



GREATER GIYANI MUNICIPALITY

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FRAUD AND CORRUPTION POLICY

Council Resolution CR136–27/05/22SP

Object

To set out procedures and guidelines for managing fraud and corruption.

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1. PURPOSE

It is the policy of the Municipality that fraud, corruption, maladministration or any other dishonest activities of a similar nature will not be tolerated.

Such activities will be investigated and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative actions and the institution of recoveries where applicable.

Prevention, detection, response and investigative strategies will be designed and implemented. These will include any existing controls (system controls and manual internal controls) and those currently prescribed in existing policies, procedures and other relevant prescripts to the activities of the Municipality.

It is the responsibility of all employees to report all incidents of fraud and corruption that may come to his / her attention to his / her supervisor. Alternatively, such reports can be made by way of submitting a report through the prescribed whistle blowing mechanism.

All reports received will be treated with the requisite confidentiality and will not be disclosed or discussed with parties other than those charged with investigation into such reports. All Managers are responsible for the prevention, detection and investigation of fraud and corruption, within their areas of responsibility.

2. SCOPE OF THE POLICY

This policy applies to all employees, stakeholders, contractors, vendors / suppliers and any other party doing business with the Municipality

3. BACKGROUND

This policy is established to facilitate the development of controls which will assist in the prevention and detection of fraud and corruption, as well as provide guidelines as to how to respond should instances of fraud and corruption be identified. This policy is also established to give effect to the various legislative instruments as described in the previous section.

4. POLICY STATEMENT

Fraud represents a significant potential risk to the Municipality's assets, service delivery efficiency and reputation. Greater Giyani Municipality will not tolerate fraudulent or corrupt activities, whether internal or external to the Municipality, and will vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.

5. THE CONCEPT OF FRAUD PREVENTION

- (a) Fraud prevention is a process that is adopted by the Greater Giyani Municipality, inputting mechanisms in place, to manage GGM's vulnerability to fraud and corruption.
- (b) Such mechanisms are designed to prevent, deter and detect fraud.

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6. FORMS OF CORRUPTION

- (a) **Bribery:** Bribery involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of public servants.
- (b) **Embezzlement:** This involves theft of resources by persons who control such resources.
- (c) **Fraud:** Any conduct or behavior of which a dishonest representation and/or appropriation forms an element.
- (d) **Extortion:** Coercion of a person to provide a benefit to a public servant, another person or an entity, in exchange for acting (or failing to act) in a particular manner.
- (e) **Abuse of power:** The use by a public servant of his or her vested authority to improperly benefit another public servant, person (or using vested authority to improperly discriminate against another public servant or person).
- (f) **Conflict of interest:** The failure by a public servant to act or to consciously fail to act on a matter where the public servant has an interest or another person that has some form of relationship with the public servant has an interest.
- (g) **Abuse of privileged information:** This involves the use, by a public servant of privileged information and knowledge that a public servant possesses as a result of his/ her office to provide unfair advantage to another person to obtain a benefit.
- (h) **Favouritism:** The provision of services or resources according to personal affiliation (for example cultural or religious) of a public servant.
- (i) **Nepotism:** A public servant ensuring that family members are appointed to public service positions or that family members receive contracts from the state is regarded as nepotism. These manifestations are by no means exhaustive as corruption appears in many forms and it is virtually impossible to list all of these.

7. INVESTIGATION PROCEDURE

Grater Giyani Municipality has developed investigation procedures to ensure uniformity in the reporting and investigation of incidents of fraud and corruption:

- (a) Reporting of suspicious acts;
- (b) Preliminary investigation of incidents reported;
- (c) Investigation procedure;
- (d) Involvement of other law enforcement agencies;
- (e) Procedure in taking resolutions; and
- (f) Recovery of loss.

8. ANTI- FRAUD PROGRAMMES

Greater Giyani Municipality has developed the following programme to address the threat of fraud and corruption:

- (a) Recruitment policy;
- (b) Accounting and Operational policies;
- (c) Fraud awareness training (indicators of fraud);
- (d) Fraud risk assessment;
- (e) Code of ethics and conduct; and
- (f) Fraud and corruption respond strategies.

9. ROLE PLAYERS

(1) Executive Authority

- (a) The GGM council takes an interest in fraud and corruption risk management to the extent necessary to obtain comfort that properly established and functioning system of risk management are in place to protect the municipality against significant fraud risk.
- (b) Council shall:
 - i. Understand fraud and corruption
 - ii. Maintain oversight of the fraud risk assessment by ensuring that fraud risk has been considered as part of the municipality's risk assessment and strategic plans;
 - iii. Monitor management's reports on fraud risk, policies and control activities
 - iv. Oversee the internal control established by management
 - v. Have the ability to retain and pay outside experts where needed.

(2) Audit Committee

- (a) The Audit Committee is an independent committee responsible for oversight of the departments control, governance and risk management.
- (b) The responsibilities of the Audit Committee with regard to fraud risk management are formally defined in its charter.
- (c) The Audit Committee provides an independent and objective view of the Council's fraud risk management effectiveness.

(3) Risk Management Committee

- (a) The Risk Management Committee is appointed by the Accounting Officer to assist them to discharge their responsibilities for fraud risk management.
- (b) The Committee's roles is to review the fraud risk management progress of the Council, the effectiveness of fraud risk management activities, the key fraud risks facing the Council, and the responses to address these key fraud risks.

(4) Anti- fraud and corruption Committee

- (a) The role of the Anti-Fraud and Corruption Committee is to oversee the Municipality's approach to fraud prevention, fraud detection strategies and response to fraud and corruption incidents reported by employees or other external parties.
- (b) The various business units should have representation on this committee.
- (c) The Internal Auditor shall be a compulsory member.
- (d) The Anti-Fraud and Corruption Committee shall meet at least once in a quarter to discuss the following issues:
 - (i) Progress made in respect of implementing the Anti-Fraud and Corruption Strategies and Fraud Prevention Plans;
 - (ii) Reports received by the Municipality regarding fraud and corruption incidents with the view to making any recommendations to the Accounting Officer and Chairman of the Audit Committee;
 - (iii) Reports on all investigations initiated and concluded; and
 - (iv) All allegations received via the hotline.

10. FRAUD RISK MANAGEMENT IMPLEMENTERS

(1) Accounting Officer

- (a) The Accounting Officer bears the ultimate responsibility for fraud and corruption risk management within the Municipality.
- (b) This includes the coordination of risk assessments, overseeing the investigation of suspected fraud and corruption, and facilitation for the reporting of such instances.

(2) Management

- (a) Senior management is to be committed to eradicating fraud and corruption and ensuring that the Municipality strives to be perceived as ethical in all its dealings with the public and other interested parties.
- (b) In this regard, senior management, under the guidance of the Accounting Officer, will ensure that it does not become complacent in dealing with fraud and corruption and that it will ensure the Municipality's overall fraud and corruption strategy is reviewed and updated regularly.
- (c) Furthermore, senior management will ensure that all employees and stakeholders are made aware of its overall anti - fraud and corruption strategies through various initiatives of awareness and training.

(3) Other Officials

- (a) Other officials are responsible for integrating fraud risk management into their day to day activities.
- (b) They must ensure that their delegated risk management responsibilities are executed and continuously report on progress.
- (c) Other Officials, including management shall:
 - (i) Have a basic understanding of fraud and be aware of the red flags;
 - (ii) Understand how their job procedures are designed to manage fraud risk and when noncompliance may create an opportunity for fraud to occur or go undetected.
 - (iii) Read and understand policies and procedures (e.g. fraud policy, code of conduct and whistle blowing policy), as well as other operational policies and procedures, such as procedure manuals.

11. RISK MANAGEMENT SUPPORT

(1) Chief Risk Officer

- (a) The Chief Risk Officer is the custodian of the Fraud Prevention strategy, and coordinator of fraud risk management activities throughout the Council.
- (b) The primary responsibility of the Chief Risk Officer is to bring to bear his /her specialist expertise to assist the council to embed risk management and leverage its benefits to enhance performance.

(2) Risk Champion

- (a) The risk Champion's responsibility involves coordination fraud risk mitigations in their respective department.
- (b) Risk Champions will not assume role of risk owners for fraud risk management.

12. RISK MANAGEMENT ASSURANCE PROVIDER

(1) Internal Audit

- (a) The role of the internal audit in fraud risk management is to provide an independent, objective assurance on the effectiveness of the Council's system of fraud risk management.
- (b) Internal Audit must evaluate the effectiveness of the entire system of fraud risk management and provide recommendations for improvement where necessary.
- (c) Internal Audit Shall:
 - i. Monitor the implementation of recommended controls to minimize fraud and corruption
 - ii. Evaluate the effectiveness of fraud and corruption control measure
 - iii. Advise management

(2) External Audit

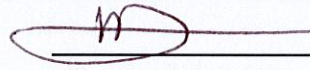
The external auditor (Auditor- General) provides an independent opinion on the effectiveness of fraud risk management.

13. SHORT TITLE AND COMMENCEMENT

This Policy is called the "Fraud and Corruption Policy of the GGM" and takes effect on approval

Approved by

The Mayor: Cllr Zitha T


Signature

27/05/2022
Date

Council Resolution: CR135–27/05/22SP