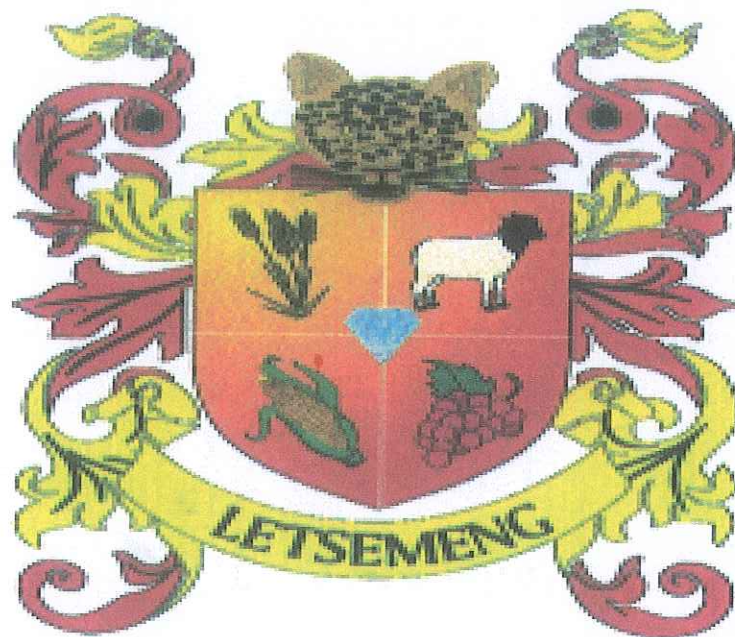


# LETSEMENG LOCAL MUNICIPALITY



## ANTI-FRAUD AND CORRUPTION STRATEGY

2019 - 2020

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## EXECUTIVE SUMMARY

The Anti-fraud and corruption strategy is designed to align Letsemeng Local Municipality with the MFMA which states that each municipality must develop an effective, efficient and transparent system of financial and risk management and internal control. Fight against fraud and corruption is a national priority and Letsemeng Local Municipality position itself to combat the scourge of fraud and corruption. The strategy demonstrates the stance of the municipality in preventing and detecting fraud and corrupt activities as well as corrective action when fraud has been committed.

It is also intended for the employees to become aware of fraud indicators to assist the Municipality in identifying the incidents of fraud and corruption should they take place. The stand point of the Municipality is also outlined to inform the stakeholders on how serious zero tolerance will be constituted within the Municipality.

Fraud and corruption prevention plan will also be in line with risk management strategy of the Municipality as approved by the Accounting Officer.

(i) This Fraud Prevention Strategy covers the following:

- Provision of a focus point and allocation of accountability and authority;
- Provide a common understanding of what constitutes fraud;
- Raises vigilance that staff and managers need to be actively involved on an ongoing basis in preventing and detecting fraud. Without their support, fraud prevention will fail.
- Their support can be achieved by increasing awareness, encouraging involvement and developing a staff fraud reporting process;
- Uncover the facts, which refer to the processes and skills, required to manage a fraud allegation;
- Deterring fraud, which refers to the processes, required ensuring disciplinary or criminal action is instigated as appropriate, pursuing heavy penalties and advising staff of the outcome.
- A Fraud Awareness Programme will be rolled out to employees of the Municipality, with the primary objective of sensitising both management and staff to fraud, common fraudulent practices and fraud indicators.

(ii) The Corruption Prevention Strategy covers the following:

It involves any-

- (a) Municipal officials who, directly/indirectly, accepts/agrees to accept any gratification from any other person, whether for the benefit of himself/herself/another person; or
- (b) person who, directly/indirectly, gives/agrees /offers to give any gratification to a Municipal official, whether for the benefit of that Municipal official or for the benefit of another person, in order to act, personally or by influencing another person so to act, in a manner-
  - i. that amounts to the-
    - (aa) illegal, dishonest, unauthorised, incomplete, or biased, or
    - (bb) misuse or selling of information or material acquired in the course of the exercise, carrying out or performance of any powers, duties or functions arising out of a constitutional, statutory, contractual or any other legal obligation;
  - ii. that amounts to-
    - (aa) the abuse of a position of authority;
    - (bb) a breach of trust; or
    - (cc) the violation of a legal duty or a set of rules;
  - iii. designed to achieve an unjustified results; or
  - iv. that amounts to any other unauthorised or improper inducement to do or not to do anything.is guilty of the offence of corrupt activities relating to Municipal officials.

## 1. INTRODUCTION

The Fraud and Corruption Prevention Strategy does not attempt to provide a complete approach to risk management but it forms part of the integrated approach to risk management in terms of the Public Sector Risks Management Framework and Treasury Regulations. While some aspects of managing fraud and corruption risks are specific, many of the control designed to address fraud and corruption risks will have a wider application and will therefore form a part of a general approach to risk management and financial management. Top management must set the tone of the Municipality and promote an anti-fraud and corruption culture.

The Strategy is designed to protect public resources, protect the integrity, security and reputation of the Municipality and maintain a high level of services to the community consistent with good governance as per the King Report on Corporate Governance.

Heads of directorate are responsible for fostering an environment within their directorates, which makes active fraud prevention a major responsibility of all staff, for articulating clear standards and procedures to encourage the minimization and deterrence of fraud, corruption, and for the detection and prosecution of offences should they occur.

Fraudulent and corrupt conduct breeds in an environment where systems, standards and procedures are open to exploitation. It is in the best interests of better fraud and corruption prevention for Municipality's decision making to be visible and unambiguous to the employees.

Transparency is the cornerstone of public sector accountability. Fraud and corruption prevention is concerned ultimately with the effective utilisation of resources and the minimization of waste, abuse, mismanagement, fraud and corruption. Effective accountability mechanisms for the use of public funds act to bolster the fraud and corruption prevention environment. Measures to prevent fraud and corruption should be continually monitored, reviewed and developed particularly as new systems, benefit programs, contracting or arrangements are introduced or modified.

### 2.1 DEFINITION OF FRAUD

For the purpose of this strategy, Municipality defines fraud as: *"a course of an action by deceit or other dishonest conduct, involving acts or omissions of the making of false statements, orally or in writing, with the object of obtaining money or other benefit from, or of evading a liability for personal gain or to damage with the knowledge that the deception could result in some unauthorized benefit to himself or some other person."*

This definition includes monetary gain and any benefit that could be gained from the Municipality, including intangibles, such as information. A basic test for fraud could include the following questions:

- Was deceit employed?

- Did it result in money / benefits being received to which the person or Municipality was not?
- Was the action unlawful?

## 2.2 DEFINITION OF CORRUPTION

### Corruption

For the purpose of simplicity, Municipality define corruption as:

**“Any conduct or behaviour in relation to persons entrusted with responsibilities in public office which violates their duties as public officials and which is aimed at obtaining undue gratification of any kind for themselves or for others”.**

The above is not a legal definition but used for the purpose of operationalising this strategy

## 3. FRAUD TRIANGLE

Basic elements that breed fraudulent activities to occur which are recognized by the Municipality are as following:

### 3.1. Need / Pressure:

There would always be a need that the fraudster would want to fulfill for personal achievement. In this case, the fraudster would be an employee within the Municipality.

### 3.2. Opportunity:

After the need has arisen from an individual / group of individuals to pursue, different angles are evaluated to find a way in which opportunity may arise and use it. These opportunities are within the environment within which the individual operates. It may be because of weak controls or misuse of power within the Municipality.

### 3.3. Justification / Rationalization:

When an individual / group of individuals have found the opportunity to institute his / their plan, they find a reason why they should commit such activity.

Managers of the Municipality must ensure that the opportunities for fraud are minimized. Segregation of duties, rotation of staff for sensitive duties, effective procedures and checks should prevent or deter fraud from occurring. While some people would never contemplate perpetrating a fraud, others may,

if they thought they could get away with it. A high chance of being caught by detective controls will deter fraud activities. Others arise because of a system weakness such as a lack of proper control over placing of purchase orders or failures to follow proper control procedures.

It may be artlessness in carrying out a check. It may be that too much trust has been placed in one individual with no effective separation of duties. Frauds, which result from collusion, may be more difficult to prevent.

### **DIMENSIONS OF CORRUPTION**

- Corrupt activities relating to Municipal officials:  
It involves any-
  - a) Municipal officials who, directly/indirectly, accept/agree to accept any gratification from any other person, whether for the benefit of himself/herself /another: or
  - b) A person who, directly, gives/agrees/offers to give any gratification to a Municipal official, whether for the benefit of Municipal official or for the benefit of another person, in order to act, personally or by influencing another person so to act ,in manner.
    - I. That amounts to the –  
Illegal, dishonest, unauthorized, incomplete, or biased, or misuse or  
  
selling of information or material acquired in the course of the exercise ,carrying out or performance of any powers ,duties or functions arising out as a constitutional ,statutory ,contractual or any other legal obligation:.
    - II. that amounts to-  
The abuse of position of authority :  
  
A breach of trust :or  
  
The violation of a legal duty or set of rules:
    - III. designed to achieve unjustified results: or
    - IV. That amounts to any other unauthorized or improper inducement to do or not to do anything.
    - V. Is guilty of the offence of corrupt activities to Municipal officials



2.1.1 The following examples illustrate the various manifestations in the municipality and elsewhere in society:

- a. **Bribery:** Bribery involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of a Municipal official. This benefit may accrue to the Municipal official, another person or an entity. A variation of this manifestation occurs where a political party or government is offered, promised or given a benefit that improperly affects the actions or decisions of the political party or government. In its most extreme manifestation this is referred to as State Capture, or the sale of Parliamentary votes, Presidential decrees, criminal court decisions and commercial decisions. Example: A traffic officer accepts a cash payment in order not to issue a speed fine.
- b. **Embezzlement:** This involves theft of resources by persons entrusted with the authority and control of such resources. Example: Hospital staff that steals medicines and in turn sells these to private pharmacists.
- c. **Fraud:** This involves actions or behaviours by a municipal official, other person or entity that fool others into providing a benefit that would not normally accrue to the Municipal official, other persons or entity. Example: A municipal official that registers a fictitious employee in order to collect the salary of that fictitious employee.
- d. **Extortion:** This involves coercing a person or entity to provide a benefit to a Municipal official, another person or an entity in exchange for acting (or failing to act) in a particular manner. Example: A public health official threatens to close a restaurant on the basis of fabricated health transgression unless the owner provides the public health official with regular meals.
- e. **Abuse of power:** This involves a Municipal official using his/her vested authority to improperly benefit another Municipal official, person or entity (or using the vested authority to improperly discriminate against another Municipal official, person or entity). Example: During a tender process but before actual selection of a successful contractor, the head of department expresses his/her wish to see the contract awarded to a specific person.
- f. **Conflict of interest:** This involves a municipal official acting or failing to act on a matter where the Municipal official has an interest or another person or entity that stands in a relationship with the Municipal official has an interest. Example: A municipal official considers tenders for a contract and awards the tender to a company of which his/her partner is a director.
- g. **Insider trading/ Abuse of privileged information:** This involves the use of privileged information and knowledge that Municipal officials possess as a result of his/her office to provide unfair advantage to another person or entity to obtain a benefit, or to accrue a

benefit himself/herself. Example: A local government official has, as a result of his/her particular office, knowledge of residential areas that are to be rezoned as business areas. He/she informs friends and family to acquire the residential properties with a view to selling these as business properties at a premium.

- h. **Favouritism:** This involves the provision of services or resources according to personal affiliations (for example ethnic, religious, party political affiliations, etc.) of a Municipal official.
- i. **Nepotism:** This involves a Municipal official ensuring that family members are appointed to public service positions or that family members receive contracts from Municipal resources. This manifestation is similar to conflict of interests and favouritism. Example: A head of department appoints his/her sister's child to a position even when more suitable candidates have applied for the position.

The above illustration of the manifestations of corruption is by no means complete or exhaustive. Corruption appears in permutations and in degrees of intensity. Degrees of intensity vary from the occasional acceptance of bribes to systemic corruption where bribery is the accepted way of "doing business" and large-scale looting of a country's resources take place. Thus corruption also manifests as personal and political corruption. Corruption increases if left unattended and once this has culminated in systemic corruption creates a bigger challenge to address.

#### **4. HOW FRAUD WILL OCCUR.**

The Municipality can therefore be exposed to the risk in a number of different ways:

##### **4.1. Internal Fraud**

This is fraud perpetrated by individuals inside the Municipality and is most often carried out by staff that has access to moveable or liquid assets. It is likely that the risk of fraud and its scale will increase if the member of staff is able to conceal the irregularities by also having access to accounting records. It may be opportunistic, though it may also be planned and committed over a long period.

##### **4.2. External Fraud**

This is fraud, which is perpetrated by individuals outside the Municipality and covers activities such as burglary, theft, deception and computer hacking by external parties. It is very often systematic and continuous, stemming from the inherent problem of safeguarding some type of systems against attack.

##### **4.3. Collusion**

This type of fraud involves two or more parties, either both internal and external working together. This type of fraud can be difficult to detect, as controls may at first appear to be working satisfactorily.

## **Audit Unit**

### **5. VALUES OF MUNICIPALITY:**

The Municipality has values that portray a specific conduct that employees are encouraged to conform to, with a view of promoting specific Municipal culture.

#### **5.1. Selflessness**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

#### **5.2. Integrity**

Holders of public office should not place themselves under any financial obligation to individuals within or outside the Municipality that might influence them in the performance of their official duties.

#### **5.3. Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, officials should make choices on merit.

#### **5.4. Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

#### **5.5. Openness**

Holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decision and restrict information only when the wider public interest clearly demands.

#### **5.6. Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

#### **5.7. Leadership**

Officials of the Municipality should promote and support these principles by leadership and example. A clear statement of commitment of ethical business behaviour throughout the Municipality and that will help to ensure that staff know that they are expected to follow the rules without circumventing controls and that they should avoid or declare any conflicts of interest.

Managers should try to create the conditions in which staff has neither the motivation nor the opportunity to commit fraud. The maintenance of good staff morale may help to minimise the likelihood of an employee causing harm to the Municipality through fraud. Under the right conditions staff members themselves are an excellent deterrent against fraud. There should be avenues for reporting suspicions of fraud. Staff should be encouraged to report suspicions of fraud either to their line managers, to internal control and risk management or possibly to a hotline set up for this purpose.

## **6. CODE OF CONDUCT**

### **Ethics**

In today's business environment, pressure is increasing on Municipality to make the right financial decisions, and to make those decisions faster than ever before. The success of the Municipality is dependent on the quality of the decisions and the behavior of individuals at all levels throughout the organization. The top management sets the culture of Municipality.

When the senior management themselves are involved in fraudulent activities or unacceptable standards of business behavior, employees at all levels are more easily able to justify their own dishonesty. It follows therefore, that if the Municipality is to combat fraud, management should first look inwards and adopts standards that are scrupulously honest and fair.

This section is intended to reaffirm the importance of high standards of business conduct. Adherence to the Code of Conduct by all employees is the only sure way to merit the confidence of the public to the Municipality. It must be emphasized that while observance of this code is important, common sense also plays a vital role. Each employee should apply this code with common sense and the attitude of seeking full compliance with the letter and spirit of the rules presented.

## **7. FRAUD INDICATORS AND WARNING SIGNS**

Managers of the Municipality will also be alert to any warning signs that might indicate that fraud is taking place. These may include:

- Unusually high personnel debts;
- Living beyond one's need;
- Desire to beat the system;
- Staff under stress without high workload;
- Always working late;
- Reluctance to take leave;
- Refusal of promotion;
- Unexplained wealth;

- Sudden change of lifestyle;
- New staff resigning quickly;
- Cosy relationship with suppliers / contractors;
- Suppliers / contractors who insist on dealing with one particular member of staff. Indicators that the Municipality may be a target for fraudsters;
- A Municipality that lacks competent employees;
- No clear lines of authority and responsibilities;
- Inadequate segregation of duties;
- Operation on crisis bases;
- Failure to discipline violations of policies, norms and standards;
- Too much trust placed on key employees, and
- Inadequate background and reference checking before hiring new employees.

## **8. FRAUD PREVENTION AND DETECTION MEASURES**

When risks and deficiencies in the level of control are identified, it is necessary to choose the most appropriate type of controls. Fraud should be deterred wherever possible. Similarly, prevention is always preferable to detection. Strong preventive controls should therefore be applied wherever possible. However, preventive controls may not be sufficient to guard against determined fraudsters and detective controls are therefore important. Detective controls are established to detect errors; omission and fraud after the events have taken place.

The following range of controls will be considered by the Municipality when preventing and detecting fraud:

### **8.1. Physical security**

This is a preventive measure which controls or monitors access to assets, documentation or IT systems to ensure that there is no unauthorised use, loss or damage. All assets will be held securely and access to them restricted as appropriate. The control should apply not only to the premises but also to computers, databases, banking facilities, documents and any other areas, which are critical to the operation of the Municipality's activities.

Access to computer systems is an important area, which should be very tightly controlled, not only to prevent unauthorised access and use, but also to protect the integrity of the data. Computer and data owners should secure information held on their systems especially personal information, which concerns third parties. The threat to computers can come from both inside and outside the Municipality as computer hackers may gain access in order to extract or corrupt information.

## **8.2. Organising**

Organising involves the allocation of responsibility to individuals or groups so that they work together to achieve objectives in the most efficient manner. Major principles in organising relevant to fraud are:

- Clear definition of the responsibilities of individuals for resources allocated, activities, objectives and targets. This includes defining levels of authority and is a preventive measure, which sets a limit on the amounts, which may be authorised by individual officers. To be effective, checks need to be made to ensure that transactions have been properly authorised;
- Establishing clear reporting lines and the most effective spans of command allow adequate supervision;
- Avoiding undue reliance on any one individual.

## **8.3. Supervision and Checking of Outputs**

Supervision is the functions by which managers of the Municipality will scrutinise the work and performance of their staff. It provides a check that staff are performing to meet standards and in accordance with instructions. It includes checks over the operation of controls by staff at lower levels.

These acts as both preventive and detective measures and involve monitoring the working methods and outputs of staff. These controls are vital where staff is dealing with cash or accounting records. Random spot checks by managers can be an effective anti-fraud measure.

## **8.4. Audit trail**

This is largely a detective control, although its presence may have a deterrent effect and thus prevent a fraud. An audit trail will ensure that all transactions could be traced through a system from start to finish. In addition to allowing detection of fraud it enables the controls to be reviewed.

## **8.5. Monitoring**

Management information will include measures and indicators of performance in respect of efficiency, effectiveness, economy and quality of service. Effective monitoring, including random checks, should deter and detect some types of fraudulent activity.

## **8.6. Evaluation**

Policies and activities will be evaluated periodically for economy, efficiency and effectiveness. The management of the operation will perform evaluations, but they are usually more effective when performed by an independent team. Such evaluations may reveal fraud.

### **8.7. Staffing**

Adequate staffing is essential for a system to function effectively. Weaknesses in staffing can negate the effect of other controls. Posts involving control of particularly high value assets or resources may need the application of additional vetting procedures. Rotation of staff between posts can help prevent or detect collusion or fraud.

### **8.8. Asset**

Asset registers used for management accounting purposes can help detect losses, which may be caused by fraud.

### **8.9. Budgetary and other Financial Controls**

Use of budgets and delegated limits for some categories of expenditure and other accounting controls should ensure that expenditure is properly approved and is properly accounted for by the responsible manager. This should limit the scope for fraud and should cause some types of fraud to be detected.

### **8.10. Systems Development**

Controls over the development of new systems and modifications to existing systems or procedures are essential to ensure that the effect of changes is properly assessed at an early stage and before implementation. Fraud risks should be identified as part of this process and the necessary improvements in control introduced.

## **9. FRAUD RISK MANAGEMENT**

Managing the risk of fraud is the same in principle as managing any other activity risk. It is best approached systematically, both at the Municipality level e.g. by using fraud policy statements and personnel policies, and at the operational level.

When considering fraud risks in specific operations of the Municipality, there are a number of steps, which should be taken, which are in line with risk management components adopted by Municipality:

### **9.1. Identify risk areas**

Establish the areas that most vulnerable to the fraud risk. Patterns of loss and areas of potential loss should be identified so that vulnerable areas can be pin-pointed. It may be useful to survey the staff involved in operating the system to establish all the risks of which they are aware.

### **9.2. Assess the risk**

Identify and assess what measures are already in place to prevent fraud, determine the level of residual risk, using the assessment methodology identified in the risk management strategy.

When the residual risk is above the Municipality's tolerance level, the corrective action must be devised.

### **9.3. Identify need for revised controls**

Evaluate adequacy of existing controls and establish what further controls or changes to existing controls are required to reduce or eliminate the risk. Detailed in the latter part of this document is the type of controls which should be put in place to address such risks of fraud.

When revising this controls or devising the corrective action, responsible official will be identified and reasonable target date will also be given.

### **9.4. Implement the revised controls**

The identified person that is responsible for each risk must implement the revised controls within the set target date.

### **9.5. Monitor the effectiveness of controls**

Monitor the revised controls for their effectiveness and to determine whether the fraud risk is lessened as a result of the implementation of revised controls. This could be achieved by a number of means including internal audit reviews of system controls and spot checks by managers to ensure that controls (such as supervisory controls or reconciliation's) are in operation.

## **10. FRAUD RISK MANAGEMENT CYCLE**

The risk management cycle should be treated as an iterative process. If the implementation of revised controls is not sufficient to eliminate the threat of fraud then the cycle must begin again. There are a number of main types of control, which can be applied to individual systems and to the Municipality as a whole. Some of these are preventive, some detective and some have a combined role.

## **11. ROLES AND RESPONSIBILITIES**

### **11.1. Management**

Management of the Municipality is ultimately held accountable for the implementation of fraud prevention plan in their respective area of responsibility. Management must also ensure that employees are aware of fraud prevention and their role should they be alerted fraudulent activities.

### **11.2. Risk Officer:**



Risk officer together or in consultation with Information and Communication Officer must develop a fraud prevention plan and it must be reviewed annually by the Risk Management Committee to determine the extent to which the Municipality's fraud prevention plan is in line with related acts and guidelines and monitor effective implementation.

### **11.3. Risk Management Committee**

The committee must review the adequacy and effective fraud prevention and response plan and recommend for approval by the Accounting Officer.

### **11.4. Employees**

Officials must familiarize themselves with regard to the Municipality's fraud prevention plan.

## **12. IMPLEMENTATION PLAN OF THIS FRAUD PREVENTION PLAN**

The following actions will be undertaken by the Municipality to ensure that fraud prevention plan is effectively implemented:

### **12.1. Increase awareness**

The Municipality will use the following campaigns to promote fraud prevention awareness within the Municipality:

- Promotional aids such as flyers and posters that indicate the Municipality stand on fraud;
- Promote the Municipality values during the orientations;
- Presentations to staff quarterly;
- Making use of induction processes;

### **12.2. Encourage involvement**

Increased awareness on fraud prevention matters will lead to increased involvement of employees in taking proactive steps when realizing fraud indicators.

The Municipality will integrate fraud prevention with normal business processes by including it in all levels of Municipality planning processes by incorporating fraud prevention action plans.

### **12.3 Evaluation of fraud prevention plan**

The implementation of this fraud prevention plan will be monitored bi-annually to determine the extent to which it has been effectively discharged.

The monitoring will be performed by the Risk Management Officer and submit to risk management committee for review and independently reviewed by the internal audit unit in line with the internal audit coverage plan.

#### **12.4 Employees screening**

Newly appointed employees will be screened / vetted, as part of prevention measures, to prevent the Municipality from appointing high risk candidates.

#### **12.5 Analytical review of fraud statistics**

As part of detection mechanism, the Municipality will analyse the trends of fraud activities incurred to identify the possible weakness in processes where fraudulent activity took place.

The activity will be performed by the Risk Management Officer bi-annually.

### **13. REPORTING**

- National anti-corruption hotline: 0800 701 701
- All internal cases should be reported to the Corporate Service Department, Municipal Manager or the Mayor
- Corporate Service Director will notify the Municipal Manager and approval letter for investigation will be issued by Municipal manager.

### **14. FRAUD INVESTIGATION**

The following are the phases of an investigation process when a suspicion of fraud and corruption is reported:

#### **14.1 Reporting**

Management, employees and the general public can report allegations of fraud and corruption to the Municipal Manager, or Mayor, or Alternatively they may report cases to the National Anti-Corruption Hotline: 0800 701 701

#### **14.2 Examination**

The Corporate Service, in consultation with the Labour Relations Officer will perform a preliminary examination to determine whether the matter should be subjected to a full investigation.

Should a matter not be referred for investigation, an examination report with findings and recommendations will be submitted to Management for implementation of corrective action.

#### **14.3 Investigation**

All serious and material cases will be referred to Corporate Service Director or Municipal Manager. The Accounting Officer will in consultation with the Labour Relations Officer and Corporate Service

Director determine a course of action appropriate, based on the seriousness of the alleged offence, to be instituted against the person(s) suspected of fraud while investigation is being conducted.

The Accounting Officer will determine, as advised by the Corporate Service Director and the Labour Relations Officer, whether the case can be dealt with internally or whether it requires the involvement of external third parties. Internal investigations will be conducted by either Internal Unit or Human Resource services as the Accounting Officer, where applicable, this activity may be outsourced.

#### **14.4 Consideration of findings and recommendation**

After conclusion of each investigation, a detailed report with findings and recommended actions will be issued to management for consideration.

#### **14.5 Action**

Once management has accepted the findings and recommendation, it will be referred to the Municipal Manager and Corporate Service Department for disciplinary action and/or SAPS/NPA for criminal prosecution.

#### **14.6 Monitoring and Feedback**

The Risk Management Officer will monitor progress on actions taken and provide feedback to Management and the Audit and Risk Management Committee. The Risk Officer will meet quarterly with Corporate Service Directorate on reported fraud cases and in turn the Risk Officer must report quarterly to the Risk Committee and the Audit Committee on the finalization of fraud cases.

#### **14.7 Improved Access to Report Wrongdoing and Protection of Whistleblowers and Witnesses**

1. A range of mechanisms to promote the reporting of corruption and the subsequent protection of whistleblowers/informants exist, but these are not adequate. Access and protection must be improved by:
  - a. Establishing guidelines for the implementation of the Protected Disclosures Act, including guidelines that make a distinction between whistleblowing and witness protection.
  - b. Institutions to implement departmental whistleblowing implementation policies, including policies for supporting persons maliciously and falsely implicated.
  - c. Obtaining support from the Civil Society Sector to assist, support and protect whistleblowers.
  - d. Promoting a culture of whistleblowing amongst employees.
  - e. Taking steps to improve the conditions for and functioning of the system of witness protection, including the issuing of guidelines on the conditions and working of the system.
  - f. Reviewing the effectiveness, risks and existing problems of current hotlines in order

to improve the system, with particular reference to access to the independent agency.

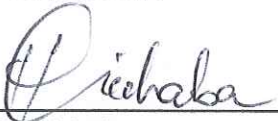
## 15. REVIEW OF THE STRATEGY

This Fraud Prevention Plan will be reviewed annually and appropriate changes made should these be required.

## 16. CONCLUSION

Successful fraud and corruption prevention involves creating an environment, which inhibits fraud and corruption. Taking immediate and vigorous action if fraud and corruption are detected is not only necessary to prevent future losses but also helps deter other frauds. A manager who is alert to the possibility of fraud and corruption and who acts accordingly on a day-to-day basis is a powerful deterrent against fraud.

### Compiled by:



T.H Lichaba  
Risk Management Officer  
Letsemeng Local Municipality

26/06/2019

Date

### Recommended for Approval:

The committee has reviewed and recommends the approval of this strategy.



S.D Nage  
Chairperson: Risk Management Committee

26 JUNE 2019

Date:

### Approved:



Mr. T.L Mkhwane  
Accounting Officer  
Letsemeng Local Municipality

26/06/2019

Date