

**FRAUD AND
CORRUPTION
POLICY**

BAVIAANS MUNICIPALITY

POLICY : FRAUD / CORRUPTION

STATEMENT OF POLICY PRINCIPLES

Baviaans Municipality is committed to protecting its revenue, property, information and other assets from any attempt, either by members of the public, contractors, intermediaries or its own employees, to gain by deceit, financial or other benefits.

DEFINITIONS

Fraud and other irregularities include but are not limited to items set out hereunder. The use of the word "fraud" through this policy includes all other irregularities involving dishonesty.

1. Forgery of cheques, documents etc
2. Misappropriation of funds, supplies or any other asset including furniture, fixtures and equipment
3. Any irregularity in the handling or reporting of financial transactions
4. Seeking or accepting anything of value from suppliers, consultants or contractors in violation of the Code of Conduct
5. Unauthorised use or misuse of Council property, equipment, materials or records
6. Any computer related activity involving the alteration, destruction, forgery or manipulation of data for ulterior purposes
7. Any claim for reimbursement of expenses that were not incurred bona fide for the benefit of the Council

APPLICABILITY

This policy applies to all employees of the Baviaans Municipality.

POLICY STATEMENT

The Council is committed to clean administration and will not tolerate corruption or any fraudulent activities.

1. General Policy and Responsibilities

- 1.1 It is the Council's intention to fully investigate any acts of fraud, misappropriation or other similar irregularity.
- 1.2 Each Departmental Manager is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriation or other irregularities.

- 1.3 The primary responsibility for the investigation of irregularities rests with the Departmental Manager concerned. A Head of Department may request advice from the Finance Manager and other Departments where applicable. The Finance Manager will notify the Municipal Manager of any investigation to be undertaken before the commencement of the investigation. The Finance Manager has the primary responsibility for the monitoring of all major irregularities as defined in this policy. In all circumstances, where there are reasonable grounds to indicate that a fraud may have occurred, the Finance Manager shall be advised thereof.
- 1.4 Upon conclusion of an investigation, the results shall be reported to the Municipal Manager.
- 1.5
- 1.6

2. Procedures

- 2.1 All Employees
An employee who has knowledge of fraud, or has reason to suspect that a fraud has occurred, shall immediately notify his / her Head of Department. The employee shall not discuss the matter with anyone else. Employees who knowingly make false allegations will be subject to discipline.
- 2.2 Departmental Managers
Upon notification of a suspected fraud, or if the Departmental Manager has reason to suspect that a fraud has occurred, the Departmental Manager shall notify the Finance Manager of such suspicions. The Departmental Manager shall not investigate the suspected fraud or discuss the matter with anyone else until such time that an investigation method has been determined. Discretion is granted to the Departmental Manager to proceed with an investigation of minor fraud or other irregularity without immediately informing the Finance Manager. The Finance Manager shall, however, be informed.
- 2.3 Corporate Services Manager
Upon notification or discovery of a suspected fraud, the Corporate Services Manager shall assist with advice regarding possible suspension and such other aspects as may be appropriate.

3. Protocols

After an initial review and a determination that there is prima facie evidence of fraud, the Finance Manager will notify the Municipal Manager of the allegations.

4. Security of Evidence

The Finance Manager shall take action to prevent the theft, alteration or destruction of relevant records. Such actions include, but are not necessarily limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud from having access to the records. The relevant Head of Department shall secure the records as envisaged above until the Finance Manager obtains the records to begin the investigation.

5. Confidentiality

All participants in a fraud investigation shall keep the details and results of the investigation confidential. The Finance Manager may discuss particulars of the investigation with witnesses if such disclosure would further the investigation.

6. Personnel Actions

If a suspicion of fraud is substantiated by the preliminary investigation, disciplinary action shall be taken by management, in consultation with the Corporate Services Manager, in accordance with the Disciplinary Code. This may also entail suspension of the employee in certain cases. Where necessary, criminal charges must be laid against the person concerned.

7. Whistle-Blower Protection

The Council or any person acting on behalf of the Council shall not:

- Dismiss or threaten to dismiss an employee
- Discipline or suspend or threaten to discipline or suspend an employee
- Impose any penalty upon an employee; or
- Intimidate or coerce an employee

simply because the employee has acted in accordance with the requirements of this Policy.

8. Media Issues

Fraud and audit investigations shall not be discussed with the media or with any unauthorised party. The release of information relating to a case shall only take place on finalisation of the disciplinary hearing. Only information relating to the incident will be disclosed, not the methods adopted or the method of investigation. The information will be released by the Municipal Manager, if necessary.

9. Documentation

At the conclusion of the investigation, the Finance Manager shall document the results in a confidential report to the Municipal Manager. The Finance Manager will also make recommendations to assist in the prevention of future similar occurrences.

10. Completion of Investigation

Upon completion of the investigation, including all legal and personnel actions, any records, documents and other evidence will be returned to the appropriate department unless required for the Court action.

11. Annual Report

The Finance Manager will report, on an annual basis, information related to fraud incidents and investigations conducted during the year.