

**BLUE CRANE ROUTE LOCAL MUNICIPALITY
OFFICE OF THE MUNICIPAL MANAGER**



**ANTI-FRAUD AND CORRUPTION POLICY
2021/22**

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1. BACKGROUND

Municipal Finance Management Act Section 95 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 Municipal Finance Management Act section 115 (1) (b) further states 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.

2. PURPOSE

The purpose of this policy is to articulate Blue Crane Route Local Municipality philosophy on fraud prevention and risk management. The municipality adopts a comprehensive approach to the management of fraud risk and risk. The municipality believes that honesty 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 show their trust in the organization. We are committed to stopping dishonest behavior in the workplace. We wish to foster an environment where fraudulent and criminal activity is discouraged.

Fraud represents a significant potential risk to Blue Crane Route 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.

3. SCOPE OF THE POLICY

3.1 This policy applies to all fraud, corruption, theft, maladministration or suspected irregularities of this nature involving the following persons or entities:

- All employees of the municipality;
- Councilors
- Consultants, suppliers, contractors and other providers of goods or service to the municipality; and
- Non-Governmental Organisations and other parties receiving benefits from Blue Crane Route Municipality.

3.2 Any investigative activity required will be conducted without regard to the suspected wrongdoer's position or title. All allegations or suspected wrong

doings will be investigated in accordance with this policy as set out below and in accordance with the laws of the Republic of South Africa.

4. APPLICATION OF THE POLICY

This policy applies throughout the Municipality in as far as fraud and corruption is concerned.

5. LEGISLATIVE MANDATE

The policy framework is in accordance with applicable legislation and any relevant policies and guidelines:

- The Constitution of RSA (Act No. 108 of 1996 (hereafter referred to as the Constitution));
- Protected Disclosure Act (Act No. 26 of 2000);
- Prevention and Combating of Corrupt Activities (Act No 12 of 2004);
- Municipal Finance Management Act (Act No.56 of 2003)
- Municipal Systems Act (Act No. 32 of 2000)
- Municipal Structures Act (Act No. 117 of 1998);
- Municipal Supply Chain Management Regulations;
- National Treasury Regulations

6. PRINCIPLES OF THE ANTI-FRAUD AND CORRUPTION POLICY

The following **principles** underpin the anti-fraud and corruption policy of Blue Crane Route Municipality:

- Creating a culture which is intolerant to fraud (zero tolerance);
- Deterrence of fraud;
- Preventing fraud which cannot be deterred;
- Detection of fraud;
- Investigating detected fraud;
- Taking appropriate action against fraudsters e.g. disciplinary action, recovery of losses, prosecution, etcetera; and
- Applying suitable sanctions which include blacklisting and prohibition from further employment or engaging in business with the Blue Crane Route Municipality or any government organ/institution or public entity.

7. ANTI-FRAUD AND CORRUPTION POLICY STATEMENT

- 7.1 It is the policy of Blue Crane Route Municipality that fraud, corruption, theft, maladministration or any other dishonest activities of a similar nature will not be tolerated. In addition, these will be investigated and followed up by the application of all remedies available within the full extent of the law.
- 7.2 **Tone at the top:** The councilors of Blue Crane Route Municipality will, at all times and for the duration of their term of office, uphold high levels of integrity and ethics in the execution of their political, fiduciary and oversight responsibilities and will always maintain a zero-tolerance level for fraud and corruption.
- 7.3 Fraud Risk Management will be practiced by Blue Crane Route Municipality through a robust fraud risk assessment and application of appropriate prevention and detection controls as a response to a fraud risk assessment. The prevention and detection controls include the existing controls and checking mechanisms as prescribed in existing policies, procedures and other relevant prescripts to the activities of the municipality, and systems of internal control.
- 7.4 It is the responsibility of all employees including management of Blue Crane Route Municipality to report all incidents of fraud, corruption, theft, maladministration, or any other dishonest activities of a similar nature to immediate supervisors or designated ethics and fraud officers. If the employee/s is not comfortable reporting such matters to his/her Manager, he/she should report the matter to his/her Manager's superior, with final recourse to the Municipal Manager. Employees may also report incidents by using the municipal hot line reporting facility, if they wish to remain anonymous or for any other reason.
- 7.5 All Directors are responsible for the detection, prevention and investigation of fraud, corruption, theft, maladministration, or any dishonest activities of a similar nature, within their areas of responsibility.
- 7.6 Blue Crane Route Municipality will take appropriate legal recourse to recover losses or damages arising from fraud, corruption, theft or maladministration.
- 7.7 The efficient application of Municipal Finance Management Act, instructions contained in the codes, circulars, policies and manuals of the municipality, is one of the most important duties of every employer/employee in the execution of their daily tasks and under no circumstances may there be a relaxation of the prescribed controls.

Every employee has a part to play in this important endeavor and we look forward to working as a collective in achieving these aims.

8. ACTIONS CONSTITUTIN FRAUD; CORRUPTION; THEFT AND MALADMINISTRATION

8.1 Forms of fraud and corruption

8.1.1. Bribery

Bribery involves the promise; offering or giving of a benefit that improperly affects the actions or decisions of an employee. This benefit may occur to the employee or councilor; another person or entity.

8.1.2. Embezzlement

This involves theft of resources by persons entrusted with the authority and control of such resources.

8.1.3. 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.

8.1.4. Extortion

This involves coercing a person or 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.

8.1.5. 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.

8.1.6. 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.

8.1.7. 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.

8.1.8. Favoritism

The provision of services or resources according to personal affiliation.

8.1.9. Nepotism

A public servant; ensuring that family members are appointed to the public service positions or that family members receive contracts from the state.

These manifestations outlined above are by no means exhaustive; any other legislation that may be applicable; as fraud and corruption appears in many forms and it is virtually impossible to list all of these.

9. FRAUD RISK MANAGEMENT MODEL

9.1 Blue Crane Route Municipality will continually embark on the management of fraud risks in a robust and decisive manner. The process will entail the identification of fraud risks, the rating of each fraud risk identified, the development of a fraud response plan where areas prone to fraud risk are not adequately safeguarded and contingency planning. In this regard Blue Crane Route Municipality has adopted the following Fraud Risk Management Model:

Fraud Risk Management Model



The illustration of the model is that Blue Crane Route Municipality will perform the following activities annually in managing their exposure to fraud risks.

9.1.1 *Fraud Risk Assessment*

- a) On an annual basis a fraud risk assessment will be conducted by top management (as defined in Section 77 of the MFMA) of the municipality with a view to identifying (i) areas that are prone to fraud (ii) inherent fraud risks (iii) any fraud that has occurred but not reported. Such an assessment will be conducted either by way of a Strategic Fraud Risk Assessment Questionnaires (SFRAQ) or through a risk assessment workshop (Enterprise Risk Management). A fraud risk register will be maintained for this purpose and integrated into the global risk register of the municipality for adoption review by the Risk Management Committee and approval by Council.
- b) The risk assessment is a pre-requisite to the prevention of fraud in order to ensure appropriate policies and procedures are implemented. Risks are considered in three main categories:

- personnel risk
 - structural/physical risks
 - operational/financial risks
- c) Differing risk environments in which Blue Crane Route Municipality operates will be taken into consideration because in some environments the level of risk may be higher and thus require more rigorous mitigation measures than in other environments.
- d) In identifying and assessing risk areas, particular attention will be placed on personnel risk. Research indicates that most frauds are committed by people within an organization and that the biggest frauds are committed by the most trusted employees. Fraud can also be committed by an individual or a group outside an organization, with the assistance of employees. In other words collusion is often present. Compliance with recruitment procedures and codes of ethics and conduct are therefore important aspects of this fraud prevention policy.

9.1.2 *Fraud Response Plan/Preventive Measures*

- a) Following risk assessment, measures are put in place to mitigate the risks identified, with particular emphasis on the areas of greatest vulnerability. The mitigating action plans will be signed-off by the Accounting Officer (Municipal Manager) of Blue Crane Route Municipality.
- b) Preventive measures address particular risks as well as the internal control measures that concern segregation of incompatible duties and other related matters that form a key element of fraud risk mitigation. Examples include policies and procedures in the areas of human resource management, financial management, contracting and procurement are specifically designed to reduce the risk of fraud. Therefore, whilst these may be perceived as duplication, unnecessary bureaucracy or even an indication that staff are not trusted, these policies and procedures are necessary to mitigate the risk of fraud and protect staff from the risk of suspicion that they may have colluded in the perpetration of a fraud or suspected fraud.

9.1.3 Implementation and Monitoring

- a) It will be the responsibility of all top managers and councilors including employees to ensure that the response plan is implemented. The actions captured in the fraud response plan will be included as part of the signed performance agreements of top manager under Local Key Performance Areas (LKPA's).
- b) The monitoring of implementation of the fraud response plan will be achieved through enforcement of accountability in Management Committee Meetings, performance evaluation sessions, internal audit, external audit etc.

9.1.4 Contingency Measures

- a) Contingency measures are necessary to ensure that corrective actions are taken should the municipality experience a fraud. Contingency measures include, inter-alia, procedures regarding the reporting of suspected fraud, procedures regarding evidence, dealing with the suspected fraudster, reporting the incident to the relevant authorities, dealing with the media and recovering of funds and property as will be set out in the anti-fraud and corruption strategy/plan of Blue Crane Route Municipality.
- b) Reported fraud will be investigated in accordance with the applicable laws, regulations and policies of the Republic of South Africa. All responsible elements will be brought to book in strictest of terms.
- c) A register of all reported cases of fraud and investigations will be maintained by management and will form part of reporting to the Risk Management Committee, Audit Committee and Council and any other relevant stakeholders.

10. RESPONSIBILITY TO CONDUCT INVESTIGATIONS

The responsibility to conduct investigations relating to the actions of fraud and corruption resides with the Municipal Manager and heads of departments of Blue Crane Route Municipality or the designated subordinate as well advisory and supporting institutions which may include the following:

- a) Internal Auditors;
- b) External investigating agencies, for example the South African Police Services, where matters fall within their mandate;
- c) External consultants, for example Forensic Accounting consultants;
- d) Office of the National Director of Public Prosecutions;
- e) Special Investigating Units established under any law; and
- f) The Public Protector.

11. CONFIDENTIALITY

- i. All information relating to irregularities that is received and investigated by Managers will be treated confidentially. The progression of investigations 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 suspected persons who are subsequently found innocent of wrongful conduct.
- ii. No person is authorized to supply any information with regard to the issues covered within this policy to the media without the express permission of the Municipal Manager or council delegate for this purpose.

12. INVESTIGATION

- i. A preliminary investigation will be conducted for all reported or suspected fraud and appropriate action will be taken.
- ii. The designated investigation officer/s shall have full, free and prompt access to all records, property, personnel, operations and functions within the municipality which are relevant to the subject matter under review.
- iii. Staff members have the duty to cooperate with any investigation and assist investigators. No reprisal shall be taken against staff members providing information on irregular activity unless it was willfully provided with the knowledge that it was false or with intent to misinform.
- iv. The investigation officers or the designated nominee has a responsibility to take great care in the investigation of suspected fraudulent activities and will fully respect staff rights.
- v. An investigation report will be prepared for the attention of the Municipal Manager and Council of Blue Crane Route Municipality for decision-making and application of the relevant sanction/s as per this policy.

13. REPORTING PROCEDURES AND RESOLUTION OF REPORTED INCIDENTS

- i. It is the responsibility of all employee/s of Blue Crane Route Municipality to report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to their immediate supervisors. If the employee/s is not comfortable reporting such matters to their immediate supervisor/s, he/she should report the matter to his/her Manager's superior, with final recourse to the Chief Financial Officer or Municipal Manager.
- ii. It is the responsibility of the Managers and Councilors to report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to the Municipal Manager and Chief Financial Officer.
- iii. It is the responsibility of the Municipal Manager to immediately report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to the Risk Management Committee, Audit Committee and Councilors. If the matter could lead to the laying of criminal charges, the Municipal Manager will report within 24 hours to the South African Police Services.

- iv. Where an employee is alleged to have committed an act of fraud, corruption, theft, or maladministration the immediate supervisors and heads of departments must institute disciplinary proceedings, within a reasonable period, in terms of the disciplinary code and procedures of the municipality.
- v. As soon as disciplinary hearings concerning charges of financial misconduct are completed, the outcome must be reported within 48 hours to the Municipal Manager:
 - 1. The name and position of the employee against whom proceedings are instituted;
 - 2. The disciplinary charges, indicating the nature of the misconduct the employee is alleged to have committed;
 - 3. The findings of the disciplinary hearing;
 - 4. Any sanction imposed on the employee; and
 - 5. Any further action to be taken against the employee, including criminal charges or civil proceedings.
- iv. The Municipal Manager is also required to ensure that losses or damages suffered by the municipality as a result of an act committed or omitted by an employee must be recovered from such an employee if he/she is liable in law. The Municipal Manager must determine the amount of the loss or damage and, in writing request that employee to pay the amount within 30 days or in reasonable instalments. If the employee fails to comply with the request, the legal process will then be initiated by the Municipal Manager.

14. PROTECTED DISCLOSURES

14.1 Protection of Whistle Blowers

- i. The Protected Disclosures Act, 26 of 2000 makes provision for the protection of employees who makes a disclosure that is protected in terms of this Act.
- ii. Any disclosure made in good faith and substantially in accordance with any procedure prescribed by the employee's employer for reporting is considered a protected disclosure under this act. An employee making such a protected disclosure is protected from being subjected to an occupational detriment on account of having made a protected disclosure.
- iii. An employee who suspects or reports suspected dishonest activity or such activity which he/she has witnessed should be afforded the opportunity to remain anonymous should he/she so require.
- iv. 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 of corrupt activities. The municipality shall provide measures to protect the information and the identity of the person.

14.2 Harassment

- i. 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.
- ii. Any act of harassment or victimization should be reported in line with the reporting protocol of the Municipality.

15. REVIEW OF PREVENTION CONTROLS AND DETECTION MECHANISMS

- i. In all instances where incidents of fraud, corruption, theft, maladministration and other similar irregularities of this nature take place, all managers are required to immediately review the controls which have been breached in order to prevent similar irregularities from taking place in future, within a period of 48 hours after the occurrence of the initial incident. The Risk Management and Internal Audit Unit should be contacted for assistance in this regard.

16. TRAINING, EDUCATION AND AWARENESS

- 16.1 It is the responsibility of Municipal Manger and Heads of departments to ensure that all employees receive appropriate training and education with regard to this policy.

17. ADMINISTRATION

17.1 The custodian of this policy is the Council and Municipal Manager who is supported in its implementation by the Risk Management Committee.

17.2 Both the municipality's Risk Management Committee and the Municipal Manager are responsible for the administration, revision, interpretation, and application of this policy. It will be reviewed annually and revised as required.

18. ROLES AND RESPONSIBILITIES IN FRAUD RISK MANAGEMENT

To help ensure that the municipality's fraud risk management program is effective, it is important to understand the roles and responsibilities that personnel at all levels of the municipality have with respect to fraud risk management. The following role players are imperative to effective fraud risk management:

- Councilors
- Audit committee
- Management
- Staff
- Internal audit
- Risk Management Committee

Councilors

The Council also has the responsibility to ensure that management designs effective fraud risk management documentation to encourage ethical behaviour and to empower employees, customers, and vendors to insist those standards are met every day. The Council should:

- Understand fraud risks.
- Maintain oversight of the fraud risk assessment by ensuring that fraud risk has been considered as part of the municipality's risk assessment and strategic plans. This responsibility should be addressed under a periodic agenda item at council meetings when general risks to the municipality are considered.
- Monitor management's reports on fraud risks, policies, and control activities, which include obtaining assurance that the controls are effective. Council also should establish mechanisms to ensure it is receiving accurate and timely information from management, employees, internal and external auditors, and other stakeholders regarding potential fraud occurrences.
- Oversee the internal controls established by management.
- Set the appropriate tone at the top through the Municipal Manager's job description, recruitment, performance evaluation, and succession planning

processes.

- Have the ability to retain and pay outside experts where needed.
- Provide external auditors with evidence regarding the Council's active involvement and concern about fraud risk management.

Audit Committee

The Audit Committee (as a committee of council) should meet frequently enough, for long enough periods, and with sufficient preparation to adequately assess and respond to the risk of fraud, especially management fraud, because such fraud typically involves override of the municipality's internal controls. It is critical that the audit committee receive regular reports on the status of reported or alleged fraud. The AC must perform the following responsibilities in respect of fraud risk management within Blue Crane Route Municipality:

- Oversight role through continuous monitoring and assessment of fraud risk within the municipality.
- Must ensure that the internal and external audit strategies are geared towards addressing fraud risks, i.e. Testing of internal controls relating to fraud risks is part of the audit approach.
- Must provide the Auditor-General with evidence of their commitment to fraud risk management.
- Must discuss the Auditor-General's approach to detect fraud as part of the financial statements audit. The Audit Committee must also provide the Auditor-General with any suspected fraud for integration in the audit approach during the audit of financial statements.
- Must ensure that Auditor-General's approach to the audit of financial statements is such that it provides, to council, reasonable assurance that the financial statements are free of material misstatements caused by either fraud or error.
- Must seek legal counsel when dealing with issues of alleged fraud.

Management

Management has the overall responsibility for the design and implementation of a fraud risk management program, including:

- Setting the tone at the top for the rest of the municipality. As mentioned, the municipality's culture plays an important role in preventing, detecting, and deterring fraud. Management needs to create a culture through words and actions where it is clear that fraud is not tolerated, that any such behavior is dealt with swiftly and decisively, and that whistleblowers will not suffer retribution.
- Implementing adequate internal controls — including documenting fraud risk management policies and procedures and evaluating their effectiveness — aligned with the municipality's fraud risk assessment. To conduct a reasonable evaluation, it is necessary to compile information from various areas of the municipality as part of the fraud risk management program.

- Reporting to the Council on what actions have been taken to manage fraud risks and regularly reporting on the effectiveness of the fraud risk management program. This includes reporting any remedial steps that are needed, as well as reporting actual frauds.
- Whenever the AG has determined that there is evidence that fraud may exist, the AG's professional standards require that the matter should be brought to the attention of an appropriate level of management. The external auditor should report fraud involving senior management directly to those charged with governance (e.g. the Audit Committee).

Staff

Strong controls against fraud are the responsibility of everyone in the municipality. All levels of staff, including management, should:

- Have a basic understanding of fraud and be aware of the red flags.
- Understand their roles within the internal control framework. Staff members should understand how their job procedures are designed to manage fraud risks and when non-compliance may create an opportunity for fraud to occur or go undetected.
- Read and understand policies and procedures (e.g. the fraud policy, code of conduct, and whistleblower policy), as well as other operational policies and procedures, such as procurement manuals.

Internal Audit

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes." In relation to fraud, this means that internal auditing provides assurance to the Council and to management that the controls they have in place are appropriate given the organization's risk appetite. In relation to this definition, internal auditors are responsible for the following in relation to fraud:

- Provide an objective review of fraud risks identified by management as well as assurance, to management and council that internal controls relating to fraud risks are adequate and are functioning effectively.
- Include the municipality's assessment of fraud risks as part of the risk-based internal audit plan including management's capabilities for fraud risk management.
- Maintain ongoing communication with those responsible for risk assessments to ensure that fraud risks are considered appropriately.
- Must exercise scepticism when carrying out their internal audit work and be on guard for any fraud.
- The internal audit charter must include internal audit responsibilities in relation to fraud, and these may include, *inter-alia*, the following:
 - Initial or full investigation of alleged fraud.

- Analysis of root causes
- Control improvement recommendations
- Monitoring of reporting/whistle-blowing hotline
- Provision of ethics training
- Maintain sufficient skills and competencies in relation to fraud i.e. investigation techniques, laws, knowledge of fraud schemes etc.

19. PENALTIES

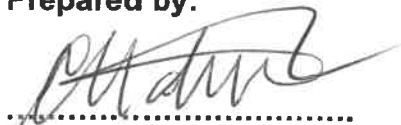
Non – compliance to any of the stipulations contained in this policy will be regarded as misconduct and will be dealt with in terms of the Disciplinary Code implemented by the Blue Crane Route Local Municipality.

20. POLICY REVIEW

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

21. ADOPTION OF THE POLICY

Prepared by:



Ms. P. Ndumndum
Manager Internal Audit

21/07/2021

Date


Recommended by:



Mr T. Klaas
Municipal Manager

21/07 (2021)

Date


 Adopted by:

Cllr B. Manxoweni
Mayor

21/07/2021

Date

22. DEFINITIONS

Throughout this document, unless otherwise stated, the words in the first column below have the meanings stated opposite them in the second column (and cognate expressions shall bear corresponding meanings):

Word	Meaning
"Code"	<i>Code of Conduct for the Municipality</i>
"Municipality"	<i>Blue Crane Route Local Municipality</i>
"Top Management"	<i>Top management in terms of section 77 of the MFMA</i>
"Fraud"	<p><i>Includes, but is not limited to, the following:</i></p> <p><i>(a) The following legal definitions:</i></p> <p><i>(i) Fraud, i.e. "the unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to another";</i></p> <p><i>(ii) Corruption which could be summarized as: "giving or offering; receiving or agreeing to receive; obtaining or attempting to obtain any benefit which is not legally due to or by a person who has been charged with a duty or power by virtue of any employment, to do any act or omit to do any act in relation to that power or duty"; and</i></p> <p><i>(iii) Theft, i.e. "the unlawful and intentional misappropriation of another's property or property which is in his/her lawful possession, with the intention to deprive the owner of its rights permanently";</i></p> <p><i>(b) Fraudulent or corrupt acts may include:</i></p> <p><i>(i) Systems issues: i.e. where a process/system exists which is prone to abuse by employees, the public or other stakeholders, e.g.:</i></p> <ul style="list-style-type: none"> <i>• Procurement fraud, e.g. irregular collusion in the awarding of tenders or orders for goods and/or services;</i> <i>• Irregularities in the effecting of transfer payments;</i> <i>• Deliberate non-compliance with delegation of authority limits;</i> <i>• Collusion in contracts management;</i> <i>• Revenue fraud;</i> <i>• Travel and subsistence fraud; and</i> <i>• Disclosing confidential or proprietary information to outside parties;</i> <p><i>(ii) Financial issues: i.e. where individuals or companies have fraudulently obtained money from the Municipality, e.g.:</i></p> <ul style="list-style-type: none"> <i>• Syndicate fraud, e.g. interception of warrant vouchers;</i> <i>• Creditors fraud, e.g. diverting payments to incorrect creditors;</i> <i>• Suppliers submitting invalid invoices or invoicing for work not done;</i> <i>• Payroll fraud, e.g. creation of "ghost employees";</i>

	<ul style="list-style-type: none"> • <i>Theft of funds; and</i> • <i>Making a profit from insider knowledge;</i> <p><i>(iii) Equipment and resource issues: i.e. where the Municipality's equipment is utilized for personal benefit or stolen, e.g.:</i></p> <ul style="list-style-type: none"> • <i>Theft of assets, e.g. computers, face value forms, etc;</i> • <i>Personal use of resources, e.g. telephones, internet, e-mail; and</i> • <i>Irregular destruction, removal, or abuse of records (including intellectual property);</i> <p><i>(iv) Other issues: i.e. activities undertaken by employees of the Municipality, which may be against policies or fall below established ethical standards, e.g.:</i></p> <ul style="list-style-type: none"> • <i>Soliciting gifts or favors from consultants or other suppliers,</i> • <i>acceptance of "kick-backs";</i> • <i>Conflicts of interest;</i> • <i>Nepotism;</i> • <i>Favoritism; and</i> • <i>Deliberately omitting or refusing to report or act upon reports of any fraud.</i>
<i>"RMC"</i>	<i>Risk Management Committee</i>
<i>"MFMA"</i>	<i>Municipal Finance Management Act, Act No. 56 of 2003</i>
<i>"Protected Disclosures Act"</i>	<i>Protected Disclosures Act, Act 26 of 2000</i>
<i>"MSA"</i>	<i>Municipal Systems Act, 32 of 2000</i>

