HESSEQUA MUNICIPALITY

ANTI-CORRUPTION AND FRAUD PREVENTION POLICY AND FRAUD RESPONSE PLAN

*"As Hessequa Municipality our values determine who we are, as we serve our community, we must strive to live our values every day. Our values are: **Honesty** – we must lead by example. **Respect** – we embrace the diversity of our community and respect each individual. **Trust** – when we listen to the perspective of others without judgement and act with sincerity, we build trust in the municipality. **Caring** – it is important to approach work and our community with an attitude of caring. **Integrity** – remember to do the right thing, even when no one is watching."*

*"As Hessequa Munisipaliteit bepaal ons waardes wie ons is, en moet ons daagliks streef om ons waardes uit te leef wanneer ons die Hessequa gemeenskap dien. Ons waardes is: **Eerlikheid** – ons moet 'n voorbeeld vir ander wees. Wees deursigtig in wat jy doen. **Respek** – ons gryp die diversiteit van ons gemeenskap aan en respekteer elke individu. Respekteer jouself, jou kollegas en die werksplek. **Vertroue** – Wanneer ons na die perspektiewe van ander luister sonder om te oordeel en met opregtheid optree, bou ons vertroue in die Munisipaliteit. **Omgee** – dit is belangrik om ons werk en ons gemeenskappe met 'n gesindheid van omgee te benader. **Integriteit** – onthou om te alle tye die regte dinge te doen."*

"A caring, serving & growing Hessequa"

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1. DEFINITIONS AND ABBREVIATIONS

“Abuse of power / discretion’’ involves a person using his or her vested authority to improperly benefit another;

“Abuse of privileged information’’ is misconduct that involves the use of privileged information and knowledge that a staff member or councillor possesses as a result of his or her office to provide unfair advantage to another person or entity to obtain a benefit, or to accrue a benefit to him or herself;

“Accounting Officer’’ means the Municipal Manager referred to in Section 60 of the MFMA and includes a person acting as the accounting officer;

“APAC” means the Audit and Performance Audit Committee, a Committee established in terms of section 166 of the MFMA;

“Bribery’’ is the bestowing of a benefit in order to unduly influence a decision or action. It can be initiated by a person who seeks or solicits bribes or by a person who offers and then pays bribes and is a form of corruption;

“Chief Financial Officer’’ means a Chief Financial Officer designated in terms of Section 80(2)(a) of the MFMA;

“Code of Conduct for Councillors” means the Code of Conduct for Councillors as per Schedule 7 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998, as amended);

“Code of Conduct for Municipal Staff Members” means the Code of Conduct for Staff Members as per Schedule 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);

“Conflict of interest’’ refers to a conflict between the public duties and private interests of an employee, in which the employee has private interests which could improperly influence the performance of his/her official duties and responsibilities. This may include the failure to disclose:

(a) full particulars of any benefit / purchase by an official that he / she might have received from a supplier of goods and services, and / or any interest that his / her spouse, partner or close family member stands to acquire from any contract / friendship concluded with a supplier of goods and services of the Municipality;

(b) all relationships / friendships with any supplier of goods and services to Hessequa Municipality; - and

(c) any private business / venture that any employee is involved in.

“Corporate Governance” means the exercise of ethical and effective leadership by the municipal council supported by the administration (management), to achieve sustainable service delivery, developmental objectives, and public accountability;

“Corruption” means an act of accepting or offering "gratification" to improperly influence another person's actions, leading to unlawful, dishonest, or biased conduct, or the misuse of information or position for private gain.

“Councillor’’ means a member of the municipal council of the Hessequa Municipality;

“Councillor Regulations” means the Code of Conduct for Councillors Regulations, 2023, published in terms of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998, as amended);

“Designated official’’ means the individuals identified in a Municipality to receive reports of allegations of financial offences against councillors, currently the Municipal Manager, Speaker and Executive Mayor in terms of the terms of reference of the disciplinary board on financial misconduct;

“Disciplinary board’’ means a disciplinary board established in terms of regulation 4 of the Regulations on Financial Misconduct and Criminal Proceedings, 2014;

“Ethics” refers to ethical values applied to decision-making, conduct, and the relationship between the organisation, its stakeholders and the broader society;

“Fraud’’ is the unlawful and intentional making of a misrepresentation / deceit resulting in actual or potential prejudice to the Municipality;

“Internal Audit’’ means an independent internal assurance provider which is established in terms of section 165 of the MFMA;

“Investigator’’ means the disciplinary board, treasury, person or team conducting a full investigation in terms of regulation 5 of the Regulations on Financial Misconduct and Criminal Proceedings, 2014, and also includes any other person instructed to conduct an investigation as determined from time to time;

“Management’’ means the Municipal Manager and the Senior Managers / Directors of Hessequa Municipality reporting directly to the Municipal Manager; also referred to as **“Senior Management”**;

“MFMA’’ means the Municipal Finance Management Act, 2003 (Act 56 of 2003);

“MPAC” means the Municipal Public Accounts Committee, established in terms of section 79A of the Municipal Structures Act, 1998;

“MSA” means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

“Municipal Structures Act” means the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998);

“Policy” means the Anti-Corruption and Fraud Prevention Policy read in conjunction with the Fraud Response Plan of Hessequa Municipality;

“Protected Disclosure” means a protected disclosure as defined in the Protected Disclosures Act, 2000 (Act 26 of 2000);

“Staff’’ means all employees of Hessequa Municipality, including the Municipal Manager and Senior Managers;

“Whistleblowing” means the act of organisational stakeholders (e.g., employees, members of the public or service providers), either former or current, calling attention to wrongdoing that has occurred, is occurring or is about to occur in an organisation.

2. INTRODUCTION

Hessequa Municipality subscribes to the principles of good corporate governance, which require the conducting of business in an honest and transparent fashion. By adopting the Code for Ethical Leadership in Local Government in 2024, the municipality confirmed its commitment to ethical governance and decision-making, thereby ensuring a well-functioning municipality. As such, Hessequa Municipality is committed to fighting fraudulent and corrupt behaviour at all levels within the Municipality.

The aim of this Policy is to give effect to the objectives as set out in the municipality's **Anti-Corruption and Fraud Prevention Strategy** by providing measures to prevent and combat fraud and corruption.

The procedures to be followed in the event of fraud, corruption and other related criminal conduct as well as maladministration being detected or suspected are detailed in the **Fraud Response Plan** attached to this Policy as **Annexure A**.

3. SCOPE OF POLICY AND APPLICATION

This Policy applies to all incidences of fraud, corruption and other related criminal conduct as well as maladministration and suspected irregularities of this nature involving, but not limited to, the following persons and/or entities:

3.1 staff members of Hessequa Municipality (permanent, temporary, contract);
3.2 councillors of Hessequa Municipality;
3.3 consultants, suppliers, contractors, agents and other providers of goods and services to Hessequa Municipality; and
3.4 any other stakeholder of the Municipality, including members of the public.

4. LEGISLATIVE CONTEXT OF THE POLICY

4.1 This Policy aims to give effect to the requirements and stipulations of the:

- Prevention and Combating of Corrupt Activities Act (Act 12 of 2004)
- Promotion of Access to Information Act (Act 2 of 2000)
- Promotion of Administrative Justice Act (Act 3 of 2000)

- Protected Disclosures Act (PDA) (Act 26 of 2000)
- Public Finance Management Act (PFMA) (Act 1 of 1999)
- Municipal Finance Management Act (MFMA) (Act 56 2003)
- Financial Intelligence Centre Act (FICA) (Act 38 of 2001)
- Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 (GNR 430 in GG 37699 dated 30 May 2014)
- Code of Conduct for Councillors in terms of Schedule 7 of the Municipal Structures Act (Act 117 of 1998)
- Code of Conduct for Municipal Staff Members in terms of Schedule 2 of the Municipal Systems Act (Act 32 of 2000)
- Labour Relations Act (Act 66 of 1995)
- King IV
- Hessequa Municipality: Code for Ethical Leadership
- Hessequa Municipality Risk Management Policy
- Hessequa Municipality Combined Assurance Framework

4.2 The following legislation, policies and delegations play a pivotal role in ensuring the fight against fraud, corruption and other related criminal conduct as well as maladministration:

4.2.1 Municipal Finance Management Act (MFMA)

Sections 32, 62, 78, 112, 115, 171 and 173 aids, inter alia, municipalities in taking all reasonable steps to prevent and investigate fraud, corruption, favouritism, unfair and irregular practices and where appropriate institute disciplinary proceedings and report criminal activities to the SAPS. The municipality is also obliged to take steps when unauthorised, irregular or fruitless and wasteful expenditure is incurred, including reporting certain instances to the SAPS, as appropriate.

Sections 171 and 173 of the MFMA provide for financial misconduct and financial offences. Regulations 3 and 9 of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 set out the requirements for reporting allegations of financial misconduct and financial offences respectively and also makes provision for reporting to SAPS in certain instances.

4.2.2 Supply Chain Management Policy (SCM Policy)

Regulation 38 of the MFMA Municipal Supply Chain Management Regulations, 2005 requires the accounting officer inter alia to:

(a) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with the SCM Policy; and

(b) report any alleged criminal conduct to the SAPS.

4.2.3 Municipal Systems Act (MSA)

Section 67 (1) requires municipalities to develop and adopt appropriate systems and procedures for, inter alia, the investigation of allegations of misconduct and complaints against staff.

4.2.4 Prevention and Combating of Corrupt Activities Act (PRECCA)

In terms of section 34 of this legislation, any person who holds a position of authority (in the case of a municipality, the municipal manager), is required to report corruption or theft, fraud, extortion, forgery or uttering a forged document involving an amount of R100 000 or more to the SAPS.

4.2.5 The municipality's System of Delegations

5. POLICY STATEMENT

Hessequa Municipality has a zero-tolerance stance against fraud, corruption, maladministration or any other dishonest activities of a similar nature. Such activities will be investigated and actions instituted against those found responsible. Such actions may include the laying of criminal charges, administrative / disciplinary actions and civil action for recoveries where applicable.

All Senior Managers are responsible for the prevention, detection and sanctioning of fraud and corruption within their areas of responsibility, and all staff members, councillors and other stakeholders are encouraged to report any suspected fraud, corruption and/or misconduct.

6. ETHICS AND INTEGRITY MANAGEMENT

All corruption and fraud risks arise due to a lack of ethics. Many of the controls implemented to prevent corruption and fraud require human involvement and can be circumvented by two or more people colluding. People without a strong ethical character will not report corrupt and/or fraudulent acts they are aware of.

Anti-corruption and fraud prevention measures can thus only succeed in an environment of ethical behaviour, not only due to the need to prevent corrupt and fraudulent acts, but also to detect corruption and fraud when it does occur.

In line with the Local Government Integrity Management Framework, Hessequa Municipality supports the following principles:

6.1 Municipal leadership should set the tone and drive good governance, organisational integrity and anti-corruption initiatives.

6.2 Communities must be acknowledged as the 'owners' of municipalities and initiatives must be put in place to ensure transparent and accountable governance, and community oversight.

6.3 Appropriate governance structures should be in place and should ensure effective governance, oversight and the implementation of anti-corruption initiatives.

6.4 Municipalities should institutionalize integrity management initiatives based on the four pillars of prevention, detection, investigation and resolution.

7. ROLE-PLAYERS IN ANTI-CORRUPTION AND FRAUD PREVENTION

7.1. Oversight

7.1.1. The Municipal Council

The Municipal Council is accountable to the community and other stakeholders for the sound management of the municipality's resources. Its general oversight role includes the management of the risk to the municipality in respect of fraud, corruption and other related criminal conduct as well as maladministration.

Council takes an interest in anti-corruption and fraud prevention to the extent necessary to obtain comfort that properly established and functioning systems of anti-corruption and fraud prevention are in place to protect Hessequa Municipality against losses, comply with legislation and discipline offenders.

Council may institute investigations into alleged instances of corruption and/or fraud involving Councillors and is responsible for the disciplinary process of Councillors implicated in acts of corruption and/or fraud.

7.1.2. Audit and Performance Audit Committee (APAC)

The APAC is an independent advisory body advising the municipal council, political office-bearers, Municipal Manager and Management on the matters as listed in section 166 of the MFMA.

The APAC will include a specific focus on fraud risks when advising on internal financial controls, the accuracy and reliability of the financial statements, governance and compliance with legislation.

7.2. Implementers

7.2.1. Accounting Officer / Municipal Manager

The Accounting Officer is ultimately accountable for anti-corruption and fraud prevention within the Municipality. The Accounting Officer must set an example at the top and promote ethical behaviour within the Municipality.

7.2.2. Senior Management

Directors support the Municipality's anti-corruption and fraud prevention philosophy, integrate it into the operational routines of the Municipality and monitor the anti-corruption and fraud prevention activities within their areas of responsibility. The Directors are ultimately accountable to the Accounting Officer and Council for the implementation of anti-corruption and fraud prevention measures in their respective directorates.

They are also responsible for designing, implementing and monitoring anti-corruption and fraud prevention controls and integrating it into the day-to-day activities of the Municipality. As risk action owners they must formulate appropriate action plans to combat corruption and fraud risks identified during risk identification and assessment.

Where fraud, corruption and/or other related criminal conduct, maladministration and/or negligence were attempted or has occurred, directors must make the necessary changes to systems and procedures to ensure that similar activities or attempted activities will not reoccur.

7.2.3. Other municipal officials

Other municipal officials are responsible for adhering to and monitoring the process of anti-corruption and fraud prevention and integrating it into their day-to-day activities.

7.2.4 Councillors

Councillors must comply with the Code of Conduct for Councillors and actively promote this Policy. They must contribute to developing and sustaining a culture of zero tolerance of fraud, corruption and other related criminal conduct as well as maladministration in or against the municipality.

7.2.5 Speaker

The functions of the Speaker of the municipality are set out in section 37 of the Municipal Structures Act, which includes the responsibility for ethics and accountability of the municipal council.

7.3. Support

7.3.1. Risk Management Function

The Risk Management's coordination function enables, through risk identification and assessments, the inclusion of corruption and fraud related risks in the Municipality's risk register. Throughout the unit's monitoring activities, special focus is given to ensure that appropriate action plans are formulated by management to mitigate corruption and fraud related risks, and sufficient reporting is conducted to the relevant oversight structures.

7.3.2. Internal Audit

Internal Audit investigates allegations of corruption and fraud when requested, and reports thereon to the Accounting Officer and the Audit Committee (APAC). As part of their investigations, they must provide recommendations for the improvement of anti-corruption and fraud prevention measures to prevent a similar corruption or fraud incident from occurring in the future.

7.4. Assurance Providers

7.4.1. Internal Audit

In addition to investigations and recommendations, Internal Audit can also provide assurance on the Municipality's anti-corruption and fraud prevention measures.

Due to independence requirements, Internal Audit may only provide assurance on anti-corruption and fraud prevention activities they were not involved with.

7.4.2. External Audit / Auditor General of South Africa (AGSA)

The AGSA provides an independent opinion on the effectiveness of the Municipality's anti- corruption and fraud prevention measures.

In providing an opinion the AGSA:

7.4.2.1 determines whether the Anti-Corruption and Fraud Prevention Strategy, Policy and Plan are in place and appropriate;

7.4.2.2 assesses the implementation of the Anti-Corruption and Fraud Prevention Strategy, Policy and Plan;

7.4.2.3 reviews the corruption and fraud risk assessment process to determine if it is sufficiently robust to facilitate timely and accurate risk rating and prioritisation; and

7.4.2.4 determines whether management action plans to mitigate the key corruption and fraud risks are appropriate and being implemented effectively.

Findings and recommendations from an external audit can be used in the evaluation and improvement of anti-corruption and fraud prevention measures.

Assurance will be provided in line with the Municipality's Combined Assurance Framework.

8. REPORTING

Councillors, staff members and the public are encouraged to report any alleged allegations of fraud, corruption and misconduct.

8.1 Reporting of allegations

8.1.1 <u>Staff</u>

It is the responsibility of all staff to report all incidents of fraud or corruption that may come to his/her attention to the Municipal Manager. If a matter is reported to a person in a supervisory position, he/she has a duty to report it immediately to the Municipal Manager.

Alternatively, allegations may also be reported anonymously by way of submitting a report through the prescribed whistleblowing mechanisms referred to below.

It is the responsibility of the person appointed by the Municipal Manager to consider the allegation and conduct a preliminary investigation to establish whether there is merit to such allegation. Should it be found that there is merit to the allegation, the appointed person must conduct a full investigation into the matter and may consult with other departments, such as Human Resources and/or Legal Services, to obtain guidance where necessary.

Upon completion of the investigation, the person appointed by the Municipal Manager must compile a detailed written report with his/her findings, supporting evidence, proposed recommendations on remedial action, including consequence management actions and the improvement of internal controls (where relevant), and submit it to the Municipal Manager

The Municipal Manager must assess the reported incident against the relevant legislation, such as PRECCA and the MFMA, to determine whether the incident must be reported to the South African Police Service (SAPS). Regardless of whether or not incidents of fraud, corruption, theft, maladministration and other suspected irregularities must be reported to the SAPS in terms of the relevant legislation, it is the Municipality's policy to refer all alleged fraud and corruption of a criminal nature for prosecution by the appropriate authorities.

8.1.2 <u>Councillors</u>

A councillor must report all incidents of fraud or corruption involving staff to the Accounting Officer and incidents of fraud or corruption involving councillors to the Speaker.

8.1.3 Public

Members of the public may report incidents of corruption and fraud involving the Municipality to the Director: Corporate Management, the Municipal Manager, Internal Audit or a Councillor.

The person receiving the report has the responsibility to escalate the matter to the Municipal Manager.

8.2. Confidentiality

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.

8.3. Anonymous Reporting

A fraud hotline facility is available to anyone, including staff, to report suspected fraud, corruption and other related criminal conduct as well as maladministration. The Fraud Hotline is independently operated by an external service provider. The Fraud Hotline operates 24/7 and 365 days a year and all information received is treated in the strictest of confidence. The Fraud Hotline can be accessed through the following channels:

- Fraud Hotline: 0800 637 775
- Email: hessequamunicipality@behonest.co.za
- Website: behonest.co.za
- WhatsApp: 0860 004 004
- SMS: 48691

9. PROTECTION OF WHISTLEBLOWERS

9.1 A whistleblower who reports suspected fraud and / or corruption may remain anonymous should he/she so desire.

9.2 The Protected Disclosures Act (No. 26 of 2000) protects whistleblowers who are employed by the Municipality. No employee will be subjected to any occupational detriment by the Municipality on account, or partly on account of having made a protected disclosure.

9.3 No person will suffer any penalty or retribution for good faith reporting of 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 staff and councillors when they raise a concern in good faith. This does not mean that if a staff member or councillor is already the subject of disciplinary or other action, that action will be halted as a result of their whistleblowing.

9.4 The malicious reporting of any false allegations by any staff member or councillor constitutes a serious disciplinary infraction and is not protected by the provisions in this section.

10. INVESTIGATIONS

10.1 Responsibility for conducting investigations

The responsibility for conducting investigations relating to fraud and corruption lies with the Accounting Officer, who may delegate such responsibility, whether generally or in specific cases, to Directors or any other appropriate staff member of the Municipality as he/she may consider appropriate.

10.2. Anonymous Allegations

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

(a) seriousness of the issue raised;

(b) credibility of the concern; and

(c) likelihood of confirming the allegation.

10.3. Investigators

The assistance of the following people / entities may be sought for purposes of carrying out investigations into corruption and fraud:

(a) External and internal audit services;

(b) Disciplinary Board;

(c) External state investigating agencies, e.g. SAPS, where matters fall within their mandate;

(d) External consultants, e.g. forensic accounting consultants;

(e) Office of the National Director of Public Prosecutions;

(f) Special Investigating Units established under any law;

(g) The Public Protector;

(h) Any other authority as determined by Council.

Council and management of the Municipality must, within the bounds of their authority, render appropriate support and assistance to any investigation undertaken by an authorised investigator and must arrange/take the necessary steps to facilitate free access to the Municipality's buildings, equipment, staff, councillors and information sources required by the investigator.

10.4. Confidentiality

All information relating to fraud and corruption that is received and investigated will be treated confidentially. The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any person other than those who have a legitimate right to such information.

10.5. Feedback to complainants

The Municipal Manager or his/her delegate will upon receiving a report of alleged / suspected fraud or corruption, write to the complainant acknowledging receipt.

The Municipality accepts that those people who reported alleged fraud or corruption need to be assured that the matter is progressing or has been properly addressed, but confidentiality during and after investigations must also be maintained. Thus, subject to legal constraints, information about any investigation will be disseminated on a 'need to know basis' only.

11. DISCIPLINARY / LEGAL ACTION

11.1 Where a staff member is alleged to have committed an act of fraud, corruption, theft, or maladministration, his/her direct supervisor must ensure that disciplinary proceedings be instituted within a reasonable period in terms of the disciplinary code and procedures of the Municipality. Where the Municipal Manager or a councillor is the alleged offender, the Speaker or Council (if the Speaker is the alleged offender) must institute disciplinary proceedings.

11.2 Any fraud or corruption allegations against staff or councillors that amount to financial misconduct or offences, will be pursued by thorough investigations and to the full extent of the law by the Disciplinary Board established by Council in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014, whose actions will include:

(a) Taking disciplinary action;
(b) Instituting civil action (particularly to recover losses suffered);
(c) Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and
(d) Any other appropriate legal remedies available.

11.3 The Municipal Manager must ensure that losses or damages suffered by the Municipality as a result of an act committed or omitted by a staff member, councillor or external person are recovered from such person if he/she is liable by law. The Municipal Manager must determine the amount of the loss or damage and, in writing, request that person to pay the amount within 30 days or in reasonable instalments. If the person fails to comply with the request, the legal process for recovery will be initiated by the Municipal Manager. In the event where recovery actions must be instituted against the Municipal Manager, the Executive Mayor must execute the aforementioned processes.

12. TRAINING, EDUCATION, COMMUNICATION AND AWARENESS

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

It is the responsibility of Senior Management to ensure that all staff are made aware of and receive appropriate training and education with regards to the implementation of this Policy, read with the **Anti-Corruption and Fraud Prevention Strategy**, **Fraud Response Plan** and **Whistleblowing Policy**.

13. REVIEW AND APPROVAL

The Policy takes effect from the date of its adoption by the Municipal Council and must be reviewed at least every three (3) years or when the need arises.

HESSEQUA MUNICIPALITY

ANNEXURE A

FRAUD RESPONSE PLAN

1. INTRODUCTION

1.1 This Fraud Response Plan is a procedural guide and provides a checklist of the required actions which must be followed in the event of fraud, corruption and other related criminal conduct, maladministration and/or negligence being suspected.

1.2 Adherence to this plan will enable timely and effective action is taken to mitigate risks (e.g. reputational), prevent further losses and/or maximise the recovery and/or minimise losses and the recurrence thereof. Also, to aid in identifying the perpetrators and enhancing the success of the required consequence management and/or remedial action, such as disciplinary/legal action instituted.

2. INVESTIGATION OF COMPLAINTS BY STAFF

2.1 In the event of fraud, corruption and other related criminal conduct, maladministration and/or negligence being suspected, staff must immediately report the matter to the Municipal Manager. Alternatively, allegations may also be reported anonymously by way of submitting a report through the prescribed whistleblowing mechanisms referred to below.

2.2 It is the responsibility of the person appointed by the Municipal Manager to consider the allegation and conduct a preliminary investigation to establish whether there is merit to such allegation. Should it be found that there is merit to the allegation, the appointed person must conduct a full investigation into the matter and may consult with other departments, such as Human Resources and/or Legal Services, to obtain guidance where necessary.

2.3 Upon completion of the investigation, the person appointed by the Municipal Manager must compile a detailed written report with his/her findings, supporting evidence, proposed recommendations on remedial action, including consequence management actions and the improvement of internal controls (where relevant), and submit it to the Municipal Manager.

2.4 Where confidentiality is sought, staff may report their suspicions directly via the Fraud Hotline. The Fraud Hotline is available 24 hours a day on a daily basis and all information received is treated in the strictest of confidence.

2.5 All disclosures and/or complaints will be treated in a confidential and sensitive manner. The identity of the complainant may be kept confidential provided this does not hinder or frustrate any investigation. However, there will be occasions where the identity of a complainant is required to be revealed. For example, where the individual is required to give evidence at a formal hearing or in a criminal matter, where allegations of misconduct or related criminal conduct are involved. When disclosures are made, complainants must consult the municipality's **Whistleblowing Policy** in order to make a protected disclosure as per the Protected Disclosures Act.

2.6 In making a disclosure and/or lodging a complaint, the complainant should, as far as possible, ensure the accuracy of the information. Concerns which are found to have been raised frivolously, mischievously or maliciously or for personal gain may result in action being taken against the informant/complainant.

3. INVESTIGATION OF COMPLAINTS BY COUNCILLORS AND EXTERNAL PERSONS

3.1 A councillor must report all incidents of fraud or corruption involving staff to the Municipal Manager and incidents of fraud or corruption involving councillors to the Speaker.

3.2 Members of the public may report incidents of corruption and fraud involving the Municipality to the Director: Corporate Management, the Municipal Manager, Internal Audit or a Councillor.

3.3 The person receiving the report has the responsibility to escalate the matter to the Municipal Manager.

3.4 When incidents are reported to any other staff member, it shall be reported to the Municipal Manager.

3.5 An incident register shall be maintained by the Manager: Legal and Administration Services.

4. FORMAL REPORTING STAGE

4.1 If there is a suspicion that fraud, corruption and other related criminal conduct, maladministration and/or negligence has been attempted or perpetrated, line management must ensure that all original documentation is preserved for further investigation. Appropriate evidence is essential for the investigation and will support any disciplinary/ legal action as deemed appropriate.

4.2 Where there is a risk of financial loss to the municipality, the Director: Financial Services / Chief Financial Officer must be notified.

4.3 Where a risk or gaps in internal control are identified, Risk Management must be notified.

4.4 To minimise any threat of further fraud, corruption and other related criminal conduct, maladministration and/or negligence, Directors should immediately enhance the internal controls, where warranted.

4.5 The Municipal Manager will recommend to the relevant delegated authority the appropriate course of action, which may include a full forensic investigation or referral to a committee such as the Financial Misconduct Disciplinary Board. The scope of the investigation will be determined by the Municipal Manager.

4.6 The Municipal Manager has a discretion to determine whether further expertise is required to deal with the matter, for example Attorneys, Forensic Accountants or Forensic Investigators.

4.7 Should further expertise be required, the Municipal Manager shall ensure that an appropriate service provider be appointed in line with the municipality's Supply Chain Management Policy to provide such professional services / assistance.

5. RESPONDING EFFECTIVELY TO FRAUD, CORRUPTION AND OTHER RELATED CRIMINAL CONDUCT, MALADMINISTRATION AND/OR NEGLIGENCE WHEN IT OCCURS

5.1 All investigations initiated and authorised must comply with the municipality's System of Delegations and the relevant prescribed legislative and regulatory requirements.

5.2 Any allegations and/or complaints against a senior manager are dealt with in accordance with the Local Government: Disciplinary Regulations for Senior Managers, 2010.

5.3 Allegations of financial misconduct and offences are reported in terms of the procedure as set out in the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings made in terms of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

5.4 Any allegations and/or complaints against a councillor and/or breaches of the Code of Conduct for Councillors are dealt with in accordance with the procedure as set out in Schedule 7 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998).

5.5 Any allegations and/or complaints against a staff member are dealt with in accordance with the prescripts of the Labour Relations Act, including any other relevant labour legislation and regulations, and the Disciplinary Procedure Collective Agreement.

5.6 Depending on the significance of the reported fraud, corruption and other related criminal conduct, maladministration and/or negligence, the investigation process involves some or all of the following:

5.6.1. The Municipal Manager provides the direction for investigations; this includes decisions to conduct an investigation whether in-house or on an outsourced basis.

5.6.2. Establishing terms of reference for investigations.

5.6.3. Ensuring that investigations are conducted in a fair and unbiased manner.

5.6.4. Implementing a mechanism to report on progress of investigations to appropriate senior levels of management, as and when required to do so.

5.6.5. Reports on the findings and recommendations must be submitted to the relevant delegated authority.

6. REPORTING ARRANGEMENTS

The Audit and Performance Audit Committee (APAC) and Senior Management should be kept informed of highlighted investigations, progress and control-related aspects of completed investigations, statistics and the status of implementation of recommendations/agreed management actions as well as emerging trends and risks.

7. REVIEW AND UPDATING OF THE PLAN

The Fraud Response Plan will be reviewed when necessary.