AMAHLATHI LOCAL MUNICIPALITY

COMPLIANCE MANAGEMENT POLICY

Council Resolution Number Ordinary Council Meeting	Approved Date 28 May 2026
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CLLR. N. Mlahleki

Speaker

COMPLIANCE MANAGEMENT POLICY	
Policy Status	**New Policy**
Version	1
Policy Number	
Policy Name	Compliance Management Policy
Date of First Implementation	
Date Last Amended	N/A
Date of Next Review	
Purpose	**The purpose of this Policy is to:** • Outline ALM's position and approach to the management of compliance. • To outline roles and responsibilities of key role players and stakeholders. • To provide for a process and system that facilitates the management of compliance. • To facilitate the detection and prevention of non-compliance to regulatory requirements and to enhance regulatory compliance assurance
Aims and Objectives	**The objectives of the Policy are:** • To shift from rules-based to outcomes-based compliance, identify and manage Compliance Risks effectively. • To implement controls to ensure the compliance outcomes are achieved. • To ensure that all staff members subscribe to this approach with the aim to comply with laws, rules, codes and standards, including the desired standard of conduct and the desired culture
Policy Custodian	Risk and Compliance Unit
Related Policies and Legislation	Constitution, MFMA, Municipal Systems Act, Municipal Structures At, King IV Code and other legislations governing South African Local Municipalities
Applicability	Amahlathi Local Municipality
Stakeholders Consulted	Management
Date of Approval	
Approving Authority	Council

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1. DEFINITIONS

Words	Explanation
Compliance	Adhering to the requirements of legislation and organisational standards and codes, principles of good governance and accepted community ethical standards.
ALM	Amahlathi Local Municipality
External Stakeholders	Service Providers and Community Members
Compliance Culture	The values, ethics and beliefs that exist throughout ALM which interact with ALM `s structures and control systems to produce norms that are conducive to compliance outcomes.
Compliance risk	Compliance risk is the risk that an organisation may fail to comply with applicable laws, regulations, policies, standards, or contractual obligations, resulting in legal penalties, financial loss, reputational damage, or operational disruption(s).
Compliance breach / failure	An act or omission whereby ALM has not met its compliance obligations, processes or behavioural obligations.
Senior Management	ALM staff at a management level who are normally heading different departments and are responsible for the facilitation, monitoring, coordination and communication to staff within their departments on compliance matters
Obligations	Legislation, regulations, statutes, codes, policies, procedures and service standards to which ALM must comply.

2. PREAMBLE / INTRODUCTION

The Compliance Management Policy outlines the approach adopted by Amahlathi Local Municipality (ALM) to manage compliance obligations and mitigate compliance-related risks to achieve its compliance objectives.

3. PURPOSE

The purpose of this Policy is to:

3.1 Outline ALM's position and approach to the management of compliance and verification.

3.2 To outline roles and responsibilities of key role players and stakeholders.

3.3 To facilitate the detection and prevention of non-compliance to regulatory requirements.

3.4 To provide for processes and systems that facilitates the management of compliance and enhances regulatory compliance assurance.

4. OBJECTIVES OF THE POLICY

The objectives of the Policy are:

4.1 To shift from rules-based to outcomes-based compliance, identify and manage Compliance Risks effectively.

4.2 To implement controls to ensure the compliance outcomes are achieved.

4.3 To ensure that all staff members subscribe to this approach with the aim to comply with laws, rules, codes and standards, including the desired standard of conduct and the desired culture.

5. LEGISLATIVE MANDATE OF THE COMPLIANCE FUNCTION

MFMA Sec 78(1) provides that each Senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure –

(a) That the system of financial management and internal control established for the municipality is carried out diligently,
(b) That any unauthorised, irregular or fruitless and wasteful expenditure and any other losses are prevented,
(c) That all information required by the accounting officer for compliance with the provision of this Act is timeously submitted to the accounting officer and
(d) That the provisions of this act, to the extent applicable to that senior manager or official, including any delegations in terms of section 79, are complied with.

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. SCOPE OF APPLICATION

This policy shall apply throughout the municipality as far as compliance management is concerned.

7. POLICY STATEMENT

7.1 ALM will conduct its business in accordance with the applicable regulatory requirements and to ensure that ALM implements appropriate processes to promote a culture of compliance within the institution. The municipality will do so with integrity and maintain the highest ethical standards and commitment to the Batho-Pele principles.

7.2 Amahlathi Local Municipality (ALM) is committed to integrity-based performance that protects and enhances its stakeholder value and reputation.

7.3 ALM acknowledges that adherence to applicable regulatory requirements is fundamental to effective governance, accountability, and the sustainability of its business.

7.4 ALM 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.

7.5 All instances of non-compliance shall be reported, and employees have the option to report such non-compliance or potential non-compliance to Manager in the Office of the Municipal Manager, who in this case will serve as compliance officer.

8. POLICY PRINCIPLES

The Compliance Management Policy of Amahlathi Local Municipality is guided by the following key principles:

8.1 **Lawfulness and regulatory adherence:** The Municipality shall ensure full compliance with all applicable legislation, regulations, by-laws, and contractual obligations.

8.2 **Accountability:** All employees, councillors, and stakeholders are accountable for complying with relevant legal and regulatory requirements within their areas of responsibility.

8.3 **Transparency:** Compliance processes shall be open, clear, and supported by proper documentation and reporting mechanisms.

8.4 **Integrity and ethical conduct:** All municipal activities shall be conducted in an honest and ethical manner that promotes public trust.

8.5 **Risk-based compliance approach:** Compliance efforts shall be prioritised based on identified legal, regulatory, and operational risks.

8.6 **Continuous monitoring and improvement:** Compliance systems and controls shall be regularly reviewed and improved to ensure effectiveness and relevance.

8.7 **Segregation of duties and internal controls:** Adequate controls shall be implemented to prevent non-compliance and reduce the risk of irregularities.

8.8 **Awareness and capacity building:** Employees shall be adequately trained and informed to ensure understanding and adherence to compliance obligations.

8.9 **Enforcement and consequence management:** Non-compliance shall be addressed through appropriate corrective and disciplinary measures in line with applicable policies and legislation.

9. ROLES AND RESPONSIBILITIES

9.1 Council

The Council is responsible for:

9.1.1 Actively demonstrating commitment to enforce compliance culture within ALM.

9.1.2 Providing oversight responsibility for compliance management.

9.1.3 Monitoring municipality's compliance with obligations governing ALM's operations.

9.2 Audit and Performance Committee

9.2.1 Monitor the effectiveness of ALM's compliance policy through review of Compliance Reports submitted to the Audit and Performance Committee by Risk and Compliance Unit.

9.2.2 Monitor and discuss with management the progress in responding to compliance gaps reported on Compliance Reports submitted by Risk and Compliance Unit.

9.2.3 Advise Council on consistent non-compliance that management that may affect the municipality's audit outcomes.

9.3 Municipal Manager

The Municipal Manager (Accounting Officer) is responsible for: -

9.3.1 Ensuring that Council receives adequate reporting on compliance.

9.3.2 Fostering and encouraging a compliance culture within ALM.

9.3.3 Ensuring that compliance issues escalated for the attention of Municipal Manager are considered and actioned accordingly.

9.3.4 Approval of the compliance framework/plan.

9 .4 Management

All Senior Managers and Managers are responsible for: -

9.4.1 Fostering and encouraging a compliance culture within ALM and integrating compliance processes into normal business practices.

9.4.2 Keep abreast of compliance obligations within their respective departments.

9.4.3 Cooperating with and supporting the Compliance Officer and encouraging all staff to do the same in relation to the implementation of a compliance management plan.

9.4.4 Identifying, documenting and communicating compliance obligations within their areas of responsibility/departments, and developing relevant processes to meet those obligations.

9.4.5 Continuously review policies to ensure alignment with full compliance with relevant regulations and laws.

9.4.6 Actively participating in the management and resolution of compliance related complaints, incidents and issues.

9.4.7 Reporting of all compliance-related complaints and compliance failures within their areas of control to the Office of the Municipal Manager.

9.4.8 Investigate all instances of non-compliance and to take the appropriate steps to mitigate the consequences of non-compliance.

9.5 Staff

All staff members are responsible for: -

9.5.1 Adherence to the compliance requirements relevant to their position.

9.5.2 Reporting and escalating compliance concerns, issues, complaints and failures to line managers.

9.5.3 Performing their duties in an ethical, lawful and safe manner.

9.6 Manager Legal Services

Manager Legal Services is responsible for: -

9.6.1 Ensuring that all municipal activities comply with legislation, rules and regulations applicable to Local Government.

9.6.2 Reporting of compliance concerns, issues, complaints and failures on regular basis to the Municipal Manager.

9.6.3 Interpret and provide guidance on all applicable legislation, regulations, and by-laws affecting municipal operations.

9.6.4 Advise Management and Council on legal risks associated with non-compliance.

9.6.5 Work closely with Risk and Compliance Unit to identify compliance risks.

9.6.6 Provide guidance to Management on mitigation strategies to prevent litigations, penalties or irregular expenditure.

9.6.7 Advise on consequence Management and disciplinary / legal processes.

9.7 Internal Audit

Internal Audit is responsible for: -

9.7.1 Providing risk - based internal audit services functions.

9.7.2 Providing assurance on to whether the municipality is in full compliance with applicable laws and regulations.

9.8 Risk and Compliance Unit

Risk and Compliance Unit responsibilities includes:

9.8.1 Developing, implementing and continuously improving a compliance management framework/plan.

9.8.2 Conduct compliance assessments to detect, prevent, and mitigate risks associated with non-compliance.

9.8.3 Identifying compliance obligations and risks with the support of relevant Managers or Staff and developing control or mitigation strategies/actions.

9.8.4 Monitor adherence to regulatory requirements and report instances of non-compliance to Municipal Manager and Risk Committee on quarterly.

9.8.5 Monitor corrective actions and ensure that non-compliance issues are addressed and resolved.

9.8.6 Promoting and facilitating a standardised approach to effective compliance management including:

(a) Assisting the municipality to identify, understand and manage compliance.

(b) Reporting to Risk Management Committee & Audit and Performance Committee on a quarterly basis.

(c) Development and Reviewal of the Compliance Policy.

9.8.7 Promote ethical behaviour, fraud prevention, and accountability through targeted awareness initiatives.

10. COMPLIANCE MANAGEMENT PROCESS

10.1 Identification and Implementation

10.1.1 Sources of compliance and obligations will include: the Constitution of the Republic of South Africa, Laws and regulations applicable to Local Government, directives, contracts and agreements with external parties.

10.1.2 Additional compliance obligations within ALM may include Council resolutions, Service Standards, Guidelines and Policies.

10.1.3 Where the municipality identifies any changes, an update to compliance register will be performed, and any policies and procedures which are necessary.

10.1.4 The Manager in the office of Municipal Manager will, in conjunction with Senior Managers, Managers and key staff systematically identify ALM `s compliance obligations and the way in which they impact on Municipal activities and services.

10.1.5 The identification and assessment of compliance risks is the responsibility of all managers, and the process will be incorporated to the annual risk assessment conducted by risk management unit.

10.2 **Register of Compliance Obligations**

10.2.1 Each Municipal Directorate shall develop and maintain a register of identified Acts, Regulations, Codes and other obligations to which ALM must be compliant, including but not limited to: -

(a) Statutory requirements that affect ALM operations.
(b) ALM processes that are affected by statutory obligations.
(c) Risks associated with compliance failures by ALM processes.
(d) Internal policies currently in place to ensure compliance and gaps where additional policies and additional resources are required.
(e) Where requirements are linked to certain timelines or deadlines, these will be recorded in the Compliance Calendar / Checklist.
(f) The Compliance Calendar/Checklist will serve as a tool whereby compliance management activities are diarised and organised throughout the year.

10.3 Monitoring

10.3.1 During the monitoring exercise, Risk & Compliance Management Unit shall circulate checklist (already populated by respective directorates) to verify progress made in the implementation of the plan.

10.3.2 Monitoring of compliance shall be done on quarterly basis. The plan is to detail the compliance obligations and actions required to improve compliance within the designated areas and provide a basis for future.

10.3.3 On-going communication between Senior Managers, Managers, and Risk Management Unit and all staff is essential to ensure that ALM continues to adhere to all its obligations.

10.4 Reporting

Consolidated quarterly compliance reports shall be prepared by the Risk and Compliance Management Unit and submitted to the Risk Management Committee and the Audit and Performance Committee, reports shall be escalated to Council by the Audit and Performance Committee.

11. REPORTING NON-COMPLIANCE

11.1 Each department is required to meet its compliance obligations in line with all applicable legislation.

11.2 Non-compliance related matters will be escalated to the Municipal Manager for further actions.

11.3 Where non-compliance has been identified remedial action shall be put in place with timelines and responsible person.

12. IMPLEMENTATION OF THE COMPLIANCE POLICY

Implementation of this Compliance Policy will take effect from the day of approval by Council.

13. TRAINING & AWARENESS

It is the responsibility of Human Resources and Risk & Compliance Unit to ensure that **all employees** receive appropriate training and education regarding this policy.

14. POLICY REVIEW

The Compliance Policy will be reviewed annually from the date of its approval or when a need arises as determined by the ALM Council or as per changes on legislation.

15. DEVIATION CLAUSE

15.1 Failure to comply with the provisions of this policy will result in the initiation of consequence management processes, which may include corrective action, disciplinary measures, recovery of losses, or any other appropriate interventions as guided by the organisation's disciplinary procedures and applicable laws.

15.2 Upon identification of a breach of this policy, management must ensure that the matter is promptly reported, investigated, and addressed through appropriate consequence management processes, which may include corrective action, disciplinary proceedings, recovery of losses, or referral to law-enforcement authorities where applicable

15.3These measures are intended to promote ethical conduct, ensure accountability, and prevent recurrence of non-compliant behaviour.

16. DISPUTE RESOLUTION

16.1 Any dispute arising from the interpretation, application, or implementation of this Compliance Management Policy shall be addressed through Amahlathi Local Municipality's established internal grievance and dispute resolution mechanisms.

16.2 In the first instance, efforts shall be made to resolve the matter informally through consultation between the relevant parties and immediate supervisors. Where resolution is not achieved, the matter shall be escalated in accordance with the Municipality's formal disciplinary, labour relations, or administrative procedures, as applicable.

16.3 All disputes shall be handled in a fair, transparent, and consistent manner, in line with applicable legislation and principles of administrative justice. Where

necessary, unresolved matters may be referred to external regulatory or oversight bodies in terms of applicable law.

17. ADOPTION AND APPROVAL OF THE POLICY BY COUNCIL

This policy is adopted and approved by Amahlathi Local Municipality Council for implementation.

Effective from (Date)_____

Approved by Resolution Number _____on the_____day of_____20___

Signed this on the _____ day of _____ 20____.

_____ _____

DR. Z. SHASHA **DATE**

MUNICIPAL MANAGER

_____ _____

CLLR N. MLAHLEKI **DATE**

SPEAKER