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Department of Finance

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Departement van Finansies

Kgoro ya Matlotlo

PROVINCIAL TREASURY CIRCULAR NO 2 OF 2012

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TO: ALL THE HEADS OF DEPARTMENTS (HOD)

THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR JM RABODILA)
THE ACTING ACCOUNTING OFFICER: VOTE 2: PROVINCIAL LEGISLATURE (MR LB TSHABALALA)
THE ACTING ACCOUNTING OFFICER: VOTE 3: FINANCE (MR JB MBATHA)
THE ACCOUNTING OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR D MAHLOBO)
THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEV & LAND ADMINISTRATION (MS NL SITHOLE)
THE ACCOUNTING OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT & TOURISM (DR V DLAMINI)
THE ACCOUNTING OFFICER: VOTE 7: EDUCATION (MS MOC MHLABANE)
THE ACCOUNTING OFFICER: VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT (MR K MOHLASEDI)
THE ACCOUNTING OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY AND LIASON (MR ST SIBUYI)
THE ACTING ACCOUNTING OFFICER: VOTE 10: HEALTH (MR RM MNISI)
THE ACCOUNTING OFFICER: VOTE 11: CULTURE, SPORTS AND RECREATION (MS SP MJWARA)
THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS N MLANGENI)
THE ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENT (MR D DUBE)

TO: ALL THE CHIEF FINANCIAL OFFICERS (CFO)

THE CHIEF FINANCIAL OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR T NKOJOANA)
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL LEGISLATURE (MR S SANYANE)
THE CHIEF FINANCIAL OFFICER: VOTE 3: FINANCE (MS P SEMENYA)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR MD SHIPALANA)
THE ACTING CHIEF FINANCIAL OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION (MR S MASEKO)
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM (MS JP HLATSHWAYO)
THE CHIEF FINANCIAL OFFICER: VOTE 7: EDUCATION (MR C MNISI)
THE ACTING CHIEF FINANCIAL OFFICER: VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT (MR SS SHONGWE)
THE CHIEF FINANCIAL OFFICER: VOTE 9: SAFETY, SECURITY & LIAISON (MR B NGOMA)
THE CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH (MS G MILAZI)
THE CHIEF FINANCIAL OFFICER: VOTE 11: CULTURE SPORTS AND RECREATION (MR M KHOZA)
THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS P MORGAN)
THE ACTING CHIEF FINANCIAL OFFICER: VOTE 13: HUMAN SETTLEMENT (MS BM MOJAPELO)

TO: ALL THE CHIEF EXECUTIVE OFFICERS OF PUBLIC ENTITIES (CEO)

MPUMALANGA ECONOMIC GROWTH AGENCY (MEGA): MR E RABOGALE
MPUMALANGA GAMBLING BOARD (MGB): MR B MLAMBO
MPUMALANGA TOURISM AND PARKS AGENCY (MTPA): DR N MOTETE
MPUMALANGA REGIONAL TRAINING TRUST (MRTT): MR ND MOROPANE

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

This circular is issued in line with the resolution of the fourth Provincial Risk Management Forum meeting held at Bushbuckridge Local Municipality (Bushbuckridge: Council Chamber) on the 25th March 2011, whereby it was resolved that all Provincial Departments and Public Entities should submit their Strategic Risk Assessments to Provincial Treasury on or before the 31st March 2012 for consolidation. This consolidation process will be aimed at formulating a single Provincial Risk Register which will be comprised of 10 top high priority Risks Areas for the Mpumalanga Province.

Provincial Treasury is mandated as per section 18 (2) (b) of Public Finance Management Act (PFMA) to monitor and assess the implementation of Risk Management within the Province and put necessary interventions in place to improve and enhance the establishment and sustainability of corporate governance issues around the Province hence Strategic Support Plans (SSP's/Detailed Support Plans) will be developed to assist Departments and Public Entities to improve their results as per the Financial Management Capability 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 processes were clearly stipulated in section 38 (1) (a) (i) and section 51 (1) (a) (i) of the Public Finance Management Act (PFMA) whereas paragraph 3.2.1 of Treasury Regulations stipulate that "the Accounting Officer must ensure that a risk assessment is conducted regularly". The aforesaid pieces of legislations are supported by the Public Sector Risk Management Framework which serves as a source of reference with regard to Risk Management process in the Public Sector be it the Provincial Departments and delegated Public Entities including the application of King III Report on Corporate Governance 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 Provincial Departments as well as the Public Entities.

2.2 It will be aimed at enabling and ensuring a common/standardised approach to the supposed consolidated top ten 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 Provincial Departments and Public Entities on risk management matters, but aimed to strengthen and add 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.

These Strategic Risk Assessment Reports should reach the Office of the Provincial Accountant-General on/ or not later than the 31st March 2012 for consolidation purposes.

Regards,



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MR JB MBATHA
ACTING HEAD OF DEPARTMENT
DEPARTMENT OF FINANCE
DATE: 31/01/2012