



COMPLIANCE MANAGEMENT POLICY AND FRAMEWORK

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COMPLIANCE MANAGEMENT POLICY

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1. ABBREVIATIONS AND DEFINITIONS

ABBRECIATION/ CONCEPT	DEFINITION
AO	Accounting Officer
MFMA	Municipal Finance Management Act
SM	Swellendam Municipality
Compliance culture	The values, ethics and beliefs that exist throughout SM and interact with E structures and control systems to produce norms that are conducive to compliance outcomes.
Compliance Management Framework	A mechanism through which the Municipality can monitor, review and comply with legislation, regulations, statutes, codes, standards, policies and procedures.
Compliance Breach or Failure	An act or omission whereby the Municipality has not met its compliance obligations, processes or behavioural obligations.
Senior Management or Management	Staff at a management level who are normally heading different departments and are responsible for the facilitation, monitoring, coordination and communication to staff their departments on compliance matters.
Obligations	Legislation, regulations, statutes, codes, policies, procedures and service standards to which the Municipality must comply.

1. INTRODUCTION, SCOPE AND GENERAL

Municipal Finance Management Act (MFMA) Section 128 requires that the accounting officer must monitor compliance within a municipality.

Compliance means that Swellendam Municipality (SM) is meeting its obligations in adhering to the requirements of relevant legislations, rules and regulations, service standards, codes of practice, policies and procedures of good governance and accepted community and ethical standards.

Policies and procedures to achieve compliance should be integrated into all aspects of how SM operates with financial, risk, quality, environmental, administrative, planning and strategic management systems and its operational requirements and procedures.

Compliance should not be seen as a standalone activity, but should be aligned with SM's overall strategic objectives.

Effective compliance processes within SM will enable it to demonstrate its commitment to overall compliance. Failure to support these values at all levels exposes SM to the risk of compliance failure and subsequent risks.

2. PURPOSE

The purpose of the position on and approach to the management of compliance and verification is to:

- To outline roles and responsibilities of key role players and stakeholders;
- To facilitate the detection and prevention of non-compliance to regulatory requirements;
- To provide for processes and systems that facilitates the management of compliance and enhances regulatory compliance assurance.

3. SCOPE AND APPLICATION

This policy is designed to provide an outline of the compliance management framework operating within SM and to provide guidance to enable all Senior Managers, Managers and Staff to find the advice and tools to enable processes to comply fully to all relevant legislation, service standards, policies and procedures as well as generally accepted principles of good governance and ethical standards.

External stakeholders should also comply with legislative framework of the Municipality.

4. COMPLIANCE POLICY STATEMENT

SM is committed to integrity-based compliance that protects and enhances its public value and reputation and recognises the essential role of compliance, with applicable regulatory requirements plays in the governance and sustainability of its business.

SM also subscribe to the fundamental principles that all resources will be applied economically to ensure compliance with relevant legislation, and fulfil the expectations of employees, management and the public.

5.1 Identification and Implementation compliance performance that protects and enhances its stakeholder value and reputation.

5.1.1. Sources of compliance and obligations will include: the Constitution of the Republic of South Africa, Municipal Legislation, Rules and Regulations applicable to Local Government, directives, policies and procedures.

5.1.2. Additional compliance obligations within the Municipality may include Council resolutions, Departmental service standards, Batho Pele principles, statutes and codes, Guidelines and Frameworks.

5.1.3. Management together with their relevant staff and with the support of the Compliance Officer should identify compliance obligations and the way in which they impact Municipal activities and services.

5.2 Register of Compliance Obligations

Develop and maintain a register of identified Acts, Regulations, Codes, internal SM policies and other obligations to which SM must be compliant, including but not limited to:

5.2.1. Statutory requirements that affect the Municipality's operations.

5.2.2. Processes that are affected by statutory obligations.

5.2.3. Risks associated with compliance failures by processes.

5.2.4. Internal policies currently in place to ensure compliance and gaps where additional policies are required, and where additional resources, advice or training may be obtained.

5.3 Compliance Risk Identification

Review current risk registers for individual departments in conjunction with relevant Managers and key staff to incorporate:

5.3.1. Identification and analysis of compliance risks.

5.3.2. Identification of current processes in place to ensure compliance.

5.3.3. Identification of gaps where additional processes are required.

5.3.4. Development of operational plans to improve compliance processes where required and inclusion of compliance risks within the relevant risk registers.

5.4. Departmental Compliance Monitoring Plans

Develop compliance monitoring plans for different departments in conjunction with relevant Managers and key staff. The plans will detail the compliance obligations and actions required to improve compliance within the designated areas and provide a basis for the future.

This is also monthly done with intergovernmental assistance (e.g. eMonitor compliance tool etc.).

6. ROLES AND RESPONSIBILITIES

Role	Responsibility
Executive Mayor & Council	Should actively demonstrate commitment to inculcate compliance culture within the Municipality.
	Has an oversight responsibility for compliance management and for approving the compliance management policy.
The Municipal Manager (AO)	Endorse and ensure the implementation of the compliance policy, strategy and compliance management framework.
	Ensuring adequate reporting on compliance.
	Fostering and encouraging a compliance culture within SM
	Ensuring that compliance issues escalated for their attention are considered and actioned accordingly.
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Audit Committee	Ensuring that they receive regular reporting on compliance activities, risks and other related issues.
	Identifying and requesting follow – up actions were necessary.
	Advising the accounting officer on compliance management matters (MFMA Section 166)
Management (Senior and Middle Management)	Fostering and encouraging a compliance culture, by example, within SM and integrating compliance processes into normal business practices.
	Remaining aware of the compliance obligations within their departments/areas of control.
	Cooperating with and supporting the Compliance Officer and encouraging all staff to do the same in relation to the development and implementation of a compliance framework.
	Encouraging all the staff to participate in relevant compliance induction programs.
	Identifying, documenting and communicating compliance obligations and risks within their areas responsibility/ departments, with the support of the Compliance Officer, and developing relevant processes to meet those obligations.
	Actively participating in the management and resolution of compliance related complaints, incidents and issues.
	Developing and implementing systems for reporting, feedback mechanisms and complaints management, and monitoring compliance performance.
	Reporting of all compliance-related complaints and compliance failures within their areas of control.

Role	Responsibility
	Ensuring that all Municipal activities comply with legislation, rules and regulations applicable to Local Government.
	Ensuring that the Municipality's policies and procedures are adhered to.
	Identifying compliance training needs and organising ongoing training support on compliance issues.
All staff	Adherence to the compliance relevant to their position.
	Undertaking training in accordance with the compliance program.
	Reporting and escalating compliance concerns, issues, complaints and failures.
	Performing their duties in an ethical, lawful and safe manner.
Compliance Officer	Facilitate compliance management processes in the municipality (specifically, with regards to National Treasury's eMonitor system and Circular 88)
	Advise the AO on compliance matters
Internal Audit	Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to compliance management (MFMA Section 165)
External Audit	Provide assurance on annual financial statements and general recognised accounting practices (GRAP) and other relevant municipal compliance
Other Stakeholders/ Assurance	Compliance monitoring and reporting to relevant stakeholders

7. COMPLIANCE MANAGEMENT FRAMEWORK

7.1 Identification and Implementation

7.1.1. Sources of compliance and obligations will include: the constitution of the Republic of South Africa, Legislation, rules and regulations applicable to Local Government, directives, policies and procedures.

7.1.2. Additional compliance obligations within SM may include Council resolutions, Departmental service standards, Batho Pele principles, statutes and codes, Guidelines and Frameworks.

7.1.3. The compliance officer will, in conjunction with Senior Managers, Managers and key staff systematically identify compliance obligations and the way in which they impact on Municipal activities and services.

7.2 Register of Compliance Obligations

Develop and maintain a register of identified Acts, Regulations, Codes, internal SM policies and other obligations to which SM must be compliant, including but not limited to:

- 7.2.1. Statutory requirements that affect operations.
- 7.2.2. Processes that are affected by statutory obligations.
- 7.2.3. Risks associated with compliance failures by SM processes.
- 7.2.4. Internal policies currently in place to ensure compliance and gaps where additional policies are required, and where additional resources, advice or training may be obtained.

7.3 Compliance Risk Identification

Review current risk registers for individual departments in conjunction with relevant Managers and key staff to incorporate:

- 7.3.1. Identification and analysis of compliance risks.
- 7.3.2. Identification of current processes in place to ensure compliance.
- 7.3.3. Identification of gaps where additional processes are required.
- 7.3.4. Development of operational plans to improve compliance processes where required and inclusion of compliance risks within the relevant risk registers.

7.4. Departmental Compliance Monitoring Plans

Develop compliance monitoring plans for different departments in conjunction with relevant managers and key staff. The plans will detail the compliance obligations and actions required to improve compliance within the designated areas and provide a basis for future.

8. TRAINING, ADVICE AND SUPPORT

8.1 Objectives of Compliance training:

- 8.1.1. To ensure that employees understand regulatory obligations and compliance requirements that impact on their jobs.
- 8.1.2. To ensure that employees understand consequences of non-compliance.
- 8.1.3. To promote a culture of compliance.

8.2 Training Needs Identification

8.2.1. A training program will be developed by the Municipality in cooperation with the human resources department and management and based on the priorities of the municipality in relation to compliance requirements.

8.2.2. Continuous assessment of other compliance training needs will be undertaken by the Municipality throughout the compliance process. Training needs assessments will be based upon:

- Identified gaps in employee knowledge and competence.
- Changes in staff position or responsibilities.
- Changes in internal processes, policies or procedures.
- Changes in statutory obligations.
- Issues arising out of monitoring, auditing, reviews, complaints and incidents.

9. MONITORING, VERIFICATION AND REPORTING

9.1.1. Compliance is a dynamic environment with constant changes occurring both in statutory obligations and internal processes.

9.1.2. On-going communication between directors, managers, compliance officer and all staff is essential to ensure that SM continues to adhere to all its obligations.

9.1.3. Effective monitoring aims to check that people are doing what they ought to be doing and that the system is operating satisfactorily.

9.1.4. Monitoring is what frequently identifies problems and one aspect that is present in all monitoring processes is an examination of all SM activities to obtain reasonable assurance that these activities are conducted in compliance with relevant regulatory requirements.