

BEAUFORT WEST MUNICIPALITY



FINAL CONSEQUENCE MANAGEMENT POLICY

APPROVED BY COUNCIL PER ITEM ON
11 DECEMBER 2025

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1. DOCUMENT VERSION CONTROL

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2. DEFINITIONS AND ACRONYMS

'Consequence Management' means the process of implementing proactive and reactive measures to hold individuals and organizations accountable for non-compliance, misconduct, or irregular expenditures;

'Council' means the Municipal Council of the Beaufort West Municipality;

'Criminal proceedings' are the legal process initiated by the government to prosecute an individual accused of a crime. The purpose is to determine if the person is guilty and, if so, to impose a punishment, requiring the prosecution to prove guilt "beyond a reasonable doubt". The process can include investigation, indictment, and a court trial, involving parties like the prosecutor, the defendant, and a judge or panel of judges;

'Days' refers to calendar days;

'Delegation' is the act of assigning tasks or responsibilities to another person, often a subordinate in a work setting, while the original person typically remains ultimately responsible;

'Designated official' means the official identified in a municipality to receive reports of allegations of financial offences against;

'Disciplinary Board' means a disciplinary board established in terms of regulation 4(1) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 or a disciplinary board of a district municipality or provincial structure referred to in regulation 4(8) thereof;

'Disciplinary action' is a corrective process used by an organization to address employee misconduct, poor performance, or violations of company policies;

'Employee' is a person hired by another person or company to work for payment, typically receiving a salary or wage;

'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;

'Investigator' refers to the Disciplinary Board, Provincial Treasury and or National Treasury;

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

'MPAC' means the Municipal Public Accounts Committee, a Committee established to enhance political accountability and legislative oversight of the municipal accounts;

'MSA' refers to the Local Government: Municipal Systems Act, 2000 [Act No. 32 of 2000], and the Regulations promulgated in terms thereof;

'SAPS' refers to the South African Police Service;

'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 MFMA;

'System of Delegations' means the municipality's system of delegations as contemplated in section 59 of the Municipal Systems Act, 2000 [Act No. 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.

3. INTRODUCTION

3.1 A significant number of municipalities continue to incur unauthorised, irregular and fruitless and wasteful expenditure (UIFWE'), which in itself may constitute financial misconduct.

3.2 This non-compliance with the MFMA and its supporting regulations continue to persist largely due to the lack of proper consequence management and accountability.

3.3 Therefore, the political and administrative leadership within the Beaufort West Municipality is committed to establishing an effective, sound and well-designed system of consequence management, which focuses on accountability and corrective actions for deliberate or negligent breaches of laws and rules.

3.4 To demonstrate such commitment, the Municipal Manager and the Mayor backed by council resolution **28 November 2025** supporting such adoption of the recommended National Treasury Management and Accountability Framework, 2022. To further demonstrate such commitment, the Beaufort West Municipality's Consequence Management Policy (herein after referred to as "the Policy") has been developed.

3.5 The Policy aims to amongst other things:

- demonstrate the municipality's commitment to the establishment and implementation of consequence management and accountability.
- identify the key roles players and their responsibilities in relation to the implementation of consequence management.
- identify the different types of transgressions.
- set out the reporting procedures and requirements.
- provide for investigation of alleged financial misconduct.
- provide for on-going monitoring and evaluation of allegations.
- provide for corrective action to be taken against transgressors.

4 LEGAL FRAMEWORK

The Beaufort West Municipality's Consequence Management Policy draws from the various sources listed below:

4.1 Legislation

This is not an exhaustive list, thus the list provided is not a complete list and may not include all possible sources.

- Criminal Procedure Act, 1977 (Act No. 51 of 1977)
- Labour Relations Act, 1995 [Act No. 66 of 1995] (Schedule 8)
- Municipal Finance Management Act, 2003 [Act No. 56 of 2003]
- Municipal Structures Act, 1998 [Act No. 117 of 1998]
- Municipal Structures Amendment Act, 2021 [Act No. 3 of 2021]
- Municipal Systems Act, 2000 [Act No. 32 of 2000]
- Prevention and Combating of Corrupt Activities Act, 2004 [Act No. 12 of 2004]
- Prevention of Organised Crime Act, 1998 [Act No. 121 of 1998]
- Promotion of Administrative Justice Act, 2000 [Act No. 3 of 2000]
- Protected Disclosures Act, 2000 [Act No. 26 of 2000]
- Protection of Personal Information Act (POPIA), 2013 [Act No. 4 of 2013]
- Financial Regulations on Financial Misconduct and Criminal Proceedings, 2014 (MFMA Circular No. 76)
- The Constitution of the Republic of South Africa, 1996

4.2 Policies and Frameworks

- Beaufort West Municipality's Integrity Management Framework
- MFMA Circular 68 - Unauthorised, Irregular, Fruitless and Wasteful Expenditure
- MFMA Circular No. 121 - The Consequence Management and Accountability Framework
- Beaufort West Municipality's Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy

4.3 Other sources

- Audit and Performance Audit Committee Terms of Reference
- Code of Conduct for Councillors
- Code of Conduct for Municipal Staff
- Code of Good Practice: Dismissal
- Disciplinary Regulations for Senior Managers
- Disciplinary Board Terms of Reference
- Internal Audit Charter
- MPAC Terms of Reference

- Internal Audit Charter
- MPAC Terms of Reference
- SA Local Government Bargaining Council Main Collective Agreement
- SALGA Guidelines Document on the Roles and Responsibilities of Councillors, Political Structures and Officials
- System of Delegations
- Standard Operating Procedures (SOPs)

5. SCOPE

This Policy is intended to focus on Consequence Management and Accountability in relation to financial misconduct, financial offences and other financial crimes committed by municipal officials and councillors within the context of the MFMA and other legislation that deals with consequence management. Consequently, the Policy does not deal with minor, day-to-day workplace infractions, which should be dealt with in progressive discipline according to the principles of the applicable labour law.

To ensure that the Council and the Management has created and maintained an effective control environment in the organization that demonstrates and stimulates the necessary respect for legislative requirements and compliance and for the Central Karoo District Municipality's systems, policies and by:

- a) Implementing the Regulations for Financial Misconduct and Offences, 2014;
- b) Adhering to Section 32 of the Municipal Financial Management Act, 2003 (Act 56 of 2003);
- c) Identify and act against financial misconduct and offences in terms of section 171 and 173 of the Municipal Financial Management Act, 2003 (Act 56 of 2003).

To ensure that the following Committees remain relevant and functional and that they are guided by the Councils policies, as well as specific terms of references developed for each of them:

- a) A Disciplinary Board as prescribed in terms of the Municipal Regulations for Financial Misconduct Procedures and Criminal Offences, GN 430 of 30 May 2014;
- b) A Public Accounts Committee;
- c) A special committee to investigate misconduct by councillors in terms of the code of conduct for councillors as contained in Schedule 1 to the Systems Act, 2000 (Act 32 of 2000).

To maintain the following policies already developed and approved by Council, that will also take into account the principles as contained in this Policy:

- a) Integrity Management Framework;
- b) Human Resources Strategy and related policies;
- c) Terms of reference for the Disciplinary Committee of councillors.

To ensure that councillors and employees are aware that there are different transgressions and available remedies to manage transgressions as described in this Policy as set out in different pieces of legislation.

This Policy does not consider reporting and review procedures in respect of general misconduct and poor work performance by municipal employees or political office bearers;

General misconduct and poor work performance of employees must be managed in accordance with relevant human resources policies, employment contracts and collective agreements; and

All cases of misconduct in the case of councillors will be managed in terms of the code of conduct as contained in Schedule 1 to the Systems Act, 2000 (Act 32 of 2000).

6. ROLES AND RESPONSIBILITIES

Council

Financial misconduct, fraud, theft, corruption, maladministration and dishonest activities will not be tolerated by the Council and Management;

All incidents that have been reported will be investigated and where applicable the necessary and prescribed remedial- and disciplinary steps will be taken;

All cases of alleged irregular expenditure that constitutes a criminal offence and all cases of theft, fraud and corruption will be reported to the South African Police;

Councillors and employees are responsible for reporting financial misconduct, financial offences or corruption;

The public may also report financial misconduct, financial offences or corruption;

The Council will apply appropriate prevention and detection controls and take appropriate action to recover losses or damages incurred due to financial misconduct and financial offences committed by councillors or employees;

Administrative leadership

Municipal Manager / Accounting Officer

The Municipal Manager as the accounting officer of Beaufort West Municipality has a fiduciary duty to act with fidelity, honesty, integrity and in the best interests of the municipality in managing its financial affairs.

In terms of section 62 of the MFMA the accounting officer must lead the municipality by taking all reasonable steps to ensure that the resources of the municipality are utilised effectively, efficiently and economically and that unauthorised, irregular, fruitless and wasteful expenditure ('UIFWE') are prevented. In other words, the final responsibility for prudent financial management, which includes proper implementation of Consequence Management and Accountability lies with the accounting officer.

Section 62 of the MFMA also obliges the accounting officer to ensure that disciplinary action 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 Chapter 15 of the MFMA.

The accounting officer must ensure that the MFMA Circular 76 together with the Financial Misconduct Regulations and MFMA Circular 121 together with the Consequence Management and Accountability Framework, 2022 is brought to the attention of the council and municipal officials.

The accounting officer must ensure that the municipality has a strong programme to promote consequence management and fight corruption.

The accounting officer must allocate sufficient resources for the implementation of consequence management.

The accounting officer must ensure that consequence management and accountability form part of the performance agreements of the administrative leadership.

The accounting officer must determine the form and manner of the reporting procedures of allegations of financial misconduct, which must be approved by council.

The accounting officer may delegate the afore-mentioned function to other relevant senior managers within the municipality or municipal entity.

The accounting officer must identify who will assist with the monitoring responsibilities of the implementation of the Financial Misconduct Regulations upon which the <Municipality> Consequence Management Policy is primarily centred on.

The accounting officer must ensure that competent employees with high standards of personal integrity are appointed and promoted.

The accounting officer must ensure that minimum competency requirements as set out in the Municipal Systems Act: Regulations on Appointment and Conditions of Employment of Senior Managers are complied with or met.

The accounting officer with the assistance of Human Resources must conduct pre-employment screening for all new appointments to verify at least the following:

- (1) qualifications;
- (2) previous employment;
- (3) disciplinary record;

- (4) criminal record;
- (5) credit record;
- (6) any outstanding investigations or disciplinary matters at previous employers;
and
- (7) consult the record on dismissed employees kept by the Minister and abide by the prescribed periods.

The accounting officer must ensure all suppliers are screened against the municipality's financial declaration database, CIPC database, National Treasury's register for tender defaulters and the List of Restricted Suppliers, and with the South African Revenue Service ('SARS') ensure that their tax matters are in order.

The accounting officer must (b) disclose to the municipal council and the Mayor all material facts which are available to the accounting officer or reasonably discoverable. and which in any way might influence the decisions or actions of the council or the Mayor: and

(c) seek within the sphere of influence of the accounting officer. to prevent any prejudice to the financial interests of the municipality.

(2) An accounting officer may not- (a) act in a way that is inconsistent with the duties assigned to accounting officers of municipalities in terms of this Act; or 25 (b) use the position or privileges of, or confidential information obtained as, accounting officer for personal gain or to improperly benefit another person.

Responsibility for consequence management and accountability within the Beaufort West Municipality starts with written commitments from the Mayor, Municipal Manager, and a Council Resolution supporting consequence management and accountability system of the municipality.

7. REPORTING ALLEGED FINANCIAL MISCONDUCT

- An alleged act(s) of financial misconduct and financial offence may be either be reported or detected.
- Once detected or reported, alleged financial misconduct and financial offences as defined in the MFMA and other financial crimes committed by officials, councillors and members of board of directors within municipalities and municipal entities must be dealt with in terms of the Municipal Misconduct Regulations.



The regulation prescribes to whom a person must report an allegation of financial misconduct.

A staff member or councillor or member of the public can report allegations of fraud or corruption anonymously as follows:

- If against accounting officer (MM), chief Financial officer (Director Financial Services) or senior manager¹ (Directors) the matter must be reported to Council, Provincial and National Treasury.
- If against any other official the matter must be reported to the acting Accounting Officer – bradleyj@beaufortwestmun.co.za or internal audit - roneln@beaufortwestmun.co.za or use the national fraud hotline - **0800 701 701**
- If against the Accounting Officer (MM) the matter must be reported to the Mayor – georquinad@beaufortwestmun.co.za
- The allegation *must* be submitted to the municipal council within seven days or at the next sitting of Council.

8. PROCESS OF INVESTIGATING ALLEGATIONS OF FINANCIAL MISCONDUCT

The process of investigating of any allegations of financial misconduct will be done in terms of the relevant legislative requirements and any other policy and or legislative requirement applicable to the Municipality.

9. FINANCIAL MISCONDUCT

Financial misconduct as defined in terms of sections 171 and 172 of the Municipal Financial Management Act, 2003 (Act 56 of 2003), refers to the actions of officials of municipalities and municipal entities and means the misappropriation, mismanagement, waste or theft of municipality funds. It includes instances where a senior manager or official deliberately or negligently fails to carry out a delegated duty, contravenes or fails to comply with a condition of a delegated duty and provides incorrect or misleading information to the mayor, council, Auditor General, National Treasury or an organ or to the public.

Depending on the circumstances and the nature of the incident, financial transgressions or misconduct can be serious or less serious. The seriousness will indicate the

¹ Section 56 of the Municipal Systems Act determines a Senior Manager as “a manager directly accountable to the municipal manager.”

consequence management steps to be followed. This may inter alia, includes any of the following or a combination thereof:

- A suspension; and/or
- Disciplinary hearing; or
- Internal sanction; and/or
- The recovery of financial losses incurred; and/or
- The institution of criminal proceedings.

Section 173 of the Municipal Financial Management Act, 2003 (Act 56 of 2003), indicates that any transgressions relating to fraud, theft and corruption are deemed to be financial offences and, in this case, it may warrant the institution of criminal proceedings.

Other than financial misconduct which is acts of employees, financial offences can be committed by councillor, employees and any other person.

10. FRAUD, THEFT AND CORRUPTION

The definitions of fraud, theft and corruption are contained in the municipality's Integrity management Framework.

11. PROTECTION OF WHISTLE-BLOWERS

The municipality will endeavour to create a culture of whistle blowing and will protect whistle blowers;

The municipal Integrity Management framework will provide for proper guidelines in order to protect whistle blowers.

The Municipality's whistle-blowing mechanism is included in the Integrity Management Framework to allow for the anonymous reporting of fraud and corruption.

12. CONFIDENTIALITY

The municipality will, during an investigation, protect the parties, their reputation and physical safety;

The municipality will keep all information relating to the reported activities and the investigation confidential and discussions on the matters will be restricted to the alleged offender and any witnesses and where applicable a representative of the offender.

13. MUNICIPAL REPORTING REQUIREMENTS AND PROCEDURES

Reports will be quarterly submitted to the Municipal Public Accounts Committee (MPAC) and Council.

In terms of the Municipal regulations on financial misconduct procedures and criminal proceedings, the Mayor or Accounting Officer shall table an allegation of financial misconduct before the council no later than 7 days after receipt thereof or at the next sitting of the council.

Speaker shall report on a monthly basis to Council on:

- How many misconduct issues were brought to the attention of Councillors and how these are being addressed;
- All actions being taken to address fraud and corruption.

Accounting Officer shall report on a monthly basis to Council on the overall operations of financial management and all reported instances of fraud and corruption, including actions that have been taken.

The Accounting Officer (or the council if the accounting officer is involved) shall report alleged financial offences to the South African Police Service.

When investigating a Councillor, the Speaker shall submit completed investigative reports to council and make it available to the public. In five days from submitting it to the council, the report shall also be submitted to the:

- MEC for finance in the province;
- MEC for local government in the province;
- Minister of Finance; and
- Minister responsible for local government

The information document on any alleged financial misconduct or offence shall within 5 days of finalizing investigation documents be reported to:

- The Executive Mayor.
- The MEC for local government in the province.
- The national department responsible for local government.
- The Western Cape Provincial Treasury, National Treasury and the
- Auditor General.

All suspensions, disciplinary and criminal proceedings for financial misconduct shall be reported in the Municipality's annual report.

14. HARASSMENT AND VICTIMISATION

The municipality will endeavour to create a supportive environment in the wc will not tolerate any harassment or victimisation;

Staff members who are harassed and/or victimised must follow the grievance as stipulated in the applicable SALGBC: Main collective agreement.

15. ANONYMOUS ALLEGATIONS

A staff member or councillor or member of the public can report allegations of fraud or corruption anonymously as follows:

- If against accounting officer (MM), chief Financial officer (Director Financial Services) or senior manager² (Directors) the matter must be reported to Council, Provincial and National Treasury.
- If against any other official the matter must be reported to the acting Accounting Officer – bradleyj@beaufortwestmun.co.za or internal audit - roneln@beaufortwestmun.co.za or use the national fraud hotline - **0800 701 701**
- If against the Accounting Officer (MM) the matter must be reported to the Mayor – georginad@beaufortwestmun.co.za

16. MONITORING AND EVALUATION

This policy shall be implemented and effective once accepted and approved by Council. The Accounting Officer shall carry out the monitoring and evaluation of the policy's implementation.

17. REVIEW AND APPROVAL

This Policy is called the Beaufort West Municipality's Consequence management policy.

Thereafter, the Council must review the policy at least annually or as the need arises.

All suggested amendments to the Policy must be adopted by council.

Acting Municipal Manager Approved:.....


Date: 11/12/2025.....