



PROVINCIAL TREASURY

Provincial Government of the Western Cape

CORPORATE GOVERNANCE

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REFERENCE: T16/5

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TREASURY CIRCULAR NO. 60/ 2011

THE PREMIER

THE MINISTER OF AGRICULTURE AND RURAL DEVELOPMENT
THE MINISTER OF COMMUNITY SAFETY
THE MINISTER OF CULTURAL AFFAIRS AND SPORT
THE MINISTER OF EDUCATION
THE MINISTER OF FINANCE, ECONOMIC DEVELOPMENT AND TOURISM
THE MINISTER OF HEALTH
THE MINISTER OF HUMAN SETTLEMENTS
THE MINISTER OF LOCAL GOVERNMENT, ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING
THE MINISTER OF SOCIAL DEVELOPMENT
THE MINISTER OF TRANSPORT AND PUBLIC WORKS

THE SPEAKER: PROVINCIAL PARLIAMENT
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (ADV B GERBER)
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R HINDLEY)
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (DR JC STEGMANN)
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (DR GA LAWRENCE)
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MS P VINJEVOLD)
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (PROF KC HOUSEHAM)
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MS K LUBELWANA)
THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR M TSHANGANA)
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T GILDENHUYS)
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR J FOURIE)
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR S FOURIE)
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR B WALTERS)
THE ACCOUNTING OFFICER: VOTE 14: LOCAL GOVERNMENT (DR H FAST)

} For information

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR D BASSON)
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS N PETERSEN)
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M FRIZLAR)
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 DEVELOPMENT (MR JO SMITH)
THE CHIEF FINANCIAL OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR F DE WET) (ACTING)
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 (MS BG RUTGERS)
THE CHIEF FINANCIAL OFFICER: VOTE 14: LOCAL GOVERNMENT (MR F DE WET) (ACTING)

THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR P ABRAHAMS) (ACTING)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (MS M MOROKA)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR N FLAATTEN) (ACTING)
THE CHIEF EXECUTIVE OFFICER: CAPE TOWN ROUTES UNLIMITED (DMO) (MR C GILFELLAN)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE CULTURAL COMMISSION (MS J MOLELEKI)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LANGUAGE COMMISSION (MS J MOLELEKI)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE HERITAGE COMMISSION (MS J MOLELEKI)
THE CHIEF EXECUTIVE OFFICER: CASIDRA (MS T MLONYENI) (ACTING)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LIQUOR BOARD (MR S FOURIE)

THE CHIEF FINANCIAL OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR P ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (MR A PRESTON)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR I BLACKIE)
THE CHIEF FINANCIAL OFFICER: CAPE TOWN ROUTES UNLIMITED (DMO) (MR H BONESCHANS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE CULTURAL COMMISSION (MS B RUTGERS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LANGUAGE COMMISSION (MS B RUTGERS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE HERITAGE COMMISSION (MS B RUTGERS)
THE CHIEF FINANCIAL OFFICER: CASIDRA (MR F VAN ZYL)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LIQUOR BOARD (MS M ABRAHAMS)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)
THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)
THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR TC ARENDSE)
THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)
THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)
THE HEAD: FINANCIAL GOVERNANCE (MR A REDDY) (ACTING)
THE HEAD: ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)

THE SENIOR MANAGER: ACCOUNTING SERVICES: PROVINCIAL GOVERNMENT (MR A REDDY)
THE SENIOR MANAGER: ACCOUNTING SERVICES: LOCAL GOVERNMENT (MS L NGXONONO)
THE SENIOR MANAGER: CORPORATE GOVERNANCE (MR B VINK)
THE SENIOR MANAGER: BUDGET MANAGEMENT: PROVINCIAL GOVERNMENT (MS M SHERATON)
THE SENIOR MANAGER: BUDGET MANAGEMENT: LOCAL GOVERNMENT (MR ML BOOYSEN)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP ONE) (MR F SABBAT)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP TWO) (MR M SIGABI)
THE SENIOR MANAGER: PUBLIC FINANCE POLICY RESEARCH AND MODELLING (MS C HORTON)
THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)
THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS A SMIT)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

RE: ISSUING OF AMENDED PROVINCIAL TREASURY INSTRUCTIONS CHAPTER 3, 2011

1. PURPOSE

To issue the amended Provincial Treasury Instruction Chapter 3, 2011.

2. BACKGROUND

The amendments realign the Provincial Treasury Instruction Chapter 3, with the organizational changes of the province in respect of the corporatisation of enterprise risk management and internal audit, and related matters thereto.

3. REGULATORY FRAMEWORK

In terms of s18(2)(a) of the Public Finance Management Act, 1999 (Act 1 of 1999), ("PFMA") the Provincial Treasury must issue provincial treasury instructions.

These Provincial Treasury instruction is a sub-ordinate legislation to the Treasury Regulations, 2005 and 2007, and the PFMA and must not seen

to be in isolation, but must be read in conjunction of the Treasury Regulations and PFMA.

4. WITHDRAWAL OF ISSUED PROVINCIAL TREASURY CIRCULARS PERTAINING TO ENTERPRISE RISK MANAGEMENT

In addition to the above, the Provincial Treasury Circulars as listed below are hereby withdrawn.

YEAR	CIRCULAR NO.	CONTENT/PURPOSE
2010	Treasury Circular No. 15/2010	Risk Management Training Schedule for the 2010 Calendar Year.
	Treasury Circular No. 14/2010	Schedule dates for the Municipal Risk Management Forum.
	Risk Management Circular No. 2/2010	Determination of Risk Management Software License Requirements within PGWC.
	Risk Management Circular No. 1/2010	Risk Management Training Schedule for the 2009 Calendar Year.
2009	Risk Management Circular No. 4/2009	The Final Operational Risk Rating Scales.
	Risk Management Circular No. 3/2009	Review of the Operational Risk Rating Tables.
	Risk Management Circular No. 1/2009	Risk Management Training Schedule for the 2009 Calendar Year.
2008	Risk Management Circular No. 7/2008	Scheduled Dates for the Provincial Risk Management Forum.
	Risk Management Circular No. 6/2008	Risk Management Training Schedule for the 3 rd Quarter 2008.
	Risk Management Circular No. 5/2008	Risk Rating Criteria.
	Risk Management Circular No. 4/2008	Draft Terms of Reference Guidance for Risk and Fraud Committees.
	Risk Management Circular No. 2/2008	Risk Management Training Schedule for the Period: February – March 2008.
	Risk Management Circular No. 1/2008	Scheduled Dates for the Provincial Risk Management Forum.
	Risk Management Circular No. 31/2007	Departmental Non-Compliance with Submission of ERM Implementation

YEAR	CIRCULAR NO.	CONTENT/PURPOSE
2007		Questionnaire.
	Risk Management Circular No. 12/2007	Risk Management Training Schedule for the Month of November.
	Risk Management Circular No. 9/2007	Enterprise Risk Management Report to the Audit Committee.
	Risk Management Circular No. 7/2007	Draft PGWC Effective Control Framework for ERM Guidance.
	Risk Management Circular No. 6/2007	Draft PGWC Enterprise Risk Management Reporting Guidance.
	Risk Management Circular No. 5/2007	Departmental Non-Compliance with Submission of ERM Implementation Questionnaire.
	Risk Management Circular No. 4/2007	Risk Management Training Schedule for the Period July – September 2007.
	Risk Management Circular No. 2/2007	Draft Risk Management Policy.
	Risk Management Circular No. 1/2007	Scheduled Dates for the Provincial Risk Management Forum.
2006	Treasury Circular No. 29/2006	Scheduled Dates for the Provincial Risk Management Forum.
	Treasury Circular No. 19/2006	Departmental Enterprise Risk Management Structures.
	Treasury Circular No. 13/2006	Change in Process and Control Mapping Approach.
	Treasury Circular No. 1/2006	Second Draft PGWC Risk Management Framework.



Mr. B. Vink

Senior Manager: Corporate Governance

DATE: 23/11/2011

PROVINCE OF THE WESTERN CAPE

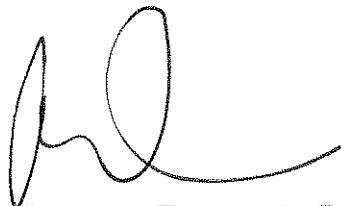
PROVINCIAL TREASURY

ISSUING OF PROVINCIAL TREASURY INSTRUCTIONS IN TERMS OF SECTION 18(2)(a) OF THE PUBLIC FINANCE MANAGEMENT ACT, 1999 (ACT 1 OF 1999) [AS AMENDED]

Under the powers vested in the Provincial Treasury by section 18(2)(a) of the Public Finance Management Act, 1999 (Act 1 of 1999) (as amended) – [the Act], I, Alan Winde, Provincial Minister (Member of the Executive Council) of the Province of the Western Cape responsible for financial matters and as the Head of Treasury repeal and replace Chapter 3 of the Provincial Treasury Instructions dated 2 November 2009 with the attached amended Chapter 3 of the Provincial Treasury Instructions.

This Provincial Treasury Instruction is effective from the date of signature hereof.

Signed at CAPE TOWN this.....22ND.....day of NOVEMBER..2011.



MEC: Finance, Economic Development and Tourism

CHAPTER 3

3. INTERNAL CONTROL

DEFINITIONS

In this Chapter, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Enterprise Risk Management Framework, has the same meaning, and

“enterprise risk management strategy” means the strategy which guides an accounting officer on how to implement a risk management policy and directs internal audit priorities;

“internal audit methodology” means the framework used by the internal audit function to execute internal audits; and

“internal audit tool” means the recommended internal audit software.

3.1 INTERNAL AUDIT

3.1.1 The internal audit function of the Provincial Government of the Western Cape may consist of shared and non-shared units, as determined by the Provincial Treasury.

3.2 INTERNAL AUDIT METHODOLOGY AND GUIDANCE

3.2.1 The chief audit executive must:

- (a) approve the internal audit methodology and internal audit tool; and
- (b) review the internal audit methodology at least every two years.

3.3 QUALITY ASSURANCE

3.3.1 The chief audit executive must:

- (a) conduct periodic assessments to monitor the application of the approved internal audit methodology and quality assurance standards;

WESTERN CAPE PROVINCIAL TREASURY INSTRUCTIONS

- (b) ensure that an external quality review is conducted on the internal audit function at least every five years ; and
- (c) implement the corrective action based on the outcomes of the external quality review referred to in (b).

3.4 ENTERPRISE RISK MANAGEMENT

3.4.1 The accounting officer for a department must ensure:

- (a) that department has and maintains an:
 - (i) enterprise risk management strategy and
 - (ii) enterprise risk management committee;
- (b) that department's risk data is captured on the prescribed data platform;
- (c) a risk assessment, resulting in a risk register, is conducted annually; and
- (d) that department provides the chief audit executive with a consolidated inherent and residual risk profile by 31 January of each year.

3.4.2 If considered feasible, the accounting officer of a department may decide to perform the enterprise risk management requirements as listed in 3.4.1 above on behalf of public entities under his or her control. If such a decision is made, the Provincial Treasury must be informed within 30 (thirty) days of such a determination.

3.4.3 The chief audit executive must ensure the enterprise risk management process is independently assessed, at least every two years.

3.4.4 Notwithstanding section 18(2) of the Public Finance Management Act, 1999 (Act 1 of 1999), the Provincial Treasury must:

- (a) support and monitor the implementation of enterprise risk management norms and standards; and
- (b) approve the recommended data platform referred to in 3.4.1(b) above.

Issued in terms of Section 18(2)(a) of the PFMA on 22/11/2011 by Provincial Minister A Winde