

MPUMALANGA PROVINCIAL GOVERNMENT

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Ref No : DOF 13/4/4

PROVINCIAL TREASURY CIRCULAR NO 15 OF 2014

TO:

THE MUNICIPAL MANAGER: MR VN MPILA - CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MR DV NGCOBO - DIPALISENG LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MR CA HABILE - GERT SIBANDE DISTRICT MUNICIPALITY
THE MUNICIPAL MANAGER: MR MF MAHLANGU - GOVAN MBEKI LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MR AN MAHLANGU - MKHONDO LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MR MB ZUNGU - MSUKALIGWA LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MR PB MALEBYE - DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MR BS MAHLANGU - DR. JS MOROKA LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MS MM SKOSANA - NKANGALA DISTRICT MUNICIPALITY
THE ADMINISTRATOR: MR T VAN VUUREN - EMALAHLENI LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MR WD FOUCHE - STEVE TSHWETE LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MR JI SINDANE - THEMBISILE HANI LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MS RM MAREDI - VICTOR KHANYE LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER ADV. HM MBATHA - EHLANZENI DISTRICT MUNICIPALITY
THE ADMINISTRATOR: MR ES NGOMANE - BUSHBUCKRIDGE LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MR MD NGWENYA - NKOMAZI LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER MR DP MSIBI - UMJINDI LOCAL MUNICIPALITY
THE ACTING MUNICIPAL MANAGER: MR SD MAEBELA - THABA CHWEU LOCAL MUNICIPALITY
THE ACTING MUNICIPAL MANAGER: MR S DITSHEGO - MBOMBELA LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MS PJ SHOBA - EMAKHAZENI LOCAL MUNICIPALITY
THE MUNICIPAL MANAGER: MR L TSHABALALA - LEKWA LOCAL MUNICIPALITY

SUBJECT: SUBMISSION OF STRATEGIC RISK ASSESSMENT REPORTS FOR THE 2014/15 FINANCIAL YEAR FOR EVALUATION AND CONSOLIDATION

This circular is issued to request all Municipalities to submit their Draft Risk Assessment reports to the Provincial Treasury on or before 31 May 2014 and an approved version before 30 June 2014 for evaluation and consolidation respectively. The evaluation is aimed to monitor the implementation of the Provincial Risk Management Framework and the adequacy of the Risk Assessment processes. The consolidation is for formulation of a single Provincial Risk Register which will comprise of 10 top high priority Risk Areas for Mpumalanga Local Government with the intention of presenting it to the Provincial Management Committee and MUNIMEC.

Provincial Treasury is mandated as per section 5 of the Municipal Financial Management Act to monitor and assess the implementation of Risk Management within the Local government to improve and enhance the establishment and sustainability of corporate governance.

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 the risk management process is clearly stipulated in section 62 (1) (c) (i) of Municipal Finance Management Act whereas Treasury Regulation 3.2.1 stipulates that the Accounting Officer must ensure that a risk assessment is conducted regularly. The aforesaid pieces of legislation are supported by the Public Sector Risk Management Framework which serves as a source of reference with regard to Risk Management processes in the Public Sector be it the Provincial Departments and delegated Public Entities 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 FOR EVALUATION OF THE STRATEGIC RISK ASSESSMENT REPORTS AND CONSOLIDATION OF THE TOP TEN HIGH PRIORITY RISKS AREAS**

2.1 Provincial Treasury in consultation with the Auditor General South Africa developed a check list for monitoring of the implementation of the Provincial Risk Management Framework and the adequacy of the Risk Assessment processes. The Risk Assessment reports will be evaluated using the checklist and feedback reports will be issued to Accounting Officers with recommendations for implementation prior to approval.

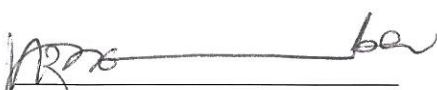
2.2 The consolidation process will be informed by the magnitude of residual ratings which are the ratings that remain after the controls or strategies were applied to mitigate the risks, and the level and extent of intervention expected.

2.3 It will be aimed at enabling and ensuring a common approach to the supposed consolidated top 10 high priority risk areas that may hamper the operations and possibly lead to the deviation from the intended objectives of the Province. 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.

NBThis circular should be brought to the attention of all the Chief Risk Officers and Chief Audit Executives where there is no of Chief Risk Officers as a matter of urgency and the submissions should be made to FMShitlh@mpg.gov.za on or before 31 May 2014 for the draft and 30 June 2014 for the approved version.**

Your co-operation is appreciated.

Kind Regards,


MS NZ NKAMBA
HEAD OF DEPARTMENT
DATE: 29/4/2014