

UBUNTU MUNICIPALITY
FRAUD AND PREVENTION POLICY

Introduction

Management is responsible for fraud defalcation, misappropriation, and other irregularities. Each member of the management team should be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

Any irregularity detected or suspected must be reported immediately to the Municipal Manager who will refer it to the Chief Internal Auditor.

SCOPE OF POLICY

The conditions of this policy apply to any irregularity, or suspected irregularity, involving not only employees, councillors, other stakeholders, suppliers and unknown parties.

Any investigative activity will be conducted without regard to the suspected wrong-doer's length of service, position/title, or relationship.

ACTIONS CONSTITUTING FRAUD

The terms fraud and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act,
- Forgery or alteration of any document, or account belonging to a customer,
- Forgery or alteration of a cheque, bank draft, or any other financial document,
- Misappropriation of funds, securities, supplies, or other assets,
- Impropriety in the handling or reporting of money of financial transactions,
- Accepting or seeking anything of (material) value from vendors or persons providing services/materials to the council (exception: perishable gift less than R..... in value intended for a group of employees, such as, (candy, flowers), and which are disclosed.
- Destruction or disappearance of records, furniture, fixtures, or equipment,
- Disclosing to outside persons security arrangement and procedures.
- Irregularities with procurement.

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NON-FRAUD IRREGULARITIES

Identification or allegations of personal improprieties or irregularities whether moral, ethical, or behavioural, should be resolved by the Municipal Manager and the Director: Human Resources. Contact the Chief Legal Advisor for guidance if you have any question of whether an action constitutes fraud.

INVESTIGATION RESPONSIBILITIES

The Chief Internal Auditor has the primary responsibility for investigations. If an investigation reveals that fraudulent activities have occurred, the Chief Internal Auditor will issue reports to the Municipal Manager and, if appropriate, to the Council through its Audit Committee.

Decisions to prosecute or turn matters over to appropriate law enforcement and/or regulatory agencies for independent investigation will be made by Council in conjunction with legal counsel and Senior Management, as will final decisions on disposition of cases.

CONFIDENTIALITY

The Chief Internal Auditor will accept relevant information on a confidential basis from an employee who suspects dishonest or fraudulent activity. Employees should contact the Chief Internal Auditor immediately, and should not attempt personally to conduct investigations or interview/interrogations related to suspected frauds.

The results of investigations conducted by the Chief Internal Auditor will not be disclosed or discussed with anyone other than those persons associated with the Council who have a legitimate need to know in order to perform their duties and responsibilities. This is important in order to avoid damaging the reputations of persons suspected, but subsequently found innocent of wrongful conduct, and to protect the Council from potential civil liability.

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AUTHORIZATION FOR INVESTIGATION OF SUSPECTED FRAUD

In those instances in which the Chief Internal Auditor of the Internal Audit Department believes it to be in the best interests, members of the Internal Audit Department have the authority and duty, after consulting with the Municipal Manager, to:

- Take control of, and/or gain full access to, all Council premises, whether owned or rented,
- Examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities.

REPORTING PROCEDURE

Great care must be taken in the investigation of suspected improprieties or irregularities to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity should contact the Municipal Manager immediately. All inquiries from the suspected individual and his or her attorney or representative should be directed to the Chief Internal Auditor or Legal Council. Proper response to such an inquiry is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "what you did," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference. The SA Police Service and the Council's Insurer must be informed immediately.

The reporting individual must adhere to the following restrictions:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone outside unless specifically asked to do so by the Chief Legal Advisor.
- Do not discuss the case with anyone inside other than the Chief Internal Auditors, or individuals within the department who have a legitimate need to know.

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TERMINATION


If an investigation results in a recommendation to suspend an individual, the recommendation will be reviewed for approval by the Manager of Human Resources and, if necessary, by outside council before any such action is taken.

The services of an individual will be terminated by the Council on a recommendation from the Disciplinary Committee.

ADMINISTRATION

The Municipal Manager is responsible for the administration, interpretation, and application of this policy.

 MM
27/05/2021


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ANNEXURE: A

COMMUNICATING THE FRAUD POLICY

It obviously does little good to have a fraud or ethics policy if it is not communicated to the employees. The involvement of the trade union is essential. This communication can be accomplished in several ways. The communication of the policy should be presented in a positive, non-accusatory manner.

Orientation

During initial employee orientation, the fraud policy should be discussed. This is the first opportunity the Council has to make its point, and it should be made thoroughly.

Memoranda

An interoffice memorandum from the Municipal Manager detailing the fraud policy is a good idea. Once again, the policy should concentrate on the positive aspects of working for an ethical institution.

Posters

Some Municipalities may wish to use posters displayed in common areas. However, this should be carefully considered as some employees may object to such tactics.

Employee Morale

If an employee is properly instructed, communication of a fraud policy can have a positive impact on morale. Honest workers want to work for an honest institution. A fraud policy helps set the proper tone.

