



**ANTI FRAUD AND CORRUPTION POLICY**  
**UTHUKELA ECONOMIC DEVELOPMENT**  
**AGENCY**  
**2026/2027 FINANCIAL YEAR**

<b>POLICY TITLE</b>	<b>ANTI FRAUD AND CORRUPTION POLICY</b>
<b>DATE APPROVED</b>	<b>29 MAY 2026</b>
<b>IMPLEMENTATION DATE</b>	<b>01 JULY 2026</b>
<b>REVIEW DATE</b>	<b>14 OCTOBER 2025</b>

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## 1. DEFINITIONS

**UEDA**-Means the UThukela Economic Development Agency.

**ACCOUNTING OFFICER**-Means the person who is appointed by the council as the head of the administration and accounting officer for the Agency in accordance with section 82 of the Municipal Structures Act.

**CORRUPTION**-means any misconduct or behaviour where a person accepts or agrees or any gratification for him/her or for another person where the purpose is to act dishonestly and illegally. Such behaviour also includes the misuse of material or information, abusing a position of authority or a breach of trust or violation of duty.

Corruption is generally describing as the offering, giving, soliciting or acceptance of an inducement or reward which makes the person act inappropriately. The Prevention and Combating of Corrupt Act of 2004 defines corruption as

"any person who directly or indirectly:- Accepts or agrees or offers to accept any gratification from any other person, whether for the benefit of himself or herself or for the benefit of another person; or gives or agrees or offer to give to any other person any gratification, whether for the benefit of that person or for the benefit of another person, in order to act, personally or by influencing another person to act in manner that amounts to the illegal, dishonest, unauthorised, incomplete, or biased; or misuse the 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 that amounts to the abuse of the position of authority; breach of trust; or the violation of a legal duty or set of rules; designed to achieve an unjustified result; or that amounts to any authorised or improper inducement to do or not to do anything, is guilty of the offence of corruption. The offering, giving, soliciting, or acceptance of an

inducement or reward which may influence any person to act inappropriately, including the abuse of power and breach of trust.

Corruption is therefore "any conduct or behaviour in relation to persons entrusted with responsibilities in public office that violate their duties as public officials and obtaining undue gratification of any kind for themselves or for others.

**FRAUD**-Means the unlawful and intentional making of the misrepresentation which causes actual 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.

**CORRUPT ACTIVITIES ACT** - means the Prevention and Combating of Corrupt Activities Act 2004 (Act no 12 of 2004)

**DISCLOSURE** in terms of the Protected Disclosure Act , 2000 ( Act No. 26 of 2000) means — any disclosure of information regarding any conduct of an employer or an employee of that employer, made by any employee who has reason to believe that the information concerned shows or tends to show one or more of the following:

- That a criminal offence has been committed is being committed or is likely to be committed.
- That a person has failed is failing or is likely to fail to comply with any legal obligation to which that person is subject.
- That a miscarriage of Justice has occurred, is occurring or is likely to Occur.
- That the health or safety of an individual has been, is being or likely to be endangered.
- That the environment has been, is being or is likely to be damaged.
- Unfair discrimination as contemplated in the Promotion of Equality and Prevention of Unfair Discrimination Act, (No. 4 of 2000) or

- That any matter referred to in paragraphs (a) to (f) has been, is being or is likely to be deliberately concealed;

**OCCUPATIONAL DETRIMENT** - in relation to the working environment of an employee in terms of the Protected Disclosure Act (Act No. 26 of 2000) means-

- being subjected to any disciplinary action
- being dismissed, suspended, demoted, harassed or intimidated;
- being transferred against his or her will.
- being refused transfer or promotion.
- being denied appointment to any employment, profession or office;
- being refused a reference, or being provided with an adverse reference, from his or her employer.
- being threatened with any of the actions referred to in paragraphs (a) to (f) above.

**PROTECTED DISCLOSURE** - in terms of Protected Disclosure Act (Act No.26 of 2000), means disclosure made to:

- a legal adviser in accordance with section 5.
- an employer in accordance with section 6.
- a member of the Cabinet or of the Executive Council of the province in accordance with section 7.
- a person or a body in accordance with section 8.
- Any other person or body in accordance with section 9; but does not include a disclosure;
  - In respect of which the employee concerned commits an offence by making a disclosure.
  - Made by a legal adviser to whom the information concerned was disclosed in.

**DISCIPLINARY PROCEDURE** - means the Disciplinary Procedure of the

Agency in terms of the collective agreement of the South African Local Government Bargaining Council and/or the Disciplinary Code and Procedures for Senior Managers;

**MFMA-Local Government Municipal Finance Management Act of 2003**

## **2. PURPOSE**

- 2.1 The Agency has often acknowledged the causes, aggravating factors and debilitating effects of fraud and corruption and consequently the need to root out these elements. It is in this commitment that has seen the development and implementation of the agency Anti-Corruption Strategy (ACS).
- 2.2 The Agency expects all its employees, councillors, service providers and the community not only to be fair and honest, but also to provide any help, information and support necessary to deal with fraud and corruption.
- 2.3 Fraudulent and corrupt practices undermine the basic values and principles governing public administration as set out in Chapter 10 of the Constitution.
- 2.4 Procedures are provided in terms of which employees, councillors and other stake holders may without fear of reprisals, disclose information relating to suspended or alleged criminal or other irregular conduct.
- 2.5 This policy also provides guidelines for all employees and Board of the Agency, including external stakeholders, to prevent and combat fraud and [or corruption and other acts of theft and maladministration.

## **3. THE AGENCY'S POSITION ON FRAUD AND CORRUPTION**

The agency is committed to protecting public funds against fraudulent and corrupt activities, based on three fundamental systems of belief:

- a. The agency has zero tolerance for abuse of its services and resources.
- b. Strong action will be taken against those who defraud the agency which in certain cases will involve prosecution;
- c. The agency will seek to recover from fraudsters for any loss

Suffered

#### **4. LEGAL FRAMEWORK**

This policy is derived from and must be read in conjunction with the following relevant legislation and guidance, which is not repeated in detail here:

- a. The Constitution of the Republic of South Africa Act No. 108 of 1996:
- b. Agency Systems Act No 32 of 2000
- c. Municipal Finance Management Act No, 56 of 2003
- d. Prevention and Combating of Corrupt Activities Act No, 12 of 2004
- e. Local Government Municipal Supply Chain Management Regulations, (ActNo.27636 of 2005); National Treasury Regulations.
- f. Intergovernmental Relations Act No 13 of 2005
- g. Traditional Leadership Governance Act No 5 2005
- h. Promotion of administrative Justice Act No 3 of 2000
- i. Promotion of access to information Act no 2 of 2000
- j. Prevention and combating corruption act no 12 of 2004
- k. Financial Intelligence centre act no 38 of 2001

#### **5. SCOPE OF POLICY**

This policy applies to all corruption, fraud, theft and maladministration or suspected irregularities of this nature involving, but not limited to, the following persons or entities:

- UEDA Management
- UEDA Staff
- Board members
- Consultants Suppliers, contractors and other providers of goods and services to the Agency.
- This policy shall be applied with due observance of the Agency's policy with regards to delegated powers.

## 6. OBJECTIVES

- a. The mission driving the Agency is its expectation of the highest standards of conduct, discipline and honesty, not only from its employees and Board, but also from elected members and members of the public.
- b. The Agency thus commits itself to the prevention, detection, and investigation of all forms of fraud and corruption, whether they are attempted from within or external to the agency.
- c. This policy also sets out the stance of the Agency with regard to corruption and fraud, as well as reinforcing existing legislation aimed at preventing, reacting to, and reducing the impact of fraud, corruption, theft and maladministration, where there is dishonest acts.
- d. It also aims to develop and foster an environment, where all employees and Board shall strive for the ultimate eradication of fraud, corruption, theft and maladministration by means of the application of the full spectrum of both proactive and re-active measures at their disposal.
- e. Furthermore, this policy prescribes appropriate prevention and detection controls, including, but not limited to, the disclosure of unlawful or irregular acts or Consistent with such an Act, the Agency has the responsibility to take reasonable steps to ensure that "whistle-blowers", who disclose such information, are protected from any reprisals as a result of such disclosure.

## 7. POLICY

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

- b. Appropriate prevention and detection controls will be applied. These include the existing controls and checking mechanisms as prescribed by existing policies and procedures, and systems of internal control.
- c. It is the responsibility of all employees and Board of the Agency to report incidents of fraud, corruption, theft and maladministration or any other dishonest activity. If an employee is not comfortable reporting such matters to his immediate supervisor or manager, he/she should report the matter to the next level of management or use the hotline, with final recourse being to the CEO. Appropriate lines of authority should be utilized in line with the Agency's policy on delegated authority.
- d. Directors are responsible for the detection, prevention and other investigation of fraud, corruption, theft, maladministration, or other dishonest activities within their directorates. All managers (and other employees who hold positions of authority) shall also bear responsibility for reporting such acts, as stipulated in clause 10 of this Policy.
- e. The Agency shall report all instances of suspected criminal conduct to the appropriate authorities. Due cognizance shall be observed with regard to section 34(1) of the Corrupt Activities Act, which imposes an obligation to report all acts of corruption, fraud, theft, extortion, forgery, or uttering a forged document. Such acts of dishonesty must be reported to the SAPS, failing which management who are aware of the matter, will be committing a criminal offence.
- f. The agency shall, however, not only report matters in terms of the above obligation, but shall report all criminal conduct irrespective of the value involved.
- g. The agency shall take appropriate legal recourse to recover losses or damages arising from fraud, corruption, theft or maladministration.
- h. The efficient application of national treasury regulations, issued in terms of the MFMA, relevant circulars and the application of policy resolutions of the agency with regard to unauthorised, irregular, fruitless and wasteful expenditure, and other acts of financial dishonesty is an important duty of any recipient of a complaint. Conduct as prescribed by the protected disclosures act.

## 8 FRAUD, CORRUPTION AND MALADMINISTRATION

### 8.1 Types of fraud and corruption

- a. **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 councillor, another person or an entity.
- b. **Embezzlement** -This involves theft of resources by persons entrusted with the authority and control of such resources.

**8.2 Fraud** - In South Africa, the common law offence of fraud is defined as "the unlawful and intentional making of a misrepresentation which causes actual and or potential prejudice to another". The term "fraud" is also used in a wider sense by the general public. In this document the term is used in its widest possible sense and is intended to include all aspects of economic crime and acts of dishonesty (including the legal definitions of fraud, theft and corruption). In other words, fraud can be described as any conduct or behaviour by a public servant, other external parties, or entity that misleads others into providing a benefit that would normally benefit the public servant, external parties or entity.

#### 8.2.1 Fraud can be perpetrated by:

**8.2.1.1 Management fraud:** Fraud involving one or more of the directors or members of management is referred to as management fraud. Management fraud may include collusion with third parties outside the agencies.

**8.2.1.2 Employee fraud:** Fraud involving public servants of the Agency is referred to as employee fraud, but it may include collusion with third parties outside the agency.

**8.2.1.3 Fraudulent reporting:** Fraudulent reporting involves intentional misstatements or omissions of amounts or disclosures in reports in order to deceive the users of the report.

8.2.2 Fraudulent events may involve:

8.2.2.1 Maladministration or financial misconduct in handling or reporting of money, financial transactions or other assets;

8.2.2.2 Incidents of unauthorised, irregular or fruitless and wasteful expenditure as defined in the Public Finance Management Act (PFMA);

8.2.2.3 Disclosing confidential, proprietary, classified or restricted information to outside parties;

8.2.2.4 Irregularly accepting, requesting, offering or giving gifts of material value to or from contractors, suppliers, or other persons providing services/goods to the Agency or its Programmes and/or Clients; and

8.2.2.5 Theft of funds, suppliers, or other assets.

8.2.3 **Extortion** -This involves coercing a person or entity to provide a benefit to an employee, Board or another person or an entity in exchange for acting (or failing to act) in a particular manner.

8.2.4 **Abuse of power** -This involves an employee or councillor using his or her vested authority to improperly benefit another employee or councillors, persons or entity or using vested authority to improperly discriminate against an employee or councillor, another person or entity.

8.2.5 **Conflict of interest** -This involves an employee or councillor acting or failing to act on a matter where the employee or councillor has an interest or another person or entity that stands in a relationship with the employee or councillor has an interest.

8.2.6 **Abuse of privileged information** -This involves the use of privileged information and knowledge that an employee 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. This may also involve the misuse of confidential information of the Agency by people in positions of trust, for example through the misuse of computer access controls.

- 8.2.7 **Theft** -This happens when resources of the Agency are stolen by persons who are entrusted with the authority and control of such resources, for example a Cashier steals cash from the till.
- 8.2.8 **Nepotism** -This involves an Agency Official or Councillor who ensures that his/her family members are appointed to agency positions or that family members received Agency contracts, for example the Director of the Department appoints his/her sister's child to a position when more suitable candidates have applied for the position
- 8.2.9 **Favouritism** -The provision of services or resources according to personal affiliation of an agency official or Councillor, for example SCM official ensures that only the persons of the same tribe or religion are Successful in tenders.
- 8.2.10 **Fronting** -It is a form of corruption committed to win government business, or to obtain a higher price for goods and services. It may be described as Tokenism, the superficial inclusion of historically disadvantaged individuals, or falsely claiming to be a majority black-owned company, having black economic empowerment ownership in your company or having black staff occupying top management positions on paper while in practice they are not managing.
- 8.2.11 **Maladministration:** Maladministration is an important manifestation of unethical conduct in the South African public service. Maladministration by a person may be intentional or unintentional and can stem from a practice, policy or procedure of the Council. Maladministration means:
- 8.2.11.1 conduct of a public officer, or a practice, policy or procedure of a public authority, that results in an irregular and unauthorised use of public money or substantial mismanagement of public resources;
- 8.2.11.2 conduct of a public officer involving substantial mismanagement of official functions; and includes conduct resulting from impropriety, incompetence or negligence; and Maladministration is to be assessed having regard to relevant statutory provisions and administrative instructions and directions

**8.2.12 The definition of maladministration is wide and can include:**

- 8.2.12.1 A delay in providing a service;
- 8.2.12.2 Incorrect action or failure to take any action;
- 8.2.12.3 Failure to follow processes and procedures or the law;
- 8.2.12.4 Failure to provide information; inadequate record-keeping;

**8.2.13 Anti-fraud /Ethics committee**

**8.2.13.1** An Anti-Fraud and Corruption/ Ethics Committee in terms of this policy has been established as part of the Risk Management Charter (where the Fraud Prevention Committee was incorporated as part thereof)

**8.2.13.2** The role of the Anti-Fraud and Corruption Committee is to oversee the Agency approach to fraud prevention, fraud detection strategies and response to fraud and corruption incidents reported by employees or other external parties

**8.2.13.3** The committee shall consist of:-

**8.2.13.4** The Chairperson appointed by the Municipal Manager;

**8.2.13.5** Risk Champions.

**8.2.13.6** Standing invitees

**8.2.13.7** Manager Enterprise Risk Management

**8.2.13.8** Manager Internal Audit

**8.2.13.9** Manager Legal

**8.2.14 The Anti-Fraud and Corruption Committee will meet quarterly and / or when a need arises to discuss the following issues:-**

**8.2.14.1** Progress made in respect of implementing the Anti-Fraud and Corruption Strategies and Fraud Prevention Plans;

**8.2.14.2** Reports received by the Agency regarding fraud and corruption incidents with the view to making any recommendations to the Agency Manager;

- 8.2.14.3 Reports on all investigations initiated and concluded; and
- 8.2.14.4 All allegations received via the hotline

### **8.3 AN ETHICAL CULTURE**

- 8.3.1 The Agency is required to conduct itself in an ethical and moral way. Ethics are concerned with human character and conduct, and deal with questions of right and wrong, appropriate and inappropriate behaviour and what constitutes good or evil. Ethical conduct is based on a set of principles referred to as values or norms. The collective ethical conduct of all the individual employees of the agency reflects the Agency's ethical conduct. In this regard. The highest standards of ethics are required by councillors and employees when fulfilling their duties. An Ethics Committee is established in terms of this policy. Furthermore, the Local Government: Municipal Systems Act No. 32 of 2000 prescribes a Code of Conduct for Councillors and a Code of Conduct for Agency Employees.
- 8.3.2 The Ethical Foundations for Board Members Responsibilities. The Agency's executive leadership should provide effective leadership based on an ethical foundation. Ethical leaders should:
  - 8.3.2.1 Undertake their operations with the highest integrity;
  - 8.3.2.2 Take account of the Agency's impact on internal and external stakeholders;
  - 8.3.2.3 Ensure that all deliberations, decisions and actions are based on the values underpinning good governance: Responsibility, Accountability, Fairness and Transparency.
- 8.3.3 Ethical executive leadership should ensure that the Agency is, and is seen to be, a responsible Agency.
  - 8.3.3.1 Consider not only financial performance, but also the impact of the Agency's operations on the community and the environment - through more comprehensive integrated reporting.

- 8.3.3.2 Protect, enhance and invest in the well-being of communities, the economy and the environment.
- 8.3.3.3 Ensure that the Agency's performance and interaction with its stakeholders is guided by the Constitution, the Bill of Rights and Batho Pele principles.
- 8.3.3.4 Ensure that collaborative efforts with stakeholders are embarked upon to promote ethical conduct and good municipal citizenship.
- 8.3.3.5 Ensure that measurable municipal citizenship programmes are implemented.
- 8.3.3.6 Ensure that management develops municipal citizenship policies.
- 8.3.3.7 Ensure that the Agency encourages the participation of communities in its financial management policies.
- 8.3.4 Principles for Ethical Conduct for Senior Management
  - 8.3.4.1 A strong ethical culture means that public servants know what is expected of them, and need not stand paralysed or confused when faced with ethical dilemmas, fostering a more satisfying and productive working environment.
  - 8.3.4.2 Here principles assist senior managers to improve the overall performance of official duties and responsibilities and help to maintain public confidence in the institutions:
  - 8.3.4.3 Senior managers should conduct themselves in a manner that will bear the closest public scrutiny, and so that their integrity serves as an example to other public officials;
  - 8.3.4.4 Senior managers should abide closely to the ethics and legal framework of their institution, and encourage others to do the same;
  - 8.3.4.5 Senior managers should encourage the scrutiny of their own conflict of interest situations, within the applicable framework;
  - 8.3.4.6 Senior managers should demonstrate leadership commitment;

8.3.4.7 Senior managers should be prepared to enforce unpopular penalties and sanctions against members;

8.3.4.8 Senior managers must be prepared to exercise judgment when dealing with disclosure of private interests. In particular, they should consider the larger issue of institutional credibility and public trust.

8.3.4.9 When determining the most appropriate solution to resolve or manage the actual conflict situation, senior managers should weigh the interests of the Agency the public interest, and the legitimate interests of employees and the nature of the conflict. When in doubt, senior managers should resolve conflicts in favour of the public interest

### 8.3.5 Approach to Managing Ethics for Senior Management

The agency can adopt a number of strategies to assist and support senior managers as they enforce ethics regulations:

8.3.5.1 Clarify roles and responsibilities to avoid conflict: there is a need for clear definition of roles and responsibilities and delegations, and regular reporting to Council. A lack of clarity can lead to disputes and conflicts, and to maladministration. Reducing them to writing is essential.

8.3.5.2 Introduce incentives for enforcing punitive measures against offenders.

8.3.5.3 Create and sustain a culture of open communication and dialogue concerning integrity and its promotion.

8.3.5.4 Ensure that the policy remains effective and relevant in dealing with current and anticipated conflicts in a continuously evolving environment, and change or redevelop the policy as necessary.

8.3.5.5 Ultimately, it is up to Councillors and public officials to encourage clean administration and ethical practices by undertaking all local affairs with the highest standards of integrity and ethical conduct; and through acting swiftly against alleged maladministration, fraud or corruption and using the support instruments to bring perpetrators to book

8.3.5.6 Councillors are bound by the Code of Conduct for Councillors and Agency Employees are bound by the Code of Conduct for Agency Employees.

#### **8.4 Responsibility to Conduct Investigations**

8.4.1 The responsibility to conduct investigations relating to the actions listed in this policy resides with Council, the Agency CEO and the Directors within the Agency who have the advisory and supporting assistance from the departments and external state agencies which may include any of the following: (a) State Attorney;

- 8.4.1 External investigating agencies, for example the SAPSs, where matters fall within their mandate;
- 8.4.2 Office of the National Director of Public Prosecution;
- 8.4.3 Special Investigating Units established under any law;
- 8.4.4 The Public Protector;
- 8.4.5 Any other authority as may be determined by Council.

#### **8.5 GOVERNANCE STRUCTURES TO MITIGATE FRAUD AND CORRUPTION**

- 8.4.6 Each function within the governance structure of an Agency has its individual role to play. However, there needs to be co-operation and collaboration among the functions in pursuit of the common goal, i.e. fulfilling the overall objectives of the Agency.
- 8.4.7 The governance framework for mitigating fraud contains three layers of defence, which are set out below:
- 8.4.8 Combined assurance is a coordinated approach to all assurance activities to ensure that assurance provided by:
  - Council and management;
  - internal assurance providers (such as internal audit).

- external assurance providers (such as external audit or sustainability assurance providers)
  - Adequately addresses significant risks facing the Agency and that suitable controls exist to mitigate and reduce these risks.
- 8.4.9 The accountability, reporting and internal oversight framework within an agency can be set out as follows:

8.4.10 First Layer of Responsibility — Management and Councillors

- Agency Council & Management the role of the Agency Council is, inter alia, to –
- ensure the well-being and interests of the Agency;
- ensure the provision of services to the local community;
- develop and evaluate the policies and programmes of the Agency;
- maintain the financial integrity of the Agency;
- ensure that administrative policies, oversight policies, practices and procedures are in place to implement the decisions of Council; and
- Ensure the accountability and transparency of the operations of the Agency.

## **8.5 RISK MANAGEMENT COMMITTEE**

8.6.1 The Risk Management Committee should review and assess the integrity of the risk control system and ensure that the risk policy and strategy are effectively managed. The Risk Management Committee should further monitor the management of significant risks to the Agency, including emerging and prospective impacts;

8.6.2 To review and improve the risk policy, strategy and implementation plans. The Committee will ensure compliance with such policies, and with the overall risk profile of the Agency. The Committee shall ensure that the following risks are adequately identified and dealt with.

- Strategic Risks;
- Human Resource Risks;
- Political Risks;
- Reputational Risks;
- Financial Risks;
- Operational Risks;
- Legal Risks;
- Compliance and control Risks;
- Environmental Risks;
- Health and Safety Risks.

## **8.7 THIRD LAYER OF RESPONSIBILITY - INDEPENDENT ASSURANCE FUNCTIONS**

### **8.7.1 THE AUDITOR-GENERAL SOUTH AFRICA**

Agencies are also the subject of annual external audits by the Office of the Auditor-General (AGSA) who must report on the accounts, financial statements, financial management and general governance aspects such as compliance with legislation by municipalities. It is the responsibility of the respective Agencies and municipal entities to follow UP on external audit queries where high-risk areas and areas for improvement have been identified. Additionally, Each Agency should develop appropriate plans where external audit reports are qualified and identify material weaknesses.

The AGSA annually produces audit reports on all public entities, municipalities and public institutions. Over and above these entity-specific reports, the audit outcomes are analysed in general reports that cover both the PFMA and MFMA cycles.

### **8.7.2 AUDIT COMMITTEE**

Section 166 of the MFMA requires that each municipality and municipal entity must have an Audit Committee. The Audit Committee is an independent advisory body that must advise the Municipal Council, the political office-bearers, the accounting officer and the management of the municipal entity on matters relating to:

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with the MFMA Act, the annual Division of Revenue Act and any other applicable legislation; performance evaluation; and
- Any other issues referred to it by the municipal entity internal financial control and internal audit.

### **8.7.3 INTERNAL AUDIT UNIT**

**8.5.1** The role of Internal Audit in the Agency is to assist the Agency CEO and the Board to meet their objectives and to discharge their responsibilities by providing an independent appraisal of the adequacy and effectiveness of the controls set up by management to help run the Agency.

**8.5.2** The auditor's function is to be satisfied that the financial statements of the Agency fairly present the state of affairs of the undertaking in all material respects. The auditor is not and cannot be held responsible for the prevention of fraud and error. This responsibility rests with management who discharges this responsibility through the implementation and continued operation of adequate accounting and internal controls.

**8.5.3** The controls subject to evaluation should encompass the following:

- The information systems environment;
- The reliability and integrity of financial and operational information;
- The effectiveness of operations;
- Safeguarding of assets;
- Compliance with laws, regulations,
- Council directives and Controls.

### **8.7.3 REPORTING PROCEDURE**

1. It is the responsibility of every employee of the Agency to report incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to his/her CEO. If the employee is not comfortable reporting such matters to his/her immediate supervisor or CEO, he/she should report the matter to any other member of management, the agency CEO, Enterprise Risk Management Unit the Chairperson of the Audit Committee, the Internal Audit
2. Should an employee wish to make a report anonymously, such a report may be made to any member of management, the Agency Manager, Enterprise Risk Management Department, the Chairperson of the Audit Committee, the Chairperson of the Risk Management Committee, the Speaker or the Mayor, the Internal Audit Unit.
3. It is the responsibility of any recipient of a complaint to promptly report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to the Agency CEO.
4. Where an employee is alleged to have committed an act of fraud. Corruption, theft, or maladministration the Agency CEO must conduct appropriate investigation and then institute disciplinary actions when necessary.
5. where a councillor is alleged to have committed an act of corruption or fraud, the Speaker or Council must institute an investigation in terms of the Code of Conduct for councillors as contained in the Municipal Systems Act.
6. As soon as disciplinary hearings concerning charges of fraud, corruption, theft, maladministration and other suspected irregularities of this nature are completed, the outcome must be reported promptly to the Agency CEO and / or the Mayor as well as to the Audit Committee.
7. The Agency CEO must also report to SAPS all cases of alleged Irregular expenditure that constitute a criminal offence; Theft, corruption, fraud and maladministration including other suspected irregularities of this nature.
8. Consistent with section 32 of the MFMA and in terms of this policy, the Agency CEO must inform the Mayor, Council, and the MEC for Local Government in Kwa-Zulu Natal and the Auditor General, in writing of:
  - any unauthorised, irregular, fruitless and wasteful expenditure incurred by the Agency; and in terms of this policy, shall also include incidents of

fraud, corruption, theft, maladministration and other suspected irregularities of this nature;

- whether any person is responsible or under investigation for such unauthorized, irregular, wasteful or fraudulent expenditure; and
  - the steps that have been taken to recover or rectify such expenditure; and to prevent a recurrence of such expenditure.
9. Consistent with section 171(4) of the MFMA, the agency shall institute an investigation regarding allegations of financial misconduct against the Agency CEO, the CFO, any senior manager or other official of the Agency, unless those allegations are frivolous or vexatious, speculative or obviously unfounded.
10. If the investigation warrants such a step, Council shall institute disciplinary proceedings against the Agency CEO, the CFO or any other senior manager in accordance with the Disciplinary Code and Procedures for Senior Managers
11. The Agency shall also investigate allegations of financial misconduct involving any councillor; such allegations shall be dealt with in terms of the breaches of the Code of Conduct for Councillors as stipulated in schedule I of the Systems Act and the Agency Rules of Conduct for Councillors.
12. The failure of a recipient of a complaint to take prompt and reasonable steps to ensure that allegations of fraud, corruption and/or any other similar irregular or dishonest activity are appropriately dealt with, may result in disciplinary measures being instituted against such a recipient.

## **8.8 PROTECTIVE DISCLOSURE**

### **8.8.1 PROTECTION OF WHISTLE-BLOWERS**

- The Protected Disclosures Act makes provision for the protection of employees or councillors who make a disclosure in terms of the provisions of this Act.
- Any disclosure made in good faith and in accordance with the procedures outlined in clause 10 of this policy, is considered a protected disclosure. An employee or councillor making such a disclosure is protected from being subjected to an occupational detriment.

- An employee who suspects or reports suspected dishonest activity which he/she has witnessed should be afforded the opportunity to remain anonymous should he/she so requires.
- Allegations made by employees which 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 subjected to firm disciplinary action. Such disclosures are not protected by the Protected Disclosures Act.
- The Agency recognizes that employees or councillors will be concerned about potential victimization, discrimination and even threats to their personal safety as a consequence of disclosing such fraudulent and/or corrupt activities. The Agency shall provide measures to protect the information and the identity of the person (when such protection is required).

## **8.9 HARASSMENT**

- 8.9.1 The Agency should acknowledge the fact that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for any fraudulent or corrupt conduct or irregularity.
- 8.9.2 The Agency shall not tolerate harassment or victimization and shall take action to protect employees or councillors or when they report an irregularity in good faith.
- 8.9.3 Any act of harassment or victimization should be reported, in line with the reporting protocol of the Agency. This does not mean that if an employee is already the subject of a disciplinary process, that action will be halted as a result of making a 'protected disclosure' in terms of the Protected Disclosure Act.

## **8.10 CONFIDENTIALITY**

- 8.10.1 Information relating to fraudulent, corrupt or dishonest acts that is received and reported to any supervisor, CEO or a director and/or the municipal manager shall be treated with the utmost confidentiality.

8.10.2 The progression of the investigation 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 the suspected person(s) who may be subsequently found innocent of any wrongful conduct.

## **8.11 ANONYMOUS ALLEGATIONS**

The Agency encourages employees or councillors to put their names to allegations of corruption and/or fraud. Nevertheless, they will be followed up at the discretion of the Agency. This discretion will be applied by taking into account investigating the allegation and confirm if it exists.

## **8.12 FALSE ALLEGATIONS**

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

8.12.2 If in the course of the investigation it should be found that the allegations were made with malicious intent, such allegations shall be treated in a very serious light. The employee concerned must be subjected to a disciplinary enquiry. Should a councillor be involved, the Code of Conduct for Councillors shall be applied.

## **8.13 APPLICATIONS OF PREVENTION AND DETECTION CONTROLS**

In all instances where incidents of fraud, theft, corruption, maladministration and other similar irregularities of this nature take place, executive directors are required to immediately review the controls which have been breached in order to prevent similar irregularities from taking place in future. The Head of Internal Audit should be consulted when necessary for assistance in this regard.

## **8.14 CONFLICT OF INTEREST**

- 8.14.1 Employees and councillors are compelled to declare their business interests in terms of the disclosure of business interests. For the sake of clarity in respect of the anti-fraud obligations, this requirement goes further in that all employees and councillors are required to declare their business interests whether such business interests are registered or not. The declaration is required regardless of the status of such an entity, whether active or dormant.
- 8.14.2 Notwithstanding what appears in Schedule I of item 6(2) (a) (i) and Schedule 2 item 4(2) (a) (i) of the Systems Act, any person who is "in the service of the state" as defined in the MFMA Supply Chain Management Regulations is prohibited from 1 July 2005, under regulation 44 of the said regulations, from conducting business with or being awarded tenders by the Agency or any other organ of the state.
- 8.14.3 Furthermore, it should be noted that disclosure of business interests as originally contemplated in terms 6(2) (a) (i) of Schedule I and 4(2)(a)(i) of Schedule 2 of the Systems Act, shall no longer enable councillors and/or officials to conduct business with the Agency or any other organ of state. Section 44 of the SCM Regulations (Act No. 27636 of 2005) prohibits the awards of tenders to any person(s) who is in the service of the state.
- 8.14.4 Employees and councillors must comply with section 45 and other applicable sections of the SCM Regulations. Such regulation stipulates requirements for disclosure with regard to awards in excess of R2000.00 to close family members such as spouse, child or parent of a person who is in the service of the state or has been in the service of the state for the past twelve months.
- 8.14.5 Furthermore, the Supply Chain Management Policy provides directives for appropriate ethical behaviour with regard to gifts, awards, and/or special favours made to councillors or officials of the Agency. Such directives shall be read in conjunction with the code of conduct for councillors and employees as contained in schedule I and 2 of the Systems Act. Should any conflict of interest arise, except with regard to paragraph 1 3.3 of this policy, such interests shall be declared in writing to Council.

## **8.15 AWARENESS**

The Agency CEO through the Enterprise Risk Management Unit is responsible for the communication of the policy to all stakeholders, which are the Councillors, employees of the Agency, political office bearers, consultants, suppliers, contractors, and other providers of goods and services to the agency. All Senior Managers in different units are also responsible to create awareness to their respective departments

### 8.16 MONITORING

8.16.1 Risk management committee shall be responsible for monitoring the applications of the anti-fraud and corruption strategy and ensuring adequate supervision and dynamism for control and procedures.

8.16.2 Risk management committee shall evaluate the effectiveness of the implementation of the fraud prevention policy.

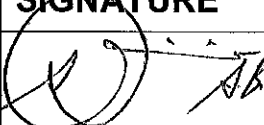
### 8.17 ADMINISTRATION

The custodian for the implementation of this policy is the Agency CEO

### 8.18 ADOPTION

This policy shall take effect on the date of board resolution. it shall be reviewed as and when required.

## 9 APPROVAL

NAME	SIGNATURE	DESIGNATION	DATE
MR SB SIBISI		ACTING CHIEF EXECUTIVE OFFICER	29/05/2026

