

POLICY REVIEWAL TEMPLATE

NAME OF POLICY	ANTI – FRAUD AND CORRUPTION POLICY		
SECTION / CLAUSE	CURRENT LINE / SENTENCE	AMENDED LINE/ SENTENCE	ADDITION
1	<p>BACKGROUND Fraud represents a significant potential risk to the Municipality’s assets and reputation. Umzimvubu Local Municipality is committed to protecting its funds and other assets. The Municipality will not tolerate corrupt or fraudulent activities whether internal or external to the municipality, and will vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.</p>	<p>INTRODUCTION Section 95 of the MFMA states that it is the responsibility of the Accounting officer to take all reasonable steps to ensure the entity has and maintains effective; efficient and transparent systems of financial risk management and internal control. The MFMA further states in Section 115 (1) (b) that the Accounting Officer of a municipality must take all reasonable steps to ensure that proper mechanisms and separation of duties in the Supply Chain Management system are in place to minimize the likelihood of fraud and corruption.</p>	None
2	<p>OBJECTIVE The objective of this policy is to develop and foster a climate within Umzimvubu municipality (“the municipality”) where all employees strive 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 disposal.</p> <p>This policy also sets down the stance of the municipality to fraud as well as reinforcing existing regulations aimed at preventing, reacting</p>	<p>PURPOSE The purpose of this policy is to articulate Umzimvubu Local Municipality philosophy on fraud prevention and risk management. The municipality adopts a comprehensive approach to the management of fraud risk and risk.</p>	<p>The municipality believes that honesty and integrity and integrity are important values; not only in business, but also in life generally. We all want to work with people we trust and we all want people to shoe their trust in the organization and each other. We are committed to stopping dishonest behavior in the workplace. We wish to foster an environment where fraudulent and</p>

	<p>to, and reducing the impact of fraud, corruption, theft and maladministration where these dishonest acts subsist.</p>		<p>criminal activity is discouraged.</p> <p>Fraud represents a significant potential risk to Umzimvubu Local Municipality's assets; service delivery efficiency and reputation. The Municipality will not tolerate fraudulent or corrupt activities; whether internal or external to the municipality and will vigorously pursue and prosecute any parties; by all legal means available; which engage in such practices or attempt to do so.</p>
<p>5</p>	<p>LEGISLATIVE MANDATE</p> <p>a) The development of an Anti-Fraud and Corruption Policy (AFCP) is in line with the requirements of the MFMA to ensure financial accountability and to implement control mechanisms for the prevention of unauthorised, irregular or fruitless and wasteful expenditure and other losses.</p> <p>Section 62 of the MFMA, “the accounting officer is, inter alia, responsible for establishing and maintaining effective, efficient and transparent systems of financial and risk management and internal control and for the prevention of unauthorised, irregular or fruitless and wasteful expenditure and other losses”.</p> <p>Section 78 of the MFMA, “each senior manager and each official exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that:</p> <p>(i) the system of financial management and internal control established for the municipality is</p>	<p>LEGISLATIVE MANDATE</p> <p>The policy framework is in accordance with applicable legislation and any relevant policies and guidelines</p> <p>The Constitution of RSA (Act No. 108 of 1996 (hereafter referred to as the Constitution);</p> <p>Protected Disclosure Act (Act No. 26 of 2000) ;</p> <p>Prevention and Combating of Corrupt Activities (Act No 12 of 2004);</p> <p>Municipal Finance Management Act (Act No.56 of 2003)</p> <p>Municipal Systems Act (Act No. 32 of 2000)</p> <p>Municipal Structures Act (Act No. 117 of 1998);</p> <p>Municipal Supply Chain Management Regulations;</p> <p>National Treasury Regulations</p>	

	<p>carried out diligently; (ii) that any unauthorised, irregular or fruitless and wasteful expenditure and any other losses are prevented”.</p>		
9	<p>ACTIONS CONSTITUTING FRAUD; CORRUPTION; THEFT AND MALADMINISTRATION 9.1 Fraud and corruption involves deliberate and deceptive acts with the intention of obtaining an unlawful benefit, such as money, property or services, by deception or other unethical means. Fraudulent and other irregular acts included under this policy may involve, but are not limited to any of the following:</p> <p>(a) Any dishonest, fraudulent or corrupt act; (b) forgery or alteration of any document or account (cheques, bank draft, payment instructions, time sheets, contractor agreements, purchase orders, electronic files) or any other financial document, (c) Theft of funds, supplies, or other assets; (d) Maladministration or financial misconduct in handling or reporting of money or financial transactions; (e) Use of the municipality's assets (including office supplies, letterhead etc) for personal gain; (f) inappropriate use of delegated authority that results in fraud, misappropriation or obtaining benefit by deception or other unethical measure; (g) Making a profit from insider knowledge; (h) Disclosing confidential or proprietary information to outside parties; (i) Irregularly accepting or requesting</p>		<p>FRAUD; CORRUPTION; THEFT AND MALADMINISTRATION 9.1 Forms of fraud and corruption 9.1.1 Bribery Bribery involves the promise; offering or giving of a benefit that improperly affects the actions or decisions of an employee. This benefit may accrue to the employee or councilor; another person or entity</p> <p>9.1.2 Embezzlement This involves theft of resources by persons entrusted with the authority and control of such resources</p> <p>9.1.3 Fraud This involves actions or behavior by an employee; councilor or other person that provides a benefit that would not normally accrue to the person(s). Such fraud is frequently committed by persons who enjoy positions of trust or authority within the municipality; and may involve acts such as issuing falsified AFS or performance reports with the object of misleading council.</p> <p>9.1.4 Extortion This involves coercing a person or</p>

	<p>anything of a material value from contractors, suppliers, or other persons providing services/goods to the municipality;</p> <p>(j) Irregularly offering or giving anything of a material value to contractors, suppliers, or other persons providing services/goods to the municipality;</p> <p>(k) Destruction, removal, or abuse of records, furniture, and equipment;</p> <p>(l) Deliberately omitting to report or act upon reports of any such irregular or dishonest conduct;</p> <p>(m) Acts of financial misconduct contemplated in terms of sections 171 of the Municipal Finance Management Act;</p> <p>(n) Non- payment by staff of any monies due to the municipality (indebtedness) such as reimbursement of personal telephone calls, overpayment of salary etc.</p> <p>(o) Incidents of unauthorized, irregular or fruitless and wasteful expenditure as defined in the Municipal Finance Management Act; and</p> <p>(p) Any similar or related irregularity.</p> <p>(q) Encouraging, concealing, conspiring or colluding in any of the above actions;</p>		<p>entity to provide a benefit to an employee, councilor or another person or an entity in exchange for acting (or failing to act) in a particular manner.</p> <p>9.1.5 Abuse of Power This involves an employee or councilor using his or her vested authority to improperly benefit another employee or councilors; persons or entity or using vested authority to improperly discriminate against an employee or councilor.</p> <p>9.1.6 Conflict of Interest This involves an employee or councilor acting or failing to act on a matter where the employee or councilor has an interest or another person or entity that stands in a relationship with the employee or councilor has interest.</p> <p>9.1.7 Abuse of privileged information This involves the use of privileged information and knowledge that an employee or councilor 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/herself.</p> <p>9.1.8 Favoritism The provision of services or</p>
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			<p>resources according to personal affiliation.</p> <p>9.1.9 Nepotism A public servant; ensuring that family members are appointed to the public service positions or that family members receive contracts from the state.</p> <p>These manifestations outlined above are by no means exhaustive; as fraud and corruption appears in many forms and it is virtually impossible to list all of these.</p>
15	PROTECTION OF WHISTLE BLOWERS		<p>PROTECTED DISCLOSURES</p> <p>15.1.4 The Municipality recognizes that employees or councilors will be concerned about potential victimization; recrimination and even threats to their personal safety as a consequence of disclosing such fraudulent and ot corrupt activities. The municipality shall provide measures to protect the information and the identity of the person</p> <p>15.2 Harrassment 15.2.1 The municipality shall not tolerate harassment or victimization and shall take action to protect employees or councilors when they report an irregularity in good faith. 15.2.2 Any act of harassment or victimization should be reported in</p>

			line with the reporting protocol of the Municipality.
			<p>PENALTIES</p> <p>Non – compliance to any of the stipulations contained in this policy will be regarded as misconduct and will be dealt with in terms of the Disciplinary Code implemented by the Umzimvubu Local Municipality.</p>

Please note the following:

- Current line / sentence = this should reflect on what is currently on the policy
- Amended line / sentence = this should reflect the proposed amendment
- Addition = this should reflect if there is a new clause inserted / developed in the policy that did not exist before