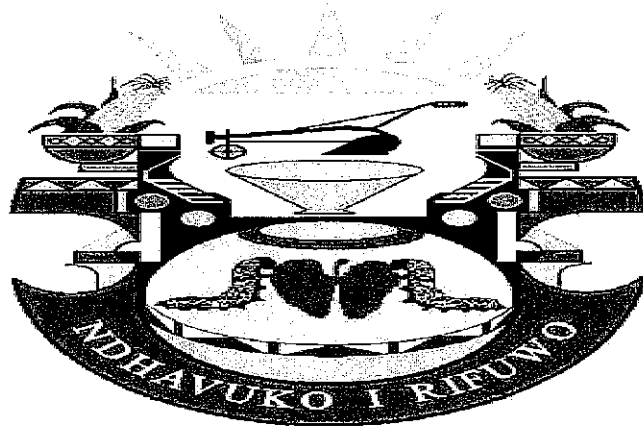


GREATER GIYANI MUNICIPALITY



FRAUD AND CORRUPTION PREVENTION POLICY

2024/2025

COUNCIL RESOLUTION NO: CR164-17/05/2024SP

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1 PURPOSE

The purpose of this Policy is to articulate Greater Giyani Municipality's philosophy on fraud and corruption prevention plan. Greater Giyani Municipality adopts a comprehensive approach to the management of fraud and corruption risk.

2 BACKGROUND

The provisions of Section 62(1)(a)(i) of the Municipal Finance Management Act stipulates that the Accounting Officer is responsible for ensuring that the Municipality has and maintains effective, efficient and transparent system of financial and risk management and internal control.

Furthermore, sections 3.2.1 and 27.2.1 of the Treasury Regulations require that risk assessment is conducted on regular basis and a risk management strategy, which includes a fraud prevention plan, be used to direct internal audit effort. The strategy must be clearly communicated to all employees to ensure that risk management is incorporated into the language and culture of the Municipality.

3 SCOPE OF THE POLICY

This policy applies throughout the Municipality in as far as fraud and corruption risk management concerned.

4 POLICY STATEMENT

Fraud and Corruption 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 AND CORRUPTION PREVENTION

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

As part of the Enterprise Risk Management (ERM), it is the responsibility of the Accounting Officer and Accounting Authority to establish structures to address the threat of fraud.

6 INVESTIGATION PROCEDURES

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

- i. Reporting of suspicious acts;
- ii. Preliminary investigation of incidents reported;
- iii. Investigation procedure;
- iv. Involvement of other law enforcements agencies;
- v. Procedure in taking resolutions; and
- vi. Recovery of loss.

6.1 ANTI-FRAUD AND ANTI-CORRUPTION PROGRAMMES

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

- i. Recruitment policy;
- ii. Accounting and operational policies;
- iii. Fraud and Corruption awareness training (indicators of fraud);
- iv. Fraud and Corruption risk assessment;
- v. Code of ethics and conduct;
- vi. Investigation procedure; and
- vii. Fraud and Corruption response strategies.
- viii. Whistle blowing Policy.

7 Role players

Greater Giyani Municipality has taken a stance that management of fraud and corruption threat like any other risks is the responsibility of everyone in the Municipality.

7.1 RISK MANAGEMENT OVERSIGHT

7.1.1 Council

GGM Council takes an interest in fraud and corruption risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the Municipality against significant fraud and corruption risks.

Council shall:

- i. Understand fraud and corruption risks.
- 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 risks, policies and control activities.
- iv. Oversee the internal controls established by management.
- v. Have the ability to retain and pay outside experts where needed.

7.1.2 Audit Committee

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

7.1.3 Risk Management, Anti-Fraud and Anti-Corruption Committee

The Risk Management, Anti-Fraud and Anti-Corruption Committee is appointed by the Accounting Officer / Authority to assist them to discharge their responsibilities for fraud risk management. The Committee's role is to review the fraud and corruption risk management progress of the Council, the effectiveness of fraud and corruption risk management activities, the key fraud risks facing the Council, and the responses to address these key fraud and corruption risks.

7.2 RISK MANAGEMENT IMPLEMENTERS

7.2.1 Accounting Officer

The Accounting Officer is accountable for the Council's overall governance of fraud and corruption risks. By setting the tone at the top, the Accounting Officer promotes accountability, integrity and other factors that will create a positive control environment.

7.2.2 Management

Management is responsible for executing their responsibilities outlined in the fraud and corruption, risk management strategy and for integrating risk management into the operational routines.

Management Shall:

- i. Set the tone at the top for officials.
- ii. Report to Council on what actions have been taken to manage fraud and corruption risks and regularly report on the effectiveness of fraud and corruption risk management programmes.
- iii. Be responsible for the prevention and detection of fraud and corruption and must report all incidents and allegations to the Accounting Officer.

- iv. Ensure that risk assessment is conducted annually in their department/units and that agreed risk management plans are implemented
- v. Ensure that all employees attend fraud and corruption related awareness workshop or training, and that all information is communicated to all employees for compliance and implementation.

7.2.3 Other Officials

Other officials are responsible for integrating fraud and corruption risk management into their day-to-day activities. They must ensure that their delegated risk management responsibilities are executed and continuously report on progress.

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 and corruption risks and when non-compliance may create an opportunity for fraud and corruption to occur or go undetected.
- iii. Read and understand policies and procedures (e.g. fraud and corruption prevention policy, code of conduct and whistle blowing policy), as well as other operational policies and procedures, such as procedure manuals.

7.3 RISK MANAGEMENT SUPPORT

7.3.1 Risk Manager

The Risk Manager is the custodian of the Fraud and Corruption Prevention Policy, and coordinator of fraud and corruption risk management activities throughout the Council. The primary responsibility of the Risk Manager is to bring to bear his/her specialist expertise to assist the Council to embed risk management and leverage its benefits to enhance performance.

7.3.2 Risk Champion

The Risk Champion's responsibility involves coordinating fraud and corruption risk mitigations in their respective department. Risk Champions will not assume role of risk owner for fraud risk management.

7.4 RISK MANAGEMENT ASSURANCE PROVIDERS

7.4.1 Internal Audit

The role of the Internal Audit in fraud and corruption risk management is to provide an independent, objective assurance on the effectiveness of the Council's system of fraud and corruption risk management. Internal Audit must evaluate the effectiveness of the entire

system of fraud and corruption risk management and provide recommendations for improvement where necessary.

Internal Audit Shall:

- i. Monitor the implementation of recommended control to minimise fraud and corruption.
- ii. Evaluate the effectiveness of fraud and corruption control measures.
- iii. Advise management on the integrity of information.
- iv. Design additional steps in the audit programs to assist in detecting, addressing and preventing re-occurrence of similar incidents.
- v. Monitor implementation of recommended actions resulting from conclusions of fraud investigations
- vi. Highlight legislation, policies and procedures that might have been violated as a result of the outcome of an investigation, and
- vii. Report all identified and suspected fraud and corruption matters

7.4.2 External Audit

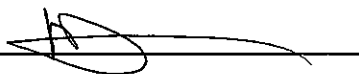
The external auditor (Auditor-General) provides an independent opinion on the effectiveness of fraud and corruption risks management.

8 Policy review

This Policy shall be reviewed as and when required in the 5-year cycle.

AUTHORITY

APPROVED BY:


MAYOR

17/05/2024
DATE

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