

MPUMALANGA PROVINCIAL GOVERNMENT

No. 7 Government Boulevard
Building No. 4
Riverside Park Extension 2
Nelspruit
1201



Private Bag X 11205
Nelspruit
1200
Tel: (013) 766 4572
Fax: (013) 766 4604
E-mail : hodfinance@mpg.gov.za

Department of Finance

Litiko LeteTimali

UmNyango weZeemali

Departement van Finansies

Kgoro ya Matlotlo

PROVINCIAL TREASURY CIRCULAR NO 7 OF 2011

ENQUIRIES : MS J BEZUIDENHOUT
TELEPHONE : (013) 766 4519

TO:

THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY: MR. TC MAKOLA
THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY: ADV. H MBATHA
THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY: MR. MA NGCOBO
THE MUNICIPAL MANAGER: GOVAN MBEKI LOCAL MUNICIPALITY: DR. LH MATHUNYANE
THE MUNICIPAL MANAGER: STEVE TSHWETE LOCAL MUNICIPALITY: MR. WD FOCHE
THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY: MR. ON NKOSI
THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY: MR. DA MATAILE
THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY: MR. MR MKHATSHWA
THE MUNICIPAL MANAGER: UMJINDI LOCAL MUNICIPALITY: MS. SF MNISI
THE MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY: MR. LCB RALEBIPI
THE MUNICIPAL MANAGER: MBOMBELA LOCAL MUNICIPALITY: MRS. NP MTHEMBU
THE MUNICIPAL MANAGER: PIXLEY KA SEME LOCAL MUNICIPALITY: MR. WJM MNGOMEZULU
THE MUNICIPAL MANAGER: MSUKALIGWA LOCAL MUNICIPALITY: MR. TBW DLAMINI
THE MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY: MR. KE MPUNGOSE
THE MUNICIPAL MANAGER: THEMBISILE LOCAL MUNICIPALITY: MR. V KUBHEKA
THE MUNICIPAL MANAGER: DIPALESENG LOCAL MUNICIPALITY: MR. PB MALEBYE
THE MUNICIPAL MANAGER: CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY: MR. V MPILA
THE MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY: MR. J SINDANE
THE MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY: MR. BFS RIBA
THE MUNICIPAL MANAGER: DR JS MOROKA LOCAL MUNICIPALITY: MR. BTJ MABENA
THE MUNICIPAL MANAGER: EMALAHLENI LOCAL MUNICIPALITY: MR. DR MUKONDELELI

SUBJECT: SUBMISSION OF STRATEGIC RISK ASSESSMENT REPORTS FOR 2011/12 FINANCIAL YEAR FOR CONSOLIDATION

This circular is issued in line with resolution of the third Provincial Risk Management Forum meeting held at Msukaligwa Local Municipality (Ermelo: Council Chamber) on the 3rd December 2010, whereby it was resolved that all District and Local Municipalities should submit their Strategic Risk Assessment Reports to Provincial Treasury on or before the 30th June 2011 for consolidation. This consolidation process will be aimed at formulating a single Provincial Risk Register which will be comprised of ten top high priority Risk Areas for Mpumalanga Provincial Municipalities.

Provincial Treasury is mandated as per section 5 (4) (a) (i) of the Municipal Finance Management Act (MFMA), No 56 of 2003 to monitor compliance with regard to the implementation of Risk Management processes within Provincial Municipalities, by identifying gaps and put necessary interventions in place hence Strategic Support Plans (SSP's) will be developed to assist Municipalities.



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) of the Municipal Finance Management Act (MFMA), No 56 of 2003. The aforesaid piece 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 all spheres and sectors of Government, 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 the controls or strategies to mitigate the risks have been applied, and the level and extent of interventions expected as well as the prevalence of similar risks in both the District and Local Municipalities.

2.2 It will be aimed at enabling and ensuring a common approach to the supposed consolidated ten top high priority risk areas that may hamper the operations and possibly lead to the deviation from the intended objectives of both the District and Local Municipalities. This exercise is not therefore aimed at taking over or replacing the responsibilities of the Municipalities, but aimed at strengthening and adding value to service delivery.

This circular should be brought to the attention of all the Chief Risk Officers and Chief Audit Executives as a matter of urgency.

Thank you for your co-operation in this regard.



MR JB MBATHA
ACTING HEAD OF DEPARTMENT: FINANCE
DATE: 8/4/2011