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Department of Finance

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PROVINCIAL TREASURY CIRCULAR 13 OF 2010

TO:

**DIRECTOR-GENERAL
HEADS OF DEPARTMENTS
MUNICIPAL MANAGERS**

RISK MANAGEMENT AS A STANDING ITEM ON AUDIT COMMITTEE AGENDAS

According to legislation the Accounting Officer must ensure that that institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The Audit Committee is responsible for providing the Accounting Officer with independent counsel, advice and direction in respect of among others risk management. An institutions relies on the Audit Committee for an independent and objective view of the department's risks and effectiveness of the risk management process.

In discharging its oversight responsibilities relating to risk management, the audit committee:

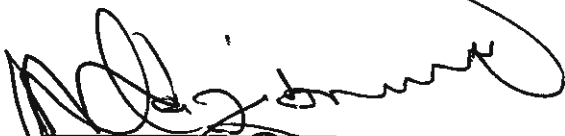
- Gains thorough understanding of the risk management policy, risk management strategy, risk management implementation plan and fraud prevention policy of the department to enable them to add value to the risk management process when making recommendations to improve the process;
- Reviews and critiques the risk appetite and risk tolerance, and recommends this for approval by the Accounting Officer;
- Reviews the completeness of the risk assessment process implemented by management to ensure that all possible categories of risks, both internal and external to the institution, have been identified during the risk management process. This includes an awareness of emerging risks pertaining to the institution.

- Reviews the risk profile and management action plans to address the risks;
- Reviews the adequacy of adapted risk responses;
- Must monitor the progress made with the management action plan;
- Reviews the progress made with regards to the implementation of the risk management strategy of the institution;
- Facilitates and monitors the co-ordination of all assurance activities implemented by the institution;
- Reviews and recommends any risk disclosures in the annual financial statements;
- Provides regular feedback to the Accounting Officer on the effectiveness of the risk management process implemented by the institution;
- Reviews the process implanted by Management in respect of fraud prevention and ensures that all fraud related incidents have been followed up appropriately;
- Reviews and ensure that the internal audit plans are aligned to the risk profile of the institution;
- Reviews the effectiveness of the internal audit assurance activities and recommends appropriate action address any shortcomings.

If Risk Management is included as a standing Item on the Audit Committee agenda, the Audit Committee could provide valuable assurance that the institutions' interests are protected.

It is requested that this information be disseminated to the Chief Audit Executives of the relevant institutions.

Regards



MR. M. MAZIBUKO
HEAD OF DEPARTMENT
DATE: 16 04 2019