



ANTI-FRAUD AND CORRUPTION STRATEGY

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1. INTRODUCTION

1.1. Purpose

The primary objective of this strategy is to prevent fraudulent conduct before it occurs by encouraging a culture within the Municipality where all employees, members of the public and other stakeholders continuously conduct with and promote integrity in their dealings with, or on behalf of municipality.

To encourage all employees and other stakeholders to strive towards the promotion of integrity and the prevention and detection of unethical conduct, fraud and corruption impacting or having the potential to impact on the Municipality.

To improving accountability, efficiency and effective administration within municipality, including decision-making and management conduct which promotes integrity.

1.2. Objectives of the Strategy

The objectives of this strategy could be summarised as follows:

- a) Creating a culture within municipality which is intolerant to unethical conduct, fraud and corruption.
- b) Strengthening community participation in the fight against corruption in municipality.
- c) Strengthening relationships with key stakeholders, e.g. SALGA, SAPS, employee representative unions and Communities, that are necessary to support the actions required to fight corruption in municipality.
- d) Preventing unethical conduct, fraud and corruption which cannot be deterred.
- e) Detection of unethical conduct, fraud and corruption.
- f) Taking appropriate action in the event of such irregularities, e.g. disciplinary action, recovery of losses, prosecution, etc; and
- g) Applying sanctions, which include redress in respect of financial losses.
- h) Encouraging a culture in the municipality where all employees, members of the public and other stakeholders continuously behave with and promote integrity in their dealings with, or on behalf of the municipality.
- i) Improving accountability, efficiency and effective administration in the municipality, including decision-making and management conduct which promote integrity.
- j) Development of anti-corruption capacity in the municipality.
- k) Improving the application of systems, policies, procedures and regulations in the municipality.

All aspects of the strategy will be:

- a) Supported by comprehensive education, training and awareness campaigns.
- b) Coordinated with other the spheres of government and community.
- c) Subjected to continuous fraud risk assessments; and
- d) Expressed in terms of measurable and time-bound implementation plans.

2 DEFINITION OF FRAUD AND CORRUPTION

2.1 *Fraud* is deception that involves a material misrepresentation of fact that is false and made intentionally or recklessly to a victim, which the victim believes and that then induces the victim to act to his or her own detriment. This involves actions or behaviour by an individual, other person or entity that manipulate others or systems into providing a benefit that would not normally accrue to the public servant, other person or entity.

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 behaviour of which a dishonest representation and/or appropriation forms an element. The term "fraud" is also used in a wider sense by the general

2.2 *Corruption* in its wider meaning, and as referred to in this document, includes any conduct or behaviour 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 behaviour also includes the misuse of material or information, abuse of a position of authority or a breach of trust or violation of duty.

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:

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

2.3. Forms of corruption

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

2 .3.1. Bribery

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

2.3.2. Embezzlement

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

2 .3.3. Extortion

Coercion of a person or entity to provide a benefit to a municipal employee, another person or an entity, in exchange for acting (or failing to act) in a particular manner.

2 .3.4. Abuse of power

The use by a Municipal employee of his or her vested authority to improperly benefit another person or entity (or using vested authority to improperly to discriminate against another person or entity).

2 .3.5. Conflict of interest

The failure by a municipal employee to act or to consciously fail to act on a matter where the municipal employees has an interest or another person or entity that has some form of relationship with a municipal employees has an interest.

2 .3.6. Abuse of privileged information

This involves the use, by municipal employees of privileged information and knowledge that a municipal employee possesses as a result of his/ her office to provide unfair advantage to another person or entity to obtain a benefit.

2 .3.7. Favouritism

The provision of services or resources according to personal affiliation by a municipal employee who does not meet minimum requirements.

2 .3.8. Nepotism

The abuse of the power to control appointments to office or the right to privileges and is used in this context as synonymous with cronyism, favouritism and preferential treatment.

These manifestations are by no means exhaustive as corruption appears in many forms and it is virtually impossible to list all of these.

2.4 Actions constituting fraud and corruption.

- 2.4.1 Fraud and corruption manifests in a number of ways and varying degrees of intensity. These include, but are not limited to:
- a) Unauthorised private use of the Municipality's assets, including vehicles.
 - b) Falsifying of records.
 - c) Conspiring unfairly with others to obtain a tender.
 - d) Disclosing proprietary information relating to a tender to outside parties.
 - e) Accepting inappropriate gifts from suppliers.
 - f) Operating a private business in working hours.
 - g) Stealing equipment or supplies from work.
 - h) Soliciting bribes or favours to process requests.
 - i) Soliciting bribes or favours for turning a blind eye to a service provider who does not provide an appropriate service.
 - j) Submitting or processing false invoices from contractors or other service providers; and;
 - k) Misappropriating fees received from customers and avoiding detection by not issuing receipts to those customers.

2.5 Polokwane Municipality statement of attitude to fraud

- 2.5.1 Polokwane Municipality requires all staff at all times to act honestly and with integrity and to safeguard the municipal resources for which they are responsible. The Municipality is committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits.
- 2.5.2 Any fraud or corruption committed against the Municipality is a major concern to the Council. Consequently, any case will be thoroughly investigated, and appropriate corrective action will be taken against anyone who is found guilty of corrupt conduct. This may include referral to the South Africa Police Services and other relevant state organ depending on the nature of the matter.

3. LEGISLATIVE FRAMEWORK

3.1. National Anti-Corruption Strategy 2020-2030

This National Anti-Corruption Strategy provides a framework and action plan for the country as a whole and seeks to create a society in which:

- a) Government's administrative and procurement processes are reinforced to allow for greater monitoring, accountability and transparency.
- b) The public is educated about what constitutes corruption and empowered to respond when or where it is noted.
- c) The public and whistleblowers are encouraged to report corruption, are supported and adequately protected when doing so.

- d) Public officials are held accountable for service delivery or the lack thereof.
- e) The business sector and civil society organisations operate in a values-driven manner and are held accountable for corrupt practices.
- f) There is a culture of zero tolerance towards corruption in any sector and full accountability for those involved in corruption.

3.2. Protected Disclosures Amendment Act, 2000

The amended Protected Disclosures Act, 2000, extend the application of the Act to any person who works or worked for the State or another person or who in any manner assists or assisted in carrying on or conducting the business of an employer or client as an independent contractor, consultant, agent or person rendering services to a client while being employed by a temporary employment service; to regulate joint liability of employers and their clients; to introduce a duty to inform employees or workers who have disclosed information regarding unlawful or irregular conduct; to provide for immunity against civil and criminal liability flowing from a disclosure of information which shows or tends to show that a criminal offence has been committed, is being committed or is reasonably likely to be committed; to create an offence for the disclosure of false information; and to provide for matters connected therewith.

3.3 Municipal Finance Management Act 56 of 2003

Section 112(1) stipulates that the Supply Chain Management Policy of a municipality must be fair, equitable, transparent, competitive and cost effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following: (m) Measures for-

- (i) Combating fraud, corruption, favouritism and unfair and irregular practices in municipal supply chain management, and
- (ii) Promoting ethics of officials and other role players involved in municipal supply chain management.

Section 115 (1) stipulates that 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.

3.4. Local Government: Municipal System Amendment Act 3 of 2022

The amendment Act sets out procedure to be adopted by municipal management about a number of aspects affecting the management of municipality. The Act also stipulates procedures to be adopted with regard to certain aspects related to misconduct and investigation thereof.

Section 69 of the Act prescribe the code of conduct in in Schedule 2 of the Act which applies to all municipal staff members and are expected to abide by.

3.5. The King IV Code on Corporate Governance

The King IV Code on Corporate Governance provides that key to success in preventing and fighting corruption is dependent on having ethical and accountable leadership. Principle 1 and 2 of the code requires Municipality to have ethical leadership that is exemplified by integrity, competence, responsibility, accountability, fairness and transparency. The Leadership of the Municipality should individually and collectively cultivate those characteristics and demonstrate them in their conduct.

The code encourages those in leadership positions public sectors and private sector to undergo training and development in ethics, integrity management, governance and risk and be subjected to integrity testing prior to their appointment. Council should also ensure that Councillors are also trained in these areas.

Ethics is broadly defined as standards of right and wrong that prescribe the rights, obligations and benefits to society. Ethics is about how people ought to live, treat others, run or manage our lives and organisations.

3.6. The Constitution of the Republic of South Africa, 1996.

The municipality has an obligation sanctioned by section 195 (1) of the Constitution of the Republic of South Africa (1996) which is provides for basic values and principles governing public administration; *Public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principles:*

- (a) A high standard of professional ethics must be promoted and maintained.*
- (b) Efficient, economic and effective use of resources must be promoted.*
- (c) Public administration must be development oriented.*
- (d) Services must be provided impartially, fairly, equitably and without bias.*
- (e) People's needs must be responded to, and the public must be encouraged to participate in policy-making.*
- (f) Public administration must be accountable.*
- (g) Transparency must be fostered by providing the public with timely, accessible and accurate information.*
- (h) Good human-resource management and career-development practices, to maximise human potential, must be cultivated.*
- (i) Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.*

3.7. Prevention and Combating of Corrupt Activities Act 12 of 2004.

The Act provide for the strengthening of measures to prevent and combat corruption and corrupt activities; to provide for the offence of corruption and offences relating to corrupt activities; to provide for investigative measures in respect of corruption and related corrupt activities; to provide for the establishment and endorsement of a Register in order to place certain restrictions on persons and enterprises convicted of corrupt activities relating to tenders and contracts; to place a duty on certain persons holding a position of authority to report certain corrupt transactions; to provide for extraterritorial jurisdiction in respect of the offence of corruption and offences relating to corrupt activities; and to provide for matters connected therewith.

3.8 Criminal Procedure Amendment Act 65 of 2008.

To amend the Criminal Procedure Act, 1977, to provide for the postponement of certain criminal proceedings against an accused person in custody awaiting trial through audio-visual link; to further regulate the falling away of certain convictions as previous convictions after the expiry of a fixed period; to provide for the expungement of criminal records of certain persons in respect of whom certain sentences have been imposed after the compliance with certain requirements and the expiry of a fixed period; to provide for the expungement of certain criminal records of persons under legislation enacted before the Constitution of the Republic of South Africa, 1993, took effect; and to provide for matters connected therewith.

4. POLICY STATEMENT ON FRAUD AND CORRUPTION

- 4.1 Polokwane Municipality recognises the exposure towards fraud and corruption within its operations. As such it is the policy and mission of Polokwane Municipality to strive for the protection of its employees and its other stakeholders through the implementation of an effective and efficient fraud prevention policy.
- 4.2 Polokwane Municipality requires all staff members to always act honestly and with integrity and to safeguard the resources for which they are either directly or indirectly responsible.
- 4.3 All municipal staff are required to conduct themselves in an ethical and moral way. Ethical conduct is based on a set of principles referred to as values or norms. The collective ethical conduct of all the employees of the municipality reflects the municipal's ethical conduct. In this regard, the highest standards of ethics are required by employees when fulfilling their duties.
- 4.4 All employees are expected to abide by the Municipal Code of Business Ethics and Code of conduct in Schedule 2 of the Section 69 of the Municipal System Amendment Act 3 of 2022 Act.

- 4.5 Fraud is seen as an ever-present threat to delivery capacity and must be the concern and responsibility of all staff in all areas of the business. There is also a wider responsibility on every staff member to prevent fraud and the adverse consequences it has for Polokwane Municipality.
- 4.6 We believe that there is only one effective way of fighting fraud and other corrupt practices and that is by instilling the reality amongst employees and other stakeholders, such as suppliers of goods and services, that fraud and corruption do not pay and will be detected and punished severely.
- 4.7 Therefore, Polokwane Municipality's policy on Fraud and Corruption is one of zero tolerance, and as such we are committed to:
- (a) Aggressively detecting incidents of fraud and corruption
 - (b) The investigation of all allegations of misconduct by employees, clients and suppliers, said to be occasioned by fraud and corruption, and
 - (c) The prosecution of all offenders criminally and, where necessary, the Municipality of civil and disciplinary action against them.
- 4.8 The Anti-Fraud and Corruption Strategy should be advertised in all public places within Polokwane Municipality's premises and issued to all stakeholders, namely, employees, community members and service providers. Publication of the strategy needs to demonstrate in no uncertain terms that the strategy is underwritten by Council and the Municipal Manager of Polokwane Municipality.

5. FRAUD AND CORRUPTION CONTROL STRATEGIES

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

5.1. Structural Strategies

Structural Strategies represent the actions to be undertaken in order to address fraud and corruption at the Structural level. The following section outlines the fraud and corruption responsibilities associated with different roles within the Municipality.

5.1.1. Municipal Council

The Municipal Council should take an interest in fraud 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 risks.

5.1.2. Municipal Manager

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

5.1.3. Audit and Performance Audit Committee

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

5.1.4. Risk Management Committee

The Risk management committee which is chaired by an independent is responsible for oversight of the municipal's fraud risk management by advising the Municipal Manager on the Municipality's approach to fraud prevention, fraud detection strategies and response to fraud and corruption incidents reported by employees or other external parties. The full responsibilities of the Risk management committee regarding fraud risk management is formally defined in its charter.

5.1.5. Management commitment.

Management has the added responsibility for demonstrating, through their actions, the importance of this strategy. Management must accept and understand that ethical behaviour does not simply happen; it is the product of clear and direct communication of behavioural expectations, modelled from the top and demonstrated by example, ultimately, an individual's actions are what matters. Management should 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, management, under the guidance of the Municipal Manager, will ensure that it does not become complacent in dealing with fraud and corruption and that it will ensure that this strategy is communicated to all employees and stakeholders through various initiatives of awareness and training within their supervision.

To make the ensure effective implementation of this strategy, the entire management is responsible for promptly addressing ethical questions or concerns raised by employees and for taking the appropriate steps to deal with such issues. Managers should not consider employees' ethical concerns as threats or challenges to their authority, but rather as another

encouraged form of communication. At Polokwane Municipality, ethics dialogue should be a natural part of daily work.

5.1.6. Municipal staff members

All municipal staff are required to conduct themselves in an ethical and moral way. Ethical conduct is based on a set of principles referred to as values or norms. The collective ethical conduct of all the employees of the municipality reflects the municipality's ethical conduct. In this regard, the highest standards of ethics are required by employees when fulfilling their duties. All employees are expected to abide by the Code of business ethics for the Municipality and the code of conduct for Municipal staff. **Annexure B.**

5.1.7. Other municipal committee and structure

Terms of references for other municipal committees that involve external stakeholders must include their responsibilities to embrace this strategy and to ensure that they conduct themselves ethically at all times and maintain effective controls against conflicts of interest by declaration their financial interest and signing conflict of interest disclosure forms.

5.1.8 The Community and other stakeholders

Public consultation is the cornerstone of the municipality's commitment to involve citizens and stakeholders in matters concerning the municipality. The Community and all stakeholders will be engaged in Anti-Corruption and Fraud Prevention initiatives on how to contribute to the success of fighting fraud and corruption. The Municipality thought its public participation should empower citizens in the fight against corruption through awareness-raising campaigns, campaigns on their rights in terms of administrative process and improved whistleblower protection.

5.2. Operational structures strategies

5.2.1. Internal controls

Internal controls are the first line of defence against fraud and corruption. While internal controls may not fully protect the Municipality against fraud and corruption, they are essential elements in the overall Anti-Fraud and Corruption strategy. All areas of the strategy require internal controls; for example:-

- (a) Physical control (security of assets)
- (b) Authorization controls (Approval of expenditure)
- (c) Supervisory controls (supervising day-to-day issues);
- (d) Analysis of data;
- (e) Monthly and annual financial statements;

- (f) Reconciliation of bank statements, monthly; and • Reconciliation of vote accounts, monthly.
- (g) Procurement process
- (h) Segregation of duties (it reduces the risk of intentional manipulating or error and increase the element of checking.

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

5.2.2. Prevention strategies

A number of combined initiatives result in an overall preventative environment in respect of fraud and corruption. These include the following:

- a) 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) Anti-Fraud and Corruption strategy.
 - (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.
 - (vi) The Manager: Risk management will be responsible for employee awareness and that will arrange and schedule awareness sessions throughout the year.

Employee awareness of the Municipal's Anti-Fraud and Corruption strategy, and the manifestation of fraud and corruption in the workplace will assist in the creation of an environment which may be considered to be hostile to a would-be transgressor.

b) Pre-employment screening

Pre-employment screening will be carried out for all appointments, and evidence of such screening will be maintained by the HR Department. 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
- (iv) Reference checks with the two most recent employers – this will normally require telephone contact.
- (v) A consideration of any gaps in employment history and the reasons for those gaps.
- (vi) Verification of formal qualifications claimed.

The screening will be performed by the Human Resources Department in conjunction with the Municipal Manager to ensure that screening is consistent and appropriately resourced.

c) Recruitment process

Recruitment will be conducted in accordance with the Municipal 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 Human Resource department.

e) Risk assessment

Risk assessment should be conducted at a strategic level and in all operation business level as fraud and corruption and irregularities and be prevented by mitigating the risk of fraud and corruption in the Municipality.

Fraud and Corruption Risk Assessment shall be done in line with the guidelines as set in Polokwane Municipality Risk Management Framework.

e) Assessment of fraud and corruption risk.

The Municipality, under the guidance of the Municipal Manager, will conduct annual fraud and corruption risk assessments to identify potential fraud and corruption risk exposures to 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 risks are manifested and, a "Fraud and Corruption Risk Register" which will prioritise the fraud and corruption risks and indicate actions to mitigate these risks.

The fraud and corruption risk assessment shall be done as per the process as set out in the Municipal Risk Management framework.

f) Internal Audit

The Internal Audit Annual Plan will be based on the results of risk assessment which will prioritise high risk areas including high Fraud and Corruption risks. Internal Audit shall also bring to the attention of Risk Management any suspicion of fraud which they might come across during their audit reviews.

g) Disclosure of interest

All Directors, Managers, Assistant managers, staff and Councillors of the Municipality will be required to disclose their business interests to the Manager Human Resources on an annual basis as per the Municipal's Declaration of Financial interest procedure.

5.2.3. Detection strategies

Detection of fraud and corruption may occur through:

- (a) Vigilance on the part of employees, including line management.
- (b) The Internal Audit function.
- (c) Ad hoc management reviews.
- (d) Anonymous reports; and
- (e) Fraud Risk assessments
- (f) The application of detection techniques

Manager: Risk Management will be responsible for developing detection strategies, and will work closely with line management and the Internal Audit function for this purpose. The Municipality will embark on a number of initiatives to detect fraud and corruption in the workplace.

a) Internal Audit

As part of the detection and prevention strategy, internal audit will examine and evaluate the adequacy and effectiveness of the system of internal control according to the plan, commensurate with the extent of the potential exposure/risk in the various segments of the Municipality's operations.

b) External Audit

The Municipality recognises that the external audit function is an important control in the detection of fraud. The Chief Finance Officer will need to hold discussions with all engaged external auditors to ensure that due consideration is given, by the auditors, to ISA 240 - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements *"In planning and performing an audit to reduce the risk to an acceptably low level, the auditor should consider the risks of material misstatements in the financial statements due to fraud"*.

5.2.4. Response strategy

a) Reporting fraud and corruption – a Whistle blowing policy

One of the key obstacles to fighting fraud and corruption is the fear by employees and Community members of being intimidated for blowing the whistle on fraudulent, corrupt or unethical practices witnessed. For this reason, the Municipality has adopted a Whistle Blowing Policy setting out the detailed procedure which must be followed in order to report any incidents of fraud and / or corruption. The policy has been designed to comply with the provisions of the Protected Disclosures Amendment 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.

b) Investigating procedure

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.

The nature of reports of incidents of fraud and / or corruption will determine action to be taken. Other incidents will warrant a preliminary investigation, before any decision to implement full blown independent investigation is taken.

Investigations will be undertaken by appropriately qualified and experienced persons who are independent of the section where investigations are required. The investigation officer will be appointed by the Municipal Manager in writing. This may be a Senior Manager in the Municipality, Risk Management Unit, and Labour Relation Unit, 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 all investigations are paramount.

Any investigation initiated must be concluded by the issue of a final report within 90 days 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. If an investigation is not concluded within 90 days, the person/s appointed to conduct such investigations must issue a preliminary investigation report to the Accounting Officer with a request for extension of time.

Polokwane Municipal employees are encouraged to assist in the investigation process as may be required by co-operating and providing all necessary information at their disposal.

Any investigation into improper conduct within the Municipality will be subject to an appropriate level of supervision by the Audit and Performance Committee, having regard to the seriousness of the matter under investigation.

5.2.5 Resolution

Polokwane Municipality will perform the following activities after the discovery of fraudulent or corrupt activities:

5.2.5 1 Consequence management

Fraud and consequence management should be implemented through acting in a consistent and deliberate manner against those officials who intentionally fail to comply with legislation or who are guilty of fraud or misconduct in accordance with the procedures as set out in the Municipal disciplinary procedures.

5.2.5.2 Prosecution

Should investigations uncover evidence of fraud or corruption in respect of an allegation or series of allegations, the Municipality 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 (SAPS) in accordance with the requirements of all applicable acts. The relevant Director will be responsible for ensuring that such case is opened and registered with SAPS as the custodian of processes and procedures in which the allegation occur.

The Municipality through the relevant directorate will give its full co-operation to any such law enforcement agency including the provision of reports compiled in respect of investigations conducted.

5.2.5.3 Recovery action

Where there is clear evidence of fraud or corruption and there has been a financial loss to the Municipality, 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. (Requirements of the MFMA should be considered).

5.2.5.4 Internal control review after discovery of fraud

In each instance where fraud is detected, Management will re-assess the adequacy of the current internal control systems (particularly those controls directly impacting on the fraud incident) to consider the need for improvements. The responsibility for ensuring that the internal control systems are re-assessed and for ensuring that the recommendations arising out of this assessment are implemented will lie with the line Management of the Municipality / section concerned

5.2.6. Fraud risk assessment

Fraud and Corruption risk assessments should also be conducted annually, and the results should be considered when drafting Fraud Prevention Plan. Fraud and corruption risk assessment shall be conducted quarterly identified focus area by Risk Management Unit and Management.

The outcome of the Fraud and Corruption Risk Assessment shall consist of the following:

- a) Components of Risk under each focus area as well as manifestations (materialization) of frauds/corruption of each component; and

- b) The fraud and corruption risk register containing all the risk manifestations and the recommendation to address each manifestation

6. MAINTENANCE OF THE STRATEGY

6.1. Review and updating the Anti-Fraud and Corruption strategy.

The Manager: Risk Management is the central part of fraud and corruption control programme and should involve an ongoing review of fraud and corruption risk exposures. The strategy will be reviewed every 3 years or as and when required to incorporate changes in the legislative framework within Local Government, performance and PESTEL factors.

7. ANNEXURE TO THE STRATEGY

7.1. **Annexure A** : Fraud risk management plan

7.2. **Annexure B** : Code of Conduct for staff

7.3. **Annexure C** : Code of Conduct for Councillors

Previous Approval

Council	26 May 2022
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ANNEXURE A

FRAUD RISK MANAGEMENT PLAN

ANNEXURE A : FRAUD RISK MANAGEMENT PLAN

#	Activity	Due Date	Responsibility	Evidence
Fraud Risk Management Planning				
1.	Detailed fraud risk management plan for 2024/25	Annually	Manager: Risk Management	Resolution by RMC and APAC for approval of the plan.
Fraud Risk Management Orientation and Training				
2.	Review the Anti-Fraud and Corruption Policy and ensure adoption by RMC & APAC	Every 3 years	Manager: Risk Management	Risk Management Committee and Audit Committee minutes on approval on the documents
3.	Approval of Anti-Fraud and Corruption Policy and ensure adoption by Council	Every 3 years	Manager: Risk Management	Council resolution on approval of Anti-Fraud and Corruption Strategy
4.	Conduct Anti-fraud and corruption training and awareness to all staff members including internal Committees structures and other identified stakeholders.	Quarterly	Manager: Risk Management	Detailed training and awareness report
5.	Approval, implementation and enforcement of gift and financial disclosure policy for employees.	Annually	Manager: Human Resource	Approved Gift and Financial Disclosure Policy with council resolution
6.	Conduct Ethics and fraud survey to monitor the effectiveness of the hotline and the level of fraud awareness in the Municipality (Staff Members)	Annually	Manager: Risk Management	Fraud Survey results reports
Fraud Risk Assessment				
7.	Review of fraud risk assessment for 2024/25	Annually	Manager: Risk Management	Approved fraud risk registers for 2024/25 financial year
Fraud Risk Investigation and Reporting				
8.	Maintain a database of all fraud incidents investigated and submit fraud investigation reports to Risk Management Committee, Audit Committee then Council, the MPAC	Quarterly	Manager: Risk Management	Fraud Reports sent to the committees

#	Activity	Due Date	Responsibility	Evidence
9.	Ensure that all investigations are resolved within 90 days of being reported and investigation report is sent to the Municipal Manager.	As Required	All Managers	Fraud Investigation Feedback and Reports
10.	Municipal dedicated fraud hotline	Annually	Manager: Risk Management	Municipal fraud hotline number
11.	Ensuring that all requisite persons in terms of the Municipal System Act and Municipal Finance Management Act are briefed on any allegation of suspected fraud.	As Required	Municipal Manager	Reports
Code of Conduct				
12.	Circulate and create awareness of the Code of Conduct to all Municipal staff, stakeholders and ensure acknowledgement of receipts	Once annually and continue with new staff members.	Manager: Human Resources	Code of Conduct acknowledgement register, email
Governance and Management Structures				
13.	Ensuring that Fraud and Corruption reports are discussed and reported to the Risk Management Committee and Audit Committee	Quarterly	Manager: Risk Management	Risk Management Committee agenda and minutes
Policies, procedures, rules, regulations, and other prescripts				
14.	Implement systems, policies and procedures that deals with Recruitment, appointment, and promotion processes	Continuously	Dir: Corporate & Shared Services	Recruitment, Appointment and Promotion policies and procedures
15.	Implement systems, policies and procedures that deals with Vetting and Security clearances	Continuously	Dir: Corporate & Shared Services/ Dir: Community Services	Security clearance reports of staff
16.	Implementation and enforcement of compulsory probation periods and reports.	Continuously	Dir: Corporate & Shared Services	Probation reports
17.	Implement systems, policies and procedures that deals with Ensuring that all staff including new staff sign confidentiality oath.	Continuously	Dir: Corporate & Shared Services	Confidentiality oath acknowledgement register

#	Activity	Due Date	Responsibility	Evidence
18.	Implementation and enforcement of obligatory leave periods.	Continuously	Dir: Corporate & Shared Services	Obligatory leave report for staff
19.	Implement systems, policies and procedures that deal with Exit procedures, including exit interviews.	As Required	Dir: Corporate & Shared Services	Exit interview reports
20.	Review the delegations of authority to accommodate new policy developments.	As Required	Manager: Legal	Reviewed delegations of authority
21.	Ensure that failure to enforce and/or adhere to policies and procedures are subjected to appropriate disciplinary action.	As Required	All directors	Reports on misconduct and no adherence to policy allegations
22.	Ensure that effective communication structures and medium are in place between management and employees.	Continuously	All directors	LLF Meeting agendas and minutes
23.	Appointment of a spokesperson to handle media enquiries, should a fraud be detected.	Continuously	Manager: Communication	Media Reports
Internal Controls; Internal and External Audit				
24.	Ensure that management is held accountable immediately review the controls breached during an incident of unethical conduct, fraud, and corruption to prevent reoccurrence.	As and when required	Municipal Manager	Implementation of recommendations from investigation reports
25.	Ensure that all Fraud related findings raised by AG and Internal Audit are addressed accordingly within the set timelines	Monthly	All Directors	AG Action implementation report (OPCA Report)
26.	Ensure that management is held accountable to take corrective actions in terms of audit reports.	Monthly	All Directors	Internal Audit Action implementation report
Physical and Information Security				
27.	Conduct a regular detailed review of the physical security arrangements at the Municipal facilities.	Quarterly	Dir: Community Services	Security appraisal report
28.	Conduct information security awareness campaigns to all Municipal staff.	Quarterly	Dir: Corporate & Shared Services	Attendance register, agenda, and fraud awareness report
29.	Conduct physical security awareness campaigns to all Municipal staff.	Quarterly	Dir: Community Services	Attendance register, agenda, and fraud awareness report

ANNEXURE C

CODE OF CONDUCT FOR COUNCILLORS

ANNEXURE C

CODE OF CONDUCT FOR COUNCILLORS

Schedule 1 of the Local Government Municipal Systems Act, (Act 32 of 2000) provides for the Code of Conduct in respect of Municipal Staff Members

Preamble

Councillors are elected to represent local communities on municipal councils, to ensure that municipalities have structured mechanisms of accountability to local communities, and to meet the priority needs of communities by providing services equitably, effectively and sustainable within the means of the municipality.

In fulfilling this role councillors must be accountable to local communities and report back at least quarterly to constituencies on council matters, including the performance of the municipality in terms of established indicators. In order to ensure that councillors fulfill their obligations to their communities, and support the achievement by the municipality of its objectives set out section 19 of the Act, the following Code of Conduct is established.

Definitions

1. In this Schedule "partner" means a person who permanently lives with another person in a manner as if married.

General conduct of councillors

2. A councillor must –
 - a. perform the functions of the office in good faith, honestly and a transparent manner, and
 - b. at all times act in the best interest of the municipality and in such a way that the credibility and integrity of the municipality are not compromised.

Attendance at meetings

3. A Councillor must attend each meeting of the municipal council and of a committee of which that councillor is a member, except when-
 - a. leave of absence is granted in terms of an applicable law or as determined by the rules and orders of the council; or
 - b. that councillor is required in terms of this Code to withdraw from the meeting.

Sanctions for non-attendance of meetings

4. (1) A municipal council may impose a fine as determined by the standing rules and orders of the municipal council on a councillor for:

- (a) not attending a meeting which that councillor is required to attend in terms item 3; or
 - (b) failing to remain in attendance at such a meeting.
- (2) A councillor who is absent from three or more consecutive meetings of a municipal council, or from three or more consecutive meetings of a committee, which that councillor is required to attend in terms of item 3, must be removed from office as a councillor.
- (3) Proceedings for the imposition of a fine or the removal of a councillor must be conducted in accordance with a uniform standing procedure which each municipal council must adopt for the purpose of this item. The uniform standing procedure must comply with the rules of natural justice.

Disclosure of interests

5. (1) A councillor must-

- (a) disclose to the municipal council, or to any committee of which that councillor is a member, any direct or indirect personal or private business interest that that Councillor, or any spouse, partner or business associate of that councillor may have in any matter before the council or the committee; and
 - (b) withdraw from the proceedings of the council or committee when that matter is considered by the council or committee, unless the council or committee decides that the councillor's direct or indirect interest in the matter is trivial or irrelevant.
- (2) A councillor who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose full particulars of the benefits of which the councillor is aware at the first meeting of the municipal council at which it is possible for the councillor to make the disclosure.
- (3) This section does not apply to an interest or benefit which a councillor, or a spouse, partner, business associate or close family member, has or acquires in common with other residents of the municipality.

Personal gain

6. (1) A councillor may not use the position or privileges of a councillor, or confidential information obtained as a councillor, for private gain or to improperly benefit another person.
 - (2) Except with the prior consent of the municipal council, a councillor may not-
 - (a) be a party to or beneficiary under a contract for
 - (i) the provision of goods or services to the municipality; or
 - (ii) the performance of any work otherwise than as a councillor for the municipality;
 - (b) obtain a financial interest in any business of the municipality; or
 - (c) for a fee or other consideration appears on behalf any other person before the council or a committee.
 - (3) If more than one quarter of the councillors objects to consent being given to a councillor in terms of subitem (2), such consent may only be given to the councillor with the approval of the MEC for local government in the province.
7. (1) When elected or appointed, a councilor must within 60 days declare in writing to the municipal manager the following financial interests held to the councilor:
 - (a) share and securities in any company;
 - (b) membership of nay close corporation;
 - (c) interest in any trust;
 - (d) directorships; (e) partnerships;
 - (f) other financial interests in any business undertaking;
 - (g) employment and remuneration;
 - (h) interest in property
 - (i) pension; and
 - (j) subsidies, grants and sponsorships by any organization.
 - (2) Any change in the nature or details of the financial interest of a councilor must be declared in writing to the municipal manager annually.
 - (3) Gifts received by a councilor above a prescribed amount must also be declared in accordance with subitem (1).

- (4) The municipal council must determine which of the financial interests referred in subitem (1) must be made public having regard to the need for confidentiality and the public interest for disclosure.

Full-time councillors

8. A councillor who is a full-time councillor may not undertake any other paid work. Except with the consent of a municipal council which consent shall not unreasonable be withheld.

Rewards, gifts and favours

9. A councillor may not request, solicit or accept any reward, gift or favour for-
- (a) voting or not voting in a particular manner on any matter before the municipal council or before a committee of which that councillor is a member;
 - (b) persuading the council or any committee in regard to the exercise of any power, function or duty;
 - (c) making a representation to the council or any committee of the council; or
 - (d) disclosing privileged or confidential information.

Unauthorised disclosure of information

10. (1) A councillor may not without the permission of the municipal council or a committee discloses any privileged or confidential information of the council or committee to any unauthorised person.
- (2) For the purpose of this item "privileged or confidential information" includes any information-
- (a) determined by the municipal council or committee to be privileged or confidential;
 - (b) discussed in closed session by the council or committee;
 - (c) disclosure of which would violate a person's right to privacy; or
 - (d) declare to be privileged, confidential or secret in terms of law.
- (3) This item does not derogate from the right of any person to access to information in terms of national legislation.

Intervention in administration

11. A Councillor may not, except as provided by law-

- (a) interfere in the management or administration of any department of the municipal council unless mandated by council;
- (b) give or purport to give any instruction to any employee of the council except when authorized to do so;
- (c) obstruct or attempt to obstruct the implementation of any decision of the council or a committee by an employee of the council; or
- (d) encourage or participate in any conduct which would cause or contribute to maladministration in the council.

Council property

12. A councillor may not use, take, acquire or benefit from any property or asset owned, controlled or managed by the municipality to which that councillor has no right.

Duty of chairpersons of municipal councils

13. (1) If the chairperson of a municipal council, on reasonable suspicion, is of the opinion that a provision of this Code has been breached, the chairperson must-

- (a) authorize 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 after paragraphs (a) and (b) have been complied with.
- (2) A report in terms of subitem (1)(c) is open to the public.
- (3) The chairperson must report the outcome of the investigation to the MEC for local government in the province concerned.

- (4) The chairperson must ensure that each councillor when taking office is given a copy of this Code and that a copy of the Code is available in every room or place where the council meets.

Breaches of Code

14. (1) A municipal council may –

- (a) investigate and make a finding on any alleged breach of a provision of this Code; or
 - (b) establish a special committee –
 - (i) to investigate and make a finding on any alleged breach of this Code; and
 - (ii) to make appropriate recommendations to the council.
- (2) If the council or a special committee finds that a councillor has breached provision of this Code, the council may –
- (a) issue a formal warning to the councillor; (b) reprimand the councillor;
 - (c) request the MEC for local government in the province to suspend the councillor for a period;
 - (d) fine the councillor; and
 - (e) request the MEC to remove the councillor from office.
- (3) (a) Any councillor who has been warned, reprimanded or fined in terms of paragraph (a), (b) or (d) of subitem (2) may within 14 days of having been notified of the decision of council appeal to the MEC for local government in writing setting out the reason on which the appeal is based.
- (b) A copy of the appeal must be provided to the council.
- (c) The council may within 14 days of receipt of the appeal referred to in paragraph (b) make any representation pertaining to the appeal to the MEC for local government in writing.
- (d) The MEC for local government may, after having considered the appeal, confirm, set aside or vary the decision of the council and inform the councillor and the council of the outcome of the appeal.
- (4) The MEC for local government may appoint a person or a committee to investigate any alleged breach of a provision of this Code and to make recommendation on whether the councillor should be suspended or removed from office.
- (5) The Commission Act, 1947 (Act No. 8 of 1947) may be applied to an investigation in terms of subitem (3).

(6) If the MEC is of the opinion that the councillor has breached a provision of this Code, and that such contravention warrants a suspension or removal from office, the MEC may-

- (a) suspend the councillor for a period and on conditions determined by the MEC; or
 - (b) remove the councillor from office.
- (7) Any investigation in terms of this item must be in accordance with the rules of natural justice.

Application of Code to traditional leaders

15. (1) Items 1, 2, 5, 6, 9 (b) to (d), 10, 11, 12, 13 and 14 (1) apply to a traditional leader who participates or has participated in the proceedings of a municipal council in terms of section 81.

- (2) These items must be applied to the traditional leader in the same way they apply to councillors.
- (3) If a municipal council or a special committee in terms of item 14 (1) finds that a traditional leader has breached a provision of this Code, the council may-
- (a) Issue a formal warning to the traditional leader; or
 - (b) Request the MEC for local government in the province to suspend or cancel the traditional leader's right to participate in the proceedings of the council.
- (4) The MEC for local government may appoint a person or a committee to investigate any alleged breach of a provision of this Code and to make a recommendation on whether the right of the traditional leader to participate in the proceedings of the municipal council should be suspended or cancelled.
- (5) The Commissions Act, 1947, may be applied to an investigation in terms of subitem (4).
- (6) If the MEC is of the opinion that the traditional leader has breached a provision of this Code, and that such breach warrants a suspension or cancellation of the traditional leader's right to participate in the council's proceedings, the MEC may
- (a) suspend that right for a period and on conditions determined by the MEC; or
 - cancel that right
- (7) Any investigation in terms of this item must be in accordance with the rules of natural justice.

ANNEXURE B

CODE OF CONDUCT FOR STAFF

ANNEXURE B

CODE OF CONDUCT FOR MUNICIPAL STAFF MEMBERS

Schedule 2 of the Local Government Municipal Systems Act, (Act 32 of 2000) provides for the Code of Conduct in respect of Municipal Staff Members

1. Definitions

In this Schedule "partner" means a person who permanently lives with another person in a manner as if married.

2. General conduct

A staff member of a municipality must at all times :-

- (a) loyally execute the lawful policies of the municipal council;
- (b) perform the functions of office in good faith, diligently, honestly and in a transparent manner;
- (c) act in such a way that the spirit, purpose and objects of section 50 are promoted;
- (d) act in the best interest of the municipality and in such a way that the credibility and integrity of the municipality are not compromised; and
- (e) act impartially and treat all people, including other staff members, equally without favour or prejudice.

3. Commitment to serving the public interest

A staff member of a municipality is a public servant in a developmental local system, and must accordingly :-

- (a) implement the provisions of section 50 (2);
- (b) foster a culture of commitment to serving the public and a collective sense of responsibility for performance in terms of standards and targets;
- (c) promote and seek to implement the basic values and principles of public administration described in section 195 (1) of the Constitution;
- (d) obtain copies of or information about the municipality's integrated development plan, and as far as possible within the ambit of the staff member's job description, seek to implement the objectives set out in the integrated development plan, and achieve the performance targets set for each performance indicator;
- (e) participate in the overall performance management system for the municipality, as well as the staff member's individual performance

appraisal and reward system, if such exists, in order to maximize the

ability of the municipality as a whole to achieve its objectives and improve the quality of life of its residents.

4. Personal gain

- (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 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 a direct or indirect personal or private business interest.
- (2) Except with the prior consent of the council of a municipality a staff member of the municipality may not :-
 - (a) be a party to a contract for –
 - (i) the provision of goods or services to the municipality; or
 - (ii) the performance of any work for the municipality otherwise than as a member of staff
 - (b) obtain a financial interest in any business of the municipality; or
 - (c) be engaged in any business, trade or profession other than the work of the municipality.

5. Disclosure of benefits

- (1) A staff member of a municipality who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose in writing full particulars of the benefit to the council.
- (2) This item does not apply to a benefit which a staff member, or a spouse, partner, business associate or close family member, has or acquires in common with all other residents of the municipality.

6. Unauthorized disclosure of information

- (1) A staff member of a municipality may not without permission disclose any privileged or confidential information obtained as a staff member of the municipality to an unauthorized person.

- (2) For the purpose of this item "privileged or confidential information" includes any information –

- (a) determined by the municipal council or any structure or functionary of the municipality to be privileged or confidential;
- (b) discussed in closed session by the council or a committee of the council;
- (c) disclosure of which would violate a person's right to privacy; or
- (d) declare to be privileged, confidential or secret in terms of any law

- (3) This item does not derogate from a person's rights of access to information in terms of national legislation.

7. Undue influence

A staff member of a municipality may not –

- (a) unduly influence or attempt to influence the council of the municipality, or a structure or functionary of the council, or a councilor, with a view to obtaining any appointment, promotion, privilege, advantage or benefit, or for a family member, friend or associate;
- (b) mislead or attempt to mislead the council, or a structure or functionary of the council, in its consideration of any matter; or
- (c) be involved in a business venture with a councilor without the prior written consent of the council of the municipality.

8. Rewards, gifts and favours

- (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; or
- (d) doing or not doing anything within that staff member's powers or 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 subitem (1).

9. Council property

A staff member of a municipality may not use, take, acquire, or benefit from any property or asset owned, controlled or managed by the municipality to which that staff member has no right.

10. Payment of arrears

A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than 3 months, and a municipality may deduct any outstanding amounts from a staff member's salary after this period.

11. Participation in elections

A staff member of a municipality may not participate in an election of the council of the municipality, other than in an official capacity or pursuant to any constitutional right.

12. Sexual harassment

A staff member of a municipality may not embark on any action amounting to sexual harassment.

13. Reporting duty staff members

Whenever a staff member of a municipality has reasonable grounds for believing that there has been a breach of this Code, the staff member must without delay report the matter to a superior officer or to the speaker of the council.

14. Breaches of Code

Breaches of this Code must be dealt with in terms of the disciplinary procedures of the municipality envisaged in section 67 (1)(h) of this Act.

RESOLUTION OF THE COUNCIL OF POLOKWANE LOCAL MUNICIPALITY

DATE OF RESOLUTION: 30 JANUARY 2025

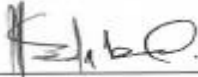
RESOLUTION NO: CR166/01/25

ITEM – 8.2.5

**PUBLIC PARTICIPATION REPORT ON ANTI-FRAUD & CORRUPTION STRATEGY
AND WHISTLE BLOWING POLICY**

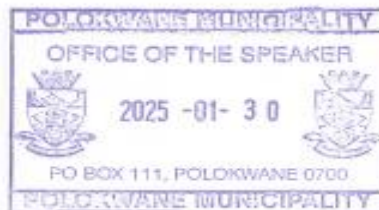
RESOLVED THAT:

- (a) The report on public participation on the Anti-Fraud & Corruption Strategy and Whistle Blowing Policy be noted.
- (b) The Anti-Fraud & Corruption Strategy be approved.
- (c) The whistle blowing policy be approved.



**CLLR KOBELA WELHEMINA MODIBA
COUNCIL SPEAKER**

2025/01/30
DATE



OFFICE OF THE SPEAKER

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