

IDP1 of 2019**TO REQUEST THE CONSIDERATION OF REVIEWED ANTI-FRAUD AND ANTI-CORRUPTION POLICY FOR THE YEAR 2018/19 (EDSSS)****PURPOSE**

To present to Section 80 Portfolio Committee the Anti-Fraud and Anti-Corruption Policy for the year 2018/19 for consideration.

BACKGROUND

Department of Public Service and Administration requires every municipality to have Anti-Fraud and Anti-Corruption Policy.

The objective of this policy is to:

- To develop an anti-fraud and corruption free culture amongst staff and residents of Matjhabeng Local Municipality.
- To activate policies and systems which minimize fraud and corruption or any other dishonest activities of a similar nature.
- To ensure that Matjhabeng Municipality management is aware of its responsibilities for identifying exposures to fraudulent and corrupt activities or any other dishonest activities of a similar nature and for establishing controls and procedures for preventing such fraudulent and or corrupt activity and/or detecting such fraudulent and corrupt activity when it occurs;
- To provide guidance to employees and members of the public as to what action should be taken where they suspect any fraudulent and or corrupt activity;
- To provide a clear statement to staff or any other persons having a business with Matjhabeng Municipality, forbidding any illegal activity;
- To provide clear guidance as to responsibilities for detecting and reporting investigations into fraudulent and or corrupt activities;
- To provide assurances that any reasonable suspicion of fraudulent and or corrupt activity will be fully investigated;
- Provide for a swift investigation of fraudulent and corrupt activities;
- To provide adequate protection and guidance as to appropriate action to employees in circumstances where they are victimised as a consequence of reporting, or being a witness to, fraudulent and/or corrupt activities;
- To provide a suitable environment for employees to report matters that they suspect may concern corrupt conduct, criminal conduct, criminal involvement or serious improper conduct.

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.

After review, the only changes in the previous policy will be the dates.

***** See attached Anti-Fraud and Anti-Corruption Policy to be approved on Page 1 to Page 10 of the Annexures.**

LEGAL IMPLICATIONS

The Promotion of Access to Information Act (No 2 of 2000),
The Protected Disclosures Act (PDA) (No 26 of 2000),
The Promotion of Administrative Justice Act (No 3 of 2000),
The Prevention and Combating of Corrupt Activities Act (No 12 of 2004),
The Public Finance Management ACT (PFMA) (No 1 of 1999),
Municipal Finance Act (MFMA) (No 56 of 2003),
Prevention of Organized Crime Act (POCA) (No 121 of 1998).

FINANCIAL IMPLICATIONS

None

RECOMMENDATION

1. That Section 80 Portfolio Committee considers the reviewed Anti-Fraud and Anti-Corruption Policy for the year 2018/19.

IDP2 of 2019**TO REQUEST THE CONSIDERATION OF ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY FOR THE YEAR 2018/19 (EDSSS)****PURPOSE**

To present the Anti-Fraud and Anti-Corruption Strategy for the year 2018/19 to Section 80 Portfolio Committee for consideration.

BACKGROUND

Department of Public Service and Administration require every municipality to develop Anti-Fraud and Anti-Corruption Strategy.

The purpose of this strategy 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.

The municipality will review and update its Anti-Fraud and Anti-Corruption Strategy annually. After review, the only changes in the previous strategy will be the dates.

*** **See attached** Anti-Fraud and Anti-Corruption Strategy to be approved on **Page11 to Page 31 of the Annexures.**

LEGAL IMPLICATIONS

The Promotion of Access to Information Act (No 2 of 2000),
 The Protected Disclosures Act (PDA) (No 26 of 2000),
 The Promotion of Administrative Justice Act (No 3 of 2000),
 The Prevention and Combating of Corrupt Activities Act (No 12 of 2004),
 The Public Finance Management ACT (PFMA) (No 1 of 1999),
 Municipal Finance Act (MFMA) (No 56 of 2003),
 Prevention of Organized Crime Act (POCA) (No 121 of 1998).

FINANCIAL IMPLICATIONS

None

RECOMMENDATION

1. That the Section 80 Portfolio Committee considers the Anti-Fraud and Anti-Corruption Strategy for the year 2018/19.

IDP3 of 2019**TO REQUEST THE CONSIDERATION OF FRAUD PREVENTION PLAN FOR THE YEAR 2018/19 (EDSSS)****PURPOSE**

To present the Fraud Prevention Plan for the year 2018/19 to Section 80 Portfolio Committee for consideration.

BACKGROUND

Fraud prevention is about changing organisational features that allow fraud to occur and possibly go unnoticed or unreported. Fraud control is an essential element of sound corporate governance and is integral to internal risk control.

Fraud is generally defined as wilful deceit or trickery. It covers a wide range of activities from such minor transgressions as the misappropriation of office stationery by a staff member to more serious crimes such as misrepresentations by Senior Management and Councillors to Council, the public and creditors, and mis-use of confidential information.

Fraud prevention strategies must be generated from senior management. If the Councillors, Accounting Officer, General Managers and Managers at all levels have a commitment to fraud prevention and understand how it may be achieved, this will provide a foundation for other employees to support the notion of fraud control.

Matjhabeng Local Municipality will review its Fraud Prevention Plan annually.

After review, there is no need for changes in the previous Fraud Prevention Plan, therefore the request is that Management approves the said plan as it is for the year 2018/19.

*** **See attached** Fraud Prevention Plan to be approved on **Page 32 to Page 49 of the Annexures.**

LEGAL IMPLICATIONS

The Promotion of Access to Information Act (No 2 of 2000),
 The Protected Disclosures Act (PDA) (No 26 of 2000),
 The Promotion of Administrative Justice Act (No 3 of 2000),
 The Prevention and Combating of Corrupt Activities Act (No 12 of 2004),
 The Public Finance Management ACT (PFMA) (No 1 of 1999),
 Municipal Finance Act (MFMA) (No 56 of 2003),
 Prevention of Organized Crime Act (POCA) (No 121 of 1998).

FINANCIAL IMPLICATIONS

None

RECOMMENDATION

1. That the Section 80 Portfolio Committee considers the Fraud Prevention Plan for the year 2018/19.

IDP4 of 2019**TO REQUEST THE CONSIDERATION OF REVIEWED RISK MANAGEMENT POLICY FOR THE YEAR 2018/19 (EDSSS) (6/12/21)****PURPOSE**

To present the reviewed Risk Management Policy for the year 2018/19 to Section 80 Portfolio Committee for consideration.

BACKGROUND

In terms of Treasury Regulations section 3.2.1 and the adoption of the Public Finance Management Act in 1999 infused the public service with municipality culture, which must add to its emphasis on external sanctions and include stronger internal controls with anticipatory management systems to assess the abuse of power, which is the central principle of risk management.

The Municipality is committed to the effective risk management and treatment of risk in order to achieve the municipality's objectives.

In terms of Section 62(1)(c)(i) of MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and for this purpose must take all responsible steps to ensure that the Municipality has and maintains: Effective, efficient and transparent systems of financial and risk management and internal control."

The aim of Risk Management Policy is to ensure that the Municipality makes informed decisions with regard to the activities that it undertakes by appropriately considering both risks and opportunities.

It is important that employees become aware of the risks associated with their area of work and must manage these risks to be within tolerance level by using risk management response strategies outlined in the municipal risk management strategy.

The municipality will review and update its Risk Management Policy annually.
After review, the following changes will be made:

1. On page 23 of the policy under the heading "Communication and consulting", point number one, the words "published on website" will be replaced by "communicated to all employees as well as relevant stakeholders using communication methods that will suit all of them."
2. On page 33 of the policy under the heading "POLICY ADMINISTRATION", POINT 13.1, "annually" will be replaced by "after 3 years". It is therefore requested that Management approves the said policy for the year 2017/18, with those changes.

*** Attached find the Risk Management Policy to be considered on **Page 50 to Page 59 of the annexures.**

LEGAL IMPLICATIONS

The Constitution of the RSA Act 108 of 1996
Municipal Finance Management Act (Act No. 56 of 2003)
Municipal Systems Act (No. 32 of 2000)
The Disaster Management Act (No. 57 of 2002)

6

The Occupational Health and Safety Act (No. 85 of 1993)
Hazardous Substances Act (No. 15 of 1973)
National Treasury Framework Final Risk Management Framework for the public sector.
King Report on Corporate Governance, 2002 (King II).
ISO 31000, published in 2009
Information Technology Risk Framework
Criminal Procedure Act 51 of 1977
Security Officers Act 92 of 1987
Protection of Information Act 84 of 1982
National Archives Act 43 of 1996
Fire Brigade Act 99 of 1987

Intelligence Services Act 38 of 1994

FINANCIAL IMPLICATIONS

None

RECOMMENDATIONS

1. That the Section 80 Portfolio Committee considers the reviewed Risk Management Policy for 2018/19.
2. That the reviewed Risk Management Policy for 2018/19 be submitted to Mayoral Committee for consideration.

IDP5 of 2019**TO REQUEST THE CONSIDERATION OF THE REVIEWED RISK MANAGEMENT STRATEGY FOR THE YEAR 2018/19 (EDSSS)****PURPOSE**

To present the reviewed Risk Management Strategy for the year 2018/19 to Section 80 Portfolio Committee for consideration.

BACKGROUND

In terms of Treasury Regulations section 3.2.1 and the adoption of the Public Finance Management Act in 1999 infused the public service with municipality culture, which must add to its emphasis on external sanctions and include stronger internal controls with anticipatory management systems to assess the abuse of power, which is the central principle of risk management.

This is why risk management is central to managing the municipality as a whole, and why risk management is integral to planning, organising, directing and coordinating systems aimed at achieving municipality's goals and objectives.

The Risk Management Strategy (RMS) forms part of the Risk Management Framework of the municipality. The Risk Management Strategy guides the activities of Council, Municipal Manager, and the Risk Management Committee (RMC), Risk Management section as well as the risk owners and action owners. The municipality acknowledges that there are different risk management models and frameworks that institutions can implement in order to manage their risks.

The municipality utilizes the proposed Risk Management Framework as formulated by National Treasury and also follows the guidelines as stipulated in ISO 31000/2009.

Effective risk management is imperative for the municipality to fulfil its mandate, the service delivery expectations of the public and the performance expectations within the municipality.

The realization of our strategic plan depends on us being able to take calculated risks in a way that does not jeopardize the direct interests of stakeholders. Sound management of risk will enable us to anticipate and respond to changes in our service delivery environment, as well as make informed decisions under conditions of uncertainty.

Enterprise Risk Management (ERM) forms a critical part of any entity's strategic management. It is the process whereby an entity both methodically and intuitively addresses the risk attached to their activities with the goal of achieving sustained benefit within each activity and across a portfolio of activities. Enterprise Risk Management is therefore recognized as an integral part of sound organizational management and is being promoted internationally and in South Africa as good business practice applicable to the public and private sectors.

The municipality will review and update its Risk Management Strategy annually.

After review, the following changes will be made on the old Risk Management Strategy:

1. Point number 6 of "RISK MANAGEMENT FRAMEWORK" up to point number 8 of "RISK MONITORING AND REVIEWING" will be removed because they are also part of the Risk Management Policy. Meaning that page 11 – 30 will fall off from the strategy.

2. Point number 12-22 will be removed from the strategy because all those responsibilities are included in the Risk Management Policy. That means page 32 – 38 of the strategy will fall off.

*** Attached find the Risk Management Strategy to be considered **on page 60 to page 93 of the annexures.**

LEGAL IMPLICATIONS

The Constitution of the RSA Act 108 of 1996
Municipal Finance Management Act (Act No. 56 of 2003)
Municipal Systems Act (No. 32 of 2000)
The Disaster Management Act (No. 57 of 2002)
The Occupational Health and Safety Act (No. 85 of 1993)
Hazardous Substances Act (No. 15 of 1973)
National Treasury Framework Final Risk Management Framework for the public sector.
King Report on Corporate Governance, 2002 (King II).
ISO 31000, published in 2009
Information Technology Risk Framework
Criminal Procedure Act 51 of 1977
Security Officers Act 92 of 1987
Protection of Information Act 84 of 1982
National Archives Act 43 of 1996
Fire Brigade Act 99 of 1987
Intelligence Services Act 38 of 1994

FINANCIAL IMPLICATION

None

RECOMMENDATION

1. That the Section 80 Portfolio Committee considers the reviewed Risk Management Strategy for 2018/19.

IDP6 of 2019**TO REQUEST THE CONSIDERATION OF RISK MANAGEMENT IMPLEMENTATION PLAN FOR THE YEAR 2018/19 (EDSSS) (6/12/2/1)****PURPOSE**

To present the Risk Management Implementation Plan for the year 2018/19 to Section 80 Portfolio Committee for consideration.

BACKGROUND

The Risk Management Implementation Plan forms part of the Risk Management Framework and must therefore be read in conjunction with the Risk Management Policy, as well as the Risk Management Strategy.

The risk management implementation plan for the Institution was prepared to give effect to the implementation of the risk management policy and strategy and sets out all risk management activities planned for the 2018/19 year.

The development of the risk management implementation plan has taken into consideration:

- The risk management policy;
- The risk management strategy;
- Available resources;
- Urgency, quick wins and sustainability.

The municipality reviews and updates its Risk Management Implementation Plan on an annual basis.

*** Attached to find the Risk Management Implementation Plan to be approved **on Page 94 to Page 96 of the annexures.**

LEGAL IMPLICATIONS

The Constitution of the RSA Act 108 of 1996
 Municipal Finance Management Act (Act No. 56 of 2003)
 Municipal Systems Act (No. 32 of 2000)
 The Disaster Management Act (No. 57 of 2002)
 The Occupational Health and Safety Act (No. 85 of 1993)
 Hazardous Substances Act (No. 15 of 1973)
 National Treasury Framework Final Risk Management Framework for the public sector.
 King Report on Corporate Governance, 2002 (King II).
 ISO 31000, published in 2009
 Information Technology Risk Framework
 Criminal Procedure Act 51 of 1977
 Security Officers Act 92 of 1987
 Protection of Information Act 84 of 1982
 National Archives Act 43 of 1996
 Fire Brigade Act 99 of 1987
 Intelligence Services Act 38 of 1994

FINANCIAL IMPLICATIONS

None

RECOMMENDATION

1. That the Section 80 Portfolio Committee considers the Risk Management Implementation Plan for the year 2018/19.

IDP07 of 2019

TO REQUEST THE CONSIDERATION OF WHISTLE-BLOWING POLICY FOR THE YEAR 2018/19 (EDSSS)

PURPOSE

To present the Whistle-Blowing Policy for the year 2018/19 to Section 80 Portfolio Committee for consideration.

BACKGROUND

Department of Public Service and Administration requires every municipality to have Whistle-Blowing Policy.

Whistle-blowing is an early warning system to avert possible risks to the organization and alert Management about any wrong doing in time so that they can take necessary corrective action. A positive whistle-blowing culture is a critical element in the success of any risk management system.

The purpose of this policy is to provide a means by which staff is able to raise concerns through appropriate channels or line management or specific appointed person in the Municipality, where they have reasonable grounds for believing that there is fraud and corruption within the Municipality.

An organization that positively encourages whistle-blowing stands a far better chance of demonstrating that it is properly run and managed. The existence of a working whistle-blowing policy is pivotal in legal proceedings.

At its heart, the Protected Disclosure Act contains a simple idea; that, it is in the best interest of both the employer and the (responsible, potential whistle-blower) employee to blow the whistle internally within the organization rather than externally, to, for example, the media. The municipality will review and update its Whistle Blowing Policy annually. After review, the only changes in the previous policy will be the dates.

*** See attached Whistle-Blowing Policy to be approved on **Page 97 to Page 106 of the Annexures.**

LEGAL IMPLICATIONS

The Promotion of Access to Information Act (No 2 of 2000),
The Protected Disclosures Act (PDA) (No 26 of 2000),
The Promotion of Administrative Justice Act (No 3 of 2000),
The Prevention and Combating of Corrupt Activities Act (No 12 of 2004),
The Public Finance Management ACT (PFMA) (No 1 of 1999),
Municipal Finance Act (MFMA) (No 56 of 2003),
Prevention of Organized Crime Act (POCA) (No 121 of 1998).

FINANCIAL IMPLICATIONS

None

RECOMMENDATIONS

1. That the Section 80 Portfolio Committee considers the Whistle-Blowing Policy for the year 2018/19.
2. That the Whistle-Blowing Policy for the year 2018/19 be submitted to Mayoral Committee for consideration.

IDP8 of 2019**TO REQUEST THE APPROVAL OF THE MATJHABENG ICT POLICIES (EDSSS)****PURPOSE**

To present to section 80 Portfolio Committee Policies that governs ICT for consideration.

BACKGROUND

The ICT Policies provides the relevant framework to establish sound corporate governance principles for ICT in order to enable Matjhabeng Municipality to transition towards adoption of sound governance principles along with more visibility and accountability of ICT deliverables. Moreover, these policies address security issues by reducing risks that can be caused to the Municipality's ICT systems, information and infrastructure, either. In addition, these policies define the acceptable use of ICT resources by officials and 3rd party service providers and breach or non-conformance is unacceptable.

Information, Communication and Technology (ICT) has evolved from a support-based department to a strategic business unit that will allow for leveraging technology to improve, enhance and direct strategy for Matjhabeng. This coupled with the exponential rate at which technology is advancing requires more prudent visibility, accountability and tangible performance measures for ICT to support Matjhabeng Municipality.

It also enables ICT systems to be fully integrated across each department, which in turn allows for organization-wide management of ICT environment. Finally, it is ICT's responsibility to secure Council Information to ensure that the Municipality's ICT systems, data and infrastructure are protected from risks such as unauthorized access, manipulation, destruction or loss of data, as well as unauthorized disclosure or incorrect processing of data. Four of these critical policies (**Corporate Governance of Information, Communication and Technology Policy, ICT Information Security Policy, Antivirus Policy and ICT Strategic**) have already underwent through all the processes, just waiting for Council approval.

Attached find **Matjhabeng Firewall Policy, User and System Access Policy, Change Management Policy, Disaster & Recovery Plan & Strategy, Laptop Policy and Guidelines, Wireless devices Policy** to be considered **under Separate Cover (1)**

Also attached kindly see **DRAFT AG Finding on ICT Systems for 2017-8 and responses**.

These policies have been developed with the following sections of legislation in mind:

In terms of the Municipal Systems Act, Act 32, of 2000, Section 55(1):

“the municipal manager of a municipality is, subject to the policy directions of the municipal council, responsible and accountable for:

(a) The formation and development of an economical effective, efficient and accountable administration:

(i) equipped to carry out the task of implementing the municipality's

Integrated development plan in accordance with Chapter 5:

(ii) Operating in accordance with the municipality's performance

Management system in accordance with Chapter 6;”

In terms of the Municipal Finance Management Act, Act 56 of 2003, and Section 62:

“ The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure –

- (a) that the resources of the municipality are used effectively, efficiently and economically;
- (b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;”

In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 78 of the Municipal Finance Management Act stipulates that:

“Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure –

- (a) that the system of financial management and internal control established for the municipality is carried out diligently;
- (b) that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently;
- (c) that any unauthorised, irregular or fruitless and wasteful expenditure and any other losses are prevented;”

The Municipality is using guidelines and recommendations based on inputs from frameworks developed by CoGTA, DPSA, Industry best practices along **with findings in the AG report** to support this alignment and adoption to allow the ICT department to be geared to deliver on expectations from the Municipality.

FINANCIAL IMPLICATIONS

None

RECOMMENDATION

1. That Section 80 Portfolio Committee gives inputs, comments and recommendations for these policies move for Council approval.

