



TSWELOPELE

LOCAL MUNICIPALITY

A MUNICIPALITY IN PROGRESS

ANTI-FRAUD AND CORRUPTION PREVENTION POLICY; STRATEGY & PLAN

2026/2027

FINANCIAL YEAR

SECTION A: ANTI-FRAUD AND CORRUPTION PREVENTION POLICY

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SECTION A: ANTI-FRAUD AND CORRUPTION PREVENTION POLICY

1. INTRODUCTION

Fight against corruption is a national priority and Tswelopele Local Municipality positions itself to combat the scourge of fraud and corruption. Therefore, Tswelopele Local Municipality have designed this Fraud Prevention Plan to ensure compliance with Municipal Financial Management Act (MFMA) requirement(s), and to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control, MFMA Act No 56 of 2003 section 62(c) (i).

The Municipality commits to implementing anti-fraud and corruption governance practices that support Ethical Culture, Performance and Value Creation, Conformance and Prudent Control, and Legitimacy.

This plan demonstrates the stance of the municipality in preventing and detecting fraud and corrupt activities as well as corrective action when fraud has been committed. It is important that all officials understand and are aware of which acts are deemed to be corruption, fraud or maladministration, and take responsibility for combating these activities within the municipality. The Municipality adopts a zero-tolerance approach towards fraud and corruption and promotes ethical leadership, transparency, accountability and responsible corporate citizenship.

2. DEFINITION OF FRAUD

"Fraud and corruption" include, but is not limited to, the following legal terms:

(a) The legal definitions:

1. **Fraud** - it is defined as "the unlawful and intentional making of a misrepresentation which causes actual and or potential prejudice to another". The use of the term is in its widest possible meaning and is intended to include all aspects of economic crime and acts of dishonesty. In

other words, fraud can be described as any conduct or behavior of which a dishonest representation and / or appropriation forms an element.

2. **Theft** - it is defined as “unlawful and intentional misappropriation of another’s property or property which is in his/her lawful possession, with the intention to deprive the owner of its rights permanently”
3. Offences in respect of **corrupt activities** as defined in the Prevention and Combating of Corrupt Activities Act, 2004, i.e.:
 - The general offence of *corruption* which could be summarized as directly or indirectly accepting or agreeing to accept any gratification from another person; giving or agreeing to give any other person any gratification in order to influence that person directly or indirectly to exercise his powers, duties or legal obligations in a manner which is/amounts to:
 - Illegal, dishonest, unauthorized, incomplete, or biased;
 - Misuse or selling of information or material acquired;
 - Abuse of position of authority;
 - Breach of trust;
 - Violation of a legal duty or set of rules;
 - Designed to achieve an unjustified result; and
 - Any other unauthorized or improper inducement to do or not to do anything;
 - Conflicts of interests and other unacceptable conduct, e.g.: Acquisition of private interests in contract, agreement in or investment in public body; Unacceptable conduct relating to witnesses; and Intentional interference with, hindering or obstruction of investigation of offence;
 - Corrupt activities in relation to:
 - Public officials;
 - Foreign public officials;
 - Agents;
 - Judicial officers.

4 Fraudulent and corrupt acts may include:

- (i) **Systems issues**: where a process/system exists which is prone to abuse by
 - officials, the public or other stakeholders, e.g.:
 - Procurement fraud, e.g., irregular collusion in the awarding of tenders or orders for goods and/or services;
 - Deliberate non-compliance with delegation of authority limits;
 - Collusion in contracts management;
 - Revenue fraud;
 - Travel and subsistence fraud; and
 - Disclosing confidential or proprietary information to outside parties;

(ii) **Financial issues:** i.e., where individuals or companies have fraudulently obtained money from the Municipality, e.g.:

- Syndicate fraud, e.g., interception of warrant vouchers;
- Creditors fraud, e.g., diverting payments to incorrect creditors;
- Suppliers submitting invalid invoices or invoicing for work not done;
- Payroll fraud, e.g., creation of "ghost employees";
- Theft of funds; and
- Making a profit from insider knowledge;

(iii) **Equipment and resource issues:** i.e., where the Municipality's equipment is utilized for personal benefit or stolen, e.g.:

- Theft of assets, e.g., computers, face value forms, etc.;
- Personal use of resources, e.g., telephones, internet, e-mail; and
- Irregular destruction, removal, or abuse of records (including intellectual property);

(iv) **Other issues:** i.e., activities undertaken by officials of the Municipality, which may be against policies or fall below established ethical standards, e.g.:

- Soliciting gifts or favors from consultants or other suppliers, e.g., acceptance of "kick-backs";
- Pursuing private business interests without permission;
- Nepotism;
- Favoritism.

5 Governance outcomes: The governance outcomes contemplated in the King V Code Namely Ethical Culture, Performance and Value Creation, Conformance and Prudent Control, and Legitimacy.

6 Technology and Information Governance: Governance arrangements designed to support the achievement of strategic objectives through responsible and effective management of technology, cybersecurity, information and digital assets.

3. POLICY STATEMENT

The municipality's stance is "**Zero Tolerance to Fraud and Corruption**". All allegations will be investigated, and actions will be taken against perpetrators i.e., disciplinary steps, civil recovery of financial losses and criminal prosecution. The municipality may decide to publish its successes and name the perpetrators of fraud and corruption.

The municipality shall implement appropriate prevention and detection controls, which include the existing financial and other controls as prescribed in the systems, policies, procedures, rules, and regulations of the Municipality.

The Municipality recognizes fraud prevention and anti-corruption management as integral to responsible corporate citizenship and sustainable service delivery.

4. CODE OF CONDUCT

An official of the municipality must at all times—

- loyally execute the lawful policies of the municipality;
- perform the functions of office in good faith, diligently, honestly and in a transparent manner;
- act in the best interest of the municipality, in such a way that the credibility and integrity of the municipality are not compromised; and
- act impartially and treat all people, including other officials equally without favor or prejudice.

4.1 Commitment to serving the public interest

An official of the municipality is a public servant in a developmental local system, and must accordingly—

- Foster a culture 'of commitment to serving the public and a collective sense of responsibility for performance in terms of standards and 'targets;
- Promote and seek to implement the basic values and principles of public administration described in section 195 (1) of the Constitution
- Obtain copies of or information about the municipality's integrated development plan, and as far as possible within the ambit of the official's job description, seek to implement the objectives set out in the integrated development plan, and achieve the performance targets set for each performance indicator;
- Participate in the overall performance management system for the municipality, as well as the official's individual performance appraisal and reward system, in order to maximize the ability of the municipality as a whole to achieve its objectives and improve the quality of life of its residents.

- Officials shall conduct themselves in a manner that promotes accountability, ethical leadership, stakeholder confidence and protection of municipal resources.

4.2 Personal gain

An official of the municipality may not—

- Use the position or privileges or confidential information obtained as an official for private gain or to improperly benefit another person: or
- Take a decision on behalf of the municipality concerning a matter in which that official or that official's spouse or partner or business associate, has a direct *or* indirect personal or private business interest.
- Except with the prior consent of the council of a municipality an official of the municipality may not—
 - (a) be a party to a contract for—
 - (i) the provision of goods or services to the municipality; or
 - (ii) the performance of any work for the municipality otherwise than as a official;
- Obtain a financial interest in any business of the municipality; or
- Be engaged in any business, trade or profession other than the work of the municipality, unless permission is granted by the MM/Council.
- Officials shall annually declare financial interests, outside remunerative work and any actual or perceived conflicts of interest.

4.3 Disclosure of benefits

- An official of a municipality who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose in writing full particulars of the benefit to the Accounting Officer and to the Council within 24 hours after receiving any formal confirmation of such information.
- This item does not apply to a benefit which an official, a spouse, partner, business associate or close family member, has or acquires in common with all other residents of the municipality.

4.4 Unauthorized disclosure of information

- An official of a municipality may not without permission disclose any privileged or confidential information obtained as an official to an unauthorized person.
- For the purpose of this item “privileged or confidential information” includes any Information:
 - (a) Determined by the municipality’s council or any structure or functionary of the Municipality to be privileged or confidential;
 - (b) Discussed in closed session by the council or a committee of the council;
 - (c) Disclosure of which would violate a person’s right to privacy; or
 - (d) Declared to be privileged, confidential or secret in terms of any law.
 - (e) This item does not derogate from a person’s right of access to information in terms of national legislation.
- Officials shall ensure responsible use, protection and confidentiality of municipal information and comply with applicable information and data protection legislation.

4.5 Undue influence

An official of a municipality may not-

- (a) unduly influence or attempt to influence the council of the municipality, or a structure or functionary of the council with a view to obtaining any appointment, promotion, privilege, advantage or benefit, or for a family member, friend or associate;
- (b) mislead or attempt to mislead the council, or a structure or functionary of the council, in its consideration of any matter; or
- (c) be involved in a business venture with a councilor without the prior written consent of the council of the municipality.

4.6 Rewards, gifts and favors

An official of a municipality may not request, solicit or accept any reward, gift or favor for-

- (a) persuading the council of the municipality or any structure or functionary of the council, with regard to the exercise of any power or the performance of any duty;

- (b) making a representation to the council, or any structure or functionary of the council;
- (c) disclosing any privileged or confidential information: or
- (d) doing or not doing anything within that official's powers or duties

An official must without delay report to his/her Director or the Manager: Human Resources any offer which if accepted by the official would constitute a breach.

4.7 Council property

An official of the municipality may not use, take, acquire, or benefit from any property or asset owned, controlled or managed by the municipality to which that official has no right.

4.8 Payment of arrears

An official of the municipality may not be in arrears to the municipality for rates and service charges for a period longer than 3 months, and a municipality may deduct any outstanding amounts from an official's salary after this period.

4.9 Participation in elections

A staff member of a municipality may not participate in the election of the council of the municipality, other than in an official capacity or pursuant to any constitutional right.

4.10 Sexual harassment

An official of the municipality may not embark on any actions amounting to sexual harassment.

4.11 Reporting duty of officials

Whenever an official of the municipality has reasonable grounds for believing that there has been a breach of this plan or code of conduct, the official must without delay reports the matter to his/her director or Manager: Human Resources.

4.12 Breaches of code

Breaches of the code of conduct must be dealt with in terms of the Disciplinary Procedures and the Fraud and Corruption Policy of the municipality.

5. ROLES AND RESPONSIBILITIES

5.1 COUNCIL

- Understand fraud and corruption risks.
- Maintain oversight of the fraud risk management by ensuring that fraud risk has been considered as part of the municipality's risk management and strategic plans. This responsibility should be addressed under a periodic agenda item at council meetings when general risks to the municipality are considered.
- Review management's reports on fraud risks, policies, and control activities, which include obtaining assurance that the controls are effective. The council also should establish mechanisms to ensure it is receiving accurate and timely information from management, employees, internal and external auditors, and other stakeholders regarding potential fraud occurrences.
- Set the appropriate tone at the top through the Municipal manager's job description, hiring, evaluation, and succession-planning processes.
- Shall oversee governance outcomes and obtain assurance that fraud risk management contributes towards ethical culture, prudent control, performance and legitimacy.

5.2 MANAGEMENT

- Setting the tone at the top for the municipality. The Municipality's culture plays an important role in preventing, detecting, and deterring fraud.
- Reporting to the council on what actions have been taken to manage fraud risks and regularly reporting on the effectiveness of the fraud risk management program.
- Management is responsible for the prevention and detection of fraud and corruption and must report all incidents and allegations to the Accounting

Officer. The Accounting Officer will refer incidents to the Manager: HR who will initiate an investigation.

- Directors must ensure that risk assessments are conducted annually in their respective departments and that agreed risk management plans are implemented.
- Management is responsible to ensure the implementation of recommendations made by auditors and risk and compliance officer, which includes disciplinary actions, criminal and civil actions.
- In respect of all reported incidents of fraud and corruption, management is required to immediately review, and where possible, improve the effectiveness of the controls, which have been breached in order to prevent similar irregularities from taking place in future.
- Directors will ensure that all officials attend fraud & corruption related training as and when there is an opportunity and that information is communicated to all officials.
- Shall establish and maintain an ethical organisational culture and demonstrate visible commitment towards fraud prevention and anti-corruption practices.
- Fraud risk assessments shall include emerging risks arising from technological, economic, cyber, environmental and social developments.

5.3 ALL OFFICIALS

All officials at all levels should:

- Have a basic understanding of fraud and be aware of the red flags.
- Understand their roles within the internal control framework. Officials should understand how their job procedures are designed to manage fraud risks and when non-compliance may create an opportunity for fraud to occur or go undetected.
- Read and understand policies and procedures (e.g., the fraud policy, code of conduct, and whistleblower policy), as well as other operational policies and procedures, such as procurement manuals.

5.4 RISK MANAGEMENT

- Analyzing and monitoring fraud and corruption risk as part of the municipality's risk assessment;

- Obtaining a report of all incidents relating to fraud and corruption against officials from the Manager: HR and report to the Accounting Officer and the Audit, Performance and Risk Management committee.
- Develop the fraud and corruption policy and the fraud prevention plan which will be reviewed annually by the Audit, Performance and Risk Management committee to determine the extent to which the Municipality's fraud prevention is in line with related legislative requirements and guidelines and monitor effective implementation of the policy and the plan;
- Develop Fraud risk management processes that considers environmental, social and governance-related fraud exposures affecting municipal sustainability and reputation.
- The Audit, Performance and Risk Management committee must review the adequacy and effectiveness of fraud prevention plan and fraud & corruption policy and recommend for approval by the Accounting Officer and Council.

5.5 ROLE OF INTERNAL AUDIT

- Monitoring implementation of recommended control to minimize fraud and corruption;
- Evaluate the effectiveness of fraud and corruption control measures;
- Advise management on the integrity of information;
- Design additional steps in the audit programs to assist in detecting, addressing and preventing re-occurrence of similar incidents;
- Monitor implementation of recommended actions resulting from conclusions of fraud investigation;
- Highlight legislation, policies and procedures, that might have been violated as a result of the outcome of an investigation;
- Provide independent assurance on governance, ethics management, fraud prevention controls and information governance processes. and
- The Internal Audit shall report all identified or suspected fraud & corruption matters.

5.6 AUDIT; PERFORMANCE & RISK COMMITTEE

- The Audit; Performance & Risk Committee should be composed of independent members and should have at least one financial expert,

preferably with an accounting background. The committee should meet frequently enough, for long enough periods, and with sufficient preparation to adequately assess and respond to the risk of fraud, especially management fraud, because such fraud typically involves override of the Municipality's internal controls. It is important that the Audit; Performance & Risk Committee receive regular reports on the status of reported or alleged fraud.

- An Audit; Performance & Risk Committee of the municipality should maintain an active role in the oversight of the municipality's assessment of fraud risks and uses internal auditors, or other designated personnel, to monitor fraud risks.
- Audit; Performance & Risk Committee shall oversee implementation of a combined assurance model incorporating management, risk management, compliance, internal audit, external audit and forensic assurance providers.
- Audit; Performance & Risk Committee shall periodically evaluate its effectiveness and performance against its approved charter and governance responsibilities.
- Audit; Performance & Risk Committee also provide the external auditors with evidence that the committee is committed to fraud risk management and will discuss with the external auditor the auditors planned approach to fraud detection as part of the financial statement audit.
- The Audit; Performance & Risk Committee should not only focus on what the auditors are doing to detect fraud, but more importantly on what management is doing to prevent fraud, where possible.
- The Audit; Performance & Risk Committee should also seek the advice of legal counsel whenever dealing with issues of allegations of fraud. Fraud allegations should be taken seriously since there may be a legal obligation to investigate and/or report them.

SECTION B: ANTI-FRAUD AND CORRUPTION PREVENTION STRATEGY & PLAN

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1. RISK ASSESSMENT

a) Risk identification and assessment

In order to identify and address risks facing the Municipality, risk assessments will be conducted on annual basis. The risk identification and assessment process start when officials identify the risks in their inherent nature and the current controls to mitigate identified risks. After risks and existing or current controls are identified and weighed as per their perceived control effectiveness, future actions or treatment plans need to be well-documented to further mitigate the identified risks. Critical to risk identification and assessment is the implementation of future actions, because they are aimed at improving the current internal controls.

Therefore awareness /trainings will be scheduled for officials to ensure that they have a more detailed understanding of the fraud and corruption risks facing the municipality and the areas wherein these risks exist, by so doing the Municipality will be improving the possibilities of detecting irregularities earlier. The questionnaires on fraud and corruption will be developed and distributed to officials for purpose of assessing fraud and corruption matters that the Municipality may be faced with.

b) Fraud detection reviews

The Municipality will also consider performing specific detection reviews in areas which are at high risk of unethical conduct, fraud and corruption on a regular basis. This will include awareness programs and/or presentations to officials, including management to ensure that they have a more detailed understanding of the risks associated with these areas, thus also enhancing the prospect of detecting irregularities earlier. These include among others:

No.	Activity	Due Date
1	Procurement of goods and services under urgent/emergency circumstances, rotation of trading partners and vetting of thereof;	Monthly
2	Travel and subsistence and the overtime claims;	Monthly
3	Conflicts of interest and private work declarations;	Quarterly
4	Compliance to delegations of authority;	Annually
5	Payroll verifications;	Quarterly

6	Revenue verification of collections made on both individuals and businesses; and	Monthly
7	Internal controls to prevent abuse and misuse of Council resources e.g. vehicles of the Council.	Monthly

2. FRAUD AWARENESS

- The fraud & corruption policy and the fraud prevention plan will be communicated to all officials.
- Regular education and training on fraud and corruption will be scheduled for all officials.
- Fraud awareness initiatives shall include ethics management, cybersecurity awareness, conflict-of-interest management and responsible corporate conduct training.

3. FRAUD STRATEGY

3.1. BUILDING A FRAUD STRATEGY

The Municipality shall adopt an integrated fraud governance approach aligned to risk management, compliance, ethics management and internal control processes. Thus, it is very important to set tone on top by promoting zero tolerance fraud culture. Effective and ethical leadership sets an example. There are three elements of fraud triangle recognised to have potential contributing to fraudulent activities that may occur and affect the municipality. These elements are outlined as follows:

3.1.1 Pressure

The pressures that officials may be faced with to achieve personal goals or financial challenges cannot be ignored, thus pose a fraud risk to the municipality. The municipality therefore acknowledge these pressures and will put preventative measures to prohibit whatever pressures officials may encounter to result in fraudulent activities.

3.1.2 Opportunity

At times pressure forces officials to look for opportunities to commit fraudulent activities by identifying control weakness within the environment which the official operates. It is therefore crucial for management to strengthen controls once weaknesses are detected in the system. Misuse of power may also create an opportunity for senior officials to commit fraud. If one person is entrusted to perform certain duties without segregation of duties, it may create an opportunity to perpetrate fraud. Reliance on Internal Audit guidance for control management will be placed at all times to ensure a strengthened internal control environment.

3.1.3 Attitude/Rationalism

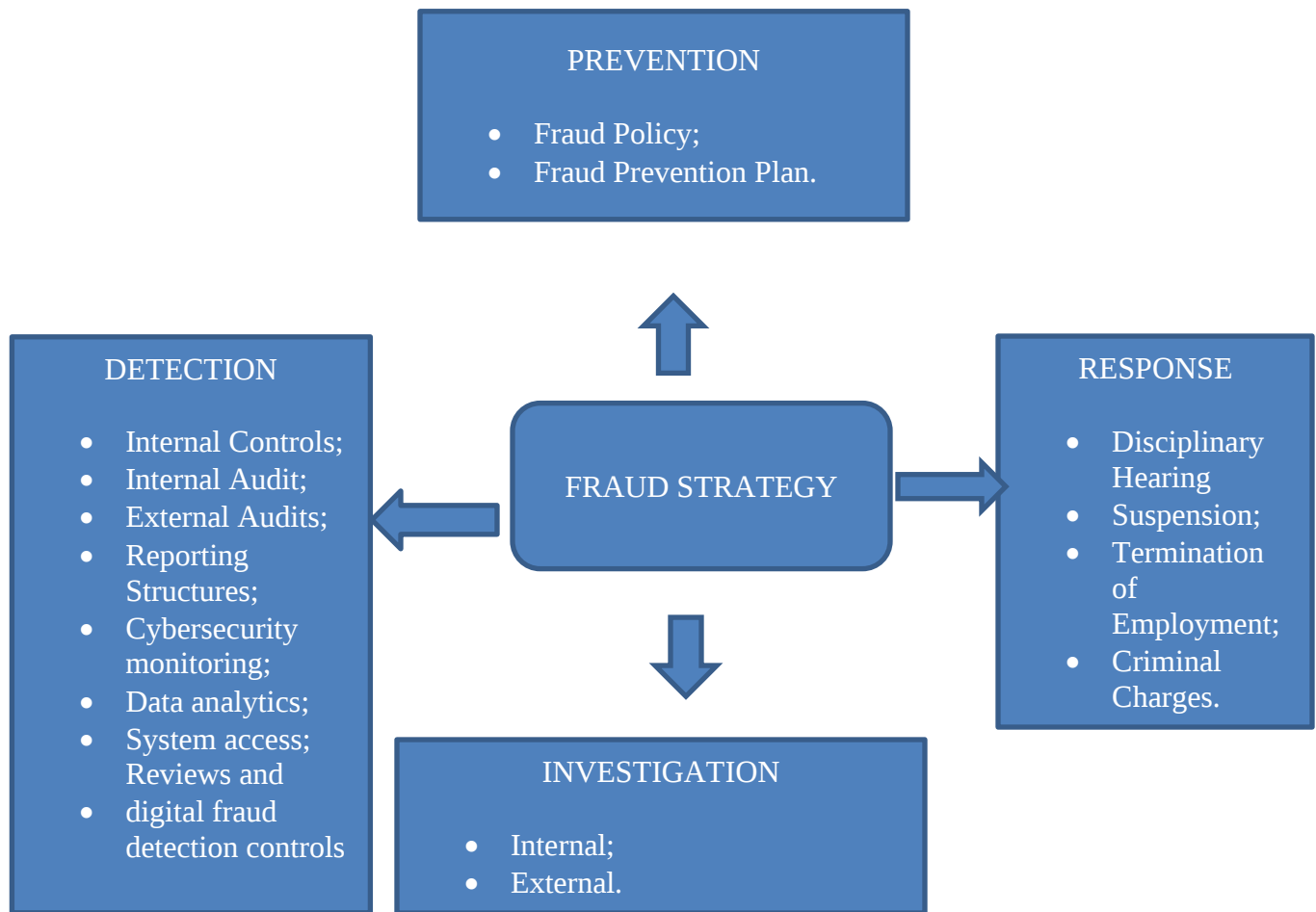
When an opportunity to commit fraud is created, the official will always find reasons as to why he/she should continue to defraud the municipality. The justification or rationalisation behind the act is the contributing factor to the actual deed.

As mentioned in 3.1.2 above, management should strengthen controls in order to minimise an opportunity for fraudulent occurrences. These can be achieved by segregation of duties or rotation of officials on regular basis. Effective procedures and checks will prevent or deter fraud occurrences.

Some officials might justify/rationalise that it is not wrong to steal from the municipality because it is known that their income is not sufficient household expenditure.

3.2 FRAUD COMPONENTS

Components of the fraud strategy include prevention, detection, investigation and response as depicted in the diagram below.



The Anti- fraud and Corruption Prevention strategy is the most important component in dealing with fraud and corruption.

3.3 DEALING WITH INCIDENTS OF FRAUD AND CORRUPTION

All alleged fraudulent activities reported will be dealt with as per the nature of the concern. All allegations will be screened and evaluated. Further it will be determined if the allegation needs to be investigated internally or externally with the following considerations:

- If an official is the perpetrator, necessary disciplinary action will be taken against him/her;
- Losses or damages as a result of the incident will be recovered from the guilty party, e.g. official, service provider, member of community, etc.;
- Incidents which need external investigations will be referred relevant law enforcement agency, e.g., SAPS

The Accounting Officer will upon receiving a report of fraud or corruption from external persons respond in writing to:

- Acknowledging that the concern has been received;
- Indicate how he proposes to deal with the matter and whether any inquiries have been undertaken;
- Give an indication as to how long he will give the final response;
- Inform them whether further investigation will take place, and if not, why not.

For additional guidance on the Reporting of Fraud and Corruption Incidences refer to the “Anti-Fraud and Corruption Prevention Policy”.

4. AFFIRMATION PROCESS

- Officials may be required to acknowledge that they have knowledge of the code of conduct, the fraud and corruption policy and other policies within the municipality.
- The affirmation process can be handled electronically or manually.
- Management will establish consequences for violation of any approved policies of the municipality by officials.

5. FOCUS ON OTHER STAKEHOLDERS

The Municipality shall engage stakeholders transparently and promote awareness regarding fraud prevention, ethical conduct and reporting obligations.

The Municipality has several other stakeholders with whom it interacts. These are indicated below:

- Trading partners, e.g. suppliers, contractors and consultants;
- Trade unions;
- COGTA;

- Provincial Treasury and the District Municipality;
- SALGA; and
- General public.

a) Trading partners

It is a common perception that officials face the greatest challenge to their integrity in the form of inducements to accept bribes from unethical suppliers, contractors and consultants. The following approach should be considered to deal with fraud and corruption in relation to the trading partners:

- Appropriate terms and conditions on invitations to propose for services
- relating to the standards of business ethics expected by municipality;
- Appropriate pre-award screening of credentials supplied by trading partners;
- Provisions for the compulsory declaration of actual and/or potential conflicts of interest by both the trading partners and officials dealing with these trading partners;
- Appropriate contract terms and conditions indicating the conduct expected by municipality representatives;
- Ongoing communication of these standards;
- Sound project management;
- Monitoring and evaluation for breaches;
- Taking sound action in the event of breaches such as:
- Penalties and/or recovery of losses; and
- Placing of appropriate prohibition on future contracts and cancellation of existing contracts by the trading partners.
- Service providers, contractors and consultants shall comply with the Municipality's ethical standards, anti-corruption requirements and conflict-of-interest declarations.

b) Trade Unions

The Municipality is committed to comply with the resolutions of recognition agreements with the trade unions. However, it is also expected of trade unions representatives to comply with the principles of this plan.

c) Department of Co-operative Governance and Traditional Affairs

The Municipality will work closely with the COGTA in implementing this Plan. Efforts will be made to ensure that aforesaid stakeholder; Provincial Treasury and the District Municipality are also made aware of the principles contained in the Plan and the conduct encouraged.

d) SALGA

SALGA is an organization mandated by the Constitution of the Republic of South Africa to assist in the transformation of local government in the country. SALGA plays a core role in areas related to local government transformation and as a national representative of the local government sector and its officials.

e) The general public

The general public should be made aware of the municipality's commitment to fraud and corruption prevention. The aforesaid commitment will encourage the general public through awareness programs, to report incidents of fraud and corruption affecting TLM.

6. CONFLICT OF INTEREST

The Municipality shall maintain a conflict-of-interest register and periodically review declarations submitted by officials, councilors and service providers. (**Declaration form**)

7. REWARDS, GIFTS AND FAVOURS

- Officials must not accept gifts, rewards and favors offered. They should further immediately sensitize relevant directors/MM/Council of such offers.
- All gifts; hospitality and sponsorships received must be disclosed before the official accept and recorded in the **Gift register** monitored for compliance with ethical governance requirements. Gift from service providers, suppliers and contractors must be disclosed.

8. FRAUD RISK ASSESSMENT

Fraud risk assessment will be conducted annually during enterprise risk assessments. When considering fraud risks, the municipality have the risk management policy and strategy guide fraud risk assessment process. All fraud risks will be included in the risk profile of the municipality. Below is a brief outline of the process to be followed:

8.1 When identifying fraud risks, the officials must establish areas which are most vulnerable to fraud. It may be useful to survey officials involved in operating the financial systems to establish all the risks or patterns of losses. Fraud risk assessments shall include cybersecurity, digital fraud, information manipulation and unauthorised access risks

8.2 After identification of fraud risks the assessment matrix is used to assess the inherent and residual level of risks as per risk management strategy and when the residual risk is above the municipality's tolerance level, the corrective action must be implemented.

8.3 Management will be required to give assertion during the evaluation of existing control adequacy to establish if further controls required to reduce residual risks levels. Directors will be responsible for implementation of such actions within a reasonable time period.

8.4 Monitoring of the controls is an integral part of fraud risk management. This could be achieved by either internal audit reviews of system controls, spot checks by supervisors/managers.

9. PREVENTION AND DETECTION CONTROL MECHANISMS

Below is the list of controls that the municipality must consider to prevent and deter fraud:

- Code of conduct and ethics
- Disciplinary code and procedures
- Performing background investigations
- Anti-fraud training and education
- Evaluate performance and compensation of all stakeholders
- Conduct exit interviews
- Authority limits (delegations)
- Segregation of duties and supervision
- Internal controls

- Surprise audits
- Data analysis
- Whistle blowing
- Identify hidden relationships among people, organizations, and events.
- Identify suspicious transactions.
- Assess the effectiveness of internal controls
- Implement data governance, cybersecurity and information protection controls to strengthen fraud prevention and detection.

10.ENFORCEMENT

This Plan alone cannot alone assist the Municipality to proactively deal with fraud and corruption activities, rather the enforcement of this plan by all stakeholders will make it a successful Plan.

Anti -Fraud and Corruption Prevention Policy and the Anti- Fraud & Corruption Strategy will assist in the actual implementation of this Plan.

11.REPORTING CHANNELS

The Municipality shall strengthen confidential and anonymous reporting mechanisms to encourage disclosure of unethical conduct without fear of victimization.

The reporting channels for unethical conduct, fraud and corruption impacting on the municipality are as follows:

- All non-anonymous allegations of unethical, fraud and corruption should be reported verbally/telephonically or in writing to relevant directors, or Manager: HR, or Accounting Officer;
-
- All anonymous tips and in cases where Accounting Officer or any member of political office is alleged, incidents can be reported by using the following:

Detail	Contact information
National Anti-corruption Hotline	0800 701 701
SAPS	0800 43 43 73
Directorate for Priority Crime Investigation (Hawks)	012 846 4590 Corruptionreports@saps.gov.za
Special Investigating Unit	0800 037 774

	Siu@whistleblowing.co.za
Public Protector	0800 11 20 40 registration2@pprotect.org
Department of Cooperative Governance	anti-corruption@cogta.gov.za

- The process that will follow thereafter is as per below point: 13 Investigation Process.
- The municipality should maintain incident register to keep record of all fraud and corruption incidents reported.

12.WHISTLEBLOWING POLICY

In instances of unethical conduct or fraud and corruption the Municipality will pursue zero tolerance approach where it shall ensure protection, confidentiality and non-retaliation measures for whistleblowers in accordance with applicable legislation and ethical governance principles. This is to encourage officials and other stakeholders to blow whistle of suspected fraud, corruption, or other improper practices. The Municipality advocates for whistle blowers to do so in good faith and not report incidents with malicious intentions. Such whistle blowers will be protected under the provisions of Protected Disclosures Act, 26 of 2000. An internal **anonymous Hotline** service will be considered by the municipality in the future to achieve the following benefits:

- To encourage officials to disclose any malpractice or misconduct of which they become aware of;
- To ensure that all allegations are thoroughly investigated and appropriate actions taken;
- To protect the whistle-blowers from adverse employment actions, harassments or other forms of discrimination, even if the allegations are proven to be incorrect or unsubstantiated;
- To take precaution measures necessary to preserve secrecy of the whistle-blower.

13.INVESTIGATION PROCESS

Investigations shall be conducted independently, objectively and in accordance with approved forensic investigation standards and governance requirements.

1. ASSIGNING INVESTIGATIONS

The Accounting Officer must approve investigations by writing an approval letter to investigate any case.

2. EXTERNAL ASSISTANCE FOR INVESTIGATIONS

Where expert advice is needed the municipality may appoint external service providers.

The following are the phases of an investigation process when a suspicion of fraud and corruption is reported:

a) Reporting

- All official and other stakeholders report allegations of fraud and corruption to relevant Directors, or the Manager: HR, and/or Accounting Officer.

Anonymously reporting can be made to the below.

Detail	Contact information
• National Anti-corruption Hotline	• 0800 701 701
• SAPS	• 0800 43 43 73
• Directorate for Priority Crime Investigation (Hawks)	• 012 846 4590 • Corruptionreports@saps.gov.za
• Special Investigating Unit	• 0800 037 774 • Siu@whistleblowing.co.za
• Public Protector	• 0800 11 20 40 • registration2@pprotect.org
• Department of Cooperative Governance	• anti-corruption@cogta.gov.za

b) Examination

The Manager: HR & Legal will examine merits of the reported incident to determine as to whether the matter will require investigation and advise the Accounting Officer accordingly. Should a matter not be referred for investigation, an examination report with findings and recommendations should be produced.

c) Investigation

The Accounting officer must approve any undertaking for investigations. The Manager: HR & Legal may perform preliminary investigations to determine if whether or not the matter should be subjected to a full investigation in consultation with the Accounting Officer. After all investigations, a report with findings and recommendations should be produced and incident register updated accordingly. The Accounting officer should ensure that all recommendations made are implemented.

d) Monitoring and Feedback

Follow up on cases will be done as and when the investigator see fit with consultation with the perpetrators. The internal audit will also review fraud risks and follow up on issues raised.

The Risk management and Audit; Performance & Risk Committee will also review fraud risks on quarterly basis.

14.CONTINUOUS MONITORING

Municipality shall continuously monitor fraud risks, governance controls, ethical culture indicators and corrective action implementation through combined assurance activities. If deficiencies are found, management must ensure that improvements and corrections are made. Management should institute a follow-up plan to verify that corrective or remedial actions have being implemented.

Municipality will ensure that a fraud and corruption system is developed for the following purposes:

- Maintain record of all allegations;
- Tracking progress on the status of the case;

- To facilitate the early identification of systemic weaknesses and recurring risks;
- Provide feedback to whistle blowers, management, The Audit, Performance and Risk Management committee on the status quo of allegations and investigations;
- The Accounting Officer must upon receipt of alleged fraud and corruption from an external person, write to the person making the report to acknowledge receipt.

15. CORRECTIVE ACTION

All incident/ cases will be regarded as fraud red flags and management will be responsible to take further actions to strengthen/improve weak controls in this regard.

Corrective actions arising from fraud incidents shall support continuous improvement of governance, risk management, ethics management and internal controls.

16. REVIEW OF THE PLAN

This Plan shall be reviewed annually against legislative requirements and governance best practices appropriate changes made should these be required.

Developed by:

MI THIBAKHOANA
RISK AND COMPLIANCE OFFICER

DATE

Reviewed by:

L PITSO
MANAGER: INTERNAL AUDIT AND RISK

DATE

Recommended by:

T MANELE
ACTING MUNICIPAL MANAGER

DATE

Approved by APRC Committee:

CHAIRPERSON: APR COMMITTEE

DATE