## STRATEGIC RISK REGISTER 2023 -2024

Ref	Objectiv e	Risk Description	Root causes/ Risk driver	Consequenc es/Effects	Inhe		nt	Contr place	rols in	Effectiv eness	Res	sidua (	al	requi	n plans red to ce residual o an	Responsi ble official	Due Date		Progress  3 <sup>rd</sup> Quarter
					Impact	Likelihood	Rating				Impact	Likelihood	Overall Rating		otable level			Status	
SR1	Raise funding for the implementat ion of infrastructur e	Funding not raised on time and in the amount required to implement projects	1.1 Creditworthine ss of the projects.	Delay in commencement of construction in projects.  Increase in project costs, which may affect affordability to end-users.	5	5	25	1.1.2	Regular interaction with funders to promote understanding of TCTA credit, complian ce with covenant s, the project funding model. Borrowing limit are scrutinise d for sustainability by NT (National Treasury) before approval. Obtain credit rating from reputable credit rating agency to confirm relative credit risk.	Partially effective	2	1	12	1.1.2 1.1.3	Include strong contractual obligations in Implementati on Agreements on DWS and the fiscus to transfer risk and increase creditworthin ess. None None	EM: PF&T	30 Apr 23		11.1 Completed in Q2: Done for BRVAS in Q1. Included in draft uMWP-1 for sign-off by DWS

Ref	Objectiv	Risk	Root causes/	Consequenc	1	erer	nt	Controls in	Effectiv		sidua	al	Action plans	Responsi	Due		Progress
	е	Description	Risk driver	es/Effects	mpact	poo	Rating	place	eness	Impact	Likelihood	Overall Rating	required to reduce residual risk to an acceptable level	ble official	Date	Status	3 <sup>rd</sup> Quarter
			1.2 Funding climate in the country, particularly in relation to SOE's		5	5	25	1.2.1 Large number of potential funders. 1.2.2 All Projects included in DMTN to increase funding instrument s and expand investor base.	Partially effective	5	2		1.2.1 Open market sourcing of funding to expand funding pool. 1.2.2 Include information in RFP that will enable ESG-loans to access more funding options.	EM: PF&T	Apr 23	•	1.2.1 Completed in Q1.  1.2.2 Completed in Q1
			1.3 Inadequate project preparation.		5	5	25	1.2 Institutional arrangement s are done in as part of project preparation	Partially effective	5	1		1.3 Legal review of project document, authorisation, capacity as part of project preparation	Head of Legal/ EM: PF&T	Sep 23		1.3 Completed in Q2: Legal is part of project document formulation.
			1.4 MCWAP-2A Delay to reach financial close on agreements.  Delays in concluding Guarantee framework agreement.		5	5	25	1.4 Engagement with National treasury and the funders	Partially effective	5	2		1.4 Follow-up with National Treasury on Guarantee Framework Agreement.	EM: PMID	Oct 23		1.4 (In progress)- This was concluded but there are further follow ups.
SR2	Deliver infrastructur e projects within schedule, health and safety, environment al, budget & quality commitment s	Infrastructure projects not delivered on schedule, safely, within budget & quality.	2.1.1 Schedule slippage. 2.1.2 MCWAP- 2A Delay in obtaining funding in time for to enable the commenc ement of procurem	Reputational damage. TCTA's sustainability negatively impacted. Inability to commercialize projects.	5	5	25	2.1.1 Planning and schedulin g control procedur e. 2.1.2 Procurem ent strategies , plans, and SCM oversight	Partially effective	5	3	9	2.1.1 Develop Level 1 &2 Baseline Plans, and Level 3 schedule.  2.1.2 Fast track decision making on whether to	EM: PMID	May 23  Dec 23	•	2.1.1 Completed in Q2. The level Baseline Plans 1 and 2 are in place for all projects.  2.1.2 Done. Received exemption from NT from complying with Note 3 paragraph 8.4 (a). The loan agreements

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					Impact	Likelihood	Rating			Impact	Likelihood	Overall					
			ent process.  2.1.3 BRVAS Delay in procurem ent of electric equipme	Increase water tariff.  Inability to meet customer's water delivery commitments.				committe es					advertise MCWAP-2A tender to the market and considering the compliance requirements				have also been approved by the Board, can now go to the market.
			nt	Legal challenges, non-compliances, and penalties.									2.1.3 Reconfirm the power supply requirement to Eskom based on concept design.	EM: PMID	October 2023		2.1.3 In progress- TCTA confirmed power supply requirements. Eskom is busy finalising an estimate for power supply.
			2.1 Budget overrun	_				2.1.1 Cost estimatio n procedur	Partially effective				2.2.1 Develop project charter budget, and	EM: PMID	Jul 23		2.2.1 <b>Done:</b> Charter budgets and cost base lines for BRVAS and MCWAP are in place. Need to develop the cost baseline for
								e. 2.1.2 Cost manage ment procedur					cost baseline. 2.2.2 Issuing monthly project		Jul 23 Jul 23		2.2.2 Done: The cost reports and change registers are in place for BRVAs and MCWAP. Need to develop 1 for UWP.
					5	5	25	e. 2.1.3 Manage ment of change		3	2		reports. 2.2.3 Develop change register for each project.		Oct 23	0	2.2.3 In progress: The establishment of the Change Forum is still in progress, will be concluded once the
								control procedur e. 2.1.4 Contract manage ment procedur e manual.					2.2.4 Establish a change forum within PMID				contracts are awarded.  2.2.4 Work in progress
			2.3 Quality deviations/ non-adherence to					2.3.1 Updated Project Implemen tation	Partially effective				2.3.1 Develop Quality Management system.	EM: PMID	Aug 23		2.3.1 The quality policy manual was submitted to the policy committee for approval at the end of September.
			quality specifications		5	5	25	Methodol ogy. 2.3.2 Scope Manage ment procedur e.		3	2		2.3.2 Implement Combined Assurance Model and Procedure		Quarterly		2.3.2 <b>Done:</b> Combined assurance being implemented as part of project reporting.

Ref	Objectiv	Risk	Root causes/	Consequenc			nt	Contro		Effectiv		sidu	al		n plans	Responsi	Due		Progress
	е	Description	Risk driver	es/Effects	Impact	Likelihood	ing	place		eness	Impact	Likelihood	Overall Rating	reduc risk t	red to ce residual o an otable level	ble official	Date	Status	3 <sup>rd</sup> Quarter
			2.4 HSE incidents and non-compliances.		dul	Like	Rating 62	2.4.1 2.4.2 2.4.3	Contractu al remedies on identified non- complian ce by contracto rs. Safety Audits. OHS (Occupati onal Health and Safety) legislatio n, policy, and policy statemen t.	Partially effective	2	1	ð	2.4.1 2.4.2 2.4.3	None. Establish HSE Operations Committee.  Develop HSE performance indicators.  Develop HSE Risk register.	EM: PMID	Aug 23 Aug 23 Aug 23		2.4.2 - 2.4.4 Completed. HSE Committee is in place and sits on a quarterly basis
SR3	Operate and maintain designated projects to meet DWS (Department of Water and Sanitation) volume targets and specification s".	Failure to meet volume targets and specifications/stan dards.	3.1 Unplanned outages.	Reputational damage to TCTA should environmental degradation or ground water contamination occur.  Regulatory noncompliances leading to monetary penalties or legal action against TCTA and DWS.	5	5	25	3.1.2 3.1.3	Preventat ive maintena nce and plant refurbish ment plans. Appointm ent of a competen t operator. Compreh ensive contract condition s and application of contractual remedies	Partially effective	3	3	9	3.1.1	Restore the Eastern Basin AMD plant to achieve design capacity. Restore the Central Basin AMD plant to achieve design capacity: Pipe capacity: Pipe capacity and pump upgrade. Improvement of operations and maintenance strategies and plans.	EM: PMID	Apr 23 Jun 23 Dec 23		3.1.1 – 3.1.5 : Complete  All AMD plans are operating within the agreed DWS targets/parameters. 3.1.1 Eastern basin is operating at 97ml per day which is above the 90ml target. 3.1.2 Central basin is operating at 72ml which is above 60ml target.

Ref	Objectiv	Risk	Root causes/	Consequenc	Inher	ent	Controls in	Effectiv		idua	ıl	Action plans	Responsi	Due		Progress
	е	Description	Risk driver	es/Effects	mpact	Likelinood Rating	place	eness	Impact	Likelihood	Overall Rating	required to reduce residual risk to an acceptable level	ble official	Date	Status	3 <sup>rd</sup> Quarter
					dw_	Rating	to ensure satisfacto ry performa nce. 3.1.4 TCTA staff located on site to monitor operator and plant performa nce.		dwi	Like	8	3.1.4 Appointment of Operations Manager. 3.1.5 Establish constructive partnerships with operators and key suppliers of equipment		Aug 23 Mar 24		
			3.1 High water ingress due to abnormal rain conditions.				3.2 High water ingress due to abnormal rain conditions.	Partially effective				3.2.1 Implement EMp's. 3.2.2 Implement the risk mitigating plan for decanting	EM: PMID	Quarterly Quarterly		<ul> <li>3.2.1 Done: The audits are done biannually. There have been no issues so far.</li> <li>3.2.2 Done: The risk mitigation plans have been done for the Central, Eastern and Western basins.</li> </ul>
			3.2 Vandalism of infrastructure .				3.2.1 Plant security measures and reaction plans in place. 3.2.2 Stakehol der engagem ent strategy and plan. 3.2.3 Engagem ents forums	Partially effective				3.3.1 Monitoring implementati on of current measures (the arm guards). 3.3.2 Monitoring implementati on of engagement plans.	EM: PMID	Daily  Quarterly		3.3.1 Completed Arm guards in place, there has not been any incident to date.  3.3.2 Done: Engagements are happening on a quarterly basis
			3.3 Utility supply challenges (Load Shedding)	-			3.4 None	n/a	_			3.4 Development of environmental sustainability strategy.	EM: PMID	Mar 24		3.4 Work in progress
SR4	Manage debt within the approved borrowing limit.	Inadequate liquidity to meet project obligations and requirement	4.1 Late payments of tariff revenue by DWS.	Event of default leading to suspension or cancellation of credit facilities and accelerated repayment of	4 4	1 16	4.1 Proactive engagement with DWS on receivables. 4.2 Follow up is conducted with DWS officials if	Partially effective	4	2	8	4.1 Follow up with DWS Officials if payment is not up to date.	CFO	Mar 24		4.1 Completed in Q2

Ref	Objectiv	Risk	Root causes/	Consequenc	Inherent	Controls in	Effectiv	Residual	Action plans	Responsi	Due		Progress
	e	Description	Risk driver	es/Effects	risk	place	eness	risk	required to reduce residual risk to an acceptable level	ble official	Date	Status	3 <sup>rd</sup> Quarter
					Impact Likelihood Rating			Impact Likelihood	Overall Rating				
			4.1 Slow government processes for approving borrowing limit	outstanding loans  Delay in implementing projects		payment is not made on time.  4.1.1 Early submissi on of borrowing limit requests.  4.1.2 TCTA engages DWS and NT before and after making submissi ons on borrowing limit	Partially effective		4.2 Engage DWS and NT before and after making the submission	EM: PF&T	When a new borrowing limit is required		4.2 Completed IN Q2
			4.2 Event of default (e.g., unqualified audits, late audited statements etc.)			requests. 4.2 Bank liquidity in place.	Partially effective		4.2.1 Ensure liquidity facilities are in place to cover possible shortfalls. 4.2.2 Renegotiations with the lenders to align submission of audited AFS to the legislated (PFMA (Public Finance Management Act,).		Sep 23		<ul> <li>4.2.1 Completed: No liquidity challenges were experienced during the quarter.</li> <li>4.2.2 Completed IN Q2</li> </ul>
			4.3 Lack of market interest in TCTA commercial paper			4.3.1 Engage with the Minister through Board when/if required tariffs do not get approved. 4.3.2 Projects have committe	Partially effective		4.3 Obtain approval or the DMTN guarantee by NT to enable issuing of JSE-listed commercial paper.	f EM: PF&T	Sep 23		<b>4.3In progress:</b> submission to the Board will be in Q3.

Ref	Objectiv	Risk Description	Root causes/ Risk driver	Consequenc es/Effects	Inhe risk		nt	Controls in place	Effectiv	Res	sidua	al	Action plans	Responsi	Due Date		Progress
	е	Description	RISK Griver	es/Enects				piace	eness	risi		Rating	required to reduce residual risk to an acceptable level	ble official	Date	Status	3 <sup>rd</sup> Quarter
					Impact	Likelihood	Rating			Impact	Likelihood	Overall Rating					
								d bank facilities/ target greater than 10% of outstandi ng debt		-							
SR5	Ensure organisation al positioning for the planned Water Agency	Inability to influence the establishment of the new Agency initiative.	5.1 Political Pressure.  5.2 Lack of capacity to undertake the complex change initiative.  5.3 Institutional	Reputational damage.  Lack of sustainability of TCTA.  Loss of critical staff.  Water insecurity across the country.	5	4	20	5.1 Buy-in at the highest political level, including Ministerial oversight.  5.2 Establish interfaces for initiative, as well as independent specialist assessment  5.3 Roadmap	Ineffective  Ineffective	5	4	20	5.1-5.4 Implement 90-100% of the TCTA Agency response plan.		Quarterly		5.1-5.4 <b>Completed:</b> Quarterly targets have been achieved and reporting to Board at the end of December.
			turf protection and lack of alignment between DWS and TCTA.  5.4 Poor stakeholder management	Loss of market confidence and impact on funding.				that is Cabinet approved, including institutional responsibilitie s.  5.4 Stakeholder engagement plan.	Ineffective	_							
SR6	Maintain the highest standard of corporate governance, the internal control environment, and risk	Weak control environment and reduced ability to manage risks.	6.1 Lack of accountability.	Non-achievement of organisational goal and objectives. Financial Losses. Qualified Audit				6.1.1 Reporting structure s to Board and EXCO are in place. 6.1.2 Delegatio n of authority.	Ineffective				6.1 Implement recommended action plans from the Committees.	EXCO	Quarterly		6.1 <b>Completed</b> Quarterly reporting being done to all Committees
	managemen t		6.2 Adherence to corporate governance requirements seen as additional initiative.	Opinion.  Reputational damage.	4	4	16	6.2.1 Risk Manage ment framewor k and related policies in place. 6.2.2 Monitorin g is undertak	Ineffective	2	2	8	6.2.1 Monitor the Implementati on of the risk management Policy and Framework. 6.2.2 Reporting on organizationa I compliance to corporate	CRO/Cosec	Quarterly		6.2.1 Completed 6.2.2 Completed

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					_			en on complian ce with the King IV principles on a quarterly basis. 6.2.3 Combine d assuranc e					governance requirements 6.2.3 Monitor the Implementati on of the combined assurance model.		Quarterly		6.2.3 Completed
			6.3 Non-compliance with legislation and regulations.		5	5	25	6.3.1 Submissi ons are made to the LCC within 30 days to address the backlog of irregular expenditure. 6.3.2 IFWE procedure manual in place. 6.3.3 Guide to consequence manage ment is ir place. 6.3.4 Implement tation of the Complian ce Risk Manage ment Plan is monitore d quarterly.		4	3		6.3 Monitor implementation of the compliance risk management plan	CRO	Quarterly		6.3 75% of the plan has been implemented. (In progress)
SR7	Ensure that all IT	Failure to implement IT	7.1 Misalignment between ICT	Security breaches	4	4	16	7.1 Working groups are in place to	Ineffective	3	3	9	7.1 Regular engagement with Divisions and	EM: EWSS	Mar 24		7.1 Completed in Q2

Ref	Objectiv	Risk	Root causes/	Consequenc		erer	nt	Controls in	Effectiv	1	sidu	al	Action plans	Responsi	Due		Progress
	е	Description	Risk driver	es/Effects	ris	K		place	eness	risl	(		required to reduce residual risk to an acceptable level	ble official	Date	Status	3 <sup>rd</sup> Quarter
					Impact	Likelihood	Rating			Impact	Likelihood	Overall Rating				Sta	
	systems are implemente	systems and controls to support the business	and business objectives.	(Internal and External)				ensure buy in and support for programmes.					Execs, in terms of participating in working groups and committees.				
	d to support the business		7.2 Lack of skills and capacity	Failure of systems and platforms to support the business.				7.2 Integrated resource plan for the Department in place.	Ineffective				7.2 Execute the integrated resource plan for the department.	EM: EWSS	Mar 24		7.3 In progress: Oracle Consultant and system analyst are on hold due to delays in ERP implementation. The outcome of OE study will assist in revising and fast tracking the integrated resource plan
			7.3 Lack of appropriate governance forums.	Inability of the business to implement their strategies.				7.3 ICTGC Committee Board Subcommittee established.	Ineffective				7.4 Regular review and reporting of ICT plan progress and control environment to the oversight structures.	EM: EWSS	Mar 24		7.3 Completed Quarterly IT reports presented to Board Committees
			7.4 Slow response by IT support services to resolve queries					7.4 SLA for all support services with response and resolution times.	Ineffective				7.4 Monitor of suppliers via signed SLAs (Service Level Agreement).	EM: EWSS	Mar 24		7.4 <b>Completed</b> : Conducted on a monthly and quarterly basis depending on Supplier
			7.5 Inability to procure solutions on time.		4	4	15	7.5 Procurement strategies are in place.	Ineffective	4	3		7.5.1 Regular engagement with SCM (Supply Chain Manager) regarding fast tracking of procurement. 7.5.2 Monitor implementati on of the digitalisation plan	EM: EWSS	Mar 24		<ul> <li>7.5.1 Completed: Monthly engagements being held with SCM.</li> <li>7.5.2 Completed: Completed, quarterly report submitted to Exco.</li> </ul>

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	е	Description	Risk driver	es/Effects	risk		place		eness	risk		50	required to reduce residual risk to an acceptable level	ble official	Date	Status	3 <sup>rd</sup> Quarter
					Impact	Likelihood Rating				Impact	Likelihood	Overall Rating				Sta	
SR8	Position TCTA as a thought leader in critical aspects of water security, including in sector advisory role.	Inability to demonstrate thought leadership, and to meet SIP stakeholder expectations.	8.1 Inadequate knowledge presence externally on sector platforms.	Loss of competitive advantage.  Perception of TCTA in sector.  Reputational damage.  Limitation of SIP value-add.			8.1.1	Active participat ion in strategic sector platforms and Forums. Relevant publications and presentat ions at strategic forums.	Ineffective			6	8.1-8.3 Implement the knowledge plan	CS0	Quarterly		8.1-8.3 <b>Completed:</b> Quarterly report at the end of September, reflecting engagement with Project Partners
			8.2 Weak learning culture.		4	4 16	8.2.1	Inclusive implemen tation of the knowledg e plan. Improved knowledg e sharing and collaborat ion across divisions.	Ineffective	3	2						
			8.3 Stakeholder competition for space to influence and lead thought.				8.3.1	Effective collaborat ion in external communities of practice. Thought leadership in niche areas of	Ineffective								

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	е	Description	Risk driver	es/Effects	ris			place	eness	risl		Overall Rating	required to reduce residual risk to an acceptable level	ble official	Date	Status	3 <sup>rd</sup> Quarter
					Impact	Likelihood	Rating	comparat ive advantag		Impact	Likelihood	Overall					
			8.4 Differing and conflicting agendas and interests of various SIP partners.					e.  8.4.1 Field interactio n and formal quarterly engagem ent with SIP partners.  8.4.2 SIP reports and escalatio n to Cabinet.	Ineffective				8.4 Engagement with project partners quarterly, together with SIP reporting.	CSO	Quarterly		8.4 Completed: Quarterly report at the end of September, reflecting engagement with Project Partners
SR9	Improve performance culture that contributes to the achievement of organisation al goals	Inability to shift the culture to one of high performance in TCTA	9.1 Inadequate demonstration of leadership example (individualised approach).	Loss of competitive advantage.  Perception of TCTA in sector.  Reputational damage.  Limitation of SIP value-add.	4	4	16	9.1.1 Leadership coaching and team effectiveness program. 9.1.2 Implement the People Management Capacity Programme (PMCP) through the PMF.	Ineffective	4	3	12	9.1.1 Implement leadership coaching programme modules. 9.1.2 Implement PMCP modules.	EM: HR&OD	Quarterly		9.1.1 Completed On target as per plan.  9.1.2 Completed. On target as per plan.
			9.1 Misalignment between employees' expectations with organisationa I vision, mission, and values.		4	4	.16	9.2 Approved transformatio n plan.	Ineffective			12	9.1.1 Implement 1 Interventions of the plan. 9.1.2 Implement 2 interventions of the plan.  9.1.3 Implement 3 intervention of the plan.  9.1.4 Implement 4 intervention of the plan.	EM: HR&OD	Jun 23 Sep 23 Dec 23 Mar 24		<ul> <li>9.2.1 Completed Intervention 1 completed in the second quarter.</li> <li>9.2.2 Completed: On target as per the plan.</li> <li>9.2.3 Not yet due.</li> <li>9.2.4 Not yet due.</li> </ul>
SR10	Operation and Maintenanc	Disruptions of water supply from LHWP to RSA.	10.1 Delay in executing the planned outage	Water Shortages (Gauteng Province).	5	4	20	10.10utage plan is in place		4	2	8	10.1 Appoint the PSP (Professional Service Providers)	EM: PMID	Jul 23		10.1 <b>Completed</b> The PSP contract is in place.

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	е	Description	Risk driver	es/Effects	risk		place	eness	risk		бг	required to reduce residual risk to an acceptable level	ble official	Date	Status	3 <sup>rd</sup> Quarter
					Impact	Rating			Impact	Likelihood	Overall Rating				S	
	e of LHWP (LESOTHO HIGHLANDS WATER PROJECT) within RSA		10.2 Planned outages (delays in completing required maintenance activities).	Reputational Damage.			10.2 Comprehensiv e tunnel inspection at scheduled intervals.	Ineffective				10.2 Finalise bid closing.	EM: PMID	Mar 24		10.2 <b>In progress</b> : The technical specification for the contract was finalised. The Bid documents will be presented to BSC during December 2023.
SR11		Sustainability of the organisation	11.2 Failure to convert mandates into projects.				11.1 None	n/a	4	3	12	11.1Engage DWS to finalise institutional arrangements and, National Treasury to seek funding for the projects.	CEO/Board	Mar 24		11.1 In progress
			11.2 Composition of staff cost (fixed and variable cost).	Failure to recover costs.  Increases in staff costs make off-takers reluctant to foot the bill.  Impact on the financial sustainability of the organization in future.			11.2 HR recruitment and remuneration policies	Partially effective				11.2.1 EXCO to optimise the use of current resources.  11.2.2 Monitor recruitment of new staff in relation to project activity and leadership engagement on this risk.  11.2.3 Management to consider the creation of fixed term contracts.	Executive HR/EXCO	March 2024		11.2.2 In progress  11.2.3 In progress
SR12		Potential default on loan covenant	12.1 Migration of TCTA into the Agency	Lenders may not be comfortable committing funds	5 5	25	12.1 Provide assurances and demonstrate		4	3	12	12.1-12.2 Provide lenders with updates and developmen	CEO	Mar 24		12.1- 12.2 Done in Q2.

Ref	Objectiv e	Risk Description	Root causes/ Risk driver	Consequenc es/Effects	Inherent risk			Controls in place	Effectiv eness	Residual risk		al	Action plans required to	Responsi ble	Due Date		Progress
					Impact	Likelihood	Rating			Impact	Likelihood	Overall Rating	reduce residual risk to an acceptable level	official		Status	3 <sup>rd</sup> Quarter
			12.2 Lack of clarity on the form of the new entity.	without fully understanding the new structure/the Agency.  Lenders willing to fund current projects may require clarifications, leading to some re-assessing their positions. (Understanding Risk is critical to Lenders).  Reputational erosion: The positive reputation of TCTA with lenders, financial markets and contractors may erode as we transfer into the Agency.			ů2	clear intent to migrate in a professional and responsible manner to a viable and future-proof Agency.  12.2.1 Clarity of mission and prudent migration strategy. 12.2.2 Reassura nce of all pre-existing rights and minimal disruptio n of the business.	Partially effective				t regarding the water Agency.				