciliation statements; Quarterly financial statements not prepared; Lack of Controls.	FS 26	Disclaimer audit opinion; Poor reputation; None Compliance with legislation.	3	5	15	high	mako mota appointed to do AFS	3	3	9	medium		Chief Financial Officer
Corporate Services																	

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
	Office of the Executive Mayor and Speaker	Provision of leadership and oversight for good governance	Failure to comply with schedule of Council Meetings	Late distribution of agenda to councillors; Unavailability of councillors	CS 01	Delays in service delivery; Community unrest; Non compliance with legislations and regulations	3	4	12	medium	Schedule of council meeting to be adhered to for EXCO and Council agenda to be compiled timeously.	2	4	8	medium	Schedule of Council meeting be developed having considered important MFMA calendar dates, other important government dates and distributed to all Councillors in the beginning of the year	Director: Corporate Services
		Ensure timely and appropriate implementation of council's resolutions	Failure to implement Council's resolution appropriately and timeously	cash shortfall	CS 02	Poor service delivery; Community unrest; Poor Council reputation.	4	4	16	high	Resolution register is maintained and updated continuously. However monitoring has not been effective.	3	4	12	medium	Resolutions to be registered and progress on implementation reported in every Council meeting thereafter	Director: Corporate Services
		Create a responsive and accountable administration	Community dissatisfaction	Ineffective community participation	CS 03	Unrealistic perceptions; Community unrest.	4	4	16	high	Community is invited to comment on municipality's and performance through local news papers and radio stations.	3	4	12	medium	Development of Communication strategies between the District Municipality and other stakeholders (including community leaders)	Director: Corporate Services

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		Provision of leadership and oversight for good governance	Late submission of Agenda items to Office of the Speaker	Section 79 committees not seating as expected.	CS 04	Postponement of Council meetings; Non compliance with legislation.	3	4	12	medium	register is maintained to record the time agenda was delivered	3	4	12	medium	The Mayor and Municipal Manager to ensure that committees seat as expected	Director: Corporate Services
	Registry	Ensure sound and effective records management	Inadequate records management	Poor filing system; Non utilisation of applicable records management procedures.	CS 05	Loss of documents; Failure to attend to incoming correspondence in required timeframes; Poor accountability due to lack of accurate records	3	4	12	medium	Finance has the required storage space and maintains their own filing. The access is controlled to central record keeping area.	3	4	12	medium	Training to be provided to registry staff and secretaries on applicable record management procedures and all other staff be workshopped thereafter.	Director: Corporate Services
		Ensure sound and effective records management	Lack of access control	decentralised registry office	CS 06	Loss of documents	4	4	16	high	access control	3	3	9	medium	access need to be restricted	Director: Corporate Services
		Ensure sound and effective records management	Loss of critical information.	Access to central filing point not restricted; Poor security system; Lack of management	CS 07	Loss of documents; Unauthorised access to confidential/prevalged information	4	4	16	high	Biometric system has been installed at the entrance of central filing point to control	2	4	8	medium	Access to central filing point to be restricted to only authorised staff; Register of access be kept.	Director: Corporate Services

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
				nt controls.							access.						
	Skill Development	Ensure continuous skills and professional development across all departments	Inability to provide sufficient training	lack of funds	CS 08	Poor performance; Low employee moral; Poor service delivery.	4	4	16	high	national programs and WSP study grants	3	3	9	medium	employees should register long term courses and consider use of study grants	Director: Corporate Services
		Ensure continuous skills and professional development across all departments	deviation from WSP	Non centralisation of training programs	CS 09	low employee moral	4	4	16	high	compliance to WSP	3	3	9	medium	implementation of work skills plan	Director: Corporate Services
	Recruitment	Ensure attraction and retention of suitably qualified candidates	Appointment of incompetent personnel	Nepotism; Inadequate advertisement of vacancies; Non compliance with HR policy; Vetting not performed.	CS 10	Poor performance; Low employee moral; Poor service delivery.	4	4	16	high	Only suitable candidates meeting specified requirements according to advertisement are shortli	3	4	12	medium	Recruitment to applied strictly in accordance to the Human Resources Policy manual and evidence maintained.	Director: Corporate Services

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
											sted, interviewed and appointment made.						
		Ensure that employees are remunerated according to their appointments	Salaries of employees not falling within approved post levels	Adjustment of organisational structure not made as resolved by Council.	CS 11	Low employee moral; Audit qualification; Fraud and Corruption	4	4	16	high	Organogram review is in progress to address the problem.	3	4	12	medium	Salaries of all employees to be in accordance to their placements as per approved organogram. Adjustment to the organogram to be implemented immediately after the Council has resolved as such.	Director: Corporate Services
		Maintain institutional capacity and accompanying programmes	Unfair labour practices	Ineffective grievance procedure; Lack of professional ethics; HR policies not reviewed.	CS 12	Non compliance with Labour Relation Act; Low employee moral and Basic Conditions of Employment Act; Increased litigation costs.	4	4	16	high	Local Labour Forum is in place and effectively functioning; Good relationship is maintained between the institution and labour	3	4	12	medium	Workshop on LRA, BCEA and how to launch a grievance to be organised for management and staff. Policies be reviewed annually and employees to sign code of conduct	Director: Corporate Services

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
											unions.					and code of ethics.	
		Maintain institutional capacity and accompanying programmes	Increased sick leave taken by employees	Employee wellness program not in place; Lack of management controls.	CS 13	Low productivity; Loss of competent employees; Poor service delivery.	4	5	20	high	A service provider has been appointed to draw wellness program and implement it.	3	5	15	high	All employees to be encouraged to participate in wellness program	Director: Corporate Services
	Leave Administration	Ensure sound and effective leave administration is maintained	Leave accruals in excess of legislated 48 days.	Poor leave control and monitoring; Monthly leave reconciliations not performed	CS 14	Non compliance with legislation; Audit qualification; Unauthorised expenditure.	4	4	16	high	Employees were informed that leave days in excess of 48 days will be forfeited. Memorandum has been issued informing staff to do leave plans with their supervisors.	4	3	12	medium	Monthly leave reconciliation and monitoring to be maintained and employees with leave numbers in excess of legislated number to be instructed to take the difference.	Director: Corporate Services

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							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		Ensure sound and effective leave administration is maintained	Leave forms not completed for leave taken.	Lack of management controls and oversight.	CS 15	Fraud and Corruption; Unauthorized, irregular or fruitless expenditure; Audit qualification	4	4	16	high	Biometric system has been installed to assist in monitoring attendance; however not yet activated.	3	4	12	medium	Management to ensure that all employees are at all times present at work, if not, leave be granted in-advance; otherwise they be granted unpaid leave.	Director: Corporate Services
		Ensure sound and effective leave administration is maintained	Leave not captured timeously	Lack of management controls and oversight; Shortage of staff; Other staff placed at satellite offices	CS 16	Loss of information; Audit qualification; Employees may take more leave than entitled.	5	4	20	high	Vacancies in HR were filled and more learnership candidates placed in HR Offices. Employee self-service system to be implemented to allow those in remote offices apply for leave at their stations.	3	4	12	medium	Leave to be captured timeously, preferably weekly, to ensure that leave balances on the system are up-to-date.	Director: Corporate Services

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							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		Ensure sound and effective leave administration is maintained	Injuries at work/unhealthy work environment	(Occupational Health and Safety Officer and Health and Safety Committee not place)	CS 17	Loss of life	4	5	20	high	use of personal protective equipments	4	4	16	high	health and safety committee be functional and OHS Officer post be filled	Director: Corporate Services
Office of the Municipal Manager																	
	Performance Management System	Maintain institutional capacity and accompanying programmes to effectively implement IDP	Failure to monitor performance of individual employees.	Performance management system not functional; Performance agreements not cascaded to middle management and other officials.	MM 01	Poor performance; Poor service delivery; Audit qualification.	5	4	20	high	Performance Agreement have been entered into between municipality and section 56 managers.	4	4	16	high	All managers and other official to have performance agreements. Performance to be assessed quarterly and exceptional performance be rewarded.	Manager: IDP and PMS
		Maintain institutional capacity and accompanying programmes to effectively implement IDP	KPI's on the SDBIP not well defined and verifiable	Lack of oversight and monitoring of procedures and processes.	MM 02	Poor performance; Poor service delivery; Audit qualification.	4	4	16	high	Service Provider has been appointed to assist in implementing performance management system.	3	4	12	medium	KPI's to be reliable, well-defined, verifiable, cost-effective, appropriate and relevant.	Manager: IDP and PMS

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		Create a responsive and accountable administration	Inaccurate and unreliable performance reported.	Lack of oversight and monitoring of procedures and processes; Supporting documents not provided for evidence.	MM 03	Audit qualification.	4	4	16	high	Performance assessed quarterly based on SDBIP and verified by evidence	3	4	12	medium	Evidence (supporting documents) to be provided to support performance reported.	Manager: IDP and PMS
	Integrated Development Plan	Ensure development of a compliant and credible IDP informed by community needs.	IDP not complying with guidelines	Poor public participation; Non adherence to IDP process plan; Lack of participation by other sector departments.	MM 04	Poor service delivery; Community dissatisfaction and unrest.	4	5	20	high	Community is always invited for IDP process planning	3	4	12	medium		Manager: IDP and PMS
		Ensure development of a compliant and credible IDP informed by community needs.	Unrealistic IDP targets	Unavailability of funding; Capacity constraints, Non alignment of IDP with NDP.	MM 05	Poor service delivery; Community dissatisfaction and unrest; Over expectations.	4	4	16	high	There is no control currently in place	3	4	12	medium	IDP targets to be informed by funding available to the District, Local municipalities and other sector departments.	Manager: IDP and PMS

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
	Internal Audit	Create a responsive and accountable administration	Failure to cover all audit areas as per coverage plan.	Inadequate capacity; Shortage of staff; Lack of management support.	MM 06	Audit qualification; Failure to test controls efficiency and advice management on improvement.	5	4	20	high	Manager: Internal Audit and one Internal Auditor appointed to execute functions of internal audit.	4	4	16	high	Organisational Structure is currently under review to accommodate Senior Internal Auditor position and additional Internal Auditor.	Municipal Manager
		Create a responsive and accountable administration	Negative Audit Opinion	Non implementation of internal audit recommendations; Lack of commitment to implement action plan.	MM 07	Negative reputation of the municipality; Non achievement of Clean Audit.	4	5	20	high	Audit action plan is in place; Follow-up on progress on implementation of recommendation.	2	5	10	medium	Implementation of Key Control Matrix; Municipal Manager to assess departments on implementation of Internal Audit recommendations.	Municipal Manager
		Create a responsive and accountable administration	Failure to audit IT applications and processes	There is no IT Audit specialist in the unit.	MM 08	Audit qualification; IT fraud can be committed if there are control deficiencies	5	5	25	high	Reliance on auditor general to audit IT controls	3	5	15	high	Continuous IT risk assessment and audit	Manager: Internal Audit
	Risk Management	Ensure that Risks that will hinder achievement of Councils objectives are	Failure to compile credible Risk Register	Inadequate capacity (vacant post of risk management officer); Shortage of staff; Lack	MM 09	Internal Audit cannot compile risk based audit plans; Failure to respond to risks; Audit qualification.	4	4	16	high	Internal audit officer appointed as acting internal audit and risk management	4	4	16	high	Management to review staff establishment and consider establishing a credible Risk Management Unit headed by the	Municipal Manager

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		identified.		of management support.						manager has been appointed to implement Enterprise Risk Management.					Chief Risk Officer.		
		Ensure that Risks that will hinder achievement of Council objectives are identified.	Failure to update risk register continuously	Shortage of staff; Lack of management support.	MM 10	Inability to identify and respond proactively to emerging risks	4	4	16	high	internal audit unit assumed risk management responsibilities	4	4	16	high	Appointment of departmental Risk Champions and speedy appointment of independent risk management unit	Municipal Manager
	Information Technology	Ensure that all IT systems are fully functional to enhance Business Continuity	IT Systems failure	Poor internet coverage; Inadequate IT infrastructure.	MM 11	Poor service delivery; Late payments of service providers, salaries and third parties; Loss of information.	4	4	16	high	Business Continuity Plan has been developed	4	4	16	high	IT risk assessment and internal controls audit to be performed continuously,	Municipal Manager
		Ensure that all IT systems are fully functional to enhance Business Continuity	Late attendance of technical problems	Inadequate capacity; Shortage of staff; Lack of management support.	MM 12	Delays in service delivery; Poor performance.	4	4	16	high	IT unit try to attend technical problems in time	4	4	16	high	Management to review staff establishment and consider capacitating the IT unit with enough and qualified staff.	Municipal Manager

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
Community Services																	
	Fleet Management	Ensure proper maintenance and use of municipal vehicles	Usage of municipal fleet for private purposes.	Lack of management controls; Inadequate information on the trip authority.	CS 01	Overspending on fuel and maintenance. Ageing of municipal vehicles.	4	4	16	high	Requisitions for Fleet approved by the manager of the department concerned.	2	4	8	medium	The trip authority to be amended to include details such as, number and names of persons in the vehicle, destination and the route of a trip.	Director Community
		Ensure proper maintenance and use of municipal vehicles	Late identification of damages to municipal vehicles.	Inadequate inspection of vehicles before and after the trip	CS 02	Increase in unaccounted costs of repairs; Disputed insurance claims.	4	4	16	high	Minor inspection for scratches and dents are done by security officers	4	4	16	high	Fleet Officer to undergo training on vehicle inspection and perform inspection accordingly.	Director Community
		Create a responsive and accountable administration	Variance between Bank Statement and Fuel slips (invoices)	Statement on Fuel cards usage not performed; Reconciliations not performed.	CS 03	Fraud and Corruption; Audit qualification	5	4	20	high	There is no control currently in place	5	4	20	high	Fleet Officer to perform statement of Fuel card usage on monthly bases and issues monthly reports.	Director Community

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
	Refuse Removal	To ensure that all households in urban areas have access to waste removal according to waste removal standards and good waste management in the municipal area	non collection of refuse as per SDBIP	under staffed frequent fleet breakdown and unskilled staff. Whether conditions	CS 04	Delay in service delivery Loss of income community dissatisfaction that may lead to unrests.	5	4	20	high	supervision. .. use of one hired compact truck	4	4	16	high	functional mechanical workshop. Training of staff. Procurement of two 10 ton compact or trucks. Filling of funded vacant posts	Director Community
	Parks and Cemeteries	To ensure effective management of graveyards and cemeteries in the Nketoana municipal area	failure to provide graves for funeral services	aging of TLB plant under staffed and unskilled staff. Whether conditions. Miscommunication between the community services and department	CS 05	community dissatisfaction that may lead to unrests. possible law suit.	5	4	20	high	use of hired TLD. Use contract employees..filling of grave applications	4	3	12	medium	Procurement of TLB and hiring of skilled labour (bricklayers).	Director Community

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		To have well maintained municipal parks and open spaces for provision of recreation	failure to maintain all parks and open spaces	shortage of machinery. under staffed and unskilled staff ..shortage of fleet	CS 06	unmaintained parks and open spaces increase rate of crime. environmental hazards (increases rodents and snakes populations.. possible veld fire hazards	4	4	16	high	use of contract staff	5	4	20	high	land audit to be conducted to determine park lands for municipality...procurement of fleet and machinery	Director Community
		To have well maintained public and sports facilities for recreation activities	unmaintained sports and recreational facilities	lack of staff and machinery	CS 07	increase crime activities	4	3	12	medium	use of contract staff to maintain recreational facilities	3	3	9	medium		Director Community
		To have well maintained public and sports facilities for recreation activities	Drowning of community members in municipal swimming pool	availability of skilled life guard	CS 08	loss of lives	4	5	20	high	no control	4	5	20	high	appointment of skilled life guard	Director Community
		To have well maintained public and sports facilities for recreation	Drowning of community members in municipal swimming pool	availability of skilled life guard	CO M09	loss of lives	4	5	20	high	no control	4	5	20	high	appointment of skilled life guard	Director Community

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		activities															
	Local Economic Development & Tourism	Maintain institutional capacity and accompanying programmes to effectively implement IDP	Failure to provide training for SMMs/ Entrepreneurs	Lack of funding; Lack of management support; Unavailability of adequate information.	CO M10	Increased unemployment and poverty; Increased crime rate; excessive duplication of projects.	4	3	12	medium	training provided based on needs analysis	3	4	12	medium	Researcher be appointed to source new economic opportunities within the MUNICIPALITY	Director Community
		Maintain institutional capacity and accompanying programmes to effectively implement IDP	Failure to attract investment into the area.	Inadequate LED strategies; Lack of integrated marketing; Inadequate research on available opportunities	CO M11	Increased unemployment and poverty.	4	4	16	high	There is no control currently in place	4	4	16	high	Development of economic development plan and integration with local municipalities economic development plans	Director Community
		Maintain institutional capacity and accompanying programmes to effectively implement IDP	Decrease in tourists interest	High crime level; Lack of marketing.	CO M12	Increased unemployment and poverty.	3	4	12	medium	Increased community policing forums.	3	4	12	medium	Improve marketing of Tourism in Nketoana by the installation of Visual Tour	Director Community

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
Technical Services																	
	Water services	To ensure that all (100%) of registered indigents have access to free basic water	Inability to provide all registered indigents with free basic water	Lack of financial and other resources.	TECH 01	Poor service delivery; Community dissatisfaction.	4	5	20	high		1	3	3	low	None	Direct or Technical
		To ensure that 100% of households in formal and informal settlements in the Nketoana municipal area have access to basic level of water by 2015	Inadequate assets management and maintenance	Poor infrastructure maintenance; Lack of assets management plan; Lack of financial and other resources.	TECH 02	Reduced asset lifecycle; Reduced asset value; Unreliable service provision.	4	4	16	high		1	3	3	low	None	Direct or Technical

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of sanitation by 2017	Failure to provide for sanitation to all households by 2017	Lack of management oversight to ensure that by 2017 all households will have access to basic level of sanitation	TECH 03	Delay in service delivery; Increase completion costs; Community dissatisfaction.	5	4	20	high	Forward planning is applied; Improvement in monitoring projects as per SLAs and vetting of suppliers.	3	4	12	medium	Sourcing of expanded External funding and lobbying for additional funding from reserves.	Director Technical
		To ensure that internal roads in the Nketoana municipal area are maintained and/or upgraded	inability to maintain internal roads	Cash flow problems. Shortage of equipments to maintain roads	TECH 04	Community dissatisfaction Poor Service Delivery	4	4	16	high	employees responsible for maintaining roads.	3	4	12	medium	funds must be made available for maintenance and upgrading of internal roads	Director Technical
		to ensure effective communication between municipality and community	Lack of effective communication between municipality and community	there is no protocol in place	TECH 05	Community dissatisfaction possible unrests	4	4	16	high	we inform community about disruption of water supply	2	4	8	medium	there must be an employee delegated to communicate with the community or to inform community about disruption of	Director Technical

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		y when there is major pipe burst													water supply		
		To ensure that all (100%) of registered indigents have access to free basic water	illegal connections	insufficient stand pipes/ communal taps	TECH 06	Pollution, Water loss and reduced pressure head	4	4	16	high	disconnect illegal connections	3	4	12	medium	disconnect illegal connections and impose a fine	Director Technical
	Electrical Services	to ensure that 100% of households in Nketoana Municipality has constant electricity supply	use of unqualified personnel in electricity section	Budget constraints	TECH 07	Delay in service delivery and exposure of being electrified	4	4	16	high	unqualified personnel work under supervision of qualified Electricians	3	4	12	medium	unqualified personnel to be capacitated through recognition of prior learning and also increase a number of qualified electricians	Director Technical
		to ensure that 100% of households in Nketoana Municipality has constant	electricity and cable theft	High indigency level within the municipality	TECH 08	Loss of income and power failure	5	4	20	high	meter audits	4	4	16	high	installation of smart metering	Director Technical

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		electricity supply															
		to ensure that 100% of households in nketoana municipality has constant electricity supply	thunder storms	natural course	TECH 09	Power failure due to thunder storms and damage to property (transformers) delay in water supply	5	4	20	high	installation of surge arresters and fuses to transformers and power lines	4	3	12	medium	increase protection on transformers and power lines	Director Technical
		to ensure that 100% of households in nketoana municipality has constant electricity supply	inability to provide personal protective equipment	Budget constraints	TECH 10	Injury on duty or loss of life	5	5	25	high	use of old PPE	4	4	16	high	management must provide personal protective equipment	Director Technical
		to ensure that 100% of households in nketoana municipality has	frequent Vehicles breakdown	negligent drivers and aged vehicles	TECH 11	Loss of income and delay in service delivery	5	4	20	high	use of logbooks	3	4	12	medium	installation of vehicle trackers	Director Technical

Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating		
		constant electricity supply															
		to ensure that 100% of households in Nketoana Municipality has constant electricity supply	shortage of staff (one mechanic to maintain about 60 vehicles of the municipality)	Budget constraints	TECH 12	Delay in service delivery Employee dissatisfaction Loss of income	5	4	20	high	outsource major repair works	3	4	12	medium	Filling of all critical vacant posts	Director or Technical

2.4 Anti-Corruption and Fraud

The terms fraud and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act,
- Forgery or alteration of any document, or account belonging to a customer,
- Forgery or alteration of a cheque, bank draft, or any other financial document,
- Misappropriation of funds, securities, supplies, or other assets,
- Impropriety in the handling or reporting of money of financial transactions,
- Accepting or seeking anything of (material) value from vendors or persons providing services/materials to the council (exception: perishable gift less than R100.00 in value intended for a group of employees, such as, (candy, flowers), and which are disclosed.
- Destruction or disappearance of records, furniture, fixtures, or equipment,
- Disclosing to outside persons security arrangement and procedures.
- Irregularities with procurement.

The Municipality has adopted a Fraud Prevention Plan Strategy, which touch on the following matters:

- Nketoana Local Municipality subscribes to the principles of good corporate governance, which requires conducting business in an honest and transparent fashion.
- Consequently Nketoana Local Municipality is committed to fighting fraudulent behaviour at all levels within the organization.
- The Plan is premised on the organizations core ethical values driving the business of
- Nketoana Local Municipality, the development of its systems, policies and procedures, the public and other stakeholders, and even decision-making by individual managers representing the organization. This means that in practice all departments and other business units of Nketoana Local Municipality and even external stakeholders must be guided by the plan as the point of reference for their conduct in relation to Nketoana Local Municipality.
- In addition to promoting ethical conduct within Nketoana Local Municipality, the Plan is also intended to assist in preventing, detecting, investigating and sanctioning fraud and corruption.
- This dynamic document details the steps, which have been, and will continually be taken by Nketoana Local Municipality to promote ethical conduct and address fraud and corruption.

The municipality has further also introduced the following measures to combat fraud and corruption in its ranks:

- Nketoana Local Municipality has created an Internal Audit Unit, which will include anticorruption capacity under the guidance of an Audit Committee. In terms of its Charter, the primary role of the Audit Committee will be to:
 - Evaluate the performance of internal audit;
 - Review the internal audit function's compliance with its mandate as approved by the Audit Committee;
 - Review and approve the internal audit charter, internal audit plans and internal audit's conclusions with regard to internal control;
 - Review significant differences of opinion between management and internal audit function;

Fraud Prevention Plan for Nketoana Local Municipality

- Evaluate the independence and effectiveness of internal auditors; and
- Review the co-operation and co-ordination between the internal and external audit function and co-coordinating the formal internal audit work plans with external auditors to avoid duplication of work.

The anti-corruption capacity within Nketoana Local municipality will be responsible for the investigation of allegations of fraud and corruption that is brought to its attention. Additionally, it will support the risk management procedures from a fraud risk identification perspective.

Nketoana Local Municipality recognises the fact that the positive support by all its managers for Internal Audit and its functions, speedy response to, and the addressing of queries raised by Internal Audit is vital to the success of the Plan. Where managers are found to be slow in addressing internal control and shortcomings raised by Internal Audit, firm action will be considered.

- Awareness strategies will also be developed to enhance managers' understanding of the role of Internal Audit.

- Nketoana local Municipality is also the subject of annual external audits. These audits include the following tasks:
- Examining evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

2.5 Supply Chain Management

The Council implemented a Supply Chain Management policy and system. The policy regulates the procurement of goods and services for the municipality; as well as the management of and control over major municipal assets.

During the 2016/17 financial year, orders and procurement from the operating budget were as follows:

Figure / Table 2.3: Orders and Procurement, 2016/17

Nketoana Local Municipality

(Registration number FS193)
Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
44. General expenses		
Advertising	220 897	113 804
Auditors remuneration	5 706 343	5 057 215
Bank charges	626 666	555 118
Cleaning	481 203	510 175
Commission paid	848 135	735 142
Consumables	919 004	829 636
Debt collection	28 225	-
Donations	958 461	928 500
Entertainment	348 481	405 665
Fines and penalties	8 090	100 436
Gifts (bursaries)	168 375	94 742
Insurance	1 151 412	1 154 395
Conferences and seminars	566 484	239 450
Promotions and sponsorships	9 182	53 050
Fuel and oil	1 911 976	4 137 616
Postage and courier	488 190	386 092
Printing and stationery	1 793 270	1 979 199
Promotions	1 646 453	911 019
Security (guarding of municipal property)	32 857	342 764
Subscriptions and membership fees	45 579	1 563 202
Telephone and fax	862 845	818 089
Training	250 567	851 439
Travel - local	2 586 596	2 984 307
Refuse	393 078	629 417
Assets expensed	2 526 969	3 881 637
Electricity	5 108 771	15 975 381
Water	-	1 270
Uniforms	1 375 696	576 286
Tourism development	26 860	39 500
Licences	2 055 303	652 103
Chemicals	1 465 482	1 719 515
Other expenses	999 717	912 653
	35 611 167	49 138 817

2.6 Web-site (www.Nketoana.gov.za)

The municipality's web-site at www.nketoana.fs.gov.za is managed by the Department of the Premier.

The website is functional.

