



# MATJHABENG LOCAL MUNICIPALITY



## ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY 2017/18



## FOREWORD

This anti-fraud and anti-corruption strategy has been developed for the Municipality in order to give effect to the expressed commitment of government to fight fraud and corruption in the Public Service. In accordance of the National Anti-Corruption Summit, this strategy represents a further step towards Government's contribution towards establishing a National Anti-Corruption Strategy for the country.

*The initiative to promote good governance and accountability is premised on the principle that serving the public is fundamentally a privilege.*

*This means that the discipline and integrity required of those who serve the public as elected representatives or appointed administrators, is higher than that expected of other sectors in our society. The obligations of public office need honest and ingenuous accounting, but also require a commitment to democratic process. We who are entrusted with this privilege should possess a strong sense of responsibility to act with efficiency and competence, and to discipline personal desires to the standards of law and democratic expectation. We have a duty to frame judgments within the context of our constitutional values, yet shape them in response to legitimate public demands. We have a further obligation to seek outcomes that are respectful of the public, within the demands of the law, particularly since we are trustees of the public good in an environment dominated by private interests.*

*As custodians of public institutions, we should attend to the long-term legitimacy of these institutions a legitimacy that is prone to erosion with every report of corruption or perception thereof.*

*Transparency reflects whether or not stakeholders obtain a true picture of what is happening inside the organisation.*



## INDEX

	Page
<b>1. INTRODUCTION</b>	4
1.1 Purpose and components of the strategy	5
1.2 What entails fraud prevention	6
1.3 Why is fraud prevention important	6
<b>2. Building the fraud prevention plan</b>	7
2.1 Objective	7
2.2 Building process	7
2.2.1 Anti-Fraud and Corruption policy	8
2.2.2 Promotion of a code of conduct	8
2.2.3 Information sessions about Corporate Governance	8
2.2.4 Strengthening of MLM disciplinary processes	9
2.2.5 Review of the Loss Control Committee's scope and function	9
2.2.6 Promoting fraud hotline within the MLM	9 - 10
2.2.7 Introducing employee screening before appointment	10
<b>3. Relationship between risk and fraud management</b>	10
<b>Annexures</b>	
1 Code of Conduct for Municipal Staff Members	11-15
2 Anti-Fraud and Corruption Policy	16-22



## **1. INTRODUCTION**

The anti-corruption strategy of Matjhabeng Local Municipality (MLM) is based on the vision and mission of the municipality taking into account the 2025 growth development strategy and the Integrated Development Plan.

### **Vision:**

To be a benchmark developmental municipality in service delivery excellence.

### **Mission:**

To be a united, non-racial, non-sexist, transparent, responsive municipality to provide municipal services in an economic, efficient and effective way; to promote a self-reliant community through the promotion of a culture of entrepreneurship; to create a conducive environment for growth and development; to promote co-operative governance, and; to promote a dynamic community participation and value adding partnership.

The municipality in its Growth and Development strategy highlight important issue of good governance principles which are the pillars of our fraud strategy and is quoted as:

### **“GOOD GOVERNANCE PRINCIPLES**

The MLM will adhere to the following general principles pertaining to good governance:

- Sound political and management leadership is required to steer the MLM towards fulfilling its vision, mission and the desired GDS and IDP outcomes;
- Better service delivery through the principles of Batho Pele will underpin all activities of the MLM;
- Corporate discipline is a commitment by the MLM's senior management to adhere to behaviour that is universally recognised and accepted to be correct and proper;
- Transparency is the ease with which an outsider is able to make meaningful analyses of the MLM's actions, its economic fundamentals and the nonfinancial aspects pertinent to the organisation. It reflects whether or not stakeholders obtain a true picture of what is happening within the organisation:



- Independence is the extent to which mechanisms have been put in place to minimise or avoid potential conflicts of interest that may exist;
- Individuals or groups in the MLM, who make decisions and take actions on specific issues, need to be accountable for their decisions and actions. Mechanisms must exist and be effective to allow for accountability;
- With regard to management, responsibility pertains to behaviour that allows for corrective action and for penalising mismanagement;
- The systems that exist within the MLM must exhibit fairness and take into account all those that have an interest in Matjhabeng and its future. The rights of various groups have to be acknowledged, respected and balanced against each other.”

### **1.1 Purpose and components of the strategy:**

The purpose of this strategic document is:

- To adopt a plan, based on the legislation and policy;
- To set up the base of information in order that deviations can be monitored and
- detected;
- To reduce deviations and implement legal recourse where needed and improve controls as a response;
- To incorporate fraud prevention as part of the management practice.

The components of the municipality’s fraud strategy consist of the following:

- Prevention
- Detection
- Investigation, and
- Response.

The prevention of fraud is the most important component of MLM strategy in dealing with fraud.



## **1.2 What entails fraud prevention?**

Fraud prevention can be seen as the cumulative effect of both preventative and detection systems incorporated by management. Detection of fraud can only lead to the prevention thereof if the response thereto acts as a deterrent.

It is suggested that if a company wants to implement a truly effective fraud prevention strategy, they have to start at the top which will, thereafter permeate downward.

## **1.3 Why is fraud prevention important?**

Your duty in terms of legislation.

The National Government launched an anticorruption strategy as far back as 1997. This was further enhanced by the incorporation of anti-corruption legislation incorporated in for example, Local Government Municipal Structures Act, Municipal Systems Act and the Municipal Finance Management Act.

The principles of good corporate governance as dictated by the King II Report also necessitate the establishment of a Fraud Prevention Plan.

Deciding on an appropriate strategy to address fraud, management has considered the following:

### **Opportunity**

Lack of internal controls, poor control environment, lack of proper segregation of duties, etc, are all examples of opportunities in the work environment, which increase the likelihood of fraud.

Opportunity to commit fraud within the Matjhabeng Local Municipality (MLM) is under the control of management. The implementation of effective and efficient internal controls (both detection and prevention controls) is one of the mechanisms available to management.

Occurrence of fraud within the MLM should initiate a redesign, or if appropriate a reengineering of related internal controls.



### **Incentive/Pressure**

Incentive/pressure is to a large extent unresponsive to management intervention. Management can however through increased focus on the control environment and internal controls increase the incentive/pressure threshold. The incentive/pressure threshold can be defined as the quantified cut-off before a person will commit fraud. Although each individual will have a different threshold, management can raise the average threshold of an entity by his or her attitude and response towards the occurrence of fraud.

### **Attitude**

Attitude is to a lesser extent under the control of management. Incorporating a zero-tolerance attitude and culture within the MLM will act as a powerful deterrent for fraud. A work culture embracing and rewarding dishonesty can be a fertile breeding ground for fraudulent activities.

Leading by example will be one of the tools used by management to create such a culture of **ZERO-TOLERANCE** toward fraud.

## **2. Building the Fraud Prevention Plan**

### **2.1 Objectives**

To present a detailed step by step action plan to implement the Fraud Prevention Plan and assign responsibilities.

### **2.2 Building process**

Implementation of the fraud strategy can only be effected through a series of interrelated steps. Some of the steps listed below may need annual revision.

The implementation steps are:

- Development of Anti-Fraud and Corruption Policy (attached as annexure B);
- Development of Code of Conduct (attached as annexure A);
  - Set up of register of Declaration of gifts, interests etc (this must be ongoing)
  - Set up register for permission to conduct other business (Systems Act)
  - Set up a register of third party transactions (MFMA requirement)



- Register of non-payment of municipal accounts
- Information session about Corporate Governance;
- Strengthening of MLM disciplinary processes;
- Review of the Loss Control Committee's scope and function;
- Promoting hotline within the MLM;
- Introducing employee screening before appointment;
- Defining the Municipal Public Accounts Committee's role.

### **2.2.1 Anti-Fraud and Corruption Policy**

Communication of management's attitude towards fraud is of paramount importance in the fight against corruption and fraud. Deciding on a statement representing management's attitude and promoting such a statement to its stakeholders is of paramount importance.

### **2.2.2 Promotion of a Code of Conduct**

The purpose of a code of conduct as set out in schedule 2 of the Municipal Structures Act is to guide employees in their day-to-day activities. It is further adopted by the MLM by including it as part of its fraud strategic document.

The Human Resource Management and Skills Development is responsible for the promotion of this code by developing and presenting short courses to all employees.

### **2.2.3 Information session about Corporate Governance**

The Report of the Committee on the Financial Aspects of Corporate Governance (the Cadbury report) defined corporate governance as "the system by which organizations are directed and controlled". It identified the three fundamental principles of corporate governance as:

- Openness;
- Integrity; and
- Accountability.





These principles are as relevant to all public sector entities as they are to private sector entities. They apply equally to all public sector entities, irrespective of whether governing bodies are elected or appointed, and whether or not they comprise a group of people or an individual. Therefore, management needs to be aware of these principles and inculcate them to their subordinates.

#### **2.2.4 Strengthening of MLM disciplinary processes**

The MLM disciplinary processes are a key link in the accountability cycle as promoted by the MFMA. It is also the tool used by the Municipal Manager as the Accounting Officer to act on officials contravening policies and regulations or any other relevant legislation.

Consistent and swift reaction to all corruption/fraud cases should form the basis of municipality's disciplinary actions.

#### **2.2.5 Review of the Loss Control Committee's scope and function**

In an effort to create a culture of zero-tolerance within the municipality, management must lead by example. The appointment of top management to a Loss Control Committee should be seen as the first step in creating such a culture.

The Committee's function should include among other things, the implementation and coordination of the Fraud Prevention Plan.

#### **2.2.6 Promoting fraud hotline within the MLM**

One of the resolutions taken at the National Anti-Corruption Summit held on 14-15 April 1999 was the development, encouragement and implementation of whistle blowing mechanisms.

The Internal Audit department must be responsible for the management and promotion of the available whistle blowing channels within the MLM.

Since one of the possible detection mechanisms available to identify cases of fraud is whistle blowing, it is important to inform such officials of their rights as protected by the Protected Disclosure Act No 26 of 2000.



Since one of the possible detection mechanisms available to identify cases of fraud is whistle blowing from within the MLM, it is important to inform such officials of their rights as protected by the Protected Disclosure Act.

Mechanisms to report acts of corruption, misadministration and misconduct within the MLM should be implemented to assist officials with the reporting of such acts.

### **2.2.7 Introducing employee screening before appointment**

The requirement of a security clearance certificate within the MLM should be applied to all positions up to supervisory level (level 7) and all contract positions including section 57 within MLM. This should be seen as an important preventative control.

Research on the prevalence of fraud within organizations shows employees as the single biggest contributor. Prospective employees with a history of corruption can be eliminated from the process thus decreasing the realization of the attitude/rationalization variable of the fraud triangle considerably.

## **3. Relationship between risk and fraud management**

The risk of fraud is seen as a subcomponent of risk within an entity. As such risk management activities will include the estimation of the likelihood of the occurrence of fraud.

Risk evaluation within the MLM is done using a business process approach. This entails in short, the identification of critical business processes, identification of risks associated within each process and the development of effective, efficient and transparent controls to reduce exposure to identified risks.

Each critical process identified during the business process approach should be evaluated for its susceptibility to fraud. The end result will be a fraud risk map for MLM processes and this will inform management of potential problem areas and to direct management's attention and effort in the management of risk and thus improve controls.



## **ANNEXURE “1”**

### **CODE OF CONDUCT**

#### **FOR MUNICIPAL STAFF MEMBERS**

The code of conduct for municipal staff members is contained in the Municipal Systems Act 32 of 2000 under schedule 2 and is copied here under. This copy does not replace the schedule 2 of the said act.

#### **1. Definition**

In this schedule 'partner' means a person who permanently lives with another person in a manner as if married.

#### **2. General conduct**

A staff member of a municipality must at all times

- a) Loyally execute the lawful policies of the municipal council;
- (b) Perform the functions of office in good faith, diligently, honestly and in a transparent manner;
- (c) Act in such a way that the spirit, purport and objects of section 50 are promoted;
- (d) Act in the best interest of the municipality and in such a way that the credibility and integrity of the municipality are not compromised; and
- (e) Act impartially and treat all people, including other staff members, equally without favour or prejudice.

#### **3. Commitment to serving the public interest**

A staff member of a municipality is a public servant in a developmental local system, and must accordingly:

- (a) Implement the provisions of section 50 (2);
- (b) Foster a culture of commitment to serving the public and a collective sense of responsibility for performance in terms of standards and targets;



- (c) Promote and seek to implement the basic values and principles of public administration described in section 195 (1) of the Constitution;
- (d) Obtain copies of or information about the municipality's integrated development plan, and as far as possible within the ambit of the staff members job description, seek to implement the objectives set out in the integrated development plan, and achieve the performance targets set for each performance indicator;
- (e) Participate in the overall performance management system for the municipality, as well as the staff member's individual performance appraisal and reward system, if such exists, 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.

#### **4. Personal gain**

(1) A staff member of a municipality may not -

- a) Use the position or privileges of a staff member, or confidential information obtained as a staff member, for private gain or to improperly benefit another person; or
- (b) Take a decision on behalf of the municipality concerning a matter in which that staff member or that staff member's spouse, partner or business associate, has a direct or indirect personal or private business interest.

(2) Except with the prior consent of the council of a municipality a staff member 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 staff member,
- (b) Obtain a financial interest in any business of the municipality; or
- (c) Be engaged in any business, trade or profession other than the work of the municipality.



## **5. Disclosure of benefits**

(1) A staff member 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 council.

(2) This item does not apply to a benefit which a staff member, or a spouse, partner, business associate or close family member, has or acquires in common with all other residents of the municipality.

## **6. Unauthorized disclosure of information**

(1) A staff member of a municipality may not without permission disclose any privileged or confidential information obtained as a staff member of the municipality to an unauthorized person.

(2) For the purpose of this item 'privileged or confidential information' includes any

Information -

- a) Determined by the municipal 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.

(3) This item does not derogate from a person's right of access to information in terms of national legislation.

## **7. Undue influence**

A staff member of a municipality may not –

- (a) Unduly influence or attempt to influence the council of the municipality, or a structure or functionary of council, or a councillor, 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 councillor without the prior written consent of the council of the municipality.

#### **8. Rewards, gifts and favours**

(1) A staff member of a municipality may not request, solicit or accept any reward, gift or favour 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 staff member's powers or duties.

(2) A staff member must without delay report to a superior official or to the speaker of the council any offer which, if accepted by the staff member, would constitute a breach of sub item (1).

#### **9. Council property**

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

#### **10. Payment of arrears**

A staff member of a 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 a staff member's salary after this period.

#### **11. Participation in elections**

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



## **12. Sexual harassment**

A staff member of a municipality may not embark on any action amounting to sexual harassment.

## **13. Reporting duty of staff members**

Whenever a staff member of a municipality has reasonable grounds for believing that there has been a breach of this Code, the staff member must without delay report the matter to a superior officer or to the speaker of the council.

## **14. Breaches of Code**

Breaches of this Code must be dealt with in terms of the disciplinary procedures of the municipality envisaged in section 67 (1) (h) of the Municipal Systems Act 32 of 2000.

### **14A Disciplinary steps**

(1) A breach of this Code is a ground for dismissal or other disciplinary steps against a staff member who has been found guilty of such a breach.

(2) Such other disciplinary steps may include:

- a) Suspension without pay for no longer than three months;
- (b) Demotion;
- (c) Transfer to another post;
- (d) Reduction in salary, allowances or other benefits; or
- (e) An appropriate fine.

[Item 14A added by s. 29 of Act 44 of 2003.]



## **ANNEXURE “2”**

### **ANTI-FRAUD AND ANTI-CORRUPTION POLICY**

#### **OF**

### **MATJHABENG LOCAL MUNICIPALITY**

#### **1. BACKGROUND**

1.1 The objective of this policy is to develop and foster a climate within Matjhabeng Municipality where all employees strive for the ultimate eradication of fraud, corruption, theft and maladministration by means of the application of the full spectrum of both proactive measures at their disposal.

1.2 This policy also sets down the stance of the Municipality to fraud as well as reinforcing existing regulations aimed at preventing, reacting to, and reducing the impact of fraud, corruption, theft and maladministration where these dishonest acts subsist.

1.3 The stance of the Municipality is:

- **FRAUD AND CORRUPTION WILL NOT BE TOLERATED ZERO TOLERANCE;**
- **ALL INCIDENTS MUST BE INVESTIGATED AND FOLLOWED UP BY THE APPLICATION OF ALL REMEDIES AVAILABLE WITHIN THE FULL EXTENT OF THE LAW;**
- **ALL INCIDENTS OF FRAUD AND CORRUPTION MUST BE REPORTED TO THE SAPS FOR CRIMINAL PROSECUTION; AND**
- **LOSSES OR DAMAGES SUFFERED MUST BE RECOVERED FROM SUCH AN EMPLOYEE/COUNCILLOR IF SHE/HE IS LIABLE IN LAW.**

#### **2. SCOPE OF THE POLICY**

2.1 This policy applies to all fraud, corruption, theft and maladministration or suspected irregularities of this nature involving the following persons or entities:

- a) All employees of the municipality;
- b) Consultants, suppliers, contractors and other providers of goods or service to the municipality;





c) Communities and other parties receiving benefits from the municipality; and

d) Employees of our clients/stakeholders.

### **3. POLICY**

3.1 It is the policy of the municipality that fraud, corruption, theft and maladministration or any other dishonest activities of a similar nature will not be tolerated. In addition, these will be investigated and followed up by the application of all remedies available within the full extent of the law.

3.2 Appropriate prevention and detection controls will be applied. These include the existing controls and checking mechanisms as prescribed in existing policies, procedures and other relevant prescripts to the activities of the municipality, and systems of internal control.

3.3 It is the responsibility of every employee of the municipality to report all incidents of fraud, corruption, theft, maladministration or any other dishonest activities of a similar nature to his/her Supervisor/Manager. If the employee is not comfortable reporting such matters to his/her Supervisor/Manager, he/she should report the matter to his/her Supervisor/Manager's superior, with final recourse to the Municipal Manager or the Executive Mayor. Employees may also report incidents by using the anti-fraud and anti-corruption hotline reporting facility, if they wish to remain anonymous or for any other reason.

3.4 All heads of departments are responsible for the detection, prevention and the initiation of the investigation of fraud, corruption, theft, maladministration or any dishonest activities of a similar nature, within their areas of responsibility.

3.5 The Municipality must immediately take appropriate legal recourse to recover losses or damages arising from fraud, corruption, theft or maladministration.

3.6 Internal audit, loss control and risk management must be involved with the implementation of programmes by:

3.6.1 Conducting of risk assessments / process analysis prior to the initiation of the project in order to identify areas of actual and potential loss, the design and implementation of internal controls to prevent such losses; and



3.6.2 The monitoring of compliance to these internal controls during program implementation.

#### **4. ACTIONS CONSTITUTING FRAUD, CORRUPTION, THEFT AND MALADMINISTRATION**

4.1 The term fraud, corruption, theft and maladministration refer to, but are not limited to:

- a) Any dishonest, fraudulent or corrupt act;
- b) Theft of funds, supplies, or other assets;
- c) Maladministration or financial misconduct in handling or reporting of money or financial transactions;
- d) Making a profit from insider knowledge;
- e) Disclosing confidential or proprietary information to outside parties;
- f) Irregularly accepting or requesting anything of a material value from contractors, suppliers, or other persons providing services/goods to the Municipality and/or its programmes and/or clients;
- g) Irregularly offering or giving anything of a material value to contractors, suppliers, or other persons providing services/goods to the Municipality;
- h) Destruction, removal, or abuse of records, furniture, motor vehicles, equipment or any other assets of the Municipality;
- i) Deliberately omitting to report or act upon reports of any such irregular or dishonest conduct;
- j) Acts of misconduct contemplated in terms of schedule 2 (code of conduct for municipal staff members) of the Local Government Municipal Systems Act 2000;
- k) Incidents of unauthorized, irregular (expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation) or fruitless and wasteful expenditure (expenditure that was made in vain and that would have been avoided had reasonable care been exercised) as defined in the Municipal Finance Management Act. No.56 of 2003; and
- l) Any similar or related irregularities.



## 5. RESPONSIBILITY TO CONDUCT INVESTIGATIONS

The responsibility to initiate investigations relating to the actions listed in this policy resides with the **Head of the Department** within the municipality by reporting it to the **Municipal Manager** and the **Head of Internal Audit**. It is the responsibility of the **Head of Internal Audit** to investigate and report the outcome to the Municipal Manager and the relevant head of the department. Furthermore the **Head of Internal Audit** must assist the Municipal Manager in reporting all cases of fraud as required by the Municipal Finance Management Act.

## 6. CONFIDENTIALITY

6.1 All information relating to irregularities that is received and investigated will be treated confidentially. The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any other person(s) other than those who have a legitimate right to such information. This is important in order to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct.

6.2 No person is authorized to supply any information with regard to the issues covered within this policy to any external person or the media without the express permission of the Municipal Manager.

## 7. REPORTING PROCEDURES AND RESOLUTION OF REPORTED INCIDENTS

7.1 It is the responsibility of every employee of the municipality to report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to his/her Supervisor/Manager. If the employee is not comfortable reporting such matters to his/her Supervisor/Manager, he/she should report the matter to his/her Supervisor/Manager's superior, with final recourse to the Municipal Manager.

Employees may also report incidents by using the anti-fraud and anti-corruption hotline reporting facility, if they wish to remain anonymous or for any other reason.

7.2 It is the responsibility of the Managers to report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to the Municipal Manager and the **Head of Internal Audit**. If the manager is not comfortable reporting such



matters as indicated above, he/she should report the matter to the Executive Mayor. This reporting must take place as follows:

- a) Telephonically immediately after discovery of such an incident;
- b) This telephonic report must be followed by a detailed written report to be submitted within 24 hours of the discovery of such an incident.

7.3 It is the responsibility of the Municipal Manager in conjunction with the relevant Departmental Head and the **Head of Internal Audit** to ensure that the required investigations are conducted. The Municipal Manager may obtain relevant support in terms of skills, manpower etc. from:

- 7.3.1 Internal Audit;
- 7.3.2 Public Safety;
- 7.3.3 Corporate and Legal;
- 7.3.4 Human Resources; and
- 7.3.5 Risk Management.
- 7.3.6 External Service Providers.

7.4 The **Head of Internal Audit** is responsible for recording all reported incidents on a database to ensure that the information is available for measurement and reporting purposes.

7.5 The **Head of Internal Audit** will submit reports in terms of incidents investigated to the Audit Committee.

7.6 If sufficient information is available to substantiate that a criminal offence has been committed, the Municipal Manager or his/her nominee must report the matter to the South African Police Services as soon as possible.

7.7 Where an employee is alleged to have committed an act of fraud, corruption, theft, or maladministration the Municipal Manager must institute disciplinary proceedings, in terms of the disciplinary code agreement of the municipality.



7.8 Managers are also required to ensure that losses or damages suffered by the Municipality as a result of an act committed or omitted by an employee must be recovered from such an employee if he/she is liable in law. The Municipal Manager must determine the amount of the loss or damage and, in writing request that employee to pay the amount within 30 days or in reasonable instalments. If the employee fails to comply with the request, the matter must be handed to the Chief Financial Officer for the recovery of the loss or damage.

7.9 The responsibilities and accountabilities in terms of the Fraud Prevention Strategy must be incorporated as a key performance area in the performance management contracts of the relevant employees and stakeholders.

## **8. PROTECTION OF WHISTLE BLOWERS**

8.1 The Protected Disclosures Act, 26 of 2000 makes provision for the protection of employees who makes a disclosure that is protected in terms of the Act.

8.2 Any disclosure made in good faith and substantially in accordance with any procedure prescribed by the employee's employer for reporting is considered a protected disclosure under this Act. An employee making such a protected disclosure is protected from being subjected to an occupational detriment on account of having made a protected disclosure.

8.3 An employee who suspects or reports suspected dishonest activity or such activity which he/she has witnessed should be afforded the opportunity to remain anonymous should he/she so require.

8.4 Allegations made by employees, who are false and made with malicious intentions, should be discouraged by Managers. Where such malicious or false allegations are discovered, the person who made the allegations must be subjected to the municipality's disciplinary action. Such disclosures are not protected by the Protected Disclosures Act.

8.5 Issues not relevant to fraud and corruption need to be reported by means of the normal reporting lines and relevant grievance procedures. These should not be reported through the hotline facility.



## 9. APPLICATION OF PREVENTION CONTROLS AND DETECTION MECHANISMS

9.1 In all instances where incidents of fraud, corruption, theft, maladministration and other similar irregularities of this nature take place, all Managers are required to immediately review the controls which have been breached in order to prevent similar irregularities from taking place in future, within a period of 48 hours after the occurrence of the initial incident. The Internal Audit may be contacted for assistance in this regard.

## 10. TRAINING, EDUCATION AND AWARENESS

10.1 It is the responsibility of Heads of Departments to ensure that all employees receive appropriate training and education with regard to this policy.

10.2 The Departmental Head must maintain a register signed by all employees under his/her responsibility signifying that they have read and understand the policy.

## 11. ADMINISTRATION

11.1 The custodian of this policy is the Municipal Manager through the **Head of Internal Audit** who is supported in its implementation by all Managers, Audit Committee and Risk Management Committee.

11.2 Top Management is responsible for the administration, revision, interpretation, and application of this policy. It will be reviewed annually, and revised as required.

## 12. ADOPTION OF THE POLICY

Adopted by:

\_\_\_\_\_  
Municipal Manager (Mr E. T. Tsoaeli)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Executive Mayor (Cllr Nkonsinjani Speelman)

\_\_\_\_\_  
Date