

MPUMALANGA PROVINCIAL GOVERNMENT

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Department of Finance

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Departement van Finansies

Kgoro ya Matlotlo

PROVINCIAL TREASURY CIRCULAR NO 9 OF 2011

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TO:

THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR JM RABODILA)
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL LEGISLATURE (MR LB TSHABALALA)
THE 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 (MR RS TSHUKUDU)
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 (MS N NDONGA)
THE ACCOUNTING OFFICER: VOTE 10: HEALTH (MR J MAHLANGU)
THE ACCOUNTING OFFICER: VOTE 11: CULTURE, SPORTS AND RECREATION (MS SP MJWARA)
THE ACCOUNTING OFFICER: VOTE 12: SOCIAL (MS N MLANGENI)
THE ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENT (MR D DUBE)

CHIEF EXECUTIVE OFFICERS OF PUBLIC ENTITIES:

MPUMALANGA ECONOMIC GROWTH AGENCY (MEGA): MR GJ DLADLA
MPUMALANGA GAMBLING BOARD (MGB): MR B MLAMBO
MPUMALANGA TOURISM AND PARKS AGENCY (MTPA): MR C NDABENI
MPUMALANGA REGIONAL TRAINING TRUST (MRTT): MR ND MOROPANE

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 Provincial Departments and Public Entities should submit their Strategic Risk Assessment Reports to Provincial Treasury on or before the 31st March 2011 for consolidation. This consolidation process will be aimed at formulating a single Provincial Risk Register which will be comprised of 10 top high priority Risk Areas for Mpumalanga Province.

Provincial Treasury is mandated as per section 18 (2) (b) of the Public Finance Management Act (PFMA) to monitor and assess the implementation of Risk Management within the Province and put necessary interventions in place hence Strategic Support Plans (SSP's) will be developed to assist the Departments and the Public Entities to improve as per Financial Management Capabilities 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 process 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 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 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 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 numerous Provincial Departments and the Public Entities.

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 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.

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: 25/3/2011