MSUKALIGWA LOCAL MUNICIPALITY

COMPLIANCE POLICY 2026/27

TABLE OF CONTENT

NO	TOPIC	PAGE NO
1.	Introduction	3
2.	Mandate of the Compliance Function	3
3.	Purpose	4
4.	Scope	4
5.	Compliance Policy Statement and Commitment	4-5
6.	Compliance Roles and Responsibilities	5-6
6.1	Council	5
6.2	Audit Committee	5
6.3	Top Management	5
6.4	Compliance Officer	6
6.5	Other Employees	6
7.	Reporting	6
8.	Review of the Policy	6
9.	Budget and Resources	7
10.	Approval of the Policy	7

1. INTRODUCTION

Globally, corporate governance, risk management and compliance (GRC) has emerged as a discipline that needs to be thoroughly understood and effectively implemented by an organisation in order to optimally enable the achievement of its strategic direction and to guide operational conduct. There is a need to develop and apply sound GRC principles and institute high ethical values for the benefit of investors, our stakeholders and the communities in which we operate.

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

2. MANDATE OF THE COMPLIANCE FUNCTION

In term of section 3 (3) (d), of the Municipal Systems Act state that for 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"

The King III Code on Corporate Governance recommends that the Council of MLM take overall accountability for compliance within MLM, to delegate to management the implementation of an effective compliance process and to ensure that an approved compliance policy and framework has been implemented by management.

The King IV Code on corporate Governance state 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 good cooperate citizen'. King IV Code also recommends the following practises:

(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.

3. PURPOSE

The purpose of this policy is to:

- Outline MLM'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.

4. SCOPE AND APPLICATION

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

5. COMPLIANCE POLICY STATEMENT AND COMMITTMENT

Msukaligwa Local Municipality (MLM) 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 legislations, and fulfil the expectations of employees, communities and other stakeholders in terms of corporate governance. To this end, MLM will conduct its business in accordance with the latter and spirit of applicable regulatory requirements to ensure that we implement appropriate processes to promote a culture of compliance with 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 MLM is ultimately accountable for the overall governance of risk management 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 MLM rests with all employees. All significant compliance risk must be assessed managed and reported using standardized methodology and a uniform compliance framework.

The Compliance 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 MLM's compliance programs and practises; 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 compliance risk management processes.

6. COMPLIANCE ROLES AND RESPONSIBILITIES

6.1 Council

Council is responsible for:

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

6.2 Risk Committee and Audit Committee

- Review and recommend to council the approval of the compliance policy;
- Monitor the effectiveness of MLM'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 responsibility 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 Compliance Officer

- **Compliance Officer responsibilities includes;**
- Develop Compliance assessment plan
- Facilitate the identification, monitoring and reporting of compliance;
- Promoting and facilitating a standardised approach to effective governance management including:
    - Developing compliance register
    - Assessing compliance monthly/quarterly
- Improving compliance systems within the MLM;
- Assisting the municipality to identify, understand and manage compliance; and
- Reporting to Risk Management Committee on a regular basis.
- Development and review of the compliance Policy

6.5 All Municipal Employees

- **MLM's employees are required to:**
- Familiarise themselves with this policy and other policies concerning compliance;
- Adhere to relevant legislation,regulations and their compliance obligations;
- Report and escalate all compliance concerns and
- Report non compliance with policies,regulations and legislations

7. REPORTING

Reporting arrangements is as follows:

REPORTING TYPE	REPORT SUBMITTED TO	FREQUENCY
Quarterly compliance Report	Executive committee	Quarterly
Quarterly compliance Report	Top management and Risk Management Anti-fraud and corruption committee, Audit Committee	Quarterly

8. REVIEW OF THE POLICY

The Policy will be reviewed every 5 years (with alignment to the political term) or as and when required to incorporate changes in the prescribed norms and standard governing it existence to ensure that it remains current and relevant to all legislature and guidelines of Risk and Compliance Management in the Public Sector.

9. BUDGET AND RESOURCES

There are no direct financial implications for implementing this policy but there may be financial implications when implementing controls to comply with regulatory requirements.

10. APPROVAL

Authority	Date
Recommended by Chairperson of Risk Management, Anti-Fraud and Corruption Committee:	
Approved by Municipal Manager: Mr M Kunene	
Approved by council:	**Council resolution number LM 899/07/2025**