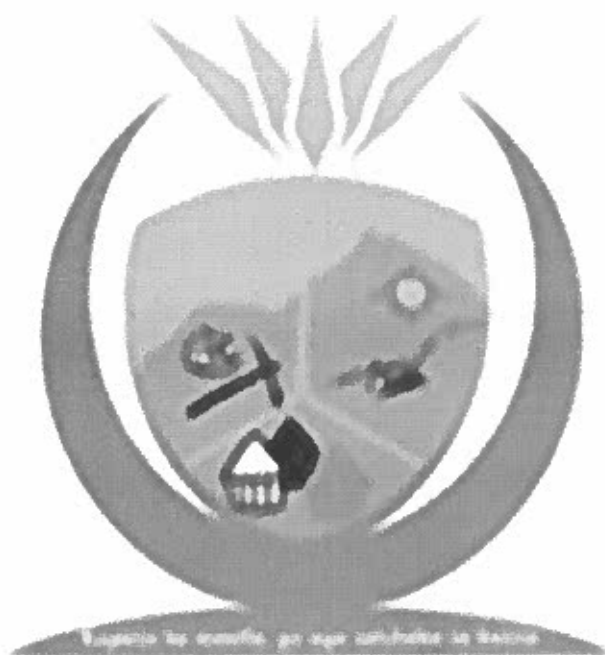




Molemole Municipality

FRUAD PREVENTION POLICY 2024/25

MOLEMOLE LOCAL MUNICIPALITY FRAUD PREVENTION POLICY 2024/25

Table of Contents	Page
1. Introduction.....	2
2. Purpose of the policy.....	2
2.1 Scope of the policy.....	2
2.2 Policy statement.....	2
3. The focus areas.....	3-4
4. Responsibilities	4-5
5. Approval.....	7

1. Introduction

The policy has been designed to assist the Council, management, staff and other relevant stakeholders of the municipality in combating fraud and corruption and to reinforce the current systems, policies and procedures aimed at deterring, preventing, detecting, reacting and reducing the impact of fraud and corruption. Furthermore the municipality supports and foster a culture of zero tolerance to fraud and corruption in all its activities.

2. Purpose of this policy

The policy is established to facilitate the development of controls which will assist in the prevention and detection of fraud and corruption. The policy is supported by the fraud prevention strategy that provide guidelines as to how to respond should instances of fraud and corruption be identified.

2.1 Scope of the policy

This policy applies to all employees, stakeholders, contractors, vendors/suppliers and any other party doing business with the Municipality.

Any fraudulent or corrupt behaviour must be reported immediately through the mechanisms as set out in this document, and such reports will be investigated and acted upon.

2.2 Policy statement

It is the policy of the Municipality that fraud, corruption, maladministration or any other dishonest activities of a similar nature will not be tolerated. Such activities will be investigated, where required, and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative actions and the institution of recoveries where applicable.

Prevention, detection, response and investigative strategies will be designed and implemented where necessary. These will include any existing controls (system controls and internal controls) and those currently prescribed in existing policies, procedures and other relevant prescripts to the activities of the Municipality.

It is the responsibility of all employees of the municipality to report all incidents of fraud and corruption, or any other dishonest activities of a similar nature to their immediate Supervisors. Alternatively, such reports can be made by way of submitting a report through the District Anti-Fraud Hotline.

All reports received will be treated with the requisite confidentiality and will not be disclosed or discussed with parties other than those charged with investigation into such reports.

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

2.2.1 Definition of Fraud and Corruption

Fraud is a false representation or concealment of a material fact to induce someone to part with something of value. Fraud includes various irregularities and illegal acts all characterised by intentional deception.

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

This definition takes a broad view and includes non-monetary benefits, such as misusing "municipality time" or assets.

Actions constituting fraud and corruption

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

- Unauthorised private use of municipal assets, including vehicles;
- Falsifying travel and subsistence claims;
- Conspiring unfairly with others to obtain a tender;
- Disclosing proprietary information relating to a tender to outside parties;
- Accepting inappropriate gifts from suppliers;
- Operating a private business in working hours;
- Accepting bribes or favours to process requests;
- Accepting bribes or favours for turning a blind eye to a service provider who does not provide an appropriate service;
- Taking unrecorded leave;
- Substituting new goods with old.

3. The focus areas

The municipality main focus areas shall include Councilors, Senior Management, employees and other relevant stakeholders.

3.1 Focus on the organization

- Effective implementation of the code of conduct for employees as prescribed in the Municipal System Act and the Municipal Structures Act which all municipal staff are expected to abide by.
- Implementation of the Human Resource Management policies and procedures applicable to the municipality.
- Implementation of the Finance policies and procedures applicable to the municipality.
- Sound internal controls to prevent and detect unethical conduct, fraud and corruption.
- Ongoing risk assessment and management, which includes systems relating to unethical conduct, fraud and corruption detection.
- Internal and External audit.
- Physical and security management.

3.2 Focus on employees

- Vetting
- Employee induction programs
- Obligatory leave periods
- Exit procedure for employees and control over assets.

3.3 Focus on other stakeholders

- The Councilors,
- Effective implementation of the Code of Conduct for Councilors as prescribed in the Municipal Systems Act, the Municipal Systems Structures Act and the Municipal Finance Management Act which all the Councilors are expected to abide by,
- The community,
- Employee representative organizations.

4. Responsibilities for fraud and corruption risk management

The following section outlines the fraud and corruption risk management responsibilities associated with different roles within the Municipality.

4.1. Accounting Officer

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

4.2. Senior Management

Senior Managers under the guidance of the Accounting Officer, shall ensure that they become complacent in dealing with fraud and corruption and that the overall fraud and corruption strategy is reviewed and updated regularly. Furthermore, senior management shall ensure that all employees and stakeholders are made aware of overall anti - fraud and corruption strategies through various initiatives of awareness and training.

4.3. Audit Committee

The Audit Committee shall be informed of any significant cases of conflict of interest, misconduct or/ and fraud by employees and council members and steps taken by management to rectify the situation.

4.4. Risk Management Committee

The duties of the Risk Management Committee shall include the establishment and monitoring of the implementation of:

- ☐ Fraud prevention policy and fraud implementation plan.
- ☐ Ensuring the responsibilities and coordination of risk management are clear.
- ☐ Advising the Accounting Officer on matters relative to fraud risk management.
- ☐ Overseeing the implementation and maintenance of the ongoing process of risk identification, quantification, analysis and monitoring throughout the municipality.

4.5. Internal Audit

Fraud Limitations;

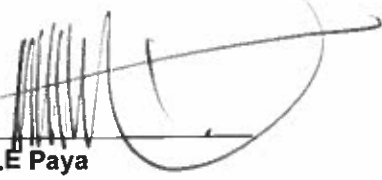
The identification and prevention of fraud is management's responsibility. The internal audit unit should assist management to identify the main fraud risks facing the municipality and to recommend the appropriate controls that could minimize the effects of such risks.

5. Policy review

This Policy shall be reviewed annually to reflect the current stance on fraud risk management.

RECOMMENDED BY: 
M.J Ramakgolo
Acting Chairperson Risk Management Committee

05/06/2024
Date

APPROVED BY: 
M.E Paya
Mayor

05/06/2024
Date