



Enquiries : **Mr Mnguni MM @ Ext: 4017**  
Ref : **MPT/13/4/4**

## PROVINCIAL TREASURY CIRCULAR NO. 39 OF 2017

### TO:

THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR T MDAKANE)  
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MS NZ NKAMBA)  
THE ACCOUNTING OFFICER: VOTE 4: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR P NYONI)  
THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIROMENTAL AFFAIRS (MS SP XULU)  
THE ACCOUNTING OFFICER: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM (MR MW MKHIZE)  
THE ACCOUNTING OFFICER: VOTE 7: EDUCATION (MS MOC MHLABANE)  
THE ACCOUNTING OFFICER: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT (MR KM MOHLASEDI)  
THE ACCOUNTING OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY AND LIAISON (MR W MTHOMBOTHU)  
THE ACCOUNTING OFFICER: VOTE 10: HEALTH (DR S MOHANGI)  
THE ACCOUNTING OFFICER: VOTE 11: CULTURE, SPORT AND RECREATION (MR W MNISI)  
ACTING ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS TE MHLONGO)  
THE ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR K MASANGE)

THE CHIEF EXECUTIVE OFFICER: MPUMALANGA ECONOMIC GROWTH AGENCY (MR XGS SITHOLE)  
THE CHIEF EXECUTIVE OFFICER: MPUMALANGA GAMBLING BOARD (MR B MLAMBO)  
THE CHIEF EXECUTIVE OFFICER: MPUMALANGA TOURISM AND PARKS AGENCY (MR BJ NOBUNGA)  
THE CHIEF EXECUTIVE OFFICER: MPUMALANGA REGIONAL TRAINING TRUST (MR R OOSTHUIZEN)

THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE: PROVINCIAL TREASURY  
THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT:  
PROVINCIAL TREASURY  
THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT:  
PROVINCIAL TREASURY

## **ALIGNMENT OF RISK MANAGEMENT PROCESSES WITH PLANNING CYCLE AND ANNUAL SUBMISSION OF STRATEGIC RISK ASSESSMENT REPORTS FOR EVALUATION AND CONSOLIDATION**

This circular is issued to request all Provincial Departments and Public Entities to align their Risk Management Processes with the Planning Cycle particularly the Strategic Planning sessions. The alignment of these processes aims to ensure that risks identified are in line with the strategic objectives and Annual Performance Plans of the Institutions and that risks identified are catered for financially and are allocated other resources.

This process will also enable Provincial Departments and Public Entities to have the Draft Strategic Risk Assessment reports together with the Draft Annual Performance Plans for submission to Provincial Treasury by 31 October annually and an approved version before 31 December annually for evaluation, analysis, and consolidation and are provided with feedback reports by Provincial Treasury. The evaluation is aimed to monitor the implementation of the Provincial Risk Management Framework to ensure adequacy and effectiveness of the Risk Identification and Assessment Processes in the Province. The consolidation is for formulation of a single Provincial Risk Register which will comprise of 10 top high priority Risk Areas for Mpumalanga Provincial Government with the intention of presenting it to the Provincial Management Committee.

Provincial Treasury is mandated as per Section 18(2)(b) of the Public Finance Management Act, No. 1 of 1999, to monitor and assess the implementation of Risk Management within the Province 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 processes is clearly stipulated in Section 38(1)(a)(i) and Section 51(1)(a)(i) of the Public Finance Management Act (PFMA), No.1 of 1999 whereas Treasury Regulation 3.2.1 and 27.2.1 stipulate that the Accounting Officer must ensure that a Risk Identification and 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, including the application of King IV 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 IDENTIFICATION AND 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 checklist for monitoring of the implementation of the Provincial Risk Management Framework and the adequacy of the Risk Identification and Assessment Processes. The Risk Assessment reports will be evaluated using the checklist and feedback reports will be issued to Accounting Officers with recommendations and interventions in order to improve the Risk Identification and Assessment Processes for implementation prior to approval of the reports.

2.2 The consolidation process will be informed by the magnitude of residual risk 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.

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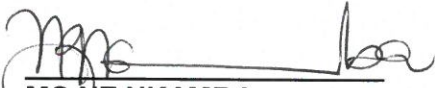
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- 2.3 It will be aimed at enabling and ensuring a common approach to the consolidated top 10 high priority risk areas that may hamper the operations and possibly lead to the deviation from the intended objectives of the Province. This exercise is not therefore aimed at taking over or replacing the responsibilities of the Provincial Departments and Public Entities on risk management matters, but aimed at strengthening and adding value to service delivery effectively, efficiently and economically.

**NB\*\***This content of this Circular should please be brought to the attention of all the Chief Risk Officers and Chief Audit Executives where there is no Chief Risk Officers as a matter of urgency and the submissions should be made to [mnqunimm@mpg.gov.za](mailto:mnqunimm@mpg.gov.za) on or before **31 October 2017** (Draft Report) and **31 December 2017** (Approved version) in order to enable the Chief Audit Executives (Internal Auditors) sufficient time to compile risk-based audit plans.

Your co-operation is appreciated.

Kind Regards,



**MS NZ NKAMBA**  
**HEAD: PROVINCIAL TREASURY**  
**DATE: 28/10/2017**