CITY OF MATLOSANA

RISK MANAGEMENT POLICY

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1.   Introduction

The Accounting Officer / Authority has committed City of Matlosana (hereafter referred to as the CoM) to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Public Finance Management Act (PFMA), Act 1 of 1999 as amended by Act 29 of 1999 / Municipal Finance Management Act (MFMA), Act no 56 of 2003.

2.   Risk and Risk Management

Risk refers to an unwanted outcome, actual or potential, to the department's service delivery and other performance objectives, caused by the presence of risk factor(s). Some risk factor(s) also present upside potential, which Management must be aware of and be prepared to exploit. Such opportunities are encompassed in this definition of risk.

Risk management is a systematic and formalised process instituted by the CoM to identify, assess, manage and monitor risks.

2.1 Benefits of Risk Management

The City of Matlosana implements and maintains effective, efficient and transparent systems of risk management and internal control. The risk management will assist the CoM to achieve, among other things, the following outcomes needed to underpin and enhance performance:

- more sustainable and reliable delivery of services;
- informed decisions underpinned by appropriate rigour and analysis;
- innovation;
- reduced waste;
- prevention of fraud and corruption;
- better value for money through more efficient use of resources; and
- Better outputs and outcomes through improved project and programme management.

3.   Purpose of the Policy

The purpose of this Policy is to articulate the City of Matlosana's risk management philosophy. The City of Matlosana recognizes that risk management is a systematic and formalized process to identify, assess, manage and monitor risks and therefore adopts a comprehensive approach to the management of risk.

4.   Scope of the Policy

This policy applies throughout the CoM in as far as risk management is concerned.

5. The Policy

The realisation of our strategic plan depends on us being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk will enable us to anticipate and respond to changes in our service delivery environment, as well as take informed decisions under conditions of uncertainty.

We subscribe to the fundamental principles that all resources will be applied economically to ensure:

- The highest standards of service delivery;

- A management system containing the appropriate elements aimed at minimising risks and costs in the interest of all stakeholders;

- Education and training of all our staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders expectations; and

- Maintaining an environment, which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

An entity-wide approach to risk management is adopted by the City of Matlosana, which means that every key risk in each part of the CoM will be included in a structured and systematic process of risk management. It is expected that the risk management processes will become embedded into the CoM's systems and processes, ensuring that our responses to risks remain current and dynamic. All risk management efforts will be focused on supporting the departmental objectives. Equally, they must ensure compliance with relevant legislation, and fulfill the expectations of employees, communities and other stakeholders in terms of corporate governance.

6. Role players

Every employee is responsible for executing risk management processes and adhering to risk management procedures laid down by the CoM management in their areas of responsibilities.

6.1 Risk Management Oversight

6.1.1 Audit Committee

The Audit Committee is an independent committee responsible for oversight of the CoM's control, governance and risk management. The responsibilities of the Audit Committee with regard to risk management are formally defined on the Risk Management Strategy. The Audit Committee provides an independent and objective view of the CoM's risk management effectiveness.

6.1.2 Risk Management Committee

The Risk Management Committee is appointed by the Accounting Officer / Authority to assist them to discharge their responsibilities for risk management. The Committee's role is to review the risk management progress and maturity of the CoM, the effectiveness of risk management activities, the key risks facing the CoM, and the responses to address these key risks. The responsibilities of the Risk Management Committee are formally defined on the Risk Management Strategy.

6.2 Risk Management Implementers

6.2.1 Council

Council takes an interest in risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the CoM against significant risks. The responsibilities of the Council are formally defined on the Risk Management Strategy.

6.2.2 Accounting Officer

The Accounting Officer is the ultimate Chief Risk Officer of the CoM and is accountable for the CoM's overall governance of risk. By setting the tone at the top, the Accounting Officer promotes accountability, integrity and other factors that will create a positive control environment. Council responsibilities are further state on the Risk Management Strategy.

6.2.3 Management

Management is responsible for executing their responsibilities outlined in the risk management strategy and for integrating risk management into the operational routines.

6.2.4 Other Officials

Other officials are responsible for integrating risk management into their day-to-day activities. They must ensure that their delegated risk management responsibilities are executed and continuously report on progress.

6.3 Risk Management Support

6.3.1 Chief Risk Officer

The Chief Risk Officer is the custodian of the Risk Management Strategy, and coordinator of risk management activities throughout the CoM. The primary responsibility of the Chief Risk Officer is to bring his/her specialist expertise to assist the CoM to embed risk management and leverage its benefits to enhance performance. The responsibilities of the Chief Risk Officer are formally defined on the Risk Management Strategy.

6.3.2 Risk Champion

The Risk Champion's responsibility involves intervening in instances where the risk management efforts are being hampered, for example, by the lack of co-operation by Management and other officials and the lack of CoM skills and expertise.

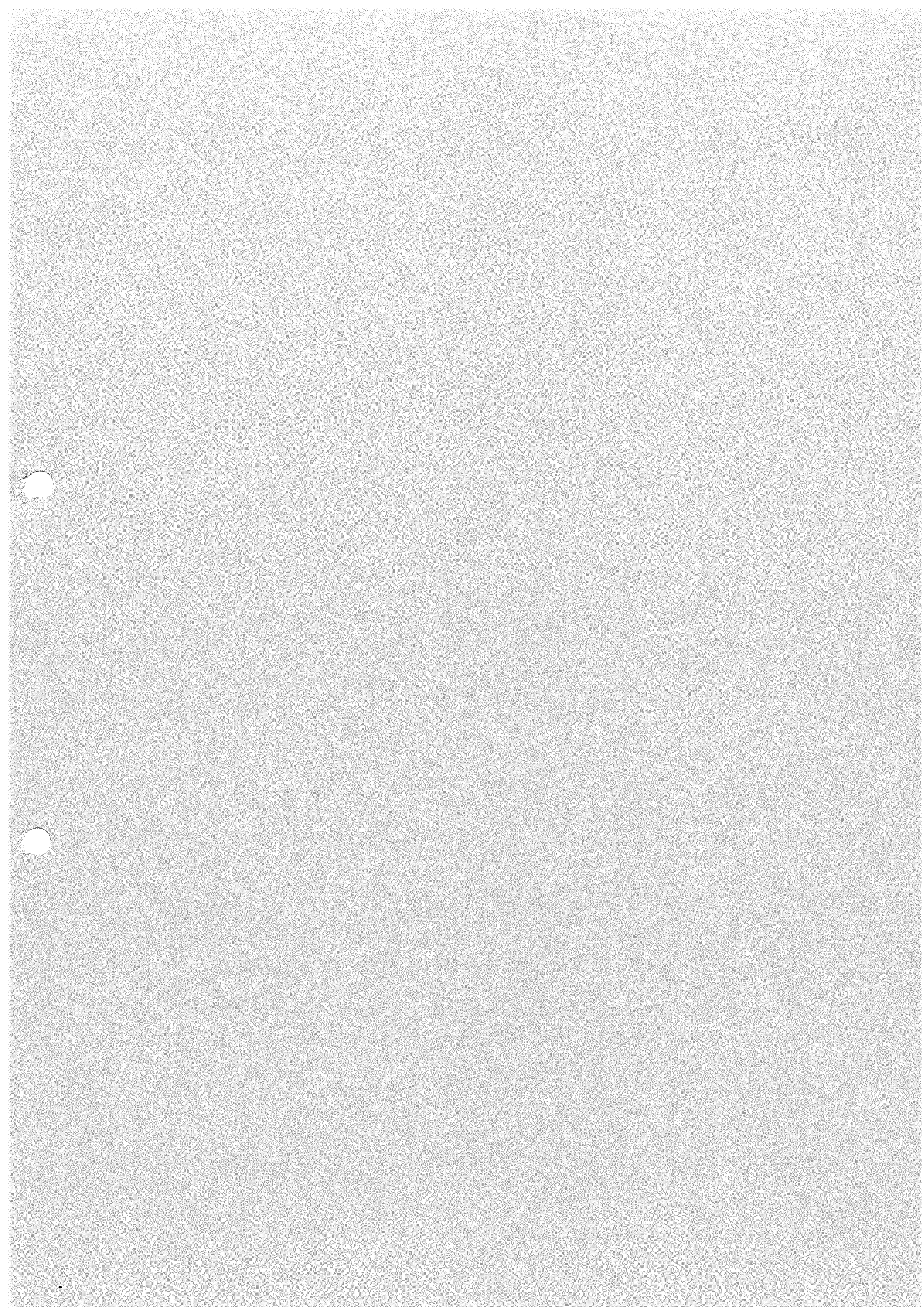### 6.4 Risk Management Assurance Providers

6.4.1 Internal Audit

The role of the Internal Auditing in risk management is to provide an independent, objective assurance on the effectiveness of the CoM's system of risk management. Internal Auditing must evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement where necessary.
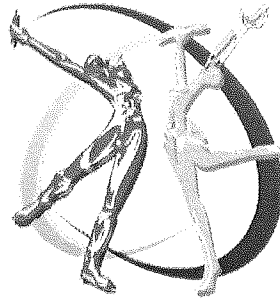
6.4.2 External Audit

The external auditor (Auditor-General) provides an independent opinion on the effectiveness of risk management.

7. Policy review

This Policy shall be reviewed annually to reflect the current stance on risk management.

CITY OF MATLOSANA

RISK MANAGEMENT STRATEGY

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FOREWORD

This is City of Matlosana's (hereafter referred to as the CoM/council) Risk management Strategy 2013/14. It aims to improve the effectiveness of risk management across the CoM , This is a high level plan which outlines how the CoM will go about implementing its risk management policy.

Effective risk management allows us to

- Have increased confidence in achieving our priorities and outcomes.
- Constrain threats to avoidable risks.
- Take informed decisions about exploiting opportunities.
- Ensure that we get the right balance between rewards and risks.
- Improve our partnership working arrangements and corporate governance.
- Ultimately, effective risk management will help to ensure that the CoM maximizes its opportunities, and minimizes the impact of risks it faces, thereby improving our ability to deliver our priorities and improve outcomes for Community .

This risk management strategy is informed by the risk management policy of the CoM and its risk profile. The strategy also explains the CoM's approach to risk management activities we operate to ensure that we manage our risks effectively.

The City of Matlosana is committed to effective management of risk. The CoM's employees, stakeholders, assets and ability to deliver services to community are constantly affected by such risks. The CoM recognizes that its risks need to be managed so that pitfalls are avoided and that opportunities are not missed.

Our risk management philosophy is, **"We are all risk managers"**.

MR ET MOTSEMME   CLLR MK KHAOUE
MUNICIPALITY MANAGER   EXECUTIVE MAYOR
CITY OF MATLOSANA   CITY OF MATLOSANA

1.   Introduction

The purpose of this document is to outline an overall approach to risk management that addresses the risks faced by City of Matlosana in pursuing its strategy and which will facilitate the effective recognition and management of such risks.

The strategy is drawn up in order to ensure that areas of high risk are identified, appropriate remedial action is considered and where appropriate, a provision is made to implement risk reduction measures. Risk management is about managing threats and opportunities and, in so doing, creates an environment of "no surprises". This strategy will assist to embed the process of risk management within the governance structure of the CoM.

Risk management is both a statutory requirement and an indispensable element of good management practice. As such its implementation is crucial to the CoM and essential to its ability to discharge its various functions in accordance with its strategic plans.

Our risk management strategy provides a comprehensive framework and process designed to support members and officers in ensuring that the CoM is able to fully discharge its risk management responsibilities. The strategy outlines the objectives and benefits of managing risks, responsibilities for risk management, and provides an overview of the framework we will implement to manage risk.

Risk management in the City of Matlosana is about improving our ability to deliver our strategic objectives by managing our threats, enhancing our opportunities and creating an environment that adds value to ongoing service delivery activities.

2.   Statement of Commitment

The major risk for most organizations is that they fail to achieve their strategic, business or project objectives, or are perceived to have failed by their stakeholders. The CoM is committed to managing this risk by logically and systematically identifying, analyzing, evaluating, treating, monitoring and communicating all risks that directly or indirectly impact on CoM's ability to achieve the vision and strategic objectives outlined in CoM's Strategic Plan.

This strategy demonstrates CoM's commitment, by detailing the risk management framework to be employed by all staff members, contractors, committees and volunteers engaged in CoM business and defining the responsibilities of individuals and committees involved in the risk management process.

3.   Scope and Key Stakeholders

This Risk Management Strategy will be implemented by all CoM departments and across all CoM services, functions and activities, whether directly controlled by CoM or delivered through third party arrangements. All employees, contractors, partner organizations and volunteers engaged in the conduct of CoM business are to apply consistent, proactive and systematic risk management practices in the employment of CoM resources and the delivery of CoM services. Successful risk management relies on input from all stakeholders and ownership of identified risks by responsible staff.

The risk management process outlined within this Strategy applies primarily to the strategic and business risk management areas.

4.   Objectives of the strategy

- To develop a risk map which will identify and rank all significant risks faced by CoM and facilitate the achievement of the CoM strategy through proactive risk management.

- To rank all risks in terms of the likelihood and occurrence and expected impact upon the CoM.
- To allocate Clear roles, responsibilities and accountabilities for risk management.
- To facilitate compliance with best practices in corporate governance.
- To raise awareness of the principles and benefits of involved in the risk management process and to obtain staff commitment to the principles of risk control and,
- To articulate processes applied to review the effectiveness of the systems of internal controls.

5.   Structural Configuration

In ideal circumstances the Chief Risk Officer (CRO) should report directly to the Accounting Officer given the latter's legal responsibility for risk management (Sec 38(1) (a) (i)) of the MFMA). However, where this is not practical because of the Accounting Officer large span of control and other operational factors, the Accounting Officer should delegate (Sec 44(1) (a) and (b)) to any person who is suitable and able to take up the responsibility.
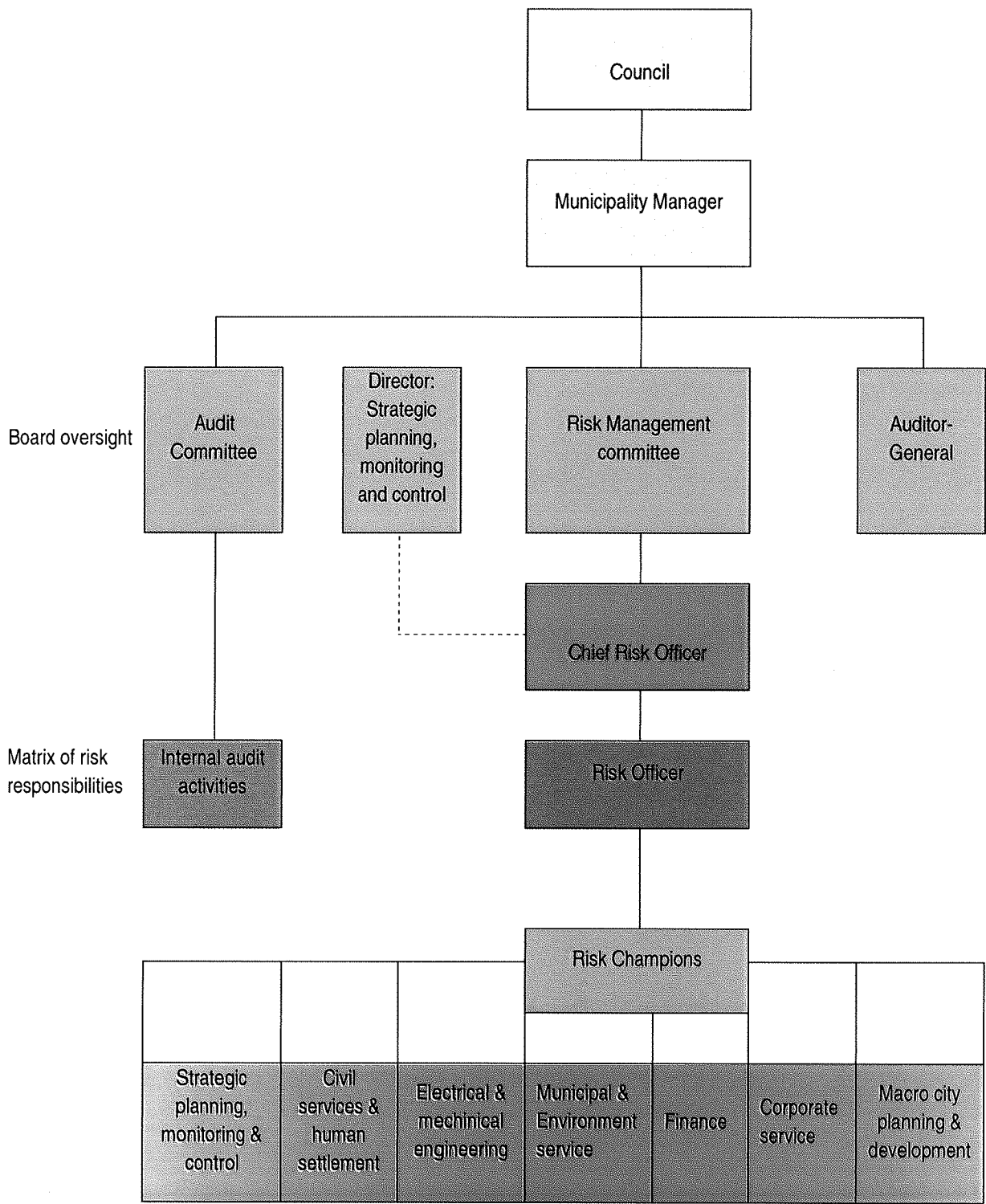
On this basis, the accounting officer for the City of Matlosana has entrusted the Director for Strategic planning, monitoring and control with the responsibility to ensure that the CoM has and maintains an effective, efficient and transparent systems of financial and risk management and internal control. Subsequently, the Chief Risk Officer will report functionally to the Risk Management Committee and administratively to the Director for Strategic planning, monitoring and control.

The Chief financial Officer is at a sufficiently high level in City of Matlosana and is able and willing to provide the necessary direction, support and guidance to the risk management function; it is clear throughout the CoM that the risk management function is a CoM resource and not an extension of the function under which it is placed for reporting purposes. The Chief Risk Officer should enjoy sufficient "power of office" such that his/her influence does not become diluted, conscious of the fact that the Chief Risk Officer needs to work with and through top management;

The Risk management Unit of the CoM is composed of two personnel one being Senior Manager who is also designated to be a Chief Risk Officer of the CoM and one Risk Officer.

The Risk Management Committee of the CoM is operational and is composed of Directors of the CoM with chairperson being the Director of Corporate Services as appoint by Municipality Manager. The strategy for this fiscal year is to enhance the work of the committee and to ensure that the committee is operating in line with best practices.

Risk Management and Governance and Functional Structure

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Board oversight

Matrix of risk responsibilities

| Strategic planning, monitoring & control | Civil services & human settlement | Electrical & mechinical engineering | Municipal & Environment service | Finance | Corporate service | Macro city planning & development |

6.   Accountability, Roles and Responsibilities

6.1   Risk Management Oversight

6.1.1   Audit Committee

In discharging its oversight responsibilities relating to risk management, the audit committee:

- Gains thorough understanding of the risk management policy, risk management strategy, risk management implementation plan, and fraud risk management policy of the CoM to enable them to add value to the risk management process when making recommendations to improve the process;
- Reviews and critiques the risk appetite and risk tolerance, and recommends this for approval by the Accounting Officer;
- Reviews the completeness of the risk assessment process implemented by management to ensure that all possible categories of risks, both internal and external to the CoM, have been identified during the risk assessment process. This includes an awareness of emerging risks pertaining to the CoM.
- Reviews the risk profile and management action plans to address the risks;
- Reviews the adequacy of adapted risk responses;
- The audit committee must monitor the progress made with the management action plan;
- Reviews the progress made with regards to the implementation of the risk management strategy of the CoM;
- Monitors the coordination of all assurance activities implemented by the CoM;
- Reviews and recommends any risk disclosures in the annual financial statements;
- Provides regular advice and recommends to the Council on the effectiveness of the risk management process implemented by the CoM;
- Review the process implemented by Management in respect of fraud prevention and ensure that all fraud related incidents have been followed up appropriately;
- Reviews and ensures that the internal audit plans are aligned to the risk profile of the CoM;
- Review the effectiveness of the internal audit assurance activities and recommends appropriate action to address any shortcomings.

6.1.2   Risk Management Committee

In discharging its oversight responsibilities relating to risk management, the Risk Management Committee has the following high level responsibilities:

- Review the risk management policy and strategy and recommend for approval by the Council;
- Review the risk appetite and tolerance and recommend approval 'by the Council;
- Review the CoM'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 CoM;
- Report to the Accounting Officer any material changes to the risk profile of the CoM;
- Review the fraud prevention policy and recommend for approval by the Council;
- Evaluate the effectiveness of the implementation of the fraud prevention policy;
- 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 goals, objectives and key performance indicators to measure the effectiveness of the risk management activity;

- Set out the nature, role, responsibility and authority of the risk management function within the CoM for approval by the Accounting Officer, and oversee the performance of the risk management function;
- Provide proper and timely reports to the Council on the state of risk management, together with aspects requiring improvement accompanied by the Committee's recommendations to address such issues.

6.2 Risk Management Implementers

6.2.1 Council

In discharging their high level responsibilities relating to risk management, Management:

- Acknowledges the "ownership" of risks within their functional areas and all responsibilities associated with managing such risks;
- Cascades risk management into their functional responsibilities;
- Empowers officials to perform adequately in terms of risk management responsibilities through proper communication of responsibilities, comprehensive orientation and ongoing opportunities for skills development;
- Holds officials accountable for their specific risk management responsibilities;
- Maintains the functional risk profile within the CoM's risk tolerance and appetite;
- Provides reports on the functional risk management consistent with the CoM's reporting protocols (including appearing before committees); Aligns the functional and CoM risk management methodologies and processes;
- Implements the directives of the Accounting Officer concerning risk management;
- Maintains a harmonious working relationship with the Chief Risk Officer and supports the Chief Risk Officer in matters concerning the functions risk management;
- Maintains a harmonious working relationship with the Risk Champion and supports the Risk Champion in matters concerning the functions risk management; keeps key functional risks at the forefront of the management agenda and devotes personal attention in overseeing the management of these risks.

6.2.2 Municipality Manager

The Accounting Officer shall ensure that the responsibility for risk management vests at all levels of management and that it is not only limited to the Accounting Officer. The Accounting Officer shall also ensure that a risk assessment is conducted regularly to identify emerging risks.

High level responsibilities of the Accounting Officer include:

- Setting the tone at the top by supporting enterprise risk management (ERM) and allocating resources towards the implementation thereof;
- Establishing the necessary structures and reporting lines within the CoM to support ERM;
- Approving the risk management strategy, risk management policy, risk management implementation plan and fraud risk management policy;
- Approving the CoM's risk appetite and risk tolerance;
- Influencing a CoM "risk aware" culture;
- Approving the code of conduct for the CoM and holding management and officials accountable for adherence; Place the key risks at the forefront of the management agenda and devote personal attention to overseeing their effective management;
- Hold management accountable for designing, implementing, monitoring and integrating risk management principles into their day-to-day activities;
- Holding the structures responsible for risk management activities accountable for adequate performance;

- Ensuring that a conducive control environment exists to ensure that identified risks are proactively managed;
- Leverage the Audit Committee, Internal Audit, Risk Management Committee and other appropriate structures for assurance on the effectiveness of risk management;
- Provide all relevant stakeholders with the necessary assurance that key risks are properly identified, assessed, mitigated and monitored;
- Consider and act on recommendations from the Audit Committee, Internal Audit, Risk Management Committee and other appropriate structures for improving the overall state of risk management;
- Provide appropriate leadership and guidance to senior management and structures responsible for various aspects of risk management.

6.2.3 Management

Management has responsibility to executing their responsibilities as set out in this document;
- Empowering officials to perform effectively in their risk management responsibilities through proper communication of responsibilities, comprehensive orientation and ongoing opportunities for skills development;
- Aligning the functional risk management methodologies and processes with the Institutional process;
- Devoting personal attention to overseeing the management of key risks within their area of responsibility;
- Maintaining a co-operative relationship with the Risk Management Unit and Risk Champion;
- Providing risk management reports;
- Presenting to the Risk Management and Audit Committees as requested;
- Maintaining the proper functioning of the control environment within their area of responsibility;
- Monitoring risk management within their area of responsibility; and
- Holding officials accountable for their specific risk management responsibilities.

6.2.4 Other Officials

Other officials are responsible for integrating risk management into their day-to-day activities. They must ensure that their delegated risk management responsibilities are executed and continuously report on progress.

6.3 Risk Management Support

6.3.1 Chief Risk Officer (CRO)

High level responsibilities by CRO is

- Working with senior management to develop the overall enterprise risk management vision, risk management strategy, risk management policy, as well as risk appetite and tolerance levels for approval by the Accounting Officer;
- Communicating the risk management policy, risk management strategy and risk management implementation plan to all stakeholders in the CoM;
- Setting up of the risk management structure and risk management reporting lines within the CoM;
- Continuously driving the risk management process towards best practice;
- Developing a common risk assessment methodology that is aligned with the CoM" objectives at strategic, tactical and operational levels for approval by the Accounting Officer.
- Coordinating risk assessments within the CoM / Directorate / division unit on a regular basis.

- Assisting management in developing and implementing risk responses for each identified material risk;
- Ensuring effective information systems exist to facilitate overall risk management improvement within the CoM;
- Continuously transferring risk management principles and practices, through training interventions, to all stakeholders within the CoM;
- Collating and consolidating the results of the various assessments within the CoM;
- Analyzing the results of the assessment process to identify trends, within the risk and control profile, and develop the necessary high level control interventions to manage these trends;
- Compiling the necessary reports to the Risk Management Committee;
- Sequent review of the fraud prevention strategy, business continuity plans occupational health, safety and environmental policies and practices and IDP sector plans (disaster management plans).
- Advising Council in matters of Risk management, fraud and corruption prevention
- Monitoring all risks management activities within CoM

6.3.2 Risk Officer

The Risk Officer is also a custodian of the Risk Management Strategy, and coordinator of risk management activities throughout the organization. The primary responsibility of the Risk Officer is to assist Chief Risk Officer in achieving risk section objectives. Work directly with risk champions on the risk management process to identifying, analyzing, examining, selecting, implementing and monitoring the results.

6.3.3 Risk Champion

The Risk Champions will be the Assistant Directors of each directorate and will be responsible for updating of risk reporting information, will be the key contact for the Risk Officer at each directorate / department.

The Risk Champions are dedicated risk managers responsible for the following:
- Implementing the risk management process within their divisions and corporate functions
- Assisting risk owners in developing and implementing risk action plans
- Maintaining the divisional risk registers and reporting risk information both within the business as well as to the Risk Officer
- Participate in strategic decision making processes at divisional level to help ensure that key risks are identified and are effectively managed
- Liaise with Risk officer and internal audit on scope of work and findings

6.4 Risk Management Assurance Providers

6.4.1 Internal Audit

The role of the Internal Auditing in risk management is to provide an independent, objective assurance on the effectiveness of the CoM's system of risk management. Internal Auditing must evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement where necessary.

6.4.2 External Audit

The external auditor (Auditor-General) provides an independent opinion on the effectiveness of risk management.

7.   Risk Management Activities

In implementing the City of Matlosana risk management Strategy, we undertake the following:

7.1   To define and implement a context for risk management in the CoM by:
- Developing a centrally co-ordinate risk framework and management process to ensure consistency throughout the CoM. This will include the development of a Fraud Prevention Plan.
- Ensuring that risk management is not one event, but a series of continuous actions that permeate a CoM's activities.
- Defining the responsibility structure for risk management throughout the CoM.
- Developing a clear and unambiguous understanding of our strategic objectives and purpose.
- Continually evaluating and reviewing the internal and external environment for risks that may affect the achievement of our strategic objectives.
- Continually reviewing our risk tolerance as our internal and external environment changes,

7.2   To implement the following continuous risk management process in the CoM:
- An annual review of the most significant risks facing the organization.
- Assessment and evaluation of the inherent impact and likelihood of risk occurring,
- Determination of the CoM's response to the risk - (Take, Manage, Transfer (insure) or Avoid). Cost benefit as well as service delivery considerations will be a factor *in* deciding on the most suitable response.
- Where the response is to manage or transfer the risk, we will examine existing procedures and controls in place to manage the risk to an acceptable level.
- Re-evaluation of the risk after taking controls into account, to obtain the residual risk/ exposure.
- Consideration of any enhancements to control that may be required to reduce residual exposure to an acceptable level.
- Continual monitoring of the status of risks and developing a process for appropriate action if that status changes.
- Reporting to Risk management committee and the audit committee on an ongoing basis regarding the results and status of risk management throughout the CoM.
- Maintaining an awareness of risk and risk management processes throughout the CoM.

7.3   The risk management strategic of the CoM will consider the following risk categories:
- Strategic,
- Service Delivery,
- Departmental Structure, Systems and procedures,
- Financial,
- Procurement,
- Budgeting,
- Communication,
- Legal,
- Compliance,
- Fraud and corruption,
- Technology,
- Human Resources,
- Employee value,
- Security.

7.4   The risk management process needs to be integrated into the current processes within the CoM .

7.4.1   The risk management process shall consist of the following key stages:

A, Risk Profiling

- Determination of objectives: The objectives of a CoM/ directorate/unit should be identified along with the key performance indicators to measure the achievement of these objectives. Objectives need to flow from a strategic level, to a business and ultimately a process level to ensure this alignment as set out below,
- Strategic: CoM objectives that are agreed to by the Council and Directorates
- Operational: Objectives that are set by the Directorates to support the achievement of the strategic objectives
- Process: Objectives that are set by the Directors and units heads at process level to support the operational / business objectives
- Identification of risks: The risks which can prevent the achievement of the objectives will be identified. Identification of risks will use the skills and experience of management, in conjunction with established industry risk models.
- Risk Evaluation: The impact and likelihood of risks, pre and post considering the current systems, controls, processes and people in place will be assessed using the criteria in Annexure A; the outcome of this evaluation for each risk will be compared to the risk appetite to determine if the current exposure is acceptable, cautionary or unacceptable.
- Identification of opportunities: For each objective and area profiled management should identify opportunities for improving current practices. These opportunities will then be subject to rigorous planning.

B. Review of Internal Controls (Response strategy)

(i) Revision of Control Strategy: Once the initial risk profile has been completed for each area, management will review the control strategy for each individual risk to assess if it is the most appropriate. Control strategies which can be employed are:
- Accept: Each risk can be accepted. This is normally the case *for* law impact risks with a low likelihood of occurrence.
- Avoid: Certain new ventures, initiatives and / or projects may have too much associated risk and as such a decision can be taken not to engage in the activity.
- Manage/mitigate: In most cases the risks need to be managed, in a cost effective manner, so that the risk exposure is acceptable, this control strategy includes transferring the risk to a third party such as an insurance company. Note the transfer of risks normally occurs for risks with a high impact but a low likelihood of occurrence.
- Control Enhancements: If the control strategy is to manage the risks, then the system of internal controls in place to manage the risks need to be reassessed. Improvements may be required to the systems of internal control and this would include identifying efficiency issues which can reduce the cost of control. to assist in this regard it should be noted that:
  - Preventative controls which manage the likelihood of a risk occurring are more efficient than detective controls which manage the impact of the risks were they to occur.
  - Automated controls are more efficient than manual controls and are generally more reliable. Where improvements to the current internal control systems are required, action plans will be documented by management.

(ii) Determine action required: Management need to decide whether further action is required to reduce either the impact and / or likelihood of the risk. In many cases the likelihood of a risk occurring can be reduced. Consideration should also be given to the value added by the action. An over controlled environment results inefficiencies,

It is critical to allocate actions to specific individuals or groups of individuals with clear start and due dates. Where actions are dependent on one another this should also be indicated so that bottlenecking can be avoided.

C. Set risk appetite

The Accounting Officer, through the Risk Committee shall set the risk appetite for City of Matlosana. Risk appetite is the level of tolerance for risk in City Of Matlosana; in other words, at what point does a risk become serious enough for City of Matlosana to start committing resources to the management of the risk.

D. Fraud and Corruption

Risk Management function on preventing fraud and corruption are formally defined in City of Matlosana fraud and corruption prevention strategy.

E. Risk and Control Monitoring

- Key Risk Indicators: For each of the risks in the profiles, where appropriate, management shall identify the key risk indicators which should be monitored to determine if the risk is likely to materialize. These key risks indicators will complement our key performance indicators and shall be included in our management reporting.
- Issue Tracking: Where risks in the profile are identified as unacceptable or where control improvements are identified, management will track progress in resolving these issues until the revised internal controls are embedded in the operations.
- Reassessment of risks: Some risks, by their nature, need to re- evaluate on a frequent basis and this period will be determined by management. However, as a minimum the risk profiles and system of internal control to manage the risks should be formally re-assessed on an annual basis.

F. Risk response control

After risks are identified and quantified, and clear responses developed, those responses must be put into action. Risk response control is the daily activity management of risk. It takes place as the project progresses. Risk response control involves implementing the risk management plan, which should be an integral part of the project plan.

The challenges are dealing with risk events as they occur. Plans in carefully structured plan5 become evident when those plans are implemented. Some strategies work very effectively, others prove far less effective. Thus, it often becomes necessary to begin the cycle new, which involves either reconsidering risk response or mitigating even further back in the process to re-evaluate identified risks.

G. Risk Monitoring

To ensure sustainability of the risk management process in the office, constant monitoring and learning should take place. A risk management monitoring section will monitor processes to ensure that they are sustainable and have necessary integrity. However managers are also expected to monitor their processes on a continual basis.

Monitoring risk is crucial to the success of the whole strategy. Systems will be created in order to ensure regular and systematic monitoring of risk, and to generate accurate and reliable data, which become the subject of regular and vigorous review. Regular briefings on risks will reinforce the culture of risk management. Relevant concise summary reports, which will keep management briefed and updated on progress made with implementation, will be produced. Information generated through the system will be regularly communicated in order to build the culture of risk management in the office.

8.   Assurance Activities;

The Internal Audit division shall include, in their audit plan the examination of the departmental risk environment taking into consideration the identified risks of the department. Internal Audit shall from time to time issue reports to the accounting officer indicating progress made with regard to the risks identified. Should the Office of the auditor general elect not to rely on tests performed by the internal audit, they may reexamine the department's risk environment. The Transversal Risk Management unit shall form part of the Risk Management Committee with an intention of ensuring that the department is in managing risks in line with the National Treasury Framework and best practices.

9.   Monitoring of achievement of the risk management strategy,

Management of the City of Matlosana acknowledges that in order to realize the full potential, risk management processes should be subject to periodic reviews. Senior management and head of departments of the CoM shall ensure that risk management strategy monitoring forms part of the agenda of their meetings. Quarterly monitoring and reporting of progress against the action plans developed to treat risks shall take place as scheduled. Quarterly progress report shall be submitted to the Audit Committee.

ANNEXURE A

Integrating risk management and planning process (RMPP)

The developed risk management planning process includes a sequence of activities that will culminate in every financial year. The RMPP is limited but focused set of strategic objectives that are shared by all employees within the LDA and inform the risk management planning process. The planning process links risk management with the day-to-day activities of Units within the Limpopo Department of Agriculture.
Risk Management planning process

Dates
May - Early July City of Matlosana conducts risk management planning activities. Objectives are identified. The risks to these objectives are identified. The identified risks are evaluated and prioritized. These activities constitute the Risk Assessment process. This must be done before the CoM submits their budget to Treasury.

Mid July - September
City of Matlosana shall ensure that risk management plan is integrated *in* both, the strategic and operational plans.

End October - Mid January
City of Matlosana shall ensure that Risk Management plan is still aligned with the operational and strategic plan before the finalization of the strategic plans.
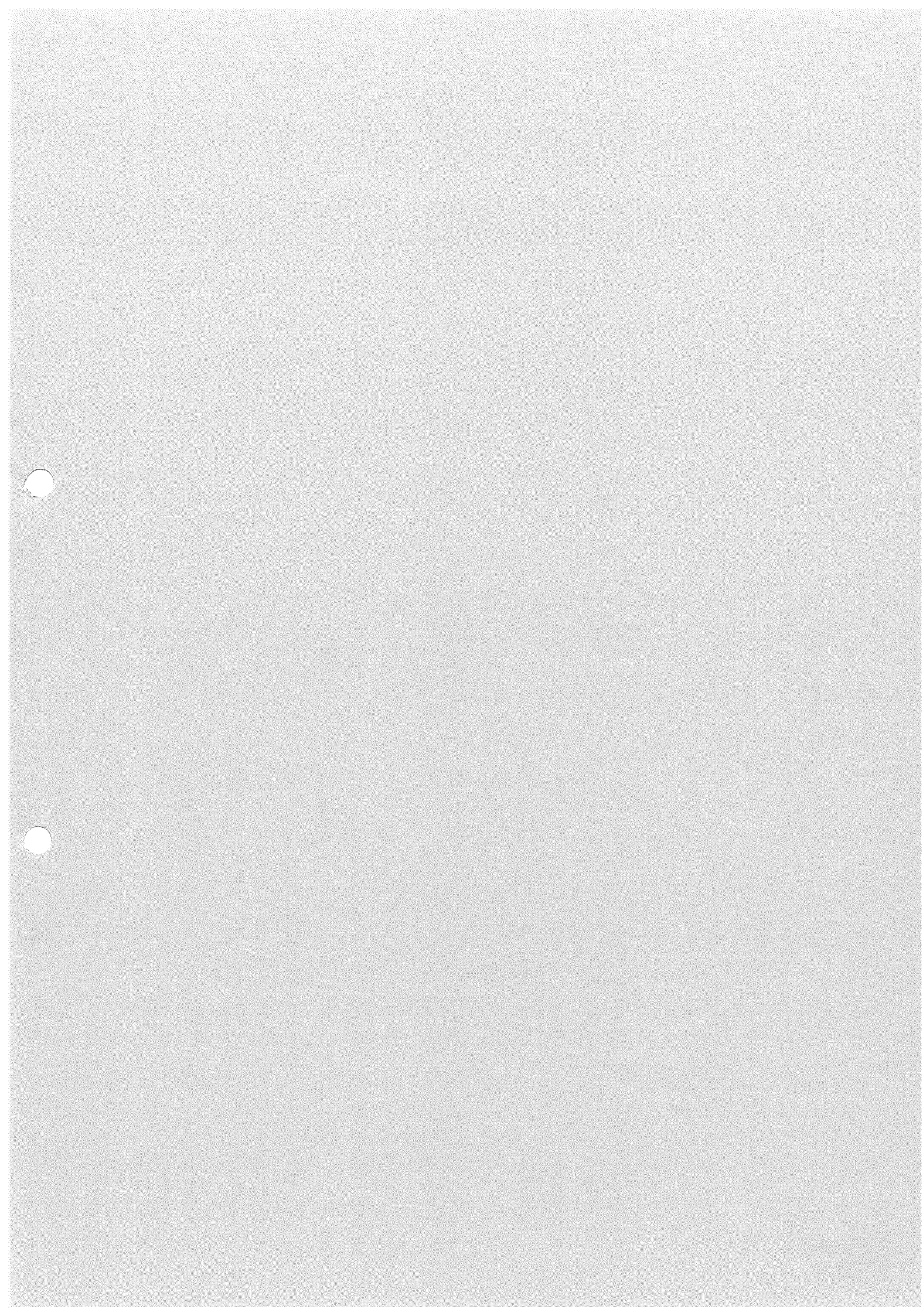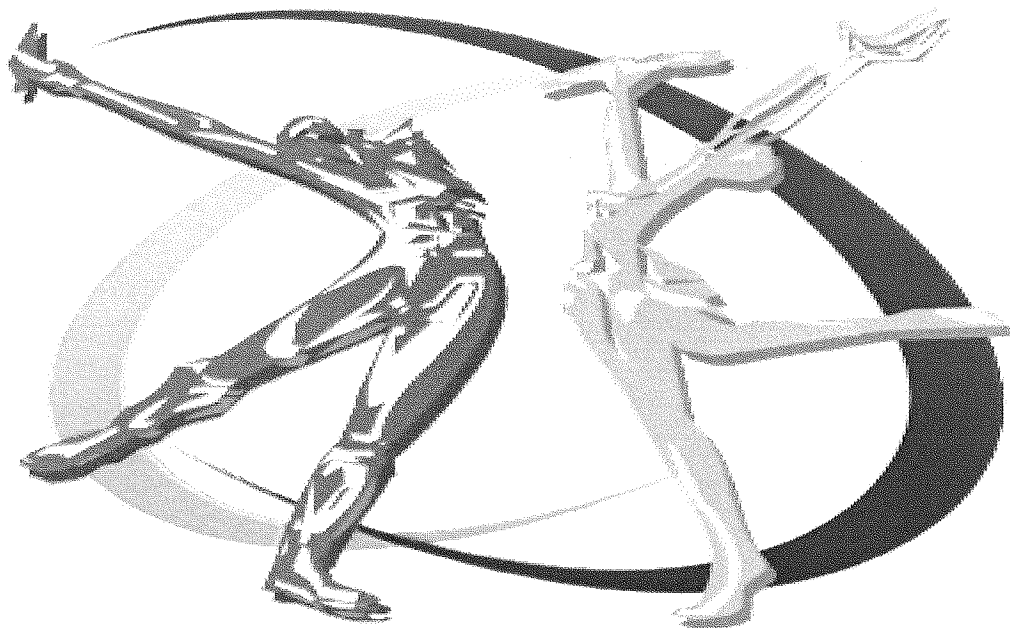
CITY OF MATLOSANA

FRAUD AND CORRUPTION PREVENTION STRATEGY

Fraud and Corruption Prevention Strategy for City of Matlosana

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TERMS AND ABBREVIATIONS

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

Constitution	Constitution of the Republic of South Africa, Act 106 of 1996, As adopted on 08 May 1996 and amended on 11 October 1996 by the Constitutional Assembly.
Demarcation Act	Local Government Municipal Demarcation Act, No 27 of 1998
DPLG	Department of Provincial and Local Government
Fraud and Corruption	Includes, but is not limited to, the following:

The following legal definitions:

- Fraud, i.e. the unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to another;
- Theft, i.e. the unlawful and intentional misappropriation of another's property which is in his/her lawful possession, with the intention to deprive the owner of its rights 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 summarized 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, unauthorized, 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 unauthorized or improper inducement to do or not to do anything;
- Corrupt activities in relation to:
  - Public officials;
  - Foreign public officials;
  - Agents;
  - Judicial officers;
  - Members of the prosecuting authority;
  - Unauthorized 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;
  o 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;
  o 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.:
  o HR – Employment Practices:
    - Inadequate vetting of employees;
  o Procurement:
    - Non-compliance to tender procedures;
  o Procurement fraud, e.g. collusion between employees and suppliers;
    - Fraudulent information submitted by suppliers when tendering for work;
  o Housing:
    - Manipulation of the beneficiary waiting list;
    - Irregular allocation of a housing subsidy;
  o Financial Systems and Control:
  - Theft of blank cheques;
  - 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 CoM, e.g.:
  o HR – Employment Practices:
  - Ghost employees;
  - Irregular appointment of staff for undue benefits;
  o Procurement:
  - Suppliers invoicing for work not done;
  - Service providers double invoicing;
  - Contractors "fronting".
  o Housing:
  - Diversion of rental payments on rental stock;
  o Financial Systems and Control:
  - Theft, e.g. petty cash, etc;
  - Fraudulent cashing of cheques;
  - Fraudulent travel claims by employees;

- o *Equipment and resource issues*: i.e. where CoM equipment is utilized for personal benefit or stolen, e.g.:
- o Financial Systems and Control:
  - Theft of assets;
  - Abuse of assets;
  - Deliberate destruction of property; and
  - Use of the Municipality resources and equipment for private gain.
- o *Other issues*: i.e. activities undertaken by employees of CoM, which may be against policies or fall below established ethical? standards, e.g.:
- o Conflict of interest;
- o Favouritism; and
- o Non-disclosure of private work

LGACS	Local Government Anti-Corruption Strategy
MFMA	Municipal Finance Management Act, No.56 of 2003
CoM	City of Matlosana Local Municipality
Municipal Manager	A person appointed in terms of Section 54(a) of the Municipal Systems Act
Strategy	Fraud Prevention Strategy for City of Matlosana Local Municipality ("CoM"), dated December 2008
R.S.A	Republic of South Africa\
SALGA	South African Local Government Association
SARS	South African Revenue Services
Structures Act	Municipal Structures Act, No 17 of 1998
Systems Act	Municipal Systems Act 32, No of 2000

Fraud and Corruption Prevention Strategy for City of Matlosana

SECTION I: INTRODUCTION

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

Consequently CoM is committed to fighting fraudulent behaviour at all levels within the organization.

The Strategy is premised on the organisations core ethical values driving the business of CoM, 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 organization. This means that in practice all departments and other business units of CoM and even external stakeholders must be guided by the Strategy as the point of reference for their conduct in relation to CoM.

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

This dynamic document details the steps, which have been, and will continually be taken by CoM to promote ethical conduct and address fraud and corruption.

Policy Statement

1.2   The policy of CoM is zero tolerance to fraud and corruption. In addition, all 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 CoM.

The efficient application of instructions contained in the policies and procedures of CoM, 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?

1.3   It is the responsibility of all employees and Councillors to immediately report all allegations or incident of fraud and corruption to their immediate manager. Should an employee is concerned that the manager is involved; the report can be made to Municipal Manager, Executive Mayor, Speaker and / or the Chairperson Municipal Public Accounts Committee (MPAC).

All managers and Councillors 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 and relevant Stakeholders. The Municipal Manager will initiate an investigation into the matter.

Should employees wish to report allegations of fraud and corruption anonymously, they can contact the Municipal Manager, the Chairperson of MPAC, Mayor, Speaker 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?

1.4 CoM encourages members of the public or providers of goods and/or services who suspect fraud and corruption to contact the Municipal Manager, Mayor and Relevant Stakeholders.

How will allegations of fraud and corruption be dealt with?

1.5 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:

Be investigated internally; or

Be referred to another law enforcement agency.

1.6 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:

In case of employees, taking disciplinary action within a reasonable period of time after the incident;

Instituting civil action to recover losses;

Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and

Any other appropriate and legal remedy available.

Recovery of Losses

1.7 Managers are required to ensure that losses or damages suffered by CoM 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

1.8 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

1.9　　　　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

1.10　　　　No person is authorized 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

1.11　　　　An employee 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 CoM. 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.

1.12　　　　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 CoM. This may include:

Harassment or victimization: CoM acknowledges the fact that the decision to report a concern can be a difficult one to make, not least because of fear of reprisal those responsible for the irregularity. CoM 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: CoM 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.

1.13　　　　All managers and Councillors 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.
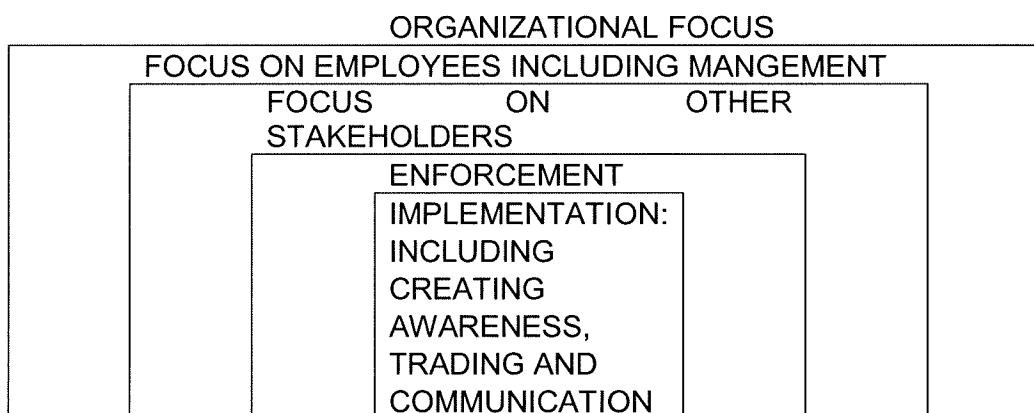
SECTION II: COMPONENTS OF THE STRATEGY

2.1	The **main principles** upon which the Strategy of CoM, that is based on and aligned to the LGACS, 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.
2.2	The above is not intended to detract from the premise that all the components are equally essential for the successful implementation of the Strategy. The **components of the Strategy** for CoM are the following: Focus on the Organization Focus on Employees Focus on other stakeholders Enforcement Implementation

SECTION III: APPROACH TO FRAUD

PREVENTION

The approach to fraud and corruption prevention in CoM can be summarized as follows:

ORGANIZATIONAL FOCUS
FOCUS ON EMPLOYEES INCLUDING MANGEMENT
FOCUS ON OTHER STAKEHOLDERS
ENFORCEMENT
IMPLEMENTATION: INCLUDING CREATING AWARENESS, TRADING AND COMMUNICATION

FOCUS ON THE ORGANISATION

Codes of Conduct for Municipal Employees and Councillors

3.1   In terms of Section 2 of the Systems Act, 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.

3.2   In terms of Section 1 of the Systems Act, 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.

3.3   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 CoM occurs only within the ethical standards as prescribed by CoM.
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 centralized record thereof must be developed.

Systems, policies and procedures

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

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.

Non-compliance with policies and procedures is a risk with the potential to seriously impact the success of the Strategy of CoM. 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.

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

3.5 CoM 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 CoM undertakes testing thereof during internal audits in which control shortcomings are subsequently addressed. Employee focused 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 CoM'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: CoM 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 employees screening processes.

Probation: Compulsory probationary periods should applicable to all Permanent employees. This provision will be extended to include 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: it is expected that all employee and councillors disclose all financial interest as stipulated by Municipal Systems at 32 of 2000 schedule 1 and 2.

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, business 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 CoM will compel all employees to take annual leave. This control also limits the risk of unethical individuals monopolizing specific tasks.

Directors 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 CoM 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.

CoM 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 organization. This will assist in identifying areas for improvement.

Discipline

3.6 CoM will be consistent and efficient in its application of the disciplinary measures. 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, CoM 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 an initiative, together with their communication is expected to have a deterrent effect.

Financial Systems and Control

3.7 appropriate finance policies and procedures are also necessary to ensure appropriate internal control over finance management and to limit 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.

The Council of CoM must approve an annual budget for CoM before the start of the financial year.CoM may only incur expenditure in terms of an approved budget and within limits of the amounts appropriated for the different votes in an approved budget.

3.8 The Municipal Manager of CoM is regarded as the accounting officer for CoM. Therefore the Municipal Manager should ensure that the financial systems and controls that are in place in CoM address the following:

Effective, efficient and economic use of resources;

Proper record keeping of the financial affairs of CoM;

Effective, efficient and transparent systems of financial and risk management and Internal control;

Effective, efficient and transparent systems of internal audit;

Prevention of irregular or fruitless and wasteful expenditure; and

Institution of disciplinary or, when appropriate, criminal proceedings against employees who have committed an act of financial misconduct or other offence, including fraud and corruption.

3.9 further, the Municipal Manager or his delegate must ensure that an effective system of expenditure control is in place. According to the MFMA, the accounting officer of CoM must report to the South African Police Service all cases of alleged theft and fraud that occurred in CoM.

Senior management and other officials of CoM must assist the Municipal Manager in coordinating the financial systems and controls within CoM.

3.10 the finance policies, procedures and other prescripts of CoM prescribe various controls, which, if effectively implemented, would limit fraud and corruption within CoM. These controls may be categorised as follows, it being recognised that the categories contain overlapping elements:

(a) Prevention controls, which is further subdivided into:

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 CoM.

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:

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.

Physical controls, which relate to the security of records and are similar to preventive controls in that they are also designed to limit access. Supervision, which relates to supervision by responsible officials of day today transactions and the recording thereof. 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

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.

Segregation of duties reduces the risk of intentional manipulation or error and increases the element of checking.

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.

Placed in context with fraud and corruption prevention,

segregation of duties lies in separating either the authorization or the custodial function from the checking function.

3.11   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.

CoM 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.

Furthermore, CoM 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.

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

3.12   The MFMA requires every municipality to have a procurement policy that is fair, equitable, transparent, competitive and cost effective.

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;

Will fully neglected, reneged on or failed to comply with government contract during the past five years; and

Whose tax matters are not cleared by SARS.

3.13   Further, the MFMA stipulates that the procurement policy of CoM must at least address the following aspects:

The Municipal Manager of CoM 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 minimize the risk of fraud, corruption, favouritism and unfair and irregular practices.

3.14   at a minimum, the procurement policy of CoM should contain the following antifraud and anti-corruption provisions:

The range of supply chain management processes that CoM may use e.g. tenders, quotations, etc;

When a particular process must be used;

	Procedures for each type of process;
	Open and transparent pre-qualification processes for tenders and other bids;
	Competitive bidding processes;
	Bid documentation, advertising of and invitations for contracts;
3.15	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;
3.16	the barring of persons from participating in tendering or other bidding processes who have:
	Been convicted of fraud or corruption during the past five years;
	Wilfully neglected, reneged on or failed to comply with a government contract during the past five years; and
	Tax matters that are not cleared with SARS;
3.17	any additional measures for:
	Combating fraud, corruption, favoritism and unfair and irregular Practices in CoM's supply chain management; and
	Promoting ethics of officials and other role players involved in CoM supply chain management.

Housing

3.18	In order to fulfil its housing role, CoM must carry out the following functions:
	Health and Safety: ensure that conditions not conducive to health and safety of the inhabitants of its areas of jurisdiction are prevented or removed;
	Efficient Services: ensure that services in respect of water, sanitation, electricity, roads, storm water drainage and transport are provided in a manner that is economically efficient;
	Housing Delivery Goals: set housing delivery goals in respect of its area of jurisdiction;
	Land for Housing: identify and designate land for housing development;
	Public Environment: create and maintain a public environment conducive to housing development which is financially and socially viable;
	Conflict Resolution: promote the resolution of conflicts arising in the housing development process;
	Bulk and Revenue Generating Services: provide bulk engineering services and revenue generating services in so far as specialist utility suppliers do not provide such services;
	Land Use: plan and manage land use and development; and
	Housing Development: initiate, plan, co-ordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction.

Housing Subsidy

3.19   A housing subsidy is a grant by Government offered to qualifying beneficiaries for housing purposes. The grant is not paid in cash to the beneficiaries. The grant is paid to a seller or may be used to construct a house, which is then transferred to a beneficiary.

Applications for a housing subsidy must satisfy the following criteria:

An applicant may be married, single or be living together with any other person. A single or married person with proven financial dependants (such as children or family members) may also apply;

An applicant must be a citizen of the Republic of South Africa, or be in the possession of a permanent resident permit;

An applicant must be legally competent to contract (i.e. over 21 years of age, or married or divorced) and of sound mind;

An applicant's gross monthly household income must not exceed R3 500. Adequate proof of income must be submitted;

An applicant or anyone else in the household must not have received previous housing benefits from the Government.

3.20   Except in the following:

An applicant that qualifies for a Consolidation Subsidy; or

Disabled persons;

3.21   An applicant may not own or has owned a house previously, except for the following:

Disabled persons

Persons who:

a) Own a vacant stand that was obtained through the Land Restitution Programme;

b) Have acquired a residential property for the first time without Government assistance and the house/dwelling on the property, if any, does not comply with the Norms and Standards in respect of Permanent Residential Structures. The property must be in possession and registered in the name of the applicant; and

c) Qualify for a consolidation subsidy

Applications for a housing subsidy may be made at either the relevant Provincial Housing Department or at the offices of CoM.

Where applications are received by CoM, receipt of the following documents should be ensured in order to mitigate the risk of beneficiaries irregularly a housing subsidy:

3.22   A certified copy of the following:

a) The page of the bar-coded R.S.A. identity document containing photograph of applicant and that of his/her spouse;

b) The page of the bar-coded Permanent Residence Permit containing the photograph of the applicant and that of his/her spouse where the applicant is not a South African Resident;

c) A marriage certificate (if applicable);

d) A spouse's death certificate (if applicable);

e) A divorce decree (if applicable);

f) Birth certificates of all dependants (if applicable); and

g) Most recent pay slip (applicant and spouse);

Agreement of Sale;

Building Contract and Approved Building Plan;

Sale of Land and House Building Support agreement in respect of People's Housing Process (PHP) (if applicable);
Proof of Disability (where applicable);
Proof of loan granted by lender (if applicable); and
Application for exemption for capital contribution (if applicable).

Housing Allocation

3.23   CoM facilitates the allocation of houses built by Provincial and National Government. Further, CoM facilitates communication with communities through the different structures e.g. ward committees, etc. Beneficiaries on the waiting list for housing may be captured by CoM or the Provincial Government. A fundamental risk in the allocation of houses is that housing may be irregularly allocated to beneficiaries, e.g. beneficiaries may be moved up the waiting list in exchange for undue benefit.
CoM will develop a housing policy that, at a minimum, will address the anti-fraud and anti-corruption provisions.

Risk Management and Assessment

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

Fraud Detection Reviews

3.25   CoM 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;
Housing, e.g. allocation, administration of housing waiting lists, etc; and
Financial Systems and Control, e.g. payment of suppliers, receipt and banking of revenue received.

Internal and External Audit

3.26   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 CoM is required to report on matters relating to:
Internal Control;
Accounting procedures and practices;

	Loss control; and
	Compliance with applicable legislation.
3.27	CoM has created an Internal Audit Unit under the guidance of an Audit Committee. In terms of its Charter, the primary role of the Audit Committee will be to:

3.27   CoM has created an Internal Audit Unit 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 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.

The anti-corruption capacity within CoM 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.

CoM recognizes 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 Strategy. Where managers are found to be slow in addressing internal control and shortcomings raised by Internal Audit, firm action will be considered.

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

3.28   CoM 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

3.29   CoM'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.

CoM 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.

Furthermore, CoM will continue to pursue steps to ensure adequate security over its people, confidential information and information systems.

Information Security

3.30   CoM will ensure that all employees are sensitized on a regular basis to the fraud and corruption risks associated with information security and the utilization of computer resources, in particular – access control, and ensure that systems are developed to limit the risk of manipulation of computerized data.

Communiqués will be provided to all employees and Councillors on the management of Intellectual property and confidential information to limit the risk of manipulation of information.

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.

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

FOCUS ON EMPLOYEES

3.31   Key ambassadors for the successful implementation of the Strategy for CoM are its employees. In essence, this means that their conduct often forms the base upon which CoM as an organization is judged. CoM employees have to therefore demonstrate behavior beyond reproach in the execution of their duties.

Anti-fraud and anti-corruption measures to address employees as referred above will be implemented by CoM.

FOCUS ON OTHER STAKEHOLDERS

3.32   CoM has several other stakeholders with whom it interacts. These are indicated below:

Trading partners, e.g. suppliers, contractors, consultants;
Employee representative organizations;
DPLG;
SALGA; and
The general public.

All stakeholders with whom CoM interacts are expected to abide by the principles contained in the Strategy. Although CoM 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 Strategy or choose not to enter into relationships with stakeholders who do not comply.

Trading Partners

3.33   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.

Approaches to address the risk of fraud and corruption relating to trading partners are the following:

Appropriate terms and conditions in invitations to propose for services relating to the standards of business ethics expected by CoM;

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 CoM dealing with these suppliers;

Appropriate contract terms and conditions indicating the conduct expected by CoM;

Ongoing communication of these standards;

Sound project management;

Monitoring and evaluation of breaches;

Taking sound action in the event of breaches such as:

a) Prosecution;

b) Loss recovery; and

c) Placing of appropriate prohibitions on future contracts and cancellation of existing contracts.

Employee representative organizations

3.34   CoM 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 Strategy of CoM. Trade unions will also be consulted prior to the finalization of the Strategy.

Department of Provincial and Local Government

3.35   DPLG is a national department and its primary function is to develop policies and legislation with regard to provinces and local government, and to monitor the implementation of the Municipal Structures Act, Municipal Demarcation Act, Systems Act as well as the MFMA. Efforts will be made to ensure that this stakeholder is also made aware of the principles contained in the Strategy and the conduct encouraged by CoM.

SALGA

3.36   SALGA is an organization 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. CoM will also ensure that SALGA is made aware of the Strategy and appropriately compliment it when dealing with CoM.

The general public

3.37   Members of the general public will also be made aware of CoM commitment to Fraud and corruption prevention and encouraged, through awareness programmes, to report irregularities affecting CoM.

ENFORCEMENT

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

Reporting and Monitoring of fraud and corruption

Reporting Channels

3.39   The reporting channels for unethical conduct, fraud and corruption impacting CoM 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 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.

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

The Strategy 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 Strategy, actions to be taken, responsible persons and feedback dates relating to progress made will also be set.

Monitoring

3.40   CoM will ensure that a fraud and corruption information system is developed for the following purposes:

Recording all allegations;

Tracking progress with the management of allegations;

To facilitate the early identification of systemic weaknesses and recurring risks, and inform managers and employees of systemic weaknesses/risks; and

Provide feedback to employees and other whistle blowers on the management of allegations.

Creating awareness

3.41   This component of the Strategy comprises two areas, namely education and communication.

Education

3.42   Formal awareness presentations will be conducted for employees of CoM 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 to 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 which CoM may be exposed, thus enhancing the prospect of detecting irregularities earlier.

Communication

3.43   The objective of communication is to further create awareness amongst employees, the public and other stakeholders, of the Strategy 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 CoM's prevention and detection ability.

Communication approaches that will be considered by CoM are the following:

An official launch for the Strategy aimed at all stakeholders;

Posters, newsletters and pamphlets to advertise the Codes of Conduct 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 Strategy;

Ensuring that ethics promotion is a fixed agenda item in meetings;

Signing of declarations of commitment by all employees to the Strategy;

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 Strategy and successes in its implementation in the Annual Report of CoM.

Implementation structure

3.44   CoM will consider the establishment of a Fraud Prevention Committee whose responsibility will include the implementation of the strategy. This Committee will include champions from all faculties and other business units. The terms of reference of this team will include the following in relation to the strategy:

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 strategy; and

Assessing progress and ongoing maintenance and review.

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CITY OF MATLOSANA

POLICY ON THE USE OF

COUNCIL VEHICLES

POLICY ON THE USE OF COUNCIL VEHICLES

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1. PURPOSE

1.1 To regulate the use of official Municipal vehicles and to ensure that they are used in a safe and efficient manner in order to minimise accidents and abuse of vehicles.

1.2 To provide a procedure for accidents and modus operandi for conducting an enquiry into vehicle accidents involving Municipal vehicles.

1.3 To provide a framework for remedial actions to be instituted.

2. APPLICATION OF POLICY

This policy applies to all employees and Councillors of the City of Matlosana.

3. REGULATIONS

3.1 Drivers Licence

3.1.1 Before an employee is required to drive a vehicle of the municipality, he/she will furnish the Human Resource department with a certified copy of his/her valid drivers licence and be kept on his/her personal file.

3.1.2 It is incumbent on the employee to renew his/her drivers licence at own cost before the expiry date indicated on his/her driver's licence.

3.1.3 Where a driver's licence is required to execute an employee's functions and is not renewed on time or cannot be issued or is restricted /endorsed or cancelled due to actions by the employee, the municipality may terminate the services of the employee.

3.1.4 It is incumbent upon the employee to immediately inform his/her supervisor and the Human Resources Department of all endorsements/restrictions or cancellation of his/her drivers licence.

3.1.5 If it is discovered that a drivers licence was fraudulently acquired, disciplinary action shall be instituted with a view of terminating the employee's service.

3.2 Professional Drivers Permit

3.2.1 Where a professional drivers permit is required to drive a vehicle for which the employee was appointed for it is incumbent upon the employee to obtain and renew such professional drivers permit.

3.2.2 Where a professional driver's permit is required for the execution of the employee's duties and is not renewed on time or cannot be issued or is cancelled due to actions of the employee the Municipality may terminate the services of the employee.

4. USE OF MUNICIPAL VEHICLES

4.1 Municipal vehicles will only be used for authorised and essential trips on Council business.

4.2   Employees driving a municipal vehicle will ensure that the logbook, provided for the vehicle, is properly completed after each trip.

4.3   A vehicle authorisation form shall be completed for each individual trip signed by the supervisor and where the vehicle is used on a continuous basis during the day i.e. traffic vehicles the authorisation form shall indicate the routes for the specific day, any deviations shall be subject to a new authorisation.

4.4   Supervisors will on a weekly basis inspect logbooks of all vehicles and co-sign the logbook.

4.5   Any traffic officer is authorised to stop a Council vehicle to inspect the logbook and the vehicle authorisation form. Should the logbook not be completed the relevant Director must be informed immediately. Should the vehicle be outside the area indicated on the vehicle authorisation form or a valid authorisation cannot be provided the keys of the vehicle shall be removed and the relevant Director will be contacted to make arrangements for the removal of the vehicle.

4.6   Only municipal employees on official duty and work related passengers will be carried as passengers in Council vehicles.

4.7   Under no circumstances may family/friends be transported in Council vehicles.

4.8   Employees undertake to look after Council vehicles and to keep it in a clean, safe and roadworthy condition at all times.

4.9   Supervisors shall at least on a weekly basis inspect vehicles to determine the condition of the vehicle and keep a register for this purpose.

4.10   The physical inspection in 4.9 above shall include a report on petrol and oil usage of the vehicle and any deviation must be reported to the relevant Director.

4.11   All vehicles will be driven with due care at all times.

4.12   No employee may drive a vehicle while intoxicated and or consumed any intoxicating substance whilst an employee is in charge of a Council vehicle.

4.13   No employee is allowed to use a Council vehicle to and from his/her residence during lunch/dinner times.

4.14   Any unauthorised or misuse of Council vehicles will lead to disciplinary action against the employee and/or immediate stopping of the use of the Council vehicle.

5.   **AFTER HOUR USE OF COUNCIL VEHICLES**

5.1   All vehicles will be parked in a safe area after hours.

5.2   No Council vehicle shall be taken home except with the expressed permission of the relevant director.

5.3 Where a vehicle is taken home the employee will ensure that the vehicle is kept in a lock-up garage or stored behind locked gates. Where such facility is not available the vehicle shall be parked at the nearest safe municipal depot with security, the SAPS or government institute, closest to the employee's home.

5.4.1 The only officials that may take vehicles home are employees on physical standby and where and where specifically approved by the relevant director in exceptional circumstances.

5.4.2 That officials currently using Council vehicles to and from home that is not on standby and that has that privilege for a period of time be given a fair period to stop this practise.

5.5 Relevant Directors may give approval in writing for a vehicle to be taken home in exceptional cases.

6. VEHICLE ACCIDENTS

6.1 The following procedure shall be followed in the event of a Council vehicle being involved in an accident, no matter how trivial, and irrespective of whether or not any person, animal or property other than a Council vehicle is involved.

6.1.1 Call a police and traffic officer and supply all the required information to any person having reasonable grounds for requiring the information.

6.1.2 In no circumstances shall a vehicle be removed from the accident scene before a traffic officer completed a report on the accident.

6.1.3 In no circumstances shall liability be admitted or unguarded statements be made to any person or payment offered or made to a third party.

6.1.4 Should any third-party involved admit liability, endeavours should be made to obtain a statement in writing from the third-party.

6.1.5 Should a driver of a vehicle be suspected of being under the influence of intoxicating liquor or narcotic drugs, this fact must be brought to the notice of the police or traffic officer present at the scene of the accident, with the least possible delay and every assistance should be rendered to such police, traffic officer or registered nurse, in ensuring that the suspected person is examined by a doctor or registered nurse as soon as possible, or be subjected to a legally permissible Alcohol-test.

6.16 Obtain as soon as possible, preferably at the scene of the accident, at least the following particulars, which are required for completing the accident report form:

6.1.6.1 Registration number, make and type of other vehicle;

6.1.6.2 Name(s) and address of driver(s) of the other vehicle.

6.1.6.3 Name(s) and address(es) of person(s) involved in an accident be it she/he/they was/were passenger/s of the Municipal vehicle's driver or the third-party or pedestrian(s).

6.1.6.4 Name and address of the third party's insurance company.

6.1.6.5 Name, occupation and address and age or estimated age of any pedestrian(s) involved in the accident and of any pedestrians killed or injured.

6.1.6.6 Description of animals and fixed objects involved in the accident and the name and address of the owner.

6.1.6.7 Name and address of witnesses including the occupants of the other vehicle(s) in their capacities as witnesses.

6.1.6.8 Measurements for the preparation of a sketch of the scene of the accident (pace off the distance if there is no scientific tape measure).

6.1.6.9 Note the geographical landscape of the place of accident, type of road, accident related obstructive substances of object on or around the road, road make-up including any fencing and weather condition at the time of the accident.

7.   INTERNAL ACCIDENT REPORTING

7.1   No vehicle shall be removed from an accident scene unless an accident report has been completed by a Traffic Officer.

7.2   The traffic officer completing the accident report will provide a copy of such report to the relevant Director and the Occupational Health and Safety Officer within 24 hours.

7.3   The driver of the Municipal vehicle shall, **within twenty-four** hours after the accident, ensure that the accident report form is completed by the Insurance Claims Officer and also ensure that statements by witnesses and other relevant supporting documents e.g. Case Reference numbers are forwarded to the Insurance Claims Clerk or his/her superior in the event of his/her absence.

7.4   The Claims Clerk or her superior shall make endeavours (in addition to obtaining a mechanical report on the condition of the vehicle after the accident) to obtain a minimum of two repair quotations from different repairing agencies or write-off report if applicable and trade-in value of the vehicle.

7.5   In the event of institution of a legal action by the third party, the driver concerned shall upon receipt of summons, subpoena or notice to appear in court pass that information to the Insurance Claims Clerk or his/her superior so that the Municipality's insurers may be approached.

7.6   Any accident damage or third party claim received shall immediately be submitted to the Insurance Claims Clerk.

7.7   Any damage made to the Municipal vehicle as a result of an accident involving another vehicle or animal/s or any object, shall be reported to the Insurance Claims Clerk.

7.8   Upon admission of complete liability in the accident report a driver of the Municipal vehicle involved in accident shall be given an option to personally bear all repair costs.

8.   INTERNAL INVESTIGATION

8.1   All vehicle accidents shall be investigated by the following Committee within 72 hours from date of the accident:

- Director Electrical Services (Chairperson)
- Superintendent Garage.
- Traffic Officer that completed the accident report.
- Occupational Health and Safety Officer.
- Relevant Supervisor.

8.2 The Committee in 9.1 above will give the driver of the vehicle the opportunity to make representations to the Committee.

8.3 The Committee shall objectively advise the relevant Director whether there was any negligence on the driver's side.

8.4 Should a finding be that the driver was negligent the relevant Director shall institute disciplinary action against the driver and in conjunction with the Legal section institute civil action against the employee for the damage suffered by Council.

9. COMPETENCE OF DRIVERS

9.1 All newly appointed employees appointment shall be subject thereto that he/she shall successfully undergo a road test by a traffic officer appointed for this purpose before assuming duty.

9.2 If a newly appointed employee does not pass the road test he/she shall be allowed a 3 day period to be re-examined and if not passing the road test the employment contract shall be terminated.

9.3 All employees that was involved in an accident of which he/she was found to be negligent shall undergo a road test by a traffic officer appointed for this purpose,

9.4 The purpose of the road test in 9.1 and 9.3 above is not to determine the validity of the employee's driver's licence but to determine if the employee is able to drive a vehicle to an acceptable standard.

9.5 Should the traffic officer be of the opinion that the employee is not capable of safely driving a vehicle the relevant director and shop steward should be informed to attend a second test.

9.6 Where it is found that an employee, referred to in 9.3 above is not able to drive a vehicle safely, alternative options for employment should be considered and if not possible the person's services terminated.

10. SHORT TITLE

This policy is the policy on the Use of Council Vehicles of the City of Matlosana.

POLICY SECTION	HUMAN RESOURCES
APPROVAL BY COUNCIL	25 SEPT 2 ....2013 CC 123 2013
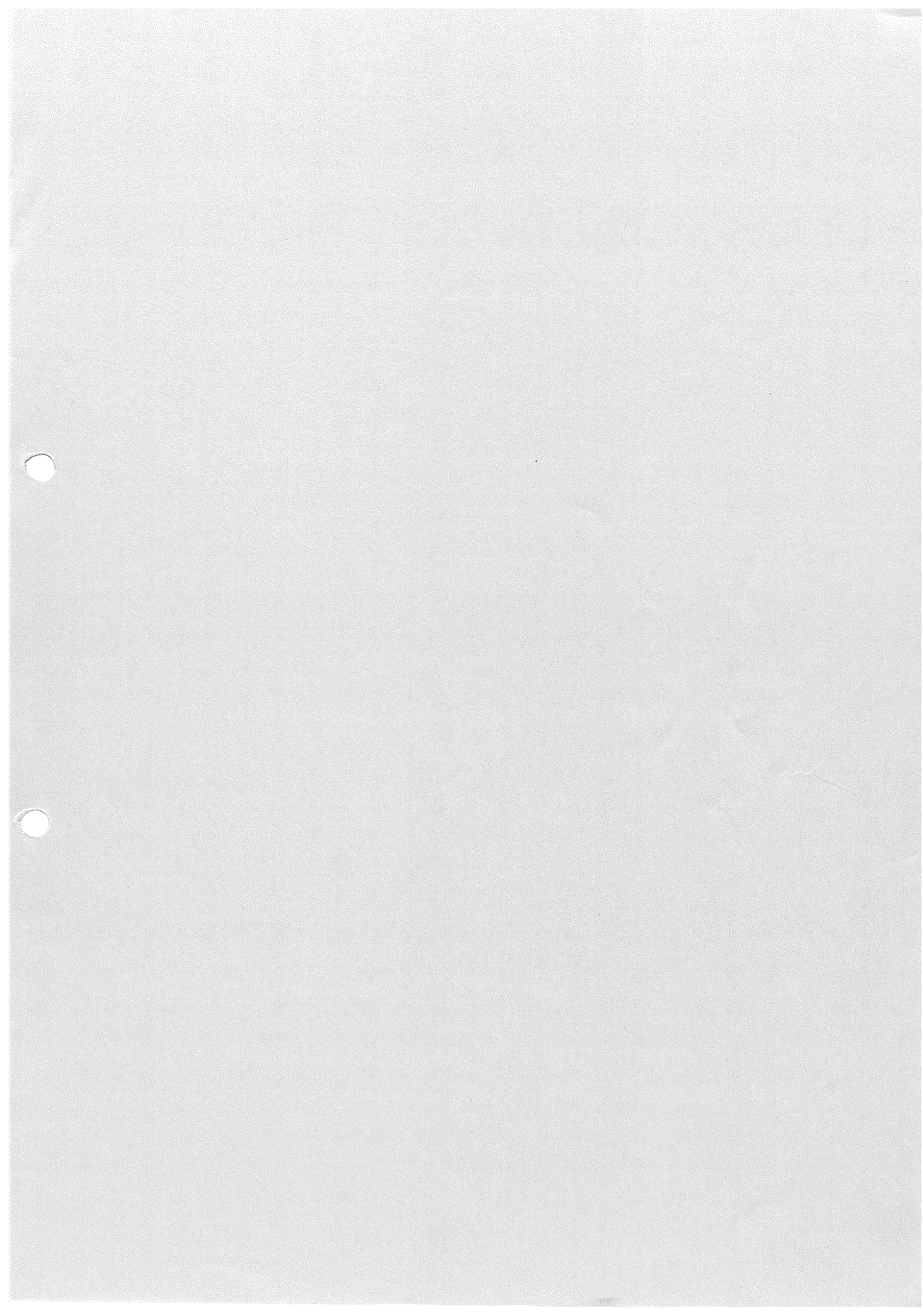
INVESTIGATION POLICY

1   PURPOSE

The purpose of the document is to provide guidance to enable Institution to develop the Investigation Procedure.

2   BACKGROUND

The investigation policy is established to provide guidelines as to how to respond should instances of fraud and corruption be identified. The policy guidelines focus on the report, investigation and prosecution of fraudulent and corrupt activities.

3   POLICY STATEMENT

Fraud represents a significant potential risk to the City of Matlosana's assets, service delivery efficiency and reputation. The Institution will not tolerate corrupt or fraudulent activities, whether internal or external to the Institution, and will vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.

4   INVESTIGATION PROCEDURE

In the event that fraud or corruption is detected or suspected, investigations will be initiated, and if warranted, disciplinary proceedings, prosecution or action aimed at the recovery of losses will be initiated. The following procedure has been adopted by City of Matlosana as a process to be followed in the investigation of fraud and related incidents.

4.1   REPORTING OF SUSPICIOUS ACTIVITIES

It is the responsibility of every employee to report all incidents of fraud and corruption that may come to his / her attention to his / her supervisor. Alternatively, such reports can be made by way of submitting a report through the prescribed whistle blowing mechanism.

The conditions leading to reporting fraudulent and corrupt activities may differ from one instance to another, but employees are encouraged to use the internal channels. When offences are reported, the requirements of the MFMA should be taken into account.

All reports received will be treated with the requisite confidentiality and will not be disclosed or discussed with parties other than those charged with investigation into such reports.

4.2   PRELIMINARY INVESTIGATION

All Managers are responsible for the detection, prevention and investigation of fraud and corruption, within their areas of responsibility. All suspected fraudulent activities should be

reported to Municipal Manager, the Chairperson of MPAC (Municipal Public Accounts Committee), Mayor, Speaker and/or the National Hotline on 0800 701 701, who will assess the incident and allocate it to the line manager for preliminary investigation or refer it to Risk Management Unit for full investigation.

All managers and Councillors 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.

4.3 FULL INVESTIGATION

The nature of reports of incidents of fraud and / or corruption will determine action to be taken. Other incidents will warrant a preliminary investigation, as mentioned in par 4.2 above, before any decision to implement full blown independent investigation is taken.

Investigations will be undertaken by appropriately qualified and experienced persons who are independent of the section where investigations are required. This may be a director within the Institution itself, an internal investigator, external consultant or a law enforcement agency. All investigations performed and evidence obtained will be in accordance with acceptable practices and legal requirements. Independence and objectivity of investigations are paramount.

Any investigation initiated must be concluded by the issue of a report by the person/s appointed to conduct such investigations. Such reports will only be disseminated to those persons required to have access thereto in order to implement whatever action is deemed appropriate as a result of the investigation.

City of Matlosana employees are encouraged to assist in the investigation process as may be required.

Any investigation into improper conduct within the Institution will be subject to an appropriate level of supervision by a responsible committee, having regard to the seriousness of the matter under investigation.

4.4 RESOLUTION

City of Matlosana will perform the following activities after the discovery of fraudulent or corrupt activities:

4.4.1 Disciplinary proceedings

The ultimate outcome of disciplinary proceedings may involve a person(s) receiving written warnings or the termination of their services. All disciplinary proceedings will take place in accordance with the procedures as set out in the disciplinary procedures.

4.4.2 Prosecution

Should investigations uncover evidence of fraud or corruption in respect of an allegation or series of allegations, the Institution will review the facts at hand to determine whether the matter is one that ought to be reported to the relevant law enforcement agency for investigation and possible prosecution. Such reports must be submitted to the South African Police Service in accordance with the requirements of all applicable acts. The Institution will give its full co-operation to any such law enforcement agency including the provision of reports compiled in respect of investigations conducted.

4.4.3 Recovery action

Where there is clear evidence of fraud or corruption and there has been a financial loss to the Institution, recovery action (criminal, civil or administrative), will be instituted to recover any such losses. In respect of civil recoveries, costs involved will be determined to ensure that the cost of recovery is financially beneficial. (Requirements of the MFMA should be taken into account).

4.4.4 Internal control review after discovery of fraud

In each instance where fraud is detected, Line Management will re-assess the adequacy of the current internal control systems (particularly those controls directly impacting on the fraud incident) to consider the need for improvements. The responsibility for ensuring that the internal control systems are re-assessed and for ensuring that the recommendations arising out of this assessment are implemented will lie with Line Management of the section concerned.

5 LEGAL FRAMEWORK

The policy is developed in line with the Constitution of the country and has taken into consideration, among other, the provisions of the following legislations:

- Criminal Procedure Act;
- Law of Evidence;
- Prevention and Combating of Corrupt Activities Act;

- Labour Relations Act;
- Promotion of Access to Information Act;
- Promotion of Administrative Justice Act;
- Public Finance Management Act;
- Municipal Finance Management Act;
- Municipal Systems Act;
- Municipal Systems Act: Code of Conduct for Councillors; and
- Municipal Systems Act: Code of Conduct for Municipal officials.
- Collective Agreement

6   APPLICATION

This policy is applicable to all employees **and councillors** of the City of Matlosana. Suspicious activities referred to in the investigation policy include acts of external parties, i.e. suppliers, contractors, consultants, etc. Contravention of the provisions of the policy will be dealt with as per disciplinary procedures set out in par 4.4.1. The policy cannot be applied, under any circumstance, in contravention of any of the legislations of the country or in a manner that constitute abuse of human rights.
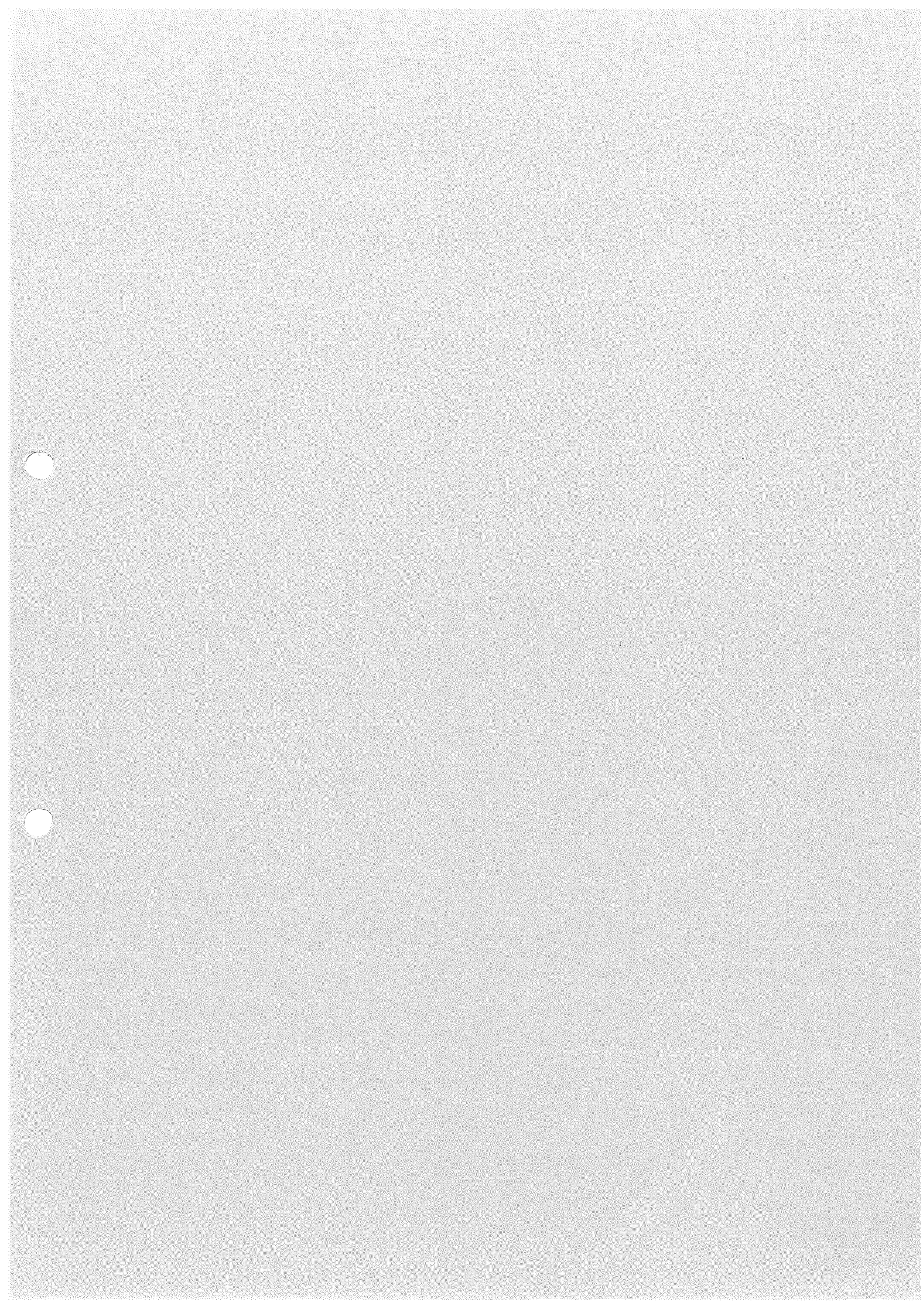
7   REVISION

The policy will be reviewed as follows:
- Annually so to align to the Fraud Prevention Strategy review;
- Any time to reflect any material changes in the Fraud Prevention Policy;
- Any time to reflect any material changes in the Investigation Policy / Procedure resulting from incidents investigated; and
- Any time to reflect relevant changes in the legislation of the country.

8   EFFECTIVE DATE

This policy is effective from the date of approval by Council.

POLICY OF ORGANISATIONAL RIGHTS FOR TRADE UNIONS

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1. DEFINITIONS

City of Matlosana	City of Matlosana established in terms of Section 12 and 14 of the Local Government : Municipal Structures Act, 1998 (Act 117 of 1998).
Employer	City of Matlosana represented by the Municipal Manager in terms of Section 55 of the Systems Act.
Supervisor	The person the employee is directly reporting to.
Shop Steward	A Trade Union representative as defined in the Labour Relations Act.
Shop Steward Committee	All the shop stewards of either SAMWU or IMATU at the Municipality.
Trade Union	Either SAMWU or IMATU.
Union Activities	All activities of a trade union including representation at disciplinary hearings and Local Labour Forum meetings.

2. PURPOSE

To regulate the organisational rights of Trade Unions in the Municipality in order to promote the following objectives:

- To create an environment conducive to the establishment of sound industrial relations in the municipality; and
- To encourage an orderly environment for shop stewards to perform their functions and duties.

3. LEGAL FRAMEWORK

This policy is developed and guided by the following:

3.1   Labour Relations Act, 1995 (Act 66 of 1995).
3.2   Local Government : Municipal Systems Act, 2000 (Act 32 of 2000).
3.3   South African Local Government Bargaining Council : Organisational Rights Collective Agreement.

4. SCOPE OF APPLICATION

This policy applies to all employees of the City of Matlosana.

5. ACCESS TO THE WORKPLACE

Office Bearers and officials of the trade unions shall be entitled to reasonable access to the employer's premises during working hours for purpose of conducting bona fide union business, including recruitment and communication, provided that prior permission is obtained from the relevant Director, which permission shall not be unreasonably withheld.

6. SHOP STEWARD

6.1 The Trade Unions shall be entitled to have shop stewards, who shall be entitled to perform their duties as set out in Section 14(4) of the Labour Relations Act and as agreed upon in the Organisational Rights Collective Agreement.

7. MEETINGS AND FACILITIES

7.1 Shop Stewards shall be entitled to meet with members in their respective constituencies for a period of 2 (two) hours per month from 14:30.

7.2 The Shop Stewards Committee shall be entitled to hold 4 (four) general meetings with members per year. Any such meeting shall be held during working hours for not more than 2 (two) hours during working time from 14:30 on a date to be approved by the Municipal Manager or his delegate, which shall not be unreasonably be withheld. Additional meetings/time may be requested and such request shall not be unreasonably be refused.

7.3 A Shop Steward Committee shall be entitled to meet for a period not exceeding 2 (two) hours per month during working time from 14:30.

7.4 Record of time off allowed for shop steward meetings will be kept by the Human Resource Department.

8. TIME OFF FOR TRADE UNION ACTIVITIES

8.1 Shop Stewards shall be entitled to 15 (fifteen) days per year with full pay during working hours for trade union activities and training as per the Organisational Rights Collective Agreement.

8.2 Should a Shop Steward be required to leave his/her workplace in order to carry out any duties as a Shop Steward, the Shop Steward shall first obtain the permission of his/her supervisor, which permission shall not be unreasonably withheld.

8.3 Should the activities of a Shop Steward require him/her to go into another department, the approval of the relevant Director/Supervisor shall be obtained before the department is entered. Such approval shall not be unreasonably refused.

8.4 To be able to regulate time off by Shop Steward each Supervisor shall keep written record of time off.

8.5 For the purpose of 8.3 above a register will be kept making provision for time leaving the workplace and time returning to the workplace and signatures of both the Supervisor and the Shop Steward.

8.6 The record kept in 8.4 above shall be submitted to the Human Resource Department on or before the 5th of each month.

8.7 The Human Resource department shall consolidate the information for each Shop Steward calculating the hours time off to days.

8.8 Where a Shop Steward has reached 12 days time off the Human Resource department shall inform the Shop Steward and Supervisor in writing. Failure to inform a Shop Steward shall not affect the available days.

8.9 Six days of each Shop Steward's annual entitlement of time off shall be pooled and re-allocated at the trade union's discretion to the shop steward of the union's choice provided that no single shop steward may take more than 21 (twenty one) days off per year and the total days in the pool may not be exceeded.

8.10 The relevant trade union shall inform the Human Resource department of all allocations in 8.8 and the records must be updated accordingly.

8.11 Further motivated requests for time off for shop stewards shall not be unreasonably refused.

9. USE OF COUNCIL VEHICLES FOR UNION MEETINGS

9.1 Shop Stewards shall not be entitled to make use of official transport for shop steward activities subject to 9.2 below.

9.2 Council vehicle may only be used where the shop steward is on standby and a meeting is attended that will last until 16:30 and the meetings takes place on the shortest route between his/her workplace and his/her place of residence.

9.3 Official transport to attend annual general meetings will be provided to transport employees to the venue of the meeting.

10. SHORT TITLE

This policy is the Policy on Organisational Rights for Trade Unions of the City of Matlosana.

POLICY SECTION	HUMAN RESOURCES
APPROVAL BY COUNCIL	..............................2012 CC