



## RESOLUTION

**Council Meeting Date** : 26 October 2018  
**Item Number** : 065/OCM/18  
**Subject** : COMPLIANCE POLICY

During the Ordinary Council Meeting held on the 26 October 2018 the report on approval of the Compliance Policy for adoption by council was tabled to the meeting for approval and adoption.

Thereafter the meeting

### RESOLVED to:

1. The Council approved the Compliance Policy.

This is to certify that this is an extract of what transpired during the Ordinary Council Meeting held on the 26 October 2018.

M.M. YAWA

Initials and Surname  
MUNICIPAL MANAGER

  
Signature

26.10.2018

Date



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## SENQU LOCAL MUNICIPALITY COMPLINACE POLICY (2018)

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| Date Approved   | Version | Resolution No |
|-----------------|---------|---------------|
| 26 October 2018 | 1       | 065/OCM/18    |

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8

## Contents

|   |   |
|---|---|
| 1. Introduction.....                                | 2 |
| 2. Purpose .....                                    | 2 |
| 3. Scope .....                                      | 2 |
| 4. Compliance Policy Statement and Commitment ..... | 2 |
| 5. Mandate of the Compliance Function.....          | 3 |
| 6. Compliance Roles and Responsibilities .....      | 3 |
| 6.1 Council .....                                   | 3 |
| 6.2 Audit Committee .....                           | 3 |
| 6.3 Top Management.....                             | 4 |
| 6.4 Risk and Compliance Unit.....                   | 4 |
| 6.5 Other Employees .....                           | 4 |
| 7. Reporting .....                                  | 4 |
| 8. Review of the policy .....                       | 4 |
| 9. Approval of Policy .....                         | 5 |



## 1. Introduction

The Compliance Management Policy sets out the approach of how Senqu Local Municipality (SLM) manages compliance obligations and mitigating compliance related risk, in order to achieve our compliance objectives.

## 2. Purpose

The purpose of this policy is to:

- Outline SLM's position on and approach to the management of compliance;
- Outline roles and responsibilities of key role players and stakeholders;
- Facilitate the detection and prevention of non-compliance to regulatory requirements by conducting compliance assessments; and
- To provide for a process and system that facilitates the management of compliance and enhances regulatory compliance assurance.

## 3. Scope

This policy shall apply throughout the municipality as far as Compliance Management is concerned.

## 4. Compliance Policy Statement and Commitment

Senqu Local Municipality (SLM) is committed to integrity-based performance that protects and enhances its stakeholder value and reputation. It recognises the essential role that compliance, with applicable regulatory requirements plays in the governance and sustainability of its business.

The municipality subscribe to the fundamental principles that all resources will be applied economically to ensure compliance with relevant legislation, and fulfil the expectations of employees, communities and other stakeholders in terms of corporate governance. To this end, SLM will conduct its business in accordance with the letter and spirit of applicable regulatory requirements and to ensure that we implement appropriate processes to promote a culture of compliance within the organisation. The municipality will do so with integrity and maintain the highest ethical standards. Although the task of designing, implementing and monitoring the process of risk management remains the responsibility of management, the Council of SLM is ultimately accountable for the overall governance of risk and compliance and is accountable to its stakeholders for overseeing the management of compliance within the organisation.

Management is responsible to ensure that legal compliance programs are implemented and adhered to in their areas of accountability. Notwithstanding the above, the responsibility to ensure effective management of compliance risk within SLM, rests with all employees. All

significant compliance risks must be assessed managed and reported using a standardized methodology and a uniform compliance framework.

The Risk Management Unit is responsible for advising and assisting the Council and Management in, designing and implementing appropriate compliance management policies and procedures; assessing, monitoring and reporting on the SLM's compliance programs and practices; in implementing strategies that reinforce a safe, transparent and ethical working environment; in ensuring consistent management of these policies, standards and procedures and for the overall management and implementation of the compliance risk management process.

## **5. Mandate of the Compliance Function**

In terms of section 3 (3) (d), of the Municipal Systems Act it state the purpose of effective co-operative government, organised local government must seek to:

"Facilitate compliance with the principles of co-operative government and intergovernmental relations".

- (a) monitor whether the accounting officer of any municipal entity under the sole or shared control of the municipality has complied with sections 121(1) and 126(2);
- (b) establish the reasons for any non-compliance; and
- (c) Promptly report any non-compliance, together with the reasons for such non-compliance, to the council of the parent municipality, the relevant provincial treasury and the Auditor-General.

The King IV Code on Corporate Governance states that "council should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the municipality being ethical and a good corporate citizen". King IV Code also recommends the following practices:

- (a) Assume responsibility for the governance of compliance with applicable laws and adopted, codes and standards by setting the direction for how compliance should be approached and addressed in the organisation.
- (b) Approve policy that articulates and gives effect to its direction on compliance, and that identifies which codes and standards the organisation has adopted.

## **6. Compliance Roles and Responsibilities**

### **6.1 Council**

Council is responsible for:

- Approving and monitoring the implementation of policies governing SLM's compliance management; and
- Monitoring SLM's compliance with obligations governing SLM's operations.

### **6.2 Audit Committee**

- Review and recommend to Council the approval of the compliance policy;

- Monitor the effectiveness of SLM's compliance policy; and
- Monitor and discuss with management the progress in responding to inquiries from regulatory authorities.
- Advise council on consistent Non-Compliance that management doesn't address

### 6.3 Top Management

- Top Management responsibilities includes:
- Identifying, assessing, managing, reporting, reviewing and monitoring of compliance related issues; and
- Ensuring that there are systems in place to maintain adherence to this policy.
- Allocate resources needed to address non-compliance related findings

### 6.4 Risk and Compliance Unit

Risk and Compliance Unit responsibilities includes:

- Develop Compliance Assessment Plan;
- Facilitating the identification, monitoring and reporting of compliance;
- Promoting and facilitating a standardised approach to effective compliance management including:
  - Developing compliance register
  - Assessing compliance (monthly)
- Improving compliance systems within the SLM;
- Assisting the municipality to identify, understand and manage compliance; and
- Reporting to Top Management and Audit Committee on a regular basis.
- Development and Reviewal of the Compliance Policy

### 6.5 Other Employees

SLM's employees are required to:

- Familiarise themselves with this policy and other policies concerning compliance;
- Adhere to relevant legislation and their compliance obligations; and
- Report and escalate all compliance concerns.

## 7. Reporting

Reporting arrangements is as follows:

| Reporting Type              | Report Submitted to | Frequency |
|-----------------------------|---------------------|-----------|
| Monthly Compliance Report   | Top Management      | Monthly   |
| Quarterly Compliance Report | Audit Committee     | Quarterly |

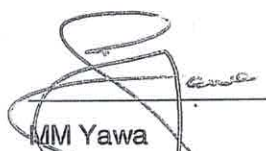
## 8. Review of the policy

The compliance policy and charter shall be reviewed annually.

### 9. Approval of Policy

The Compliance Policy was adopted by Council on 26 October 2018 as per Council Resolution Number 065/OCM/2018.

Sign-Off by:

  
MM Yawa  
Municipal Manager

