Section 1	Definitions
Section 1	Definitions
Section 2	Introduction
Section 3	Components of the plan
Section 4	Approach to fraud prevention • Focus on the organisation • Focus on employees • Focus on other stakeholders • Enforcement • Implementation and awareness

Section 1: Definitions

Constitution
The constitution of the Republic of South Africa, (Act No. 106 of 1996), as adopted on 08 May 1996 and amended on 11 October 1996 by the Constitutional Assembly;

Demarcation Act
The Local Government Municipal Demarcation Act, No 27 of 1998

COGTA
The Department of Co-operative Governance and Traditional Affairs

Fraud andCorruption
Includes, but is not limited to, the following legal definitions:

Fraud
The unlawful and intentional misrepresentation resulting in actual or potential prejudice to another;

Theft
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;

Offences in respect of C*orrupt Activities* Act 2004
The general offence of corruption which could be summarized as directly and indirectly accepting or agreeing to accept any gratification from another person; giving or agreeing to give any other person any gratification in order to influence that person directly or indirectly to exercise his powers, duties or legal obligations in a manner which is/amounts to:
- Illegal, dishonest, unauthorised, incomplete, or biased;misuse or selling of information or material acquired; Abuse of positions of authority; breach of trust;violation of legal duties or set of rules;designed to achieve an unjustified result; any other unauthorised or improper inducement todo or not to do anything;

Corrupt activities in relation to:
Public officials, foreign public officials;agents;judicial officials;members of the prosecuting authority;unauthorised gratification received or offered by orto a party with an employment relationship;witnesses and evidential material during certainproceedings;contracts;procuring and withdrawal of tenders; auction;sporting events; andgambling games of chance;

Conflict of interests and other unacceptable conduct, in relation to:
Acquisition of private interests in contract,agreement in or investment in public body; unacceptable conduct relating to witnesses; andIntentional interference with, hindering orobstruction of investigation of an offence; other offences relating to corrupt activities, e.g. accessory to or after an offence;attempt, conspiracy and inducing another person tocommit offence; andfailure to report corrupt transactions;

Irregularities relating to the following:
Systems issues where a process/system exists which isprone to abuse by employees, the public or otherstakeholders.

HR-Employment Practices:
Inadequate vetting of employees;

Procurement:
Non-compliance to tender procedures;procurement fraud, e.g. collusion betweenemployees and supplies;fraudulent information submitted by supplierswhen tendering for work;

Housing:
Manipulation of the beneficiary waiting list;Irregular allocation of a housing subsidy;

Financial Systems and Control:
Theft of blank cheques;deliberate non- compliance to policies andprocedures;abuse of the system of overtime;abuse of the system of travel claims;fraudulent payment certificates submitted forpayment;non-compliance to delegated authority limits;

Financial issues: where individuals or entities havefraudulently obtained money from the Municipality, e.g.:
HR – Employment Practices:
Ghost employees;Irregular appointment of staff for undue benefits;

Procurement:
Suppliers invoicing for work not done;Service providers double invoicing;Contractor fronting

Housing:
Diversion of rental payments on rental stock;

Financial Systems and Control:
Theft, e.g. petty cash, etc.;Fraudulent cashing of cheques;Fraudulent travel claims by employees

Equipment and resource issues*:* where theMunicipality's equipment is unitised for personal benefitor stolen, e.g.:

Financial Systems and Control:
Theft of assets;abuse of assets;deliberate destruction of property; anduse of the Municipality's resources andequipment for private gain.

Other issues:
Activities undertaken by employees ofthe Municipality which may be against policies or fallbelow established ethical standards, e.g.:conflict of interest:favouritism; andnon-disclosure of private work

LGAS
Local Government Anti-Corruption Strategy

MFMA
Municipal Finance Management Act (Act No. 56 of 2003);

Municipality
The Ventersdorp Local Municipality

Plan
The Fraud Prevention Plan of the Ventersdorp LocalMunicipality

R.S.A
Republic of South Africa

SALGA
South African Local Government Association

SARS
South African Revenue Service

Structures Act
The Local Government: Municipal Structures Act (Act No.17 of 1998)

Systems Act
The Local Government: Municipal Systems Act (Act No. 32of 2000)

Section 2: Introduction

The Municipality subscribes to the principles of good corporate governance,which require conducting business in an honest and transparent fashion. Consequently the Municipality is committed to fighting fraudulent behaviour atall levels within the organisation.

The Plan is premised on the organization's core ethical values driving thebusiness of the Municipality, the development of its systems, policies andprocedures, interactions with ratepayers, the public and other stakeholders, andeven decision- making by individuals managers representing the organisation.

This means that in practice all departments and other businesses units of theMunicipality and even external stakeholders must be guided by the Plan as thepoint of reference for their conduct and in relation to the Municipality.

In addition to promoting ethical conduct within the Municipality, the Plan isalso intended to assist in preventing, detecting, investigating and sanctioningfraud and corruption.

This dynamic document details the steps, which have been, and will continuallybe taken by the Municipality to promote ethical conduct and address fraud andcorruption.

2.1 Policy
The policy of the Municipality is zero tolerance to fraud and corruption. Inaddition, all fraud and corruption will be investigated and followed up by theapplication of all remedies available within the full extent of the law andimplementation of appropriate prevention and detection controls. Theseprevention controls include the existing financial and other controls andchecking mechanisms as prescribed in the systems, policies and procedures ofthe Municipality.

The efficient application of instructions contained in the policies andprocedures of the Municipality, is one of the most important duties to beapplied by every employee in the execution of their daily tasks.

2.2 What should an employee do if he/she suspects fraud and corruption?
- It is the responsibility of all employees to immediately report all allegations orincidents of fraud and corruption to their manager(s). Should an employee beconcerned that the manager is involved; the report can be made to any othermember of management, the Municipal Manager, the Speaker, the Mayor and /or the Chairperson of the Audit Committee.

- All managers are responsible for the detection, prevention and investigation offraud and corruption and must report all incidents and allegations of fraud andcorruption to the Municipal Manager. The Municipal Manager will initiate aninvestigation into the matter.

- Should employees wish to report allegations of fraud and corruptionanonymously, they can contact any member of management, the MunicipalManager, the Speaker, the Mayor and/or the Chairperson of the AuditCommittee, or the National Hotline on 0800 701 701.

2.3 What should a member of the public or providers of goods and/orservices do if they suspect fraud and corruption?

The Municipality encourages members of the public or providers of goodsand/or services who suspect fraud and corruption to contact any member ofmanagement, the Municipal Manager, the Speaker, the Mayor and/orthe Chairperson of the Audit Committee.

2.4 How will allegations of fraud and corruption be dealt with?

For issues raised by employees, ratepayers, members of the public or providersof goods and /or services, the action taken will depend on the nature of theallegation. The matters raised will be screened and evaluated and maysubsequently:

- be investigated internally; or
- be referred to another law enforcement agency

Any fraud and corruption committed by any employee or any other person willbe pursued by a thorough investigation and to the full extent of the law,consider the following:

- In case of employees, taking disciplinary action within a reasonableperiod of time after the incident
- Instituting civil action to recover losses;
- Initiating criminal prosecution by reporting the matter to the SAPS orany other relevant law enforcement agency; and
- Any other appropriate and legal remedy available.

2.5 Recovery of losses

Managers are required to ensure that losses or damages suffered by theMunicipality as a result of all reported acts committed by an employee,ratepayer or any other person are recovered from such employee, ratepayer orother person if he or she is found to be liable for such losses.

2.6 Feedback to reporters of fraud

The Municipal Manager will, upon receiving a report of fraud from an externalperson, write to the person making the report:

- Acknowledging that the concern has been received;
- Indicating how he proposes to deal with the matter and whether anyinitial enquiries have been made;
- Giving an estimate of how long it will take to provide a final response; and
- Informing them whether any further investigations will take place, and ifnot, why not.

2.7 Confidentiality

All information relating to fraud and corruption that is received andinvestigated will be treated confidentially. The progression of investigations willbe handled in a confidential manner and will not be disclosed or discussed withany person (s) other than those who have a legitimate right to such information.This is important in order to avoid harming the reputations of suspectedpersons who are subsequently found innocent of wrongful conduct.

2.8 Media

No person is authorised to supply any information with regard to allegations orincidents of fraud and corruption to the media without the express permissionof the Municipal Manager.

2.9 Protection of Whistle Blowers

An employee who reports suspected fraud and/or corruption may remainanonymous should he/she so desire. Concerns expressed anonymously aredifficult to investigate; nevertheless they will be followed up at the discretion ofthe Municipality. This discretion will be applied by taking into account thefollowing:

- the seriousness of the issue raised
- the credibility of the concern; and
- the likelihood of confirming the allegation.

No person will suffer any penalty or retribution, for reporting in good faith anysuspected or actual incident of fraud and corruption which occurred within theMunicipality. This may include:

2.9.1 Harassment or victimisation

The Municipality acknowledges the factthat the decision to report a concern can be a difficult one to make, notleast because of fear of reprisal from those responsible for the irregularity.
The Municipality will not tolerate harassment or victimisation and will takeaction to protect employees when they raise a concern in good faith.
This does not mean that if an employee is already the subject ofdisciplinary or other action, that action will be halted as a result of theirwhistle blowing.

2.9.2 Confidentiality

The Municipality will do its best to protect anindividual's identity when he/she raises a concern and does not wanthis/her identity to be disclosed. It must be appreciated, however, that theinvestigation process may reveal the source of the information and astatement by the employee may be required as part of the evidence.

All managers should discourage employees or other persons from makingallegations which are false and made with malicious intentions. Where suchallegations are discovered, the person who made the allegations must besubjected to firm disciplinary, or other appropriate action.

Section3: Components of the plan

3.1 The main principles of this plan are based on and aligned to the LGAS includingthe following:

- Creating a culture which is ethical and intolerant to fraud and corruption;
- Deterrence of fraud and corruption;
- Preventing fraud and corruption which cannot be deterred;
- Detection of fraud and corruption;
- Investigating detected fraud and corruption;
- Taking appropriate action in the event of such irregularities, e.g.disciplinary action, recovery of losses, prosecution, etc; and
- Applying sanctions that include blacklisting and prohibition from furtheremployment.

The above is not intended to detract the premise that all the components areequally essential for the successful implementation of the Plan.

3.2 Thecomponents of the Municipality's Plan are as follows:

- Focus on the organisation
- Focus on Employees
- Focus on other stakeholders

- Enforcement
- Implementation

SECTION 4: Approach to fraud prevention

The Ventersdorp Municipality's approach to Fraud Prevention:
Organisational Focus
Focus on Employees including Management
Focus on other Stakeholders
Enforcement
Implementation including: creatingawareness,training andcommunication

4.1 Focus on the organisation
Codes of conduct for Municipal Employees and Councillors

In terms of schedule 2 of the System Act, the Code of Conduct for MunicipalEmployeeescontains specific conduct standards categorised as follows:
- General Conduct;
- Commitment to serving the public interest;
- Personal gain;
- Disclosure of benefits;
- Unauthorised disclosure of information;
- Undue influence;
- Rewards, gifts and favours;
- Council property;
- Payment of arrears;
- Participation in elections;
- Sexual harassment;
- Reporting duty of staff members; and
- Breaches of the Code.

In terms of schedule 1 of the Systems Act, the Code of Conduct for Councillorscontains the following categories:
- General conduct of councillors;
- Attendance at meetings;
- Disclosure of interests;
- Personal gain
- Declaration of interests;
- Full-time councillors;
- Rewards, gifts and favours;
- Unauthorised disclosure of information;
- Intervention in Administration;
- Council property;
- Duty of chairpersons of municipal councils;
- Breaches of the Code; and
- Application of the Code to traditional leaders.

A gifts policy should be implemented in order to ensure that both theacceptance and offering of business courtesies, including gifts, by all employeesof the Municipality occurs only within the ethical standards as prescribed by theMunicipality.

The development of robust system for the declaration of private businessinterests and actual or potential conflicts of interest by all employees andkeeping of a centralised record thereof must be developed.

4.1.1 Systems, policies and procedures
The Municipality has a number of systems, policies and procedures designed toensure compliance with specific laws and regulations and basic internal control.

All employees and other stakeholders are expected to comply with theapplicable policies and procedures. A fundamental risk in this area is the lack ofknowledge, awareness, effective communication and training relating toprevailing systems, policies and procedures.

Non- compliance with policies and procedures is a risk with the potential toseriously impact the success of the Plan of The Municipality. This will beaddressed by developing clearly defined communication and training strategiesto create awareness of all policies and procedures in order to ensure that allemployees are made aware of, and adequately trained in the implementation ofpolicies and procedures relevant to their duties and responsibilities. Employees must:
- acknowledge, in writing, that they have read the policies and proceduresapplicable to their duties,
- have undergone relevant training and /or are aware of these policies andprocedures, etc.
- A structured monitoring mechanism will be developed for the keeping of properrecords of the policies and procedures that are being updated, and of newpolicies and procedures that are being developed in order to set clear targetsand monitor progress.

4.1.2 Human Resources- Employment Practices
The Municipality is committed to developing human resources systems, policiesand procedures, which incorporate fraud and corruption prevention practices.

There is a risk of poor implementation of its human resource system, policiesand procedures; the Municipality undertakes testing thereof during internalaudits in which control deficiencies are subsequently addressed.

Employee focused anti- fraud and anti – corruption measures should be visiblefrom the point of advertising a vacant post, recruitment, specific employmentconditions, maintaining high employee morale, performance management andexit procedures upon resignation or retirement.

The approachesindicated below are key to the Municipality's efforts in this regard.
- **Advertising posts:** the inclusion of specific provisions when advertisingposts to provide an indication to applicants that only people with thehighest levels of personal integrity will be considered and that submissionto appropriate pre- employment screening processes are obligatory forconsideration in any post.

- **Pre-employment screening**: the Municipality intends ensuring thatpre-employment screening procedures are applicable to all employees,regardless of level, including employees acting in specific positions,seconded employees and temporary and contract workers. Due diligencewill be applied to ensure only candidates with the utmost integrity areselected during the screening process.

- **Probation:** compulsory probationary periods should applicable to allfull-time employees. This provision will be extended to include secondedemployees and temporary and contract workers. Relevant vetting will beconsidered for employees on probation, during probation and prior totheir final appointment in view of the long duration of the probationaryperiod.

- **On-going financial disclosure**: all employees will be obliged to declarespecific personal assets and private business interests. The MunicipalManager may undertake further investigations as may be necessary,consistent with such financial disclosures.

- **Employee induction programmes**: employee induction is anopportunity to introduce employees to the culture and ethos of theorganisation. Efforts will be made to ensure that the organisational strategy,business ethnics and conduct standards are included in employeeinduction. Specific steps will also be developed to include secondedemployees, interns and temporary and contract workers in relevantaspects of induction programmes.

- **Obligatory leave periods:** in order to limit the risk of over-workedemployees which increase the risk of non-compliance tointernal control and to further limit the risk of fraud and corruption, theMunicipality will compel all employees to take annual leave. This controlalso limits the risk of unethical individuals monopolising specific tasks.

- Managers will be encouraged to ensure that appropriate control, e.g.appropriate scrutiny and supervision, are put in place in instances whereemployees do not take leave for extended periods of time due to workcommitments.

- **Exit procedures for employees and control over assets**: the exitprocedure for employees leaving the Municipality usually requires thereturn of assets and an exit interview. Steps will be taken to ensure thatspecific follow-up time frames are set to encourage managers to apply therequirement related to the return of assets more promptly.

- The Municipality will ensure that an **exit interview process** is in placewhich includes the assessment of the perceptions of the business ethicsand conduct standards within the Municipality. This will assist inidentifying areas for improvement.

4.1.3Discipline
The Municipality will be consistent and efficient in its application of disciplinarymeasures. Additional measures, which will be considered that include:
- Communication of specific disciplinary standards and forbidden conduct;
- Introducing a system where the application of disciplinary measures isapplied consistently;
- Steps for continuous training of managers in the application of disciplinarymeasures;
- Where managers are found to be inconsistent and/or inefficient in theapplication of discipline, the Municipality will consider firm action;
- Publicise (within the permissible legal framework) the outcomes andsanctions of disciplinary actions as a deterrent effect to others.

4.1.4 Financial Systems and Control
Appropriate finance policies and procedures are also necessary to ensureappropriate internal control over finance management and to limit fraud andcorruption risks. The effectiveness of the existing finance policies andprocedures will also be tested during the course of the internal audits anddeficiencies are addressed.

The Council must approve an annual budget for the Municipality before thestart of the financial year. The Municipality may only incur expenditure interms of an approved budget and within limits of the amounts appropriated forthe different votes in an approved budget.

The Municipal Manager is the accounting officer of theMunicipality. Therefore the Municipal Manager should ensure that the financialsystems and controls that are in place in the Municipality address the following:
- Effective, efficient and economic use of resources;

- Proper record keeping of the financial affairs of the Municipality;
- Effective, efficient and transparent systems of financial and riskmanagement and internal control;
- Effective, efficient and transparent systems of internal audit;
- Prevention of irregular or fruitless and wasteful expenditure; and
- Institution of disciplinary or, when appropriate, criminal proceedingsagainst the employees who have committed an act of financial misconductor other offence, including fraud and corruption.

Furthermore, the Municipal Manager must ensure that an effective system ofexpenditure control is in place. According to the MFMA, the accounting officerof the Municipality must report to the South African Police Service all cases ofalleged theft and fraud that occurred in the Municipality.

Senior management and other officials of the Municipality must assist theMunicipal Manager in coordinating the financial systems and controls withinthe Municipality.

The finance policies, procedures and other prescripts of the Municipalityprescribe various controls, which, if effectively implemented, would limit fraudand corruption within the Municipality. Thesecontrols, may be categorised asfollows, it being recognised that the categories contain overlapping elements:

Prevention controls, which are further subdivided into:
- Authorisation controls which require that all transactionsmust be authorised or approved by an appropriate responsibleperson and that the limits for these authorisations arespecified in the delegations of authority of the Municipality.
- Physical controls which are concerned mainly with the custodyof assets and involve procedures and security measuresdesigned to ensure that access to assets is limited to authorisepersonnel.

Detection controls, which are further subdivided into:
- Arithmetic and accounting controls, which are basic controlswithin the recording function which ensure that transactionsto be recorded and processed have been authorised, arecomplete, are correctly recorded and accurately processed.Such controls include checking of totals, reconciliation,control accounts, and accounting for documents.
- Physical controls, which relate to the security of records andare similar to preventive controls in that they are alsodesigned to limit access.
- Supervision, which relates to supervision by responsibleofficials of day-to-day transactions and the recording thereof.
- Management Information which relates to the review ofmanagement accounts and budgetary controls. These controlsare normally exercised by management outside the day-todayroutine of the system.

Segregation of duties
- One of the primary means of control is the separation of thoseresponsibilities or duties that would, if combined, enable oneindividual to record and process a complete transaction,thereby providing him/her with the opportunity to manipulatethe transaction irregularly and commit fraud and corruption.

- Segregation of duties reduces the risk of intentionalmanipulation or error and increases the element of checking.
- Functions that should be separated include those ofauthorization, execution, custody, recording, and, in the caseof computer- based accounting systems, systems developmentand daily operations.
- Placed in context with fraud and corruption prevention,segregation of duties lies in separating either the authorizationor the custodial function from the checking function.

Despite the existence of policies and procedures to address internal control,deficiencies such as ineffective application of policies and procedures resultingfrom lack of training, expertise, knowledge and capacity has the potential tolead to increased incidence of fraud and corruption.

The Municipality will continue to initiate steps to address the problem of lack oftraining, expertise and knowledge in systems, policies and procedures toimprove internal control. Areas of weaknesses will be identified during audits andrisk assessments.

Furthermore, the Municipality will also continue to re-emphasise to allsupervisors that consistent compliance by all employees with internal control isone of the fundamental requirements to prevent fraud and corruption.
Managers will be encouraged to recognize that internal control shortcomingsidentified during the course of audits are, in many instances, purely symptomsand that they should strive to identify and address the causes of these internalcontrol weaknesses, in addition to addressing the control weaknesses.

Where managers do not comply with basic internal controls, e.g. non-adherenceto the delegation of authority limits, firm action(s) will be considered.

4.1.5 Procurement
The MFMA requires every municipality to have a procurement policy that isfair, equitable, transparent, competitive and cost effective.

Further, the MFMA stipulates that the procurement policy of the Municipalitymust at least address the following aspects:
- The barring of persons from participating in tendering or other bidding processes who have been convicted of fraud or corruption during the past five years;wilfully neglected, reneged on or failed to comply with governmentcontracts during the five years; ando whose tax matters are not cleared by SARS

The Municipal Manager must implement the procurement policy and take allresponsible steps to ensure that proper mechanism and separation of duties inthe procurement system are in place to minimize the risk of fraud, corruption,favouritisms and unfair and irregular practices.

At a minimum, the procurement policy of the Municipality should contain thefollowing anti-fraud and anti-corruption provisions:
- The range of supply chain management processes that the Municipalitymay use, e.g. tenders, quotations, etc.;
- When a particular process must be used;
- Procedures for each type of process;

- Open and transparent pre-qualification processes for tenders and otherbids;
- Competitive bidding processes;
- Bid documentation, advertising of and invitations for contracts;

Procedures for:
- the opening, registering and recording of bids in the presence ofinterested parties;
- the evaluation of bids;
- negotiating the final terms of the contracts; and
- the approval of bids;
- Screening of processes and security clearances for prospective contractorson tenders or other bids above a prescribed value;
- Compulsory disclosure of conflicts of interests;

The barring of persons from participating in tendering or other biddingprocesses who have:
- been convicted of fraud or corruption during the past five years;
- wilfully neglected, reneged on or failed to comply with agovernment contract during the past five years ;ando tax matters that are not cleared with SARS;
- Any additional measure for combating fraud, corruption, favouritism and unfair and irregularpractices in the Municipality's supply chain management.

4.1.6 Housing
In order to fulfil its housing role, the Municipality must carry out the following functions:
- Health and safety: ensure that conditions not conducive to health andsafety of the inhabitants of its areas of jurisdiction are prevented orremoved;
- Efficient services: ensure that services in respect of water, sanitation,electricity, roads, storm water drainage and transport are provided in amanner that is economically efficient;
- Housing Delivery Goals: set housing delivery goals in respect of itsarea of jurisdiction;
- Land for Housing: identity and designate land for housingdevelopment;
- Public environment: create and maintain a public environmentconducive to housing development which is financially and socially viable;
- Conflict Resolution: promote the resolution of conflicts arising in thehousing development process;
- Bulk and Revenue Generating Services: provide bulk engineeringservices, and revenue generating services in so far as specialist utilitysuppliers do not provide such services;
- Land use: plan and manage land use and development, and
- Housing Development: initiate, plan, co-ordinate, facilitate, promoteand Enable appropriate housing development in its area of jurisdiction.

4.1.7 Housing Subsidy
A housing subsidy is a grant by government offered to qualifying beneficiariesfor hosing purposes. The grant is not paid in cash to the beneficiaries. The grantis paid a seller or may be used to construct a house, which is then transferred toa beneficiary.

Applications for a housing subsidy must satisfy the following criteria:
- An applicant must be married or be living together with any other person.
- A single person with proven financial dependents (such as children orfamily members) may also apply;
- An applicant must be a citizen of the Republic of South Africa, or be in· possession of a permanent resident permit;

- An applicant must be legally competent to contract (i.e. over 21 years ofage, or married or divorced) and of sound mind;
- An applicant's gross monthly income must not exceed R2 700. Adequate proof of income must be submitted;
- An applicant or anyone else in the household must not have received previous housing benefits from the government.

Except in the following:

- An applicant that qualifies for a consolidation subsidy; orDisabled persons; or Persons who _ own a vacant stand that was obtained through the landrestitution programme;
- have acquired a residential property for the first time withoutGovernment assistance and the house/dwelling on the property,if any, does not comply with the Norms and Standards inrespect of Permanent Residential Structures. The propertymust be in possession and registered in the name of theapplicant; and
- qualify for a consolidation subsidy

Applications for a housing subsidy may be made at either the relevant provincialHousing Department or at the offices of the Municipality.

Where applications are received by the Municipality, receipt of the followingdocuments should be ensured in order to mitigate the risk of beneficiariesirregularly receiving a housing subsidy:
A certified copy of the following:

- the page of the bar-coded R.S.A identity document containing thephotograph of the applicant and that of his or her spouse;
- the page of the bar- code permanent residence permits containingthe photograph of the applicant of his or her spouse where theapplicant is not a South African resident;
- a marriage certificate (if applicable);
- a spouse's death certificate;
- a divorce decree (if applicable);
- a birth certificate of all dependents (if applicable); and
- most recent pay slip (applicant and spouse)
- Agreement of sales;
- Building contract and approved building plan;
- Sale of land and house building support agreement in respect of people'shousing process (PHP) (if applicable)
- Proof of disability (if applicable)
- Proof of loan granted by lender(if applicable)
- Application for exemption foe capital contribution (if applicable)

4.1.8Housing allocation
The Municipality facilitates the allocation of houses built by provincial andnational government. Furthermore, the Municipality facilitates communicationwith communities through the different structures, e.g. ward committees, etc.and facilitates the capturing of beneficiaries on the waiting list. A fundamentalrisk in the allocation of the houses is that housing may be irregularly allocated to beneficiaries, e.g. beneficiaries may be moved up the waiting list in exchangefor undue benefits.

The Municipality will develop a housing policy that, at a minimum, will addressthe anti-fraud and anti-corruption provisions referred to in paragraphs 4.1.6 and 4.1.7above.

4.1.10Risk Management and Assessment
In order to identify and address risk facing the Municipality, a risk assessment will be performed on an annual basis. This process will be complimented by the specific identification of existing controls to mitigate risks identified. Additional actions to further mitigate these risks will culminate in risk management plan.

3.1.37. Presentations to employees of the Municipality will be conducted in order toensure that they have a more detailed understanding of the fraud andcorruption risks facing the Municipality and the areas wherein these risks exist,thus enhancing the prospect of detecting irregularities earlier.

4.1.10 Fraud Detection Reviews

The Municipality will perform specific detection reviews in areas, which are athigh risk of unethical conduct, fraud and corruption on a regular basis. Thiswill include the conducting of presentations to employees, including managers,to ensure that they have a more detailed understanding of the risk associatedwith these areas, thus also enhancing the prospect of detecting irregularitiesearlier. These include:

- Recruitment of staff;
- Procurement, e.g. emergency procurement, sole suppliers, etc.;
- Housing, e.g. allocation, administration of housing waiting lists, etc.; and
- Financial systems and control, e.g. payment of suppliers, receipt andbanking of revenue received.

4.1.11 Internal and External Audit

The MFMA stipulates that a Municipality must maintain a system of internalaudit under the control and direction of an audit committee. Furthermore, theinternal audit function of the Municipality is required to report on mattersrelating to:

Internal control;
- Accounting procedures and practices;
- Risk and risk management;
- Loss control; and
- Compliance with applicable legislation.

The Municipality will maintain an internal Audit Unit, which will include anticorruptioncapacity under the guidance of the Audit Committee. In terms of itsCharter, the primary role of the Audit Committee will be to:

- Evaluate the performance of Internal Audit;
- Review the Internal Audit functions' compliance with its mandate asapproved by the Audit Committee;
- Review and approve the internal audit plans and the Internal Audit'sconclusion with regard to internal controls;
- Review significant differences of opinion between management andInternal Audit function;
- Evaluate the independence and effectiveness of internal auditors, and
- Review the co-operation and co-ordination between the internal andexternal audit function and co-coordinating the formal internal auditwork plans with external auditors to avoid duplication of work.

The anti-corruption function within the Municipality will be responsible for theinvestigation of allegations of fraud and corruption that are brought to itsattention. Additionally, it will support the risk management procedure from afraud risk identification perspective.

The Municipality recognises the fact that the positive support by all itsmanagers for internal audits and its functions, speedy response to, and theaddressing of queries raised by Internal Audit is vital to the success of the plan.
Where Managers are found to be slow in addressing internal control anddeficiencies raised by Internal Audit, firm action will be considered.

Awareness strategies will also be developed to enhance managers'understanding of the role of internal audits.

The Municipality is also the subject of annual external audits. These auditsinclude the following tasks:

- examining evidence supporting the amounts and disclosures in thefinancial statements;
- assessing the accounting principles used and significant estimates madeby management; and
- evaluating the overall financial statement presentation.

4.1.12Physical and Information Security

4.1.12(a) Physical security

The Municipality's main physical security threat arises in the area of controlover its physical assets, facilities and employees. Security personnel and accesssystem are deployed to mitigate this threat. However, control over securitypersonnel and access systems should be reviewed for adequacy. The Municipality will also consider conducting a regular detailed review of thephysical security arrangements at its offices and other sites and improveweaknesses identified. Specific focus areas will be physical security overinfrastructure, assets and staff.

Furthermore, the Municipality will continue to pursue steps to ensure adequatesecurity over its people and confidential information systems.

4.1.12(b) Information security

The Municipality will ensure that all employees are sensitized on a regular basisto the fraud and corruption risks associated with information security and theutilization of computer resources, in particular access control, and ensure thatsystems are developed to limit the risk of manipulation of computerized data.

Communiqués will be forwarded to employees on the management ofintellectual property and confidential information to limit the risk ofmanipulation of information.

Regular communiqués will be forwarded to employees pointing out securitypolicies, with particular emphasis on e-mail and internet usage and theimplications(e.g. disciplinary action) of abusing these and other computerrelated facilities. Where employees are found to have infringed on prevailingpolicy in this regard, disciplinary action will be taken.

Regular reviews of information and computer security will also be considered.Weaknesses identified during these reviews will be addressed.

4.2 Focus on employees

Key ambassadors for the successful implementation of the plan for theMunicipality are its employees. In essence, this means that their conduct oftenforms the base upon which the Municipality as an institution is judged. TheMunicipality's employees have to therefore demonstrate behaviour beyondreproach in the execution of the duties.

4.3 Focus on other stakeholders

The Municipality has several other stakeholders with whom it interacts. Theseare indicated below:

- Trading partners, e.g. suppliers, contractors, consultants;
- Employee representative organisations;
- DPLG
- SALGA; and

- The general public.

All stakeholders, with whom the Municipality interacts with, are expected toabide by the principles contained in the plan. Although the Municipality haslimited legal rights to enforce these principles on external stakeholders, it canexercise moral persuasion to gain compliance to the principles contained in theplan or choose not to enter into relationships with stakeholders who do notcomply.

4.3.1 Trading Partners
It is common perception that employees face the greatest challenge to theirintegrity in the form of enticement to accept bribes from unethical suppliers,contractors and consultants. Furthermore, these trading partners are also oftenviewed as untrustworthy in delivery of goods and /or services.

Approaches to address the risk of fraud and corruption relating to tradingpartners are as follows:
- Appropriate terms and conditions in invitations to propose for servicesrelating to the standards of business ethics expected by the Municipality;
- Appropriate pre-award screening of credentials supplied by contractors;
- Provisions for the compulsory declaration of actual and/or potentialconflicts of interest both by suppliers and employees of the Municipalitydealing with these suppliers;

Appropriate contract terms and conditions indicating the conductexpected by the Municipality ;on-going communication of these standards;Sound project management;
Monitoring and evaluation of breaches such as:
- Prosecution;
- Loss of recovery; and
- Placing of appropriate prohibitions on future contracts andcancellation of existing contracts.

4.3.2 Employee representative organisations
The Municipality is committed to comply with the resolutions of recognitionagreements with trade unions. Nonetheless, it is also expected of trade unionsrepresentatives to comply with the principles of the Municipality's Plan.

4.3.3 Department of Co-operative Governance and Traditional Affairs
COGTA is a national department and its primary function is to develop policiesand legislation with regard to provinces and local government, and to monitorthe implementation of the Structures Act, Municipal Demarcation Act, SystemsAct as well as the MFMA. Efforts will be made to ensure that this stakeholder isalso made aware of the principles contained in the Plan and the conductencouraged by the Municipality.

4.3.4 SALGA
SALGA is an organisation mandated by the South African constitution to assistin the transformation of Local Government in South Africa. SALGA plays a corerole in areas related to local government transformation and as a nationalrepresentative of the local government sector and its employees. TheMunicipality will also ensure that SALGA is made aware of the Plan andappropriately complements it when dealing with the Municipality

4.3.5 The general public
Members of the general public will also be made aware of the Municipality'scommitment to fraud prevention and encouraged, through awarenessprogrammes, to report irregularities affecting the Municipality.

4.4 Enforcement

No fraud prevention Plan would be complete without enforcement forming anintegral component for instances where fraud and corruption occur.

4.4.1 Reporting and Monitoring of fraud and corruption

4.4.1(a) Reporting Channels
The reporting channels for unethical conduct, fraud and corruption impactingon the Municipality are as follows:
- All allegations of fraud and corruption should be reported by employees totheir immediate managers;
- If there is a concern that the immediate manger is involved, the reportmust be to any other member of management, the Municipal Manager,the Speaker, the Mayor and/or the Chairperson of the AuditCommittee.

Parallel to the above enforcement approaches, is the task of fixing of controls tolimit future recurrence of fraud and corruption in the event of breaches. Theresolution mechanisms, which can be pursued in enforcement, are illustratedbelow.

4.4.2 Disciplinary criminal civil dispute resolution outputs
- Deterrent effect of investigation
- Corrective measures Systems
- Preventative measures ProcessesPolicies

4.4.3Implementation and awareness
The Plan will be reviewed on an annual basis, whilst progress with theimplementation of the various components will be reviewed on a regularbasis. In the latter regard, specific priorities stemming from the Plan, actions tobe taken, responsible persons and feedback dates relating to progress made willalso be set.

4.4.3(a) Monitoring
The Municipality will ensure that a fraud and corruption information system isdeveloped for the following purposes:
- Recording all allegations;
- Tracking progress with the management of allegations;
- To facilitate the early identification of systematic weaknesses andrecurring risks, and inform managers and employees of systematicweaknesses/ risks; and
- Provide feedback to employees and other whistle blowers on themanagement of allegations.

4.4.3(b)Creating awareness
This component of the Plan comprises two areas, namely training andcommunication.

4.4.3(c) Training
Formal awareness presentation will be conducted for employees of theMunicipality in planned workshops. The on-going creation of awareness amongstall employees is, however, the responsibility of managers.
Approaches to createawareness amongst all employees will address the following issues:
- Employee awareness and application of professional ethics in their workenvironment;
- Employee awareness of the current systems, policies and proceduresrelating fraud and corruption and their rights should they blow thewhistle;

- Encouraging employees to blow the whistle on fraud and corruptionwithin their work environment; and
- Encourage employees to understand specific fraud and corruption relatedrisks to which the Municipality may be exposed to, thus enhancing theprospect of detecting irregularities earlier

4.4.3(d) Communication

The objective of communication is to further create awareness amongstemployees, the public and other stakeholders, of the Plan in order to facilitate aculture where all stakeholders strive to contribute towards making it a success.This will increase the prospect ability.

Communication approaches that will be considered by the Municipality are thefollowing:

- Presentation of Plan to Council and Staff;
- A suggestion box for employees and other stakeholders to makesubmissions which could enhance the further development of the Plan;
- Ensure that ethics promotion is a fixed agenda item in meetings
- Signing of declarations of commitment by all employees to the Plan
- Endorsements of other correspondence directed at providers of goodsand/or services with pro- ethics and anti-fraud and anti-corruptionmessages; and
- Report on the success attained on the implementation of the Plan in the Annual Report of the Municipality.
- Placing the Plan on the official website of the Municipality