

SWELLENDAM MUNICIPALITY



ANTI-CORRUPTION AND FRAUD PREVENTION STRATEGY

2023/2024

APPROVED BY COUNCIL PER ITEM XXX ON XXX

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1. INTRODUCTION

The following document outlines the Anti-Corruption and Fraud Prevention Strategy of Swellendam Municipality and is applicable to all employees, stakeholders, contractors, suppliers, service providers, consultants, clients and councillors of the Swellendam Municipality.

This Strategy must be read together with, and be interpreted consistently with, the other relevant legislation and council approved documents, including but not restricted to the:

- (a) Prevention and Combating of Corrupt Activities Act (No. 12 of 2004)
- (b) Promotion of Access to Information Act (No. 2 of 2000)
- (c) Promotion of Administrative Justice Act (No. 3 of 2000)
- (d) Protected Disclosures Act (PDA) (No. 26 of 2000)
- (e) Public Finance Management Act (PFMA) (No. 1 of 1999)
- (f) Municipal Finance Management Act (MFMA) (No. 56 of 2003)
- (g) Financial Intelligence Centre Act (FICA) (No. 38 of 2001)
- (h) Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings (No. 430 of 2014)
- (i) Code of Conduct for Councillors in terms of Schedule 1 of the Municipal Structures Act (No. 32 of 2000)
- (j) Code of Conduct for Municipal Staff Members in terms of Schedule 2 of the Municipal Structures Act (No. 32 of 2000)
- (k) Labour Relations Act (No. 66 of 1995)
- (l) Swellendam Municipality Code of Ethics
- (m) Swellendam Municipality Risk Management Strategy
- (n) Swellendam Municipality Risk Management Policy

2. PRINCIPLES OF ANTI-CORRUPTION AND FRAUD PREVENTION

- (a) Encourage a culture within the Municipality where all municipal officials, members of the public and other stakeholders continuously behave with and promote integrity in their dealings with or on behalf of the Municipality;
- (b) Creating a culture within the Municipality which is intolerant to unethical conduct, corruption and fraud;
- (c) Strengthening community participation in the fight against corruption and fraud in the Municipality;
- (d) Strengthening relationships with key stakeholders that are necessary to support the actions required to combat corruption and fraud in the Municipality;

3. PURPOSE OF THE STRATEGY

3.1. Mission of Anti-Corruption and Fraud Prevention

The Anti-Corruption and Fraud Prevention Strategy aims to create an environment where all staff members and councillors at all times act with honesty, integrity and to safeguard the Municipal resources for which they are responsible for. Fraud and corruption are ever-present threats to these resources and hence must be a concern to all members of staff.

An effective strategy against corruption and fraud will contain prevention, detection and sanctioning measures.

3.2. Objectives of Anti-Corruption and Fraud Prevention

The objectives of an anti-corruption and fraud prevention framework are to:

- (a) Align strategic objectives with anti-corruption and fraud prevention activities.
- (b) Drive specific anti-corruption and fraud prevention processes to respond to the potential threats;
- (c) Embed instinctive and consistent consideration of corruption and fraud in the day-to-day planning and achievement of objectives;
- (d) Provide clarity on the Municipality's stance on corruption and fraud;
- (e) Development of anti-corruption and anti-fraud capacity within the Municipality;
- (f) Improve the application of systems, policies, procedures, rules and regulations dealing with corruption and fraud;
- (g) Deterrence, prevention and detection of unethical conduct, corruption and fraud;
- (h) Investigating detected incidents of unethical conduct, corruption and fraud;
- (i) Taking appropriate action and applying sanctions in cases of unethical conduct, corruption and fraud.

3.3. Corruption and Fraud Aware Culture

The Municipality's no tolerance stance on corruption and fraud must be clear. The values of integrity, honesty and objectivity must be institutionalised throughout the Municipality.

Municipal officials must be aware of their duty to report incidents of corruption or fraud and willing to report. Anti-corruption and fraud prevention responsibilities must be assigned throughout the Municipality. It should support accountability, performance measurement and reward the minimising of corruption and fraud at all levels.

4. CORRUPTION AND FRAUD RISK MANAGEMENT

The management of corruption and fraud risks form part of the enterprise risk management of the Municipality. Corruption and fraud risk identification, assessments, management, monitoring, reporting thereon and oversight occur during the course of enterprise risk management activities.

This strategy should therefore be read in conjunction with the Risk Management Strategy.

5. ROLES AND RESPONSIBILITIES

5.1. Council

Council is responsible for setting the tone at the top by:

- (a) Considering and adopting an anti-corruption and fraud prevention strategy and policy for the Municipality;
- (b) Reviewing and amending, if necessary, the anti-corruption and fraud prevention strategy and policy;
- (c) Abiding by the code of conduct and code of ethics of the Municipality;
- (d) Performing oversight functions that support the implementation of the anti-corruption and fraud prevention policy of the Municipality;
- (e) Providing support to the Municipal Manager and the efforts of the management team to implement the anti-corruption and fraud prevention policy;
- (f) Establishing the Disciplinary Board in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings (No. 430 of 2014);
- (g) Approve the terms of reference and recommendations of the Disciplinary Board;
- (h) Consider reports from the Disciplinary Board in respect of fraud and corruption matters;
- (i) Provide reasons if the recommendations or findings of the Disciplinary Board are rejected;

- (j) Instituting by resolution disciplinary proceedings if the recommendations or findings of the Disciplinary Board are accepted.

5.2. Municipal Manager

The Municipal Manager is responsible for ensuring that anti-corruption and fraud prevention measures are implemented within the Municipality by:

- (a) Ensuring that the Municipality develops and implements an anti-corruption and fraud prevention strategy and policy;
- (b) Ensuring that Councillors and staff are educated and aware of the policy;
- (c) Overseeing the implementation of prevention, detection, investigation and resolution measures in respect of fraud and corruption within the Municipality;
- (d) Abiding by the code of conduct and code of ethics of the Municipality;
- (e) After an investigation is completed, submit the Disciplinary Board's report (if the allegation is not about the Accounting Officer) to council at the first sitting after the report is finalised.

5.3. Internal Audit

In relation to fraud and corruption, internal audit should provide assurance to the Audit and Performance Audit Committee and to management that the controls are appropriate to deter, prevent and detect fraud by:

- (a) Performing fraud and corruption detection reviews on high fraud and corruption risk areas, surprisingly and planned;
- (b) Assisting with the Investigation of alleged / suspected fraud and corruption;
- (c) Advising the accounting officer and report to the Disciplinary Board on the investigation of alleged / suspected fraud and corruption;
- (d) Recommending controls to identify and detect fraud and corruption pressures;
- (e) Review high-risk business areas and processes, and advise on the implementation of appropriate internal control measures

5.4. Audit and Performance Audit Committee (APAC)

The APAC will be responsible for the following:

- (a) Advising the Municipal council, political office bearers, the accounting officer and management staff of the Municipality on matters relating to good governance, fraud and corruption;
- (b) Respond via Internal Audit to fraud and corruption incidents and report to council.
- (c) Review the progress made with the implementation of the anti-corruption and fraud prevention strategy of the Municipality;

5.5. Risk Management Unit

Swellendam Municipality has opted to implement a risk management unit jointly with other municipalities. The joint risk management unit took the form of a shared services centre (SSC). The SSC acts as Swellendam Municipality's risk management unit.

By including fraud and corruption risks in their risk management planning and processes, the risk management unit:

- (a) Develops, together with other role players, the anti-corruption and fraud prevention strategy, policy and plan;
- (b) Include a focus on fraud and corruption risks during risk identification and assessments;
- (c) Assist management in developing responses for fraud and corruption risks;
- (d) Facilitate presentations and working sessions relating to fraud and corruption risks to promote awareness and the ethics and integrity standards required by the Municipality.
- (e) Report identified incidents of fraud or corruption to Management, Directors or the Municipal Manager.

5.6. Fraud and Risk Management Committee

In terms of anti-corruption and fraud prevention the Committee's responsibilities are to:

- (a) Review the anti-corruption and fraud prevention strategy, policy and plan and recommend for approval by Council;

- (b) Evaluate and facilitate the implementation of the anti-corruption and fraud prevention policy;
- (c) Monitor the implementation of the policy and application of the plan and ensure adequate supervision and dynamism of the controls and procedures;
- (d) Review the process implemented by management in respect of anti-corruption and fraud prevention and ensure that all fraud and corruption related incidents have been followed up appropriately;
- (e) Ensure that an appropriate fraud and corruption risk assessment is completed;
- (f) Ensure that reports of fraud, corruption and misconduct are effectively handled and that consistent and appropriate action is taken on known incidents;
- (g) Annually report to the Audit Committee, summarising the Municipality's corruption and fraud prevention, detection and action for the period.

5.7. Senior Management

Senior Management has overall responsibility for the design and implementation of a corruption and fraud risk management program, including setting the tone at the top for the rest of the Municipality's staff.

The Senior Management of the Municipality is responsible for the following:

- (a) Create a corruption and fraud-aware culture, where it is clear that corruption and fraud will not be tolerated, dealt with swiftly and sanctioned and whistle-blowers will be protected;
- (b) Abide by the code of conduct and code of ethics of the Municipality;
- (c) Share the Municipality's strategies and policies in respect of fraud and corruption with all staff members;
- (d) Ensure that adequate internal controls are implemented and appropriate systems and processes are in place to prevent and detect fraud and corruption;
- (e) Report incidents or suspicions of fraud and corruption;
- (f) Participate in initiatives to prevent, minimise, detect and investigate fraud and corruption.

5.8. Staff

The staff (permanent, contract and temporary) of the Municipality are responsible for:

- (a) Abiding by the code of conduct and code of ethics of the Municipality;
- (b) Reporting incidents or suspicions of fraud and corruption;
- (c) Participating in initiatives to prevent, minimise, detect and investigate fraud and corruption;
- (d) Avoiding and declaring conflicts of interest.

6. REPORTING

The Municipality subscribes to the reporting obligations and lines prescribed by legislation, namely the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings (No. 430 of 2014) and the Prevention and Combating of Corrupt Activities Act (Act 12 of 2004).

The Municipality commits itself to establish appropriate structures to enable reporting of fraud or corruption by municipal staff, councillors and the community in accordance with applicable legislation.

7. DISCIPLINARY AND LEGAL ACTION

In terms of its zero-tolerance policy, the Municipal Manager must institute disciplinary action and legal actions at his / her disposal, on all individuals found responsible for acts of fraud and corruption.

7.1. Code of Conduct

The Municipality subscribes wholly to the code of conduct in Schedule 1 and 2 for staff and councillors as outlined in the Municipal Systems Act, No. 32 of 2000. In line with Section 70 and item 13(4) of Schedule 1 of the Act, the Municipality commits itself to ensure that all councillors and staff are aware of the code of conduct and the consequences of breaching the code.

7.2. Code of Ethics

All corruption and fraud occur due to a lack of ethics. Managing ethics can prevent corruption and fraud and increase the reporting of corrupt and/or fraudulent activities due to the ethical behaviour of the Municipality's staff and councillors.

The Municipality has created and implemented a Code of Ethics for staff and councillors, to give effect to the Constitutional requirements of ethical behaviour and public service. The Municipality commits itself to ensure that all councillors and staff are aware of the code of ethics and the consequences of breaching the code.

7.3. Recovery of losses

The Municipal Manager, or Council if the Municipal Manager is the offender, must investigate the potential and cost implications for recovering losses suffered by the Municipality due to fraud and/or corruption and, depending on the outcome of the investigation, institute legal action against the offending parties to recover losses.

8. PROTECTION OF WHISTLE BLOWERS

No person will suffer any penalty or retribution for reporting, in good faith, any suspected or actual incident of fraud and corruption which occurred within the Municipality.

The Municipality will not tolerate harassment or victimisation and will take action to protect employees when they raise a concern in good faith. This does not mean that if an employee is already the subject of disciplinary or other action, that action will be halted as a result of their whistle blowing.

A person who reports suspected corruption and/or fraud may remain anonymous should he/she so desire. It must be kept in mind though that the investigation could reveal the source of the information.

9. REVIEW

This Anti-Corruption and Fraud Prevention Strategy must be reviewed and approved by Council.