

CONSEQUENCE MANAGEMENT FRAMEWORK



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1. FRAMEWORK TITLE

Consequence Management Framework

2. DOCUMENT CONTROL

Responsible Executive Manager/Director	Executive Manager: Corporate Services: MS MG MAGOLE
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3. DEFINITIONS

'AC', means the Audit Committee established in terms of section 166 of the MFMA in order to advise ~~Council~~ the Municipal Manager and management staff on matters relating to internal financial control and internal audits, risk management, accounting policies, adequacy and reliability of financial reporting, effective governance, compliance with MFMA and other applicable legislation.

'PAC', means the Performance Audit Committee established in terms of section 166 of the MFMA in order to advise Council, the Municipal Manager and management staff on matters relating to Performance Management.

'Assurance provider', means the assurance providers referred to in sections 10.2.5, 10.2.6 and 10.2.7;

Municipality, means the 'West Rand District Municipality

'Municipal Manager', means a person appointed in terms of section 82(1)(a) or (b) of the Structures Act and 'Accounting Officer' shall have the same meaning;

'Code of Conduct for Councillors', means the Code of Conduct for Councillors contained in Schedule 1 of the MSA;

'Code of Conduct for Municipal Staff Members', means the Code of Conduct for Staff Members of the West Rand District Municipality contained in Schedule 2 of the MSA;

'Combined Assurance', means integrating and aligning **assurance** processes in the Municipality to maximise risk and governance oversight and control efficiencies, thereby optimising overall **assurance** to Council, AC, PAC, MPAC, Risk

Management Committee (and EXCO taken into account the WRDM risk acceptance level;

'Constitution', means the Constitution of the Republic of South Africa, 1996;

'Corporate Governance', means the structures and processes utilised to determine the organisational direction and control of the WRDM. Corporate governance concerns the relationships among the management, Council, stakeholders and staff of the West Rand District Municipality.

'Council', means the Municipal Council of the West Rand District Municipality;

'Councillor', means a Councillor of the Municipal Council of the West Rand District Municipality;

'criminal action', means legal proceedings in which the state prosecutes a person who is charged with an offence;

'Delegation', in relation to a duty, includes an instruction or request to perform or to assist in performing the duty, and "delegate" has a corresponding meaning;

"Designated Official" means the official identified in a municipality or municipal entity to receive reports of allegations of financial offences against Councillors or members of the board of directors of municipal entities;

'Disciplinary Board', means a disciplinary board established in terms of regulation 4(1) of the MRFMPCP or a disciplinary board of a district municipality or provincial structure referred to in regulation 4(8) thereof;

'Employee' means -

- (a) any person, excluding an independent contractor, who works or worked for the West Rand District Municipality and who receives or received, or is entitled to receive, any remuneration;
- (b) any other person who in any manner assists or assisted in carrying on or conducting or conducted the business of an employee;

'EXCO', means the Executive Management Team which consists of the Municipal Manager and those West Rand District Municipality officials who serve together as the top management team (EXCO) of the West Rand District Municipality's administration;

'Financial Misconduct', means any act of financial misconduct referred to in (a) section 171 of the MFMA committed by an official of a municipality; or (b) section 172 of the MFMA committed by an official of a municipal entity;

"Financial Offence", means any offence referred to in section 173 of the MFMA committed by (a) an official of a municipality or municipal entity; (b) a councillor of a municipality; (c) a member of the board of directors of a municipal entity; or (d) any other person;

'FS', means Forensic Services

'Fraud', means the unlawful and intentional making of a misrepresentation which causes actual prejudice or which is potentially prejudicial to another;

'IDP', means the Integrated Development Plan of the West Rand District Municipality;

'Internal Control', means the process that is effected by Council or EXCO to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) effectiveness and efficiency of operations, and
- (b) reliability of financial and non-financial reporting,
- (c) compliance with applicable laws and regulations, and policies and procedures;

"Investigator" means the board, treasury, person or team conducting a full investigation in terms of regulation 5(4) of the MRFMPCP.

'Line Management', means any staff member in reporting levels 1 to 4 and includes all West Rand District Municipality staff members that exercise a management or supervisory function, including EXCO;

'Mayoral Committee', means the Committee appointed by the Executive Mayor, in terms of section 60 of the Structures Act, abbreviated to MAYCOM;

'MFMA', means the Local Government: Municipal Finance Management Act, Act, 2003 (Act No. 56 of 2003), and the Regulations promulgated in terms thereof;

'MPAC', means the West Rand District Municipality's Municipal Public Accounts Committee, a Committee established in order to enhance political accountability and legislative oversight of the West Rand District Municipality's accounts;

'MRFMPCP', means the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014, published under GN R430 in GG 37699 of 30 May 2014.

"MSA", means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), and the Regulations promulgated in terms thereof;

“Opinion”, means a statement of advice by an expert on a professional matter;

‘Framework’, means the Consequence Management Framework of the West Rand District Municipality;

‘SAPS’, means the South African Police Service;

‘SCM’, means the Supply Chain Management Department of the West Rand District Municipality;

‘SCM Framework’, means the West Rand District Municipality’s Supply Chain Management Framework as contemplated in the MFMA Supply Chain Management Regulations and as adopted by Council;

‘Senior Manager’, means a manager referred to in section 56 of the Municipal Systems Act and those members of management that are referred to in terms of Section 77 and 78 of the Municipal Finance Management Act;

‘Structures Act’, means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998); and

‘System of Delegations’, means the West Rand District Municipality’s System of Delegations as contemplated in section 59 of the Municipal Systems Act, Act 32 of 2000 in ~~terms~~ of which a municipal council must develop a system of delegations that will maximise administrative and operational efficiency and provide adequate checks and balances and is approved and amended by Council from time to time.

4. PROBLEM STATEMENT

- 5.1 Principles of a developmental local government, requires municipalities to deliver services to communities in a diligent, transparent, and effective and efficient manner to enhance accountability. Lack of consequence management to address maladministration and non-compliance to legislation may results to unprofessional system of local government characterized by a lack of work ethic and institutional reputation.
- 5.2 Section 62 of the MFMA outlines the general financial management responsibilities of the Municipal Manager. The Municipal Manager is required to take all reasonable steps to ensure that:
- 5.2.1 the resources of the municipality are effectively, efficiently and economically utilised;
 - 5.2.2 full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;
 - 5.2.3 the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control;
 - 5.2.4 unauthorised, irregular, fruitless and wasteful expenditure are prevented;
 - 5.2.5 disciplinary or, when appropriate, criminal proceedings are instituted against any official of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of the Chapter 15 of the MFMA.
- 5.3 A defined, appropriate approach to address accountability and responsibility¹ for, inter alia, non-compliance, financial misconduct², misconduct, and codes of conduct/ethical dilemmas, required formalisation in the West Rand District Municipality. While not designed to alter or add particular consequence to specific situations of non-compliance, this Framework aims to formalise and consolidate the principles of consequence management which encompasses remedial and recourse measures.

The objective of this Framework is to:

- 5.3.1 Provide limited guidelines to enable effective consequence management on matters relating to, inter alia; issues, risks and opportunities identified and reported by the various assurance providers e.g. incidents of unauthorised, irregular and fruitless and wasteful expenditure; the possible abuse of the Supply Chain Management (SCM) system (including fraud, corruption and improper conduct); and allegations of financial misconduct and financial offence; and ensuring that these are appropriately dealt with;
- 5.3.2 Address non-compliance actions identified which could include, but

is not limited to, the following:

- a) Disregard or failure to implement preventative or corrective measures imposed to address risks;
- b) Lack of willingness to comply with legal obligations;
- c) Perpetrated or participated in negligent, deceitful or otherwise discreditable practices;
- d) Seriously or persistently fail to execute assigned duties;
- e) Non-compliance with internal policies, procedures, legislation and regulations;
- f) Having acted dishonestly, with negligence, mismanaged responsibility, unprofessionally, unethically and in breach of West Rand District Municipality policies;
- g) Participation in illegal acts, including theft, violence, fraud and corruption;
- h) Unethical, malicious or other improper conduct which may be in breach of the West Rand District Municipality's Code of Ethics and/or West Rand District Municipality values, the municipal Code of Conduct or in breach of the law generally;
- i) Breach of administrative procedures, including the West Rand District Municipality's Delegation of Authority; or
- j) Any other conduct that may cause financial or non-financial loss, or is otherwise detrimental, to the interests of the West Rand District Municipality.

5.3.3 Hold management accountable for the execution of their delegated duties, functions and powers;

5.3.4 Provide management with direction when instituting recourse measures for established financial misconduct; and

5.3.5 Provide limited universal direction and guidance to govern the high level phases of consequence management as well as key concepts and principles with regards to the treatment of issues (various incidents and red flags), risks and opportunities identified that could negatively impact the operations, reporting processes, and compliance to legislative frameworks applicable to the West Rand District Municipality.

5.4 Managing compliance includes making appropriate rules that are known, understood and followed and for which consequences of non-compliance are clear and commensurate with risk and context. The processes and procedures to be followed with regards to the different aspects of consequence management in the West Rand District Municipality, are specified in the relevant, existing West Rand District Municipality documents and enhancements (if required) will be detailed in Consequence Management Standard Operating Procedures (SOP).

5. DESIRED OUTCOMES

- 6.1 In line with the various legislative frameworks promoting fundamental principles of effective and efficient utilisation of public resources and transparent and accountable financial management practices, the West Rand District Municipality is committed to implementing an effective consequence management system. The Framework is designed to assist the West Rand District Municipality to:
- 6.1.1 Improve the West Rand District Municipality's internal control processes for reporting allegations of financial misconduct and financial offences to Council to ensure compliance to legislative and regulatory requirements;
 - 6.1.2 Reduce risk exposure by ensuring all matters incurring unauthorised, irregular and fruitless and wasteful expenditure; the possible abuse of the SCM system (including fraud, corruption and improper conduct); and allegations of financial misconduct or financial offence are appropriately identified, investigated and reported on.
 - 6.1.3 Provide for comprehensive tracking and follow-up of all remedial actions, including those stemming from issues (various incidents and red flags), risks and opportunities raised and reported by the various assurance providers;
 - 6.1.4 Provide for improved and consolidated reporting to the various stakeholders and governance structures to assist with the effective monitoring of the West Rand District Municipality's consequence management system and desired governance and ethical conduct outcomes;
 - 6.1.5 Take appropriate action in accordance with the law, including legal or criminal action, against any person that is found to have committed financial misconduct and financial offences; and
 - 6.1.6 Provide clarity with regard to the roles and responsibilities of various role players and stakeholders, encompassing responsibilities, accountability, consultation and information related to consequence management.

6. STRATEGIC ALIGNMENT

- 7.1 The development of a Consequence Management Framework is one of the proactive step that is aligned with the Strategic Focus Areas (SFAs) as detailed in the West Rand District Municipality's Integrated Development Plan (IDP). That is IDP Priority 16 on '**End Corruption in all forms**'.
- 7.2 One of the objectives of the IDP is delivery of services and creation of value for customers in an operationally sustainable manner based on evidence-led

decision making. In order to deliver on this objective, the West Rand District Municipality is committed to taking steps to provide effective consequence management i.e.:

- 7.2.1 Promoting and enhancing transparent governance through ethical leadership;
- 7.2.2 Working towards eradicating corruption so that the West Rand District Municipality can remain financially stable and resilient to shocks in a changing and volatile environment; and
- 7.2.3 Improving the internal control processes insofar as it relates to identifying, investigating and reporting allegations of financial misconduct to Council and improving the tracking and monitoring of all remedial actions, including those stemming from various assurance providers.

7. REGULATORY CONTEXT

- 8.1 The Framework is informed by the following legislation and regulations:
 - 8.1.1 The Constitution of the Republic of South Africa, 1996;
 - 8.1.2 White Paper on Transforming Public Service Delivery, 1997;
 - 8.1.3 White Paper on Local Government, 1998;
 - 8.1.4 Local Government: Municipal Structures Act, 117 of 1998; as amended
 - 8.1.5 Local Government: Municipal Systems Act, 32 of 2000; and regulations
 - 8.1.6 Local Government: Municipal Finance Management Act, 56 of 2003 and Regulations;
 - 8.1.7 Promotion of Administrative Justice Act, 03 of 2000
 - 8.1.8 Criminal Procedure Act, 51 of 1977;
 - 8.1.9 Promotion of Equality and the Prevention of Unfair Discrimination Act, 04 of 2000;

- 8.1.10 Prevention and Combating of Corrupt Activities Act, 12 of 2004
 - 8.1.11 Prevention of Organised Crime Act, 121 of 1998;
 - 8.1.12 Protected Disclosures Act, 26 of 2000;
 - 8.1.13 Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings;
 - 8.1.14 MFMA Circular 68 - Unauthorised, Irregular, Fruitless and Wasteful Expenditure;
 - 8.1.15 MFMA Circular 76 - Financial Misconduct Regulations;
 - 8.1.16 SALGA Guidelines Document on the Roles and Responsibilities of Councillors, Political Structures and Officials;
 - 8.1.17 Municipal Code of Conduct for Councillors;
 - 8.1.18 Municipal Code of Conduct for Municipal Staff Members;
 - 8.1.19 System of Delegations; and
 - 8.1.20 any other legislation, West Rand District Municipality by-law, Framework or standard operating procedure that may be applicable to consequence management.
- 8.2 The following West Rand District Municipality policies³ and delegations in the System of Delegations are further applicable:
- 8.2.1 The System of Delegations as amended from time to time;
 - 8.2.2 SCM Policy;
 - 8.2.3 Declaration of Financial Interest for Councillors;
 - 8.2.4 Private Work and Declaration of Interest Standard Operating Procedure;
 - 8.2.5 WRDM Gifts Policy;

³ Reference to these listed documents are applicable for the period of their validity or until such time that they are replaced or amended.

- 8.2.6 Integrated Risk Management Policy;
- 8.2.7 Internal Audit Charter;
- 8.2.8 West Rand District Municipality Ethics Strategy
- 8.2.9 Fraud Prevention Policy ;
- 8.2.10 MPAC Terms of Reference;
- 8.2.11 Disciplinary Board Terms of Reference; and
- 8.2.12 Audit and Performance Audit Committee Terms of Reference

8. FRAMEWORK PARAMETERS

This Framework applies to:

- 9.1 All issues (various incidents and red flags), risks and opportunities identified that could negatively impact the West Rand District Municipality's operations, reporting and compliance to legislation;
- 9.2 All remedial actions to be taken to curtail the impact and prevent re-occurrence;
- 9.3 The following persons or entities:
 - 9.3.1 Employees of the West Rand District Municipality
 - 9.3.2 All Public Office Bearers of the Municipal Council.
- 9.4 The geographical area throughout the municipal boundary of the West Rand District Municipality and any official travelling (local, national and international) required of Public Office Bearers and Officials; and
- 9.5 The working environment with the administration. Every effort must be made by line management to have business processes documented, with knowledgeable staff for the appropriate application. Line management supervision is to ensure adherence and where the duties and functions are amiss, appropriate remedial and corrective action is to follow to respectively curtail the impact and prevent re-occurrence.

9. ROLE PLAYERS AND STAKEHOLDERS

10.1 The following role players and stakeholders have been identified.

Role Players	Stakeholders
The National and Provincial Treasury Departments	West Rand Citizens/community
The Speaker	Industry/Private Sector
The Executive Mayor	Tourists
The Municipal Manager	Business
Line Management	National Government
Combined Assurance Providers	Provincial Government
Office of the Auditor General	
Municipal staff	
Service Providers	
West Rand District Municipality Agents	
Whistle-blowers	
Disciplinary Board	
Municipal Public Accounts Committee	
Council	
Audit and Performance Audit Committee	
Service Provider - Investigator	

10.2 The following section provides a high level summary of the roles and responsibilities of the key role-players in consequence management, inter alia;

- The identification of issues (various incidents and red flags), risks and opportunities;
- Remedial actions and control improvements;
- Risk/ issue reporting details and escalation;
- Follow-up and progressive reporting;
- Application; and
- Disclosure.

10.2.1 The Speaker

The Speaker has a political oversight function in respect of the conduct of councillors as well as committees of Council. The Speaker is accountable for effective consequence management in respect of reports against Councillors, ensuring that these are appropriately addressed and resolved.

To this extent, and in line statutory duties and delegations conferred by Council as the “designated official” for councillors, the Speaker must:

- (a) Identify breaches of the Code of Conduct by Councillors, in terms of the Code of Conduct for Councillors in schedule 1 of the MSA, as well as receive reports of alleged financial misconduct in the case of Councillors who may have committed financial misconduct and/or financial offence(s) in terms of regulation 9(1) and 9(2) of the MRFMPCP;
- (b) Authorise investigations into –
 - financial irregularities where Councillors may be implicated
 - financial misconduct or financial offence where Councillors may be implicated (per regulation 11(1) (a) of the MRFMPCP, or breaches of the Code of Conduct by Councillors
- (c) Based on reports from preliminary investigations, make recommendations to Council in respect of the way forward ensuring that appropriate remedial action is taken and the control environment is improved;
- (d) Table reports to Council dealing with the outcomes of full investigations in respect of allegations of financial misconduct, financial offences or breaches of code of conduct by Councillors (per regulation 14(2) and 15(1) of the MRFMPCP; and
- (e) Make appropriate disclosures in respect of the outcome of all investigations into the alleged misconduct or financial irregularities of Councillors to the relevant authorities e.g. Executive Mayor, West Rand District Municipality Manager, Minister for Local Government in the Province, National and Provincial Treasury (per regulation 11(4) of the MRFMPCP.

In performing these responsibilities, the Speaker will be guided by the relevant recommendations by –

- i. the MPAC;
- ii. the investigator(s); and
- iii. the Disciplinary Board.

In addition, consideration will be given to the Financial Misconduct and Criminal Procedure Regulation –

- ❖ 3(4) – laying criminal charge with the South African Police Services;

- ❖ 3(5) – give the accused an opportunity to make written representation to the municipality (with regard to suspension) within 7 days;
- ❖ 10(3) – financial offenses successfully prosecuted, the judgment must be reported to the National Treasury;
- ❖ 11(1) – authorise investigation of facts and give Councillor (5 days) to make written submission regarding financial offence; and
- ❖ 18 – protection of officials reporting allegations of financial misconduct and financial offenses.

Executive Mayor, in consultation with the Executive Mayoral Committee(MAYCOM)

In line with the requirements for good corporate governance outlined in the King IV Report and in recognition of the way in which the West Rand District Municipality is currently structured, the Executive Mayor and MAYCOM are accountable to Council, the community, and other stakeholders at a strategic level for:

- a) Managing risks to the West Rand District Municipality and ensuring that an effective consequence management process is implemented to reduce risk exposures and improve the control environment;
- b) Limiting consequential losses to the West Rand District Municipality from issues (various incidents and red flags), risks and opportunities;
- c) Promoting, developing, and sustaining a culture of integrity, service excellence, accountability, trust and accessibility which would support the West Rand District Municipality's appetite of zero tolerance to fraud, corruption and other criminal activity, maladministration and/or negligence and financial misconduct;
- d) Developing and implementing appropriate strategies, policies and action plans to achieve effective consequence management of issues, risks and opportunities thereby curtailing the potential negative impact on the West Rand District Municipality;
- e) Monitoring, evaluating and reviewing the success of such consequence management strategies, policies and action plans; and
- f) Making appropriate disclosures in respect of the outcome of financial misconduct to the relevant authorities e.g. Minister for Local Government in the Province, National and Provincial Treasury.

In doing so, they will be guided by recommendations made in this regard by the PAC, MPAC, Risk Committee, Portfolio Committees

and the Financial Misconduct Disciplinary Board.

10.2.2 Members of the Municipal Council

- a) Councillors are legally bound by the Code of Conduct for Councillors - per Schedule 1 of the MSA, to fulfil their obligations to their communities and support the municipal objectives, and must comply with and actively promote this Framework.
- b) Councillors must strive to set the tone to sustain a culture of zero tolerance to fraud, corruption and other criminal activities.

10.2.3 The Municipal Manager:

In terms of section 62 of the MFMA, the Municipal Manager has statutory responsibilities with regards to the general financial management of the municipality. In addition, as the "designated official" for municipal officials in terms of in the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, the Municipal Manager must ensure that any allegations of financial misconduct or financial offence against municipal officials are timeously investigated and appropriately treated and reported. Considering the above, the Municipal Manager is therefore ultimately responsible for proper consequence management of all issues (various incidents and red flags), risks and opportunities that have been identified and reported against municipal officials, that can have a potential negative impact on the West Rand District Municipality's operations, reporting and compliance.

The Municipal Manager's role in consequence management in the West Rand District Municipality is to:

- a) Receive reports highlighting issues (various incidents and red flags), risks and opportunities that could potentially negatively impact the West Rand District Municipality's operations, reporting (specifically finance) or compliance to legislation and regulations, including tabled reports to Council of alleged financial misconduct in the case of officials who may have committed financial misconduct or financial offence(s);
- b) Consider recommendations made by combined assurance providers and the Financial Misconduct Disciplinary Board (in terms of municipal officials) and ensure that appropriate remedial actions are taken to address the risk exposure and improve the control environment;
- c) Consider the results of combined assurance providers' systems that track and follow-up on the implementation of recommendations made to line management, and obtain

- reasons for delays in implementation of remedial actions (in terms of leadership and accountability);
- d) In cases of allegations of unauthorised, irregular and fruitless and wasteful expenditure; the possible abuse of the SCM system (including fraud, corruption and improper conduct); and allegations of financial misconduct and financial offence:
- i. Report the allegation to SAPS;
 - ii. Refer the matter to the appropriate mechanism - disciplinary board for a preliminary investigation or Council for MPAC investigation;
 - iii. Maintain the necessary register(s) of all issues (various incidents and red flags), risks and opportunities reported;
 - iv. Submit reports to Council on the way forward, based on preliminary report;
 - v. Appoint an appropriate specialist expert or expert team, if the seniority of the transgressor and the seriousness or sensitivity of the allegations warrants such a step (sourced in assistance);
 - vi. Table reports to Council dealing with the outcomes of full investigations relating to allegations of financial misconduct, or financial offences; and
 - vii. Make appropriate disclosures in respect of the outcome of all investigations into the alleged financial misconduct or financial irregularities to the relevant oversight authorities e.g. Executive Mayor, Council, Minister for Local Government in the Province, National and Provincial Treasury.

10.2.4 First Level of Assurance Provider

Line management are first level assurance providers and are responsible for providing assurance on all areas within their span of control. This includes establishing, maintaining and ensuring proper governance, risk management and internal control processes, as well as addressing issues (various incidents and red flags), risks and opportunities identified and reported.

- a) **Line managers**, per their accountability and responsibility duties, must:
- i. Identify and immediately report any issues (various incidents and red flags), risks and opportunities that can have a potential negative impact on the West Rand District Municipality to the appropriate level of authority, including the Municipal Manager;
 - ii. Consider recommendations made by combined assurance providers and ensure that appropriate remedial actions are taken

- to address the risk exposure and improve the control environment timeously;
- iii. If there is a concern that the Municipal Manager, a senior manager or the Chief Financial Officer may be involved, report the matter to the next appropriate delegated authority e.g. Executive Mayor/Speaker/ Council/ Provincial Treasury/ National Treasury; and
- iv. Where West Rand District Municipality employees adhere to the core values and good governance principles but are disadvantaged and unduly discriminated against by superiors, it is the Municipal Managers' duty to protect the employees against such superiors.

b) Employees responsibility:

- i. West Rand District Municipality employees are bound by South African law (both statutory, common law and case law), the terms and conditions of their employment and also the Code of Conduct for Municipal Staff Members, the West Rand District Municipality's Code of Ethics, West Rand District Municipality policies, standard operating procedures, and instructions issued periodically;
- ii. Every West Rand District Municipality employee has a duty to ensure that public funds are safeguarded and West Rand District Municipality ethical values are upheld. Where issues (various incidents and red flags), risks and opportunities arise that could be deemed financial misconduct or a financial offence, these must be reported to the employee's line manager. Should the line manager potentially be implicated, the next reporting level must be informed;
- iii. Key ambassadors for the successful implementation and execution of the West Rand District Municipality's value system are its employees as their conduct is often the basis on which the West Rand District Municipality is judged. The actions and spirit of employees must purport the core values and principles governing the West Rand District Municipality in a credible manner that does not compromise ethical behaviour⁴; and
- iv. Failure by any employee(s) of the West Rand District Municipality to comply with this Framework or to display the West Rand District Municipality's core values of Trust, Integrity, Accountability, Excellence and Accessibility in the fulfilment of their duties and functions, could result in consequence management, disciplinary or criminal action being taken against such individual(s) in line with the relevant HR policies.

10.2.5 Second Level Assurance Provider

The second level of assurance providers are comprised of risk, control and compliance assurance providers, reporting primarily to

⁴ Ethical behavior “means respecting moral principles such as honesty, fairness, equality, dignity, diversity and individual rights”,

management and advisory or oversight bodies, with limited independence in relation to the activity on which assurance is required. In line with the West Rand District Municipality's Governance structures and under the guidance and leadership of the relevant director, these assurance providers have the responsibility to, inter alia:

- a) Identify and immediately report any issues (various incidents and red flags), risks and opportunities that can have a potential negative impact on the West Rand District Municipality to the appropriate level of authority, including the Municipal Manager;
- b) Make recommendations to ensure remedial action is taken and that risk exposures and control weaknesses are addressed;
- c) Implement comprehensive systems to track and follow-up on all recommendations/ remedial actions those stemming from the issues (various incidents and red flags), risks and opportunities reporting to ensure that risk exposures have been adequately addressed;
- d) Provide progressive reporting to the relevant stakeholders and advisory and oversight bodies on the related outcomes to assist with the effective monitoring of consequence management in the West Rand District Municipality; and
- e) If there is a concern that the Municipal Manager, a senior manager or the Chief Financial Officer may be involved, the matter must be reported to the next appropriate delegated authority e.g. Executive Mayor/ Speaker/ Council/ Provincial Treasury/ National Treasury.

10.2.6 Third and Fourth Level Assurance Provider

The third and fourth level of assurance providers include assurance providers who have greater independence, such as Internal Audit, various provincial and national departments (e.g. Treasury) and external auditors (The Auditor General of South Africa (AGSA)), who report to advisory and oversight bodies. In line with the Combined Assurance Plan and under the guidance and leadership of the relevant director (excluding the AGSA), all these assurance providers have the responsibility to, inter alia;

- a) Identify and immediately report any issues (various incidents and red flags), risks and opportunities that can have a potential negative impact on the West Rand District Municipality to the appropriate level of authority, including the Municipal Manager;
- b) Make recommendations to ensure remedial action is taken and that risk exposures and control weaknesses are addressed;

- c) Implement comprehensive systems to track and follow-up on all recommendations/ remedial actions stemming from the issues (various incidents and red flags), risks and opportunities reported to ensure that risk exposures have been adequately addressed;
- d) Provide progressive reporting to the relevant stakeholders and advisory and oversight bodies on the related outcomes to assist with the effective monitoring of consequence management in the West Rand District Municipality; and
- e) If there is a concern that the Municipal Manager, a senior manager or the Chief Financial Officer may be involved, the matter must be reported to the next appropriate delegated authority e.g. Executive Mayor/ Speaker/ Council/ Provincial Treasury/ National Treasury.

10.2.7 Oversight Bodies (and bodies who advise them)

Under the directive of the relevant delegations and approved terms of reference, these oversight bodies have the responsibility to, inter alia;

- a) Identify and immediately report any issues (various incidents and red flags), risks and opportunities that can have a potential negative impact on the West Rand District Municipality, to the appropriate delegated authority;
- b) Make decisions regarding remedial actions to be taken in respect of instances of unauthorised, irregular and fruitless and wasteful expenditure; possible abuse of the SCM system (including fraud, corruption and improper conduct); and allegations of financial misconduct and financial offences;
- c) Provide oversight over the effectiveness of consequence management in the West Rand District Municipality, by considering progressive reports submitted and by making recommendations in respect of areas for improvement; and
- d) Provide assurance to the community and other stakeholders for the sound management and governance practices of the West Rand District Municipality.

The oversight bodies listed below have an additional oversight responsibility as specified in their terms of reference and charters insofar as it relates to consequence management:

MPAC

MPAC has an oversight role to review the West Rand District Municipality's Integrated Annual Report with specific focus on the financial aspects as contained in the Auditor-General's Report on the Annual Financial Statements of the

West Rand District Municipality and also when instructed by Council to advise Council in respect of unauthorised, irregular or fruitless and wasteful expenditure.

Issues (various incidents and red flags), risks and opportunities relating to unauthorized, irregular or fruitless and wasteful expenditure will be directed to MPAC to investigate in terms of section 32 and 102 of the MFMA, as instructed by Council, and as guided by the National Treasury Circular 68: Unauthorised, Irregular and Fruitless and Wasteful Expenditure and advise Council in respect of such unauthorised, irregular or fruitless and wasteful expenditure in terms of section 32(2) of the MFMA. *Refer to the approved Terms of Reference of MPAC for more detail.*

Financial Misconduct Disciplinary Board

The establishment of a Financial Misconduct Disciplinary Board is compulsory in terms of the Municipal Regulations for Financial Misconduct Procedures and Criminal Offences, GN 425 of 30 May 2014). The objective of the Financial Misconduct Disciplinary Board is to act as an independent advisory body that assists designated officials/persons with the investigation of allegations of financial misconduct, and provide recommendations on the further steps to be taken regarding disciplinary proceedings, or any other relevant step to be taken in terms of regulation 4(1) of the MRFMPCP.

The Disciplinary Board's responsibility in respect of consequence management is therefore limited to investigating issues (various incidents and red flags), risks and opportunities relating to allegations of financial misconduct. *Refer to the approved Terms of Reference of the Disciplinary Board: Financial Misconduct for more detail.*

AC and PAC

AC and PAC are responsible to advise Council, the Municipal Manager and senior management staff on all matters relating to internal financial control and internal audits, risk management, accounting policies, adequacy and reliability of financial reporting, combined assurance, performance management, effective governance, compliance with MFMA and other applicable legislation.

To this extent, AC and PAC's role in consequence management is to provide oversight over the adequacy and effectiveness thereof, ensuring the timely identification, appropriate treatment and proper reporting of issues (various incidents and red flags), risks and opportunities that could have a potential negative impact on the West Rand District Municipality's operations, reporting and compliance to legislation, regulations, policies and procedures. Where risk exposures remain unresolved or issues are not addressed

timeously, these should be investigated by AC and where necessary, escalated to Council for further consideration and to be dealt with in terms of the relevant legislative frameworks and council policies.

10.2.8 Service providers

- a) Service providers (incl. suppliers, contractors and consultants) are required to act honestly and fairly in all their dealings with the West Rand District Municipality and in accordance with their own ethical values that they ascribe to.
- b) Non-adherence to this Framework and any relevant West Rand District Municipality policies, their own ethical values, the West Rand District Municipality's SCM processes (inter alia, requests for quotations, tender process and contract terms and conditions, etc) or acts of alleged fraud, corruption or collusion could result in the following consequences:
 - i. The cancellation or suspension of any tenders or contracts awarded to them;
 - ii. Being restricted in terms of the Combatting of Abuse in the Supply Chain Management System Framework; and
 - iii. Being reported to the SAPS and any other applicable body responsible for sound business practices in the interest of safeguarding public funds.
- c) Service providers (incl. suppliers, contractors and consultants) are encouraged to report suspected fraud, corruption and other criminal activity, maladministration or negligence involving employees of the West Rand District Municipality or other services providers to the Municipal Manager of the West Rand District Municipality.

10. FRAMEWORK DIRECTIVES

- 11.1 The West Rand District Municipality must create an environment and culture that promotes ethical, transparent, effective and efficient public administration that conforms to Constitutional accountability principles.
- 11.2 It is envisaged that through the development and implementation of this Framework, the relevant stakeholders and role-players will be provided with sufficient guidance and direction to enable them to provide effective oversight with regards consequence management and related outcomes.
- 11.3 Where it occurs, non-compliance requiring consequence management can result from numerous factors, including, lack of knowledge and training, gaps in oversight, inaccurate and incomplete interpretation and application of

policies, and in some instances, culpable misconduct. It is imperative that we differentiate between culpable behaviour and non-culpable behaviour.

11.4 In line with the West Rand District Municipality's zero-tolerance approach to fraud and corruption, culpable behaviour will not be tolerated and corrective measures, including, disciplinary actions, where merited, will be taken.

11.5 The phases of the West Rand District Municipality's consequence management can be depicted as follows:



11.6 Phase 1: Risk/ Issue Reporting

This phase deals with the reporting of issues (various incidents and red flags), risks and opportunities identified.

Reporting that can have a potential negative impact on the effectiveness and efficiency of the West Rand District Municipality's operations, the reliability of its reporting (financial and non-financial) and compliance with applicable laws and regulations, can be identified from various sources, including the following:

- a) Public complaints (Office of the Speaker);
- b) Whistle blowers (See the West Rand District Municipality Whistle Blowing Policy);
- c) Declarations of Interest Process (See the West Rand District Municipality Declaration of Financial Interests for Councillors Framework);
- d) Declaration of Interest for West Rand District Municipality Employees
- e) West Rand District Municipality's Risk Registers (See the Enterprise Risk Management Framework);
- f) Combined Assurance Plan;
- g) Reports from the West Rand District Municipality's combined assurance providers; and
- h) Reports from the Office of the Auditor General (AGSA).

Issues (various incidents and red flags), risks and opportunities can vary in their significance as well as the West Rand District Municipality's tolerance levels. This will need to be considered when identifying, treating and reporting these, also ensuring that they are dealt with in accordance with the relevant and existing legislative frameworks and Council policies.

11.7 Phase 2: Control Activities

This phase focusses on the identification and implementation of remedial actions to be taken to curtail and prevent the issue, risk or opportunity from re-occurring. Remedial actions need to ensure control improvements to the West Rand District Municipality's systems and processes and personnel behaviour and conduct. These actions need to be assigned to responsible officials, with specific deliverables and timeframes to ensure timeous implementation and impact reduction.

The remedial actions will vary from one issue, risk and opportunity to another, given the nature and extent of the case. The West Rand District Municipality's tolerance levels as well as punitive requirements defined in legislated frameworks will need to be considered. Refer to the table below for examples:

Bold = Core Category Impact, with related implications

Appetite				
Triggers	Legal	Finance	Organisational	Reputation / media
Noncompliance to the MFMA	Non-Compliance - Zero Tolerance	Disclosure: Additional Notes	Audit Report Opinion	Impaired Governance
Fails to comply with duty imposed by MFMA	Non-Compliance - Zero Tolerance	Section 32 Expenditure –Disclosure	Audit Report Opinion - * System of Delegation * Section 78 of MFMA * Leadership	Impaired Governance
Makes Irregular, unauthorised, fruitless & wasteful expenditure	Non-Compliance - Zero Tolerance	Section 32 Expenditure –Disclosure	Audit Report Opinion - * AFS * Notes - Table * Leadership	Impaired Governance
Provides incorrect or misleading information	Non-Compliance - Zero Tolerance	Disclosure: Additional Notes	Audit Report Opinion	Impaired Governance
Fails to carry out delegated duties	Non-Compliance - Zero Tolerance	Section 32 Expenditure –Disclosure	Audit Report Opinion - * System of Delegation * Section 78 of MFMA * Leadership	Impaired Governance

Recourse				
Reporting	Reporting non-compliance to: * The Municipal Manager * The Executive Mayor * Council * Auditor General of SA * National Treasury * MEC for Local Government * Provincial Executive * Provincial Legislature * Provincial Treasury * MEC for Finance in the Province	Reporting Section 32 expenditure to: * West Rand District Municipality Manager * Council	Reporting neglect of duty, power and authority to: * Executive Director * West Rand District Municipality Manager * Council	Integrated Annual Report Statement
Consequence Management: West Rand District Municipality	* Disciplinary Steps / Coaching / Reprimand - Written Instructions / Training / Verbal Warning / Resolving Problems and Identifying corrective action * Suspension / Demotion / Termination of Services / Adverse IPM outcome * Financial Misconduct Charges * Criminal Charges	* Disciplinary Steps / Coaching / Reprimand - Written Instructions / Training / Verbal Warning / Resolving Problems and Identifying corrective action * Suspension / Demotion / Termination of Services / Adverse IPM outcome * Reduction or elimination of discretionary remuneration (Individual Performance Management Monetary implications) * Adverse impact to promotion opportunities * Recovery * Financial Misconduct Charges * Criminal Charges	* Disciplinary Steps / Coaching / Reprimand - Written Instructions / Training / Verbal Warning / Resolving Problems and Identifying corrective action * Suspension / Demotion / Termination of Services / Adverse IPM outcome * Financial Misconduct Charges	* Disciplinary Steps / Coaching / Reprimand - Written Instructions / Training / Verbal Warning / Resolving Problems and Identifying corrective action * Suspension / Demotion / Termination of Services / Adverse IPM outcome * Financial Misconduct Charges

Recourse				
Consequence Management: Supervision over Local Government Finance Management (per Section 133 of the MFMA)	<p>1. Provincial Executive may intervene in the West Rand District Municipality in terms of 139 of the Constitution</p> <p>2. NT - may take appropriate steps against the municipality in terms of section 5(2)(e)</p> <p>3. PT - may take appropriate steps against the municipality in terms of section 5(4)(d)</p>			
Process	<ul style="list-style-type: none"> * Labour Relations * Financial Misconduct Disciplinary Board * Finance: Treasury * Records management 	<ul style="list-style-type: none"> * Labour Relations * Financial Misconduct Disciplinary Board * MPAC * Finance: Treasury * Records management 	<ul style="list-style-type: none"> * Labour Relations * Financial Misconduct Disciplinary Board * Finance: Treasury * Records management 	<ul style="list-style-type: none"> * Labour Relations * Financial Misconduct Disciplinary Board * Corporate Services: OPM * Records management

Remedial actions in the context of this consequence management efforts can be identified from documented processes of various existing management tools, such as:

- a) Management actions included in West Rand District Municipality Risk Registers;
- b) Management actions included on the West Rand District Municipality's Combined Assurance Plan/Strategy;
- c) Recommendations and agreed management actions included in reports from the West Rand District Municipality's second level assurance providers (i.e. Legal Services, Occupational Health and Safety, Environmental Resource Management, Business Continuity Management, etc.);
- d) Recommendations and agreed management actions included in assurance reports from third and fourth level assurance providers (i.e. Internal Audit, Forensic Services - Investigations, Ethics - Investigations, Auditor General of South Africa, and other external assurance providers);
- e) Directives issued from the Office of the Municipal Manager or CFO;
- f) Municipal Manager correspondence directed to Executive Management Team Members;
- g) Recommendations included in reports from independent investigators appointed by the Municipal Manager (sourced service providers);
- h) Recommendations from advisory and oversight bodies - MPAC, Financial Misconduct Disciplinary Board, PAC, etc;
- i) Resolutions by Council and Council Committees; and
- j) Directives and instructions issued by Provincial and National Treasury.

The establishment and enforcement of control activities is the responsibility of line management, who have an intrinsic duty to fulfil their job function, powers and delegations in a responsible manner.

11.8 Phase 3: Information and Communication

After issues (various incidents and red flags), risks and opportunities have been identified and reported to the first line of defense to action (refer to phase 1 above), key or significant cases may need to be reported or escalated to the relevant advisory or oversight bodies as per their specific terms of reference or delegations.

The importance is to keep these bodies informed of:

- Significant issues;
- Emerging trends;
- Escalating requirements; and
- Unresolved risk exposures.

Stakeholders have an expectation of the governance structures in the West Rand District Municipality to exercise good governance. Sometimes however, such governance

structures could form part of the decision-making chain and thus are required to make the final decision or final recommendation to Council. Oversight bodies could include RMC, AC, PAC, MPAC, Financial Misconduct Disciplinary Board, Executive Mayor, Speaker and Council.

See table below:

Source / remedial action	First Level of reporting	Second Level of reporting or advisory and oversight body
Issue, risks and opportunity		
First Level Assurance Provider <ul style="list-style-type: none"> The Municipal Manager (Directives and EXCO communications) 	Line management for action	Executive Governance Committee for information or escalation.
Second Level Assurance Provider <ul style="list-style-type: none"> RMC (Risk Registers) CA (Combined Assurance Plan) BCM (Business Continuity Plan) OHS (Compliance Reports) ERM (Environmental Reports) Legal Services (Compliance Issues) Ethics (Declaration of Interests) Forensic Services (Reports) 	Line management for action, including the Municipal Manager(where applicable).	Risk Management Committee for information and/ or escalation (<i>for risk issues only</i>) PAC for: <ul style="list-style-type: none"> information and/ or escalation potential advice to Municipal Manager and Council.
Third Level Assurance Provider <ul style="list-style-type: none"> Internal Audit (Assurance Reports) Ethics (Investigation Reports) Forensic Services (Reports) AGSA (Management Reports and Annual Opinion) 	Line management for action, including the Municipal Manager(where applicable).	PAC for: <ul style="list-style-type: none"> information or escalation potential advice to the Municipal Manager and Council.
Unauthorised, irregular and fruitless and wasteful expenditure (See appendix II and III)		
West Rand District Municipality Manager's Irregular, Unauthorised and Fruitless and Wasteful Expenditure Register (Issues i.r.o officials discovered by various sources / triggers)	<ul style="list-style-type: none"> Line Management Executive and Councillor Support 	Council for referral to MPAC for investigation

Source / remedial action	First Level of reporting	Second Level of reporting or advisory and oversight body
Recommendations (remedial actions) included in reports from task team appointed by MPAC	MPAC	Council
Recommendations (remedial actions) from MPAC	Council	PAC
Resolutions by Council <ul style="list-style-type: none"> Disciplinary charges Criminal charges 	<ul style="list-style-type: none"> Line Management, including the Municipal Manager where applicable SAPS (where criminal charges are warranted) 	<ul style="list-style-type: none"> MEC for Local Government Auditor General South Africa
Possible abuse of the SCM system; including fraud, corruption and improper conduct (Refer to Fraud Prevention Framework and Response Plan)		
<ul style="list-style-type: none"> The Municipal Manager (Issues i.r.o officials reported to the Municipal Manager or administrative mechanism mobilised for this purpose) Speaker (Issues i.r.o councillors reported to the Speaker) 	<ul style="list-style-type: none"> Line management for information SAPS (where criminal charges are warranted) 	<ul style="list-style-type: none"> Forensic Services / Ombudsman / Ethics / External Investigator for independent investigation Second Level of Assurance
<ul style="list-style-type: none"> Forensic Services Recommendations (investigations into allegations fraud, corruption and other criminal activity, maladministration or negligence and financial misconduct against officials) Ethics Recommendations (investigations into allegations of unethical behaviour against officials) SCM and Legal Services sanction in terms of West Rand District Municipality SCM Policy abuse 	<ul style="list-style-type: none"> The Municipal Manager (i.r.o of officials) Speaker (i.r.o of councillors) 	<p>Officials:</p> <ul style="list-style-type: none"> Council for information and/or escalation Provincial and National Treasury for information Auditor General of South Africa SAPS (where criminal charges are warranted) <p>Councillors:</p> <ul style="list-style-type: none"> Provincial MEC for Finance

Source / remedial action	First Level of reporting	Second Level of reporting or advisory and oversight body
<ul style="list-style-type: none"> Independent External Investigator(s) appointed by the Municipal Manager (officials) Investigator(s) appointed by the Speaker (councillors) 		<ul style="list-style-type: none"> Minister for Local Government in the Province Minister of Finance Minister responsible for Local Government Provincial & National Treasury for information SAPS (where criminal charges are warranted)
Allegations of financial misconduct and financial offence (see appendix IV and V)		
<ul style="list-style-type: none"> The Municipal Manager's Register of Financial Misconduct (Issues i.r.o officials reported to the Municipal Manager) Speaker (Issues i.r.o councillors reported to the Speaker) 	<ul style="list-style-type: none"> Executive Mayor 	Council for referral to Disciplinary Board for investigation
Disciplinary Board Preliminary Investigation Recommendations (investigations into allegations of financial misconduct by officials and / or councillors)	Council	<ul style="list-style-type: none"> National & Provincial Treasury for information SAPS (where criminal charges are warranted)
<ul style="list-style-type: none"> Disciplinary Board Full Investigation Recommendations (investigations into allegations of financial misconduct by officials or councillors) Independent External Investigator(s) appointed by the West Rand District Municipality Manager if necessary (officials) Investigator(s) appointed by the Speaker if necessary (councillors) 	<ul style="list-style-type: none"> Municipal Manager Executive Mayor Speaker (Councillors) 	<p>Officials:</p> <ul style="list-style-type: none"> National & Provincial Treasury for information SAPS (where criminal charges are warranted) <p>Councillors:</p> <ul style="list-style-type: none"> MEC for Finance in the Province Minister for Local Government in the Province Minister of Finance

Source / remedial action	First Level of reporting	Second Level of reporting or advisory and oversight body
		<ul style="list-style-type: none"> • Minister responsible for Local Government • Provincial & National Treasury for information • SAPS (where criminal charges are warranted)

11.9 Phase 4: Monitoring and Reporting

Comprehensive systems must be implemented to track and follow-up on the implementation of all remedial actions stemming from the various role players in the consequence management process.

This is to:

- Ensure that risk exposures have been adequately and timely addressed to curtail the impact and prevent the issue, risk and / or opportunity from re-occurring; and
- Assist the advisory and oversight bodies in their assessment of the effectiveness of consequence management in the West Rand District Municipality, enable them to provide assurance to the stakeholders in this regard.

It is therefore the responsibility of:

- Those recommending the remedial actions; and
- the Executive Managers (EM)/Directors (ED), in the case of the Municipal Manager issuing directives to ensure that:
 - the implementation of corrective action is tracked and monitored;
 - overdue actions are reported on; and
 - follow-ups are performed to confirm/ verify successful implementation of corrective action.

The following practices should be applied to ensure a comprehensive tracking and follow-up processes are implemented:

- a) Registers should be maintained by each role-player responsible for making recommendations, documenting the issues (various incidents and red flags), risks and opportunities and related remedial actions, including the estimated implementation date and responsible action owners;

- b) Nodal representatives should be appointed in each directorate to provide information with regards to the status of implementation of remedial actions relevant to their directorate;
- c) Role-players should provide feedback to nodal representatives in terms of the implementation status of remedial actions, and escalate those that are overdue to the next reporting level or delegated authority, if necessary;
- d) Perform follow-ups / checks to confirm whether remedial actions have indeed been implemented/ actioned successfully by the responsible officials;
- e) Successful implementation of remedial actions can be measured in terms of a key operating indicator on ED and Directorate performance scorecards; and
- f) Progressive reporting to the appropriate delegated authority and advisory and oversight bodies who can be tasked to take action against management for tardiness (failure to implement the remedial action(s) successfully and timeously).

11.10 Phase 5: Conclusion / Closure

This phase deals with the correct application and appropriate disclosure of remedial actions. Remedial actions impacting the control objectives i.e. the efficiency and effectiveness of the West Rand District Municipality's operations, the reliability of the West Rand District Municipality's reporting (financial and non-financial), the West Rand District Municipality's compliance to legislation, regulations, policies and procedures; will be disclosed in the following formats:

- a) Second Level Combined Assurance Providers Reports;
- b) Internal Audit Assurance Reports (including Quarterly Reports to PAC);
- c) AGSA Report;
- d) Corporate Performance Scorecards;
- e) Municipal Manager and Executive Managers/ Directors Personal Performance Scorecards;
- f) West Rand District Municipality's Integrated Annual Report;
- g) West Rand District Municipality's Annual Financial Statements;
- h) West Rand District Municipality's Annual Oversight Report
- i) Management Responsibility Letter;
- j) Combined Assurance Reporting;
- k) Internal Control Environment Report; and
- l) Governance Committee Annual Reports.

In order to ensure that Council and its officials take ownership and accountability for the good financial management of the West Rand District Municipality, the following corporate documents should be periodically updated to incorporate aspects of consequence management:

- a) Council, Advisory and Oversight Committee's Terms of References – Accountability and/ or responsibility in respect of oversight role and/ or decision making role regarding consequence management to ensure good corporate governance;
- b) Directorate and Departmental Business Plans – Commitment in respect responsibility and/ or accountability regarding consequence management to ensure good corporate governance; and
- c) Service Delivery Budget and Implementation Plan – Inclusion of a Consequence Management Key Performance Indicator.

Managing compliance encompasses making appropriate rules that are known, understood and followed and for which consequences of non-compliance are clear and commensurate with risk and context. The processes and procedures to be followed with regards to the different aspects of consequence management in the West Rand District Municipality, are specified in the relevant, existing West Rand District Municipality documents and enhancements (if required) will be detailed in Consequence Management Standard Operating Procedures.

11.11 Assumptions to the Framework includes:

- a) Investigators shall have free access to all staff, records and premises in order to carry out investigations.
- b) If there is a suspicion that fraud, corruption and other criminal activity, maladministration and/or negligence has been perpetrated or attempted, line management must promptly follow the procedures provided in the West Rand District Municipality's Fraud Prevention Framework, which must be read in conjunction with this Framework and all relevant appendixes.
- c) If there is a concern that the Municipal Manager may be involved in any allegations of financial misconduct and financial offence, this should be reported to the Executive
- d) A Whistleblowing Framework is in place to safeguard whistle blowers against intimidation and/or victimisation. No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud and corruption.

11. IMPLEMENTATION PROGRAMME

- 12.1 This Framework will be implemented once approved by Council and will be championed within the Office of the Municipal Manager.

12.2 Key dependencies to the successful implementation of the Framework include:

- Awareness;
- Registers;
- Terms of Reference;
- Standard Operating Procedures;
- Records;
- Reporting; and
- Roles and Responsibilities.

12.3 Challenges faced by the West Rand District Municipality for the successful implementation of the Framework include the following:

- a) The lack of understanding of the various legislation and regulations relating to consequence management, and the impact thereof on the:
 - West Rand District Municipality's policies and procedures;
 - Operations;
 - Due care; and
 - Leadership expectations.
- b) The limited West Rand District Municipality resources with knowledge, skills and capacities of the West Rand District Municipality to comply with legislation and its related regulations.
- c) The gravity of the law and the consequences of failure to comply is not yet fully understood or recognised by all West Rand District Municipality employees.
- d) The absence of the adoption of MFMA Circular 76 on Financial Misconduct Regulations by Council, and the impact on West Rand District Municipality resources.
- e) The establishment of the required committees/ boards to provide advisory and oversight over the various aspects of consequence management and the formalisation of their roles and responsibilities (Terms of Reference/ System of Delegations).
- f) The development and approval of Standard Operating Procedures in respect of the various aspects relating to consequence management.

12. MONITORING, EVALUATION AND REVIEW

13.1 Monitoring and evaluation

The reduction of AGSA findings in respect of poor consequence management will be one of the key indications of the successful implementation of the Framework. Other indicators could include the following:

- a) Reduced reported issues (various incidents and red flags), risks and opportunities relating to non-compliance to sections 32, 62, 78, 102, 115, 171, 172, 173, 174, 175 of the MFMA and the related regulations;
- b) Improved percentage of Probity function recommendations implemented;

- c) Increased understanding of the gravity of the law and the consequences of failure to comply recognised by all West Rand District Municipality employees; and
- d) Improved service delivery through good governance.

13.2 Review

This Framework will be reviewed as and when necessary, considering feedback received from the various stakeholders and role players. Where necessary, the required amendments will be made and submitted to Council for approval.

Appendix I: Financial Misconduct Roles and Responsibilities Matrix

RACI **R** Responsibility **A** Accountability **C** Consulting **I** Information

Stakeholders and Role-players		Risk / Issue / Opportunity Reporting	Control Activities	Information and Communication	Monitoring & Reporting	Conclusion / Closure	Format
		<i>Financial Misconduct (FM) issues (various incidents and red flags), risks and opportunities</i>	<i>Remedial Action & Control Improvements</i>	<i>Risk / Issue Reporting details and escalation</i>	<i>Follow-up and Progressive Reporting</i>	<i>Application and Disclosure</i>	<i>Succinct Summary of type of documents</i>
Stakeholders: Functions							
1	Citizens	I	I			I	Integrated Annual Report
2	Industry	I	I			I	Integrated Annual Report
3	Tourists	I	I			I	Integrated Annual Report
4	Business	I	I			I	Integrated Annual Report
5	National Government	R	R	C	R	R	Integrated Annual Report / Report / Correspondence / Meeting
6	Provincial Government	R	R	C	R	R	Integrated Annual Report / Report / Correspondence / Meeting
7	Municipal Entities	R	R	I	R	R	Integrated Annual Report / Report / Correspondence / Meeting
8	Service Providers	I	I			I	Integrated Annual Report
9	West Rand District Municipality Agents	I	I			I	Integrated Annual Report
Role-players: Functions							

1	The National and Provincial Treasury	R	R	C	R	R	Integrated Annual Report / Report / Correspondence / Meeting / Legislation
2	The Speaker	A	R	R	R	R	Integrated Annual Report / Report / West Rand District Municipality's System of Delegations Document / Consequence Management Framework and SOP / Legislation
3	The Executive Executive Mayor	A	R	R	R	A	Integrated Annual Report / Report / West Rand District Municipality's System of Delegations Document / Consequence Management Framework and SOP / Legislation
4	The Municipal Manager	A	A	R	R	A	Integrated Annual Report / Report / West Rand District Municipality's System of Delegations Document / Consequence Management Framework and SOP / Legislation
E	Line Management						
1	Executive Managers/Executive Directors	A	A	A	A	R	Integrated Annual Report / Report / West Rand District Municipality's System of Delegations Document / Consequence Management Framework and SOP / Legislation
2	Middle Managers	R	A	R	A	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Management Responsibility Letter ito Fiduciary Responsibility
3	Coordinators	R	A	R	A	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Management Responsibility Letter ito Fiduciary Responsibility

F	Combined Assurance Providers						
1	Risk Management	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicator
2	Forensics	A	A	R	A	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Charter / Consequence Management Key Performance Indicator
3	Internal Audit	A	A	R	A	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Charter / Consequence Management Key Performance Indicator
4	Ombudsman	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Charter / Consequence Management Key Performance Indicator
5	Legal Services	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
6	Communications	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
7	Environmental Resource Management	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence

							Management Key Performance Indicators
8	Disaster Risk Management	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
9	Occupational Health and Safety	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
10	Supply Chain Management	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
11	Treasury	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
12	Customer Relations	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
13	Organisational Performance Management System	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators

14	Ethics	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
15	Budgets	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan /

							Budget / Projects / Consequence Management Key Performance Indicators
16	Expenditure	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
17	Grant Funding	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
18	Organisational Framework and Planning	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
19	Information Systems and Technology	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
20	Integrated Knowledge Management	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
21	Executive Support	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators

22	Labour Relations	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
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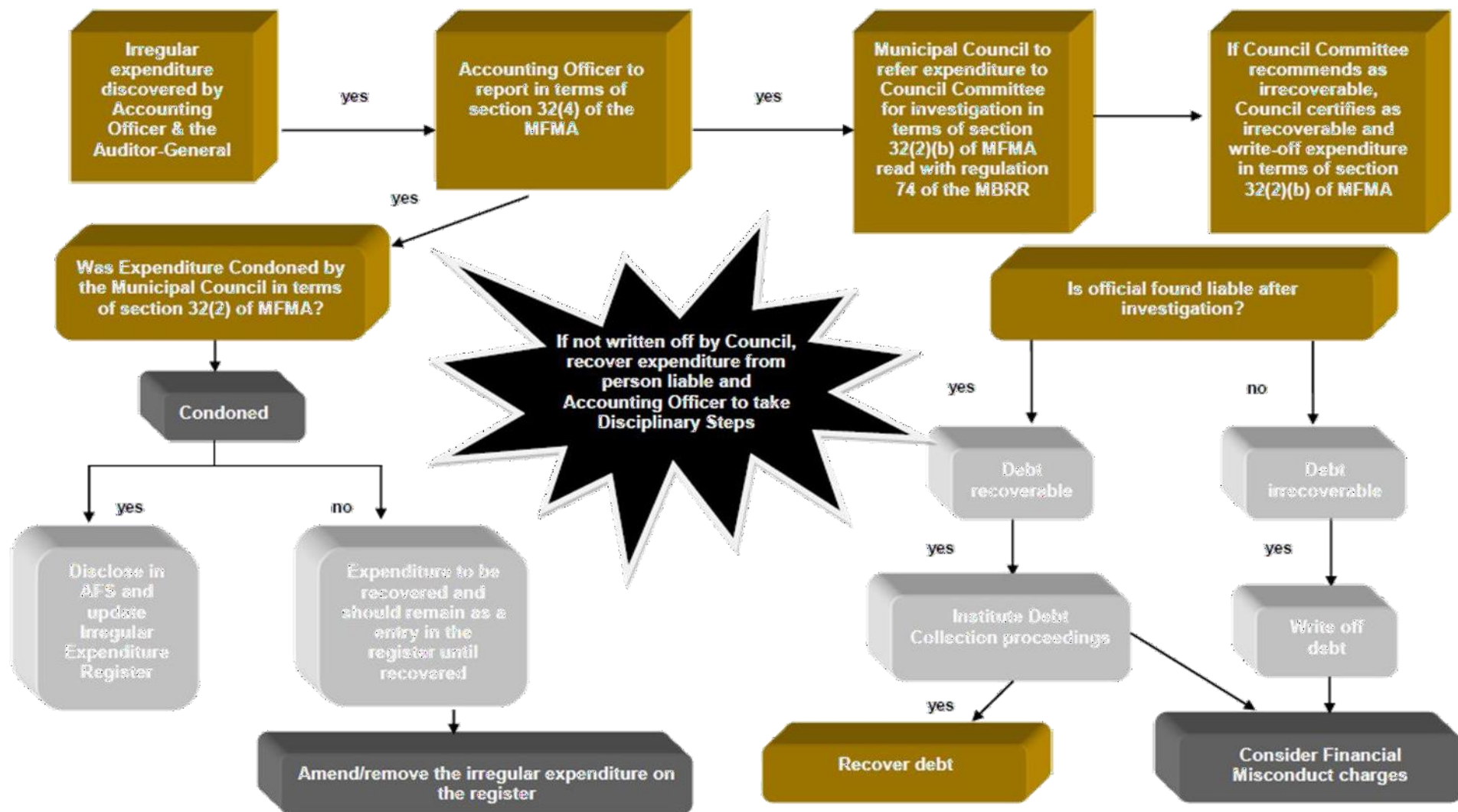
23	Contract Management	A	R	R	R	R	Job Description / West Rand District Municipality's System of Delegation / Business Plan / Budget / Projects / Consequence Management Key Performance Indicators
G	Office of the Auditor General	A	A	R	A	A	Legislation / SLA / Management Report / Audit Report / Combined Assurance Meetings
H	Municipal Entities						
I	External Bodies						
1	National Treasury	R	R	R	R	A	Legislation / Regulation / Circular
2	Provincial Treasury	R	R	R	R	A	Legislation / Regulation / Circular
J	Service Providers	R		C		I	Hotline / Correspondence / Contracts / Integrated Annual Report

4	Parking Attendants	R		C		I	Hotline / Correspondence / Contracts / Integrated Annual Report
L	Whistle-blower	R		C		I	Hotline / Correspondence / Contracts / Integrated Annual Report
M	Disciplinary Board	R	A	R	A	R	Hotline / Combined Assurance / Correspondence / Contracts / Reporting / Consequence Management Framework and SOP / Terms of Reference / Integrated Annual Report
N	Municipal Public Accounts Committee	R	A ⁵	R	A	R	Combined Assurance / Disciplinary Board / Correspondence / Contracts / Reporting / Consequence Management Framework and SOP / Terms of Reference / Integrated Annual Report
O	Council	A	C	C	A	A	Legislation / Regulation / Circular
P	Audit and Performance Audit Committees	R	A ⁶	C	A	R	Combined Assurance Reporting / Consequence Management Framework and SOP / Terms of Reference / Integrated Annual Report
Q	Service Provider – Investigator	R	R	R	R	C	Contract with scope of work / Legislation

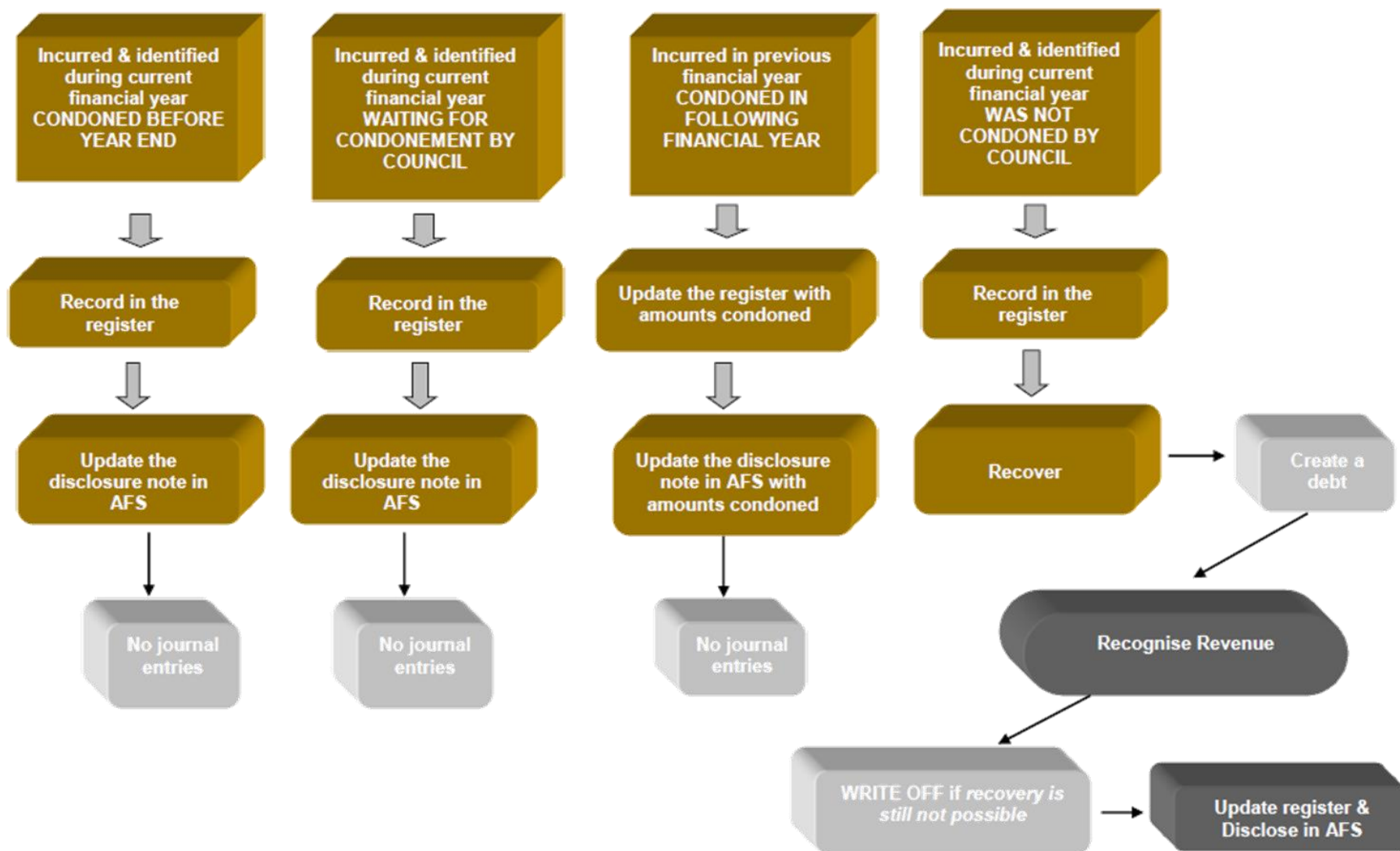
⁵ Refer to section 79 of Municipal Structures Act and Sections 5 and 6 MPAC terms of reference.

⁶ Refer to MFMA section 166, MSA, Municipal Planning and Performance Regulations – regulation 14 and section 4.3 of the PAC terms of reference.

Appendix II: Flow Chart for Irregular, Fruitless and Wasteful Expenditure (Step by Step Process)



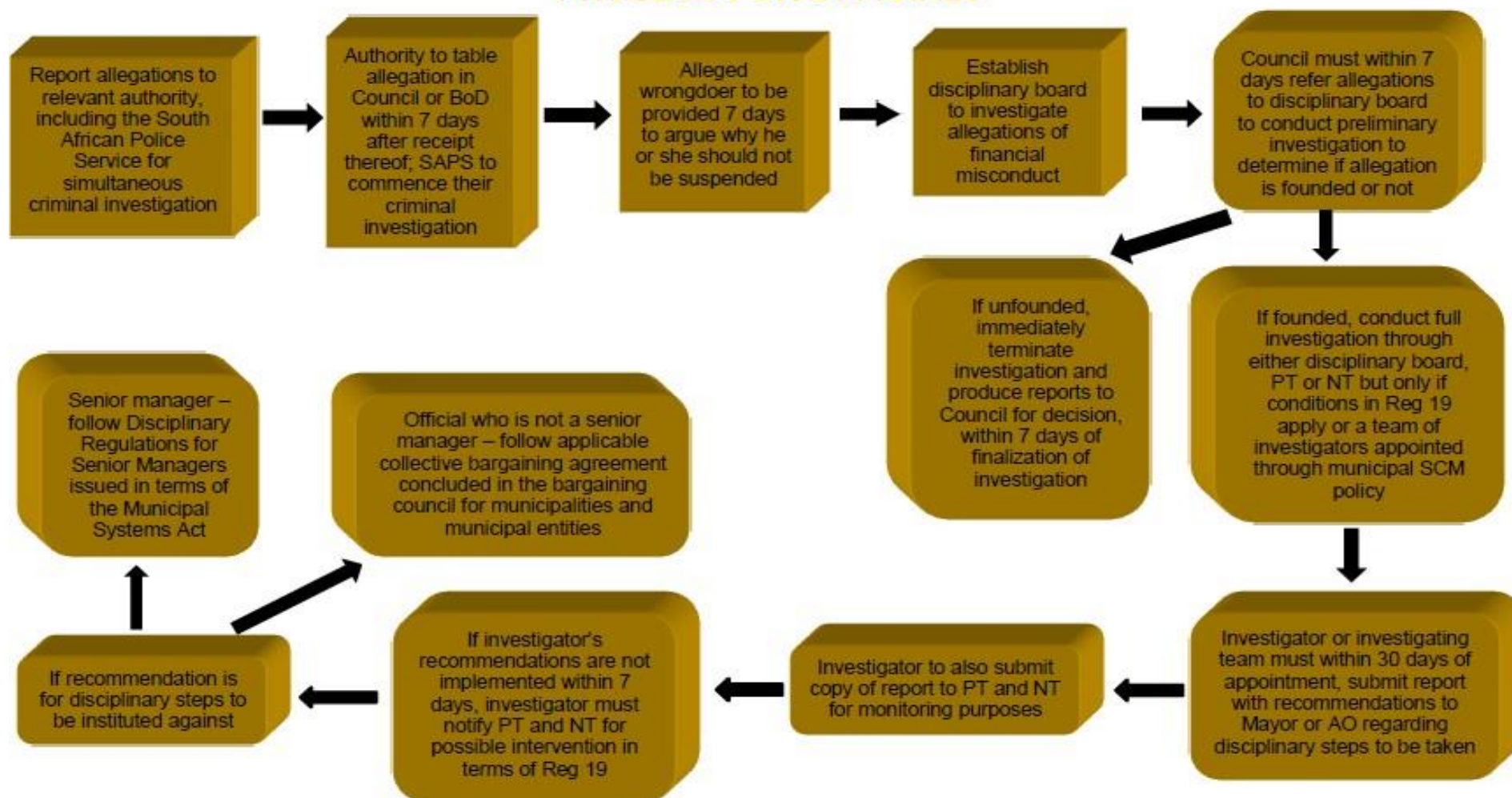
Appendix III: Flow Chart of Irregular, Fruitless and Wasteful Expenditure (Accounting Framework)



Appendix IV: Process Flow Financial Misconduct (Officials)

PROCESS TO IMPLEMENT FINANCIAL MISCONDUCT REGULATIONS

PROCESS FOR OFFICIALS



Appendix V: Process Flow Financial Misconduct (Councillors)

PROCESS FOR POLITICAL OFFICE BEARERS

