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Critical success factors influencing enterprise risk maturity in South African metropolitan municipalities

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ABSTRACT

Enterprise risk management (ERM) addresses uncertainty by enabling organisations to achieve their objectives through structured processes and activities designed to identify, assess, and mitigate its causes. ERM has been adopted by the South African government, and all spheres of government are required to implement it. However, guidance on ERM best practices in local government is limited, and the prevailing enterprise risk maturity assessment tools are superficial. A qualitative research paradigm was adopted. The literature study was triangulated with 20 semi-structured interviews conducted in two metropolitan municipalities. The data were analysed using thematic analysis to identify themes and subthemes, which enabled the researchers to describe, conceptualise, interpret, and analyse ERM application and risk maturity in the selected municipalities. The article further identifies several critical success factors (Themes) that determine the extent of risk maturity in local government in South Africa, highlights several shortcomings in current risk maturity assessments, and makes recommendations for inclusion in future risk maturity model development. The unique contribution of this research is that it identifies the following critical success factors: governance effectiveness, oversight must be performance-oriented, accountability and responsibility, ethical leadership and management, leadership values, competency and experience, institutional capacity, political stability, risk-aware culture, risk and organisational performance, effective risk management process, effective stakeholder engagement and risk-based decision making.

Contribution/Originality: This study contributes to the literature by identifying several factors that are critical for achieving risk maturity in local government. The findings in this study strengthen the limited discourse on risk maturity in the South African local government.

1. INTRODUCTION

In the public sector, robust risk management systems are required for managing the uncertainties surrounding government operations and service delivery (Chang, Huang, Roan, Chang, & Liu, 2014; Kim, 2014). According to Asenova, Bailey, and McCann (2015), "risk in public services is all-pervasive, and its management has to recognise subtle service issues such as quality, user dissatisfaction, reputation damage, and disruption of strategic planning processes, as well as the shared nature of public services that requires cooperation with and input from multiple agencies". Furthermore, the impact of risk in public services is most acutely felt at the local government level, where the delivery of essential services significantly affects citizens' daily lives.

Risk management has focused primarily on financial risks, such as market, credit, and liquidity risks, while a fragmented silo approach to risk management has been adopted. However, several of the most significant risk events in recent years have arisen from non-financial risks, such as conduct and cyber risks, rather than traditional financial risks (Deloitte, 2018). The term "enterprise risk management" (ERM) is most frequently associated with the guidance document published by the Committee of Sponsoring Organizations of the Treadway Commission (2004) which states that ERM "is a process, effected by an entity's board of directors, management, and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives".

This article focuses on ERM risk maturity in local government in South Africa. A conceptual clarification of risk maturity and its role in the application of ERM is provided. On the whole, this research is guided by the following question: which critical success factors (CSFs) influence risk maturity in local government, and could shape future risk maturity models in local government?

2. LITERATURE REVIEW

2.1. Risk Maturity

No universally accepted definition of risk maturity exists; rather, attempts have been made to describe what it incorporates and entails. Risk maturity is a widely utilised term, but is poorly defined. The Risk and Insurance Management Society (2015) provides a reliable description of risk maturity by indicating that it "refers to an evolution toward full development of the risk management attributes and competency drivers. Linked closely with continuous improvement, risk management maturity represents the degree of formality and effectiveness of risk management activities and processes in an organisation at different levels, from ad hoc practices to formally defined steps, to managed result metrics, to actively making the most effective use of the processes and capabilities".

The International Organization for Standardization's (ISO) enterprise risk standard (International Organization for Standardization, 2018) does not explicitly refer to risk maturity as a concept but implies a process of continuous evaluation and improvement in risk management processes and effectiveness. For example, International Organization for Standardization (2018) states that "the organisation should evaluate its existing risk management practices and processes, evaluate any gaps, and address those gaps within the framework". Despite the lack of a clear definition for risk maturity, it is "understood as a measure adopted by organisations to help them better understand their overall risk position, including the value created from risk management initiatives" (Marsh, 2017).

For an organisation to undertake such an evaluation of its risk position, it must be able to benchmark against best practices and processes, which should serve as a quality standard to which it can aspire. "Organisations thus have to determine the quality and the quantity of activities to be implemented in order to determine whether risks are appropriately managed according to the wishes of their governing bodies and senior management, and whether the risk management process is in line with what is communicated to their stakeholders" (Coetzee & Lubbe, 2013). The process associated with risk maturity can be summarised as:

- "A series of steps.
- That evaluate and score key characteristics of the risk management framework.
- Against best practices (Benchmarking).
- To determine whether the risk management framework as adopted and planned by the governing body and senior management, has been adhered to" (Coetzee & Lubbe, 2013).

The following section provides a more detailed analysis of risk maturity models that have been developed to assess organisations' adherence to risk management frameworks.

2.2. Risk Maturity Models

The earliest recognised maturity model focused on improving software design. In 1984, the Software Engineering Institute (SEI) was founded at Carnegie Mellon University, and it developed a "capability maturity model" (CMM) to help organisations enhance the quality of their software development by implementing "mature" processes. The CMM had its roots in earlier work undertaken by Crosby (1979) and Humphrey (1988) in the field of quality management (Janse & Coetzee, 2011). According to the SEI, "a maturity level is a well-defined evolutionary plateau toward achieving a mature software process. Each maturity level provides a layer in the foundation for continuous process improvement … achieving each level of the maturity framework establishes a different component in the software process, resulting in an increase in the process capability of the organisation" (Paulk, Curtis, Chrissis, & Weber, 1993). Importantly, for future maturity models, the SEI approach assessed maturity using five scales, from Level 1 (Initial) to Level 5 (Optimising), as shown in Figure 1.

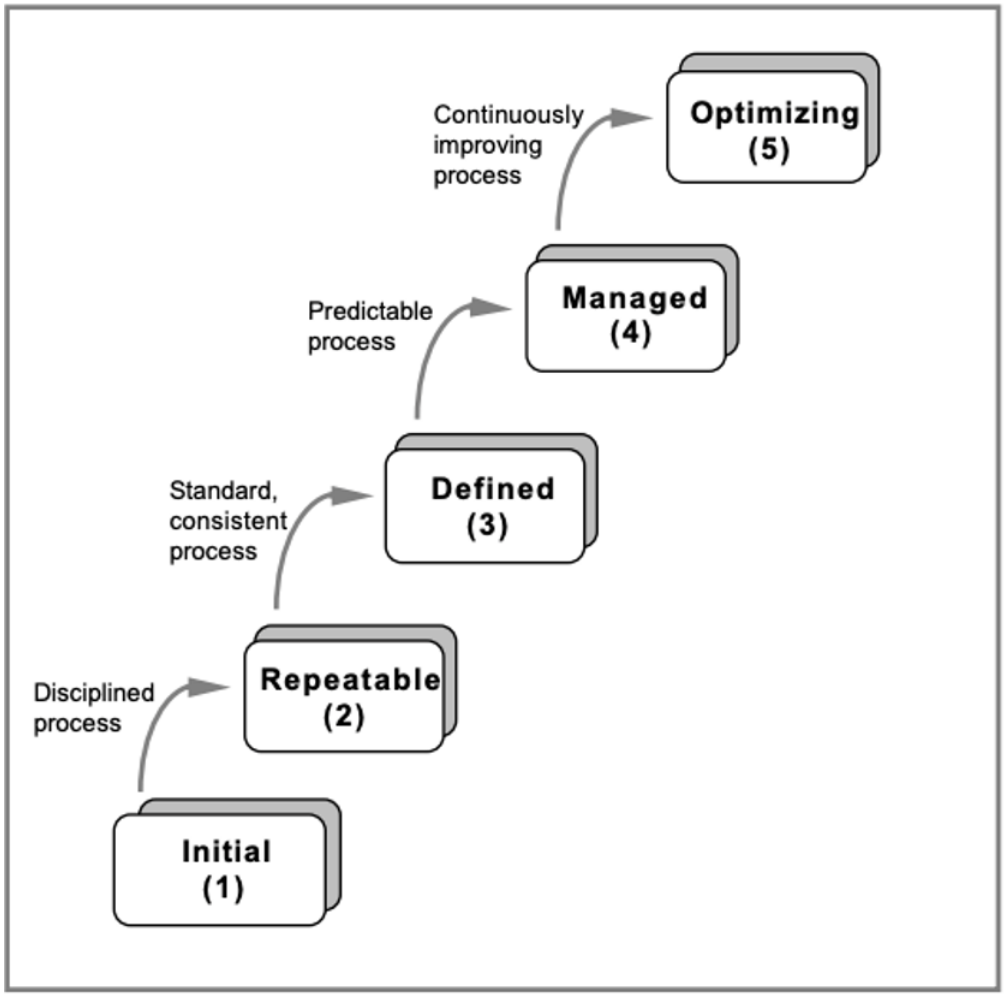

Figure 1. Capability maturity model (CMM).

Source: Paulk et al. (1993).

The first generic ERM maturity model was developed by Hillson's (1997) article, "Towards a Risk Maturity Model". Hillson (1997) acknowledged that the concept of maturity models was well established and explicitly referred to the SEI model in his article. Hillson (1997) approach categorised risk management into groups ranging from organisations with no formal risk processes to those where risk is fully integrated into business processes. To determine an organisation's position regarding the relative maturity of its risk processes, a more detailed diagnostic tool is required, one that provides objectivity and consistency in assessing risk maturity. Hillson (1997) model is a matrix in which four levels of maturity are cross-referenced with four attributes of maturity. The attributes (Hillson,

1997) identified are culture, process, experience, and application. Accordingly, once a risk maturity level has been assessed, action plans can be developed to elevate the organisation to a higher maturity level. Hillson (1997) also acknowledged that further work was necessary to enhance the diagnostic elements of the risk maturity model.

Other risk maturity models based on the maturity level approach adopted from the CMM were developed. These risk maturity models typically provided criteria for measuring the quality of risk management activities in an organisation and the extent to which these activities have been embedded in the organisation. According to Wieczorek-Kosmala (2014), "grounded on a strategic (holistic) approach to manage risk in organisations, Risk Maturity Models are presented as a valid tool, supporting risk management procedures by providing so-called 'hallmarks' of advancement". Moreover, risk maturity models offer a general framework with benchmarks, which are beneficial for assessing progress in risk management implementation (Hoseini, Hertogh, & Bosch-Rekveldt, 2021). According to Chapman (2012), risk maturity models are advantageous for organisations seeking to improve or develop their risk management approach.

The assessment of ERM maturity in the private and public sectors in South Africa is not a new phenomenon. Coetzee and Lubbe (2013), for example, published an article on assessing risk maturity in these sectors using a risk maturity scorecard. They reported that organisations in the private sector were mainly risk mature, whereas public sector organisations lacked numerous elements in their risk management frameworks, and that no risk-mature respondents could be identified in this sector (Coetzee & Lubbe, 2013). The research undertaken by Coetzee and Lubbe (2013) did not include risk maturity assessments of local governments, which is considered in further detail in the following section.

2.3. Risk Maturity in the South African Local Government

When considering risk management maturity in the public sector, particularly in local government, it is important to note that most risk maturity models have been developed from a private-sector perspective and are often ill-suited to the specific nature of the public sector. According to Palermo (2014) and Spikin (2013), risk management has been increasingly adopted and diffused across the public sector; however, this adoption faces unique challenges for government entities. "Risk in public services is all-pervasive, and its management must recognise subtle service issues such as quality, user dissatisfaction, reputation damage, and disruption of strategic planning processes, as well as the shared nature of public services requiring cooperation with and input from multiple agencies" (Asenova et al., 2015).

The South African National Treasury rolled out a financial management capability maturity model (FMCMM) in 2008, which identified six maturity levels: start-up, development, control, information, managed, and optimising. The stated objective of the FMCMM was to influence institutions towards effective, efficient, economical, and transparent financial management while providing early warning of future business risks (Nair, 2011). Although the primary focus of the FMCMM was financial management and financial risk, the tool also included a section on ERM comprising 71 questions. Furthermore, the model allowed responses of "yes", "partial", or "no" to these questions and tallied a final score. However, the authors contend that this model does not adequately address the full spectrum of risks in local government and that its usefulness in determining enterprise risk maturity is severely limited because it does not fully consider the underlying factors that determine risk maturity in local government. The CSFs that influence ERM are discussed in more detail below.

3. RESEARCH METHODOLOGY

A qualitative research design was employed, and semi-structured interviews were conducted with 20 key participants. The data were analysed using thematic analysis to identify themes and subthemes, which allowed the researchers to describe, conceptualise, interpret, and analyse ERM application and risk maturity in the selected

municipalities. Additionally, the interviews were triangulated with scholarly literature, relevant legislation, regulations, policies, official documents, newspapers, journal articles, online sources, and secondary data.

Ethical clearance was granted by the Institutional Review Board (ethical clearance number: information redacted to ensure a blind review). Gatekeeper clearance was obtained from municipalities prior to entering the field for data collection. Informed consent was obtained from all participants prior to conducting interviews. Principles of beneficence, confidentiality and anonymity were abided by in the research.

3.1. Research Setting and Sample

There are 278 municipalities in South Africa, comprising eight metropolitan municipalities, 44 district municipalities, and 226 local municipalities (South African Government, 2025). This constitutes the entire population of local government in South Africa. Metropolitan municipalities are the most comprehensive, as they are responsible for providing all the municipal services required within their demarcated jurisdictions. Furthermore, of the eight metropolitan councils, three of the largest are located in the Gauteng province.

Consequently, the authors undertook a study to determine the CSFs that influence ERM maturity in South African local government. This study utilised purposive sampling by selecting the Tshwane Metropolitan Municipality and the Johannesburg Metropolitan Municipality, both located in Gauteng province, as representative of metropolitan municipalities in South Africa. A sample size of 10 subjects/actors per metropolitan municipality was applied. A snowball sampling approach was employed in each municipality; participants were asked to refer the researchers to suitable colleagues across various areas within the municipalities, including members of the council. Table 1 reflects the two municipalities in the study and the areas represented by the participants who were interviewed.

Table 1. Municipal areas represented in interviews.

No.	Municipality	Office
1	City of Tshwane	Group Audit and Risk
2	City of Tshwane	Strategy Development and Implementation (City Strategies)
3	City of Tshwane	Emergency Services
4	City of Tshwane	Audit & Performance Committee
5	City of Tshwane	Mayoral Committee
6	City of Tshwane	Human Capital Development
7	City of Tshwane	Risk Management
8	City of Tshwane	Risk Management
9	City of Tshwane	Group Financial Services
10	City of Tshwane	Internal Audit
11	City of Johannesburg	Chief Risk Officer (CRO): Municipal Entity
12	City of Johannesburg	CRO: Municipal Entity
13	City of Johannesburg	Shared services: Supply Chain
14	City of Johannesburg	Group Risk Assurance Services
15	City of Johannesburg	CRO: Municipal Entity
16	City of Johannesburg	Performance Governance: Municipal Entity
17	City of Johannesburg	Group Audit Committee
18	City of Johannesburg	Group Risk Assurance Services
19	City of Johannesburg	Group Risk Governance and Compliance Member
20	City of Johannesburg	Department of Health

3.2. Data analysis

The interviews were transcribed, and each one was assigned a unique document number, e.g., D1. The results of the 20 semi-structured interviews were analysed using thematic analysis in ATLAS.ti qualitative data analysis software. Thematic analysis is defined as "a method for systematically identifying, organising, and offering insight

into patterns of meaning (themes) across a data set" (Braun & Clarke, 2012). Braun and Clarke (2006) developed a six-phase guide for conducting thematic analysis, which is presented in Table 2.

Table 2. Braun and Clarke (2006) six-phase approach to thematic analysis.

Phase 1: Familiarising with data	**Phase 4: Reviewing themes**
Phase 2: Generating initial codes	Phase 5: Defining and naming themes
Phase 3: Searching for themes	Phase 6: Producing the report

Source: Braun and Clarke (2006).

Pickens and Braun (2018) indicate that "this version of thematic analysis offers flexibility and variability in theoretical and analytic scope". The data analysis progressed through various phases, from data familiarisation and extensive coding to theme development and review. A flexible, open coding approach to the data was applied, which initially enabled semantic analysis and eventually produced patterns and, eventually, themes (Pickens & Braun, 2018). The analytic review process resulted in a final analytic structure of eight themes (theorised as "CSFs") that captured how the participants described the requirements for risk maturity. A documentary study was also undertaken to review literature on ERM and local government in South Africa. In this regard, numerous secondary data sources were consulted, including books, journal articles, and Internet sources.

4. FINDINGS

The CSFs as themes, a description of each, and verbatim quotations from the interviews are presented in Table 3.

Table 3. CSFs, descriptions, and interviewees' quotations.

Themes (CSFs) and subthemes	**Description**	**Example quotations**
CSF 1: Governance effectiveness	The behaviour and example established by the governing body permeate the organisation.	**D8:** "But, if the political leadership are competent, they understand the implications of their political utterances and their political manifestations. They are able to mitigate risk; they are able to ensure accountability, good governance and service, sustainable service delivery."
Oversight must be performance-oriented.	Oversight focused on outputs and outcomes and not purely on legislative compliance.	**D13:** "The objectives and the accountability and the responsibility for the objectives are not properly bedded down. You can have an oversight of the risks, but if people are not linking the risk to the objectives and saying we want to achieve the objective, you don't get that synergy."
Accountability and responsibility must be embedded.	Clearly defined responsibility and the exercise of accountability are the key determinants of risk performance and maturity.	**D2:** "Yes, I would definitely say so, because should there be no oversight, there wouldn't be any of the officials involved in any of the processes and taking any responsibility for any actions they take."
CSF 2: Ethical leadership and management		
Leadership should demonstrate positive values and appropriate behaviour.	The behaviour of senior management sets the tone and example for subordinates to follow.	**D8:** "The behaviour of the accounting officer, the city manager, demonstrates good governance, but we see the mix of top management of Tshwane – you have poorly

Themes (CSFs) and subthemes	Description	Example quotations
Management must be competent and experienced	The appointment of competent (qualified and skilled) managers with appropriate municipal experience affects morale and risk management performance.	officials, which means that you have officials that are not fully 100% focused on the public business of Tshwane." **D4:** "Very poor. Very, very poor examples in everything they do, whether it's employing somebody or and – whatever." **D16:** "And I am going to be honest; we have directors in divisions that don't even know what risk is and how it impacts this division." **D4:** "It's because people are not, in my opinion, once again, you know, people are not experienced enough to be at that level. Okay, and, as I say, people are brought in because I know somebody that knows somebody and that type of thing." **D5:** "But in most cases, management tends to worry about finance, getting a clean audit, getting now this managing Capex [capital expenditure] budget and Opex [operational expenditure] budget, then they forget about the human beings behind it: their human capital."
CSF 3: Institutional arrangements Risk maturity requires political stability and managerial competency.	Political immaturity and instability, together with managerial competency, appropriate experience, and knowledge, impact the positioning of risk management and its effectiveness.	**D9:** "That and position changes. You know, so it's like suddenly you've got a new head here, and you've got a new head there. So, you find yourself having to begin over and over again, you know. So, it can be difficult, *ja*, to get their support." **D18:** "So, I think that's what affects us in the municipality, the political instability, especially at Tshwane now has had a major impact, because whenever someone else comes into that leadership role, it's like you are starting from scratch again, you have to sell risk management and make them understand the impact that it should have on the city."
Mandate and positioning of risk management	The risk unit's structure, role and mandate, and the CRO's positioning should be commensurate with the municipality's size, complexity, and requirements.	**D1:** "I think that there needs to also be more awareness at senior and executive management level. When you are providing inputs for an organogram for your organisation, the governance functions should never be lost in or overshadowed by another department … risk management is a line function within a department that has a legal department; it has an IT [Information Technology] Department, and the head of the department is not a risk management professional, you know, so it loses its impact. And, it loses the driving, you know, that driving executive

Themes (CSFs) and subthemes	Description	Example quotations
Risk must be integrated into operations and be a focal area for management.	Risk consideration, as an add-on and compliance mindset, reduces impacts.	sponsorship that needs to be there from someone who is a dedicated risk management executive." **D9:** "We need… first of all, we need it pushed from the top. We need a CRO very badly, which is absolute, and the CRO should be properly positioned within the structure. And, then, from there, you'd be able to advertise risk management correctly. Push it into the company; make them understand that it should be within your decision-making process, within your planning, thinking, managing. And then… obviously, you need an adequate amount of staff, hey." **D5:** "At the moment, it's still, risk management is still not sitting in the right places; the tone has not been set. I will give you Jo'burg Market; I'm management level, I am not senior management, I am not executive, so there are certain meetings which I am not part of. Exco, I am in [inaudible 12:50], on the day when they need me, that's when they – or the time when they need me. So, whatever they discussed, whatever decisions, company decisions, we don't participate; there is no risk management participation." **D7:** "A silo mentality. So, everybody sits on their own little competency, and there's a definite lack of coordination across the various departments and the services to understand one another. So, they seem to be operating as a group and not as a team, if I can explain it like that. So, it is a serious concern; it has been since we can into government in 2016, to get them to understand that what one department does has an impact on a number of other departments. So, that silo mentality is a problem; it's a concern, and that, in particular, in your risk management field, means that a department doesn't understand that if they don't manage the risk of, again, an example of water networks. If they don't manage the risk of replacing water networks, as and when it's necessary, it has a financial impact, it has a service delivery impact, and all of those risks have an overall impact on the municipality's performance. So, that is not happening; that really is a concern."
CSF 4: Risk-aware culture	A risk-aware culture relates to the ability of organisations and employees to recognise risks before they occur, mitigate them when they arise, and recover from their impact.	**D1:** "But it's not embedded in the sense that, you know, the various role players proactively identify risks and ensure that it's mitigated and all of that."

Themes (CSFs) and subthemes	Description	Example quotations
		D3: "And, to be honest, that's paying lip service to risk management. So, it's clearly not well done, not well communicated and perhaps not well understood."
CSF 5: Risk and organisational performance	The contribution of risk management to the achievement of organisational objectives and improved organisational performance.	**D13:** "To some extent, yes. So, it's not universally used, but there are understandings of risk, and they do assist in achieving objectives, but only to some extent." **D1:** "So at the moment, we're not at that maturity level where I could say that, where I could tangibly say that risk management is in actual fact allowing the company to achieve its objectives and in doing so also improve performance management."
CSF 6: Effective risk management process		
Risk identification, assessment, and evaluation	ISO 31000:2018 sets out a systematic and logical process by which organisations identify, analyse, and evaluate risk to determine whether the risk rating should be modified through risk treatment to meet set risk criteria.	**D8:** "*Ja*, the risk identification process and structures are structured and methodological and is consistent across the Tri-City. The only issue that it lacks is system integration." **D20:** "You'll identify the risk, but I think the gist is in the identification. To say the risk is in the definition… To say this is a risk, but define it, you know; break it down. You know, identification is one thing, but what is the definition? Because if people do not understand the broader aspect of that risk, they will put wrong action plans."
Risk treatment/response	Risk treatment/response is a step in the risk management process where measures are selected and implemented to modify risk to a level within accepted tolerance or appetite limits. These measures can include termination, avoidance, mitigation, transference, or retention of risk.	**D4:** "But, the actual looking at the risks and tackling the risks, I don't see that getting done, you know, I just don't see any action." **D5:** "*Ja*, I will tell you with us, each time I would be frank, I would say, 'From a risk point of view, from what I have seen is that our operations are more reactive instead of proactive.' We react to things, so we are forever running behind incidents, running behind things."
CSF 7: Effective stakeholder engagement	Stakeholders are groups or individuals that are expected to significantly affect an organisation's activities, outputs, or outcomes or whose actions can reasonably be expected to significantly affect the ability of the organisation to create value over time (International Organization for Standardization, 2009).	**D20:** "And sometimes we put objectives in the business plan, and where the risk comes in is that, yes, dealing with the communities. It's high risk when we have to deliver our services according to the objectives of public safety, for instance."
CSF 8: Risk-based decision making	This is premised on the understanding that by recognising the spectrum of risks and their consequences, decision makers will be better able to develop and execute	**D18:** "Yes, it is reported at the right levels. Timeously? A bit of a question; sometimes it's not timely, sometimes it is. So, it's something that we're still trying to improve on."

Themes (CSFs) and subthemes	Description	Example quotations
	plans to achieve organisational objectives (Chenok & Keegan, 2020).	**D9:** "Hmm-mm [indicating disagreement]. No, there isn't. There isn't. It's too-everything happens too slowly for any kind of decision making. Decision making is quick, hey, and because you've got to go there, there, there, there are so many."

The analysis of ERM maturity in local government and the subsequent discussion, in relation to the extant literature and participant contributions from interviews, is best demonstrated through the application of a systems approach, as depicted in Figure 2. The systems view emphasises that risk management can only be successful when it is integrated as a whole organisational system rather than as an isolated technical function. This perspective also indicates that the CSFs identified in Table 3 cannot be achieved in isolation but within an integrated manner.

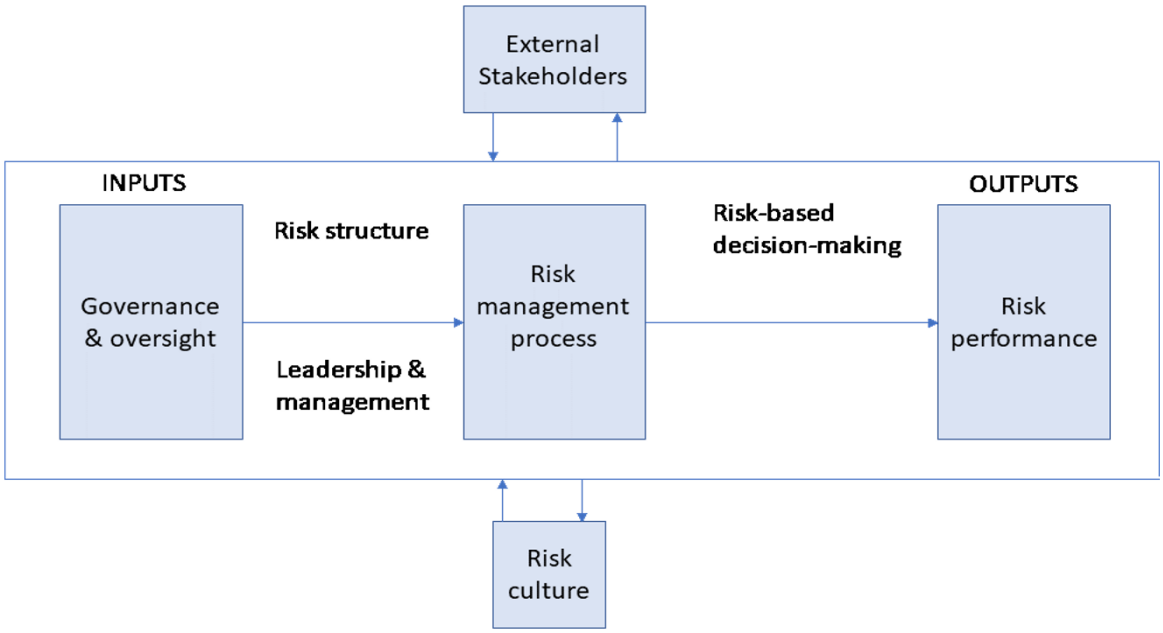

Figure 2. Systems view of local government risk management.

The exercise of effective governance by the council and senior management in local government is a CSF that determines risk policies, architecture, and strategic focus, while defining the accountabilities and responsibilities for effective risk management. Principle 8 of the King IV Report on Corporate Governance for South Africa 2016 states that "The governing body governs risk in a way that enables the organisation to sustain and optimise its strategy and objectives" (Institute of Directors South Africa (IoDSA), 2025). In contrast to international guidelines, ERM is seldom considered when the Integrated Development Plan (IDP) (five-year municipal strategy) is established and is typically applied only from a compliance perspective when the Annual Performance Plan (APP) or annual business plan is drafted, in line with statutory prescripts and the Auditor-General's requirements.

In general, municipal councils are not associated with setting an ethical example, as required by the King V report, and have not established an ethical and pragmatic risk culture in municipalities. Moreover, the Auditor-General of South Africa (2021), when describing local government performance, lamented the lack of leadership by councils by indicating that "[t]he progressive and sustainable improvements required to prevent accountability failures, or deal with them appropriately when they do occur, do not exist. We also do not see the fundamentals being strengthened to enable strong financial and performance management disciplines. The responsibility for turning local government around lies entirely with its leadership. Hence, the theme of this general report is Ethical and accountable

leadership should drive the required change". The quality of leadership from a governance perspective and the example set have not established the tone for an ethical culture, a risk culture that supports accountability, or effective performance management. As stated in the King III report, "the board (In the case of municipalities 'council') should be responsible for the governance of risk through formal processes, which include the total system and process of risk management. The board should show leadership in guiding the efforts aimed at meeting risk management expectations and requirements" (Institute of Directors South Africa (IoDSA), 2009).

Risk management in local government is overseen by an obligatory Audit and Risk Committee (ARC). Furthermore, the research found that the ARC's effectiveness was undermined by the appointment of members without the required local government knowledge and experience. The inclusion of risk management oversight within an ARC rather than a standalone risk committee was also perceived to undermine its effectiveness. This was due to the lack of specialist risk knowledge in the committee, the pre-eminence of auditing and the relegation of risk to the end of the agenda, and a compliance mindset in the committee, where the risk register is not interrogated but accepted as it meets the requirements of the Auditor-General for such validation. Additionally, the effectiveness of the ARC is further undermined by the quality and nature of reporting.

ERM has not been embedded in local government due to the lack of ownership, especially at management levels below executive management. The general lack of accountability regarding performance thus undermines ERM. The King III report states that "strategy, risk, performance and sustainability are inseparable" (Institute of Directors South Africa (IoDSA), 2009). In terms of the risk structure, ERM's anticipated contribution to improving municipal performance is undermined by its subordinated position within local government. The participants in the study perceived ERM as being governed and managed from a compliance perspective. Moreover, the established risk architecture (structure, placement, and reporting), risk processes implemented, and risk monitoring and reporting undertaken primarily focus on ensuring compliance with regulatory prescripts. As such, the ERM reports produced have limited or no predictive value, contributing little to risk-intelligent decision-making. Reporting also tends to be based on historical incidents and current events and is not forward-looking to identify emerging risks or address uncertainties related to the achievement of municipal objectives. That said, reports generally provide a historical account of what happened and the actions taken to address the event. From an ERM perspective, this is not proper risk management, as risk is defined by International Organization for Standardization (2009) as the "effect of uncertainty on objectives", and current ERM practice does not deal with uncertainty but with the recording and reporting of incidents. Accordingly, not only is risk not integrated into decision-making at all levels, but risk registers themselves are run on spreadsheets rather than integrated into municipalities' operating systems.

Furthermore, the CRO's position below the executive management level in the local government's organisational structure diminishes its influence and status within the local government. The municipalities in the study were unable to fill the CRO position with strong candidates due to an unattractive salary and limited authority linked to the position. Both incumbents were in acting capacities, which further hindered their ability to drive change and exercise influence. This has had a knock-on effect on the ERM unit, as it has reduced its influence within the organisational structure. Risk is also perceived by many officials as an add-on function, primarily the responsibility of the risk unit. It appears that the risk staff is constantly battling to convince management that the risk responsibility lies with them and that the risk unit plays a supporting role. More specifically, risk staff seems to be the catalyst for risk identification and management, and they drive the reporting cycle in municipalities, particularly for annual risk assessment activities.

The White Paper on Local Government identified the developmental role of local government, which requires municipal commitment to working with citizens and interest groups in communities to determine sustainable methods to address social, economic, and material needs and to improve citizens' quality of life (Republic of South Africa, 1998). This engagement with external stakeholders plays a critical role in ensuring that municipal actions and budgeting focus on addressing needs. At the same time, the municipality is held accountable by constituents for

delivering services. Notably, participants indicated that, in many cases, ward committees established to facilitate stakeholder engagement were dysfunctional. In addition, many projects failed to identify risks associated with stakeholder engagement and were either delayed or terminated due to problems encountered in communities.

When establishing the IDP and APP, risk identification appears superficial or absent altogether. For example, ERM generally only needs to be considered when implementing objectives that have already been approved by the council. However, this is not aligned with either King V's Principle 8 or ISO 31000. Furthermore, risk registers reflect risks that are not linked to objectives and have no logical connection with the approved objectives in the IDP, APP, or any other operational plans. It also contributes to the inability to assess the contribution (performance) of risk management to achieving objectives, as no direct linkage between the two can be established.

The study also found that the risk identification process in both municipalities appeared to be conducted with a compliance mindset. Risk descriptions and treatment plans are therefore not comprehensive, and there is a general lack of commitment to achieving specific risk results. The risk ratings for both municipalities are also heavily qualitative, with limited reference to quantitative measures. The methodology followed to rate risk (Simply allocating a 1 to 5 rating on a judgemental basis) is heavily flawed and open to manipulation.

However, despite concerns raised by the participants concerning the value, timeliness, and quality of risk reporting, the formalisation of risk reporting did ensure that reports were tabled and placed on the agenda for discussion. To contribute to decision-making processes, formal monthly and quarterly reports should, however, be more proactive and forward-looking and provide sufficient detail to ensure that the relevant recipients are in a position to make risk-based decisions.

The majority of participants believed that municipalities were not at a maturity level where ERM could be said to tangibly contribute to achieving objectives and improve municipal performance. This was, in part, due to the lack of clearly defined responsibilities and accountability (consequence management), which are key determinants of risk performance and maturity. More specifically, ERM's focus on compliance requirements rather than improved performance also negatively affects its performance in local government. The Auditor-General's inclusion of performance auditing has ensured greater focus on achieving objectives and higher accountability for irregular and unauthorised expenditure. However, paradoxically, this has led to an enhanced compliance mindset, in which municipalities focus on avoiding negative audit findings and complying with legislation at the expense of achieving objectives. This has also cascaded down to officials, who have, in many cases, adopted a blame-avoidance approach to their work rather than focusing on achieving higher levels of performance. ERM is further weakened by a lack of clearly defined, measurable objectives, proper performance contracts for senior management, poor performance measurement, and a lack of accountability and responsibility.

The participants in the study all rated their municipality's risk maturity at a lower level than indicated by the Risk Management Maturity Assessment, a subset of the National Treasury's FMCMM. This is of particular concern, as the National Treasury uses the FMCMM as an indicator of ERM maturity at the local government level, which does not reflect the actual state of ERM in local government.

4.1. Limitations and Future Research

One of the major limitations of this research was the research sample. Two municipalities were selected based on criteria. The sample was not representative of the entire population. However, for the purposes of this research, it was sufficient, as the research was based on contextualising the specific phenomena to obtain rich information about a small sample, to understand specific social and technical processes. Thus, future research will use quantitative methods with a larger sample to achieve generalisability. Both cross-sectional and longitudinal future studies can prove valuable to the discourse.

A cross-sectional study can be undertaken across the different types of municipalities in South Africa (Metropolitan, district, and local), as well as in all nine provinces.

A longitudinal study that can also flow forth from this study is to determine the risk maturity of the two municipalities included in this study using the CSFs identified to determine whether the municipalities show any improvement in areas identified over a three- to five-year period. It will be important to link these perceived improvements to the audit outcomes and indicators included in the annual Auditor-General audit opinion.

A further study that could benefit municipalities and their communities would be to determine critical success indicators for the factors identified in this study. These indicators should, as far as possible, be quantitative in nature to avoid subjectivity and potential manipulation of risk maturity levels. It would be important to link these indicators to the municipal performance indicators that are currently under consideration by National Treasury (2018) and CoGTA to ensure that there is a positive correlation between improved ERM maturity and the quality of services being delivered.

5. CONCLUSION AND RECOMMENDATIONS

Despite the increasing prevalence of risk maturity models to measure the extent to which ERM has been implemented and embedded within organisations, no internationally accepted standard exists for determining ERM risk maturity. Consequently, all the risk maturity models evaluated in this study were generic and not explicitly developed for local government in South Africa. This raises questions about the value of utilising these risk maturity models. The FMCMM developed by the National Treasury (2018), which is the maturity model formally applied in South African local governments, has limited assessment factors and, in the context of this study, proved unreliable and overly simplistic.

The study further demonstrated that current risk maturity models, whether generic or the FMCMM, are inappropriate for adequately assessing risk maturity in municipalities, as they do not measure the CSFs that determine it. These models offer little or no diagnostic value in identifying the necessary improvements to ensure that ERM functions optimally and is embedded within municipal operations.

5.1. Recommendations for Policy and Practice

The failure of local government to fulfil its constitutional mandate remains a serious concern in South Africa. Despite the adoption of risk management practices and the promulgation of regulations and policy that govern the functioning of risk management in municipalities, it would appear that ERM has made a very limited contribution to the effective governance and functioning of local authorities.

This study contributes to practice by providing CSFs to inform risk maturity. The identified CSFs, if managed successfully, will enable municipalities to monitor their risk maturity levels and implement improvements to better achieve the objectives established by the Constitution. It enables a comparative analysis of local government risk management implementation and provides insight into where risk management should be improved.

Furthermore, the study identified several policy recommendations. Firstly, the PSRMF developed by National Treasury (2018) should be replaced. The content is outdated, not in line with International Organization for Standardization (2018) or King V and is mechanical and simplistic. A risk appetite and tolerance framework must be developed and adopted. The failure to adopt a risk appetite and tolerance framework will undermine any progress to risk maturity. Auditing by the Auditor-General should ensure that a municipality not only complies with the required processes and documentation, but that ERM is also applied in strategy setting and implementation and that the quality of ERM reporting is assessed.

ERM needs to play a much more impactful role in establishing IDPs, as the current lack of thorough risk assessment leads to ineffective budgeting. The drivers of the IDP and budgeting are the constitutional obligations placed on local government and service delivery imperatives. These are more often the result of political decision-making, party policy dictates, and other factors such as the retention of power in an election year, rather than the consequence of risk-based decision-making and consideration of how risk could impact the achievement of objectives.

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Transparency: The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.
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