

GEORGE MUNICIPALITY

ANTI-FRAUD AND ANTI-CORRUPTION POLICY, STRATEGY AND IMPLEMENTATION PLAN

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ANNEXURE A

LOCAL GOVERNMENT ANTI-CORRUPTION STRATEGY

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A. ANTI-FRAUD AND ANTI-CORRUPTION POLICY

1. ACRONYMS AND DEFINITIONS

➤ ACRONYMS

| | |
|------------------|--|
| F/S | - Financial Statements |
| George LM | - George Local Municipality |
| I A | - Internal Audit |
| LGSA | - Local Government Strategic Agenda |
| LGACS | - Local Government Audit – Corruption Strategy |
| MM | - Municipal Manager |
| MSA | - Municipal Systems Act |
| MEC | - Member of the Executive Committee |
| PHP | - People’s Housing Process |

➤ DEFINITIONS

Accounting Officer: the person appointed by the Council as the head of the administration and accounting officer for the municipality in accordance with section 82 of the Structures Act.

CFO: the Chief Financial Officer of the municipality;

Code of Conduct for Councillors: the Code of Conduct for Councillors contained in Schedule 1 of the Local Government Systems Act 32 of 2000

Code of Conduct for Municipal staff: the Code of conduct for employees contained in Schedule 2 of the Local Government Municipal Systems Act 32 of 2000

Corporate Governance: In the context of George Municipality, means aligning, as closely as possible and in a fair, transparent, accountable manner, the interest of the political structures and the administration of the Municipality with those of the community, residents, ratepayers and the various other groups involved in the Municipality’s affairs).

Corruption: is defined according to the Prevention and Combating of Corrupt Activities, Act No 12 of 2004;

Any person who, directly or indirectly-

- a) accepts or agrees or offers to accept any gratification (see definition of gratification below) from any other person, whether for benefit of himself or herself or for the benefit of another person; or
- b) gives or agrees or offers to give to any other person any gratification, whether for the benefit of that other person 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; or
 - iii) designed to achieve an unjustified result; or
 - iv) unauthorised or improper inducement to do or not to do anything is guilty of the offence of corruption.

Council: The Municipal Council, as referred to in section 157 of the Constitution of the Republic of South Africa, 1996; and section 18 (3) of the Municipal Structures Act, 1998 (Act 117 of 1998)

Cyber Crime: the action of a person who, after taking note of any data, becomes aware of the fact that he or she is not authorised to access that data and still continues to access it.

Data: means electronic representation of information in any form;

Employee: means all employees of George Municipality including but not limited to permanent employees, temporary employees, part-time employees, fixed term employees, independent contractors, interns and learners and also includes staff as defined below.

Fraud: the unlawful and intentional making of a misrepresentation which causes actual and or potential prejudice to another. The use of the term is 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.

George or GM: George Local Municipality established in terms of the Local Government Municipal Structures Act 117 of 1998

Gratification: includes the following –

- a) money, whether in cash or otherwise;
- b) any donation, gift, loan, fee, reward, valuable security, property or interest in property of any description, whether movable or immovable, or any other similar advantage;
- c) the avoidance of a loss, liability, penalty, forfeiture, punishment or other disadvantage;

- d) any office, status, honour, employment, contract of employment or services, any agreement to give employment or render services in any capacity and residential or holiday accommodation;
- e) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- f) any forbearance to demand any money or money's worth or valuable thing;
- g) any other service or favour or advantage of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and includes the exercise or the forbearance from the exercise of any right or any official power or duty;
- h) any right or privilege;
- i) any real or pretended aid, vote, consent, influence or abstention from voting; or
- j) any valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus deduction or percentage;

Head of Law Enforcement (Assigned official): The official under whose control the Anti-fraud hotline is being managed;

Immediately: From the moment the fraudulent transaction or conduct comes to your attention.

Irregularity: behaviour that breaches the rules, code of conduct, etiquette, custom or morality

MFMA: Municipal Finance Management Act of 2003

Negligence: The failure to act with prudence that a reasonable person would exercise under the same circumstances.

Policy: Anti-Fraud and Anti-Corruption Policy

Political Office Bearer: in relation to the municipality, means the Mayor, Deputy Mayor Chief Whip and the Speaker elected by the Council to such a post or position in accordance with the provisions of the Structures Act;

Prevention Controls: Measures to curb or prevent the occurrence of fraud and corruption.

Reasonable Time: As soon as is humanly possible.

SAPS: South African Police Service

Staff: means the Council, Political Office Bearers and all the other employees of the George Municipality.

Theft: the unlawful and intentional misappropriation of another's property or property which is in his/her lawful possession, with the intention to deprive the owner of its rights permanently

Whistleblower (whistle-blower or whistle blower) is a person who tells or informs the public or someone in authority about alleged dishonest or illegal activities occurring in a

government department, a public or private organization, or a company. The alleged misconduct may be classified in many ways; for example, a violation of a law, rule, regulation and/or a direct threat to public interest, such as fraud, health/safety violations, and corruption. Whistleblowers may make their allegations internally (for example, to other people within the accused organization) or externally (to regulators, law enforcement agencies, to the media or to groups concerned with the issues).

Zero Tolerance: An extreme intolerance of antisocial behaviour through an uncompromised application of the law.

In this document, unless the context otherwise indicates, words and expressions denoting:

- The singular shall include the plural and vice versa;
- The male sex shall include the female sex and vice versa; and
- A reference to a natural person shall include a legal person and vice versa.

2. INTRODUCTION

This policy will provide George Municipality's employees and other stakeholders (such as the public, service providers and nongovernmental organizations) with some essential information regarding the anti-corruption campaign and the responsibilities of the various role players in combating corruption.

George Municipality recognizes the fact that: -

- Criminal and other irregular conduct within George Municipality is detrimental to good, effective, accountable and transparent governance and can endanger the economic stability of George Municipality and have the potential to cause social damage;
- There is a need for procedures in terms of which staff may, without fear of reprisals, disclose information relating to suspected or alleged criminal or other irregular conduct affecting George Municipality;
- Every staff member has a responsibility to disclose criminal and any other irregular conduct in the workplace; and
- The George Municipality has a responsibility to take all reasonable steps to ensure that "Whistle Blowers" who disclose such information are protected from any reprisals as a result of such disclosure.

3. OBJECTIVES

The objective of this policy is to develop and foster a climate within the George Municipality where all staff strives for the ultimate eradication of fraud, corruption, theft and maladministration by means of the application of the full spectrum of both pro-active and re-active measures at their disposals.

This policy also sets down the stance of the George Municipality to fraud as well as re-enforcing existing regulations aimed at preventing, reacting to, and reducing the impact of fraud, corruption, theft and maladministration where these dishonest acts subsist.

The Protected Disclosures Act came into effect on 16 February 2001. In order to remain in compliance with the Act, George Municipality will: -

- Strive to create a culture which will facilitate the disclosure of information by staff relating to criminal and other irregular conduct in the workplace in a responsible manner by providing clear guidelines for the disclosure of such information and protection against reprisals as a result of such disclosure; and
- Promote the eradication of criminal and other irregular conduct within George Municipality.

The Policy is intended to encourage and enable staff to raise concerns within George Municipality rather than overlooking a problem or blowing the whistle to inappropriate channels.

Furthermore, the policy aims to: -

- Provide avenues for staff to raise concerns and receive feedback on any action taken;
- Inform staff on how to take the matter further if they are dissatisfied with the response; and
- Reassure staff that they will be protected from reprisals or victimization for whistle blowing in good faith.

4. SCOPE OF THE POLICY

This policy should be read in conjunction with the Codes of Conduct, the principles of which are fully supported herein. The Council wishes to make it clear that George Municipality has zero tolerance for the commission or concealment of fraudulent or illegal acts. Allegations of such acts will be investigated and pursued to their logical conclusion, including legal action, criminal prosecution, and disciplinary action where warranted.

This policy applies to all fraud, corruption, theft, maladministration or suspected irregularities of this nature involving the following persons or entities:

- a) All employees/staff of the George Municipality;
- b) Consultants, suppliers, contractors and other providers of goods or service to the George Municipality; and
- c) Non-Governmental Organisations and other parties receiving benefits from the George Municipality;
- d) Political Office Bearers; and
- e) Councillors.

5. THE POLICY

It is the policy of the George Municipality which stipulates that fraud, corruption, theft, maladministration or any other dishonest activities of a similar nature will not be tolerated. In addition, these will be investigated and followed up by the application of all remedies available within the full extent of the law.

Appropriate prevention and detection controls will be applied. These include the existing controls and checking mechanisms as prescribed in existing policies, procedures and other relevant prescripts to the activities of the George Municipality, and systems of internal control.

It is the responsibility of staff of the George Municipality to report all incidents of fraud, corruption, theft, maladministration or any other dishonest activities of a similar nature to his/her Manager. If staff is not comfortable reporting such matters to his Manager, he should report the matter to his Manager's superior, with final recourse to the Accounting Officer.

All Managers are responsible for the detection, prevention and investigation of fraud, corruption, theft, maladministration or any dishonest activities of a similar nature, within their areas of responsibility.

The George Municipality will take appropriate legal recourse to recover losses or damages arising from fraud, corruption, theft or maladministration.

6. STATUTORY & POLICY ENVIRONMENT

6.1 The Constitution of the Republic of South Africa 1996

The principles of accountability and transparency run like a golden thread through the Constitution of South Africa, 1996. This is coupled with a participatory democracy premised on the supremacy of the Constitution. In pursuit of attaining these ideals, the following safeguards are built into the Constitution.

- The establishment of a constitutional democracy;
- The separation of powers;
- Chapter 9 institutions;
- The right of access to information;
- The right to just administrative action;

6.2 The Municipal Systems Act 32 of 2000

The Local Government: Municipal Systems Act, 32 of 2000 (MSA) provides for the core principles, mechanisms and processes that underlies local government in South Africa. The MSA contains numerous sections that are relevant to the question of effective, efficient and sustainable service provisions and good governance. The MSA lists the responsibilities of the municipal manager in s55 and also contains the Codes of Conduct for Councillors and municipal employees in Schedule 1 and 2 of the Act.

6.3 Municipal Finance Management Act 56 of 2003 (MFMA)

The MFMA was promulgated to facilitate the formal management of municipal finances and associated activities. The controls and administrative systems implemented by George Municipality are very relevant to the content of the Act. The following aspects of the Act refer specifically to activities which might be regarded as corrupt or fraudulent in nature:

6.3.1 Unauthorised, Irregular or Fruitless and Wasteful Expenditure

Section 32 of the Act mandates certain responsibilities to office bearers in a municipality. Furthermore, in the event of such unauthorized, irregular or wasteful expenditure, the municipality is required to recover the expenditure from the person liable for it, unless, the Council retrospectively condones the expenditure or decides to write it off. The writing-off of the expenditure by Council, however, does not safeguard any person against criminal or disciplinary proceedings.

In the event of unauthorized expenditure, the accounting officer is obliged to promptly advise the Mayor, MEC for local government in the province and the Auditor-General in writing. Refer to Section 32 of the MFMA.

Where irregular expenditure constitutes a criminal offence, or theft or fraud, the accounting officer must report all such cases to the South African Police Service.

6.3.2 Supply Chain Management Policy

The Supply Chain Management Policy of a municipality must be fair, equitable, transparent, competitive and cost effective and must comply with prescribed regulatory framework for municipal supply chain management, which cover inter alia, measures for:

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

6.4 Prevention and Combating of Corrupt Activities Act 12 of 2004

The purpose of the Act is to:

- Provide for the strengthening of measures to prevent and combat corruption and corrupt activities;
- Place a duty on certain persons holding a position of authority to report certain corrupt transactions.
- Ensure that no person suffers any penalty or retribution for good faith reporting of any suspected or actual incident of fraud or corruption which occurred within George Municipality.

6.5 Protected Disclosure Act 26 of 2000

Whistle blowing, as referred to in the Protected Disclosure Act, 2000, is an important part of dealing with the occurrence of fraud and corruption in any institution. According to the Public Services Commission, whistle blowing is not about informing in the negative, anonymous sense but rather about raising concern about malpractice within an organisation.

6.6 Electronic Communications and Transactions Act 25 of 2002

- Subject to the Interception and Monitoring Act 127 of 1992, a person who intentionally accesses or intercepts any data without authority or permission to do so is guilty of an offence.
- A person who intentionally and without authority to do so, interferes with data in a way which causes such data to be modified, destroyed or otherwise rendered ineffective, is guilty of an offence.
 - A person who unlawfully produces, sells, offers to sell, procures for use, designs, adapts for use, distributes or possesses any device, including a computer program or a component, which is designed primarily to overcome security measures for the protection of data, or performs any of those acts with regard to a password, access code or any other similar kind of data with the intent to unlawfully utilise such item to contravene this section, is guilty of an offence.

6.7 The Promotion of Access to Information Act, No 2 of 2000

Sets out how anyone can gain access to information held by the State, in order to promote transparency and good governance.

6.8 The Promotion of Administration of Justice Act, No 3 of 2000

Ensure that decisions that affect the public are resolved in a way that is procedurally fair and gives people the right to request written reasons for decisions.

7. DIMENSIONS OF CORRUPTION

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

- ***Bribery***
Bribery involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of a staff member. This benefit may accrue to the staff member, 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.
- ***Embezzlement***
This involves theft of resources by persons entrusted with authority and control of such resources.
- ***Fraud***
This involves actions or behaviour by a staff member or other person or entity that fools others into providing a benefit that would normally accrue to the staff member, or other persons or entity.
- ***Extortion***
This involves coercing a person or entity to provide a benefit to a staff member, another person or an entity in exchange for acting (or failing to act) in a particular manner.
- ***Abuse of power***
This involves a staff member using his or her vested authority to improperly benefit other staff member, person or entity (or using vested authority to improperly discriminate against another staff member, person or entity).
- ***Conflict of interest***
This involves a staff member acting or failing to act on a matter where the staff member has an interest or another person or entity that stands in a relationship with the staff member has in interest.
- ***Abuse of privileged information***
This involves the use of privileged information and knowledge that a staff member possesses as a result of his or her position to provide unfair advantage to another person or entity to obtain a benefit, or to accrue a benefit for him or herself.

8. ACTIONS CONSTITUTING FRAUD, CORRUPTION, THEFT AND MALADMINISTRATION

The terms fraud, corruption, theft and maladministration refer to, but are not limited to:

- a) Any dishonest, fraudulent or corrupt act;
- b) Theft of funds, supplies, or other assets;
- c) Maladministration or financial misconduct in handling or reporting of money or financial transactions;
- d) Making a profit from insider knowledge;
- e) Disclosing confidential or proprietary information to outside parties;
- f) Irregularly accepting or requesting anything of a material value from contractors, suppliers, or other persons providing services/goods to the George Municipality;
- g) Irregularly offering or giving anything of a material value to contractors, suppliers, or other persons providing services/goods to the George Municipality;
- h) Destruction, removal, or abuse of records, furniture, and equipment;
- i) Deliberately omitting to report or act upon reports of any such irregular or dishonest conduct;
- j) Acts of financial misconduct contemplated in terms of Chapter 15 of the Municipal Finance Management Act;
- k) Incidents of unauthorized, irregular or fruitless and wasteful expenditure as defined in the Municipal Finance Management Act; and
- l) Any similar or related irregularity;

The term **irregularities** relate, inter alia, to the following:

- **Systems issues:** where a process/system exists, which is prone to abuse by employees, the public or other stakeholders, e.g.:
 - **HR – Employment Practices:**
 - Inadequate vetting of employees;
 - False qualifications
 - Abuse of all types of leave
 - **Procurement:**
 - Non-compliance to tender procedures;
 - Procurement fraud, e.g. collusion between employees and suppliers;
 - Fraudulent information submitted by suppliers when tendering for work;
 - **Housing:**
 - Manipulation of the beneficiary waiting list;
 - Irregular allocation of a housing subsidy;
 - **Financial Systems and Control:**
 - Theft of blank cheques;
 - Deliberate non-compliance to policies and procedures;
 - Abuse of the system of overtime;
 - Abuse of the system of travel claims;
 - Fraudulent payment certificates submitted for payment;
 - Non-compliance to delegated authority limits;
- **Financial issues:** i.e. where individuals or entities have fraudulently obtained money from George, e.g.:
 - **HR – Employment Practices:**
 - Ghost employees;

- Irregular appointment of staff for undue benefits;
 - **Procurement:**
 - Suppliers invoicing for work not done;
 - Contractors “fronting”.
 - **Housing:**
 - Diversion of rental payments on rental stock;
 - **Financial Systems and Control:**
 - Theft, e.g. petty cash, etc;
 - Fraudulent cashing of cheques;
 - Fraudulent travel claims;
- **Equipment and resource issues:** i.e. where George's equipment is utilised for personal benefit or stolen, e.g.:
 - **Financial Systems and Control:**
 - Theft of assets;
 - Abuse of assets;
 - Deliberate or negligent destruction of property; and
 - Use of George’s resources and equipment for private gain.
 - **Other issues:** i.e. activities undertaken by employees of George, which may be against policies or fall below established ethical standards, e.g.:
 - Conflict of interest;
 - Favouritism; and
 - Non-disclosure of private work
 - Non-disclosure of financial and other interests in private businesses and companies and running a business during office hours.

9. PREVENTION OF FRAUD AND CORRUPTION

9.1 The Accounting Officer

The Accounting Officer is responsible for establishing a sound system of internal control that supports the achievement of George Municipality’s policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of fraudulent and or corruptive risks which the municipality faces. It is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively.

The Accounting Officer will, upon receiving a report of fraud from an external person, write to the author of the report:

- Acknowledging that the concern has been received;
- Indicating how he proposes to deal with the matter and whether any initial enquiries have been made;
- Giving an estimate of how long it will take to provide a final response; and
- Informing them whether any further investigations will take place, and if not, why not.

However, it is of importance that the Accounting Officer regularly report to Council on the achievement of his/her responsibility for establishing a sound system of internal control and the impediments and/or obstructions to achieve the control. In this regard Council must take note that the reluctance of Council to act on the report of impediments and/or

obstructions to achieve the control can absolve the Accounting Officer from a negative impact on his/her KPI results.

9.2 Councillors

Councillors are legally bound by the Code of Conduct for Councillors and must comply with and actively promote this policy.

Councillors must contribute to developing and sustaining a culture of Zero Tolerance of corporate crime in or against the George Municipality.

9.3 Line Managers

Line Managers must promote and develop a culture in the organisation of Zero Tolerance of corporate crime and must lead by example. They must ensure that all cases of corporate crime or alleged corporate crime are reported promptly to the Municipal Manager or his delegate.

Line managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that these controls operate effectively. The responsibility for the prevention and detection of fraud and corruption, therefore, rests primarily with managers.

A major element of good corporate governance is a sound assessment of the organisation's business risks. Managers need to ensure that;

- a) Fraud and corruption risks have been identified and assessed for the likelihood and potential impact;
- b) Adequate and effective controls have been identified for each risk;
- c) Controls are being complied with, through regular review and testing of control systems;
- d) Where fraud or corruption occurred, or has been attempted, controls are reviewed, and new controls implemented, as necessary, to reduce the risk of the reoccurrence thereof.
- e) Incidents of fraud and corruption should be quantified on an annual basis in collaboration with the Internal Audit Department and the Risk Register should be updated to reflect the quantum of fraud within the business area.

9.4 Employees

Employees are bound by the South African law (both statute and common law), the terms and conditions of their employment and also the Code of Conduct for Municipal Officials, policies of George Municipality as well as instructions issued by management from time to time.

Every employee has a duty to ensure that public funds are safeguarded and therefore, everyone is responsible for:

- a) Acting with propriety in the use of official resources and the handling and use of public funds in all instances. This includes cash and/or payment systems, receipts and dealing with suppliers;
- b) Aspiring to the following core principles: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;

- c) Being vigilant to the possibility that unusual events or transactions could be indicators of fraud and alerting their immediate superior where they believe the opportunity for fraud or corruption exists.

In addition, it is the **responsibility** of every employee, or assigned employee to report corporate crime immediately to their line manager or to the Municipal Manager.

Should employees wish to report allegations of fraud and corruption anonymously, they will be able to contact the Anti-Corruption hotline facility at **0860 044 044** or **fraud@george.gov.za**. The hotline operates 24 hours a day and all information received will be dealt with confidentially.

When required to, employees must assist during an investigation by making available all relevant information, co-operating during interviews and provide a witness statement.

As stewards of public funds, employees must have, and be seen to have, high standards of personal integrity. Employees should not accept gifts, hospitality or benefits of any kind from a third party, which might be seen to compromise their integrity (The Code of Conduct for officials refers).

Mala fide reporting to line managers and/or the Municipal Manager with knowledge that such transmittal of information is false or with wilful disregard of the truth shall constitute misconduct, for which disciplinary measures may be imposed.

9.5 Suppliers, Contractors, Consultants and the Community

Suppliers, contractors and consultants are expected to act honestly and fairly in all their dealings with the Municipality and failure to do so may result in the cancellation or suspension of any tenders awarded to them and/or being deregistered by George Municipality and/or being reported to the South African Police Service.

The community is encouraged to make use of the Municipality's Anti-Corruption Hotline at **0860 044 044** or fraud@george.gov.za to report instances or allegations of corporate crime involving the Municipality.

10 RESPONSIBILITY TO CONDUCT INVESTIGATIONS

Line managers should be alerted to the possibility that unusual events or transactions can be symptoms of fraud or attempted fraud. Fraud may be highlighted as a result of specific management checks or be brought to management's attention by a third party.

It is George Municipality's intention that the application of this policy will ensure that there is consistency in the handling of all suspected fraud cases without regard to the position held or the length of service.

The responsibility to conduct investigations relating to the actions listed in this policy resides with the Managers within the George Municipality who can have the advisory and supporting assistance from units / departments which include the following, *inter alia*:

- a) Internal investigators / forensic personnel;
- b) External and Internal Audit Services;
- c) State Attorney;
- d) External investigating agencies, for example the South African Police Services, where matters fall within their mandate;
- e) External consultants, for example Forensic Accounting consultants;
- f) Office of the National Director of Public Prosecutions;
- g) Special Investigating Units established under any law;
- h) The Public Protector; and
- i) Any other authority as determined by Council.

The George Municipality will make all evidence collected during the course of an investigation available to legal and law enforcement agencies and will pursue the prosecution of all parties involved in criminal activities.

11. DISCIPLINARY ACTION

After full investigation the Municipality will take legal and/or disciplinary action in all cases where it is considered appropriate. Any member of staff found guilty of a criminal act or misconduct of which dishonesty is an element will be considered to have committed a serious disciplinary offence and is likely to be dismissed as employees of George Municipality on grounds of gross misconduct.

Where supervisory negligence is found to be a contributing factor, disciplinary action must be initiated against those managers/supervisors responsible.

Losses resulting from fraud and/or corruption should be recovered from the perpetrator via legal remedies.

12. REPORTING PROCEDURES AND RESOLUTION OF REPORTED INCIDENTS

12.1 INTERNAL REPORTING

It is the responsibility of all staff of the George Municipality to report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to his Manager. If the applicable staff member is not comfortable reporting such matters to his Manager, he should report the matter to his Manager's superior, with final recourse to the Accounting Officer.

Concerns are better raised in writing. The background and history of the concern, giving names, dates and places where possible should be set out and the reason why the individual is particularly concerned about the situation. The earlier the concern is reported, the easier it is to take action and initiate recovery procedures where necessary.

Staff members are not expected to prove the truth of an allegation; they will need to demonstrate to the person contacted that there are sufficient grounds for concern.

It is the responsibility of the Managers to report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to the Accounting Officer. This reporting must take place as follows:

- a) Verbally, immediately after discovery of such an incident; and
- b) This verbal report must be followed by detailed written report to be submitted within 24 hours of the discovery of such an incident.

It is the responsibility of the Accounting Officer to immediately report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to the Provincial Treasury. This reporting must take place as follows:

- a) Telephonically within twenty-four hours of receiving the report from the Manager in regard to an incident; and
- b) This telephonic report must be followed by a detailed written report to be submitted within seven days after discovery of such an incident.

If the matter could lead to the laying of criminal charges, the Accounting Officer will report within 24 hours to the South African Police Services.

Where a staff member is alleged to have committed an act of fraud, corruption, theft, or maladministration the Manager must institute disciplinary proceedings, within a reasonable period, in terms of the disciplinary code and procedure of the George Municipality.

As soon as disciplinary hearings concerning charges of financial misconduct are completed, the outcome must be reported within 48 hours to the Accounting Officer. Should the Accounting Officer be the effected party, the outcome of the hearing will be reported to the Executive Mayor. The following will be reported on:

- a) The name and position of the staff member against whom proceedings are instituted;
- b) The disciplinary charges, indicating the financial misconduct the staff member as alleged to have committed;
- c) The findings of the disciplinary hearing;
- d) Any sanction imposed on the staff member; and

- e) Any further action to be taken against the staff member, including criminal charges or civil proceedings.

The Accounting Officer is also required to ensure that losses or damages suffered by the George Municipality as a result of an act committed or omitted by a staff member must be recovered from such a staff member if he is liable in law. The Accounting Officer must determine the amount of the loss or damage and, in writing request that staff member to pay the amount within 30 days or in reasonable instalments. If the staff member fails to comply with the request, the legal process will then be initiated by the Accounting Officer.

12.2 COMPULSORY REPORTING IN ACCORDANCE WITH LEGISLATION

The Prevention and Combating of Corrupt Activities Act stipulates the following in CHAPTER 7:

“MISCELLANEOUS MATTERS

Duty to report corrupt transactions

34. (1) *Any person who holds a position of authority and who knows or ought reasonably to have known or suspected that any other person has committed-*

(a) an offence under Part 1, 2,3 or 4, or section 20 or 21 (in so far as it relates to the aforementioned offences) of Chapter 2; or

(b) the offence of theft, fraud, extortion, forgery or uttering a forged document,

involving an amount of R100 000 or more, must report such knowledge or suspicion or cause such knowledge or suspicion to be reported to any police official.”

In cases where the identified amount is less than the amount mentioned in the act, Council will evaluate each case on its merit in order to determine if the case be reported to the SAPS...

13. PROTECTION OF WHISTLE BLOWERS

Whistle blowing is the process by which staff or other individuals can raise a concern about serious malpractice within an organization. It is similar to an early warning system and a means of enabling stakeholders to find out when something is going wrong in time to take corrective action.

Staff members that are victimized and subjected to an occupational detriment for blowing the whistle on improprieties now have a legal remedy against their employer.

The Protected Disclosures Act, 26 of 2000 makes provision for the protection of staff that makes a disclosure that is protected in terms of this Act.

Any disclosure made in good faith and substantially in accordance with any procedure prescribed by the staff's employer for reporting is considered a protected disclosure under this act. A staff member making such a disclosure is protected from being subjected to an occupational damage on account of having made a protected disclosure.

A staff member who suspects or reports suspected dishonest activity or such activity which he has witnessed should be given the opportunity to remain anonymous should he so require.

Allegations made by staff that are false and made with malicious intentions, should be discouraged by Managers. Where such malicious or false allegations are discovered, the person who made the allegations must be subject to firm disciplinary action. Such disclosures are not protected by the Protected Disclosures Act.

14. HARASSMENT OR VICTIMISATION

George Municipality acknowledges the fact that the decision to report a concern can be a difficult one to make, not least because of fear of reprisal from those responsible for the irregularity. George Municipality will not tolerate harassment or victimisation and will take action to protect staff when they raise a concern in good faith. Any act of harassment or victimisation should be reported to the Head of Department. This does not mean that if a staff member is already subject of disciplinary or other action, that action will be halted as a result of their whistle blowing.

15. CONFIDENTIALITY

All information relating to irregularities that is received and investigated by Managers will be treated confidentially. The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any other person(s) other than those who have a legitimate right to such information. This is important in order to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct.

No person is authorized to supply any information with regard to the issues covered within this policy to the media without the express permission of the Accounting Officer.

16. ANONYMOUS ALLEGATIONS

George Municipality encourages staff to put their names to allegations. Concerns expressed anonymously are difficult to investigate, nevertheless they will be followed up at the discretion of George Municipality. This discretion will be applied by taking into account the following:

- Seriousness of the issue raised;
- Creditability of the concern; and
- Likelihood of confirming the allegation.

17. FALSE ALLEGATIONS

Staff or other parties must understand the implications (resources and costs) of undertaking investigations and should therefore guard against making allegations, which are deliberately false and made with malicious intent.

18. APPLICATION OF PREVENTION CONTROLS AND DETECTION MECHANISMS

In all instances where incidents of fraud, corruption, theft, maladministration and other similar irregularities of this nature take place, all Managers are required to immediately review the controls which have been breached in order to prevent similar irregularities from taking place in future, within a period of 48 hours after the occurrence of the initial incident. The Head of the Internal Audit Unit may be contacted for assistance in this regard.

In compliance with the MFMA, Fraud Prevention Plans (FPP) will be developed and implemented by all heads of department.

19. TRAINING, EDUCATION AND AWARENESS

In order for the Policy to be sustainable, it must be supported by a structured education, communication and awareness programme.

It is the responsibility of all heads of department and managers to ensure that all staff, are made aware of, and receive appropriate training and education with regard to this Policy.

20. ADMINISTRATION

The custodian of this policy is the Accounting Officer who is supported in the implementation by all Directors.

The Accounting Officer is responsible for the administration, revision, interpretation and application of this policy. It will be reviewed annually and revised as required.

21. PUBLICATION OF SANCTIONS

Only the Municipal Manager or his delegate will be authorised to communicate with the media on matters relating to fraud and corruption or misconduct within the Municipality.

No defamatory statements would be made in any publications by the Municipality pertaining to actions taken by the Municipality in respect of individuals involved in alleged misconduct.

B. STRATEGY AND IMPLEMENTATION PLAN

1. PURPOSE OF PLAN

The purpose of the plan is:

To ensure that the Municipality implements a range of activities that give effect to the Municipality's focus in its IDP with regard to democratic and accountable governance and its commitment to management effectiveness and efficiency.

The Plan is based on the organisation's core ethical values driving the business of George, the development of its systems, policies and procedures, interactions with ratepayers, the public and other stakeholders and even decision-making by individual managers representing the organisation. This means that in practice all departments and other business units of George and even external stakeholders must be guided by the Plan as the point of reference for their conduct in relation to George.

In addition to promoting ethical conduct within George, the Plan is also intended to assist in preventing, detecting, investigating and sanctioning fraud and corruption.

The plan is specifically meant to:

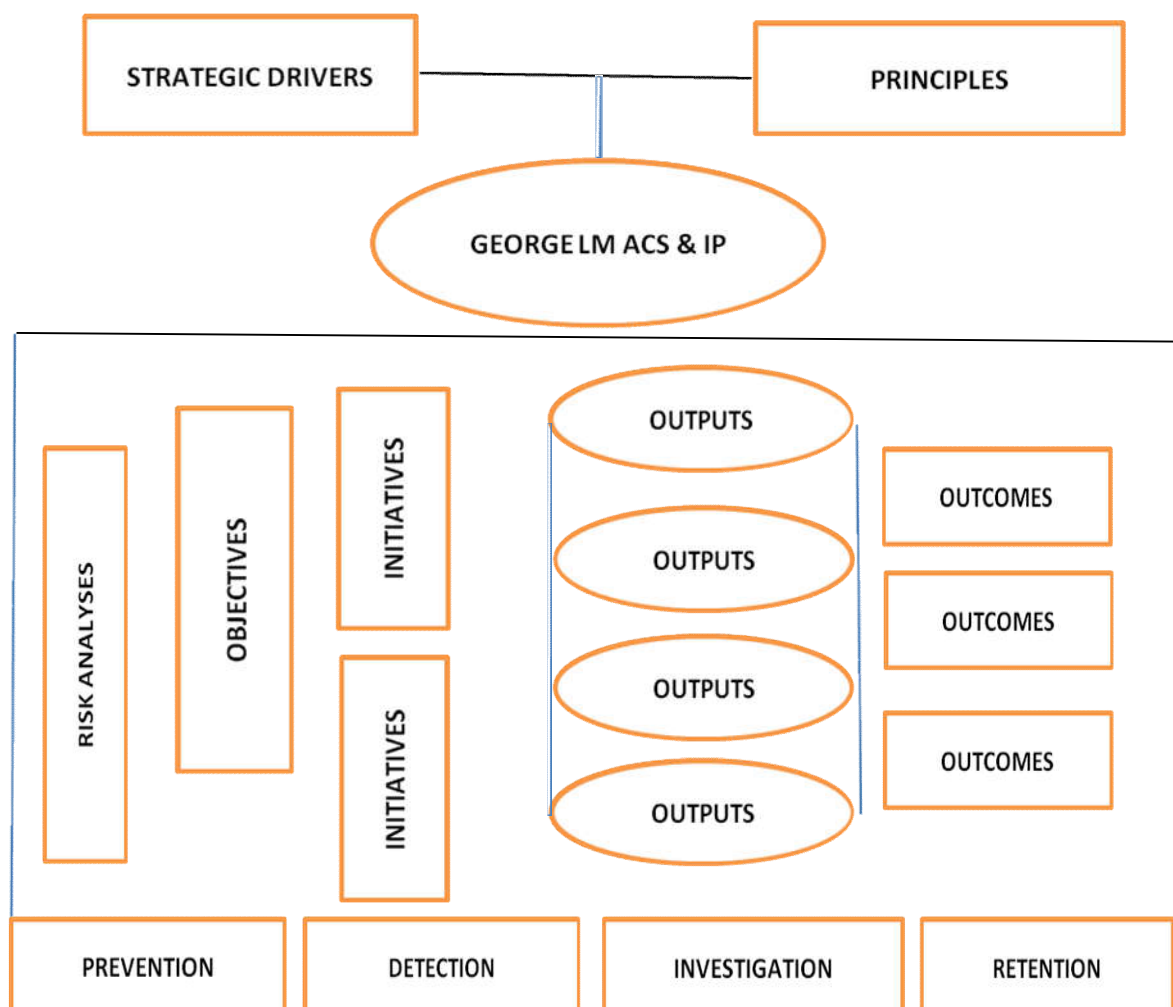
- Publicly commit the Municipality to a programme of action in respect of fraud and corruption;
- Pro-actively identify key challenges and risks associated with fraud and corruption;
- Ensure that politicians and staff are engaged in and empowered to implement anti-fraud and anti-corruption initiatives;
- Ensure that the community and stakeholders of the Municipality support its anti-fraud and anti-corruption initiatives;
- To identify the key challenges facing the Municipality;
- To identify the key actions that will be undertaken in order to combat corruption effectively;
- To embody existing good practices in the standing orders and procedures of the Municipality;
- To prioritise those actions, and ensure that they become part of the organisational plan of the Municipality, and appear as key performance areas in the job descriptions of the relevant executives;
- To ensure that the fight against corruption does not fade from the Municipality's "Institutional memory" when responsible officials or representatives leave or are replaced;
- Encouraging a culture within the municipality sphere of government 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;
- Improving accountability, efficiency and effective administration within the municipality, including decision-making and management conduct which promotes integrity;
- Changing aspects within the municipality that undermine institutional integrity and facilitate unethical conduct, fraud and corruption and allow these to go unnoticed or unreported; and

- Encouraging all employees and other stakeholders to strive toward 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.

2. ELEMENTS CONSIDERED

The following elements were considered in drafting the plan. These include:

- Strategic drivers (what are the planning, policy and legislative imperatives that the Municipality must respond to in respect of fraud and corruption);
- Principles (what are the principles that will guide the Anti-Corruption Strategy);
- The business/benefits case for developing and implementing an Anti-Corruption Strategy (how would the Municipality benefit from such an initiative);
- High-level risk analysis (what are the key risks facing the Municipality in respect of fraud and corruption);
- Best practice (what are best practices in combating fraud and corruption).



3. STRATEGIC DRIVERS

There are a range of strategic drivers that make it imperative that the Municipality develop and implement an Anti-Corruption Strategy. The ones that have been prioritised include the five-year local government strategic agenda, the IDP and legislation relevant to fraud and corruption.

3.1 The Five-Year Local Government Strategic Agenda (LGSA)

One of the five key performance areas (KPA) in the local government strategic agenda is to “promote good governance and Intergovernmental relations”. Within this KPA, a core thrust is the need to address the risk of fraud and corruption within local government. As municipalities are the key implementers of the LGSA, it is imperative that they develop initiatives to manage the risk of fraud and corruption.

3.2 The Local Government Anti-Corruption Strategy (LGACS)

The local government anti-corruption strategy was launched in 2006. It serves as a guide to municipalities as they engage in the development and implementation of their own anti-corruption strategies. The strategy highlights five focus areas and articulates a range of interventions to be undertaken in each focus area. The table below lists these focus areas and some examples of the interventions.

| Focus Area | Example of Intervention |
|---------------------------------|--|
| Organisation | Ongoing risk assessment and management, which includes systems relating to unethical conduct, fraud and corruption detection. |
| Employees, including management | Implement vetting systems and induction programmes for all new employees. Implement the code of conduct and training programmes. |
| Stakeholders | Engage the community, services providers and unions. |
| Enforcement | Monitoring, investigating, reporting and feedback of fraudulent and corrupt activities. |
| Implementation | Project management and effective implementation and review of anti-corruption strategies and plans. Creating awareness, training and communication. |

Refer to Annexure A for a detailed Local Government Anti-Corruption Strategy (LGACS) for George Municipality.

3.3 The IDP of the Municipality

As highlighted above, the IDP of the George Municipality is positioned around the notion of getting the basics right and building a stable institution. From a strategic perspective, the Municipality has also committed itself to accountable governance and public participation. Hence the Anti-Corruption Strategy is seen as part of the Municipality's response to the strategic commitments made in the IDP.

3.4 Fraud and corruption-related legislation

As highlighted above, a range of legislation is relevant to the management of fraud. In order to comply with these pieces of legislation, municipalities are required to develop and implement a range of policies, procedures and systems.

Municipalities are also required to report all allegations of fraud and corruption. A key barrier to compliance with such legislation has been the implementation of such policies, procedures, systems and structured mechanisms that enable the management, reporting and resolution of allegations of fraud and corruption. Hence, it is imperative for the Municipality that the Anti-Corruption Strategy enhances the capacity of the Municipality to comply with this legislation.

3.5 Principles

In addition to recognising the Strategic imperatives for addressing fraud and corruption, the Municipality also sought to develop a set of principles that articulate the specific approach it will adopt in implementing the Anti-Corruption Strategy. These principles are listed below:

- Zero tolerance — all incidences of suspected fraud will be reported, investigated and resolved;
- Awareness and empowerment — knowledge, information and competence are key weapons against fraud and corruption. Hence, strong emphasis will be placed on raising awareness and building capacity to prevent fraud and corruption;
- Proactive — strong emphasis will be placed on preventing fraud and corruption before it occurs;
- Partnership — all stakeholders will be engaged in implementing the Anti-Corruption Strategy.

4 BENEFITS

The following set of benefits is envisaged for the Municipality:

- Reduce loss;
- Positive public profile;
- Improved productivity/service delivery;
- Inappropriate prioritising is prevented;
- Clear set of rules;
- Get a better type of employee, build morale among employees who want to do their job cleanly;
- Ensure legal compliance;
- Improve the lifespan of assets;
- Employees will be inclined to report and be transparent about fraud and corruption;
- Better service delivery;

These envisaged benefits have been used to guide both the nature of activities undertaken and the manner in which the success of the interventions can be measured.

5 RISK ANALYSIS

Fraud and corruption risk audits is a key tool used by institutions both as prevention and detection.

Refer to the below example.

| | Compliance Questions | YES/NO | Comments |
|-----|--|--------|----------|
| 1. | Does the Municipality have adequate system and controls in place to prevent fraud and corruption? | | |
| 2. | Does the Municipality have an Audit Committee? | | |
| 3. | Does the Municipality have a fraud prevention plan/policy? | | |
| 4. | Is there fraud awareness prevention training scheduled for Councillors and officials? | | |
| 5. | Does the Municipality have a vetting policy for prospective employees? | | |
| 6. | If yes, is it properly implemented by the Municipality? | | |
| 7. | Does the Municipality have a risk management strategy in place? | | |
| 8. | If yes, has this strategy been implemented within the Municipality? | | |
| 9. | Does the Municipality publicise the action taken against officials who have been found guilty of fraudulent and corrupt activities? | | |
| 10. | Does the Municipality regularly inform the public about the steps taken by it to eradicate fraud and corruption? | | |
| 11. | Does the Municipality have processes or procedures in place to investigate allegations of fraud and corruption? | | |
| 12. | Does the Municipality have an internal audit unit? | | |
| 13. | If so what role does the unit play in the detection and investigation of fraud and corruption? | | |
| 14. | Does the Municipality have a procedure for deciding whether the allegations will be investigated internally or externally? | | |
| 15. | Is the responsibility for deciding whether the matter should be investigated internally or externally clearly assigned to a senior official? | | |
| 16. | Does the Municipality have a fraud hotline in place? | | |
| 17. | Are the monthly reports from the hotline routinely investigated by the Municipality? | | |
| 18. | Does the Municipality have a whistle blowing policy in place which protects the whistle blowers? | | |

6 BEST PRACTICE

Research into best practices in respect of the management of fraud and corruption risk has highlighted the importance of four key elements that are crucial to the success of any anti-fraud and anti-corruption initiatives:

- Prevention;
- Detection;
- Investigation; and
- Resolution

6.1 Prevention

Prevention is a proactive, broad-based approach through which the organisation implements mechanisms and interventions that are meant to protect it from fraud and corruption. It is the organisation's "first line of defence" in preventing fraud and corruption. It is referred to as broad based because it covers a number of components as indicated in the table below.

| Component | Contribution to prevention |
|---------------------------------------|--|
| Policy | A fraud and corruption policy is a key defence mechanism because it highlights the fact that the institution has a formal framework in place for dealing with fraud and corruption. It answer key questions such as: <ul style="list-style-type: none">• What is fraud and corruption?• How do we deal with it when arises?• What are the roles and responsibilities?• What are the sanctions? |
| Institutional arrangements | The creations of specific structures and the definition of roles and responsibilities enable co-ordination and management of programme implementation. At a municipal level these would include structures such as internal audit and the external audit committee. |
| Systems and controls | Having well-structured and documented systems and controls in place nullifies gaps and loopholes that are often used to perpetrate fraud and corruption. These systems and controls also enable monitoring and management mechanism that will facilitate detection where there are attempts to override or circumvent such systems and controls. Importantly, systems and controls will ensure compliance with policies and regulations. Supply chain management is a good example of where systems and controls are crucial in preventing fraud and corruption. |
| Fraud and Corruption Risk Management | All organisations have systems and controls in place with varying levels of structure and detail. Despite this, organisations are still vulnerable to fraud and corruption because systems and controls are not properly implemented or there are inherent gaps and weaknesses that can be exploited. Conducting fraud and corruption risk assessments enables organisations to test the integrity and completeness of their systems and controls with a view to implementing measures that strengthen areas of weakness and closing gaps. This approach proactively allows the organisation to prevent fraud and corruption |
| Training, Awareness and Communication | Making managers, staff, suppliers and customers aware of the risks of fraud corruption, how to deal with it, what the consequences are and why it is important to prevent and tight it is a key weapon. In building up an organisational culture that opposes fraud and corruption. Through training managers and staff could be made aware what to watch out for so that they do not willingly or unwillingly participate in acts of fraud and corruption. Communicating successes in dealing with fraud and |

| Component | Contribution to prevention |
|-----------|--|
| | corruption serves as deterrent to others and builds the corporate image of an institution. |

6.2 Detection

Detection is the systematic and structured manner through which an organisation searches for or encourages reporting of incidences or suspected incidences of fraud and corruption. It is the second line of defence for the organisation. Detection is underpinned by the assumption that the first line of defence will and can be broken.

Detection comprises of two key components:

- Searching for fraud and corruption;
- Reporting fraud and corruption.

| Component | Procedure/ technique | Contribution to detection |
|-----------|-----------------------------|---|
| Search | Monthly management controls | Monthly management controls are designed to ensure that there are no irregularities in terms of things such as procurement, expenditure and compliance with procedures. |
| | Internal audits | Quarterly internal audits test the integrity of systems and controls and identify irregularities. |
| | Surprise audits | These are random audits that are aimed at the preventing tactics that can be developed to bypass things such as monthly controls and quarterly audits. The randomness means that people cannot prepare and this uncertainty then serves to act as a deterrent. |
| Reporting | Hotline | Toll-free numbers are established to enable the staff, public, service providers and stakeholders in general to report allegations of fraud and corruption in complete anonymity. These hotlines are useful as both detection and deterring mechanisms. Numerous municipalities have established hotlines and whistle blowing mechanisms. |
| | Whistle blowing | Organisations establish whistle blowing policies and mechanisms to both encourage the reporting of allegations and to guide the correct steps to follow. |

6.3 Investigation

Investigation is the formal process through which an allegation of fraud and corruption is subject to In-depth investigation in order to enable the organisation to make and execute decisions. The investigations can be undertaken internally (internal audit) or externally (forensic auditors or investigators). It is important that all allegations are investigated to some degree (depending on the nature of the allegation) and that the outcomes of the investigation are communicated. This will demonstrate a zero-tolerance approach by the Municipality and also act as a strong deterrent to fraud and corruption. The decision to

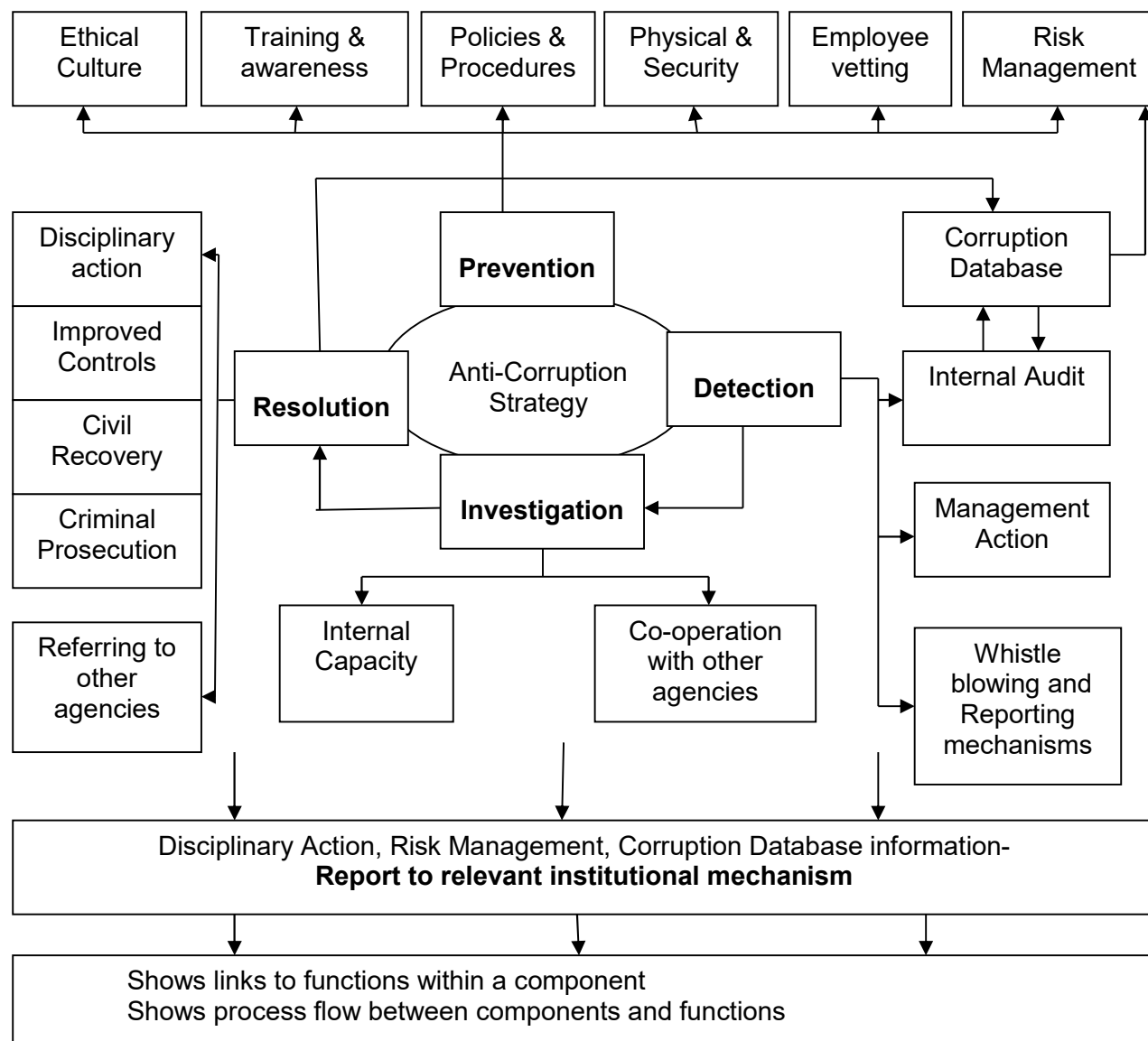
refer a matter for further investigation or prosecution is generally taken by the internal auditor, legal advisor, chief financial officer and the municipal manager.

6.4 Resolution

Resolution is the process through which the outcomes of the investigation process is utilised to make and implement decisions aimed at resolving the matter. Resolutions can result in range of outcomes (sometimes) combined. These include disciplinary action (including dismissal), civil recovery, criminal prosecution or referral to other agencies (e.g. the Special Investigations Unit) depending on the nature of a case. A key element of the resolution process is to communicate the outcomes of the process to all key stakeholders, as it will demonstrate the Municipality's commitment to good governance, raise awareness about the kind of fraudulent and corrupt activity that happens and serve as a deterrent to future activities.

From a municipal perspective, the desired outcome where fraud or corruption has indeed been perpetrated is disciplinary action, civil recovery and where applicable criminal investigation.

6.5 BEST PRACTICE STRATEGIC FRAMEWORK FOR FRAUD AND CORRUPTION



7 STRATEGIC OBJECTIVES OF THE IMPLEMENTATION PLAN

The Anti-Corruption Strategy is built around a set of strategic objectives that provide focus to the activities. As highlighted above, these objectives are informed by the needs of the institution (desired benefits and assessed risks), national guidelines (legislation and the local government anti-corruption strategy) and general good practices in respect of the anti-fraud and anti-corruption mechanisms.

The strategic objectives are as follows:

- SO1. Develop policies and procedures that support and maintain an anti-fraud and anti-corruption agenda. The key emphasis of this objective highlights the importance of ensuring that there is a comprehensive policy and procedural framework that ensures that loopholes are closed and fraud and corruption are addressed.
- SO2. Conduct a range of activities designed to increase awareness of corruption and the steps taken by the Municipality to combat it. The Policy and Strategic implementation plan will be formally launched at the same Council meeting where the document is adopted.
- SO3. Implement procedures and managerial processes that will prevent corruption.
- SO4. Carry out training in all policies and procedures relevant to fighting corruption.
- SO5. Create capacity by employing the right people and training them,
- SO6. Monitoring of results.

8 INSTITUTIONAL ARRANGEMENTS

It is important to develop an institutional arrangements model that will support the implementation of anti-fraud, and anti-corruption initiatives. The model presented below combines a mixture of compliance and good practice.

The principles underpinning the model are as follows:

- There must be political ownership and leadership;
- The Municipal Manager is ultimately accountable to implement measures that address the risk of fraud and corruption;
- All managers must take responsibility and accountability for implementing the anti-corruption policy and strategy of the Municipality;
- The independence of internal audit and the audit committee will be respected;
- There will be quarterly reporting on the Anti-Corruption Strategy and broader matters in respect of fraud and corruption.

The model represents three elements:

- Oversight and Governance;
- Implementation of the Anti-Corruption Strategy;
- Reporting (what has been done).

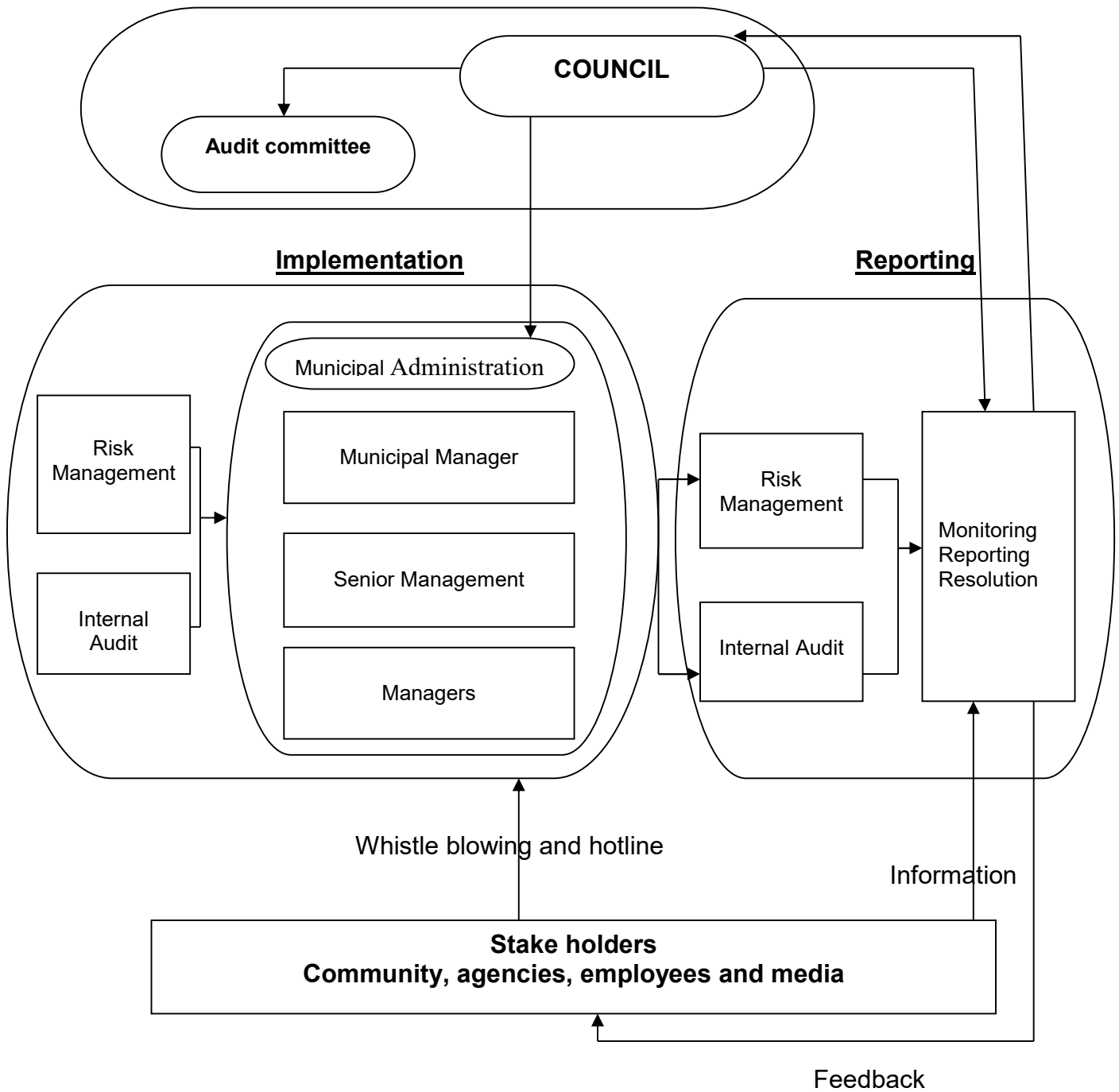
As can be seen from the schedule below, Council and the Audit Committee are responsible for overseeing the implementation of the strategy, monitoring progress through reporting and addressing decisions that are tabled before Council. The audit committee will also monitor the implementation of the Anti-fraud and Anti-Corruption Policy and

Strategy Implementation Plan. In addition, it will be responsible for making recommendations to Council and to the management team on how fraud and corruption should be managed.

The Municipal Manager and the management team are responsible for implementing and reporting on the Anti-fraud and Anti-Corruption Strategy.

Stakeholders, particularly the community, are responsible for reporting allegations of fraud and corruption and making suggestions on how best to manage the risk of fraud and corruption.

Oversight & Governance



ANNEXURE A

LOCAL GOVERNMENT ANTI-CORRUPTION STRATEGY (LGACS)

1 FOCUS ON THE ORGANISATION

1.1 Codes of Conduct for Municipal Employees and Councillors

1.1.1 In terms of Schedule 2 of the Systems Act, the Code of Conduct for Municipal employees contains specific conduct standards categorised as follows:

- General Conduct;
- Commitment to serving the public interest;
- Personal gain;
- Disclosure of benefits;
- Unauthorised disclosure of information;
- Undue influence;
- Rewards, gifts and favours;
- Council property;
- Payment of arrears;
- Participation in elections;
- Sexual harassment;
- Reporting duty of staff members; and
- Breaches of Code.

1.1.2 In terms of Schedule 1 of the Systems Act, the Code of Conduct for Councillors contains the following categories:

- General conduct of Councillors (Cross reference to section of Act);
- Attendance at meetings;
- Disclosure of interests;
- Personal gain;
- Declaration of interests;
- Full-time Councillors;
- Rewards, gifts and favours;
- Unauthorised disclosure of information;
- Intervention in administration;
- Council property;
- Duty of chairpersons of municipal Councils;
- Breaches of Code; and
- Application of Code to traditional leaders.

1.1.3 A gifts policy should be implemented in order to ensure that both the acceptance and offering of business courtesies, including gifts, by all employees of George occurs only within the ethical standards as prescribed by George.

1.1.4 The development of a robust system for the declaration of private business interests and actual or potential conflicts of interest by all employees and keeping of a centralized record thereof must be developed.

1.2 Systems, policies and procedures

- 1.2.1 George has a number of systems, policies and procedures designed to ensure compliance with specific laws and regulations and basic internal control.
- 1.2.2 All employees and other stakeholders are expected to comply with the applicable policies and procedures. A fundamental risk in this area is the lack of knowledge, awareness, effective communication and training relating to prevailing systems, policies and procedures.
- 1.2.3 Non-compliance with policies and procedures is a risk with the potential to seriously impact the success of the Plan of George. This will be addressed by developing clearly defined communication and training strategies to create awareness of all policies and procedures in order to ensure that all employees are made aware of, and adequately trained in the implementation of policies and procedures relevant to their duties and responsibilities, e.g. provisions for all employees to acknowledge, in writing, that they have read the policies and procedures applicable to their duties, have undergone relevant training and/or are aware of these policies and procedures, etc.
- 1.2.4 A structured monitoring mechanism will be developed for the keeping of proper records of the policies and procedures that are being updated, and of new policies and procedures that are being developed in order to set clear targets and monitor progress.

1.3 Human Resources – Employment Practices

- 1.3.1 George is committed to developing human resources systems, policies and procedures, which incorporate fraud and corruption prevention practices. There is a risk of poor implementation of its human resource systems, policies and procedures and George undertakes testing thereof during internal audits in which control shortcomings are subsequently addressed.
- 1.3.2 Employee focused anti-fraud and anti-corruption measures should be visible from the point of advertising a vacant post, recruitment, specific employment conditions, maintaining high employee morale, performance management and even exit procedures upon resignation or retirement. The approaches indicated below are key to George's efforts in this regard.
- **Advertising posts:** The inclusion of specific provisions when advertising posts to provide an indication to applicants that only people with the highest levels of personal integrity will be considered and that submission to appropriate pre-employment screening processes are obligatory for consideration in any post.
 - **Pre-employment screening and probity:** George intends ensuring that pre-employment screening procedures are applicable to all employees, regardless of level, including employees acting in specific positions, seconded employees and temporary and contract workers. Relevant probity will be included in all employee screening processes. Verified qualifications, experience and previous or pending disciplinary actions will also be used as evaluation criteria.
 - **Probation:** Compulsory probationary periods should be applicable to all full-time

employees. This provision will be extended to include seconded employees and temporary and contract workers. Relevant vetting will again be considered for employees on probation, during probation and prior to their final appointment in view of the long duration of the probationary period in terms of the Labour Relations Act.

- **Ongoing financial disclosure and lifestyle audits:** Municipal Manager and Section 56 appointees will be obliged to declare specific personal assets and private business interests.
- **Declaration of private work by officials:** Employees who perform private work will in accordance with Schedule 2 of the Systems Act be obliged to declare the full description and nature, hours of work, name of company for whom they work or name of own business, and that there is no conflict of interest with their job content as officials and that the nature of the work does not compromise their judgement and integrity as an official.
- **Employee induction programmes:** Employee induction is an opportunity to introduce employees to the culture and ethos of the organisation. Efforts will be made to ensure that organisational strategy, business ethics and conduct standards are included in employee induction. Specific steps will also be developed to include seconded employees, interns and temporary and contract workers in relevant aspects of induction programmes.
- **Obligatory leave periods:** In order to limit the risk of over-worked employees who could become lackadaisical leading to non-compliance to internal control and to further limit the risk of fraud and corruption, George will compel all employees to take annual leave in terms of the Collective Agreement with regard to Conditions of Employment. This control also limits the risk of unethical individuals monopolizing specific tasks.
- **Managers must ensure that appropriate controls,** e.g. appropriate scrutiny and supervision, are put in place in instances where employees do not take leave for extended periods of time due to work commitments.
- **Exit procedures for employees and control over assets:** The exit procedures for employees leaving George usually require the return of assets and an exit interview. Steps will be taken to ensure that specific follow-up time frames are set to encourage managers to apply the requirement related to the return of assets more promptly.
- George will ensure that an **exit interview process is in place** which includes the assessment of the perceptions of the business ethics and conduct standards within the organisation. This will assist in identifying areas for improvement.

1.4 Discipline

1.4.1 George will be consistent and efficient in its application of the disciplinary measures. Additional measures, which will be considered include:

- Communication of specific disciplinary standards and forbidden conduct;
- Introducing a system where the application of disciplinary measures is applied consistently;
- Steps for ongoing training of managers in the application of disciplinary measures;
- Where managers are found to be inconsistent and/or inefficient in the application of discipline, George will consider firm action; and
- Publication (within the permissible legal framework) of the outcomes and sanctions of disciplinary actions, including lessons learned. The successful

achievement of these initiatives, together with their communication is expected to have a deterrent effect.

1.5 Financial Systems and Control

- 1.5.1 Appropriate finance policies and procedures are also necessary to ensure appropriate internal control over finance management and to limit fraud and corruption risks. The effectiveness of the existing finance policies and procedures will also be tested during the course of internal audits and shortcomings are addressed.
- 1.5.2 The Council of George must approve an annual budget for George before the start of the financial year. George may only incur expenditure in terms of an approved budget and within limits of the amounts appropriated for the different votes in an approved budget.
- 1.5.3 The Municipal Manager of George is the Accounting Officer for George. Therefore the Municipal Manager should ensure that the financial systems and controls that are in place in George address the following:
- Effective, efficient and economic use of resources;
 - Proper record keeping of the financial affairs of George;
 - Effective, efficient and transparent systems of financial and risk management and internal control;
 - Effective, efficient and transparent systems of internal audit;
 - Prevention of irregular or fruitless and wasteful expenditure; and
 - Institution of disciplinary or, when appropriate, criminal / civil proceedings against employees who have committed an act of financial misconduct or other offence, including fraud and corruption.
- 1.5.4 Further, the Municipal Manager must ensure that an effective system of expenditure control is in place. According to the MFMA, the Accounting Officer of George must report to the South African Police Service all cases of alleged theft and fraud that occurred in George.
- 1.5.5 Top management, senior management and other officials of George must assist the Municipal Manager in co-ordinating the financial systems and controls within George.
- 1.5.6 The finance policies, procedures and other prescripts of George prescribe various controls, which, if effectively implemented, would limit fraud and corruption within George. These controls may be categorised as follows, it being recognised that the categories contain overlapping elements:
- (a) Prevention controls, which are further subdivided into:
- i. Authorisation Controls which require that all transactions must be authorised or approved by an appropriate responsible person and that the limits for these authorisations are specified in the delegations of authority of George.
 - ii. Physical Controls which are concerned mainly with the custody of assets and involve procedures and security measures designed to ensure that access to assets is limited to authorised personnel.

- (b) Detection controls, which are further subdivided into:

- i. Arithmetic and accounting controls, which are basic controls within the

recording function which ensure that transactions to be recorded and processed have been authorised, are complete, are correctly recorded, and accurately processed. Such controls include checking arithmetical accuracy of records, the maintenance and checking of totals, reconciliation, control accounts, and accounting for documents.

- ii. Physical controls, which relate to the security of records and are similar to preventive controls in that they are also designed to limit access.
- iii. Supervision, which relates to supervision by responsible officials of day-to-day transactions and the recording thereof.
- iv. Management Information which relates to the review of management accounts and budgetary controls. These controls are normally exercised by management outside the day-to-day routine of the system.

(c) Segregation of duties

- i. One of the primary means of control is the separation of those responsibilities or duties that would, if combined, enable one individual to record and process a complete transaction, thereby providing him/her with the opportunity to manipulate the transaction irregularly and commit fraud and corruption.
- ii. Segregation of duties reduces the risk of intentional manipulation or error and increases the element of checking.
- iii. Functions that should be separated include those of authorisation, execution, custody, recording and, in the case of computer-based accounting systems, systems development and daily operations.
- iv. To entrench the concept of segregation of duties within computerized systems. The access granted to the various levels of staff according to their responsibilities must be duly authorized, job and responsibility specific, limited, accurate and should be monitored on a regular basis.
- v. Placed in context with fraud and corruption prevention, segregation of duties lies in separating either the authorisation or the custodial function from the checking function.

1.5.7 Despite the existence of policies and procedures to address internal control, deficiencies such as ineffective application of policies and procedures resulting from lack of training, expertise, knowledge and capacity has the potential to lead to increased incidence of fraud and corruption.

1.5.8 George will continue to initiate steps to address the problem of lack of training, expertise and knowledge in systems, policies and procedures to improve internal control. Areas of weakness will be identified during audits and risk assessments.

1.5.9 Furthermore, George will also continue to re-emphasise to all supervisors that consistent compliance by all employees with internal control is one of the fundamental controls in place to prevent fraud and corruption. Managers will be encouraged to recognise that internal control shortcomings identified during the course of audits are, in many instances, purely symptoms and that they should strive to identify and address the causes of these internal control weaknesses, in addition to addressing the control weaknesses.

1.5.10 Where managers do not comply with basic internal controls, e.g. non-adherence to the delegation of authority limits, firm action(s) will be considered.

1.6 Procurement

- 1.6.1 The MFMA requires every municipality to have a Supply Chain Management Policy that is fair, equitable, transparent, competitive and cost effective.
- 1.6.2 The Municipal Manager of George must ensure the implementation of the Supply Chain Management Policy and take all responsible steps to ensure that proper mechanism and separation of duties in the procurement system are in place to minimize the risk of fraud, corruption, favouritism and unfair and irregular practices.
- 1.6.3 At a minimum, the Supply Chain Management Policy of George should contain the following anti-fraud and anti-corruption provisions:
- The range of supply chain management processes that George may use, e.g. tenders, quotations, etc;
 - When a particular process must be used;
 - Procedures for each type of process;
 - Open and transparent pre-qualification processes for tenders and other bids;
 - Competitive bidding processes;
 - Bid documentation, advertising of and invitations for contracts;
 - Procedures for:
 - the opening, registering and recording of bids in the presence of interested parties;
 - the evaluation of bids;
 - negotiating the final terms of the contracts; and
 - the approval of bids;
 - Screening processes and security clearances for prospective contractors on tenders or other bids above a prescribed value;
 - Compulsory disclosure of conflicts of interests;
 - The barring of persons from participating in tendering or other bidding processes who have:
 - been convicted of fraud or corruption during the past five years;
 - wilfully neglected, failed to complete or failed to comply with a government contract during the past five years; and
 - tax matters that are not cleared with SARS;
 - Any additional measures for:
 - combating fraud, corruption, favouritism and unfair and irregular practices in George's supply chain management; and
 - promoting ethics of officials and other role players involved in George's supply chain management by adoption of the Code of Conduct for Supply Chain Management Officials, by all officials involved in the supply chain process.

1.7 Housing

- 1.7.1 George must strive to carry out the following functions in order to fulfil its housing role:
- **Health and Safety:** ensure that conditions not conducive to health and safety of the inhabitants of its areas of jurisdiction are prevented or removed;
 - **Efficient Services:** ensure that services in respect of water, sanitation, electricity, roads, stormwater drainage and transport are provided in a manner that is economically efficient;

- **Housing Delivery Goals:** set housing delivery goals in respect of its area of jurisdiction;
- **Land for Housing:** identify and designate land for housing development;
- **Public Environment:** create and maintain a public environment conducive to housing development which is financially and socially viable;
- **Conflict Resolution:** promote the resolution of conflicts arising in the housing development process;
- **Bulk and Revenue Generating Services:** provide bulk engineering services, and revenue generating services in so far as specialist utility suppliers do not provide such services;
- **Land Use:** plan and manage land use and development; and
- **Housing Development:** initiate, plan, co-ordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction.

1.8 Housing Subsidy

1.8.1 A housing subsidy is a grant by Government offered to qualifying beneficiaries for housing purposes. The grant is not paid in cash to the beneficiaries. The grant is paid to a seller or may be used to construct a house, which is then transferred to a beneficiary.

1.8.2 Applications for a housing subsidy must satisfy the following criteria:

- An applicant must be married or be living together with any other person. A single person with proven financial dependants (such as children or family members) may also apply;
- An applicant must be a citizen of the Republic of South Africa, or be in the possession of a permanent resident permit;
- An applicant must be legally competent to contract (i.e. over 18 years of age, or married or divorced) and of sound mind;
- An applicant's gross monthly household income must not exceed the prescribed limit, currently R3 500. Adequate proof of income must be submitted;
- An applicant or anyone else in the household must not have received previous housing benefits from the Government. Except in the following:
 - An applicant that qualifies for a Consolidation Subsidy; or
 - Upgrading of Informal Settlements (UISP);
- An applicant may not own or have owned a house previously, except for the following:
 - UISP and Consolidation Subsidy;
 - Persons who:
 - own a vacant stand that was obtained through the Land Restitution Programme;
 - have acquired a residential property for the first time without Government assistance and the house/dwelling on the property, if any, does not comply with the Norms and Standards in respect of Permanent Residential Structures. The property must be in possession and registered in the name of the applicant; and
 - qualify for a consolidation subsidy.

1.8.3 Applications for an individual housing subsidy may be made at either the relevant Provincial Housing Department.

1.8.4 Where applications are received by George, receipt of the following documents should be ensured in order to mitigate the risk of beneficiaries irregularly receiving a housing subsidy:

- A certified copy of the following:
 - the page of the bar-coded R.S.A. identity document containing photograph of applicant and that of his/her spouse;
 - the page of the bar-coded Permanent Residence Permit containing the photograph of the applicant and that of his/her spouse where the applicant is not a South African Resident (if applicable);
 - a marriage certificate (if applicable);
 - a spouse's death certificate (if applicable);
 - a divorce decree (if applicable);
 - birth certificates of all dependants (if applicable); and
 - most recent pay slip (applicant and spouse);
- Agreement of Sale (if applicable);
- Building Contract and Approved Building Plan (if applicable);
- Sale of Land and House Building Support agreement in respect of People's Housing Process (PHP) (if applicable);
- Proof of Disability (where applicable);
- Proof of loan granted by lender (if applicable); and
- Application for exemption for capital contribution (if applicable).

1.9 Rental Stock

1.9.1 George currently owns housing rental stock. Qualifying tenants of state financed rented family housing units may buy them and may apply for Enhanced Extended State Discount Benefits.

1.9.2 The following categories of people qualify to secure rental stock with the discount:

- Primarily, existing tenants in the housing unit as at 15 March 1994;
- Existing purchasers of the rental stock;
- Write-off of all debts and arrears using the full prevailing individual subsidy. (Only applicable to applicants in the income group between R0 – 1 500);
- The lesser of the prevailing individual housing subsidy amount or the outstanding balance and the writing off of any further outstanding balance on the purchase price and arrears, if such exist. (Only applicable to applicants in the income group between R1 501 – R3 500);
- The lesser of R7 500 or the outstanding balance; writing off of 50% of the remaining arrears and the remaining outstanding balance must then be financed by other means available to the beneficiary and may include a personal bank loan. (Only applicable to applicants in the income group between R3 501-R7 000);
- The lesser of R7 500 or the balance owing and the remaining outstanding balance, if such exist, being financed by other means available to the beneficiary, including a personal bank loan. (Only applicable to applicants in the income group over R7 000).

1.9.3 Applications for the discounted benefit as well as the purchase of the rental stock from George must be made directly to George. When reviewing and approving these applications, George must ensure that the applicant is an existing tenant in the housing unit since 15 March 1994 or the applicant is an existing purchaser of

the rental stock. This is done in order to mitigate the risk of fraudulent allocation of the discount benefit.

1.10 Housing Allocation

- 1.10.1 George facilitates the allocation of houses subsidised by Provincial and National Government. Further, George facilitates communication with communities through the different structures, e.g. ward committees, etc. Beneficiaries on the waiting list for housing may be captured by George or the Provincial Government. A fundamental risk in the allocation of houses is that housing may be irregularly allocated to beneficiaries, e.g. beneficiaries may be moved up the waiting list in exchange for undue benefit.
- 1.10.2 George will develop a housing policy that, at a minimum, will address the anti-fraud and anti-corruption provisions referred to in paragraphs 1.9.1. and 1.10.1 above.
- 1.10.3 The Municipality must maintain a housing waiting list that is updated, accurate and ensure that all changes to the list are properly authorised.

1.11 Risk Management and Assessment

- 1.11.1 In order to identify and address risks facing George, a risk assessment will be performed on an annual basis. This process will be complemented by the specific identification of existing controls to mitigate risks identified. Additional actions to further mitigate these risks will culminate in a risk management plan.
- 1.11.2 Presentations to employees of George will be conducted in order to ensure that they have a more detailed understanding of the fraud and corruption risks facing George and the areas wherein these risks exist, thus enhancing the prospect of detecting irregularities earlier.

1.12 Fraud Detection Reviews

- 1.12.1 George will perform specific detection reviews in areas, which are at high risk of unethical conduct, fraud and corruption on a regular basis. This will include the conducting of presentations to employees, including managers, to ensure that they have a more detailed understanding of the risks associated with these areas, thus also enhancing the prospect of detecting irregularities earlier. These include:
- Recruitment of staff;
 - Procurement, e.g. emergency procurement, sole suppliers, etc;
 - Housing, e.g. allocation, administration of housing waiting lists, etc; and
 - Financial Systems and Control, e.g. payment of suppliers, receipt and banking of revenue received.

1.13 Internal and External Audit

- 1.13.1 The MFMA stipulates that a Municipality must maintain a system of internal audit under the control and direction of an audit committee. Furthermore, the internal audit function of George is required to report on matters relating to:
- Internal Control;
 - Accounting procedures and practices;
 - Risk and risk management;

- Loss control; and
- Compliance with applicable legislation.

1.13.2 George will create, co-source or outsource an Internal Audit Unit, which will include anti-corruption capacity under the guidance of an Audit Committee. In terms of its Charter, the primary role of the Audit Committee will be to:

- Evaluate the performance of internal audit;
- Review the internal audit function's compliance with its mandate as approved by the Audit Committee;
- Review and approve the internal audit charter, internal audit plans and internal audit's conclusions with regard to internal control;
- Review significant differences of opinion between management and internal audit function;
- Evaluate the independence and effectiveness of internal auditors; and
- Review the co-operation and co-ordination between the internal and external audit function and co-coordinating the formal internal audit work plans with external auditors to avoid duplication of work.

1.13.3 The anti-corruption capacity within George will be responsible for the investigation of allegations of fraud and corruption that is brought to its attention. Additionally, it will support the risk management procedures from a fraud risk identification perspective.

1.13.4 George recognises the fact that the positive support by all its managers for Internal Audit and its functions, speedy response to, and the addressing of queries raised by Internal Audit is vital to the success of the Plan. Where managers are found to be slow in addressing internal control and shortcomings raised by Internal Audit, firm action will be considered.

1.13.5 Awareness strategies will also be developed to enhance managers' understanding of the role of Internal Audit.

1.13.6 George is also the subject of annual external audits. These audits include the following tasks:

- Examining evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

1.14 Physical and Information Security

1.14.1 Physical Security

1.14.1.1 George's main physical security threat arises in the area of control over its physical assets, facilities and employees. Security personnel and access systems are deployed to mitigate this threat. However, control over security personnel and access systems should continuously be reviewed for adequacy.

1.14.1.2 George will also conduct a regular detailed review of the physical security arrangements at its offices and other sites and improve

weaknesses identified. Specific focus areas will be physical security over infrastructure, assets and staff.

- 1.14.1.3 Furthermore, George will continue to pursue steps to ensure adequate security over its people, confidential information and information systems.

1.14.2 Information Security

- 1.14.2.1 George will ensure that all employees are sensitised on a regular basis to the fraud and corruption risks associated with information security and the utilisation of computer resources, in particular – access control, and ensure that systems are developed to limit the risk of manipulation of computerised data.
- 1.14.2.2 Communiqués will be provided to all employees on the management of intellectual property and confidential information to limit the risk of manipulation of information.
- 1.14.2.3 Regular communiqués will be forwarded to employees pointing out security policies, with a particular emphasis on e-mail and Internet usage and the implications (e.g. disciplinary action) of abusing these and other computer related facilities. Where employees are found to have infringed on prevailing policy in this regard, disciplinary action will be taken.
- 1.14.2.4 Regular reviews of information and computer security will also be considered. Weaknesses identified during these reviews will be addressed.

2 FOCUS ON EMPLOYEES

- 2.1 Key ambassadors for the successful implementation of the Plan for George are its employees. In essence, this means that their conduct often forms the base upon which George as an organisation is judged. George employees have to therefore demonstrate behaviour beyond reproach in the execution of their duties.
- 2.2 Anti-fraud and anti-corruption measures to address employees as referred to in paragraphs 1.1, 1.3.1, 1.3.2 and 1.4.1 above will be implemented by George.

3 FOCUS ON OTHER STAKEHOLDERS

- 3.1. George has several other stakeholders with whom it interacts. These are indicated below:
- Trading partners, e.g. suppliers, contractors, consultants;
 - Employee representative organisations;
 - DPLG and any other relevant Governmental Department
 - SALGA;
 - Parastatal Organisations, NGOs and CBOs, and
 - The general public.
- 3.2 All stakeholders with whom George interacts are expected to abide by the principles contained in the Plan. Although George has limited legal rights to enforce these principles on external stakeholders, it can exercise moral persuasion to gain compliance to the principles contained in the Plan or choose not to enter into relationships with stakeholders who do not comply

3.3 Trading Partners

- 3.3.1 It is a common perception that employees face the greatest challenge to their integrity in the form of enticement to accept bribes from unethical suppliers, contractors and consultants. Furthermore, these trading partners are also often viewed as untrustworthy in delivery of goods and/or services.
- 3.3.2 Approaches to address the risk of fraud and corruption relating to trading partners are the following:
- Appropriate terms and conditions in invitations to propose for services relating to the standards of business ethics expected by George;
 - Appropriate pre-award screening of credentials supplied by contractors;
 - Provisions for the compulsory declaration of actual and/or potential conflicts of interest both by suppliers and employees of George dealing with these suppliers;
 - Appropriate contract terms and conditions indicating the conduct expected by George;
 - Ongoing communication of these standards;
 - Sound project management;
 - Monitoring and evaluation of breaches;
 - Taking sound action in the event of breaches such as:
 - Prosecution;
 - Loss recovery; and

- Placing of appropriate prohibitions on future contracts and cancellation of existing contracts.

3.4 Employee representative organisations

- 3.4.1 George is committed to complying with the resolutions of recognition agreements with trade unions. Nonetheless, it is also expected of trade union representatives to comply with the principles of the Plan of George. Trade unions will also be consulted prior to the finalisation of the Plan.

3.5 Co-operative Governance and Traditional Affairs

- 3.5.1 COGTA is a national department and its primary function is to develop policies and legislation with regard to provinces and local government, and to monitor the implementation of the Municipal Structures Act, Municipal Demarcation Act, Systems Act as well as the MFMA. Efforts will be made to ensure that this stakeholder is also made aware of the principles contained in the Plan and the conduct encouraged by George.

3.6 SALGA

- 3.6.1 SALGA is an organisation mandated by the South African constitution to assist in the transformation of Local Government in South Africa. SALGA plays a core role in areas related to local government transformation and as a national representative of the local government sector and its employees. George will also ensure that SALGA is made aware of the Plan and appropriately compliment it when dealing with George.

3.7 The general public

- 3.7.1 Members of the general public will also be made aware of George's commitment to fraud prevention and encouraged, through awareness programmes, to report irregularities affecting George.

4 ENFORCEMENT

No Fraud Prevention Plan would be complete without enforcement forming an integral component for instances where fraud and corruption occur.

4.1 Reporting and Monitoring of fraud and corruption

4.1.1 Reporting Channels

- 4.1.1.1 The reporting channels for unethical conduct, fraud and corruption impacting George are the following:
- All allegations of fraud and corruption should be reported by employees to their immediate managers;
 - If there is a concern that the immediate manager is involved, the report must be made to any other member of management, the Municipal Manager, the Chairperson of the Audit Committee and/or Internal Audit;
 - All managers should report all allegations to the Municipal Manager who will initiate an investigation; and

- Should an employee wish to make a report anonymously, such a report may be made to any member of management, the Municipal Manager, the Chairperson of the Audit Committee, the Mayor and / or Internal Audit.

4.1.1.2 Parallel to the above enforcement approaches, is the task of fixing of controls to limit future recurrence of fraud and corruption in the event of breaches.

5 IMPLEMENTATION AND AWARENESS

The Plan will be reviewed on an annual basis, whilst progress with the implementation of the various components will be reviewed on a quarterly basis. In the latter regard, specific priorities stemming from the Plan, actions to be taken, responsible persons and feedback dates relating to progress made will also be set.

5.1 Monitoring

5.1.1 George will ensure that a fraud and corruption information system is developed for the following purposes:

- Recording all allegations;
- Tracking progress with the management of allegations;
- To facilitate the early identification of systemic weaknesses and recurring risks, and inform managers and employees of systemic weaknesses/risks; and
- Provide feedback to employees and other whistle blowers on the management of allegations.

5.2 Creating awareness

This component of the Plan comprises two areas, namely education and communication.

5.2.1 Education

5.2.1.1 Formal awareness presentations will be conducted for employees of George in planned workshops. The ongoing creating of awareness amongst all employees is, however, the responsibility of all managers. Approaches to create awareness amongst employees will address the following issues:

- Employee awareness and the application of professional ethics in their work environment;
- Employee awareness of the current systems, policies and procedures relating fraud and corruption and their rights should they blow the whistle;
- Encouraging employees to blow the whistle on fraud and corruption within their work environments; and
- Encouraging employees to understand specific fraud and corruption related risks to which George may be exposed, thus enhancing the prospect of detecting irregularities earlier.
- Consider the circulation of a list of “questions and answers” regarding typical fraud and corruption issues to create awareness amongst staff.

5.2.2 Communication

5.2.2.1 The objective of communication is to further create awareness amongst employees, the public and other stakeholders, of the Plan in order to facilitate a culture where all stakeholders strive to contribute towards making it a success. This will increase the prospect of fraud and corruption being reported and improve George's prevention and detection ability.

5.2.2.2 Communication approaches that will be considered by George are the following:

- An official launch for the Plan aimed at all stakeholders;
- Posters, newsletters and pamphlets to advertise the Codes of Conduct for staff members and Councillors, aimed at employees, the public and other stakeholders;
- A suggestion box for employees and other stakeholders to make submissions which could enhance the further development of the Plan;
- Ensuring that ethics promotion is a fixed agenda item in meetings;
- Signing of declarations of commitment by all employees to the Plan;
- Endorsements of other correspondence directed at providers of goods and/or services with pro-ethics and anti-fraud and anti-corruption messages; and
- Screensavers on computers with appropriate pro-ethics and anti-fraud and corruption messages; and
- Publishing the Plan and successes in its implementation in the Annual Report of George.

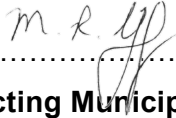
VERSION

| Version | Date |
|--|-------------------|
| Approved | 25 January 2018 |
| Revised (no amendments) | 28 January 2019 |
| Revised (no amendments) | 26 September 2019 |
| Revised (no amendments) | 17 June 2020 |
| Revised and amendments approved by Council | 29 June 2021 |

APPROVAL

As approved by Council at the Ordinary Council Meeting which was held on 29 June 2021.

Signed at GEORGE on the 8th day of SEPTEMBER **2021.**



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Acting Municipal Manager: Dr M Gratz