

Reference: RCS/C.5

TREASURY CIRCULAR MUN NO. 27/2017

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THE MAYOR, GEORGE MUNICIPALITY: MR MG NAIK
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THE MAYOR, BITOU MUNICIPALITY: MR MP LOBESE
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THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT

THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)

THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY (MR TV PILLAY)

ENTERPRISE RISK MANAGEMENT AND COMBINED ASSURANCE

1. PURPOSE

To notify municipalities of the forthcoming training on Municipal Risk Management and Combined Assurance to be held at University of **Stellenbosch Business School, Bellville Campus, Room 2059, on 23 - 25 October 2017.**

2. BACKGROUND

Provincial Treasury in 2012, contacted the University of Stellenbosch Business School to assist municipalities with developing and improving skills in the area of risk management, internal auditing and general compliance matters. In continuance of this objective, a new contract has been entered into with the School of Public Leadership of Stellenbosch University (SPL).

With the ongoing challenges relating to the implementation of Risk Management, a specific module was developed to enhance the understanding and acumen in this area.

Kindly note that only one session will be held.

3. REQUIRED ACTIONS

The Programme has been developed for managers (Municipal Managers and section 56 Managers), Risk Managers and Internal Auditors.

To further the registration process, the online Registration Procedures are attached for your convenience. The Programme Overview is also attached to better inform on the detail of this training session.

As space is limited, attendance may be restricted per municipality. Please register by 16 October 2017.



ASHLEY THOMAS

ACTING DIRECTOR: FINANCIAL GOVERNANCE

DATE: 5 October 2017

PROGRAMME: ENTERPRISE RISK MANAGEMENT (ERM) AND COMBINED ASSURANCE

SEMINAR OBJECTIVE

A combined assurance model effectively co-ordinates the efforts of management and internal and external assurance providers, increases their collaboration and develops a shared and more holistic view of the organisation's risk profile. Combined assurance is about assurance providers (internal and external) working more closely together to ensure the following:

- Key outcomes of combined assurance;
- Assurance in the right areas is obtained;
- Assurance is obtained from the right resources; and
- Assurance is obtained in the most cost-effective way possible.

The 'right amount of assurance' depends on the risk appetite of the organisation. There should be alignment of control validation/assurance approaches and efforts across the organisation, driving efficiency and the right levels of comfort. Risk management is the foundation of the combined assurance process and organisations should establish risk-based criteria for dealing with control failures on a consistent and strategically aligned basis to ensure organisational objectives and goals are achieved.

King requirements

- Principle 3.5 of the King III Report introduced combined assurance as a recommended governance practice. The recommendation was made following a general understanding that more can be done to improve assurance coverage and quality through better coordination of assurance providers.
- King IV expands on this concept by indicating that a combined assurance model incorporates and optimises all assurance services and functions so that, taken as a whole, these enable an effective control environment, support the integrity of information used for decision-making by management, the governing body and its committees; and support the integrity of the organisation external reports. King IV recommendations do not prescribe the design of the model, but allow for the governing body to exercise its judgement in this regards.

Benefits of combined assurance

- Coordinated and relevant assurance efforts are directed to the risks that matter most.
- Commitment to enhance controls is demonstrated.
- Dashboards that provide an integrated, insightful view.
- Assurance activities produce valuable, integrated data, based on collaboration and not silos.
- Reduction in assurance costs through elimination of duplication and better resource allocation.
- Resources are not wasted on unnecessary duplication.
- A reduction in the repetition of reports by different committees, resulting in improved and more efficient reporting.
- A comprehensive and prioritised approach in tracking of remedial actions on identified opportunities/weaknesses.
- Clarity on risk and audit.

Training and tools will assist to:-

- Develop and implement a flexible and dynamic combined assurance model.
- Develop a combined assurance framework and plan that define the roles, responsibilities and accountability for the combined assurance process.
- Support audit and risk committees in making their control statements in the integrated report regarding the effectiveness and efficiencies of their control environment.
- Develop dynamic reporting that provides insights into assurance of top risks and key mitigating controls, and their impact on achieving the organisation's objectives and performance.
- Share insights on where assurance works well.

LAYOUT OF THE TRAINING

DAY 1

Session 1: The Growing Need for Risk Management

Municipal Failures, Emerging Risks and Stakeholder Expectations

Establishing the Business Case and Assurance Reality Check

Session 2: Identifying Key Players in Organizational Governance

Difference between GRC and Combined Assurance, Positioning of Combined Assurance, Stakeholders, Municipal Council, Audit Committee, Management, Assurance Providers

Session 3: The Need to Coordinate Assurance Functions

Combined Assurance – 5 Lines of Assurance Model and Combined Assurance - 3 Lines of Defense Model

Session 4: Combined Assurance as a Solution

Benefits of Combined Assurance

Who Plays an Important Role in Combined Assurance?

- Municipal Council
- Audit Committee
- Management
- Internal Assurance Providers
- External Assurance Providers

DAY 2

Session 5: King Code

Context of the King Codes, Revisions and Requirements Relating to Municipalities King III and IV requirements

Session 6: Understanding Combined Assurance

Municipal versus Project Level, Functions Providing Assurance, Combined Assurance beyond Internal Auditing

Session 7: Reasons to Implement Combined Assurance

The Governance Factor, the Risk Factor, the Efficiency Factor

Combined Assurance Design and making Combined Assurance a Continuing Reality

Combined Assurance as a:-

- Way to Reduce Assurance Fatigue;
- Way to Avoid Assurance Gaps;
- Way to Reduce Silos; and
- Way to Reduce Assurance Costs.

Session 8: Benefits, Barriers, and Challenges

Benefits of Combined Assurance, Benefits for the Municipality, Benefits for the Assurance Process

Barriers and Challenges When Implementing Combined Assurance

Trial and Error, No One-Size-Fits-All Approach, Progress through Sharing

Creating an Integrated View, Misunderstanding the Concept of Assurance, Maturity of Risk Management and Risk Mapping

DAY 3

Session 9: Critical Steps and Factors for Implementation

Critical Steps, An Illustration of a Top-down Combined Assurance Approach

Critical Factors in Implementing Combined Assurance

Tone from the Top and Executive Buy-in, Management Buy-in

Mature Risk Management Process, Clearly Understanding Accountabilities

Common Language, Data Depository, and Methodologies

Importance of Communication Among Assurance Providers

Session 10: The Role of Internal Audit in the Combined Assurance Model

Internal Audit as Champion of Combined Assurance and as Quality Control for Combined Assurance

Session 11: Potential Challenges for Internal Audit

Risk Management, Potential Audit for the Future, From Traditional to Participative

Strategic Direction, Assurance versus Consulting, Evolution of Skills

Session 12 On-line test – 2 hours – 75 marks

Summative assessment: Further research and study on online platform, and submission of results in assignment format. Assignment will be based on practical application in the workplace.

8 September 2017

Course Participants

Transversal Capacity Building Programme 2017 – 2020

Dear Participant

INFORMATION ON ONLINE REGISTRATIONS

The academic and support staff of the School of Public Leadership of Stellenbosch University are honoured to have been appointed by Provincial Treasury as accredited service provider for the Transversal Capacity Building Programme 2017 – 2020 and we are looking forward to be working with you as stakeholder.

In our endeavours to reduce cumbersome paperwork during courses and protect the integrity of Stellenbosch University certification, we will be making use of two sets of online registrations. The first is the Stellenbosch University SUNLearn platform used to eventually combine your personal information, your student registration and your assessment information for issuing Stellenbosch University certificates of competence. The second is a purpose-developed system of the School of Public Leadership for administration of the Municipal Minimum Competency Levels training programme. Due to Local Government Seta verification requirements related to issuing of their Statements of Results, it is at this stage unfortunately not possible to integrate the two systems, which means that you unfortunately have to initially complete your personal details on both platforms (approximately seven minutes per platform), where after individual course registrations on both systems are very quick to do online.

For both registration processes you are kindly requested to ensure that your full first names and surname as on your ID document and your correct ID number (do not leave spaces between digits) are recorded. In adherence to LGSeta imperatives, you will also be prompted to upload a certified copy of your ID document on the second system. We are not allowed to upload results on the LGSeta national database without that. Particular details for first time registration on each of the two platforms are herewith explained:

1. Stellenbosch University SUNLearn Platform

When you are nominated for the first course in this programme, you will receive an online registration link. To complete your personal and first course information, click on the link, select and click “General Public”, unless you have an active Stellenbosch University SUNLearn account, in which case you may select the “SU Member” option for completing the quick registration process. If you have selected the “General Public” option, scroll down the page and select the course module on the drop-down list, tick the boxes and click on the “Next” button. Then complete your information on the two pages. Importantly, where you must identify who pays for the course, select “Sponsored” from the drop-down options. Once submitted the screen will show a message, *“Your application has been forwarded to the course coordinator and you will be notified in due course if your application has been accepted”*. After the whole group has registered, the applications are processed and you will receive a student number by email to be used as your login name, while a password will be provided to you in class. You may then reset the password, but please keep in mind that on this platform, passwords expire after two months and you will be requested by email to change your



password on a two-monthly basis. For all subsequent courses you may follow the “SU Member” quick registration process by using your student number and active password to log in.

2. School of Public Leadership Short Course Platform

This platform will only be used for courses that provide unit standard credits for the Municipal Minimum Competence Programme of National Treasury (Municipal Regulations on Minimum Competency Levels, RSA, Government Gazette 29967, 2007). When nominated for such a course, you will be requested to register on this platform as well. The following steps are required for first time registration:

- a. Visit www.splshortcourses.co.za ;
- b. Click “*Create account*” (see button in the top right hand corner) registration form, and complete your personal information. Please take care to ensure that you select and complete every line, also where you have to select “not applicable” and where your date of birth is entered, that you do it in exactly the format as requested. Finish with the tick of the box at the bottom and then click on “register”. This form is completed once only. If you have participated in SPL-presented MMC courses before, please do not try to complete this “create account” again, but just update if your personal information has changed. For all subsequent courses where this platform is used, this Step b is skipped, go directly from Step a to Step c;
- c. *Log in* (see button in the top right hand corner - don’t forget the log in name and password you gave yourself during step b!);
- d. Click on “*Available Courses*”;
- e. Then click on “*Transversal Capacity Building Programme 2017 – 2020*”;
- f. Then click on the particular course you have been nominated for;
- g. Then on “*Register*”;
- h. Then tick the box to confirm that you are aware of the assessment requirements (assessment plan can be opened when you click on the link);
- i. Then on “*Save*”.
- j. Repeat for each of the subsequent MMC-articulated courses you are nominated for. If in doubt about the use of this online platform, please click on “*Guidelines*”.

Thank you for your understanding and patience in adhering to these administrative requirements. Both systems have been designed to protect your personal information and to prevent fraudulent issuing of certificates. Please report any concerns with these registration processes to Tharia Steffen at tel. 021 918 4121 or email tl@sun.ac.za .

Sincerely

Prof AP Johan Burger

Director: SPL