

**PROVINSIALE TESOURIE • PROVINCIAL TREASURY •
UNONDYEBO WEPHONDO**



Verwysing
Reference
Isalathiso

PT 7/2/3

Navrae
Enquiries
Imibuzo

Mr AD Thomas

TREASURY CIRCULAR NO. 1/2006

THE PREMIER

THE MINISTER OF AGRICULTURE
THE MINISTER OF COMMUNITY SAFETY
THE MINISTER OF CULTURAL AFFAIRS, SPORT AND RECREATION
THE MINISTER OF EDUCATION
THE MINISTER OF ENVIRONMENTAL AFFAIRS, DEVELOPMENT PLANNING AND ECONOMIC DEVELOPMENT
THE MINISTER OF FINANCE AND TOURISM
THE MINISTER OF HEALTH
THE MINISTER OF LOCAL GOVERNMENT AND HOUSING
THE MINISTER OF SOCIAL SERVICES AND POVERTY ALLEVIATION
THE MINISTER OF TRANSPORT AND PUBLIC WORKS

For information

ALL MEMBERS OF PARLIAMENT (EXCLUDING PREMIER AND MINISTERS)

THE SPEAKER: PROVINCIAL PARLIAMENT
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (DR GA LAWRENCE)
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R HINDLEY) (ACTING)
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (DR JC STEGMANN)
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (MR O VALLEY) (ACTING)
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR RB SWARTZ)
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (PROF KG HOUSEHAM)
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL SERVICES AND POVERTY ALLEVIATION (MS VL PETERSEN)
THE ACCOUNTING OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MS S MAJIET)
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T TOLMAY)
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR T MANYATHI)
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS) (ACTING)
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR B ROBERTS)
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (DR L PLATZKY) (ACTING)

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR H ARENDSE)
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS A SMIT) (ACTING)
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR D ODENDAAL)
THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)
THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH (MR A VAN NIEKERK)
THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL SERVICES AND POVERTY ALLEVIATION (MR JO SMITH)
THE CHIEF FINANCIAL OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MR PAE BREDEKAMP)
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR AA GAFFOOR)
THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)
THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)
THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR A ASSIM)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)
THE HEAD: RESOURCE MANAGEMENT (MS SMA ROBINSON)
THE HEAD: ASSET MANAGEMENT (MR TD PILLAY)
THE HEAD: FINANCIAL GOVERNANCE (MR TC ARENDSE)
THE HEAD: PUBLIC FINANCE (MR H MALILA)
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)
THE SENIOR MANAGER: HUMAN RESOURCE MANAGEMENT (MS C PAUL)
THE SENIOR MANAGER: ACCOUNTING (MR A REDDY)
THE SENIOR MANAGER: NORMATIVE FINANCIAL MANAGEMENT (MS L MTUNZI)
THE SENIOR MANAGER: RISK MANAGEMENT AND GOVERNANCE SYSTEMS (MR L NENE)
THE CHIEF AUDIT EXECUTIVE (MS R JAFTHA)
THE SENIOR MANAGER: ECONOMIC ANALYSIS (MS B BOQWANA)
THE SENIOR MANAGER: FISCAL POLICY (MR A PHILLIPS)
THE SENIOR MANAGER: BUDGET OFFICE (MS AJ HICKEY) (ACTING)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MR DG BASSON)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (MR G PAULSE)
THE SENIOR MANAGER: PHYSICAL (FIXED) ASSETS AND PPPs (MR NB LANGENHOVEN)
THE SENIOR MANAGER: SUPPLY CHAIN MANAGEMENT (MR L MUNSAMY)
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
THE HEAD: OFFICE OF THE MINISTRY (MS N MGAYIYA)

THE PROVINCIAL AUDITOR

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SECOND DRAFT PGWC RISK MANAGEMENT FRAMEWORK

1. PURPOSE

- 1.1 To inform Departments of the release of the draft PGWC Risk Management Framework (version 2.2) for comment and final inputs.

2. BACKGROUND

- 2.1. Accounting Officers, in terms of section 38(1)(a)(i) must ensure that departments have and maintain effective, efficient and transparent systems of financial and risk management and internal control. During the bi-laterals between Provincial Treasury and individual departments in the latter part of 2003, it was concluded that departments had no or very limited established risk management and internal control capacity.
- 2.2. As a first step in developing the necessary capacity within all departments, the PGWC Risk Management Framework has been developed to broaden the general understanding of risk management and to provide a framework as to **what** needs to be done. The framework was developed by the Provincial Treasury, based on the COSO Enterprise Risk Management Framework that is regarded as international best practise, and was quality assured by the risk management specialists within the Sihluma Sonke Consortium. The framework was first circulated for comment under Treasury Circular 3/2005, but the response was extremely poor, and it was therefore decided to circulate it again with the hope of a better response.
- 2.3 The tools and techniques to provide the “**how to**” are currently being developed. The various tools and techniques will be developed and released as soon they are completed and have been subjected to departmental comment.
- 2.4 Although the management of risks within a department vests, by law, in the AO of an individual department, it is still imperative that a standardized and integrated risk management and internal control methodology be developed as the determination of provincial priorities and fiscal allocations need to be aligned with risks faced by the organization as a whole. The provision of a standardized framework, to be supported by standardized tools and techniques, is therefore provided to ensure uniformity in application of the risk management process.

2.5 The role out of the framework and the supporting tools and techniques, as already been developed by the Sihluma Sonke Consortium and currently being developed by the Provincial Treasury, will be facilitated by the Provincial Treasury until the end of the 2006/2007 financial year. By then it is anticipated that all departments will be fully capacitated in respect of risk management skills and will have taken complete ownership of risk management within their departments.

3. REQUIRED ACTIONS

3.1 The draft Provincial Government Western Cape (PGWC) Risk Management Framework (version 2.2) is available on the Provincial Treasury intranet site and can be accessed directly by using the following link:

<http://dws.wcape.gov.za/dmsv525/download?WEBID+46135>, or

http://intrapgwc.gov.za/Provincial_Treasury/Treasury.asp selecting the following:

- Practice notes (under the main menu)

The document is listed as “FG PGWC Risk Management Framework” in the alphabetical list of documents on that page.

3.2 Chief Financial Officers are requested to obtain comments and inputs on the document from within their own departments and forward the consolidated inputs to the Head: Risk Management Systems (For attention: Mr. AD Thomas), Room 1-14, 4 Dorp Street, Cape Town before or on 10 February 2006. For control purposes, nil returns must be submitted in cases where departments have no comments or inputs.

3.2 The draft version will then be removed from the site and Departments will be advised per Treasury Circular of the final posting of the PGWC Risk Management Framework on the Provincial Treasury intranet.

L Nene

HEAD: RISK MANAGEMENT AND GOVERNANCE SYSTEMS

DATE: 11/01/2006