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PROVINCIAL TREASURY CIRCULAR NO. 33 OF 2025

TO:

THE DIRECTOR-GENERAL: OFFICE OF THE PREMIER: MS MM SKOSANA

ALL MUNICIPAL MANAGERS

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

1. BACKGROUND

This Circular is issued to request all Municipalities to align their Risk Management processes with the planning cycle, particularly the Strategic Planning sessions. The alignment of these processes aim to ensure that risks identified are in line with the strategic objectives and Integrated Development plans and that risks identified are catered for financially.

This process will also enable Municipalities to have the Draft Strategic Risk Assessment reports together with the Draft Integrated Development Plans for submission to Provincial Treasury by 30 April and an approved version before 30 June annually for evaluation and consolidation respectively. The evaluation is aimed to monitor the implementation of the Provincial Risk Management Framework and the adequacy and effectiveness of the Risk Assessment processes. The consolidation is for formulation of a single Provincial Risk Register which will comprise of significant high priority Risk Areas for Mpumalanga Local Government with the intention of presenting it to the Provincial Management Committee.

Provincial Treasury is mandated as per Section 5 of the Municipal Finance Management Act, No. 56 of 2003, to monitor and assess the implementation of Risk Management within the Province to improve and enhance the establishment and sustainability of corporate governance.

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

The general responsibilities of the Accounting Officer with regard to the risk management process is clearly stipulated in Section 62 of the Municipal Finance Management Act, No. 56 of 2003 requires that the Accounting Authority must ensure that the Municipality has and maintains effective, efficient and transparent systems of financial, internal control and risk management.

The aforesaid pieces of legislation is 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 Municipalities 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

3. THE PROCEDURE FOR EVALUATION OF THE STRATEGIC RISK ASSESSMENT REPORTS AND CONSOLIDATION OF THE SIGNIFICANT PRIORITY RISK AREAS

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 Assessment processes. The Risk Assessment reports will be evaluated using the checklist and feedback reports will be issued to Accounting Officers with recommendations to improve the Risk Identification and Assessment process for implementation prior to approval of the reports.

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

It will be aimed at enabling and ensuring a common approach to the consolidated significant 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 Chief Risk Officers and the submissions should be made to FMShitlh@mpg.gov.za, mgomane@mpg.go.za or MnguniMM@mpg.gov.za on or before 30 May 2025 (Draft Report) and 30 June 2025 (Approved version) to enable the Internal Auditors ample time to compile a risk-based audit plan.**

Your co-operation is appreciated.



MS. GUGU MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 26-05-2025