

MPUMALANGA PROVINCIAL GOVERNMENT

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Kgoro ya Matlotlo

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PROVINCIAL TREASURY CIRCULAR NO 13 OF 2012

TO: ALL THE MUNICIPAL MANAGERS (MM)

THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY (MR C MATHEBULA)
THE MUNICIPAL MANAGER: CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY (MR VN MPILA)
THE MUNICIPAL MANAGER: DIPALESENG LOCAL MUNICIPALITY (MR JB MASEKO)
THE MUNICIPAL MANAGER: DR JS MOROKA LOCAL MUNICIPALITY (MR BT MABENA)
THE MUNICIPAL MANAGER: DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY (MR ZT SHONGWE)
THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY (ADV H MBATHA)
THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY (MR ON NKOSI)
THE MUNICIPAL MANAGER: EMALAHLENI LOCAL MUNICIPALITY (MR G MTHIMUNYE)
THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR M NGCOBO)
THE MUNICIPAL MANAGER: GOVAN MBEKI LOCAL MUNICIPALITY (MR M MAHLANGU)
THE MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY (MR RTO DIPONE)
THE MUNICIPAL MANAGER: MBOMBELA LOCAL MUNICIPALITY (MR S SIBOZA)
THE MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY (MR AN MAHLANGU)
THE MUNICIPAL MANAGER: MSUKALIGWA LOCAL MUNICIPALITY (MR TBW DLAMINI)
THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY (MR AG ZIMBWA)
THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR MD NGWENYA)
THE MUNICIPAL MANAGER: STEVE TSHWETE LOCAL MUNICIPALITY (MR WD FOUCHE)
THE MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY (MR D KOMA)
THE MUNICIPAL MANAGER: THEMBISILE HANI LOCAL MUNICIPALITY (MR JI SINDANE)
THE MUNICIPAL MANAGER: UMJINDI LOCAL MUNICIPALITY (MS SF MNISI)
THE MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY (MS RM MAREDI)

TO: ALL THE CHIEF FINANCIAL OFFICERS (CFO)

THE CHIEF FINANCIAL OFFICER: BUSHBUCKRIDGE LOCAL MUNICIPALITY (MR E NYALUNGU)
THE CHIEF FINANCIAL OFFICER: CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY (MS N RAMPEDI)
THE CHIEF FINANCIAL OFFICER: DIPALESENG LOCAL MUNICIPALITY (MS J LUUS)
THE CHIEF FINANCIAL OFFICER: DR JS MOROKA LOCAL MUNICIPALITY (MR Z SKHOSANA)
THE CHIEF FINANCIAL OFFICER: DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY (MR ZT SHONGWE)
THE CHIEF FINANCIAL OFFICER: EHLANZENI DISTRICT MUNICIPALITY (MR W KHUMALO)
THE CHIEF FINANCIAL OFFICER: EMAKHAZENI LOCAL MUNICIPALITY (MR G GROENEWALD)
THE CHIEF FINANCIAL OFFICER: EMALAHLENI LOCAL MUNICIPALITY (MR LA MAKGALE)
THE CHIEF FINANCIAL OFFICER: GERT SIBANDE DISTRICT MUNICIPALITY (MR AY SINGH)
THE CHIEF FINANCIAL OFFICER: GOVAN MBEKI LOCAL MUNICIPALITY (MR J MOKGATSI)
THE CHIEF FINANCIAL OFFICER: LEKWA LOCAL MUNICIPALITY (MR RTO DIPONE)
THE CHIEF FINANCIAL OFFICER: MBOMBELA LOCAL MUNICIPALITY (MS MTHEMBU)
THE CHIEF FINANCIAL OFFICER: MKHONDO LOCAL MUNICIPALITY (MR TD MABUYA)
THE CHIEF FINANCIAL OFFICER: MSUKALIGWA LOCAL MUNICIPALITY (MS V SITHOLE)
THE CHIEF FINANCIAL OFFICER: NKANGALA DISTRICT MUNICIPALITY (MR MJ STRYDOM)
THE CHIEF FINANCIAL OFFICER: NKOMAZI LOCAL MUNICIPALITY (MR BT KHOZA)
THE CHIEF FINANCIAL OFFICER: STEVE TSHWETE LOCAL MUNICIPALITY (MS E WASSERMANN)
THE CHIEF FINANCIAL OFFICER: THABA CHWEU LOCAL MUNICIPALITY (MR F VAN ECK)
THE CHIEF FINANCIAL OFFICER: THEMBISILE HANI LOCAL MUNICIPALITY (MR T RATAU)
THE CHIEF FINANCIAL OFFICER: UMJINDI LOCAL MUNICIPALITY (MR P MPELE)
THE CHIEF FINANCIAL OFFICER: VICTOR KHANYE LOCAL MUNICIPALITY (MR S WEBER)



SUBJECT: SUBMISSION OF MUNICIPAL STRATEGIC RISK ASSESSMENTS REPORTS FOR 2012/13 FINANCIAL YEAR FOR CONSOLIDATION:

This circular is issued in line with resolution of the fourth Provincial Risk Management Forum held at Emalahleni Local Municipality (Emalahleni: Council Chamber) on the 20th March 2012, whereby it was resolved that all Provincial Municipalities should submit their Strategic Risk Assessments to Provincial Treasury on or before the 30th of June 2012 for consolidation. This consolidation process will be aimed at formulating a single Municipal Risk Register which will be comprised of 10 top high priority Risks Areas for the Mpumalanga.

Provincial Treasury is mandated as per section 5 (3) & (4) of Municipal Finance Management Act (MFMA) to monitor and assess the implementation of Risk Management within the Municipalities and put necessary interventions in place to improve and enhance the establishment and sustainability of corporate governance matters around the Province hence Strategic Support Plan (SSP's/Detailed Support Plans) will be developed to assist Municipalities to improve their maturity levels as per the Financial Management Capabilities Maturity Model (FMCMM).

1. LEGAL MANDATES AND THE RESPONSIBILITIES AND EXPECTATIONS OF ACCOUNTING OFFICERS WITH REGARD TO RISK MANAGEMENT:

1.1 The general responsibilities of the Accounting Officer with regard to risk management process is clearly stipulated in section 62 (1) (c) (i) (ii) and section 95 (c) (i) (ii) of Municipal Finance Management Act (MFMA) whereas section 165 (2) (a) of Municipal Finance Management Act (MFMA) stipulates clearly that "The Internal Audit Unit of each municipality or municipal entity must prepare a Risk-Based Audit Plan and an Internal Audit program for each financial year" based on the risk assessment results. The aforesaid pieces of legislation are supported by the Public Sector Risk Management Framework (PSRMF) which serves as a source of reference with regard to Risk Management processes within the Public Sector especially Municipalities including the application of King III Report and the Framework on Committee of Sponsoring Organizations of the Treadway Commission (COSO) both of which are aimed at enhancing good corporate governance.

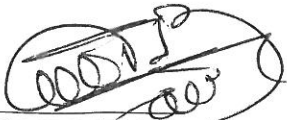
2. THE PROCEDURE TO CONSOLIDATE THE TOP TEN HIGH PRIORITY RISKS AREAS:

2.1 This procedure will be informed by the magnitude of residual rating which is the rating that remains after we have applied the controls or strategies to mitigate the risks, and the level and extent of intervention expected as well as the prevalence of similar risks in numerous Municipalities.

2.2 It will be aimed at enabling and ensuring common approach to the supposed consolidated Top Ten High Priority Risks areas that may hamper the operations and possibly lead to the deviation from the intended objectives of the Municipalities. This exercise is not therefore aimed at taking over or replacing the responsibilities of the Municipalities on risk management matters, but aimed at strengthening and adding-value to service delivery.

This circular should be brought to the attention of all the Chief Risk Officers or Chief Audit Executives where there is non-existence of Chief Risk Officers as a matter of urgency.

Regards,

A handwritten signature in black ink, appearing to read 'JB Mbatha', enclosed within a hand-drawn oval border.

MR JB MBATHA
ACTING: HEAD OF DEPARTMENT
DEPARTMENT OF FINANCE
DATE: 1/6/2012