

GREATER GIYANI MUNICIPALITY



FRAUD AND CORRUPTION PREVENTION PLAN AND STRATEGY

2024/2025

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1. INTRODUCTION

Greater Giyani Municipality subscribes to the principles of good corporate governance, which require conducting business in an honest and transparent fashion.

The Municipality is also committed to fighting fraudulent behavior at all levels within the Council.

The Fraud and Corruption Prevention Plan and Strategy is premised on the Council's core ethical values driving the business of the Municipality, the development of its systems, policies and procedures, interactions with ratepayers, the public and other stakeholders, and even decision-making by individual managers representing GGM. This means that in practice all departments and other business units of the Municipality must be guided by the plan.

2. PURPOSE

This plan 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 and strategies as to how to respond should instances of fraud and corruption be identified.

3. STATEMENT OF ATTITUDE TO FRAUD

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

4. OBJECTIVES

The objectives of this plan and strategy is to:

- i. Guide employees and employer on the behavior and activities that are acceptable and expected by Greater Giyani Municipality in achieving its Vision and Mission;
- ii. Assist Management to be aware of its responsibilities for establishing controls and procedures to prevent and detect fraud and corruption;
- iii. Provide assurance that all suspected fraudulent activity will be fully investigated: and
- iv. Provide some guidance on the steps / initiatives Management needs to take to prevent and combat fraud and corruption.

5. SCOPE OF THE FRAUD AND CORRUPTION PREVENTION PLAN AND STRATEGY

The Fraud and Corruption Prevention Plan and Strategy applies to all employees, councilors, stakeholders, contractors, vendors / suppliers and any other party doing business with Greater Giyani Municipality.

6. DEFINITION OF FRAUD AND CORRUPTION

In South Africa, the Common Law offence of fraud is defined as “the unlawful and intentional making of a misrepresentation which causes actual and or potential prejudice to another”. The term “fraud” is also used in a wider sense by the general public.

In this regard, the term is used in this document 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.

The general offence of corruption is contained in Section 3 of The Prevention and Combating of Corrupt Activities Act. This section provides that any person who gives or accepts or agrees or offers to accept / receive any gratification from another person in order to influence such other person in a manner that amounts to:

- i. The illegal or unauthorized performance of such other person's powers, duties or functions;
- ii. An abuse of authority, a breach of trust, or the violation of a legal duty or a set of rules;
- iii. The achievement of an unjustified result; or
- iv. Any other unauthorised or improper inducement to do or not to do anything is guilty of the offence of Corruption.

Corruption in its wider meaning, and as referred to in this document, includes any conduct or behavior where a person accepts, agrees or offers any gratification for him/her or for another person where the purpose is to act dishonestly or illegally. Such behavior also includes the misuse of material or information, abuse of a position of authority or a breach of trust or violation of duty.

7. FORMS OF CORRUPTION

Corruption takes various forms in the public service and elsewhere in society. The following are examples of different types of corruption.

7.1 Bribery

Bribery involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of public servants.

7.2 Embezzlement

This involves theft of resources by persons who control such resources.

7.3 Fraud

Any conduct or behavior of which a dishonest representation and/or appropriation forms an element.

7.4 Extortion

Coercion of a person or entity 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.

7.5 Abuse of power

The use by a public servant of his or her vested authority to improperly benefit another public servant, person or entity (or using vested authority to improperly discriminate against another public servant, person or entity)

7.6 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 or entity that has some form of relationship with the public servant has an interest.

7.7 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 or entity to obtain a benefit.

7.8 Favoritism

The provision of services or resources according to personal affiliation (for example cultural or religious) of a public servant

7.9 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.

8. DEFINITION AND ELEMENTS OF FRAUD

Fraud and corruption manifests in a number of ways and varying degrees of intensity. These include, but are not limited to:

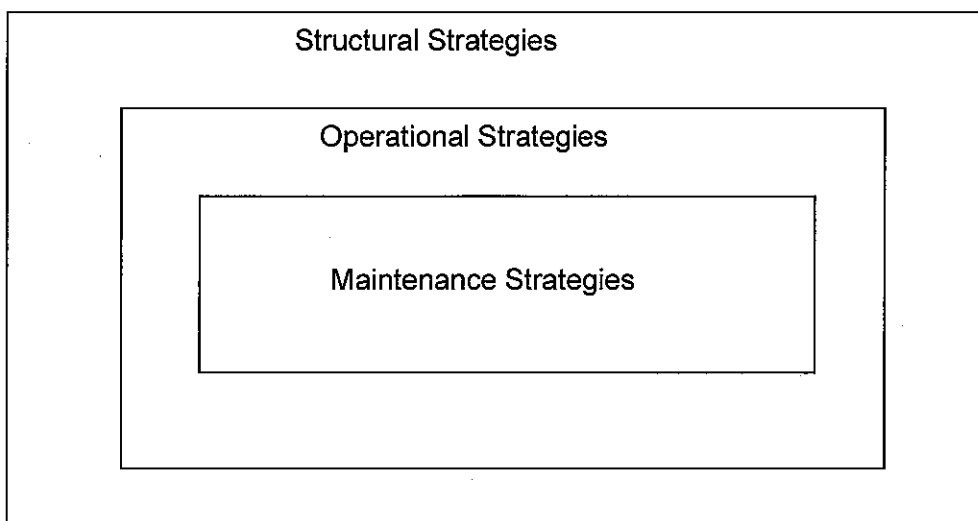
- i. Unauthorised private use of the Council 's assets, including vehicles;
- ii. Falsifying travel and subsistence claims;
- iii. Conspiring unfairly with others to obtain a tender;
- iv. Disclosing proprietary information relating to a tender to outside parties;
- v. Accepting inappropriate gifts from suppliers;
- vi. Employing family members or close friends;
- vii. Operating a private business in working hours;
- viii. Stealing equipment or supplies from work;
- ix. Accepting bribes or favours to process requests;
- x. Accepting bribes or favours for turning a blind eye to a service provider who does not provide an appropriate service;
- xi. Submitting or processing false invoices from contractors or other service providers; and

- xii. Misappropriating fees received from customers, and avoiding detection by not issuing receipts to those customers.

9. FRAUD AND CORRUPTION CONTROL STRATEGIES

The approach in controlling fraud and corruption is focused into 3 areas, namely:

- 1 Structural Strategies;
- 2 Operational Strategies; and
- 3 Maintenance Strategies.



9.1 Structural Strategies

Structural Strategies represent the actions to be undertaken in order to address fraud and corruption at the Structural level.

9.1.1 Accounting Officer

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

9.1.2 Employees and Councillors

Employees and Councillors Greater Giyani Municipality are required to conduct themselves in an ethical and moral way. Ethics are concerned with human character and conduct and deal with questions of right and wrong, appropriate and inappropriate behaviour and what constitutes good or evil. Ethical conduct is based on a set of principles referred to as values or norms.

The collective ethical conduct of all the individual employees and Councillors of Greater Giyani Municipality reflects the Municipality's ethical conduct. In this regard, the highest standards of ethics are required by employees and Councillors when fulfilling their duties. The ethical principles contained in the Code of Conduct, Municipal Systems Act 32 of 2000 are applicable to all employees and Councillors of Greater Giyani Municipality.

It is the responsibility of all employees and councilors to report all incidents of fraud and corruption that may come to his / her attention to his / her supervisor.

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.

9.1.3 Management and Supervisors accountability (GGM)

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. 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. Furthermore, senior management will ensure that all employees and stakeholders are made aware of its overall anti - fraud and corruption strategies. All Managers are responsible for the detection, prevention and investigation of fraud and corruption, within their areas of responsibility.

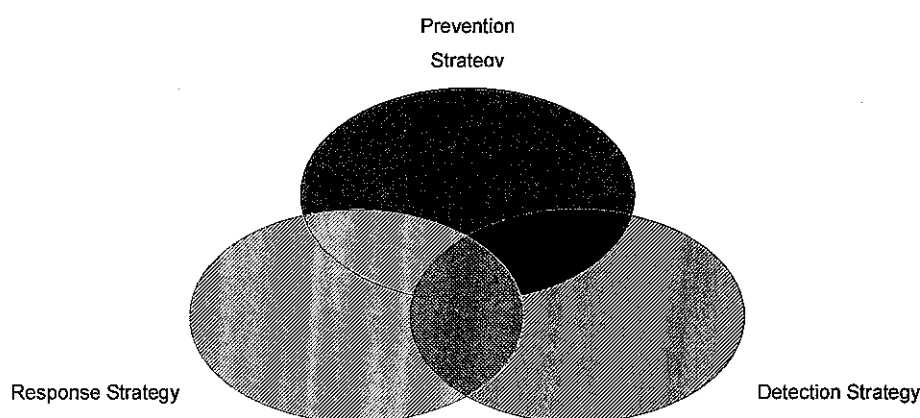
The day-to-day responsibilities for the prevention and detection of fraud also rest with supervisors and line managers who are responsible for:

- i. Identifying the risks to which systems, operations and procedures are exposed.
- ii. Developing and maintaining effective controls to prevent and detect fraud and
- iii. Ensuring that controls are being complied with.

Managers and supervisors have an oversight responsibility for internal controls within their departments/units. Risk management and Internal Audit activity has no primary responsibility for establishing or maintaining internal controls. However, the effectiveness of internal controls is enhanced through the reviews performed and recommendations made by both sections. Head of Departments/Unit should ensure that recommendations made by Internal Audit and any other assurance providers are fully implemented within a specified time.

9.2 OPERATIONAL STRATEGIES

There are three (3) Operational strategies that will be designed and implemented at Greater Giyani Municipality to deal with fraud and corruption at an operational level. These are namely, Prevention, detection and response strategies. They will also 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.



9.2.1 Prevention Plan

Fraud and corruption can be prosecuted after the fact, but first and foremost it requires prevention. Greater Giyani Municipality acknowledges the importance of utilizing its resources in the most effective and efficient manner and as such recognises prevention as the fundamental component of anti-corruption strategy.

The prevention efforts should focus on identifying controls to mitigate all three conditions:

- i. Opportunity
- ii. Rationalization, and
- iii. Pressure

The component of prevention encompasses, creation of anti-fraud culture/behaviour, training and awareness, policies and procedures, physical and information security, employee vetting and risk management.

9.2.1.1 Fraud and corruption risk assessment

The risk of fraud needs to be actively managed. This involves identifying the potential for fraud and corruption and developing appropriate strategies to minimise the risk occurring.

Greater Giyani Municipality will conduct on an annual basis fraud and corruption risk assessments to identify potential fraud and corruption risk exposure within the Municipality. This process will ensure that actions to address the identified fraud and corruption risk exposures will be implemented to mitigate these exposures. The above will be formulated into Fraud Risk Assessment and which will provide an indication of how fraud and corruption manifested. A fraud and corruption risk register for the prioritised risks will be developed as well as actions to mitigate these risks.

9.2.1.2 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 programmes and/or presentations to employees, including managers and/or supervisors, 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:

- i. Procurement of goods and services under urgent/emergency circumstances, rotation of trading partners ;
- ii. Travel and subsistence and the overtime claims;
- iii. Conflicts of interest and private work declarations;
- iv. Compliance to delegations of authority;
- v. Payroll verifications; and
- vi. Internal controls to prevent abuse and misuse of Council resources e.g. vehicles of the Council.

9.2.1.3 Employee awareness

The main purpose of fraud and corruption awareness workshops / training is to assist in the prevention, detection and reporting of fraud and corruption by raising the level of awareness as to how fraud and corruption is manifested in the workplace. In this regard, all employees will receive training on the following:

- i. Fraud Prevention Plan;

- ii. Code of Conduct for employees;
- iii. Whistle blowing policy;
- iv. How to respond to fraud and corruption; and
- v. Manifestations of fraud and corruption in the workplace.

9.2.1.4 Council's system, policies ,procedures, rules and regulations

The development of sound and effective systems, policies and procedures will assist in ensuring compliance with specific laws, rules, regulations and basic internal controls.

All employees and other stakeholders are expected to comply with the applicable policies and procedures. A fundamental risk in this area is the lack of knowledge, awareness, effective communication and training relating to existing systems, policies and procedures.

Non-compliance with policies and procedures is a risk with the potential to seriously impact the success of GGM objectives. This will be addressed by developing clearly defined communication and training strategies to create awareness on all systems, policies and procedures in order to ensure that all employees are made aware of, and adequately trained in the implementation of the aforesaid systems, policies and procedures relevant to their areas of responsibilities, including:

- i. Provisions for all employees to acknowledge, in writing, that they have read the policies and procedures applicable to their duties, have undergone relevant training and/or are aware of these policies and procedures;
- ii. The keeping of adequate records serving as proof that employees have been made aware of the policies and procedures relevant to their duties; and the development and distribution of a regular communiqué outlining the importance of complying with policies and procedures and the implications for employees;
- iii. Taking corrective actions against offenders not complying with policies and procedures.

A structured monitoring mechanism will be developed by Corporate Services Department for keeping proper records of the policies and procedures that are being updated, and of new policies and procedures that are being developed in order to set clear targets and monitor progress.

9.2.1.5 Physical and information security

Physical restrictions are most important type of protective measures for safeguarding GGM's assets, processes and data.

Physical access to confidential records and secured area should be properly controlled. Documentation and records retention system should provide reasonable assurance that all information and transactions of value are accurately recorded and retained. Records are to be maintained and controlled in accordance with GGM Records Policy.

9.2.1.6 Pre-employment screening

Pre-employment screening will be carried out for all appointments, and evidence of such screening will be maintained by the Directorate: Human Resources. Consideration should be given to the following pre-employment screening:

- i. Verification of identity.
- ii. Police criminal history.
- iii. Reference checks with the two most recent employers – this will normally require telephone contact.
- iv. A consideration of any gaps in employment history and the reasons for those gaps.
- v. Verification of formal qualifications claimed.

Pre-employment screening will cover all new and promoted employees including those with administrative responsibilities or computer access. The screening will be performed by a person / people nominated by Corporate Service Department in conjunction with the Accounting Officer to ensure that screening is consistent and appropriate.

Where an employee is promoted into a management position and has not been screened during the course of the previous one year, the applicant will be re-screened.

9.2.1.7 Recruitment procedures

Recruitment will be conducted in accordance with the requisite recruitment procedure. It will be a transparent process and all appointments will be confirmed only after due recommendation. Any person, involved in any decision-making process, who may have a conflict of interest, must declare such a conflict in writing to the Directorate: Corporate Services and withdraw from any further procedures.

9.2.1.8 Internal controls

Internal controls are the first line of defence against fraud and corruption. While internal controls may not fully protect Greater Giyani Municipality against fraud and corruption, they are essential elements in the overall Fraud Prevention Plan.

Internal control consists of all the measures taken by the Municipality for the purpose of:

- i. Protecting its resources against waste, fraud and inefficiency

- ii. Ensuring accuracy and reliability in accounting and operating data
- iii. Ensuring the efficiency of the GGM's processes and systems
- iv. Securing compliance with policies of GGM, and
- v. Evaluating the level of performance in all departments/units of GGM

All areas of operations require internal controls, for example:

- i. Physical controls (securing of assets);
- ii. Authorisation controls (approval of expenditure);
- iii. Supervisory controls (supervising day-to-day issues);
- iv. Analysis of data;
- v. Annual financial statements;
- vi. Reconciliation of bank statements, monthly; and
- vii. Reconciliation of vote accounts, monthly.

The Internal Audit Unit will be responsible for implementing an internal audit program which will incorporate steps to evaluate adherence to internal controls.

9.2.1.9 Internal audit plan

A robust Internal Audit plan, which focuses on the prevalent high Fraud and Corruption risks, serves as an effective preventative measure. The Internal Audit Unit will compile such a plan on an annual basis, and such a plan will also include "surprise audits".

9.2.1.10 Fraud and corruption prevention plan, strategy and policy

The actions set out in this plan are all focused at mitigating the risk of fraud and corruption at Greater Giyani Municipality.

9.2.1.11 Disclosure of interests

All officials and councillors at Greater Giyani Municipality will be required to disclose their specific personal assets and business interests on an annual basis. This register will be kept at Corporate Services Department.

9.2.2 Detection plan

9.2.2.1 Reporting fraud and corruption – a Whistle blowing policy

One of the key obstacles to fighting fraud and corruption is the fear by employees of being intimidated to identify or “blow the whistle” on fraudulent, corrupt or unethical practices witnessed in the work place. Those who often do “blow the whistle” end up being victimised and intimidated. For this reason, the Municipality will adopt a Whistle Blowing Policy setting out the detailed procedure which must be followed in order to report any incidents of fraud and / or corruption. This policy will be designed to comply with the provisions of the Protected Disclosures Act.

Any suspicion of fraud and corruption will be treated seriously and will be reviewed, analysed, and if warranted, investigated. If an employee becomes aware of a suspected fraud, corruption or any irregularity or unethical behaviour, such issues should be reported in terms of a Whistle Blowing Policy.

9.2.3 Response plan

9.2.3.1 Investigating fraud and corruption

Dealing with suspected fraud and corruption

In the event that fraud or corruption is detected or suspected, investigations will be initiated, and if warranted, disciplinary proceedings, prosecution or action aimed at the recovery of losses will be initiated.

9.2.3.1.1 Investigations

Any reports of incidents of fraud and / or corruption will be confirmed by an independent investigation. Anonymous reports may warrant a preliminary investigation before any decision to implement an independent investigation is taken.

Investigations will be undertaken by appropriately qualified and experienced persons who are independent of the department / section where investigations are required. This may be a senior manager within the department itself, an external consultant or a law enforcement agency. All investigations performed and evidence obtained will be in accordance with acceptable practices and legal requirements. Independence and objectivity of investigations are paramount.

Any investigation initiated must be concluded by the issue of a report by the person/s appointed to conduct such investigations. Such reports will only be disseminated to those persons required to have access thereto in order to implement whatever action is deemed appropriate as a result of the investigation.

Investigations may involve one or more of the following activities:

- i. Interviewing of relevant witnesses, internal and external, including obtaining statements where appropriate;
- ii. Reviewing and collating documentary evidence;
- iii. Forensic examination of computer systems;
- iv. Examination of telephone records;
- v. Enquiries from banks and other financial institutions (subject to the granting of appropriate approval/Court orders);
- vi. Enquiries with other third parties;
- vii. Data search and seizure;
- viii. Expert witness and specialist testimony;
- ix. Tracing funds / assets / goods;
- x. Liaison with the police or other law enforcement or regulatory agencies;
- xi. Interviewing persons suspected of involvement in fraud and corruption; and
- xii. Report preparation.

Any investigation into improper conduct within the Department will be subject to an appropriate level of supervision by a responsible committee, having regard to the seriousness of the matter under investigation.

9.2.3.1.2 Disciplinary proceedings

The ultimate outcome of disciplinary proceedings may involve a person/s receiving written warnings or the termination of their services. All disciplinary proceedings will take place in accordance with the procedures as set out in the disciplinary procedures.

9.2.3.1.3 Prosecution

Should investigations uncover evidence of fraud or corruption in respect of an allegation or series of allegations, GGM legal section will review the facts at hand to determine whether the matter is one that ought to be reported to the relevant law enforcement agency for investigation and possible prosecution. Such reports must be submitted to the South African Police Service in accordance with the requirements of all applicable acts. GGM will give its full co-operation to any such law enforcement agency including the provision of reports compiled in respect of investigations conducted.

9.2.3.1.4 Recovery action

Where there is clear evidence of fraud or corruption and there has been a financial loss to Council, recovery action, criminal, civil or administrative, will be instituted to recover any such losses.

In respect of civil recoveries, costs involved will be determined to ensure that the cost of recovery is financially beneficial.

9.2.3.1.5 Internal control review after discovery of fraud

In each instance where fraud is detected, Line Management will reassess the adequacy of the current internal control environment (particularly those controls directly impacting on the fraud incident) to consider the need for improvements.

The responsibility for ensuring that the internal control environment is re-assessed and for ensuring that the recommendations arising out of this assessment are implemented will lie with Heads of departments/Units.

9.3 MAINTENANCE STRATEGIES

9.3.1 Review of the effectiveness of the Fraud and Corruption Prevention Plan and Strategy

GGM will conduct a review of the Fraud Prevention Plan annually to determine the effectiveness thereof. The Accounting Officer is ultimately accountable for this review and may appoint a person to take responsibility for this.

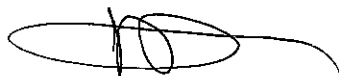
9.3.2 Review and updating the Fraud Prevention Plan and Strategy

A central part of any fraud and corruption control programme should involve an ongoing review of fraud and corruption risk exposures. Fraud and Corruption risk assessments will also be conducted annually at the same time as the review of the Fraud Prevention Plan and Strategy. As with the review, the Accounting Officer is ultimately accountable for this and may delegate a person to take responsibility.

Authority

Signed By:

The Mayor
CLLR ZITHA T



Signature

17/05/2024
Date

10. ANNEXURE A: REGULATORY FRAMEWORK

1. Statutes combating fraud and corruption

Protected Disclosures Act, 26 of 2000

The Protected Disclosures Act was promulgated to facilitate reporting by employees (whistle blowers) of fraud, corruption or other unlawful or irregular actions by their employer(s) or co-employees without fear of any discrimination or reprisal by their employers or co-employees.

Any employee who has information of fraud, corruption or other unlawful or irregular action(s) by his/her employer(s) or co-employees can report such actions, provided that he/she has information that:

- a) A crime has been, is being, or is likely to be committed by the employer or employee(s);
- b) The employer or employees has/have failed to comply with an obligation imposed by law;
- c) A miscarriage of justice has or will likely occur because of the employer's or employee(s) actions;
- d) The health or safety of an individual has been, is being, or is likely to be endangered;
- e) The environment has been, is being or is likely to be endangered;
- f) Unfair discrimination has been or is being practiced; or
- g) Any of the above has been, is being, or is likely to be concealed.

The Protected Disclosures Act prohibits the employer from:

- a) Dismissing, suspending, demoting, harassing or intimidating the employee;
- b) Subjecting the employee to disciplinary action;
- c) Transferring the employee against his or her will;
- d) Refusing due transfer or promotion;
- e) Altering the employment conditions of the employee unilaterally;
- f) Refusing the employee a reference or providing him/her with an adverse reference;
- g) Denying appointment;
- h) Threatening the employee with any of the above; or
- i) Otherwise affecting the employee negatively if the disclosure is made in terms of the Protected Disclosures Act.

Municipal Finance Management Act 2003 ("MFMA")

The MFMA was promulgated to facilitate the formal management of municipal finance associated activities.

The controls and administrative systems implemented by any Municipality are very relevant to the content of the MFMA. Certain aspects of the MFMA refer specifically to activities which might be regarded as being corrupt or fraudulent in nature. Some relevant aspects are as follows:

Unauthorised, irregular or fruitless and wasteful expenditure

Section 32 of the Municipal Finance Management Act indicates that,

(1) Without limiting the liability of the common law or other legislation-

(a) A political office bearer of a Municipality is liable for unauthorised expenditure if that office bearer knowingly or after having been advised by the Accounting Officer of the Municipality that the expenditure is likely to result in unauthorised expenditure, instructed an official of the Municipality to incur expenditure;

(b) The Accounting Officer is liable for unauthorised expenditure deliberately or negligently incurred by the accounting officer, subject to subsection (3);

(c) Any political office bearer or official of a Municipality who deliberately or negligently committed, made or authorised an irregular expenditure, is liable for that expenditure;

(d) Any political office bearer or official of a Municipality who deliberately or negligently made or authorised a fruitless and wasteful expenditure is liable for that expenditure.

(2) A Municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure-

(a) in the case of unauthorised expenditure, is-

(i) authorised in an adjustments budget; or

(ii) certified by the Municipal Council, after investigation by a Council Committee, as irrecoverable and written off by the Council; and

(b) in the case of irregular or fruitless and wasteful expenditure, is, after investigation by a Council Committee, certified by the Council as irrecoverable and written off by the Council.

(3) If the Accounting Officer becomes aware that the Council, the Mayor or the Executive Committee of the Municipality, as the case may be, has taken a decision which, if implemented, is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, the Accounting Officer is not liable for any ensuing unauthorised, irregular or fruitless and wasteful expenditure provided that the Accounting Officer has informed the Council, the Mayor or the Executive Committee, in writing, that the expenditure is likely to be unauthorised, irregular or fruitless and wasteful expenditure.

(4) The Accounting Officer must promptly inform the Mayor, the MEC for local government in the province and the Auditor-General, in writing, of-

any unauthorised, irregular or fruitless and wasteful expenditure incurred by the Municipality;

(5) The writing off in terms of subsection (2) of any unauthorised, irregular or fruitless and wasteful expenditure as irrecoverable, is no excuse in criminal or disciplinary proceedings against a person charged with the commission of an offence or a breach of this Act relating to such unauthorised, irregular or fruitless and wasteful expenditure.

(6) The Accounting Officer must report to the South African Police Service all cases of alleged-

- (a) irregular expenditure that constitute a criminal offence; and
- (b) theft and fraud that occurred in the Municipality.

(7) The Council of a Municipality must take all reasonable steps to ensure that all cases referred to in subsection (6) are reported to the South African Police Service if-

- (a) the charge is against the Accounting Officer; or
- (b) the Accounting Officer fails to comply with that subsection.

Funds transferred to organisations and bodies outside government.

Section 67 of the Municipal Finance Management Act states that ,

(1) Before transferring funds of the municipality to an organisation or body outside any sphere of government otherwise than in compliance with a commercial or other business transaction, the Accounting Officer must be satisfied that the organisation or body-

(a) has the capacity and has agreed-

(i) to comply with any agreement with the Municipality;

(ii) for the period of the agreement to comply with all reporting, financial management and auditing requirements as may be stipulated in the agreement;

(iii) to report at least monthly to the Accounting Officer on actual expenditure against such transfer; and

(iv) to submit its audited financial statements for its financial year to the Accounting Officer promptly;

(b) implements effective, efficient and transparent financial management and internal control systems to guard against fraud, theft and financial mismanagement; and

(c) has in respect of previous similar transfers complied with all the requirements of this section.

(3) The Accounting Officer must through contractual and other appropriate mechanisms enforce compliance with subsection (1).

(4) Subsection (1) (a) does not apply to an organisation or body serving the poor or used by government as an agency to serve the poor, provided-

(a) that the transfer does not exceed a prescribed limit; and

(b) that the Accounting Officer-

(i) takes all reasonable steps to ensure that the targeted beneficiaries receive the benefit of the transferred funds; and

(ii) certifies to the Auditor-General that compliance by that organisation or body with subsection (1)

(a) is uneconomical or unreasonable.

Implementation of system

Section 115 of the Municipal Finance Management Act states that

(1) The Accounting Officer of a Municipality or Municipal entity must-

- (a) implement the supply chain management policy of the municipality or municipal entity; and
- (b) take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

(2) No person may impede the Accounting Officer in fulfilling this responsibility.

Audit Committees

Section 166 of the Municipal Finance Management Act states that ,

(1) Each Municipality and each Municipal entity must have an Audit Committee, subject to subsection (6).

(2) An Audit Committee is an independent advisory body which must—

(a) advise the Municipal Council, the political office-bearers, the Accounting Officer and the management staff of the Municipality on matters relating to—

- (i) internal financial control and internal audits;
- (ii) risk management;
- (iii) accounting policies;
- (iv) the adequacy, reliability and accuracy of financial reporting and information;
- (v) performance management;
- (vi) effective governance;
- (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and
- (viii) performance evaluation.

(b) review the annual financial statements to provide the Council of the Municipality or, in the case of a Municipal entity, the council of the parent municipality and the council, with an authoritative and credible view of the financial position of the Municipality or Municipal entity, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;

(c) respond to the Council on any issues raised by the Auditor-General in the audit report;

(d) carry out such investigations into the financial affairs of the Municipality or Municipal entity as the Council of the Municipality, or in the case of a Municipal entity, the council of the parent Municipality, may request;

Financial misconduct by municipal officials

Section 171 of the Municipal Finance Management Act sets out the stipulations relating to disciplinary proceedings to be adopted in the event of financial misconduct by municipal officials.

The Accounting Officer commits financial misconduct if he/she deliberately or negligently:

Contravenes the provisions of the Act;

Fails to comply with a duty imposed by a provision of the Act on the Accounting Officer of a Municipality;

Permits or instructs another official of the Municipality to make an unauthorised, irregular or fruitless and wasteful expenditure;

Provides incorrect or misleading information in any document which, in terms of the Act, must be submitted to the Mayor, Council, Auditor General, National Treasury or other organ of state, or made public.

The Chief Financial Officer of a Municipality commits an act of financial misconduct if he/she fails to carry out delegated duties in terms of the Act. In addition financial misconduct is committed if he/she permits or instructs another official to make unauthorised or fruitless and wasteful expenditure, or provides incorrect or misleading information to the Accounting Officer.

The Act stipulates further, under this paragraph, that a Municipality must:

(a) Investigate allegations of financial misconduct against the Accounting Officer, the Chief Financial Officer, senior manager or other official of the Municipality unless those allegations are frivolous; and

(b) If the investigation warrants it, institute disciplinary proceedings against the Accounting Officer, Chief Financial Officer or any other official in accordance with stipulations set out in the Municipal Systems Act.

Municipal Systems Act, No 32 of 2000 ("MSA")

Human resource development

Section 67 of the Municipal Systems Act states that

A Municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures, consistent with any

uniform standards prescribed in terms of Section 72(1)(c), to ensure fair, efficient, effective and transparent personnel administration.

Code of conduct

Sections 69 and 70 of the Municipal Systems Act deal with the Code of Conduct, details of which appear in Schedule 2 of the Act, to be provided to staff members and communicated to the local community.

The Municipal Manager of a Municipality must:

- (a) Provide a copy of the Code of Conduct to every member of the Municipal staff;
- (b) Provide every member of staff with any amendments to the Code;
- (c) Ensure that the purpose, contents and consequences of the Code of Conduct are explained to staff members who cannot read; and
- (d) Communicate sections of the Code of Conduct that affect the public, to the local community.

Personal gain

Section 4 of the Code of Conduct for Municipal Staff Members states that

(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 a 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 direct or indirect personal or private business interest.

(2) (c) Except with prior consent of the Council of a Municipality a staff member of the Municipality may not be engaged in any business, trade or profession other than the work of the Municipality.

(3) No staff member of a Municipality may be a party to or beneficiary under a contract for the provision of goods and services to any municipality or municipal entity established by a Municipality.

Rewards, gifts and favours

Section 9 of the Code of Conduct for Municipal Staff Members states that

(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; and
 - (d) doing or not doing anything within that staff members power's and 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)

Duty of Chairpersons of Municipal Councils with regard to Council property

A councillor may not use, take or acquire or benefit from any property or asset owned, controlled or managed by the council. In the event that the chairperson of a council, on reasonable suspicion, is of the opinion that a provision of this stipulation has been breached, then the chairperson is obliged to:

- (a) Authorise an investigation of the facts and circumstances of the alleged breach;
- (b) Give the Councillor a reasonable opportunity to reply in writing regarding the alleged breach; and
- (c) Report the matter to a meeting of the Municipal Council

The Chairperson must furthermore, report the matter to the MEC for local government in the province concerned.

Competitive bidding

In the event that a Municipality decides to provide a municipal service through a service delivery agreement, it must select the service provider through selection processes, which, inter alia, minimise the possibility of fraud and corruption.

11. ANNEXURE B:DECLARATION OF INTEREST

DECLARATION OF INTEREST



I, the undersigned (surname
and initials)

Identity Number

Employee Number

Residential address

Position held

Name of Municipality

Nkangala District Municipality

Telephone number:

Fax number:

Hereby certify that the following information is complete and correct to the best of my knowledge:

1 Shares and other financial interests (Not bank accounts with financial institutions.)
See information sheet: note (1)

Number of shares/Extent of financial interests	Nature	Nominal Value	Name of Company/Entity

2 Directorships and partnerships
See information sheet: note (2)

Name of corporate entity, partnership or firm	Type of business	Amount of Remuneration/ Income

- 3 **Remunerated work outside the Municipality**
Must be sanctioned by Council. See information sheet: note (3)

Name of Employer	Type of Work	Amount of remuneration/ Income

- 4 **Consultancies and retainerships**
See information sheet: note (4)

Name of client	Nature	Type of business activity	Value of any benefits received

- 5 **Sponsorships**
See information sheet: note (5)

Source of assistance/sponsorship	Description of assistance/ Sponsorship	Value of assistance/sponsorship

6 Gifts and hospitality from a source other than a family member
See information sheet: note (6)

Description	Received from	Date Received	Value

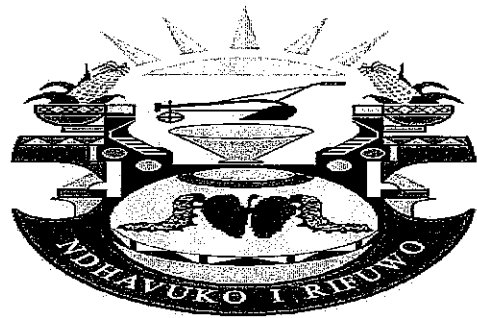
Thus Done and signed at _____ on this ____ day of _____
2013.

Signature _____

Witness _____

12. ANNEXURE C:GIFT REGISTRY FORM

GIFT REGISTER



GREATER GIYANI MUNICIPALITY

Gifts and hospitality from a source other than a family member

DESCRIPTION	RECEIVED FROM	DATE RECEIVED	VALUE

ANNEXURE D

FRAUD AND CORRUPTION PREVENTION PLAN AND STRATEGY (PLEDGE)

I, being a staff member/ Councillor of Greater Giyani Municipality realise that fraud and corruption diverts scarce resources from the citizens of Greater Giyani who need it most. To avoid and prevent fraudulent activities I choose to make the correct choices and adhere to the following principles:

1. I undertake to work with pride and dignity in my job, and to make Greater Giyani Municipality crime free;

2. I understand my responsibilities to report any fraudulent irregularities my Manager / supervisor who shall treat my report confidentially and provide protection if necessary, in terms of the Protected Disclosures Act 26 of 2000;
3. I choose not to accept or pay any bribes;
4. I will not abuse this office for private gain;
5. I understand the need to read and comply with the Code of Conduct enshrined in the Municipal Systems Act 32 of 2000 as amended.
6. I will work diligently for Greater Giyani Municipality at all times to the best of my ability-
7. I will provide the very best service possible and build goodwill with all our fellow employees and stakeholders.

I have received, discussed and understood the Code of Conduct and Fraud Prevention Plan and will uphold the Ethical principles contained therein. Failure to uphold actions should be taken against me.

I have read and understood the above contents.

Name: _____

P Number: _____

Date: _____

Signed: _____