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NORTHERN CAPE PROVINCIAL TREASURY

RISK MANAGEMENT IN RELATION TO mSCOA

PROVINCIAL CFO FORUM

Presented by Mr SM Ruiters
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mSCOA Risk Management: expectations during the pre-implementation phase



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- The MFMA requires that the AO becomes the ultimate CRO, this responsibility is then delegated to CRO

MSCOA circ 3 para 2.1 :

- ***Risk management*** is a key responsibility of the Accounting Officer and Management
- Risk management is an essential part of effective *mSCOA* project governance and whilst it is a management responsibility, management can expect the audit committee to oversee and provide advice on the risk management of such a significant reform in the municipality
- Management is responsible for ensuring the establishment of effective risk management in the municipality and in this case, also specifically for the *mSCOA* project

mSCOA Risk Management: expectations during the post-implementation phase



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- Review of the risk registers to:
 - ✓ reflect the current state of affairs
 - ✓ take into account the effect of the latest mSCOA developments
 - ✓ identify any opportunities to be derived from the mscoa project that will bring about improvements in the operations of the Municipality in general
- Review of risk mitigation plans to address the identified risks
- Put measures in place to identify new and emerging risks
- Assign clear roles & responsibilities for risk owners
- Strengthen the oversight role of Audit & Risk Committees in relation to mscoa risk management



Incorporating mscoa risk into ERM processes

- At this stage, given that MSCOA is still regarded as a new reform, its risk processes may be treated as a separate project.
- Depending on the risk maturity level of the Municipality, consider incorporating mscoa risk into the ERM risk processes
- Bullet 2 above is in accordance with **MSCOA circular 3 para 2.1** which states:

It is crucial that the municipality manages its mSCOA project risks as part of its normal risk management processes, including assigning clear responsibility for the management of mSCOA project risks

Way-forward & conclusion



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- Mscoa risk processes to find expression in the Municipal RM framework (policies, strategies, methodologies)
- RMC' charters to be revised to accommodate mscoa oversight
- In accordance with **MSCOA circular 4 para 2.3**, the following are still applicable:
 - ✓ Six-weekly reviews of risk registers
 - ✓ Risk tolerance
 - ✓ Project issue log

For further guidance & assistance, contact:

sruiters@ncpg.gov.za

(053) 802 5000

THE END – THANK YOU