



**Theewaterskloof
Municipality**

**ANTI-CORRUPTION AND FRAUD
PREVENTION POLICY**

2024-2025

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1. DEFINITIONS

“Accounting Officer” means the Municipal Manager referred to in Section 60 of the MFMA;

“Councillor” means a member of the municipal council of the Theewaterskloof Municipality;

“Chief Financial Officer” means a Chief Financial Officer designated in terms of Section 80 (2) (a) of the MFMA;

“Designated official” means the individuals identified in a Municipality to receive reports of allegations of financial offences against councillors, currently the Municipal Manager, Speaker and Executive Mayor in terms of the terms of reference of the disciplinary board on financial misconduct;

“Disciplinary board” means a disciplinary board established in terms of paragraph 4 of Regulations on financial misconduct, 2014;

“Internal Audit” The Institute of Internal Auditors defines internal audit as 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. The Internal Audit unit will evaluate and contribute to the improvement of risk management, control and governance systems through the annual internal audit programme and surprise audits;

“Investigator” means the disciplinary board, treasury, person or team conducting a full investigation in terms of paragraph 5 of Regulations on financial misconduct, 2014;

“Management” includes the Senior Management in terms of section 56 of the MSA and include Managers on the first three levels of the organizational structure;

“MFMA” means the Municipal Finance Management Act, 2003 (Act 56 of 2003);

“Staff” any employee not considered as Management, which is a full-time employee, an individual seconded or contracted to the Municipality in his/ her personal capacity;

“Whistle-blower” any employee, ratepayer, member of the public or provider of goods and or services or any other person reporting corruption in terms of this policy;

DESCRIPTION OF FRAUD AND CORRUPTION

The following definitions summarizes the act of corruption and fraud to be dealt with in terms of this policy:

“Abuse of power / discretion” this involves for example a Municipal official using his or her vested authority to improperly benefit another Municipal official, person or entity (or using vested authority to improperly discriminate against another Municipal official, person or entity).

“Abuse of privileged information misconduct” this inter alia involves the use of privileged information and knowledge that a Municipal official or Councillor possesses as a result of his or her

office to provide unfair advantage to another person or entity to obtain a benefit, or to accrue a benefit to him or herself.

“Act of failure” omitting to report or refusing to report or act upon reports of any such irregular or dishonest conduct.

“Billing fraud” occurs when suppliers of goods and services to a Municipality overcharge or otherwise produce false invoices, and payment is secured on those with the help of an employee.

“Bribery” is the bestowing of a benefit in order to unduly influence a decision or action. It can be initiated by a person who seeks or solicits bribes or by a person who offers and then pays bribes. Bribery is the most common form of corruption. The 'benefit' of bribery can be virtually any inducement: money and valuables, company shares, inside information, sexual or other favours. Once bribery has occurred, it can target any individual who has the power to make decisions or to take an action affecting others and is willing to resort to bribery to influence the outcome of that decision.

“Cheating” this type of corruption is usually perpetrated by an individual or a group of individuals who are out to influence or distort the truth for their selfish gains, e.g. taking a leave without completing an application therefor.

“Fraud” is the unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to the Municipality and include; Financial Statement fraud, Cyber security attacks, conflict of interest, gifts and Electronic Fund Transfer fraud.

“Collusion” means conspiring with others by staff/councillors/bidders/suppliers especially in planning fraud or conniving and entering into secret agreement for wrongful and improper purposes.

“Conflict of interest” this involves a Municipal official failing to disclose within a reasonable time in writing to the Municipal Manager:

- a) full particulars of any benefits / purchase by an official that he / she might have received from a supplier of goods and services, and / or any interest that his / her spouse, partner or close family member stands to acquire from any contract / friendship concluded with a supplier of goods and services of the Municipality;
- b) all relationships / friendships with any supplier of goods and services to Theewaterskloof Municipality; and
- c) any private business / venture that any employee is involved in.

“Conspiracy” any person who unlawfully and intentionally conspires with any other person to aid or procure a commission from or to commit any offence, whether at common law or against statute or statutory regulation, shall be guilty of an offence and liable on conviction to the punishment to which the person convicted of actually committing offence would be liable.

“Corporate corruption / theft” this occurs in relationships between officials and the suppliers or clients, when officials use the Municipal resources / contracts for private gain, at the expense of the Municipality.

“Corruption” could be summarised 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 any act in relation to that power or duty.

“Cronyism” is the practice of appointing friends to high-level, especially political posts regardless of their sustainability.

“Embezzlement” this is a form of theft. It is the appropriation of someone else’s property that is already in your possession or control. It is something referred to as theft by conversion in that someone else’s property is converted into your own private use e.g False accounting entries, unauthorized withdrawals, unauthorized disbursements, paying personal expenses from municipality’s bank funds, unrecorded cash payments, theft of physical property, and moving money from dormant accounts.

“Equipment or resources misconduct”: where the municipality’s equipment is used for personal benefit and include;

- a) Personal use of municipal or hired vehicles by the municipality;
- b) Theft of any equipment and or material or other items; and
- c) Irregular/ unauthorized destruction, removal or abuse of records (including intellectual property) and equipment.

“Ethical” being in accordance with the accepted principles of right and wrong that governs the conduct of a profession e.g. good, just, fitting, fair, responsible, principled, correct, decent, proper, upright, honourable, honest, righteous, and virtuous. The municipality policy Ethical behaviour must be red with the policy.

“Extortion” is committed when a person unlawfully and intentionally obtains some advantage which is not due to him from another by subjecting the latter to pressure which h induces him to hand over the advantage. It could also be used to coerce individuals into ‘cooperating’ in a particular manner or towards a specific cause.

“Favouritism / discrimination” it is the practice of giving special treatment to a person or a group of people. This involves the provision of services or resources according to personal affiliation (for example, ethics, religious, gender, geographical factors, political or other affiliations).

“Forgery” is the unlawful and intentional making of a false document with intent to defraud which can include handwritten receipts.

“Financial misconduct” to be read with sections 170 to 173 of the MFMA and the description of financial misconduct and financial offences as defined in the MFMA and the regulations on financial misconduct, 2014 and where individuals or companies have fraudulently obtained money from the Municipality by

- a) Making profit from insider’s knowledge
- b) Irregular conspiracy in awarding contracts or orders for goods and / or services;
- c) Suppliers submitting invalid invoices or invoicing for work not done;
- d) Revenue fraud; and
- e) Theft of improperly handling or reporting of monies or financial transactions.

“Forms of Corruption” as described in these definitions are by no means exhaustive as corruption appears in many forms and it is virtually impossible to list all of them.

“Friendship” is a form of interpersonal relationship generally considered to be closer than association/ colleagues. For this purpose, it would mean people connecting/ communicating/ spending time with one another after office hours as friends.

“Looting / robbing” this is when an individual is involved in the illegal and illegitimate transfer / handover of money or goods from the Municipality or the Municipal bank account to another company / individual. Looting may also take the form of diversion of goods and services from an intended destination to another (un-intended one). An example of this type of corruption is where suppliers or contractors collude with staff to be paid for goods and services that were never delivered.

“Maladministration” is a political term which describes the action of government body which can be seen as causing an injustice. Municipalities can only investigate ‘maladministration causing injustice’. Complaints can be considered about the way a decision was taken by Council, but cannot ignore the decision, only because the person complaining does not agree with it. It also means that the person complaining must have suffered an ‘injustice’ as a result of the faulty decision-making process. Maladministration can include delays; incorrect actions or failure to take any action, failure to follow procedures or the law, failure to provide information, inadequate record-keeping, failure to investigate, failure to reply, misleading or inaccurate statements, inadequate liaison, inadequate consultation, or broken promises.

“Malpractice” improper / refusal or unethical conduct or unreasonable lack of skill by a holder of a professional or official position, such as engineers, lawyers, and professional public / municipal officers / staff to stand for negligent or un-skillful performance of duties when professional skills are obligatory / compulsory. Malpractice is a cause of action or no action, by an official or councillor for which damages / claims to the municipality are occurred / allowed / claimed.

“Misappropriation” is:

- a) A non-violent criminal taking of property which includes embezzlement, theft, and fraud. Often applied to staff member’s taking of an employer’s property such as stationary, fuel, tools and equipment.
- b) Taking / using what belongs to someone else like municipal quotes and tenders and using it unfairly for one’s own gain; for example, using your position with suppliers for own gain.
- c) To use incorrectly or improperly. In terms of copyright, it is the act of theft or improper use of intellectual property for financial or personal gain.
- d) Often called unfair competition. A common law form of unfair competition in which an individual or firm copies or appropriate some creation of another that is not protected by patent, copyright or trademark law, or any other traditional theory of exclusive rights.

“Misconduct” includes all the definitions mentioned in this policy and also means to act badly or dishonestly or improperly and / or to poorly manage the activities of the municipality.

“Nepotism” when a municipal official or councillors uses his/ her influence to ensure that family members or friends or partners are appointed into any municipal vacancies or receives a contracts from the municipality that is regarded as nepotism.

“Other misconduct” activities undertaken by the staff or councillor of the municipality which may be unlawful and against the municipality’s regulations or policies or drop below established standard or practices and result in improper conduct can also be dealt with in terms of this policy and include receiving gifts and favours for rendering services.

“Patronage” systems consist of the granting favours, contracts, or appointments to positions by a local public office holder or candidate for a political office in return for political support. Many times, patronage is used to gain support and votes in elections or passing legislation. Patronage systems disregard the formal rules of local government and use personal instead of formalized channels to gain an advantage.

“Petty corruption” is common in very normal day-to-day interactions and relations in society. It usually involves small gifts, favours or bribes. However, small as petty corruption may sound, its destructive power is as bad as grand corruption due to its pervasiveness in society and due to its apparent appearance as ‘harmless’. It is therefore possible for many people to dismiss it and think its consequences are not destructive to a society e.g. fast-tracking the delivery of essential of services.

“Political corruption” involves councillors seeking bribes or other rewards for their own political or personal benefits in return for political favours to their supporters at the expense of public interest.

“Systemic corruption” is when corruption becomes accepted as the ‘norm’ and as part and parcel of the procedures of running public affairs of a municipality or society at large. A common manifestation of systemic corruption in our country is the frequent bribes by offenders to traffic police officers either ignore the lack of road worthiness, over-loading, or over-speeding.

“Systems misconduct” where a process / system exists which is prone to abuse by either staff or the public, e.g.

- a) Misadministration or financial misconduct in handling or reporting of money, financial transactions or assets;
- b) Conspiracy in allocation of housing;
- c) Disclosing confidential or proprietary information to outside parties; and
- d) Irregular approval in the writing off of bad debt;
- e) Destruction, removal, or inappropriate use of records, furniture, vehicles, fixtures, and equipment.
- f) Accepting or seeking anything of material value from contractors, or persons providing services / materials to the municipality.

“Theft” is the unlawful and intentional misappropriation / misuse / stealing / fiddling / embezzlement of municipal property with the intention to deprive the municipality of its right permanently.

“Data theft” refers to the unauthorized access, transfer, or misuse of a company’s confidential data by its employees.

“Hacked emails” refers a cybercriminal has gained unauthorized access to your email account.

“Trans-active corruption” arises from dealings between an official and a supplier of goods and services. It may occur when officials want to enrich themselves at the expense of municipality. For instance, when an official colludes with a supplier of uniforms and the latter supplier’s goods of substandard quality to the municipality at an inflated cost so that they not only share the profits but also so that colleagues get poor quality uniforms, then trans-active corruption is said to have taken place.

“Unethical” not conforming to approved standards of social or professional behaviour e.g. immoral, wrong, improper, illegal, dirty, unfair, informal, dishonest, unscrupulous, under-the-table, unprofessional, disreputable, underhand, unprincipled, dishonourable.

“Cyber security attacks” aim to damage or gain control or access to important documents and systems within a business or personal computer network. Cyberattacks are distributed by individuals or organizations for political, criminal, or personal intentions to destroy or gain access to classified information.

2. INTRODUCTION

Theewaterskloof Municipality subscribes to the principles of good corporate governance, which require the conducting of business in an honest and transparent fashion.

Consequently, Theewaterskloof Municipality is committed to fighting fraudulent and corrupt behaviour at all levels within the Municipality.

3. PURPOSE

The purpose of this policy is to establish boundaries for acceptable behavior and guidelines for the application of the fraud prevention plan.

4. SCOPE OF THE POLICY AND APPLICATION

This policy covers all matters relating to the prevention, detection, investigation and resolution of fraud and corruption in the Municipality involving the following persons and/ or entities:

- 4.1 Theewaterskloof Municipality staff members (permanent, temporary and contract).
- 4.2 Theewaterskloof Municipality Councillors
- 4.3 Consultants, suppliers, contractors and other providers of goods or services to Theewaterskloof Municipality.
- 4.4 Other stakeholders of Theewaterskloof Municipality.

5. LEGISLATIVE CONTEXT OF THE POLICY

The policy aims to give effect to the requirements and stipulations of the

- a) Prevention and Combating of Corrupt Activities Act (No. 12 of 2004)
- b) Promotion of Access to Information Act (PAIA) (No.2 of 2000)
- c) Promotion of Administrative Justice Act (PAJA) (No.3 of 2000)
- d) The Municipal Finance Management Act (MFMA) (No.56 of 2003)
- e) Financial Intelligence Centre Act (FICA) (No.38 of 2001)
- f) Public Finance Management Act (PFMA) (No.1 of 1999)
- g) Protected Disclosures Act (PDA) (No.26 of 2000)
- h) Municipal Regulations on Financial Misconduct Procedures and Criminal Procedures (No.430 of 2014)
- i) Code of Conduct for Councillors in terms of Schedule 1 of the Municipal Structures Act (No.32 of 2000)
- j) Code of Conduct for Municipal Staff Members in terms of Schedule 2 of the Municipal Structures Act (No.32 of 2000)
- k) Labour Relations Act (No.66 of 1995)
- l) Theewaterskloof Municipality Code of Ethics.
- m) Theewaterskloof Risk Management Policy
- n) Theewaterskloof Risk Management Strategy

6. POLICY STATEMENT

It is the policy of the Municipality that fraud, corruption, theft, maladministration, or any other dishonest activities of a similar nature will not be tolerated. Such activities will be investigated, and actions instituted against those found responsible. Such actions may include the laying of criminal charges, administrative / disciplinary actions, and civil actions for recoveries where applicable.

Prevention, detection, response and investigative strategies will be designed and implemented. These will include any existing controls (systems controls and manual internal controls) and those currently prescribed in existing policies, procedures and other relevant prescripts to the activities of the Municipality.

All managers are responsible for the prevention, detection, and sanctioning of fraud and corruption within their areas of responsibility.

7. POLICY STANCE

7.1 The policy of the municipality is zero tolerance to fraud and corruption. In addition, fraud and corruption will be investigated and followed up by the application of all remedies available within the full extent of the law and the implementation of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies and procedures of the municipality.

7.2 The efficient application of instructions contained in the policies and procedures of the municipality, is one of the most important duties to be applied by every employee in the execution of their daily tasks.

8. ETHICS

All fraud and corruption risks arise due to a lack of ethics. Many of the controls implemented to prevent corruption and fraud requires human involvement and can be circumvented by two or more persons colluding. People without a strong ethical character will not report corrupt and/ or fraudulent acts they are aware of.

Anti-corruption and fraud prevention measures can thus only succeed in an environment of ethical behavior, not only due to the need to prevent corrupt and fraudulent acts, but also to detect corruption and fraud when it does occur.

9. ROLE-PLAYERS IN ANTI-CORRUPTION AND FRAUD PREVENTION

9.1 Oversight

9.1.1 Council & Executive Mayoral Committee

Council and the Executive Mayoral Committee takes an interest in anti-corruption and fraud prevention to the extent necessary to obtain comfort that properly established and functioning systems of anti-corruption and fraud prevention are in place to protect Theewaterskloof Municipality against losses, comply with legislation and discipline offenders.

Council may institute investigations into alleged instances of corruption and/ or fraud involving Councillors and is responsible for the disciplinary process of Councillors implicated in acts of corruption and/ or fraud.

9.1.2 Performance and Audit Committee

The PAC is responsible for providing the Municipal Manager with independent counsel, advice and direction in respect of anti-corruption and fraud prevention.

The PAC will include a specific focus on fraud risks when advising on internal financial control, the accuracy and reliability of the financial statements, governance and compliance with legislations.

9.1.3 Fraud and Risk Management Committee

The FARMCO is appointed by the Accounting Officer to assist him in the discharge of fraud prevention and risk management responsibilities, including anti-corruption and fraud risk management.

The FARMCO's role is to review the effectiveness of anti-corruption and fraud prevention activities, the key corruption and fraud risks facing the Municipality and the responses to address these key risks. The FARMCO must also monitor the implementation of the municipality's anti-corruption and fraud prevention strategy and policy.

9.2 Implementers

9.2.1 Municipal Manager / Accounting Officer

The Accounting Officer is ultimately responsible for anti-corruption and fraud prevention within the municipality. The Accounting Officer must set the tone at the top and promote ethical behavior within the municipality.

9.2.2 Directors

Directors support the municipality's anti-corruption and fraud prevention philosophy, integrate it into the operational routines of the municipality and monitor the anti-corruption and fraud prevention activities within their areas of responsibility.

The Directors are ultimately responsible to the Accounting Officer and Council for the anti-corruption and fraud prevention measures in their directorates.

9.2.3 Management

Management is responsible for designing, implementing and monitoring anti-corruption and fraud prevention controls and integrating it into a day-to-day activities of the municipality.

Management is also risk action owners and must formulate appropriate action plans to combat corruption and fraud risks identified during risk identification and assessment.

9.2.4 Other municipal officials

Other municipal officials are responsible for adhering to and monitoring the process of anti-corruption and fraud prevention and integrating it into their day-to-day activities.

9.3 Support

9.3.1 Risk Management Unit

The Risk Management Unit coordination function enables, through risk identification and assessment, the inclusion of corruption and fraud related risks in the Municipality's risk register. Throughout the unit's monitoring activities, special focus is given to ensure that appropriate action plans are formulated by management to mitigate corruption and fraud related risks and sufficient reporting is conducted to the relevant oversight structures.

9.3.2 Internal Audit

Internal Audit investigates allegations of corruption and fraud as requested by the Council, Executive Mayor, Accounting Officer and the Audit Committee. As part of their investigations, they must provide recommendations for the improvement of anti-corruption and fraud prevention measures to prevent a similar corruption or fraud incident from occurring in the future.

9.4 Assurance Providers

9.4.1 Internal Audit

In addition to investigations and recommendations, Internal Audit can also provide assurance on the Municipality's anti-corruption and fraud prevention measures.

Due to the independence requirements of Standard 1130.A1 of the International Standards for the Professional Practice of Internal Auditing, Internal Audit may only provide assurance on anti-corruption and fraud prevention activities they were not involved with.

9.4.2 External Audit / Auditor General of South Africa (AGSA)

The AGSA provides an independent opinion on the effectiveness of the Municipality's anti-corruption and fraud prevention and measures.

In providing opinion the AGSA:

- a) Determines whether the anti-corruption and fraud prevention strategy, policy and plan are in place and appropriate;
- b) Assesses the implementation of the anti-corruption and fraud prevention strategy, policy and plan;
- c) Reviews the corruption and fraud risk assessment process to determine if it is sufficiently robust to facilitate timely and accurate risk rating and prioritization;
- d) Determines whether management action plans to mitigate the key corruption and fraud risks are app and being implemented effectively.

Findings and recommendations from an external audit can be used in the evaluation and improvement of anti-corruption and fraud prevention measures.

10. ACTIONS CONSTITUTING CORRUPTION, FRAUD, THEFT AND MALADMINISTRATION

Offences constituting corruption, fraud, theft and maladministration collectively refer to, but are not limited to:

- 9.1 any dishonest, fraudulent or corrupt act;
- 9.2 thefts of funds, supplies, or other assets;
- 9.3 maladministration or financial misconduct in handling or reporting of money, financial transactions or other assets;
- 9.4 making a profit from insider knowledge;
- 9.5 disclosing confidential or proprietary information to outside parties;
- 9.6 irregularly accepting, requesting, offering or giving anything of material value to or from contractors, suppliers or other persons providing services/goods to the Municipality;
- 9.7 irregular destruction, removal or abuse of records, furniture and equipment;
- 9.8 use of the municipality's assets for personal gain;
- 9.9 any similar or related irregularity; and
- 9.10 deliberately omitting or refusing to report or act upon reports of any such irregular or dishonest conduct.

11. PROTECTION OF WHISTLE BLOWERS

A whistle blower who reports suspected fraud and / or corruption may remain anonymous should he/she so desire.

The Protected Disclosures Act (No 26 of 2000) protects whistle blowers who are employed by the Municipality. No employee will be subjected to any occupational detriment by the municipality on account, or partly on account of having made a protected disclosure.

No person will suffer any penalty or retribution for good faith of any suspected or actual incident of fraud and corruption which occurred within the Municipality.

The Municipality will not tolerate harassment or victimisation and will take action to protect staff and Councillors when they raise a concern in good faith. This does not mean that if a staff member or councillor is already the subject of disciplinary or other action, that action will be halted as a result of their whistle blowing.

An employee or councillor who suspects or reports suspected dishonest activity or any such activity that he or she has witnessed or of which he or she has knowledge, may remain anonymous should he or she so require, subject, however, to the laws and procedures relating to the investigation of offences by the SA Police Service and the giving of evidence.

The malicious reporting of any false allegations by staff member or councillor shall constitute a serious disciplinary infraction and it is not protected by the provisions in this section.

12. INVESTIGATIONS

12.1 Responsibility for conducting investigations

The responsibility for conducting investigations relating to corruption lies with the Accounting Officer, who may delegate such responsibility, whether generally or in specific cases, to managers of the municipality as he/she may consider appropriate.

12.2 Anonymous Allegations

The Municipality encourages staff and Councillors to put their names to allegations. Concerns expressed anonymously are difficult to investigate; nevertheless, they will be followed up at the discretion of the Municipality. This discretion will be applied by taking into account the following:

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

12.3 Investigators

The assistance of the following people / entities may be sought for purposes of carrying out any such investigations into corruption and fraud:

- a. External and Internal Audit Services;
- b. Chief Risk Officer
- c. External state investigating agencies, e.g. SAPS, where matters fall within their mandate;
- d. External consultants, e.g. Forensic Accounting consultants;
- e. Office of the National Director of Public Prosecutions;
- f. Special Investigating Units established under any law;
- g. The Public Protector
- h. Any other authority as determined by Council.

Council and management of the Municipality must, within the bounds of their authority, render appropriate support and assistance to any investigation undertaken by an authorized investigator and must arrange/take the necessary steps to facilitate free access to the Municipality's buildings, equipment, staff, Councillors and information sources required by the investigator.

12.4 Confidentiality

All information relating to fraud and corruption that is received and investigated 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.

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 Accounting Officer.

12.5 Feedback to complainants

The Municipal Manager or his/ her delegate will upon receiving a report of alleged / suspected fraud or corruption, write to the complainant acknowledging receipt.

The Municipality accepts that those people who reported alleged fraud and corruption need to be assured that the matter is progressing or has been properly addressed, but confidentiality during and after investigations must also be maintained. Thus, subject to legal constraints, information about any investigation will be disseminated on a 'need to know basis' only.

13. REPORTING PROCEDURES AND RESOLUTION OF REPORTED INCIDENTS

13.1 It is the responsibility of all persons mentioned in the scope of this policy to report all incidents of corruption, fraud, theft and maladministration. Whilst verbal reports are acceptable, written reports should be encouraged.

13.2 All alleged and confirmed cases of fraudulent incidents, corrupt acts and unethical behavior must be reported and recorded in a formal Fraud and Risk Management Committee meeting. (The incident will then be reviewed by means of a thorough risk assessment conducted by the Chief Risk Officer or any delegated authority to identify process deficiencies / weaknesses in order to strengthen internal control environment and prevent re-occurrence).

13.3 In the case of an employee, such employee must report any such incident to his or her manager; provide that if such employee is not comfortable reporting such matters to his or her manager, the matter should be reported to such manager's superior, with final recourse to the Accounting Officer.

In the case of a councillor, the councillor should be report the matter directly to the Accounting Officer.

13.4 It is the responsibility of the Managers to report and/or escalate all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to the Accounting Officer.

Such reporting by managers must be made as follows:

- Verbally, immediately after discovery of the incident in question
- Such verbal report must be followed by a detailed written report to be submitted within 5 days of the discovery of such an incident.

13.5 It is the responsibility of the Accounting Officer to immediately report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to the provincial Treasury.

13.6 If the Accounting Officer is of the opinion that the matter might lead to the laying of criminal charges, the Accounting Officer will report such incident to the South African Police Service.

13.7 Where a staff member is alleged to have committed an act of fraud, corruption, theft, or maladministration the Manager must institute disciplinary proceedings, within a reasonable period, in terms of the disciplinary code and procedure of the Municipality.

13.8 As soon as a disciplinary hearing on a charge concerning any matter contemplated in par 7 is completed, the outcome must be reported to the Accounting Officer.

Such report shall deal with the following:

13.8.1 The name and position of the staff member against whom proceedings are instituted;

13.8.2 The disciplinary charges, indicating the misconduct the staff member is alleged to have committed;

13.8.3 The findings of the disciplinary hearing;

13.8.4 Any sanction imposed on the staff member; and

13.8.5 Any further action to be taken against the staff member, including criminal charges or civil proceedings.

13.9 The Accounting Officer is also required to ensure that losses or damages suffered by the municipality as a result of an act committed or omitted by a staff member must be recovered from such a staff member if he is liable in law.

The Accounting Officer must determine the amount of the loss or damage and, in writing request that staff member to pay the amount within 30 days or in reasonable installments. If the staff member fails to comply with the request, the legal process will then be initiated by the Accounting Officer.

14. HARASSMENT OR VICTIMISATION

The Municipality will not tolerate harassment or victimisation of any person who reports any incident of fraud, corruption theft or mal-administration and will take action to protect staff when they report incidents in good faith. Any act of harassment or victimisation should be reported to the Head of Department. The Head of Department should escalate the matter to the Accounting Officer.

15. CONFIDENTIALITY

15.1 All information relating to fraud and corruption that is received and investigated 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.

15.2 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 Accounting Officer.

16. APPLICATION OF PREVENTION CONTROLS AND DETECTION MECHANISMS

16.1 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.

16.2 Fraud Prevention Plans will be developed and implemented by all heads of department.

17. TRAINING, EDUCATION AND AWARENESS

17.1 In order for the Policy to be sustainable, it must be supported by a structured education, communication and awareness programme.

17.2 It is the responsibility of all heads of department and managers to ensure that all staff, are made aware of, and receive appropriate training and education with regard to this Policy.

18. ADMINISTRATION

18.1 The custodian of this policy is the Accounting Officer who is supported in its implementation by all Heads of Department.

18.2 The Fraud and Risk Management Committee (FARMCO) will be responsible for direct oversight in respect of the administration, revision and interpretation of the Policy. FARMCO will in turn give assurance reports to the Audit Committee and Council on the effective execution of this Policy.

19. RELATED POLICIES

The following documents are related to this policy:

Anti-Corruption and Fraud prevention strategy & plan for Theewaterskloof Municipality

21. REVIEW

This policy must be reviewed and approved by the delegated authority on a regular basis.

22. VERSION AND APPROVAL

VERSION	DATE
Revised and accepted by Fraud and Risk Management Committee	
Revised and accepted by Executive Mayoral Committee	



**Theewaterskloof
Municipality**

**ANTI-CORRUPTION AND
FRAUD PREVENTION
STRATEGY**

2024-2025

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1. INTRODUCTION

Theewaterskloof Municipality subscribes to the principles of good corporate governance, which requires conducting business in an honest, ethical and transparent fashion.

Consequently Theewaterskloof Municipality is committed to fighting corrupt and fraudulent behaviour at all levels within the Municipality.

In addition to promoting ethical conduct within the Municipality, the strategy is also intended to assist in preventing, detecting, investigating and sanctioning corruption and fraud.

2. MISSION OF ANTI-CORRUPTION AND FRAUD PREVENTION

To ensure that the strategic objectives are achieved and without compromising our stakeholders' trust and quality of our service, an effective approach to combatting corruption and fraud must be taken to minimise losses. Prevent, detect, investigate and sanction corruption and fraud. Inform and assist the executive and personnel on their roles and responsibilities to guarantee that the risks relating to corruption and fraud are managed to ensure that the best outcome is achieved.

3. OBJECTIVES OF ANTI-CORRUPTION AND FRAUD PREVENTION

The objectives of an anti-corruption and fraud prevention framework are to:

- Align strategic objectives with anti-corruption and fraud prevention activities.
- Drive specific anti-corruption and fraud prevention processes to respond to the potential threats;
- Embed instinctive and consistent consideration of corruption and fraud in the day-to-day planning and achievement of objectives;
- Provide clarity on the Municipality's stance on corruption and fraud;
- Development of anti-corruption and anti-fraud capacity within the Municipality;
- Improve the application of systems, policies, procedures, rules and regulations dealing with corruption and fraud;
- Deterrence, prevention and detection of unethical conduct, corruption and fraud;
- Investigating detected incidents of unethical conduct, corruption and fraud;
- Taking appropriate action and applying sanctions in cases of unethical conduct, corruption and fraud.

4. PRINCIPLES OF ANTI-CORRUPTION AND FRAUD PREVENTION

- Encourage a culture within the Municipality where all municipal officials, members of the public and other stakeholders continuously behave with and promote integrity in their dealings with or on behalf of the Municipality;
- Creating a culture within the Municipality which is intolerant to unethical conduct, corruption and fraud;
- Strengthening community participation in the fight against corruption and fraud in the Municipality;
- Strengthening relationships with key stakeholders that are necessary to support the actions required to combat corruption and fraud in the Municipality;

5. CORRUPTION AND FRAUD AWARE CULTURE

The Municipality's no tolerance stance on corruption and fraud must be clear. The values of integrity, honesty and objectivity must be institutionalised throughout the Municipality.

Municipal officials must be aware of their duty to report incidents of corruption or fraud and willing to report. Anti-corruption and fraud prevention responsibilities must be assigned throughout the Municipality. It should support accountability, performance measurement and reward the minimising of corruption and fraud at all levels.

6. CORRUPTION AND FRAUD RISK MANAGEMENT

The management of corruption and fraud risks form part of the enterprise risk management of the Municipality. Corruption and fraud risk identification, assessments, management, monitoring, reporting thereon and oversight occur during the course of enterprise risk management activities.

This strategy should therefore be read in conjunction with the Risk Management Strategy.

7. ETHICS IN ANTI-CORRUPTION AND FRAUD PREVENTION

All corruption and fraud occur due to a lack of ethics. Managing ethics can prevent corruption and fraud and increase the reporting of corrupt and/or fraudulent activities due to the ethical behaviour of the Municipality's staff.

8. APPROACH TO ANTI-CORRUPTION AND FRAUD PREVENTION

Theewaterskloof Municipality's approach to anti-corruption and fraud prevention is explained in the anti-corruption and fraud prevention policy and consist of the following components:

- **Internal Focus**
 - Systems, policies, procedures and internal controls
 - Councillors
 - Human resources
 - Finance
 - Housing
 - Information
 - Physical Assets
 - Risk Management
 - Internal Audit
- **External Focus**
 - External Audit
 - Community / Public
 - Suppliers
 - Employee unions
- **Implementation**
 - Commitment
 - Awareness
 - Training
 - Execute
 - Monitoring
- **Enforcement**
 - Reporting
 - Investigation
 - Disciplinary/Legal action

9. CONFIDENTIALITY

All information relating to corruption and fraud that is received and investigated will be treated confidentially. The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any persons other than those who have a legitimate right to such information.

Although there should be transparency in dealing with corruption and fraud, confidentiality during investigations is needed to:

- avoid harming the reputations of suspected persons who are subsequently found not guilty;
- prevent implicated persons from having knowledge of the investigation and the investigator's plans, to prevent them from destroying or altering evidence before the investigator can obtain it;
- prevent implicated persons from having knowledge of the evidence against them, to prevent them from preparing explanations to suit the evidence before they are questioned by the investigator;
- protect the name of the source who reported the corruption and/or fraud;
- protect the names of people who co-operate with the investigator to prevent witness tampering or victimisation.

10. PROTECTION OF WHISTLE BLOWERS

No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of corruption and fraud which occurred within the Municipality.

Theewaterskloof Municipality will not tolerate harassment or victimisation of whistle blowers and will take action to protect whistle blowers when they raise a concern in good faith. This does not mean that if the person is already the subject of disciplinary or legal action, that action will be halted as a result of their whistle blowing.

A person who reports suspected corruption and/or fraud may remain anonymous should he/she so desire. The Municipality will do its best to protect the person's identity when he/she raises a concern and wants to remain anonymous. It must be kept in mind though that the investigation could reveal the source of the information.

11. ROLES AND RESPONSIBILITIES

Various legislation, contracts and Municipal policies determine the roles and responsibilities of the role players involved in anti-corruption and fraud prevention.

11.1. MUNICIPAL COUNCIL

11.1.1. Legal Mandate

The following legislative instruments provide the legal foundation for the Municipal Council's responsibility for anti-corruption and fraud prevention:

- **Code of Conduct for Councillors, Schedule 1 of the Municipal Systems Act (Act 32 of 2000);**

11.1.2. Role and Responsibilities

The Municipal Council is responsible for oversight of the municipal administration, including probing for possible corruption and fraud and holding the Municipal Manager accountable for instituting anti-corruption and fraud prevention measures.

The main responsibilities of the Municipal Council in anti-corruption and fraud prevention are:

- Investigate cases of corruption and fraud involving Councillors;
- Provide oversight and direction to the Municipal Manager on the anti-corruption and fraud prevention strategy and related policies;
- Having knowledge of the extent to which the Municipal Manager and management has established effective anti-corruption and fraud prevention measures in their respective departments;
- Hold the Municipal Manager accountable for anti-corruption and fraud prevention within the Municipality;
- Insist that the Municipal Manager and management institute disciplinary action against municipal officials involved in corruption and/or fraud and institute actions to recover losses suffered by the Municipality due to the corrupt and/or fraudulent acts.
- Comply with the Code of Conduct for Councillors and Code of Ethics.

11.2. MUNICIPAL MANAGER

11.2.1. Legal Mandate

The following legislative instruments provide the legal foundation for the Municipal Manager's responsibility for anti-corruption and fraud prevention:

- **Sections 61 and 62 (1) (a), (b), (c), (d), (e) of the Municipal Finance Management Act (Act 56 of 2003)**
- **Section 55 (1)(g) and (2) of the Municipal Systems Act (Act 32 of 2000)**
- **Code of Conduct for Municipal Staff Members, Schedule 2 of the Municipal Systems Act (Act 32 of 2000)**
- **Section 34 (1) and (4) (b), (j) of the Prevention and Combating of Corrupt Activities Act (Act 12 of 2004).**

11.2.2. Role and Responsibilities

The Municipal Manager is ultimately accountable for the anti-corruption and fraud prevention within the Municipality. The Municipal Manager must set an example at the top and promote ethical behaviour within Municipality.

The main responsibilities of the Municipal Manger in anti-corruption and fraud prevention are:

- Set an example at the top by acting with integrity;
- Establish the necessary structures and reporting lines within the Municipality to support whistleblowing;
- Approve the code of conduct for municipal officials and hold officials accountable for adherence;
- Endorsing the code of ethics and holding management and officials accountable for adherence;
- Comply with Section 34 of the Prevention and Combating of Corrupt Activities Act (Act 12 of 2004);
- Hold the Directors accountable for anti-corruption and fraud prevention in their directorates;
- Leverage the Audit and Performance Audit Committee, Fraud and Risk Management Committee, Internal Audit Services and other appropriate structures for assurance on the effectiveness of corruption and fraud risk management;
- Consider and act on recommendations from the Audit and Performance Audit Committee, Internal Audit Services, Fraud and Risk Management Committee and other appropriate structures regarding weaknesses in the control environment or identified cases of corruption and/or fraud;
- Institute disciplinary actions against Directors implicated in corruption and/or fraud and institute actions to recover any losses suffered by the Municipality due to the corrupt and/or fraudulent act;
- Comply with the Code of Conduct for Municipal Staff Members and Code of Ethics.

11.3. MANAGEMENT

11.3.1. Legal Mandate

The following legislative instruments provide the legal foundation for Management's responsibility for anti-corruption and fraud prevention:

- **Section 78 of the Municipal Finance Management Act (Act 56 of 2003)**

11.3.2. Role and Responsibilities

Management is accountable to the Municipal Manager for designing, implementing and monitoring anti-corruption and fraud prevention controls and integrating it into the day-to-day activities of the Municipality.

The main responsibilities of Management in anti-corruption and fraud prevention are:

- Design, implement and monitor anti-corruption and fraud prevention controls;
- Comply with the policies and procedures of the Municipality;
- Institute disciplinary actions against staff implicated in corruption and/or fraud and institute actions to recover any losses suffered by the Municipality due to the corrupt and/or fraudulent act;
- Report corrupt or fraudulent activities to their Director or Municipal Manager;
- Comply with the Code of Conduct for Municipal Staff Members and Code of Ethics.

11.4. OTHER MUNICIPAL OFFICIALS

11.4.1. Legal Mandate

The following legislative instruments provide the legal foundation for other municipal officials' responsibility for anti-corruption and fraud prevention:

- **Section 78 of the Municipal Finance Management Act (Act 56 of 2003)**

11.4.2. Role and Responsibilities

Other municipal officials are accountable to their Management for adhering to and monitoring the process of anti-corruption and fraud prevention measures and integrating it into their day-to-day activities.

The main responsibilities of other municipal officials in anti-corruption and fraud prevention are:

- Familiarity with the anti-corruption and fraud prevention strategy, policy and plan and acting accordingly;
- Comply with the policies and procedures applicable to their areas of operation;
- Maintain the functioning of the control environment and monitoring systems within their delegated responsibility;

- Report incidents of corruption or fraud to Management;
- Comply with the Code of Conduct for Municipal Staff Members and Code of Ethics.

11.5. RISK MANAGEMENT UNIT

11.5.1. Legal Mandate

The following legislative instruments provide the legal foundation for the Risk Management Unit's responsibility for anti-corruption and fraud prevention:

- **Section 78 of the Municipal Finance Management Act (Act 56 of 2003)**

11.5.2. Role and Responsibilities

The primary role of the Risk Management Unit is to include corruption and fraud risks in their risk management planning and processes.

The main responsibilities of the Risk Management Unit in anti-corruption and fraud prevention are:

- Develop, together with other role players, the anti-corruption and fraud prevention strategy, policy and plan;
- Include a focus on corruption and fraud risks during risk identification and assessments;
- Assist management in developing responses for corruption and fraud risks;
- Assist with investigations through fraud and ethics risk assessments to identify process deficiencies / weaknesses and prevent re-occurrence;
- Organise training for municipal officials regarding corruption and fraud;
- Report identified incidents of corruption or fraud to Management, Directors Municipal Manager as well as to the Fraud and Risk Management Committee.

11.6. INTERNAL AUDIT SERVICES

11.6.1. Legal Mandate

The following legislative instruments provide the legal foundation for Internal Audit Services' responsibility for anti-corruption and fraud prevention:

- **Section 165 (2) of the Municipal Finance Management Act (Act 56 of 2003)**

11.6.2. Role and Responsibilities

Internal Audit Services acts as an assurance provider for the Municipality regarding anti-corruption and fraud prevention measures and as an investigator for alleged incidents of corruption and fraud.

The main responsibilities of Internal Audit Services in anti-corruption and fraud prevention are:

- Review the corruption and fraud philosophy of the Municipality. This includes the anti-corruption and fraud prevention strategy, policy, plan, reporting lines and the values that have been developed for the Municipality;
- Provide independent assurance over the design and functioning of the control environment, information and communication systems and the monitoring systems;
- Provide independent assurance over the Municipality's corruption and fraud risk identification and assessment processes;
- Provide independent assurance as to whether the anti-corruption and fraud prevention strategy, policy and plan have been effectively implemented within the Municipality;
- Report detected incidents of corruption or fraud to the Municipal Manager;
- Investigate alleged incidents of corruption or fraud referred to Internal Audit Services;
- Escalate investigations and reporting to the Audit and Performance Audit Committee if it is hampered by municipal officials.

11.7. AUDIT AND PERFORMANCE AUDIT COMMITTEE

11.7.1. Legal Mandate

The following legislative instruments provide the legal foundation for the Audit and Performance Audit Committee's responsibility for anti-corruption and fraud prevention:

- **Section 166 (2)(a) (i), (ii), (iv), (vi), (vii), (b), (d) of the Municipal Finance Management Act (Act 56 of 2003)**

11.7.2. Role and Responsibilities

The Audit and Performance Audit Committee is responsible for providing the Municipal Manager and Council with independent counsel, advice and direction in respect of anti-corruption and fraud prevention measures.

The main responsibilities of the Audit and Performance Audit Committee in anti-corruption and fraud prevention are:

- Gain a thorough understanding of the anti-corruption and fraud prevention strategy, policy and plan of the Municipality to enable the Committee to add value to the anti-corruption and fraud prevention process when making recommendations for improvement of the process;
- Review the completeness of the risk assessment process implemented by the Municipality to ensure that all possible corruption and fraud risks have been identified during the risk assessment process, including an awareness of emerging risks;
- Review the progress made with the implementation of the anti-corruption and fraud prevention strategy of the Municipality;
- Review the process implemented by Management in respect of anti-corruption and fraud prevention and ensure that all corruption and fraud related incidents have been followed up appropriately;
- Report any identified incidents of corruption or fraud to the Municipal Manager.

11.8. FRAUD AND RISK MANAGEMENT COMMITTEE

11.8.1. Legal Mandate

There are no legal requirements outlining the Fraud and Risk Management Committee's responsibilities for anti-corruption and fraud prevention. Its responsibilities are defined in the Fraud and Risk Management Committee Charter.

11.8.2. Role and Responsibilities

The Fraud and Risk Management Committee is responsible for assisting the Municipal Manager with his oversight responsibilities for corruption and fraud risk management and evaluating and monitoring the Municipality's performance with regards to corruption and fraud risk management.

The main responsibilities of the Fraud and Risk Management Committee in anti-corruption and fraud prevention are:

- Review, administer, analyse and interpret the anti-corruption and fraud prevention strategy, policy and plan and recommend for approval by Council;
- Review, administer, analyse and interpret the progress made with the implementation of the anti-corruption and fraud prevention strategy of the Municipality;

- Review, administer, analyse and interpret the Municipality's risk identification and assessment methodologies to obtain reasonable assurance that all possible corruption and fraud risks have been identified during the risk assessment process, including an awareness of emerging risks;
- Report any identified incidents of corruption or fraud to the Municipal Manager, Audit Committee and Council.

12. REPORTING REQUIREMENTS

Progress with the implementation of the anti-corruption and fraud prevention strategy, policy and plan must be communicated to the Risk Management Unit, Directors, Municipal Manager, Audit and Performance Audit Committee and Fraud and Risk Management Committee.

Progress with the implementation of action plans to mitigate corruption and fraud risks will be reported on as part of the progress reports on risk actions.

The processes for the reporting of corrupt and/or fraudulent incidents must be defined and appropriate reporting structures created.

13. REVIEW

The anti-corruption and fraud prevention strategy must be reviewed and approved by the Municipal Council on an annual basis.

14. VERSION AND APPROVAL

VERSION	DATE
Revised and accepted by Fraud and Risk Management Committee	
Revised and accepted by Executive Mayoral Committee	



Theewaterskloof
Municipality

**ANTI-CORRUPTION AND FRAUD
PREVENTION PLAN**

2024-2025

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SECTION I: INTRODUCTION

1. BACKGROUND

- 1.1 The municipality subscribes to the principles of good corporate governance, which requires the conducting business in an honest and transparent fashion.
- 1.2 Consequently the municipality is committed to fighting fraudulent behaviour at all levels within the organisation.
- 1.3 The plan is premised on the organisations core ethical values driving the business of the municipality , the development of its systems, policies and procedures, interactions with ratepayers, the public and other stakeholders, and even decision-making by individual managers representing the organisation. This means that in practice all departments and other business units of the municipality and even external stakeholders must be guided by the plan as the point of reference for their conduct in relation to the municipality.
- 1.4 In addition to promoting ethical conduct within the municipality, the Plan is also intended to assist in preventing, detecting and investigating fraud and corruption.
- 1.5 This dynamic document details the steps, which have been, and will continually be taken by the municipality to promote ethical conduct and address fraud and corruption.

2. PURPOSE OF THE FRAUD PREVENTION PLAN

- 2.1 The purpose of the fraud prevention plan is summarised as follows:
 - Encouraging a culture within the Municipality where all employees, the public and other stakeholders continuously behave ethically in their dealings with, or on behalf of, the Municipality;
 - Improving the application of systems, policies, procedures and regulations;
 - Encouraging all employees and other stakeholders to strive towards the prevention and detection of fraud and corruption impacting or potentially impacting on the Municipality.

3. TERMS AND ABBREVIATIONS

Throughout this document, unless otherwise stated, the words and abbreviations below have the following meanings and cognate expressions shall bear corresponding meanings:

“Constitution” refers to the Constitution of the Republic of South Africa, as adopted on 08 May 1996 and amended on 11 October 1996 by the Constitutional Assembly

“COGTA” means the Department of Co-operative Governance and Traditional Affairs

“Fraud and corruption” includes, but is not limited to the following legal definitions:

“Fraud” is the unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to the Municipality and include; Financial Statement fraud, Cyber security attacks, conflict of interest, gifts and Electronic Fund Transfer fraud.

“Theft” is the unlawful and intentional misappropriation / misuse / stealing / fiddling / embezzlement of municipal property with the intention to deprive the municipality of its right permanently.

Offences in respect of corrupt activities as defined in the Prevention and Combating of Corrupt Activities Act, 2004, i.e.:

- The general offence of corruption which could be summarised as directly or 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 position of authority;
 - ✓ Breach of trust;
 - ✓ Violation of a legal duty or set of rules;
 - ✓ Designed to achieve an unjustified result; and
 - ✓ Any other unauthorised or improper inducement to do or not to do anything
- Corrupt activities in relation to:
 - ✓ Public officials and Foreign National public officials
 - ✓ Agents;
 - ✓ Judicial officers;
 - ✓ Members of the prosecuting authority;
 - ✓ Unauthorised gratification received or offered by or to a party with an employment relationship;
 - ✓ Witnesses and evidential material during certain proceedings;
 - ✓ Contracts;
 - ✓ Procuring and withdrawal of tenders;
 - ✓ Auctions;
 - ✓ Sporting events; and
 - ✓ Gambling games or games of chance;
- Conflicts of interests and other unacceptable conduct, e.g.:
 - Acquisition of private interests in contract, agreement in or investment in public body;
 - Unacceptable conduct relating to witnesses; and
 - Intentional interference with, hindering or obstruction of investigation of offence;
- Other offences relating to corrupt activities, viz:
 - Accessory to or after an offence.
 - Attempt, conspiracy and inducing another person to commit offence; and
 - Failure to report corrupt transactions;
- **Irregularities relating to the following:**

Systems issues: where a process/system exists which is prone to abuse by employees, the public or other stakeholders, e.g.:

 - Human Resources – Employment Practices:
 - Inadequate vetting of employees;

- Procurement:
 - Non-compliance to tender procedures;
 - Procurement fraud, e.g. collusion between employees and suppliers;
 - Fraudulent information submitted by suppliers when tendering for work;
- Financial Systems and Control:
 - Cyber security attacks
 - Hacked emails
 - Deliberate non-compliance to policies and procedures;
 - Abuse of the system of overtime;
 - Abuse of the system of travel claims;
 - Fraudulent payment certificates submitted for payment;
 - Non-compliance to delegated authority limits;
- Financial issues: i.e. where individuals or entities have fraudulently obtained money from The municipality , e.g.:
 - Human Resources – Employment Practices:
 - Ghost employees;
 - Irregular appointment of staff for undue benefits;
 - Nepotism
 - Procurement:
 - Suppliers invoicing for work not done;
 - Contractors “fronting”.
 - Financial Systems and Control:
 - Theft, e.g. petty cash amongst others; ;
 - Fraudulent travel claims by employees;
- Equipment and resource issues: i.e. where The municipality 's equipment is utilised for personal benefit or stolen, e.g.:
 - Financial Systems and Control:
 - Theft or abuse of municipal assets;
 - Deliberate destruction of property; and
 - Use of the Municipality resources and equipment for private gain.
- Other issues: i.e. activities undertaken by employees of The municipality , which may be against policies or fall below established ethical standards, e.g.:
 - Conflict of interest ;
 - Favouritism; and
 - Non-disclosure of private work

“Municipality” refers to the Theewaterskloof Municipality.

“MFMA” refers to the Local Government: Municipal Finance Management Act (56 of 2003).

“MSA” refers to the Local Government: Municipal Systems Act (32 of 2000).

“Municipal Manager” refers to a person appointed in terms of section 82 (1) of the Systems Act

“Plan” refers to the Fraud Prevention Plan for Theewaterskloof Municipality

“SALGA” refers to the South African Local Government Association

“SARS” refers to the South African Revenue Services

“Structures Act” refers to the Municipal Structures Act, No 17 of 1998

4. LEGISLATIVE CONTEXT OF THE PLAN

- 4.1 The policy aims to give effect to the requirements and stipulations of –
- The Municipal Finance Management Act 56 of 2003 (MFMA);
 - Treasury regulations issued in terms of the MFMA;
 - The Municipal Structures Act 17 of 1998;
 - Protected Disclosures Act 26 of 2000.

5. SCOPE FOR APPLICATION

This plan applies to all corruption, fraud, theft, financial misconduct and maladministration or suspected irregularities of this nature involving the following persons or entities:

- 5.1 All members of the Council of the Municipality;
- 5.2 All employees of the Municipality; and
- 5.3 Consultants, suppliers, contractors and other providers of goods or services to the Municipality

6. POLICY STANCE

- 6.1 The policy of the municipality is zero tolerance to fraud and corruption. In addition, fraud and corruption will be investigated and followed up by the application of all remedies available within the full extent of the law and the implementation of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies and procedures of the municipality.
- 6.2 The efficient application of instructions contained in the policies and procedures of the municipality, is one of the most important duties to be applied by every employee in the execution of their daily tasks.

What should an employee do if he/she suspects fraud and corruption?

- 6.3 It is the responsibility of all employees to immediately report all allegations or incidents of fraud and corruption as indicated in the Anti-fraud and corruption policy.
- 6.4 All managers are responsible for the detection, prevention and investigation of fraud and corruption and must report all incidents and allegations of fraud and corruption to the Municipal Manager as per the Anti-corruption and fraud policy. The Municipal Manager will initiate an investigation into the matter.
- 6.5 Should employees wish to report allegations of fraud and corruption anonymously, they can contact any member of management, the Municipal Manager, the Chairperson of the Audit Committee, Mayor and/or the **National Hotline on 0800 701 701**.

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

- 6.6 The municipality encourages members of the public or providers of goods and/or services who suspect fraud and corruption to contact any member of management, the Municipal Manager and/or the Mayor.

How will allegations of fraud and corruption be dealt with?

- 6.7 For issues raised by employees, ratepayers, members of the public or providers of goods and/or services, the action taken will depend on the nature of the concern. The matters raised will be screened and evaluated and may subsequently:
 - o Be investigated internally; or
 - o Be referred to another law enforcement agency.
- 6.8 Any fraud and corruption committed by an employee or any other person will be pursued by thorough investigation and to the full extent of the law, including (where appropriate) consideration of:
 - a) In case of employees, taking disciplinary action within a reasonable period of time after the incident;
 - b) Instituting civil action to recover losses;
 - c) Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and
 - d) Any other appropriate and legal remedy available.

Recovery of Losses

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

Feedback to reporters of fraud

- 6.10 The Municipal Manager will, upon receiving a report of fraud from an external person, 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 any initial 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 if not, why not.

Confidentiality

- 6.11 All information relating to fraud and corruption that is received and investigated will be treated confidentially. The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any 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.

Media

- 6.12 No person is authorised to supply any information with regard to allegations or incidents of fraud and corruption to the media without the express permission of the Municipal Manager.

Protection of Whistle Blowers

- 6.13 A person who reports suspected fraud and/or corruption may remain anonymous should he/she so desire. Concerns expressed anonymously are difficult to investigate; nevertheless they will be followed up at the discretion of the municipality. This discretion will be applied by taking into account the following:

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

- 6.14 No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud and corruption which occurred within the municipality. This may include:

- Harassment or victimisation: The municipality acknowledges the fact that the decision to report a concern can be a difficult one to make, not least because of fear of reprisal from those responsible for the irregularity. The municipality will not tolerate harassment or victimisation and will take action to protect employees when they raise a concern in good faith. This does not mean that if an employee is already the subject of disciplinary or other action, that action will be halted as a result of their whistle blowing.
- Confidentiality: Theewaterskloof will do its best to protect an individual's identity when he/she raises a concern and does not want their identity to be disclosed. It must be appreciated, however, that the investigation process may reveal the source of the information and a statement by the employee may be required as part of the evidence.

6.15 All managers should discourage employees or other persons from making allegations which are false and made with malicious intentions. Where such allegations are discovered, the person who made the allegations must be subjected to firm disciplinary, or other appropriate action.

SECTION II: COMPONENTS OF THE PLAN

7. GUIDING PRINCIPLES

7.1 The main principles upon which the Plan of Theewaterskloof, that is based on and aligned to the Local Government Anti-Corruption Strategy, includes the 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, etcetera; and
- Applying sanctions, that includes blacklisting and prohibition from further employment.

8. COMPONENTS

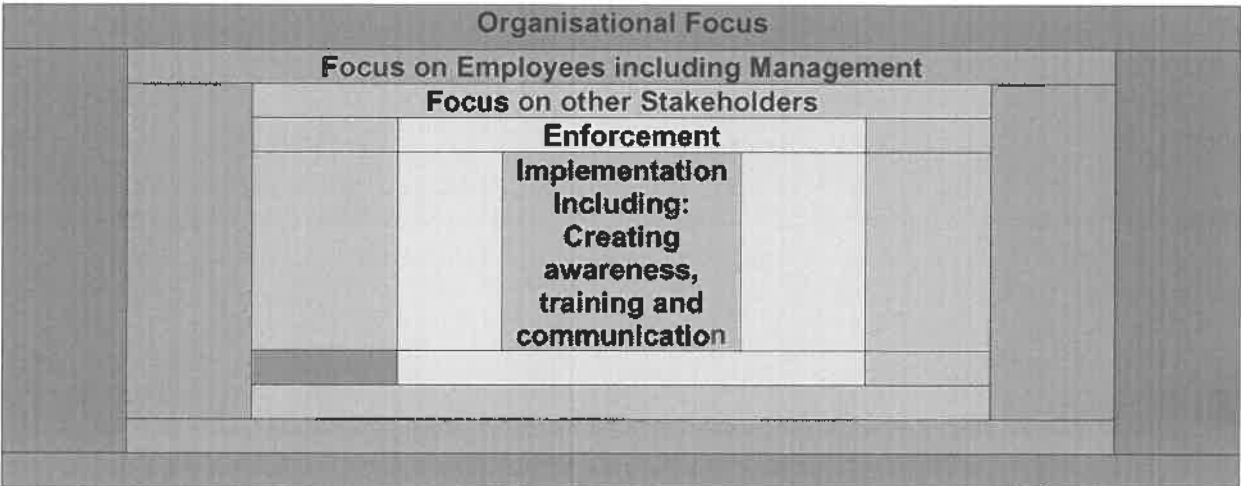
8.1 The above is not intended to detract from the premise that all the components are equally essential for the successful implementation of the Plan. The components of the Plan for the municipality are the following:

- Focus on the Organisation
- Focus on Employees
- Focus on other stakeholders
- Enforcement
- Implementation

SECTION III: APPROACH TO FRAUD

9. PREVENTION

9.1 The approach to fraud prevention in the municipality can be summarised as follows:



10. FOCUS ON THE ORGANISATION

Codes of Conduct for Municipal Employees and Councillors

10.1 In terms of Section 2 of the MSA, the Code of Conduct for Municipal employees contains 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 Code.

10.2 In terms of Section 1 of the MSA, the Code of Conduct for Councillors contains 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 Code; and
- Application of Code to traditional leaders.

10.3 A gifts policy should be implemented in order to ensure that both the acceptance and offering of business courtesies, including gifts, by all employees of the municipality occurs only within the ethical standards as prescribed by the municipality.

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

Systems, policies and procedures

10.5 The municipality has a number of systems, policies and procedures designed to ensure compliance with specific laws and regulations and basic internal control.

- 10.6 All employees and other stakeholders are expected to comply with the applicable policies and procedures. A fundamental risk in this area is the lack of knowledge, awareness, effective communication and training relating to prevailing systems, policies and procedures. To address the fundamental risk, the applicable policies will be made available on the Municipality's website.
- 10.7 Non-compliance with policies and procedures is a risk with the potential to seriously impact the success of the Plan of the municipality. This will be addressed by developing clearly defined communication and training strategies to create awareness of all policies and procedures in order to ensure that all employees are made aware of, and adequately trained in the implementation of policies and procedures relevant to their duties and responsibilities, e.g. provisions for all employees to acknowledge, in writing, that they have read the policies and procedures applicable to their duties, have undergone relevant training and/or are aware of these policies and procedures, etc.
- 10.8 A structured monitoring mechanism will be developed for the keeping of proper records of the policies and procedures that are being updated, and of new policies and procedures that are being developed in order to set clear targets and monitor progress.

Human Resources – Employment Practices

- 10.9 The municipality is committed to developing human resources systems, policies and procedures, which incorporate fraud and corruption prevention practices. There is a risk of poor implementation of its human resource systems, policies and procedures and the municipality undertakes testing thereof during internal audits in which control shortcomings are subsequently addressed.
- 10.10 Employee focussed anti-fraud and anti-corruption measures should be visible from the point of advertising a vacant post, recruitment, specific employment conditions, maintaining high employee morale, performance management and even exit procedures upon resignation or retirement. The approaches indicated below are key to the municipality's efforts in this regard:
- **Advertising posts:** The inclusion of specific provisions when advertising posts to provide an indication to applicants that only people with the highest levels of personal integrity will be considered and that submission to appropriate pre-employment screening processes are obligatory for consideration in any post.
 - **Pre-employment screening and probity:** The municipality intends ensuring that pre-employment screening procedures are applicable to all employees, regardless of level, including employees acting in specific positions, seconded employees and temporary and contract workers. Relevant probity will be included in all employee screening processes.
 - **Probation:** Compulsory probationary periods should be applicable to all seconded employees and temporary and contract workers. Relevant vetting will again be considered for employees on probation, during probation and prior to their final appointment in view of the long duration of the probationary period.

- **Ongoing financial disclosure:** Senior managers will be obliged to declare specific personal assets and private business interests.
- **Employee induction programmes:** Employee induction is an opportunity to introduce employees to the culture and ethos of the organisation. Efforts will be made to ensure that organisational strategy, professional ethics and conduct standards are included in employee induction. Specific steps will also be developed to include seconded employees, interns and temporary and contract workers in relevant aspects of induction programmes.
- **Obligatory leave periods:** In order to limit the risk of over-worked employees who could become lackadaisical leading to non-compliance to internal control and to further limit the risk of fraud and corruption the municipality will compel all employees to take annual leave. This control also limits the risk of unethical individuals monopolising specific tasks.
- Managers will be encouraged to ensure that appropriate controls, e.g. appropriate scrutiny and supervision, are put in place in instances where employees do not take leave for extended periods of time due to work commitments.
- **Exit procedures for employees and control over assets:** The exit procedures for employees leaving the municipality usually require the return of assets and an exit interview. Steps will be taken to ensure that specific follow-up time frames are set to encourage managers to apply the requirement related to the return of assets more promptly.
- The municipality will ensure that an exit interview process is in place which includes the assessment of the perceptions of the business ethics and conduct standards within the organisation. This will assist in identifying areas for improvement.

Discipline

10.11 The municipality will be consistent and efficient in its application of the disciplinary measures in accordance with the South African Local Government Bargaining Council (SALGBC) Disciplinary Procedure Collective Agreement.

Additional measures, which will be considered include:

- Communication of specific disciplinary standards and forbidden conduct;
- Introducing a system where the application of disciplinary measures is applied consistently;
- Steps for ongoing training of managers in the application of disciplinary measures;
- Where managers are found to be inconsistent and/or inefficient in the application of discipline,- the municipality will consider firm action; and
- Publication (within the permissible legal framework) of the outcomes and sanctions of disciplinary actions, including lessons learned. The successful achievement of these initiatives, together with their communication is expected to have a deterrent effect.

Financial Systems and Control

- 10.12 Appropriate finance policies and procedures are also necessary to ensure appropriate internal control over finance management and to reduce fraud and corruption risks. The effectiveness of the existing finance policies and procedures will also be tested during the course of internal audits and shortcomings are addressed.
- 10.13 Top management, senior management and other officials of the municipality must assist the Municipal Manager in coordinating the financial systems and controls within the municipality.
- 10.14 The finance policies, procedures and other prescripts of the municipality prescribe various controls, which, if effectively implemented, would reduce fraud and corruption within the municipality. These controls may be categorised as follows, it being recognised that the categories contain overlapping elements:
- (a) Prevention controls, which is further subdivided into:
- i. Authorisation Controls which require that all transactions must be authorised or approved by an appropriate responsible person and that the limits for these authorisations are specified in the delegations of authority of the municipality.
 - ii. Physical Controls which are concerned mainly with the custody of assets and involve procedures and security measures designed to ensure that access to assets is limited to authorised personnel.
- (b) Detection controls, which is further subdivided into:
- i. Arithmetic and accounting controls, which are basic controls within the recording function which ensure that transactions to be recorded and processed have been authorised, are complete, are correctly recorded, and accurately processed. Such controls include checking arithmetical accuracy of records, the maintenance and checking of totals, reconciliation, control accounts, and accounting for documents.
 - ii. Physical controls, which relate to the security of records and are similar to preventive controls in that they are also designed to limit access.
 - iii. Supervision, which relates to supervision by responsible officials of day to day transactions and the recording thereof.
 - iv. Management Information which relates to the review of management accounts and budgetary controls. These controls are normally exercised by management outside the day-to-day routine of the system.
- (c) Segregation of duties
- i. One of the primary means of control is the separation of those responsibilities or duties that would, if combined, enable one individual to record and process a complete transaction, thereby providing him/her with the opportunity to manipulate the transaction irregularly and commit fraud and corruption.
 - ii. Segregation of duties reduces the risk of intentional manipulation or error and increases the element of checking.

- iii. Functions that should be separated include those of authorisation, execution, custody, recording, and, in the case of computer-based accounting systems, systems development and daily operations.
 - iv. Placed in context with fraud and corruption prevention, segregation of duties lies in separating either the authorisation or the custodial function from the checking function.
- 10.15 Despite the existence of policies and procedures to address internal control, deficiencies such as ineffective application of policies and procedures resulting from lack of training, expertise, knowledge and capacity has the potential to lead to increased incidence of fraud and corruption.
- 10.16 The municipality will continue to initiate steps to address the problem of lack of training, expertise and knowledge in systems, policies and procedures to improve internal control. Areas of weakness will be identified during audits and risk assessments.
- 10.17 Furthermore, the municipality will also continue to re-emphasise to all supervisors that consistent compliance by all employees with internal control is one of the fundamental controls in place to prevent fraud and corruption. Managers will be encouraged to recognise that internal control shortcomings identified during the course of audits are, in many instances, purely symptoms and that they should strive to identify and address the causes of these internal control weaknesses, in addition to addressing the control weaknesses.
- 10.18 Where managers do not comply with basic internal controls, e.g. non-adherence to the delegation of authority limits, firm action(s) will be considered.

Procurement

- 10.19 The MFMA requires every municipality to have a procurement policy that is fair, equitable, transparent, competitive and cost effective.
- 10.20 Further, the MFMA stipulates that the procurement policy of the municipality must at least address the following aspects:
- The barring of persons from participating in tendering or other bidding processes that have:
 - Been convicted of fraud or corruption during the past five years;
 - Wilfully neglected, reneged on or failed to comply with government contract during the past five years; and
 - Whose tax matters are not cleared by SARS
- 10.21 The Municipal Manager of the municipality must implement the procurement policy and take all responsible steps to ensure that proper mechanism and separation of duties in the procurement system are in place to minimise the risk of fraud, corruption, favouritism and unfair and irregular practices.
- 10.22 At a minimum, the procurement policy of the municipality should contain the following anti-fraud and anti-corruption provisions:
- The range of supply chain management processes that the municipality may use;
 - When a particular process must be used;
 - Procedures for each type of process;

- Open and transparent pre-qualification processes for tenders and other bids;
- Competitive bidding processes;
- Bid documentation, advertising of and invitations for contracts;
- Procedures for:
 - The opening, registering and recording of bids in the presence of interested parties;
 - The evaluation of bids;
 - Negotiating the final terms of the contracts; and
 - The approval of bids;
- Screening processes and security clearances for prospective contractors on tenders or other bids above a prescribed value;
- Compulsory disclosure of conflicts of interests;
- Any additional measures for:
 - Combating fraud, corruption, favouritism and unfair and irregular practices in
 - The municipality 's supply chain management; and
 - Promoting ethics of officials and other role players involved in the municipality's supply chain management.

Risk Management and Assessment

- 10.23 In order to identify and address risks 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 a risk management plan.
- 10.24 Presentations to employees of the municipality will be conducted in order to ensure that they have a more detailed understanding of the fraud and corruption risks facing the municipality and the areas wherein these risks exist, thus enhancing the prospect of detecting irregularities earlier.

Fraud Detection Reviews

- 10.25 The municipality will perform specific detection reviews in areas, which are at high risk of unethical conduct, fraud and corruption on a regular basis. This will include the conducting of presentations to employees, including managers, to ensure that they have a more detailed understanding of the risks associated with these areas, thus also enhancing the prospect of detecting irregularities earlier. These include:
- Recruitment of staff;
 - Procurement, e.g. emergency procurement, sole suppliers, etc.;
 - Financial Systems and Control, e.g. payment of suppliers, receipt and banking of revenue received.

Internal and External Audit

- 10.26 The MFMA stipulates that a municipality must maintain a system of internal audit under the control and direction of an audit committee. Furthermore, the internal audit function of the municipality is required to report on matters relating to:
- Internal Control;
 - Accounting procedures and practices;

- Risk and risk management;
- Loss control; and
- Compliance with applicable legislation.

10.27 The municipality will create or outsource an Internal Audit Unit, which will include anti-corruption capacity under the guidance of an Audit Committee. In terms of its Charter, the primary role of the Audit Committee will be to:

- Evaluate the performance of internal audit;
- Review the internal audit function's compliance with its mandate as approved by the Performance and Audit Committee;
- Review and approve the internal audit charter, internal audit plans and internal audit's conclusions with regard to internal control;
- Review significant differences of opinion between management and internal audit function;
- Evaluate the independence and effectiveness of internal auditors; and
- Review the co-operation and co-ordination between the internal and external audit function and co-coordinating the formal internal audit work plans with external auditors to avoid duplication of work.

10.28 The anti-corruption capacity within the municipality will be responsible for the investigation of allegations of fraud and corruption that is brought to its attention. Additionally, it will support the risk management procedures from a fraud risk identification perspective.

10.29 The municipality recognises the fact that the positive support by all its managers for Internal Audit and its functions, speedy response to, and the addressing 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 and shortcomings raised by Internal Audit, firm action will be considered.

10.30 Awareness strategies will also be developed to enhance managers' understanding of the role of Internal Audit.

10.31 The municipality is also the subject of annual external audits. These audits include the following tasks:

- Examining evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

Physical and Information Security

Physical Security

10.32 The municipality's main physical security threat arises in the area of control over its physical assets, facilities and employees. Security personnel and access systems are deployed to mitigate this threat. However, control over security personnel and access systems should continuously be reviewed for adequacy.

- 10.33 The municipality will also consider conducting a regular detailed review of the physical security arrangements at its offices and other sites and improve weaknesses identified. Specific focus areas will be physical security over infrastructure, assets and staff.
- 10.34 Furthermore, the municipality will continue to pursue steps to ensure adequate security over its people, confidential information and information systems.
- 10.35 The municipality will ensure that all employees are sensitised on a regular basis to the fraud and corruption risks associated with information security and the utilisation of computer resources, in particular – access control, and ensure that systems are developed to limit the risk of manipulation of computerised data.
- 10.36 Communiqués will be provided to all employees on the management of intellectual property and confidential information to limit the risk of manipulation of information.
- 10.37 Regular communiqués will be forwarded to employees pointing out security policies, with a particular emphasis on e-mail and Internet usage and the implications (e.g. disciplinary action) of abusing these and other computer related facilities. Where employees are found to have infringed on prevailing policy in this regard, disciplinary action will be taken.
- 10.38 Regular reviews of information and computer security will also be considered. Weaknesses identified during these reviews will be addressed.

11. FOCUS ON EMPLOYEES

- 11.1 Key ambassadors for the successful implementation of the Plan for the municipality are its employees. In essence, this means that their conduct often forms the base upon which the municipality as an organisation is judged. The municipality employees have to therefore demonstrate behaviour beyond reproach in the execution of their duties.
- 11.2 Anti-fraud and anti-corruption measures to address employees as referred to in paragraphs 10.1, 10.9, 3.1.10 and 10.11 above will be implemented by the municipality.

12. FOCUS ON OTHER STAKEHOLDERS

- 12.1 The municipality has several other stakeholders with whom it interacts. These are indicated below:
- Trading partners, e.g. suppliers, contractors, consultants;
 - Employee representative organisations;
 - COGTA;
 - SALGA; and
 - The general public.
- 12.2 All stakeholders with whom the municipality interacts are expected to abide by the principles contained in the Plan. Although the municipality has limited legal rights to enforce these principles on external stakeholders, it can exercise moral persuasion to gain compliance to the principles contained in the Plan or choose not to enter into relationships with stakeholders who do not comply.

Trading Partners

- 12.3 It is a common perception that employees face the greatest challenge to their integrity in the form of enticement to accept bribes from unethical suppliers, contractors and consultants. Furthermore, these trading partners are also often viewed as untrustworthy in delivery of goods and/or services.
- 12.4 Approaches to address the risk of fraud and corruption relating to trading partners are as follows:
- Appropriate terms and conditions in invitations to propose for services relating to the standard 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 potential conflicts of interest both by suppliers and employees of the municipality dealing with these suppliers;
 - Appropriate contract terms and conditions indicating the conduct expected by the municipality;
 - Ongoing communication of these standards;
 - Sound project management;
 - Monitoring and evaluation of breaches;
 - Taking sound action in the event of breaches such as:
 - Prosecution;
 - Loss recovery; and
 - Placing of appropriate prohibitions on future contracts and cancellation of exiting contracts.

Employee representative organisations

- 12.5 The municipality is committed to complying with the resolutions of recognition agreements with trade unions. Nonetheless, it is also expected of trade union representatives to comply with the principles of the Plan of The municipality. Trade unions will also be consulted prior to the finalisation of the Plan.

Department of Cooperative Governance and Traditional Affairs (COGTA)

- 12.6 COGTA is a national department and its mission is to support the delivery of municipal services to the right quality and standard; promoting good governance, transparency and accountability, ensuring sound financial management and accounting and building institutional resilience and administrative capability. Efforts will be made to ensure that this stakeholder is also made aware of the principles contained in the Plan and the conduct encouraged by the municipality.

SALGA

- 12.7 SALGA is an organisation mandated by the South African constitution to assist in the transformation of Local Government in South Africa. SALGA plays a core role in areas related to local government transformation and as a national representative of the local government sector and its employees. The municipality will also ensure that SALGA is made aware of the Plan and appropriately compliment it when dealing with the municipality.

The general public

12.8 Members of the general public will also be made aware of the municipality's commitment to fraud prevention and encouraged, through awareness programmes, to report irregularities affecting the municipality.

13. ENFORCEMENT

13.1 No Fraud Prevention Plan would be complete without enforcement forming an integral component for instances where fraud and corruption occur.

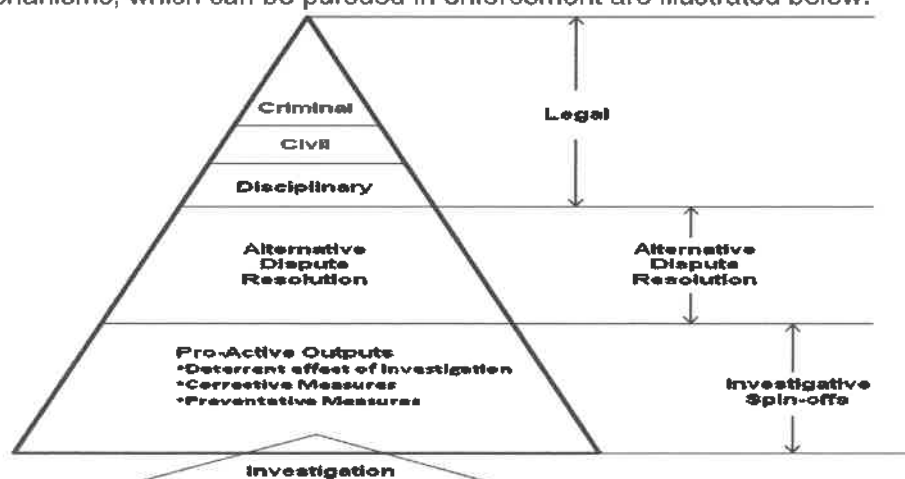
14. REPORTING AND MONITORING OF FRAUD AND CORRUPTION

Reporting Channels

14.1 The reporting channels for fraud and corruption as contained in the Anti-fraud and corruption policy are the following:

- All allegations of fraud and corruption should be reported by employees to their immediate managers;
- If there is a concern that the immediate manager is involved, the report must be made to any other member of management, the Municipal Manager and/or the Chairperson of the Audit Committee;
- All managers should report all allegations to the Municipal Manager who will initiate an investigation; and
- Should an employee wish to make a report anonymously, such a report may be made to any member of management, the Municipal Manager, the Chairperson of the Audit Committee and / or the Mayor.
- All alleged and confirmed cases of fraudulent incidents, corrupt acts and unethical behaviour must be reported and recorded in a formal Fraud and Risk Management Committee meeting.

14.2 Parallel to the above enforcement approaches, is the task of fixing of controls to reduce future recurrence of fraud and corruption in the event of breaches. The resolution mechanisms, which can be pursued in enforcement are illustrated below.



15. IMPLEMENTATION AND AWARENESS

- 15.1 The Plan will be reviewed on an annual basis, whilst progress with the implementation of the various components will be reviewed on a quarterly basis. In the latter regard, specific priorities stemming from the Plan, actions to be taken, responsible persons and feedback dates relating to progress made will also be set.

Monitoring

- 15.2 The municipality will ensure that a fraud and corruption information system is developed for the following purposes:
- (a) Recording all allegations;
 - (b) Tracking progress with the management of allegations;
 - (c) To facilitate the early identification of systemic weaknesses and recurring risks, and inform managers and employees of systemic weaknesses/risks; and
 - (d) Provide feedback to employees and other whistle blowers on the management of allegations.

Creating awareness

- 15.3 This component of the Plan comprises two areas, namely education and communication.

Education

- 15.4 Formal awareness presentations will be conducted for employees of the municipality in planned workshops. The ongoing creating of awareness amongst all employees is, however, the responsibility of all managers. Approaches to create awareness amongst employees will address the following issues:
- Employee awareness and the application of professional ethics in their work environment;
 - Employee awareness of the current systems, policies and procedures relating fraud and corruption and their rights should they blow the whistle;
 - Encouraging employees to blow the whistle on fraud and corruption within their work environments; and
 - Encouraging employees to understand specific fraud and corruption related risks to the municipality may be exposed, thus enhancing the prospect of detecting irregularities earlier.

Communication

- 15.5 The objective of communication is to further create awareness amongst employees, the public and other stakeholders, of the Plan in order to facilitate a culture where all stakeholders strive to contribute towards making it a success. This will increase the prospect of fraud and corruption being reported and improve the municipality's prevention and detection ability.
- 15.6 Communication approaches that will be considered by the municipality are the following:
- An official launch for the Plan aimed at all stakeholders;

- Posters, newsletters and pamphlets to advertise the Code of Conduct and Code of Ethics for staff members and Councillors, aimed at employees, the public and other stakeholders;
- A suggestion box for employees and other stakeholders to make submissions which could enhance the further development of the Plan;
- Ensuring 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 goods and/or services with pro-ethics and anti-fraud and anti-corruption messages; and
- Screensavers on computers with appropriate pro-ethics and anti-fraud and corruption messages; and
- Publishing the Plan and successes in its implementation in the Annual Report of the municipality

Implementation structure

15.7 The Fraud and Risk Management Committee (FARMCO) will be responsible for direct oversight in respect of the administration, revision and interpretation of the Plan. FARMCO will in turn give assurance reports to the Audit Committee and Council on the effective execution of this Plan.

The terms of reference of this Committee will include the following in relation to the Plan:

- Securing buy-in from all stakeholders;
- Information sharing;
- Ongoing identification of weaknesses in systems and solutions;
- Creating awareness and ensuring adequate training and education to promote the Plan; and
- Assessing progress and ongoing maintenance and review

16. RELATED POLICIES

The following policies are related to this plan:

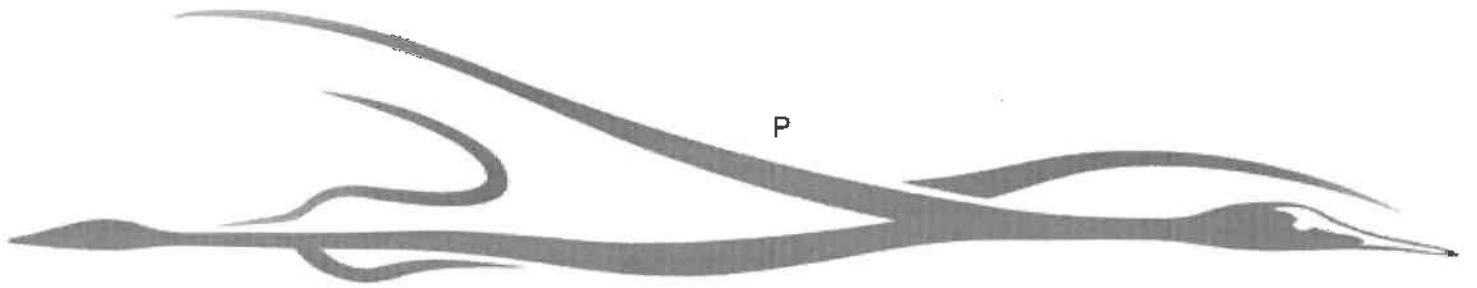
16.1 Anti-corruption and fraud prevention strategy and policy.

17. REVIEW

17.1 This plan will be reviewed at least annually and updated if needed.

18. VERSION AND APPROVAL

VERSION	DATE
Revised and accepted by Fraud and Risk Management Committee	
Revised and accepted by Executive Mayoral Committee	



Theewaterskloof Municipality

FRAUD AND RISK

MANAGEMENT COMMITTEE

(FARMCO)

TERMS OF REFERENCE

2024/2025

1 Introduction

The Fraud and Risk Management Committee (FARMCO) serves as a to assist the Accounting Officer in addressing its oversight requirements of risk management and evaluating and monitoring the municipality's performance with regards to risk management.

This document sets out the Fraud and Risk Management Committee's:

- Constitution;
- Objectives;
- Responsibilities;
- Authority;
- Membership;
- Meetings; and
- Reporting and administrative arrangements.

2 Constitution of Fraud and Risk Management Committee

The Fraud and Risk Management Committee (FARMCO) must be established by the Accounting Officer to act in the capacity of a management risk committee in respect of the Theewaterskloof Municipality to assist the Accounting Officer to carry out his/her legislative requirements in terms of Section 62(1)(c)(i) and 95(c)(i) of the Municipal Finance Management Act, 2003 (Act 56 of 2003).

Clear guidelines in terms of the roles and responsibilities of the Risk Management Committee are also stipulated in the Public Sector Risk Management Framework produced by National Treasury and the King III and IV Code of Corporate Governance.

3 Objectives of Fraud and Risk Management Committee

The objectives of the Fraud and Risk Management Committee are to assist the Accounting Officer, Council and the Audit Committee in discharging their accountability for risk management by formulate, promote and review the risk management objectives, strategy and policy and to monitor the process at all levels of the Municipality that will enhance its ability to achieve strategic object and providing recommendations for improvement.

4 Composition

Permanent members of the Committee shall be formally appointed by the Municipal Manager. The members, as a collective, shall possess the blend of skills, expertise, and knowledge of the Institution, including familiarity with the concepts, principles, and practice of risk management, such that they can contribute meaningful to the advancement of risk management within TWK.

The Committee shall consist of the following permanent members:

- Top Management/ Risk Owners
- Manager ICT

Standing Invitees:

- Chief Risk Officer
- Member of PAC (one member).
- Risk Management Officials of Theewaterskloof Municipality
- Chief Audit Executive
- 3 Mayoral Committee Members

5 Authority

The Committee shall have the requisite authority to review, assess and analyse any risk related matter of the Municipality and request members of management, or any other staff member as may be required, to appear before it to account for their delegated responsibilities in respect of risk management to provide advice or information as and when required.

5 Roles and responsibilities

The duties of the Committee shall be to:

- Review the risk management policy, strategy and related documentation and recommend for approval by Council;
- Monitor the progress of the Risk Management implementation plan
- Review the risk appetite and tolerance levels and take remedial action if required;

- Review the institution's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;
- Evaluate the effectiveness of mitigating strategies to address the material risks of the Institution;
- Report to Council on any material changes to the risk profile of the Institution;
- Review any material findings and recommendations by assurance providers on the system of risk management and monitor that appropriate action is instituted to address the identified weaknesses;
- Develop additional goals, objectives and key performance indicators for the Committee as and when required by the Chairperson;
- Develop additional goals, objectives and key performance indicators to measure the effectiveness of the risk management activity as and when required by the Chairperson;
- Set out the nature, role, responsibility and authority of the risk management function within the Institution, and oversee the performance of the risk management function and report in terms of Assurance to Council;
- Review the fraud and corruption prevention plan and strategy, annually, and recommend for the approval by Council;
- Review Code of Ethics and Assess implementation of the Ethics Framework that enables the mitigating measures for prevention of Fraud and Corruption;
- Provide proper and timely feedback to the CRO on the state of risk management, together with aspects requiring improvement accompanied by the Committee's recommendations to address such issues;
- Review the risk universe and revise the risk universe at least annually;
- Review the Business Continuity Framework as well as the Combined Assurance Framework;
- Assess the Implementation of the Business Continuity and Combined Assurance Frameworks.

- Perform annual assessment on various activities performed by the risk management unit and related activities in the form of a comprehensive risk management maturity assessment.

6. Meetings

The Committee shall convene quarterly. The Chairperson of the Committee or a majority of the permanent members of the Committee may convene additional meetings as circumstances may dictate. The meetings agendas will be prepared in consultation the Chairperson and provided within 7 working days to members and invitees, along with the appropriate briefing materials.

6.1 Meeting procedures

Any member of the Committee may add items to the agenda at least 7 working days prior to the date of the meeting. Such items shall be provided to the chairperson and/or the secretary for inclusion in the agenda. The decisions of the Committee shall be based on consensus, falling which, a majority decision of members will prevail.

7. Administrative duties

Secretariat shall provide secretarial support to the Committee. Secretariat shall forward the agenda of each meeting of the Committee to all members no later than seven (7) working days prior to the date of the meeting. The agenda shall confirm the venue, time, date, and agenda-items with Annexures for discussion.

The minutes of the meetings shall be completed by secretariat and sent to all Committee Members within ten (10) working days after the meeting.

The comments / resolutions of the Committee meeting will be captured on Collaborator and distributed to the relevant officials for finalization / implementation.

The approved minutes of the FARMCO will be submitted to the Performance – and Audit Committee to give effect to their role in terms of giving assurance on the effectiveness of the risk management activities.

Accompanied by the minutes will also be a quarterly progress report presented by the Chief Risk Officer as well as a report on high risks or ineffective controls with its relating action responses.

8. Quorum

50% plus one constitutes a quorum. A permanent member of the Committee may nominate a proxy on his / her behalf by means of a written notice to the Chairperson at least 1 working day before the said meeting. This proviso shall lapse in the event that the permanent member fails to attend 50% or more of the Committee meetings held in that particular financial year in person.

9. Performance evaluation

The Committee will set clear objectives and key performance indicators in respect to risk management. These indicators will be able to measure the Committee's effectiveness in contributing to the achievement of the municipality's goal and objectives. The Committee shall evaluate at least annually its performance -as per the Terms of Reference.

10. Review of the -Terms of Reference

The Committee will review the terms of reference annually, and if necessary to amend it annually to ensure that its content remains relevant and recommend to Council for approval of any amendments that may be required.

11. Approval of the -Terms of Reference

The Fraud and Risk Management Committee -Terms of Reference must be approved by Council especially for any significant / material changes.

VERSION	DATE
Revised and accepted by Fraud and Risk Management Committee	
Revised and approved Executive Mayoral Committee	



Theewaterskloof Municipality

COMBINED ASSURANCE POLICY FRAMEWORK

2024-2025

1. Introduction

The Combined Assurance Framework aims to inform, in a simple manner, on the effectiveness of assurance providers and to create confidence in the assurance provided over key organisational risks.

2. Purpose of the Document

A framework is defined as a conceptual structure intended to serve as a guide for the building of something that expands the structure into something useful.

The Combined Assurance Framework is a guide that informs the development of the annual Combined Assurance Model for the Theewaterskloof Municipality (TWK).

The illustrated Model will be based on the annual risk assessment and on the Institute of Internal Auditors (IIA) updated Lines of Defence – Three Lines Model which is adopted by the Municipality.

3. Scope

This Policy applies throughout the Municipality, subsequent to the approval by Council and is implemented over-time through a phased approach as detailed and approved in the

4. The Definition of Combined Assurance

The planned approach to assess the extent and adequacy of assurance coverage on key organisational risks and reporting thereon to Senior Management, Fraud and Risk Management Committee (FARMCO), Audit Committee and Council.

5. Background

Combined assurance can be defined as:

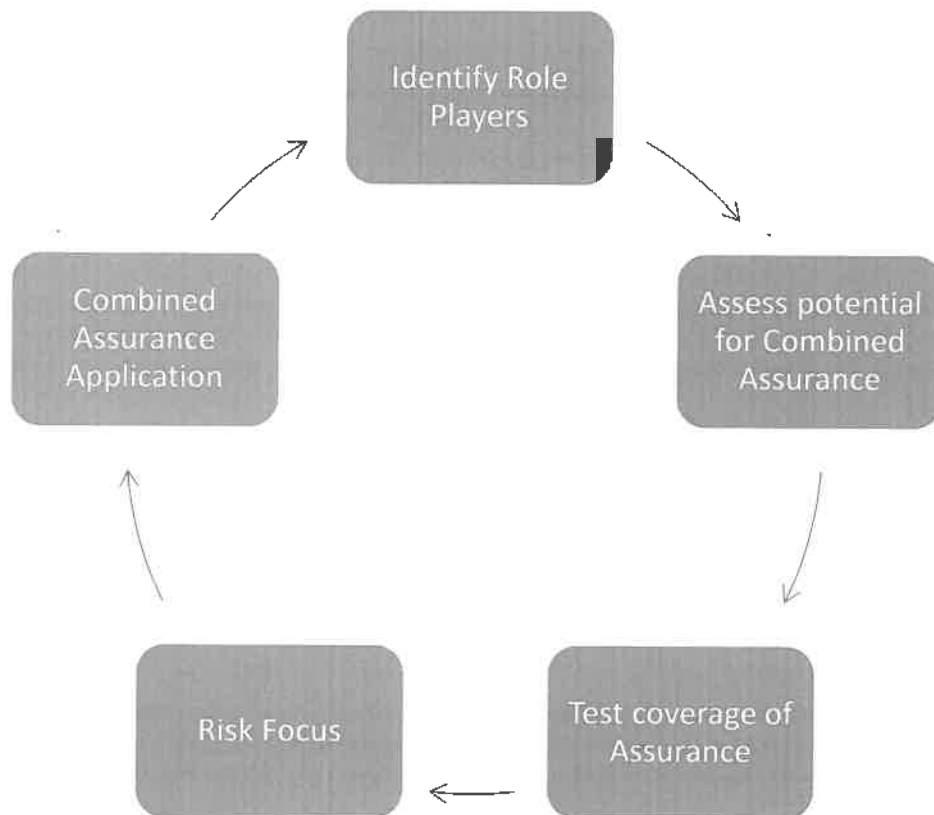
“Integrating, coordinating and aligning the fraud and risk management and assurance processes within the Municipality to optimise and maximise the level of risk, governance and control oversight over the Municipality's risk landscape.”

For each organisation there are various assurance providers that either directly or indirectly provide certain assurances over the effectiveness of the controls that mitigate the risks identified during the risk assessments.

The concept of combined assurance is supported by the King IV Code (principle 15) which states that the governing body should ensure that assurance services and functions enable an effective control environment, supporting the integrity of information for internal decision-making and of the organisation's external reports.

6. Process

A five-stage process should be employed to ensure the success of a combined assurance model. This process is depicted as follows (read clockwise):



a. Step 1: Identifying Role Players

Step 1 entails the Municipal Manager (as Executive) identifying and appointing a combined assurance champion. The Chief Risk Officer (CRO) has been identified and appointed as the combined assurance champion.

The champion will coordinate the process and ensure process continuity. The executive must be appointed to provide the authority, oversee the process and ensure that cooperation is provided throughout the initiative.

b. Step 2: Assess potential for combined assurance

The second step entails establishing a high-level understanding of who the assurance providers are for the risk exposures facing the municipality. Ideally, Assurance Providers should be separated in terms of first, second and third line of defence:

Management-based assurance, Risk and Compliance-based assurance and independent assurance respectively.

The three lines of defence are elaborated as follows:

The first line of defence (Management based assurance):

In terms of legislation Management are responsible Fraud and risk management and are, therefore, deemed the "first line" assurance providers.

The first line of defence is best suited to offer broader assurance coverage.

The second line of defence (Risk and compliance-based assurance):

The second line of defence comprises corporate functions such as Fraud and Risk Management, Performance Management, Compliance Officers, Occupational Health and Safety, Legal Services, ICT and Internal Control Units

The CRO will champion this Combined Assurance function.

The third line of defence (Independent Assurance):

The third line of defence may be categorized in terms of Audit and Oversight. Internal Audit, Audit Committee, Auditor-General, Council and FARMCO are examples of independent assurance providers that form the third line of defence.

c. Step 3: Test Coverage of Assurance

The third stage in the process is to test the coverage of assurance provided through interaction with recipients and assessment of reports to establish what is being done and for what reasons.

This test will ensure coordination of efforts and eradicate duplication.

d. Step 4: Risk Focus

In the fourth stage a full understanding is established of what assurance is currently being provided and what needs to be provided based on the strategic and operational risk profiles of the organisation. This step will allow a detailed gap analysis to be developed and to inform the next step in the process. Here the different lines of defence will be mapped to the identified risks and detail work actually performed and the expected assurance.

It becomes imperative for the risk profile to be relevant to the business that is managed on a consistent basis. Risk information should be regularly and centrally maintained.

It is not feasible to consider all identified risks in the Combined Assurance Model. It is recommended that the limit is set in terms of risk severity. The risk rating will therefore be the criteria for incorporation in the Combined Assurance Model. This approach will simultaneously ensure that the assurance is worth the cost.

e. Step 5: Combined Assurance Application

The final stage requires stakeholder acceptance of the approach and respective responsibilities through identifying and recommended area of assurance and articulating the nature of the assurance activities.

The detailed gap analysis should highlight areas of extensive assurance, moderate assurance, inadequate assurance, no assurance. The municipality must apply its discretion in defining extensive, moderate and inadequate assurance. Inadequate assurance coverage must be addressed by the Combined Assurance Champion. The third line of defence will then be responsible for reporting on the adequacy of assurance provided by the implementation of combined assurance.

Lastly, the assurance provided must be credible. It is recommended that management and Council ensure that both internal and external assurance providers are appropriately skilled and experienced to follow an adequate approach. The following assessment criteria will apply:

Category	Minimum requirements
Independence/objectivity	Independent reporting lines, no recent involvement and/or work done in the area/aspects to be audited
Conflict of interest	In the areas/aspects in which assurance is to be provided there should not be any conflict of interest
Skill and experience	The assurance provider should have the appropriate skills and experience to effectively conduct the assignment
Qualification	The assurance provider should hold appropriate qualifications
Assurance methodology	A sound audit/review methodology should be adopted by the assurance provider. Ideally a risk-based approach should be followed. The reported findings and opinions should be supported by adequately documented working papers/audit trails
Accreditation body/registration	Ideally, the assurance should be accredited or registered with a recognized accreditation body for the areas/aspects over which he/she is providing assurance.

5. CULMINATION OF THE PROCESS

The aforementioned process can be documented and reflected in a Combined Assurance Model. The Model details the three lines of defence which is mapped to the risk profile of the organisation.

The cross reference will then detail the assurance coverage. Judgement can be made on over or under assurance and adjustments may be made accordingly.

The Model can also be used for reporting processes. An annual process must be developed to evaluate and report to management on the adequacy, effectiveness and efficiency of the development and implementation of the combined assurance framework.

ROLES AND RESPONSIBILITIES

The table below summarizes the roles and responsibilities as discussed throughout the framework:

Role-player	Roles and responsibilities
Accounting Officer	Appoints the CRO as champion of the combined assurance function.
Champion	It is recommended that the champion be selected from the 2 nd line of defence (e.g. Risk Officer). Obtain annual input from assurance providers. Complete the template in terms of risks facing the municipality and identifying the assurance providers.
Internal Audit	Verify the capability of the assurance providers. Test for under or over assurance coverage. Recommend the adjustment of coverage. Reporting to the other assurance provider and Audit Committee.
Fraud and Risk Management Committee (FARMCO)	Ensure and coordinate the application of combined assurance. Review and approve the Combined Assurance Framework on an annual basis with quarterly reviews of the Combined Assurance Model.
Audit and Performance Audit Committee	Monitor the coordination and effectiveness of combined assurance activities and provide recommendations for improvement

7. GLOSSARY OF TERMS

Framework	A conceptual structure intended to serve as a guide for the building of something that expands the structure into something useful
Assurance	A declaration that inspires or is intended to inspire confidence
Combined assurance Champion	The CRO is appointed to coordinate the combined assurance process and ensure process continuity
First line of defence	"Risk owners "responsible for ensuring the management of the risk. This line of defence has direct involvement, as the executing leg, and will therefore offer broader assurance coverage.

Second line of defence	Internal assurance functions (internal risk and compliance units) such as Enterprise Fraud and Risk Management, Health and Safety, Legal services etc
Third line of defence	Independent (external or not line function) oversight activities/functions such as Internal Audit, Audit Committee, Auditor-General.
Extensive assurance	All lines of defence are responding to the risk to the extent that coverage is duplicated.
Moderate assurance	There is a balance between risk severity and assurance coverage.
Inadequate assurance	the assurance coverage is not sufficient to ensure effective Fraud and risk management
No assurance	The risk has eluded all lines of defence and action is needed to respond to the risk.

6. Review and Approval

The Combined Assurance Framework should be reviewed by the FARMCO on an annual basis. This Combined Assurance Policy Framework must be approved by Council.



Theewaterskloof
Municipality

Business Continuity Framework

2024-2025

1. Business Continuity Plan Committee

1.1 Introduction

A Business Continuity Plan (BCP) requires a governance structure often in the form of a committee that will ensure senior management commitments and define senior management roles and responsibilities.

The Business Continuity Committee is responsible for the oversight, initiation, planning, approval, testing and audit of the BCP. It also implements the BCP, coordinates activities, approves the Business Impact Analysis (BIA) survey, oversees the creation of continuity plans and reviews the results of quality assurance activities.

1.2 Responsibilities

A BCP Committee should:

- approve the governance structure;
- clarify their roles, and those of participants in the program;
- oversee the creation of a list of appropriate committees, working groups and teams to develop and execute the plan;
- provide strategic direction and communicate essential messages;
- approve the results of the BIA;
- review the critical services and products that have been identified;
- approve the continuity plans and arrangement;
- monitor quality assurance activities;
- resolve conflicting interests and priorities; and
- meet every 6 months to review the business continuity plan.

1.3 Composition

The BCP Committee is comprised of the following members:

- Executive sponsor: The Municipal Manager

The executive sponsor has overall responsibility for the BCP committee; elicits senior management's support and direction; and ensures that adequate funding is available for the BCP program.

The executive sponsor is also the chair of the BCP Committee.

- BCP Coordinator: Manager: Disaster and Environmental Management

The BCP Coordinator secures senior management's support; estimates funding requirements; develops BCP policy; coordinates and oversees the BIA process; ensures effective participant input; coordinates and oversees the development of plans and arrangements for business continuity; establishes working groups and teams and defines their responsibilities; coordinates appropriate training; and provides for regular review, testing and audit of the BCP.

- Security Officer: Manager Traffic and Law Enforcement

The Security Officer works with the coordinator to ensure that all aspects of the BCP meet the security, disaster, fire and emergency requirements of the Municipality.

- Chief Information Officer (CIO)/ Manager ICT

The CIO cooperates closely with the BCP coordinator and ICT specialists to plan for effective and harmonised continuity.

- Communication Officer: Communication manager/official

The Communication Officer formalises communication structures, handles internal and external communication and ensure everyone is aware of the communication policy.

- Business unit representatives

Business unit representatives (also referred to as Middle Management) provide input and assist in performing and analysing the results of the business impact analysis.

1.4 Review and Approval

This Business Continuity Framework must be reviewed by the BCP committee bi-annually and per recommendation of FARMCO be approved by Council annually.

2. Business Impact Analysis (BIA)

2.1 Purpose of BIA

The purpose of the BIA is to identify the Municipality's mandate and critical services; rank the order of priority of services for continuous delivery or rapid recovery; and identify internal and external impacts of disruptions.

The business Impact Analysis (BIA) provides the basis from which business continuity strategies and plans can be developed. It is a point in the process where recovery priorities are determined, together with the minimum resources needed to maintain their availability.

2.2 Steps for a BIA

2.2.1 Identify the mandate and critical aspects of the Municipality.

This step determines what services must be delivered. Information can be obtained from the IDP Strategy of the Municipality and legal requirements for delivering specific services and products.

The following critical services have been identified:

Technical Services

- Water supply
- water extraction / sourcing
- water treatment
- water distribution
- Sewerage removal
- sewerage treatment
- Solid waste removal

- solid waste collection
- solid waste processing
- solid waste disposal
- Roads & storm water maintenance
- repair of roads
- maintenance of roads
- maintenance of sidewalks
- repair of storm water systems
- maintenance of storm water systems
- inventory stores.

Electricity

- purchase of electricity
- distribution of electricity
- electrical support services

Finance services

- payroll
- asset management
- insurance
- supply chain management
- revenue management
- budgeting
- accounting

Corporate Services

- Information and Communication Technology (ICT) related services as incorporated in ICT Business Continuity (including but not limited to computers, network infrastructure, telephones, internet, software, server rooms, etc)

- Archives
- Building control
- Human Resources (HR)
- employee administration
- recruitment and appointment
- Occupational Health and Safety
- labour relations
- Buildings & structures
- offices
- workshops
- work sites

Community Services

- Parks
- Stores
- Sport grounds and graveyards
- Resorts
- Open spaces

Oversight and Strategic Services/Office of the MM

- Top Management
- Municipal Manager

- Directors
- Communication
- public relations
- media relations
- Advice on statements and answers prepared by municipal officials or political office bearers.
- Council
- Ward Councillors
- Proportional Councillors
- Portfolio Committees
- Speaker
- Mayoral Committee
- Mayor
- Deputy Mayor
- other Mayoral Committee members
- Internal Audit
- Audit Committee

2.2.2 Identify risks to business continuity.

Risks are identified in the BIA or in a full risk assessment. Mitigating risk is an ongoing process and should be performed even when the BCP is not activated.

For example, if an organisation requires electricity for service delivery, the risk of a short-term power outage can be mitigated by installing stand-by generators.

Another example would be an organisation that relies on internal and external telecommunications to function effectively. Communications failures can be minimised by using alternate communications networks or installing redundant systems.

Risk
Information and Communications Technology Risks/Threats
Protest action
Key Personnel
Ageing infrastructure (Water Supply, Sewerage Treatment)
Safety and Security of premises, buildings and Municipal staff.
Supply Chain disruptions
Electricity Supply
Telecoms (Telephones and Radio)
Fire/Smoke
Environmental incidents (Natural Disaster threats)

2.2.3 Identify Trigger events that could affect business continuity

Risk
Budgetary constraints/ financial implosion/ threats to financial sustainability
Social Cohesion
Disgruntled employees

2.3 Prioritise critical services

Once the critical services are identified, they must be prioritised based on minimum acceptable delivery levels and the maximum period of time, the service can be down before severe damage to the Municipality results.

To determine the ranking of critical services, information is required to determine impact of a disruption to service delivery, loss of revenue, additional expenses and intangible losses.

3. Business Continuity Plan Quality Assurance

Review of the BCP should assess the plan's accuracy, relevance, and effectiveness. The review should also uncover which aspects of the BCP needs improvement.

Continuous evaluation of the BCP is essential to maintain its effectiveness. The evaluation can be performed by internal assurance providers (such as risk management or/and internal audit functions) or by an external assurance provider.

The BCP must be reviewed on the following occasions:

- ❖ Scheduled review

The BCP must be reviewed at least 365 days after the last review or changes.

- ❖ Changes in risks

The disruptions covered in the BCP are based on the risks identified in the BIA.

- ❖ Changes in critical services

The critical services identified during the BIA changes. Recovery operations in the BCP only exist for the critical services identified in the BIA.

- ❖ Changes in personnel or contact details.

The BCP must be updated to include up to date personnel and contact details.

- ❖ Changes to the Municipality's organisational structure or operations

Changes to the Municipality's structure (e.g. directorates and departments) or operations (e.g. replacement of people with machinery) can make the BCP outdated and inadequate for business continuity purposes.

❖ After exercises and tests

The results of business continuity exercises and tests must be incorporated into the BCP if applicable.

3.1 Risk Management function

Risk management function should play an oversight role, as it is strategically located to challenge the reliability and how realistic is the business continuity framework of the municipality among other things.

3.2 Internal Audit Function

Internal audit function has to provide assurance on the accuracy and reliability of the information contained in the components of business continuity framework.

3.3 Assurance Coverage

Assurance concerns all aspects of the framework; it tests processes to ensure that information is complete, accurate and valid. It can be provided by either internal audit function, risk management function or/and external assurance providers.

4. Annexure A (Business Continuity Plan)

Theewaterskloof Municipality Business Continuity Plan

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1. Introduction

The purpose of this business continuity plan (BCP) is to prepare the Municipality in the event of extended service outages caused by factors beyond our control (e.g. natural disasters, man-made events) and to restore services to the widest extent possible in a minimum time frame. All Municipal departments are expected to implement preventive measures whenever possible to minimise operational failure and to recover as rapidly as possible when a failure occurs.

The plan identifies vulnerabilities and recommends necessary measures to prevent extended service outages. It is a plan that encompasses all Municipal systems, Departments and operation facilities.

2. Business Continuity Plan Objectives

- Serves as a guide for the Municipal recovery teams.
- References and points to the location of any information/plans that reside outside this document.
- Provides procedures and resources needed to assist in recovery.
- Identifies vendors and customers that must be notified in the event of a disaster.
- Assists in avoiding confusion experienced during a crisis by documenting, testing and reviewing recovery procedures.
- Identifies alternate sources for supplies, resources and locations.
- Documents storage, safeguarding and retrieval procedures for vital records.
- Key people (Team Leaders or Alternates) will be available following a disaster.
- This document and all vital records are stored in a secure offsite location to survive a disaster and be accessible immediately following the disaster.
- Each support organisation will have its own plan consisting of unique recovery procedures, critical resource information and procedures
- Apocalyptic disasters such as a nuclear war are beyond the scope of this plan.

3. Mitigating risks

Risks are identified in the business impact analysis (BIA) or in an enterprise risk assessment. Moderating risk is an ongoing process and should be performed even when the BCP is not activated.

For example, if the Municipality requires electricity for ICT, the risk of a short-term power outage can be mitigated by installing stand-by generators.

4. Event Response

4.1 Background

Each risk event stemming from the risks identified in the BIA is addressed in the continuity plans contained in the BCP, in terms of the disruptions it causes to the Municipality's service delivery and business operations.

One risk event can be the cause of another risk event, for example a fire can destroy power lines, resulting in an interruption of the electricity supply.

Many risk events can also have the same impact, for example a flood, fire, protest action and vandalism can all result in damage to or destruction of assets.

Due to the abovementioned interrelatedness of risk events and risk event impacts, the continuity plans are designed for responses to a specific disruption event, for example destruction of water pumps, and not for responses to the impacts of a specific risk event, for example water pumps destroyed by fire.

4.2 Information and Communications Technology (ICT)

Responses to ICT threats requires awareness by all employees.

This Business Continuity Plan must be read in conjunction with related policies, plans and strategies existing within the municipal ICT division.

4.3 Protest action

It is the responsibility of the South African Police Service (SAPS) to enforce the law, which includes preventing vandalism, apprehending vandals, stopping unlawful protest actions and apprehending protestors who damaged property or attacked people during the protest.

Vandalism and protest actions result in damage or destruction of infrastructure, buildings, vehicles and other assets. The damage and destruction are covered by the continuity plans. Detailed plans for the prevention of vandalism and control of protest actions fall outside the scope of the BCP. It is the responsibility of the SAPS and municipal officials to create plans to address vandalism and protest actions, including the protection of municipal property.

4.4 Condition of infrastructure-sewerage plant and water purification plant

Aging infrastructure can result into supply of water that is not good for human consumption.

4.5 Security of premises, buildings and personnel

Security compromises can consist of unauthorised entry to premises, buildings or rooms and crimes committed inside buildings like theft and robbery.

Security compromises of personnel include damage to or theft of personnel's personal belongings while on municipal premises or offsite while performing their municipal jobs, assault on personnel while performing their municipal jobs or for being a municipal official and threats made against personnel, stemming from their work done as municipal officials.

Detailed security plans for the protection of buildings and personnel fall outside the scope of a BCP. It is the responsibility of municipal law enforcement and building administrators to develop and implement security measures to ensure the security of buildings and the personnel inside.

The protection of personnel while working outside municipal premises is the responsibility of municipal law enforcement and outside the scope of the BCP. Municipal law enforcement must, if necessary, implement security measures to protect personnel while performing their municipal jobs.

The South African Police Service (SAPS) has the responsibility to enforce the law, consisting of apprehending criminals and crime prevention, which should include the protection of municipal buildings and personnel from known criminals and planned attacks.

The consequences of security compromises of buildings, for example damage to, theft or destruction of assets, are covered by the BCP.

Security compromises of personnel results in personnel either being injured or killed in attacks or resigning due to the unsafe work environment. The loss of key personnel through injury, death or resignation is covered by the BCP.

4.6 Supply Chain disruption

Supply Chain disruptions can be avoided by ensuring that personnel follow SCM Regulations and Municipal SCM Policy.

4.7 Electricity supply

Interruptions in the electricity supply can be caused either by a lack of supply from Eskom or due to technical faults. See the continuity plans for responses to interruptions in electricity supply.

4.8 Telecoms

Telecommunication interruptions can be dealt with in terms of ICT business continuity processes or related telecommunications technologies.

4.9 Fires/Smoke

Each department has the responsibility for basic fire prevention and firefighting measures, like fire extinguishers and not storing flammable materials near ignition sources.

The basic fire prevention and firefighting measures will be assessed by the Occupational Health and Safety inspector and/or an inspector from the Fire Department.

Detailed and complex fire prevention and firefighting plans and measures are the responsibility of the Fire Department and Disaster Management, which will form part of their fire plans and are beyond the scope of the BCP.

Evacuation plans are the responsibility of each department's/building's safety officer. Evacuation plans should already be displayed and known by every municipal official thus it will not be included in the BCP.

In the continuity plans, the disruptions caused by fires are dealt with as part of general groupings of disruptions (e.g. damage to / destruction of infrastructure) and individually (e.g. inaccessible roads due to fires).

4.10 Environmental Incidents

Environmental incidents could be as a result of various factors such as blocked or leaking pipes

5. Business Continuity Teams

Proper response to a disruption for the Municipality requires teams to lead and support business continuity operations. Team members should be selected from trained and experienced personnel who are knowledgeable about their responsibilities.

The duties and responsibilities for each team must be defined, including the team members and authority structure, the specific team tasks, members' roles and responsibilities, creation of contact lists and identifying alternate members.

The business continuity teams consist of the following:

- 1) Emergency Management Team
- 2) Response & Recovery Co-ordinator
- 3) Business Continuity Teams
 - Technical / Community Services Team
 - Water
 - Electricity
 - Sewerage
 - Solid Waste
 - Roads

- Storm Water Systems
- Finance Team
- Information and Communication Technology Team
- Communication Team
- Occupational Health and Safety Team
- Disaster Management Team
- Fire & Rescue
- Disaster Management
- Traffic

5.1 Emergency Management Team (EMT)

The EMT is responsible for overall coordination of the business continuity effort, determining whether the BCP should be activated and communications with senior management.

The EMT's other responsibilities include:

- Evaluate which BCP actions should be invoked and activate the corresponding teams.
- Evaluate and assess damage assessment findings.
- Set restoration priority based on the damage assessment reports.
- Provide senior management with ongoing status information.
- Act as a communication channel to teams and major stakeholders.
- Work with suppliers and business continuity teams to develop a rebuild/repair schedule.

5.2 Response & Recovery Co-ordinator

The Response & Recovery Co-ordinator is responsible for the overall coordination of the recovery effort, establishment of the command centre and communications with the EMT.

The Response & Recovery Co-ordinator's other responsibilities include:

- Notify the business continuity teams.
- Gather damage assessment information and report it to EMT.
- Determine recovery needs.
- Establish command centre and related operations.

- Notify all Team Leaders and advise them to activate their plan(s) if applicable, based upon the disruption situation.
- If the BCP is not activated, take appropriate action to return to normal operation using regular staff.
- Determine whether suppliers or other teams are needed to assist with detailed damage assessments.
- Prepare post-disruption debriefing report.

5.3 Technical / Community Services Team

The Technical / Community Services Team is responsible for the response and recovery of services delivered to the community. The services are interdependent on one another to a certain extent and therefore a combined team will be best suited to restore the services as soon as possible.

The responsibilities of the Technical / Community Services team include the following:

1) Water

- Repair / Reconstruction of water infrastructure;
- Monitor water levels of reservoirs and coordinate refilling of reservoirs that are empty or nearly empty;
- Dispatch and coordinate water tankers to residents who are or will be without water for more than 24 hours;
- Ensure maintenance of water infrastructure;
- Ensure the fleet of water service vehicles are maintained;
- Review the controls in place to protect water infrastructure against vandalism and theft and ensure improvements are implemented where necessary;
- Ensure a fast and effective reporting mechanism for burst or leaking water pipes exist;
- Monitor water levels of dams and boreholes supplying Swellendam Municipality;
- Identify possible borehole sites for establishing boreholes during a water crisis;
- Identify key personnel in the water department and ensure continuity plans address key personnel adequately;
- Inform the Communication team about the timeframes for the restoration of water supply and the timetables of water tankers;

2) Electricity

- Repair / Reconstruction of electricity infrastructure;
- Review the controls in place to protect electricity infrastructure against vandalism and theft and ensure improvements are implemented where necessary;
- Ensure maintenance of electricity infrastructure;
- Ensure maintenance of electricity generators;
- Maintain a 7-day fuel supply for electricity generators;
- Procure electricity generators for infrastructure identified in the BCP;
- Dispatch and coordinate mobile electricity generators to infrastructure;

- Explore possible alternative electricity suppliers and self-generation;
- Inform the Communication Team about the timeframes for the restoration of electricity supply;

3) Sewerage

- Repair / Reconstruction of sewerage infrastructure;
- Ensure maintenance of sewerage infrastructure;
- Review the controls in place to protect sewerage infrastructure against vandalism and theft and ensure improvements are implemented where necessary;
- Monitoring of sewerage levels;
- Dispatch and coordinate sewerage tankers to drain areas that will spill;
- Clean-up of sewerage spills;
- Ensure a fast and effective reporting mechanism for burst or leaking sewerage pipes exist;

4) Solid Waste

- Ensure maintenance of fleet;
- Identify alternative routes and collection spots when usual routes are inaccessible;
- Create new collection schedules to suit the circumstances;
- Inform the Communication Team about alternative collection spots and adjusted collection schedules;

5) Roads

- Repair / Reconstruction of roads;
- Ensure maintenance of roads;
- Ensure an effective reporting mechanism for damaged roads exist;
- Monitor bitumen supply to proactively manage possible shortages;

6) Storm Water

- Repair / Reconstruction of storm water systems;
- Ensure maintenance of storm water systems;
- Ensure a fast and effective reporting mechanism for blocked or damaged storm water systems exist;

5.4 Finance Team

The Finance Team is responsible for recovery of the finance function and supporting business continuity.

The Finance Team's responsibilities regarding recovery of the finance function include:

- Ensure municipal employees are paid no later than 2 days after their payment date stipulated in their employment contracts;
- Ensure suppliers are paid no later than 2 days after the due date;
- Liaise with SARS if taxes and/or levies will not be paid over on time and arrange for extension of the payment date;

- Implement controls to prevent fraudulent transactions during downtime;
- Recovery of financial data and information in cooperation with the ICT Team;
- Ensure financial transactions are recorded in an appropriate and standardised system while the mSCOA portal is inaccessible;

The Finance Team's responsibilities regarding business continuity of the Municipality include:

- Help departments and directorates establish the necessary emergency procurement procedures in advance;
- Handle requests for emergency procurement;
- Perform cost-benefit analysis and probability calculations to determine which insurable events identified in the BIA should be covered by insurance;
- Continuously monitor the BIA and insurance policy to ensure adequate coverage;
- Calculate the costs mentioned in the BIA;

5.5 Information and Communication Technology Team (ICT Team)

The ICT Team is essential to the business continuity and recovery efforts as provided for under the relevant ICT procedures, policies, frameworks and strategies.

- [Link to ICT document \(ICT business continuity framework\)](#)

5.6 Communication Team

The Communication Team is responsible for communication to the Municipality's stakeholders the effects of the disruption on the Municipality's operations, the current recovery operations in progress, additional planned recovery operations, the estimated time before services are resumed at minimum levels and the estimated time before normal operations are resumed.

The Communication Team's responsibilities include:

- Communicating to employees if there wages/salaries will not be paid on time and the estimated pay date;
- Communicating to suppliers if they will not be paid on time and the estimated pay date;
- Informing the public when service delivery will be resumed;
- Media relations, including handling all media queries, forwarding questions to the appropriate municipal officials, reviewing answers to media questions from municipal officials before sending it, releasing continuous updates on the state and progress of recovery efforts and communicating information from other response and recovery teams to the public;

5.7 Occupational Health & Safety Team (OHS Team)

The OHS Team is responsible to oversee the safety of all municipal employees while they are performing municipal work and/or while they are at municipal premises.

The OHS Team's responsibilities for business continuity include:

- Inspect damaged buildings, vehicles and equipment for contraventions of the Occupational Health and Safety Act, Act 85 of 1993 (OHS Act), and unsafe conditions;
- Declare whether repaired buildings, vehicles and equipment are safe and meet the requirements of the OHS Act before municipal personnel move back in;
- Ensure alternative premises fulfil the requirements of the OHS Act;
- Ensure complete medical records are kept of all personnel and that backup copies are made of medical records;
- Assist municipal departments to create safe working environments and fulfil all requirements of the OHS Act;

5.8 Disaster Management Team

The Disaster Management Team's role is to prevent disasters from occurring where possible, decrease the likelihood and impact of unpreventable disasters and managing the fallout of disasters to enable the other business continuity teams to focus on returning the Municipality's operations to normal.

The Disaster Management Team's responsibilities for business continuity include:

1) Fire & Rescue

- Extinguish fires on municipal property;
- Evacuate municipal employees from burning or flooded buildings;
- Assist municipal departments to acquire adequate firefighting equipment and reduce fire risks;
- Salvage data, records and equipment from buildings, if it is safe to do so;

2) Disaster Management

- Perform disaster risk assessments on potential disasters, determining its potential impact and likelihood on the Municipality's services;
- Inform the BCP Committee of changes in the risk profile of disasters, to enable them to evaluate whether the business continuity plan addresses all relevant disaster scenarios;
- Assist departments with the creation of mitigation strategies for disasters;
- Ensure disaster relief funds received specifically for components of the business continuity plan, are allocated to the specific components;
- Include business continuity funding requirements in applications for disaster relief funds;
- Warn the EMT of approaching fires that could disrupt the operations of the Municipality and advise them on steps to take to prevent or mitigate a disaster;

- Warn the EMT of impending or current flooding that could disrupt the operations of the Municipality and advise them on steps to take to prevent or mitigate a disaster.
 - Warn the EMT of any other known approaching event that can have disastrous consequences and advise them on steps to take to prevent or mitigate a disaster.
- 3) Traffic
- Regulate traffic to enable municipal service vehicles to get to their destinations to deliver or restore services;
 - Regulate traffic to enable municipal officials to get to work at the main sites or at alternative sites;
 - Regulate traffic to enable suppliers or couriers to deliver equipment and materials required to restore services;

5.9 General team member responsibilities

- Each team member must designate a team alternate backup.
- All team members must keep an updated calling list of their team members' work, home and cell phone numbers.
- All team members must keep the BCP for reference at home in case the disruption happens after normal work hours.
- All team members must familiarise themselves with the contents of the BCP.

6. Alternative Sites

Alternative sites must be identified where municipal services can be delivered from in case the primary sites are unavailable.

6.1 Identify the amount of alternative sites

Each function, department, directorate, the whole municipality or a combination of the aforementioned can have an alternative site.

The amount of alternative sites will be determined by cost and practicality considerations.

Functions, departments and directorates whose operations overlap can share an alternative site. Functions or departments that have unique operations can have their own alternative sites.

To keep capital costs to a minimum, one alternative site for the whole municipality can be used.

6.2 Location of alternative sites

Alternative sites should be situated in areas where it will not simultaneously be affected by the same disruption as the primary site.

The location must also be accessible by municipal officials during disruptions.

For example, if the primary site is in a low lying area prone to flooding and surrounded by veld that can burn, the alternative site should be on top of a barren hill to prevent floodwater and fires from reaching it, but it must also be accessible by a road that cannot be flooded or surrounded by veld fire.

6.3 Requirements of alternative sites

The requirements of alternative sites will differ, depending on the function, department or directorate operating from the alternative site. The assets and materials at the alternative site must enable the function, department, directorate or municipality to resume critical services and start the process to return to normal operations.

The minimum requirements of alternative sites are the following:

- Access control to ensure the physical security of the site and staff.
 - Backup electricity supply that can support the operations at the site for a one week period.
 - Office furniture and supplies, including:
 - Desks
 - Chairs
 - One week's supply of stationary.
 - One week's supply of printing paper.
 - One week's supply of printing ink.
 - Information communication technology infrastructure ((including but not limited to computers, network infrastructure, telephones, internet, software, server rooms, etc)
 - Conference facilities
 - One week's supply of portable water stored on site
 - Ablution facilities
 - Sewerage storage for a period of one week
 - Refuse storage capacity for one week's accumulation
 - One week's supply of food stored on site
 - Kitchen
 - Lounge/Relaxation area
- o Supplemented to ICT document (ICT business continuity framework)