



MADIBENG LOCAL MUNICIPALITY

ANTI FRAUD AND CORRUPTION STRATEGY 2020/21



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MADIBENG LOCAL MUNICIPALITY ANTI-CORRUPTION

FOREWORD

Madibeng Local Municipality strives to be a sector where leadership is unquestionably committed to high ethical standards, service delivery and good governance. We commit to serve our communities and all stakeholders with respect, dignity and integrity, and in a manner that is consistent with the values and principles we uphold.

We are guided by our fundamental values, code of conduct, section 67 of the Municipal Systems Act, MFMA, the Municipal Integrity Management Framework and Batho- Pele Principles to ensure transparency and accountability at all times. We uphold the principles enshrined in our Constitution in promoting and maintain a high standard of professional ethics in everything we do.

Being a culture driven municipality our main focus should be on social, environmental and economic regeneration of our city and communities. It is imperative that employees of MLM conduct their duties with a high level of integrity. We need to set our own bar on how to act and behave in society and strive for the eradication of fraud and corruption.

Corruption breaks down societal norms, erodes good governance and obstructs service delivery. We have therefore taken a zero tolerance approach to fraud and corruption and commit to reducing MLM's susceptibility to fraud, raising the level of fraud awareness amongst employees and MLM stakeholders and provide rules on what conduct and behaviour are acceptable. Our goal is to foster and maintain a culture of honesty and integrity - a key requirement in fulfilling our regulatory mandate.

We must acknowledge that the fight against corruption is dependent on our municipality being well governed and having a competent capacity. The real work starts now. We have put on paper new anti-corruption reforms. MLM now needs to move these principles from principles to execution. As public institutions we need to join the global effort and break the corruption chain.

Executive Mayor: CLLR Jostina Mothibe



1. INTRODUCTION

1.1 Application

This Strategy applies to the Madibeng Local Municipality and, where applicable, it's Municipal Entities.

Consequently, where applicable the term 'Municipality' should be read to include any Municipal Entity concerned.

1.2 Purpose of the Strategy

The purpose of the Strategy is to state **how** the Municipality will achieve its goal of an environment free of corruption and fraud, and maintaining an ethical culture.

The objectives of this strategy and the policy that supports the strategy are to:

- Introduce and strengthen measures that support the integrity of the MLM, including the integrity of internal and external processes;
- Improve accountability, efficiency and effective administration of MLM;
- Intensify anti-corruption awareness and training programs;
- Develop anti-corruption capacity and capabilities; and
- Promote an organisational culture of virtuous conduct.

This Strategy should be read with the Anti-Fraud and Anti-Corruption Policy, since –

- The Policy contains prescripts of what conduct are acceptable and what conduct is not acceptable within the legislative framework.

1.3 Key Elements

There are four key elements that are vital to achieve the strategy of the MLM:



- Prevention;
- Detection;
- Investigation; and
- Resolution.

2. PREVENTION

The Municipality will pursue zero tolerance by –

- Having a public statement of commitment to no tolerance to fraud and corruption
- Engaging with stakeholders to communicate and promote education and awareness of, and training on, ethical conduct and integrity
- Having and maintaining anti-fraud, anti-corruption and ethics policies to which employees subscribe
- Promoting good governance and thus good leadership
- Rigorously screening / vetting prospective candidates, both pre-employment and whenever staff change roles
- Having and maintaining a policy and procedures / registers pertaining to the disclosure of external interests, receipt of gifts, sponsorships and hospitality and extraneous remunerative work;
- Ensuring physical security of infrastructure, assets and employee as well as information security over confidential information, databases etc;
- Early identification of areas of risk and implementing preventative measures; and
- In an effort to prevent conflict of interests, introducing and maintaining a policy that requires mandatory disclosure of all confirmed offers of employment by employees in a managerial role; and similarly require such disclosure from suppliers and prospective suppliers in the Municipality's standard bidding documents.

The Municipality will learn more about fraudsters by –



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- Compiling profiles of the types of people most likely to defraud them; and
 - Actively seeking information from outside sources on fraudsters.

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The Municipality will make the best use of financial assets by –

- Installing financial and other systems that can monitor the costs of prevention, deterrence and investigation of fraud and corruption; and
- implementing controls to reduce bad debt, and, through civil or criminal prosecution, have a good record of recovery of all fraud losses.

The Municipality will motivate all areas to fight fraud by having and maintaining clear internal and external policies to appropriately reward those who effectively prevent, detect and react to fraud and corruption.

The Municipality will appoint an Ethics Officer, who shall have similar rights and responsibilities as reflected in the Public Sector Integrity Management Framework. The Commissioner of Integrity and the IMC will also be established as oversight governance structures.



3. DETECTION

The Municipality will enable early detection of fraud by –

- Insisting that all employees and stakeholders report fraud;
- Encouraging staff & managers to reveal vulnerabilities in controls designed to deter fraud, corruption and unethical conduct;
- Tracking investigations dealing with procurement and contract implementation; and
- Having and maintaining communication programmes, such as a whistle blowing hotline, for all stakeholders relating to the reporting of fraud, corruption and unethical conduct.

The Municipality will assess their fraud and corruption risks by –

- Regularly and actively seeking information from outside sources (national and international) on fraud and corruption risks and recommendations;
- Considering fraud and corruption risks in all operations
- Repeatedly assessing fraud and corruption risks on their financial, physical and information assets;
- Creating and maintaining an ethical culture;
- Ethics and Fraud Risk Management; and
- Role of the Ethics Office –training and awareness.

The Municipality will assign priorities for action by -

- Assigning clear timetables for action to tackle areas of high fraud risk
- Holding all levels of management responsible for reducing the cost of fraud and corruption in their areas of control
- Ensuring effective and efficient segregation between operational responsibility; and the responsibility to oversee and monitor; pertaining to all



functionaries responsible and accountable to deter fraud, corruption and unethical conduct.

The Municipality will make the best use of staff to combat fraud, corruption and unethical conduct by –

- Having and maintaining an Internal Audit function which makes the reduction of fraud and corruption a priority
- Training all staff to detect fraud and corruption red flags, and on the mechanisms of whistle-blowing protection; and
- Applying a policy of mandatory vacations.

The Municipality will make the best use of information to combat fraud, corruption and unethical conduct by –

- Gathering enough information / data on transactions and analyzing them effectively to detect fraud and corruption indicators
- Instituting effective monitoring of both direct and indirect losses through fraud
- Subscribing to external data sources; and
- Subscribing to automated alerts in specific high-risk data sets.

The Municipality will motivate all areas to fight fraud by –

- Creating an efficient whistle blowing mechanism; and
- Removing internal mechanisms that might discourage reporting fraud.
- Including in performance agreements of all employee's measurable key performance criteria that includes the effective prevention and detection of fraud, corruption and unethical conduct;
- Ensure that all employees' employment agreement contains a pledge of integrity and ethics;
- Engaging with external stakeholders to report fraud
- Ensuring that service providers pledge, as part of the service level agreement, to ethical business practices.



4. INVESTIGATION & RESOLUTION

The Municipality will implement and 'live' its zero tolerance statement by –

- Effectively, efficiently and expediently investigate all alleged and suspected fraud, corruption and unethical conduct;
- Ensuring sufficient internal capacity to investigate fraud;
- Liaising with other entities such as the SAPS to further investigations outside of the MLM;
- Effectively recovering losses as a result of fraud and corruption;
- Insisting that suspicions / allegations of fraud, corruption and unethical conduct go to a central functional point;
- Ensuring that the central function has a direct reporting line to the IMC;
- Ensuring that responses to fraud and corruption that has been detected also includes the prevention of the continuation of the fraud, prevention of further losses, quick identification of control weaknesses and root causes for the occurrence and implementing measures to prevent recurrences, and freezing or recovery of assets where appropriate;
- Ensuring that disciplinary action against officials are implemented effectively, efficiently, consistently and expediently;
- Ensuring that contractual agreements with suppliers are cancelled / addressed in terms of the law as soon as possible after proof of fraud or corruption, to prevent future losses;
- Instituting recovery process of all financial losses suffered;
- Instituting criminal prosecution where necessary;
- Maintaining an incident-database for future and reporting reference; and
- Communicating 'lessons learnt' from each investigation to employees, so as to prevent recurrence and ensure early detection.

The Municipality will have assigned roles to combat fraud and corruption by -



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- Having one person / functionary ultimately responsible for reduction of total fraud and corruption costs; and
 - Have one designated person as a fraud / corruption / liaison officer in each department and entity who are ultimately accountable to the person / functionary ultimately responsible for the reduction of fraud and corruption.

5. Compliance with the Municipality's regulatory framework and the Business Integrity Framework

Various undertakings covered in this strategy are also contained in mandatory prescripts with which any Municipality and Municipal Entity must comply with; as per the applicable legislative framework and the Integrity Framework.

This Strategy will be implemented within the parameters of that legislative framework, ensuring compliance at all times.