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# RISK ASSESSMENT METHODOLOGY

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## 1. STRATEGIC RISKS IDENTIFICATION

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- Identify the strategic objectives of the municipality
- This should be the same as in the Integrated development plan (IDP)
- For each strategic objective, identify a strategic risk to address the non-achievement of the objective

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## 2. OPERATIONAL RISKS IDENTIFICATION

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- Identify the Directorates in the municipality
- For each directorate, identify the various departments.
- Identify the objective for each department. This should be linked to the municipalities main objectives as per the IDP
- For each operational objective, identify the operational risks to address the non-achievement of the objective

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## 3. ASSESSMENTS

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### Workshops

- Explain the Likelihood and Impact ratings.
- Identify or reconfirm the objectives for the area under review.
- What could go wrong that would cause the objective not to be met?
- Rate the risk without taking controls into consideration. (Inherent risk rating)
- Evaluate the inherent rating based on the tolerance level.
- If the risk is higher, identify the current controls and rate their effectiveness (Residual risk rating)
- Evaluate the residual rating based on the tolerance level.
- If it is still higher than the tolerance level decide on one of the following actions:
  - Transfer - Transfer the risk to another party e.g. insurance, contracted out
  - Tolerate - Except the risk (might be too expensive to treat the risk further)
  - Treat - Implement further controls
  - Terminate - End the process
- Determine actions to monitor actions

### Self-assessments

- Provide the department of a previous copy of their risk register and the likelihood and impact rating scales.
- The department confirms that there was no changes in the period of review or makes the necessary changes