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City of Johannesburg



Fraud Prevention Plan for the City of Johannesburg

25 November 2010



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GLOSSARY OF TERMS

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):

“City”	The City of Johannesburg
“Code”	Code of Conduct for Municipal Staff Members as prescribed in Section 69 of the Local Government: Municipal Systems Act, Act 32 of 2000
“Constitution”	The Constitution of the Republic of South Africa, 1996
“Committee”	Fraud and Corruption Prevention/Group Audit Committee
“Councillor”	Means a member of a municipal council;
“Unethical conduct, fraud and corruption”	Includes, but is not limited to, the following: <ul style="list-style-type: none"> (a) The following legal definitions: <ul style="list-style-type: none"> (i) <i>Fraud</i>, i.e. “the unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to another”;



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- (ii) *Corruption* which could be summarised as: “giving or offering; receiving or agreeing to receive; obtaining or attempting to obtain any benefit which is not legally due to, or by a person who has been charged with a duty or power by virtue of any employment, to do any act or omit to do any act in relation to that power or duty”; or offences in respect of corrupt activities as defined in the Prevention and Combating of Corrupt Activities Act 2004; and
- (iii) *Theft*, i.e. “the unlawful and intentional misappropriation of another’s property or property which is in his/her lawful possession, with the intention to deprive the owner of its rights permanently”;
- (b) Fraudulent or corrupt acts may include:
- Systems Issues*: where a process/system exists which is prone to abuse by either employees or the public, e.g.:
- Maladministration or financial misconduct in handling or reporting of money, financial transactions or other assets;
 - Irregular collusion in the allocation of housing;
 - Disclosing confidential or proprietary information to outside parties;
 - Irregular collusion in writing off of bad debts;
 - Procurement fraud e.g. irregular collusion in awarding of tenders or orders for good and/or services; and
 - Deliberate non-compliance with delegation of authority limits.
- Financial Issues*: i.e. where individuals or companies have fraudulently obtained money from the City, e.g.:
- Making a profit from insider knowledge;
 - Creditors fraud e.g. diverting payments to incorrect creditors;
 - Irregular collusion in awarding contracts or orders for goods and/or services;
 - Suppliers submitting invalid invoices or invoicing for work not done;



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- Payroll fraud e.g. creation of ghost employees;
- Revenue fraud e.g. irregular refunds to consumers; and
- Theft of funds;

Equipment and Resource Issues: i.e., where the City's equipment is utilised for personal benefit, e.g.:

- Personal use of resources e.g. vehicles hired by the City;
- Theft of assets e.g. printer cartridges; and
- Irregular destruction, removal, or abuse of records (including intellectual property) and equipment;

Other Issues: i.e., activities undertaken by officers of the City which may be unlawful against the City's regulations or policies, falls below established standards or practices or amounts to improper conduct, e.g.:

- Soliciting, Accepting and/or Receiving undue gifts or favours for rendering services, e.g. expensive gifts in contradiction of the Code;
- Conflict of interest;
- Nepotism and/or favouritism and
- Deliberately omitting or refusing to report or act upon reports of any such irregular or dishonest conduct.

"Fraud Policy"

"JRAS"

"Protected Disclosures Act"

"Fraud Prevention Plan"

"Systems Act"

"Finance Act"

"POCA"

"PRECCA"

"CPA"

"SALGBC"

Anti-Fraud and Anti-Corruption Policy and Response Plan

Joburg Risk & Audit Services of the City "FAS"Forensic Audit Services Section of JRAS

Protected Disclosures Act, Act 26 of 2000

Fraud Prevention Plan for the City of Johannesburg

Local Government: Municipal Systems Act, Act 32 of 2000

Municipal Finance Management Act, Act No 56 of 2004

Prevention of Organised Crime Act, 121 of 1998

Prevention and Combating of Corrupt Activities Act, Act 2004

Criminal Procedures Act 51 of 1977

South African Local Government Bargaining Council



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SECTION I: INTRODUCTION

- 1.1 During 2009/2010 the Fraud Prevention Plan which was developed for the City of Johannesburg was reviewed by JRAS' Forensic Audit Section.
- 1.2 As a result of ever changing fraud and corruption threats to the City, and to keep abreast with current best practices to prevent, detect and investigate fraud and corruption it was decided that the Fraud Prevention Plan will be reviewed on an annual basis.

Objectives of the Fraud Prevention Plan could be summarised as follows:

- Encouraging a culture within the City where all employees and other stakeholders continuously behave ethically in their dealings with, or on behalf of the City;
- Improving accountability, efficiency and effective administration within the City;
- Improving the application of systems, policies, procedures and regulations;
- Changing aspects of the City that facilitate fraud and corruption and not allow it to go unnoticed or unreported; and
- Encourage all employees and other stakeholders to strive towards the promotion of integrity and the prevention and detection of unethical conduct, fraud and corruption that is impacting or having the potential to impact on the City.



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SECTION II: THE DEVELOPMENT OF THE FRAUD PREVENTION PLAN

- 2.1 The Fraud Prevention Plan is based on strategic business and fraud risks identified during the risk assessment workshop conducted by the Risk Management Department, and high-level review of documentation. Amongst others, fraud and corruption risks as identified in this document (a summary of these risks is attached as **Annexure A (See Risk Register Molemo)**) is not representative of the full spectrum of fraud and corruption risks facing the City.
- 2.2 The documentation for the revised Fraud Prevention Plan included the following:
- Sections of the Local Government: Municipal Systems Act, Act 32 of 2000;
 - The Department of Local Government Anti-Corruption Strategy;
 - Code of Conduct for Municipal Staff Members and Councillors as per the Municipal Systems Act;
 - Disciplinary Code Collective Agreement
 - Anti-Fraud Policies of Municipalities within South Africa;
 - Risk Registers and Reports compiled by the Risk Management Department ;
 - Internal Audit Reports;
 - Forensic Investigation Reports and
 - Relevant applicable legislation.

3. RESPONSIBILITIES

- 3.1 The Forensic Audit Section of JRAS is responsible for the following:
- Investigation of unethical conduct, fraud corruption and theft;
 - Conducting fraud detection reviews;
 - Raising awareness and promoting integrity;
 - Promotion and maintenance of the Fraud Hotline; and

- Development and maintenance/review of the Fraud Prevention Plan.

3.2 The Risk Management Section of JRAS is responsible for the following:

- Fraud and corruption risk assessments and susceptibility assessments of high fraud and corruption risk areas;
- The City acknowledges the fact that it faces diverse business and fraud risks from both internal and external sources. A comprehensive, City wide, on-going risk assessment has been conducted with the assistance and facilitation of the Risk Management Directorate within JRAS.
- In addition to the fraud and corruption risks already discussed, the fraud and corruption risks will be addressed by conducting reviews in order to secure a more detailed understanding of the areas wherein these risks exist. This is intended to ensure that adequate fraud and corruption prevention controls and detection mechanisms are developed. This will include the conducting of fraud identification risk presentations to managers and staff to ensure that they have a more detailed understanding of the fraud and corruption risks associated with these areas, thus enhancing the prospect of detecting irregularities earlier.

Furthermore, specific transactions in areas referred to in paragraph 3.4.2 above will be selected in order to conduct *fraud and corruption detection reviews*, aimed at identifying possible incidents of fraud and corruption and control weaknesses in order to address:

- Weaknesses in credit control, refunds and clearance certificates in particular revenue management;
- Weaknesses in the SAP payroll system;
- Weaknesses in Human Resources Management;
- Weaknesses in Supply Chain Management;
- Poor contracts management;
- Fraud relating to fleet management (e.g. abuse of vehicles);
- Collusion in property valuations;



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- Abuse of assets;
- Poor inventory management;
- Management fraud with a particular emphasis on financial reporting; and
- Weaknesses in the SAP procurement and payment system.

3.3 Management responsibilities

Internal controls are one of the fundamental controls in place to prevent unethical conduct, fraud and corruption. The City will continue to regularly re-emphasise to all managers and supervisors to ensure that employees comply with internal controls.

The City will develop a formal system by which the performance of management is also appraised by taking into account the number of audit queries raised and the level of seriousness of the consequent risk to the City as a result of the internal control deficiency identified. This is intended to raise the level of management accountability for internal control.

Where management are found to be inconsistent and/or inefficient in the application of discipline, firm action will be considered.

Where management do not comply with basic internal controls, e.g. non-adherence to the delegation of authority limits, firm disciplinary action will be taken.



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SECTION III: PRINCIPLES OF THE FRAUD PREVENTION PLAN

The **main principles of the Fraud Prevention Plan** are as follows:

- Creating a culture which is intolerant to unethical conduct, fraud and corruption;
- Deterrence of unethical conduct, fraud and corruption;
- Strengthening confidence with key stakeholders, e.g. community, suppliers and representative unions (IMATU & SAMWU) that are necessary to support the actions required to fight corruption in the City
- Preventing unethical conduct, fraud and corruption ;
- Detection of unethical conduct, fraud and corruption;
- Investigating detected unethical conduct, fraud and corruption;
- Appropriate action is taken in the event of such irregularities, e.g. criminal prosecution, disciplinary action, black listing etc;
- Consistent application of disciplinary action by Management; and
- Applying sanctions, which include redress in respect of financial losses and reputation.



All aspects of the Fraud Prevention Plan will be:

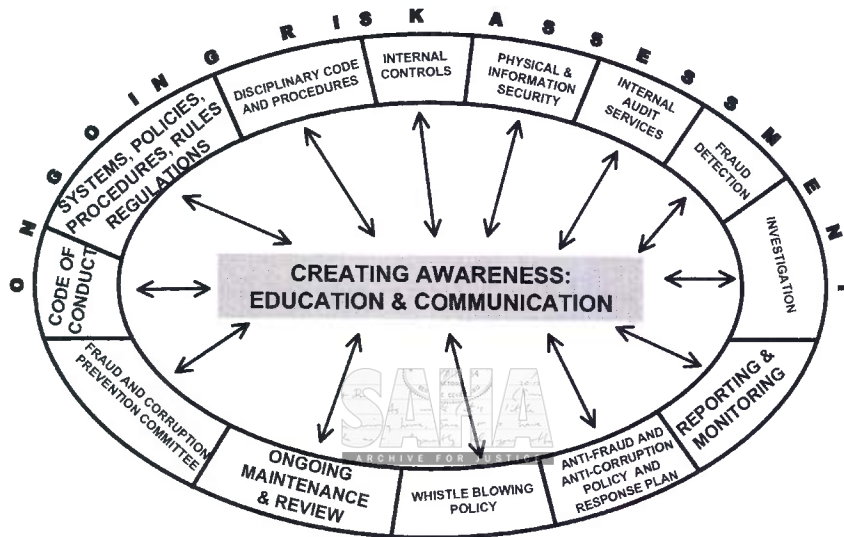
- Included in the comprehensive induction presentations and awareness campaigns Coordinated with various departments within the City;
- Subjected to continuous fraud risk assessments which will be facilitated by Risk Management Services.



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4. CONCLUSION

The success of the Fraud Prevention Plan is dependent on the adequacy and effectiveness of the components depicted below.



A. PREVENTING FRAUD AND CORRUPTION

3.1 Code of Conduct and Ethics within the City

3.1.1 The Fraud Prevention Plan for the City incorporates the Code of Conduct for Municipal Employees as well as the Code of Conduct for Councillors. The Codes are a component of the Fraud Prevention Plan, and have been attached as Annexure B.

3.1.2 The City expects all people and organisations that are in any way associated with it, to be honest and fair in their dealings with the City and its stakeholders.

3.1.3 Compliance by employees of the City with the Code.

3.1.4 The City will pursue the following plan to improve ethics and conduct:

- a) A copy of the Code will be made accessible to all employees and included in induction packs for new employees.
- b) Human Resources will ensure that all employees sign an annual declaration serving as an indication of their understanding of and commitment to the Code of Conduct.
- c) Include relevant aspects of the Code of Conduct in awareness presentations, training sessions and communication programmes (as indicated in paragraphs 3.6.2 and 3.6.3 below) to create awareness thereof amongst employees and other stakeholders.
- d) The awareness presentations and training sessions as well as communication programmes will be conducted in English and on request, be provided in other official languages as prescribed in the Constitution.
- e) Further objectives of this training will be the following:
 - Assist departments (i.e. LR, HR and Legal) in helping employees and Councillors to understand the meaning of fraudulent and corrupt behaviour in line with expectations of the Systems Act;
 - Present case studies which would assist in developing behaviour to articulate and encourage attitudes and values which support ethical behaviour;
 - Help employees and Councillors to understand issues involved in making ethical judgements;
 - Communicate the implications of unethical behaviour and its impact for individuals, the workplace, professional relationships, the City as whole and external stakeholders including the public.

3.2 The City's systems, policies, procedures, rules and regulations

3.2.1 The City has a number of systems, policies, procedures, rules and regulations designed to ensure compliance with prevailing legislation and limit risk, including



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fraud and corruption risk. Fundamentally, all employees and Councillors of the City, should understand and must comply with these.

3.2.2 The most important of these are the following:

- The Municipal Systems Act;
- The Municipal Finance Management Act;
- Other relevant legislation (i.e. POCA, PRECCA etc.)
- CoJ's Financial regulations;
- Supply Chain Management Policy;
- Code of Conduct and Ethics for Municipal Staff Members and Councillors;
- Human Resources Policies and Procedures (i.e. the Disciplinary Code and Procedures; Talent Acquisition Policy etc)
- Delegation of Authority;
- Conditions of Service for Employees; and
- Information Technology Standards, Policies and Procedures.

3.2.3 In addition to the above, individual departments have also introduced control measures designed to improve their activities/ operations.

3.2.4 The City has identified the strategic fraud and corruption risks in this area as the following:

- Non-adherence/compliance to policies, procedures, CoJ's rules and regulations
- Lack of knowledge and understanding amongst employees and Councillors of prevailing policies procedures, CoJ's rules and regulations;
- Insufficient inadequate and non-existing policies, procedures and relevant manuals;
- Lack of proper delegation of authority;
- No blacklisting strategy for goods and/or service providers who violate contracts, deliver inferior services or commit other irregularities; and
- Lack of a proper recruitment and selection leading to nepotism and appointment of unsuitably skilled individuals.

- Lack of proper mechanism and separation of duties particularly in the Supply Chain Management Systems leading to the appointment of unqualified suppliers.
- 3.2.5 The risks that are indicated in paragraph 3.2.4 above suggest, amongst other issues, that there appears to be weaknesses in the system for creating awareness of, and implementation of policies and procedures.
- 3.2.6 The City is encouraging training programmes to improve awareness and knowledge of relevant systems, policies, procedures, rules and regulations amongst its employees.
- 3.2.7 Furthermore, a clearly defined communication and training strategy on the Fraud Prevention Plan is to be developed to create awareness of existing and new policies and procedures in order to ensure that all employees are made aware of, and are adequately trained in the implementation of policies and procedures relevant to their duties and responsibilities. This system will include the following:
- Provisions for all employees to acknowledge, in writing, that they have read and understood the policies and procedures applicable to their duties, have undergone relevant training and/or are aware of these policies and procedures; and
 - The keeping of adequate records serving as proof that employees have been made aware of the policies and procedures relevant to their duties.
 - Declaration of interest exercise City Wide
- 3.2.8 Furthermore, the City will develop and distribute a regular communiqué outlining the implications for employees, for example - the taking of disciplinary action against offenders not complying with policies and procedures. In instances where breaches occur, swift and efficient disciplinary action will be taken to set an example to other potential wrongdoers.



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- 3.2.9 The City will continue to review several of its policies and procedures in order to determine the adequacy thereof. A structured monitoring mechanism will be developed for the keeping of proper records of these policies and procedures that are being updated, and of new policies and procedures that are being developed. This will be done in order to set clear targets and monitor progress.
- 3.2.10 A Supply Chain Management Code of conduct for suppliers exists on blacklisting of suppliers, and SCM has developed a strategy for the placing of restrictions on suppliers and/or other providers of goods and/or services who are found guilty of unethical conduct or other irregularities in conflict with the principles contained in the Fraud Prevention Plan.
- 3.2.11 As part of its approach to the equitable management of human resources, the City will continue to pursue steps to limit the risk of appointing unsuitable individuals. This includes ensuring that all recruitment and selection practices are merit-based and reflect the City's commitment to competence. Furthermore, a review of the recruitment and selection policy was conducted by Human Resources (Talent Acquisition Policy), to ensure that it adequately reflects this commitment.

Disciplinary Code and Procedures

- 3.2.12 The Disciplinary Code and Procedures: Collective Agreement of the City prescribes appropriate steps to be taken to resolve disciplinary matters. The strategic fraud and corruption risks which have been identified with regard to discipline and the application thereof are the following:
- Lack of disciplinary action;
 - Disciplinary process takes too long;
 - Inadequate training of prosecutors and presiding officials;
 - Inadequate knowledge of disciplinary process and procedure by managers;
 - Ineffective disciplinary procedures; and
 - Poor and inconsistent application of appropriate action.



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3.2.13 The City recognises the fact that the consistent and efficient application of disciplinary measures is an integral component in making the Fraud Prevention Plan a success. The City will continue to pursue the following steps to ensure the consistent, efficient and speedy application of disciplinary measures by:

- (a) Reviewing the Disciplinary Code Agreement and Procedures with the objective of improving weaknesses identified;
 - (b) Ongoing training of managers, prosecutors and presiding officials with regard to the content of the Disciplinary Code and Procedures, the application of disciplinary measures and the disciplinary process, and sustaining this training;
 - (c) Developing a system to facilitate the consistent application of disciplinary measures;
 - (d) Communication of specific disciplinary standards and forbidden conduct in terms of the Disciplinary Code and procedures;
 - (e) Publication (within the permissible legal framework) of the outcomes and sanctions of disciplinary and criminal/civil matters, including lessons learned.
- The successful achievement of these initiatives, together with their communication is expected to have a deterrent effect on unethical conduct, fraud and corruption.

3.2.14 Where management are found to be inconsistent and/or inefficient in the application of discipline, firm action will be considered.

Internal controls

3.2.15 This section of the Fraud Prevention Plan relates to basic internal controls to prevent and detect unethical conduct, fraud and corruption. The systems, policies, procedures, rules and regulations of the City prescribe various controls, which if effectively implemented, would limit unethical conduct, fraud and corruption within the City. These controls may be categorised as follows, and it should be recognised that the categories contain overlapping elements:



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Prevention controls:

These are divided into two sub-categories, namely Authorisation and Physical;

Detection controls:

These are divided into four categories, namely Arithmetic and Accounting, Physical, Supervision and Management Information and Segregation of duties

Prevention controls

a) Authorisation

(i) All transactions require authorisation or approval by an appropriate responsible person of a higher authority to the requester.

(ii) The limits for these authorisations are specified in the delegations of authority of the City and in various City regulations.

b) Physical



These controls are concerned mainly with the custody of assets and information and involve procedures and security measures designed to ensure that access to assets and information is limited to authorised personnel. This becomes prominent in the case of protection of valuable, portable, exchangeable and desirable assets as well as sensitive and confidential information.

Detection controls

a) Arithmetic and accounting controls

(i) These are basic controls within the recording function which ensure that transactions to be recorded and processed have been completed, authorised and are correctly recorded and accurately processed.



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- (ii) Such controls include checking the arithmetical accuracy of the records, the maintenance and checking of totals, reconciliations, control accounts and accounting for documents.
- b) Physical controls
 - (i) These controls relate to the maintenance and security of records. They therefore underpin arithmetic and accounting controls.
 - (ii) Their similarity to preventive controls lies in the fact that these controls are also designed to limit access.
- c) Supervision

This control relates to supervision by responsible officials of day-to-day transactions and the recording thereof.
- d) Management information
 - (i) This relates to the review of management accounts and budgetary control.
 - (ii) Management outside the day-to-day routine of the system normally exercises these controls.

Segregation of duties

- a) 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 unethical conduct, fraud and corruption.
- b) Segregation of duties reduces the risk of intentional manipulation or error and increases the element of scrutiny.
- c) Functions that should be separated include those of authorisation, execution, custody and recording and, in the case of computer-based accounting systems, systems development and daily operations.



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- d) Placed in context with the prevention of fraud and corruption, segregation of duties serves in separating either the authorisation or the custodial function from the checking function.

3.2.16 Despite the existence of systems, policies, procedures, rules and regulations to address internal control, the following strategic fraud and corruption risks have been identified:

- Lack of an adequate system of internal controls;
- Non-adherence to internal controls;
- Collapsed management processes;
- Inadequately trained staff;
- Poor/Inadequate management of staff;
- Management override; and
- Lack of management accountability.

3.2.17 , The City is constantly engaged in the conducting of training programmes to improve awareness and knowledge of relevant policies and procedures amongst its employees.

The City will set clearer targets to facilitate the measurement of the effectiveness of this training in order that further weaknesses identified are addressed. Furthermore, a strong emphasis will be placed on the following areas during this training:

- Delegation of authority;
- Contracts management;
- Supply Chain Management ;
- Credit control, including revenue collection;
- Financial management and administration;
- Human resources management;
- Labour Relations; and
- Basic management principles.

3.2.18 The City will continue to initiate steps to address the problem of lack of training, expertise and knowledge of systems, policies and procedures to improve internal

controls. Areas of weakness will be identified during audits, investigations and risk assessments.

- 3.2.19 A matrix of internal control weaknesses identified during audits and investigations will be developed in order to assist in the identification of areas that require additional focus.

Physical and information security

Physical security

- 3.2.23 Recognising that effective physical security is one of the "front line" defences against fraud and corruption, the City will take regular steps to improve physical security and access control at its offices in order to limit the risk of theft of assets.
- 3.2.24 The City will also consider conducting a regular detailed review of the physical security arrangements at its offices and improve weaknesses identified.

Information security

- 3.2.25 The fraud and corruption risks identified in information security are the following:
- Non-compliance with IT Standards policy and procedures;
 - Manipulation of information on computers due to poor access control, including poor control over passwords;
 - Lack of segregation of IT controls;
 - Inadequate management into monitoring in respect of deviation reports and audit trail of transactions;
 - Unreliable and inaccurate data;
 - Sporadic manipulation of data.
- 3.2.26 The City will ensure that all employees are sensitised on a regular basis to the fraud and corruption risks associated with information security and the utilisation of computer resources, in particular - access control, and ensure that systems are developed to limit the risk of manipulation of computer data.



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- 3.2.27 Regular communiqués will be forwarded to employees pointing out the content of the IT Standards, Policy and Procedures, with 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.
- 3.2.28 Regular reviews of information and computer security will also be considered. Weaknesses identified during these reviews will be addressed.

Fraud Risk Assessment

In order to assist the City in complying with legislative requirements, the Risk Management Unit developed a risk assessment framework for use within the City and where necessary, advise the City on its roll-out.

Included in this risk assessment framework will be guidelines for the development of fraud risk management plans.



Internal and External Audit

The MFMA stipulates that a municipal entity must maintain a system of internal audit under the control and direction of an audit committee.

The internal audit function of the respective municipality is required to report on matters relating to:

- Internal Control;
- Corporate Governance;
- Accounting procedures and practices;
- Risk and Risk Management;

- Loss control; and
- Compliance with applicable legislation

B. DETECTING AND INVESTIGATING FRAUD AND CORRUPTION

3.3 Joburg Risk & Audit Services

- 3.3.1 Joburg Risk & Audit Services assists the City in improving the effectiveness of operations, risk management, control and governance processes. This is further intended to promote good corporate governance including promoting ethical conduct, prevention, detection and investigation of fraud and corruption within the City.
- 3.3.2 JRAS has already commenced with awareness programs in order to enhance management's understanding of the role of JRAS and the Fraud Prevention Plan. This program will be sustained on an ongoing basis.
- 3.3.3 Where management are found to be slow in responding to internal audit queries raised by JRAS, Audit Committee intervention will be sought.
- 3.3.4 The **Forensic Audit Section** of JRAS is responsible for the following:
- Investigation of unethical conduct, fraud, corruption and theft;
 - Conducting fraud detection reviews;
 - Raising awareness and promoting integrity;
 - Promotion and maintenance of the Fraud Hotline; and
 - Development and maintenance/review of the Fraud Prevention Plan.

3.4 Investigations

3.4.1 Forensic Audit Services will conduct investigations in line with the JRAS Forensic Audit methodology, Code of Ethics and principles of the Association of Certified Fraud Examiners as well as other relevant legislation.

3.4.2 Ongoing Risk Assessments

3.4.3 The City acknowledges the fact that it faces diverse business and fraud risks from both internal and external sources. A comprehensive, City wide, on-going risk assessment has been conducted with the assistance and facilitation of the Risk Management Directorate within JRAS.

3.4.4 In addition to the fraud and corruption risks already discussed, the fraud and corruption risks listed will be addressed by conducting reviews in order to secure a more detailed understanding of the areas wherein these risks exist. This is intended to ensure that adequate fraud and corruption prevention controls and detection mechanisms are developed. Risk Management will conduct fraud identification risk presentations to management and staff to ensure that they have a more detailed understanding of the fraud and corruption risks associated with these areas, thus enhancing the prospect of detecting irregularities earlier.

3.4.5 Furthermore, specific transactions in areas referred to in paragraph 3.4.4 above will be selected in order to conduct *fraud and corruption detection reviews*, aimed at identifying possible incidents of fraud and corruption and control weaknesses in order to address:

- Weaknesses in credit control, refunds and clearance certificates in particular revenue management;
- Weaknesses in the SAP payroll system;
- Weaknesses in Human Resources Management;
- Weaknesses in Supply Chain Management;
- Poor contracts management;
- Fraud relating to fleet management (e.g. abuse of vehicles);



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- Collusion in property valuations;
- Abuse of assets;
- Poor inventory management;
- Management fraud with a particular emphasis on financial reporting; and
- Weaknesses in the SAP procurement and payment system.
- Mal-administration in particular Finance Management

3.5 Reporting and monitoring

- 3.5.1 The City has identified the fact that its Fraud Prevention Plan for the reporting of fraud and corruption could be communicated more effectively as some employees do not know what steps are in place for the reporting of allegations and incidents which they witness and/or have a suspicion. The effect is that some incidents of fraud and corruption may not be reported. This could lead to weaknesses in the effective management of threats to the City.
- 3.5.2 The City also recognises the fact that whistle blowers could be victimised by fellow employees or management in contravention of the Protected Disclosures Act. This could have severe negative implications for the City, for example, negative media publicity and whistle blowers having no confidence in the whistle blowing system.
- 3.5.3 The City has developed and maintain an Anti-Fraud Hotline in order to achieve the following:
- (a) To deter potential fraudsters by making all employees and other stakeholders aware that the City encourages the utilisation of the facility;
 - (b) To raise the level of awareness that the City is serious about combating unethical conduct, fraud and corruption;
 - (c) To detect incidents of fraud and corruption by encouraging whistle blowers to report incidents which they witness and/or suspect;
 - (d) To assist the City in managing the requirements of the Protected Disclosures Act by creating a channel through which whistle blowers can report



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- irregularities which they witness or which come to their attention without fear of being victimised; and
- (e) To further assist the City in identifying areas of fraud and corruption risk in order that preventive and detective controls can be appropriately improved or developed.

The Anti-Fraud and Anti-Corruption Policy and Response Plan

- 3.5.4 The Anti-Fraud Policy and Response Plan (**Annexure C**) has been developed for the City. The Anti-Fraud Policy contains provision for the reporting of allegations of unethical conduct, fraud and corruption which include the following:
- Making a report to the employee's immediate manager;
 - If the immediate manager is allegedly involved, the allegation must be reported to the next level of management; and
 - The manager who receives such a report must forward it to FAS, which will initiate an investigation in consultation with appropriate stakeholders within the City.
 - Where the person reporting the information wishes to remain anonymous, the allegation can be reported through the Anti-Fraud Hotline, Joburg Risk & Audit Services or directly to FAS;
 -
- 3.5.5 Furthermore, the Anti Fraud and Corruption Policy includes the following issues:
- The policy stance of the City to fraud and corruption, i.e. Zero Tolerance to fraud and corruption;
 - Definitions of fraud and corruption and some manifestations in the City's context;
 - The available channels to report, investigate and resolve incidents of fraud and corruption which impact on the City;
 - Provisions relating to the protection of whistle blowers;



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- The handling of confidentiality relating to allegations and investigations of fraud and corruption;
- Publication of sanctions imposed on persons found guilty of fraud and corruption; and
- Responsibility for the administration of the Policy.

The Whistle Blowing Policy

- 3.5.6 In order to further limit the risk of employees being victimised for whistle blowing in contravention of the Protected Disclosures Act, the City has developed a Whistle Blowing Policy (**Annexure D**).
- 3.5.7 The Aims of the Whistle Blowing Policy
- Encourage and instil confidence in raising concerns on unethical conduct, fraud and corruption.
 - Provide avenues to report serious concerns without fear of victimisation.
 - Provide reassurance that employees will be protected from possible disadvantage if such a disclosure was made in good faith.
- 3.5.8 The Anti-Fraud and Corruption Policy and Whistle Blowing Policy, will be circulated to all employees within the City.





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C. FURTHER IMPLEMENTATION AND MAINTENANCE

3.6 Creating awareness

3.6.1 This component of the Fraud Prevention Plan comprises two approaches, namely education and communication. The strategic weaknesses identified in this area are the following:

- Lack of a formalised strategy to create awareness amongst employees of the manifestations of unethical conduct, fraud and corruption; and
- Lack of knowledge of approaches to prevent and detect fraud and corruption in specific processes and transactions.
- Lack of pro-active marketing initiatives addressing awareness relating to unethical conduct, fraud and corruption.

Education

3.6.2 JRAS in conjunction with other City Departments will ensure that regular presentations and formal training are carried out for employees to enhance their understanding of fraud and corruption, prevention and detection techniques and the components of the Fraud Prevention Plan. These presentations and training will include workshops for supervisors and managers in all functional disciplines, with a particular emphasis on Human Resources and Finance to amongst others address the following issues

(a) Informing employees on an ongoing basis on what constitutes fraud and corruption;

(b) Promoting policies that must be adhered to, including the values and principles of public administration as contained in the Constitution and standards of professional conduct; Code of Conduct for Municipal Employees and Ethical Standards



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(c) Informing employees of fraud and corruption risks to enable an understanding of specific risks to which the CoJ may be exposed, thus enhancing the prospect of detecting irregularities earlier;

(d) Encouraging employees to blow the whistle on fraud and corruption;

(e) Employee awareness of the current legislative framework as it relates to fraud and corruption, and their obligations and rights should they blow the whistle on fraud and corruption,

(f) Informing employees of their obligations and rights in terms of the Access to Information and Promotion of Administrative Justice Acts, the witness protection system and the roles and responsibilities of existing anti-fraud institutions and law enforcement agencies.

Communication



3.6.3 The objectives of the communication approaches are to also create awareness of the Fraud Prevention Plan amongst employees and other stakeholders. This is intended to facilitate a culture where all employees and stakeholders strive to contribute towards making the Fraud Prevention Plan a success and for sustaining a positive, ethical culture within the City.

This will increase the prospect of unethical conduct, fraud and corruption being reported and improve the City's prevention and detection ability.

3.6.4 Communication strategy that will be considered by the City's Marketing Department will include the following:

(a) Maintenance of the poster and media campaigns aimed at all stakeholders to advertise the City's stance towards unethical conduct, fraud and corruption and its expectations with regard to the ethics and integrity of all stakeholders;



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- (b) Developing submissions relating to successes stemming from the Fraud Prevention Plan for inclusion in publications of the City and external publications, e.g. the news media, aimed at all stakeholders;
- (c) In conjunction with HR and LR, circulating copies of the Code of Conduct, the Anti-Fraud Policy and the Whistle Blowing Policy to all employees;
- (d) Circulating appropriate sections of the Code of Conduct to other stakeholders;
- (e) Screensavers, email messages etc with appropriate pro-ethics and anti-fraud messages.

3.7 Ongoing maintenance and review of the Fraud Prevention Plan

Fraud and Corruption Prevention Committee

- 3.7.1 Fraud and Corruption Prevention Committee in conjunction with JRAS, in particular FAS (refer to paragraph 3.3.6), will be responsible for the development of strategies to prevent, detect and investigate unethical conduct, fraud and corruption. In order to ensure that the process of ongoing development and implementation of the Fraud Prevention Plan is consultative and viewed as such by all stakeholders within the City, the City will consider the establishment of a Fraud and Corruption Prevention Committee in order to address this issue.
- 3.7.2 The Committee, once formed, will be responsible for the ongoing maintenance and review of the Fraud Prevention Plan. This will include:
 - a) Evaluating reports of unethical conduct, fraud and corruption and highlight areas of risk within the City;
 - b) Considering unethical conduct, fraud and corruption threats to the City and make recommendations to other appropriate committees or management;
 - c) Monitoring action taken to implement recommendations relating to incidents of unethical conduct, fraud and corruption;
 - d) Steering and taking responsibility for the Fraud Prevention Plan;
 - e) Reviewing and making appropriate amendments to the Fraud Prevention Plan ; and

- f) Ensuring that ongoing implementation strategies are developed and carried out.
- 3.7.3 The Fraud Prevention Plan will be reviewed on an annual basis, whilst progress with the implementation of the various components will be reviewed on a quarterly basis. In the latter regard, specific priorities stemming from the Fraud Prevention Plan, actions to be taken, responsible persons and feedback dates relating to progress made will also be set. **(Annexure E)**

D MONITORING AND EVALUATION OF THE FRAUD PREVENTION PLAN INITIATIVES

Fraud Hotline

The City's Anti-fraud hotline statistics consists of the number of relevant and irrelevant calls received per month. Statistics are maintained in the form of a hot-line register which is up-dated daily for calls received. .

A dedicated official within FAS is assigned the task of monitoring trends and referral of unrelated cases to the relevant departments who acknowledge receipt and act upon such referrals.

Follow-up and monitoring of referred cases will be conducted by the fraud hot-line controller on a quarterly basis with regard to the outcome and finalisation thereof.

Fraud Awareness

JRAS and in particular Forensic Audit Services continuously conduct workshops to raise the level of awareness with regard to unethical conduct, fraud and corruption at high risk areas, amongst others, Revenue Collection, Finance, JMPD and EMS .

On an annual basis anti-fraud workshops are conducted within the City. The aim is to achieve at least 70% of staff awareness over a period of three (3) years beginning July 2008 having taken cognisance of workshops already conducted in the years 2006 and 2007. A steady decline in the number of reported cases is



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expected in the last year of the campaign. This being due to the increase in the fraud awareness levels within the CoJ.

Staff members of the CoJ shall include newly-engaged personnel whose awareness workshops will be conducted at the induction phase. Creating awareness will be an ongoing process in line with the Coverage Plan

The increase/decrease in the hot-line calls received from within the CoJ, after workshop presentations, is indicative of the impact the workshops have on the awareness and the commitment to expose unethical behaviour.

Checklist to evaluate effectiveness of implementation of Anti-Fraud Prevention Plan

The effectiveness of the implementation of the City's Anti-Fraud Prevention plan is evaluated by monitoring the increase of calls received within a particular year compared to the previous year for any increase (awareness) or decrease (promotion of integrity) of such calls.

In addition, statistics are kept relating to the types of cases reported on the hotline that have been dealt with either criminally or through disciplinary procedures.

Fraud Awareness Workshop Evaluation ratings ranging from 1=poor to 9=excellent together with the comments made by the attendees will serve as a monitoring tool in gauging the effectiveness of the workshops.

It is envisaged that the Labour Relations Department will co-ordinate and keep statistics of all disciplinary cases resulting from FAS' reports and/or any other reports to ensure that a database is kept of sanctions imposed on the City's employees.



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In instances where there has been neither response nor action on reports, the matter is escalated to the CoJ's Audit Committee who would summon the respective directorate to account.

Where applicable, quantification of recoveries resulting from initiatives contained in the plan will be reported on and will also serve as a measure of the success of the plan. Management will also be advised, where appropriate, to invoke applicable legislation in conjunction with South African Police Services for the recovery of the losses suffered by the City.

The plan will be subjected to national bench-marking and best practices with specific priorities stemming from the Plan, actions to be taken, responsible persons and feedback dates relating to progress made will also be set.

A matrix of tasks and responsibilities have been developed to measure the effectiveness of the Fraud Prevention Plan. (Annexure E)

In addition a City wide survey (email or personal contact) will be conducted on the effectiveness of the implementation of the Fraud Prevention Plan and the responses received thereto.



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ADOPTION OF THE FRAUD PREVENTION PLAN

City Manager: Mavela AV Dlamini

City of Johannesburg

Mayor: Councillor Amos Masondo

City of Johannesburg



(Annexure A)

List Of Fraud And Corruption Risks Identified

Code of conduct

- Employees engaging in private work in conflict with the stipulations of the Code of Conduct
- Lack of consistent understanding of professional ethics and integrity
 - Inadequate communication Fraud Prevention Plan relating to the Code
- Employees with low integrity and/or standards of ethics
- Management of fraud not given enough priority at certain management levels
- External fraud



Systems, policies, procedures and regulations

- Non-adherence to policies, procedures and statutes
- Lack of understanding by of policies and procedures
- Insufficient and inadequate policies, procedures and manuals due to transformation
 - Not harmonised after transformation
- Lack of proper delegation of authority
 - Delegations of authority are too centralised
- No black listing Fraud Prevention Plan for violating providers of goods and services



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- Inadequate pre-employment screening policies

Management inadequately trained on financial rules and regulations

Disciplinary Code and Procedures

Disciplinary process takes too long

Inadequate training of presenters and presiding officials

Inadequate knowledge of disciplinary process by managers

Poor and inconsistent application of disciplinary action

Lack of discipline

Ineffective disciplinary procedures



Internal Control

Lack of a proper system of control

Controls over revenue

Human resources systems

Poorly trained staff

Poor management of staff

Poorly defined Key Performance Indicators

Risk of ghost employees

Lack of proper job descriptions and job profiles



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Poor control over performance contracts

Employment contracts not signed punctually

Manipulation of employee data, e.g. irregular processing of salary increases

Submission of fraudulent CV's

Inadequate job descriptions

Overstaffing in some areas leading to abuse of time resources

Low staff morale

Nepotism (jobs for buddies)

Lack of parity in salaries



Insufficient management ability to address this lack of parity in salaries

Lack of management accountability

Competency levels of employees inadequate in some areas

Lack of induction into new roles and responsibilities

Concerns and grievances not dealt with timeously

Procurement and tendering

Cumbersome procurement policy

Irregular collusion to award orders and/or contracts

Favouritism in awarding contracts and/or orders



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- Corruption, e.g. receiving of “back handers”
- Irregular relationships with supplier
- Collapsed management processes
- Contract management (with regard to tenders awarded)
- Poor quality control
- Inflating/duplicating/overcharging on invoices
- Credit control
- Asset management, e.g. asset register incomplete
- Valuations, e.g. irregular collusion in awarding orders/contracts
- Fleet management
- Fuel theft
- Misuse of vehicles
- Theft from vehicles
- Weaknesses in management
- Loss of skills at middle management layer which are not adequately replaced
- Non-adherence to controls
- Weaknesses in segregation of duties
- Too much reliance on integrity of individuals in certain business processes





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Poor inventory management, e.g. many items over-stocked could lead to pilferage

Various forms of fraud committed by employees

Theft of assets

Management fraud

Manipulation of business performance results

Abuse of assets, including time and resources

Asset theft

Abuse of telephones

Physical and information security



Poor management understanding of IT and IT infrastructure

Poor access control

Passwords

User profiles

Irregular manipulation of data

Loss of information due to negligence or deliberate manipulation

e.g. Irregular destruction of leave forms

Breaches of confidentiality

Internet abuse



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Security of information on GIS

Poor physical security at offices

Internal Audit

Poor understanding of role of internal audit

Poor response to internal audit queries, e.g. slow or no responses

Lack of adequate acceptance of accountability and responsibility by managers

Ongoing Risk Assessment

Lack of management understanding of fraud risks



Anti-Fraud and Anti-Corruption Policy and Response Plan

Delayed initiation of investigations

Lack of enforcement of the rule of law

Creating awareness

Inadequate fraud awareness program

(Annexure B)

Fraud and Corruption Prevention Plan

Ethical Standards

1.2.1 The following ethical values/standards will apply to all employees of the City of Johannesburg Metropolitan Municipality:

- They will be accountable to the community that they serve and act on behalf of the residents of the City by focussing their efforts in discovering and meeting their customers' needs;
- They will be transparent and open to scrutiny in all that they do;
- They will be honest and uncompromising in producing work that meets the service delivery requirements of the City;
- They will be committed to the transformation of our society and our workplace and will insure equity and anti-discrimination in all that they do;
- They shall show concern for people, support and respect their colleagues and encourage the growth and development of everyone they work with;



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- They will value and ensure the fair and consistent treatment of staff and customers; and
- They will support transparent participation promoting fair, yet efficient, decision making while encouraging individuals to accept responsibility for their work and contribution to the City.



Code of Conduct for Municipal Employees and Councillors

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GLOSSARY OF TERMS

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):

“City”	The City of Johannesburg
“Code”	Code of Conduct for the City of Johannesburg



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“Systems Act” Local Government: Municipal Systems Act, Act 32 of 2000





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I INTRODUCTION

This document comprises the Code of Conduct for the City. The spirit of the Code is to support ethical and good business conduct by all individuals covered by it as reflected in the scope detailed in Section II below.

Why should there be a Code of Conduct?

The purpose of such a Code is the following:

- To serve as a brief description of the City's core values; and
- To provide a framework for identifying conduct that is ethical and acceptable for the employees and officials of the City who, effectively, act as its agents at all levels.



II SCOPE OF THE CODE

In terms of Section 69 of the Act, the Code of Conduct for municipal staff members “applies to every staff member of a municipality”.

In terms of Section 54 of the Act the Code of Conduct for Councillors applies to every councilor of a municipality.

The principles contained in the Code also apply to the following persons and/or entities:

- MOE's and committees of the City;
- Other persons representing the City and employees appointed to other organisations or bodies; and
- Consultants, contractors and other providers of goods or services to the City.

III ETHICS

Why should there be standards of ethics?

- To ensure that all stakeholders in the City are aware of the basic values cherished by the City; and
- To ensure accountability within the City in terms of fundamental ethical values and value systems.

What are the fundamental ethical standards cherished and expected by the City?

- We are accountable to the community that we serve and act on behalf of the residents of the City by focussing our efforts on discovering and meeting our customers' needs;
- We believe in transparency and are open to scrutiny in all that we do;
- We are honest and uncompromising in producing work that meets the service delivery requirements of our City;
- We are committed to the transformation of our society and our workplace and will insure equity and anti-discrimination in all we do;
- We show concern for people, support and respect our colleagues and encourage the growth and development of everyone we work with;
- We value the fair and consistent treatment of staff and customers; and
- We believe in transparent participation promoting fair, yet efficient, decision-making while encouraging individuals to accept responsibility for their work and contribution to the City.



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IV THE CODE OF CONDUCT

The City subscribes wholly to the Code of Conduct for Municipal Staff Members as detailed in the Systems Act and which is reflected *verbatim* below.

“CODE OF CONDUCT FOR MUNICIPAL STAFF MEMBERS”

1. Definitions

In this Schedule “partner” means a person who permanently lives with another person in a manner as if married.

2. General conduct

A staff member of a municipality must at all times-

- (a) *loyally execute the lawful policies of the municipal council;*
- (b) *perform the functions of office in good faith, diligently, honestly and in a transparent manner;*
- (c) *act in such a way that the spirit, purport and objects of section 50 are promoted;*
- (d) *act in the best interest of the municipality and in such a way that the credibility and integrity of the municipality are not compromised; and*
- (e) *act impartially and treat all people, including other staff members, equally without favour or prejudice.*

3. Commitment to serving the public interest

A staff member of a municipality is a public servant in a developmental local system, and must accordingly-

- (a) implement the provisions of section 50 (2);*
- (b) foster a culture of commitment to serving the public and a collective sense of responsibility for performance in terms of standards and targets;*
- (c) promote and seek to implement the basic values and principles of public administration described in section 195 (1) of the Constitution;*
- (d) obtain copies of or information about the municipality's integrated development plan, and as far as possible within the ambit of the staff member's job description, seek to implement the objectives set out in the integrated development plan, and achieve the performance targets set for each performance indicator; and*
- (e) participate in the overall performance management system for the municipality, as well as the staff member's individual performance appraisal and reward system, if such exists, in order to maximise the ability of the municipality as a whole to achieve its objectives and improve the quality of life of its residents.*

4. Personal gain

(1) A staff member of a municipality may not-

- (a) use the position or privileges of a staff member, or confidential information obtained as a staff member, for private gain or to improperly benefit another person; or*
- (b) take a decision on behalf of the municipality concerning a matter in which that staff member, or that staff member's spouse, partner or business associate, has a direct or indirect personal or private business interest.*

(2) Except with the prior consent of the council of a municipality a staff member of the municipality may not-

(a) be a party to a contract for-

- (i) the provision of goods or services to the municipality; or*
- (ii) the performance of any work for the municipality otherwise than as a staff member;*

(b) obtain a financial interest in any business of the municipality; or

(c) be engaged in any business, trade or profession other than the work of the municipality.

5. Disclosure of benefits

(1) A staff member of a municipality who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the



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municipality, must disclose in writing full particulars of the benefit to the council.

- (2) This item does not apply to a benefit which a staff member, or a spouse, partner, business associate or close family member, has or acquires in common with all other residents of the municipality.*

6. Unauthorised disclosure of information

- (1) A staff member of a municipality may not without permission disclose any privileged or confidential information obtained as a staff member of the municipality to an unauthorised person.*

- (2) For the purpose of this item “privileged or confidential information” includes any information—*

(a) determined by the municipal council or any structure or functionary of the municipality to be privileged or confidential;

(b) discussed in closed session by the council or a committee of the council;

(c) disclosure of which would violate a person’s right to privacy; or

(d) declared to be privileged, confidential or secret in terms of any law.

- (3) This item does not derogate from a person’s right of access to information in terms of national legislation.*

7. Undue influence

A staff member of a municipality may not-

- (a) unduly influence or attempt to influence the council of the municipality, or a structure or functionary of the council, or a councilor, with a view to obtaining any appointment, promotion, privilege, advantage or benefit, or for a family member, friend or associate;*
- (b) mislead or attempt to mislead the council, or a structure or functionary of the council, in its consideration of any matter; or*
- (c) be involved in a business venture with a councilor without the prior written consent of the council of the municipality.*

8. Rewards, gifts and favours

(1) A staff member of a municipality may not request, solicit or accept any reward, gift or favour for-

- (a) persuading the council of the municipality, or any structure or functionary of the council, with regard to the exercise of any power or the performance of any duty;*
- (b) making a representation to the council, or any structure or functionary of the council;*
- (c) disclosing any privileged or confidential information; or*
- (d) doing or not doing anything within that staff member's powers or duties.*



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(2) *A staff member must without delay report to a superior official or to the speaker of the council any offer which, if accepted by the staff member, would constitute a breach of subitem (1).*

9. Council property

A staff member of a municipality may not use, take, acquire, or benefit from any property or asset owned, controlled or managed by the municipality to which that staff member has no right.

10. Payment of arrears

A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than 3 months, and a municipality may deduct any outstanding amounts from a staff member's salary after this period.



11. Participation in elections

A staff member of a municipality may not participate in an election of the council of the municipality, other than in an official capacity or pursuant to any constitutional right

12. Sexual harassment

A staff member of a municipality may not embark on any action amounting to sexual harassment.

13. Reporting duties of staff members

Whenever a staff member of a municipality has reasonable grounds for believing that there has been a breach of this Code, the staff member must without delay report the matter to a superior officer or to the speaker of the council.



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14. Breaches of Code

Breaches of this Code must be dealt with in terms of the disciplinary procedures of the municipality envisaged in section 67 (1) (h) of this Act.”

V CREATING AWARENESS

Section 70 of the Act requires the following:

“70. (1) The municipal manager of a municipality must-

- a) Provide a copy of the Code of Conduct to every member of the staff of the municipality; and*
- b) Provide every staff member with any amendment of the Code of Conduct.*

(2) ~~The municipal manager must-~~

- a) Ensure that the purpose, contents and consequences of the Code of Conduct are explained to staff members who cannot read; and*
- b) Communicate sections of the Code of Conduct that affect the public to the local community.”*

VI COMPLIANCE

All employees of the City-

- a) shall sign an annual declaration that she or he has read, is familiar with, understands and will conform with this Code. Responsibility for ensuring



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that all employees have delivered this declaration lies with all managers;
and

- b) who have doubts regarding a questionable situation that might arise, should immediately consult her or his manager who will secure clarity from the Director: Human Resources Shared Services.

VII ADOPTION OF CODE

City Manager: Mavela AV Dlamini

City of Johannesburg



Mayor: Councillor Amos Masondo

City of Johannesburg

Act No. 32,2000 LOCAL GOVERNMENT MUNICIPAL
SYSTEMS ACT. 2000

SCHEDULE 1

“CODE OF CONDUCT FOR COUNCILLORS”

Councillors are elected to represent local communities on municipal councils, to ensure that municipalities have structured mechanisms of accountability to local communities, and to meet the priority needs of communities by providing services equitably, effectively and sustainably within the means of the municipality. In fulfilling this role Councillors must be accountable to local communities and report back at least quarterly to constituencies on council matters, including the performance of the municipality in terms of established indicators. In order to ensure that Councillors fulfil their obligations to their communities, and support the achievement by the municipality of its objectives set out in section 19 of the Municipal Structures Act, the following Code of Conduct is established.

Definitions

1. In this Schedule ‘partner’ means a person who permanently lives with another person in a manner as if married.

General conduct of Councillors

2. A councillor must—

- (a) perform the functions of office in good faith, honestly and a transparent manner; and



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(b) at all times act in the best interest of the municipality and in such a way that the credibility and integrity of the municipality are not compromised.

Attendance at meetings

3. A councillor must attend each meeting of the municipal council and of a committee of which that councillor is a member, except when—

(a) leave of absence is granted in terms of an applicable law or as determined by the rules and orders of the council; or

(b) that councillor is required in terms of this Code to withdraw from the meeting.

Sanctions for non-attendance of meetings

4. (1) A municipal council may impose a fine as determined by the standing rules and orders of the municipal council on a councillor for:

(a) not attending a meeting which that councillor is required to attend in terms of item 3; or

(b) failing to remain in attendance at such a meeting.

(2) A councillor who is absent from three or more consecutive meetings of a municipal council, or from three or more consecutive meetings of a committee, which that councillor is required to attend in terms of item 3, must be removed from office as a councillor,

(3) Proceedings for the imposition of a fine or the removal of a councillor must be conducted in accordance with a uniform standing procedure which each municipal council must adopt for the purposes of this item. The uniform standing procedure must comply with the rules of natural justice.

Disclosure of interests

5. (1) A councillor must—

(a) disclose to the municipal council, or to any committee of which that councillor is a member, any direct or indirect personal or private business interest that that councillor, or any spouse, partner or business associate of that councillor may have in any matter before the council or the committee: and

(h) withdraw from the proceedings of the council or committee when that matter is considered by the council or committee, unless the council or committee decides that the councillor's direct or indirect interest in the matter is trivial or irrelevant.

(2) A councillor who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose full particulars of the benefit of which the councillor is aware at the first meeting of the municipal council at which it is possible for the councillor to make the disclosure.

(3) This section does not apply to an interest or benefit which a council or, or a spouse, partner, business associate or close family member, has or acquires in common with other residents of the municipality.

Personal gain

6. (1) A councillor may not use the position or privileges of a councillor, or confidential information obtained as a councillor, for private gain or to improperly benefit another person.

(2) Except with the prior consent of the municipal council, a councillor may not—

(a) be a party to or beneficiary under a contract for—

(i) the provision of goods or services to the municipality; or



(ii) the performance of any work otherwise than as a councillor for the municipality;

(b) obtain a financial interest in any business of the municipality; or

(c) for a fee or other consideration appear on behalf of any other person before the council or a committee.

(3) [f more than one quarter of the Councillors object to consent being given to a councillor in terms of subitem (2), such consent may only be given to the councillor with the approval of the MEC for local government in the province.

Declaration of interests

7. (1) When elected or appointed, a councillor must within 60 days declare in writing to the municipal manager the following financial interests held by that councillor:



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- (a) shares and securities in any company;*
- (b) membership of any close corporation; .*
- (c) interest in any trust;*
- (d) directorships;*
- (e) partnerships;*
- (f) other financial interests in any business undertaking;*
- (g) employment and remuneration;*
- (h) interest in property;*
- (i) pension; and*
- (j) subsidies, grants and sponsorships by any organisation. 40*



- (2) Any change in the nature or detail of the financial interests of a councillor must be declared in writing to the municipal manager annually.*
- (3) Gifts received by a councillor above a prescribed amount must also be declared in accordance with subitem (1).*
- (4) The municipal council must determine which of the financial interests referred in subitem (1) must be made public having regard to the need for confidentiality and the public interest for disclosure.*

Full-time Councillors



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8. *A councillor who is a full-time councillor may not undertake any other paid work, except with the consent of a municipal council which consent shall not unreasonably be withheld.*

Rewards, gifts and favours

9. *A councilor may not request, solicitor accept any reward, gift or favour for—*

(a) voting or not voting in a particular manner on any matter before the municipal council or before a committee of which that councillor is a member;

(b) persuading the council or any committee in regard to the exercise of any power, function or duty;

(c) making a representation to the council or any committee of the council; or

(d) disclosing privileged or confidential information.



Unauthorised disclosure of information

10. (1) *A councillor may not without the permission of the municipal council or a committee disclose any privileged or confidential information of the council or committee to any unauthorised person.*

(2) For the purpose of this item 'privileged or confidential information' includes any information—

(a) determined by the municipal council or committee to be privileged or confidential;

(b) discussed in closed session by the council or committee;

(c) disclosure of which would violate a person's right to privacy; or



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(d) declared to be privileged, confidential or secret in terms of law.

(3) This item does not derogate from the right of any person to access to information in terms of national legislation.

Intervention in administration

11. A councillor may not, except as provided by law—

(a) interfere in the management or administration of any department of the municipal council unless mandated by council;

(b) give or purport to give any instruction to any employee of the council except when authorised to do so;

(c) obstruct or attempt to obstruct the implementation of any decision of the council or a committee by an employee of the council: or



(d) encourage or participate in any conduct which would cause or contribute to maladministration in the council.

Council property

12. A councillor may not use, take, acquire or benefit from any property or asset owned, controlled or managed by the municipality to which that councillor has no right.

Duty of chairpersons of municipal councils

13. (1) If the chairperson of a municipal council, on reasonable suspicion, is of the opinion that a provision of this Code has been breached, the chairperson must—

(a) authorise an investigation of the facts and circumstances of the alleged breach;



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(b) give the councillor a reasonable opportunity to reply in writing regarding the alleged breach; and

(c) report the matter to a meeting of the municipal council after paragraphs (a) and (b) have been complied with.

(2) A report in terms of subitem (1) (c) is open to the public.

(3) The chairperson must report the outcome of the investigation to the MEC for local government in the province concerned.

(4) The chairperson must ensure that each councillor when taking office is given a copy of this Code and that a copy of the Code is available in every room or place where the council meets.

Breaches of Code



14. (1) A municipal council may—

(a) investigate and make a finding on any alleged breach of a provision of this Code; or

(b) establish a special committee-

(i) to investigate and make a finding on any alleged breach of this Code; and

(ii) to make appropriate recommendations to the council.

(2) If the council or a special committee finds that a councillor has breached a provision of this Code, the council may—

(a) issue a formal warning to the councillor:



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(b) reprimand the councillor;

(c) request the MEC for local government in the province to suspend the councillor for a period;

(d) fine the councillor; and

(e) request the MEC to remove the councillor from office.

(3) (a) Any councillor who has been warned, reprimanded or fined in terms of paragraph (a), (b) or (d) of subitem (2) may within 14 days of having been notified of the decision of council appeal to the MEC for local government in writing setting out the reasons on which the appeal is based.

(b) A copy of the appeal must be provided to the council.

(c) The council may within 14 days of receipt of the appeal referred to in paragraph (b) make any representation pertaining to the appeal to the MEC for local government in writing.

(d) The MEC for local government may, after having considered the appeal, confirm, set aside or vary the decision of the council and inform the councillor and the council of the outcome of the appeal.

(4) The MEC for local government may appoint a person or a committee to investigate any alleged breach of a provision of this Code and to make a recommendation on whether the councillor should be suspended or removed from office.

(5) The Commissions Act, 1947 (Act 8 of 1947), may be applied to an investigation in terms of subitem (3).



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(6) If the MEC is of the opinion that the councillor has breached a provision of this Code, and that such contravention warrants a suspension or removal from office. The MEC may—

(a) suspend the councillor for a period and on conditions determined by the MEC; or

(b) remove the councillor from office.

(7) Any investigation in terms of this item must be in accordance with the rules of natural justice.

VII ADOPTION OF CODE



Mayor: Councillor Amos Masondo

City of Johannesburg

(Annexure C)

Anti-Fraud and Anti-Corruption Policy and Response Plan

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GLOSSARY OF TERMS

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):

“City”	The City of Johannesburg
“Fraud and corruption”	<p>Includes, but is not limited to, the following:</p> <p>(c) The following legal definitions:</p> <p>(iv) <i>Fraud</i>, i.e. “the unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to another”;</p> <p>(v) <i>Corruption</i> which could be summarised as: “giving or offering; receiving or agreeing to receive; obtaining or attempting to obtain any benefit which is not legally due to or by a person who has been charged with a duty or power by virtue of any employment, to do any act or omit to do any act in relation to that power or duty”; and</p> <p>(vi) <i>Theft</i>, i.e. “the unlawful and intentional misappropriation of another’s property or property which is in his/her lawful possession, with the intention to deprive the owner of its rights permanently”;</p> <p>(d) Fraudulent or corrupt acts may include:</p> <p><i>Systems Issues</i>: where a process/system exists which is prone to abuse by either employees or the public, e.g:</p> <ul style="list-style-type: none">- Maladministration or financial misconduct in handling or

reporting of money, financial transactions or other assets;

- Irregular collusion in the allocation of housing;
- Disclosing confidential or proprietary information to outside parties; and
- Irregular collusion in writing off of bad debts;

Financial Issues: i.e. where individuals or companies have fraudulently obtained money from the City, e.g.:

- Making a profit from insider knowledge;
- Irregular collusion in awarding contracts or orders for goods and/or services;
- Suppliers submitting invalid invoices or invoicing for work not done;
- Revenue fraud; and
- Theft of funds;

Equipment and Resource Issues: i.e., where the City's equipment is used for personal use, e.g.:

- Personal use of vehicles hired by the City;
- Theft of printer cartridges; and
- Irregular destruction, removal, or abuse of records (including intellectual property) and equipment;

Other Issues: i.e., activities undertaken by officers of the City which may be unlawful against the City's regulations or policies, falls below established standards or practices, or amounts to improper conduct, e.g.:



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- Receiving undue gifts or favours for rendering services, e.g. expensive gifts in contradiction of the Code; and
- Deliberately omitting or refusing to report or act upon reports of any irregular or dishonest conduct.

“FAS”	Forensic Audit Services
“Policy”	Anti-Fraud and Anti-Corruption Policy and Response Plan
“SAPS”	South African Police Services

1. BACKGROUND

- 1.1 This policy is intended to set down the stance of the City in relation to "fraud and corruption", as well as to reinforce existing systems, policies, procedures, rules and regulations of the City aimed at deterring, preventing, detecting, reacting to, and reducing the impact of fraud and corruption, where such dishonest activities persists.
- 1.2 Furthermore, the purpose of this document is to confirm that the City supports and fosters a culture of zero tolerance to fraud and corruption in all its activities.

2. SCOPE OF THE POLICY

- 2.1 This policy applies to all attempts and incidents of fraud and corruption impacting or having the potential to impact the City, qualitatively or quantitatively.



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3. THE POLICY

- 3.1 The policy of the City 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 as well as the application 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, procedures, rules and regulations of the City.

4. REPORTING PROCEDURES AND RESOLUTION OF REPORTED INCIDENTS

What should an employee do if they suspect unethical conduct, fraud or corruption?

- 4.1 It is the responsibility of all employees and Councillors to immediately report all allegations or incidents of fraud and corruption to their immediate manager, or the speaker in the case of a councillor.
- 4.2 If the employee or Councillors has reason to believe that his/her immediate manager is involved, to the next level of management. All managers must report all incidents and allegations of fraud and corruption to Joburg Risk & Audit Services. FAS will then investigate the matter and consult with Senior Management with regard to steps to follow to resolve the matter.
- 4.3 Should employees wish to report allegations of fraud or corruption anonymously, they can contact any member of management, FAS or alternatively report it to the fraud **hotline number (0800 002 587)** directly.



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What should a member of the public do if they suspect unethical conduct, fraud or corruption?

- 4.4 The City encourages members of the public who suspect fraud or corruption to contact FAS.
- 4.5 FAS can be contacted on the City's fraud hotline number (0800 002 587), or by writing to the Executive Director: Joburg Risk and Audit Services , City of Johannesburg, MIS Building, PO Box 30757, Braamfontein, 2017.

How will allegations of unethical conduct, fraud and corruption be dealt with by the City?

- 4.6 For issues raised by employees or members of the public, the action taken by the City will depend on the nature of the concern. The matters raised may:
- Be investigated internally or outsourced; and
 - Referred to the SAPS for criminal investigation.
- 4.7 Any unethical conduct, fraud or corruption committed by an employee of the City will be pursued by thorough investigation and to the full extent of the law, including:
- a) Taking disciplinary action within a reasonable period of time after the incident as determine by the Disciplinary Code;
 - b) Instituting civil action;
 - c) Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and
 - d) Any other appropriate and legal remedy available.





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- 4.8 Managers are also required to ensure that losses or damages suffered by the City as a result of all reported acts committed or omitted by an employee or any other person are recovered from such an employee or other person if he or she is found to be liable.
- 4.9 The Deputy Director: FAS will, upon receiving a report of fraud or corruption, write to the complainant:
- 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.
- 4.11 The City accepts that those people who reported the alleged fraud or corruption need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, information about outcomes of any investigation will be disseminated on a “need to know” basis.



5. CONFIDENTIALITY

- 5.1 All information relating to unethical conduct, 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.



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This is important in order to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct.

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

6. PUBLICATION OF SANCTIONS

- 6.1 The City Manager will decide, in consultation with appropriate senior managers, whether any information relating to corrective actions taken or sanctions imposed, regarding incidents of fraud and corruption should be brought to the direct attention of any person or made public through any other means.



7. PROTECTION OF WHISTLE BLOWERS

- 7.1 The Whistle Blowing Policy of the City is intended to encourage employees to raise serious concerns relating to specific matters (including fraud and corruption) without fear of victimisation.
- 7.2 No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud or corruption.
- 7.3 All managers should discourage employees or other parties 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.



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8. APPLICATION OF PREVENTION CONTROLS AND DETECTION MECHANISMS

- 8.1 In respect of all reported incidents of fraud and corruption, managers are required to immediately review, and where possible, improve the effectiveness of the controls which have been breached in order to prevent similar irregularities from taking place in future.

9. CREATING AWARENESS

- 9.1 It is the responsibility of all managers to ensure that all employees, are made aware of, and receive appropriate training and education with regard to this policy.
- 9.2 FAS is responsible for communicating relevant sections of this policy to Councillors, members of the public or other stakeholders of the City.



10. ADMINISTRATION

- 10.1 The custodian of this policy is the City Manager and Council who are supported in its implementation by all employees and Councillors of the City.
- 10.2 The Executive Director: JRAS, supported by all other managers of the City, is responsible for the administration and revision of this policy. This policy will be reviewed annually and appropriate changes will be made should these be required.

11. ADOPTION OF THE POLICY

City Manager: Mavela AV Dlamini



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City of Johannesburg

Mayor: Councillor Amos Masondo

City of Johannesburg





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(Annexure D)

Fraud and Corruption Prevention Plan

Whistle Blowing Policy

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GLOSSARY OF TERMS

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):

“City”	The City of Johannesburg
“JRAS	Joburg Risk & Audit Services
“FAS”	Forensic Audit Services
“Policy”	The Whistle Blowing Policy for the City
“SAPS”	South African Police Services



12. INTRODUCTION

1.3 The City recognises the fact that –

- Criminal and other irregular conduct within the City is detrimental to good, effective, accountable and corporate governance within the City and can endanger the economic stability of the City and have the potential to cause social damage;
- There is a need for procedures in terms of which employees may, without fear of reprisals, disclose information relating to suspected or alleged criminal or other irregular conduct affecting the City;
- Every employer and employee has a responsibility to disclose criminal and any other irregular conduct in the workplace; and



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- Every employer has a responsibility to take all necessary steps to ensure that employees who disclose such information are protected from any reprisals as a result of such disclosure.

13. OBJECTIVES OF THE POLICY

- 2.1 The Protected Disclosures Act, Act 26 of 2000 came into effect on 16 February 2001.

The Protected Disclosures Act was promulgated to facilitate reporting by employees (whistle blowers) of unethical conduct, fraud and corruption by their employer(s) or co-employees without fear of any discrimination or reprisal by their employer(s) or co-employees.

A person shall therefore not:

- prejudice, or threaten to prejudice, the safety or career of; or
- intimidate or harass, or threaten to intimidate or harass; or
- do any act that is, or is likely to be, to the detriment of, another person because the other person:-
 - (i) has assisted, is assisting or will or may in the future assist the Office of the Ombudsperson and Head: Investigations or any Law Enforcement Agency in the performance of its functions; or
 - (ii) has furnished, is furnishing or will or may in the future furnish information to the Head: Investigations or any Law Enforcement Agency; or
 - (iii) has been or is, or has been or is employed by or acting on behalf of, an independent agency or appropriate authority to whom or which an allegation has been referred; or
 - (iv) has exercised a power, or performed a duty, conferred or imposed on the other person or is exercising or performing, or will or may in the future exercise or perform, any such power or duty."



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2.2 In order to remain in compliance with the Act, the City will –

- Strive to create a culture which will facilitate the disclosure of information by employees relating to criminal and other irregular conduct in the workplace in a responsible manner by providing clear guidelines for the disclosure of such information and protection against reprisals as a result of such disclosure; and
- Promote the eradication of criminal and other irregular conduct within the City.

2.3 The Policy is intended to encourage and enable employees and Councillors to raise concerns within the City rather than overlooking a problem or blowing the whistle to inappropriate channels.

2.4 Furthermore the policy aims to –

- Provide avenues for staff and Councillors to raise concerns and receive feedback on any action taken;
- Inform staff and Councillors on how to take the matter further if they are dissatisfied with the response; and
- Reassure staff and Councillors that they will be protected from reprisals or victimisation i.e. dismissal, suspension, demotion, harassment or intimidation for whistleblowing in good faith.

3. SCOPE OF THE POLICY

3.1 There are existing grievance procedures in place to enable employees of the City to raise grievances relating to their employment. This Policy is intended to cover concerns that fall outside the scope of grievance procedures. These concerns indicated in the Act, are the following:



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- (a) That a criminal offence has been committed, is being committed or is likely to be committed;
- (b) That a person has failed, is failing or is likely to fail to comply with any legal obligation to which that person is subject;
- (c) That a miscarriage of justice has occurred, is occurring or is likely to occur;
- (d) That the health or safety of an individual has been, is being or likely to be endangered;
- (e) That the environment has been, is being or is likely to be damaged;
- (f) Unfair discrimination as contemplated in the Promotion of Equality and Prevention of Unfair Discrimination Act, No. 4 of 2000; or
- (g) That any matter referred to in paragraphs (a) to (f) has been, is being or likely to be deliberately concealed.

4. THE POLICY

HARASSMENT OR VICTIMISATION

- 4.1 The City acknowledges the fact that the decision to report a concern can be a difficult one to make, not least because of fear of reprisal from those responsible for the irregularity. The City 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

- 4.2 The City 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,



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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.

ANONYMOUS ALLEGATIONS

- 4.3 The City encourages employees to put their names to allegations. Concerns expressed anonymously are difficult to investigate; nevertheless they will be followed up at the discretion of the City. 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.

UNTRUE ALLEGATIONS

- 4.4 All managers should discourage employees or other parties from making allegations, which are false and made with malicious intentions. Where such malicious, vexatious, or false allegations are discovered, the person who made the allegations will be subjected to firm disciplinary action, or other appropriate action in the case of external parties.

5. REPORTING

- 5.1 For some minor issues (e.g. personal use of City equipment etc.), employees should normally raise the concerns with their immediate manager. In general, however, the whistle blowing procedure is expected to be used for potentially more serious and sensitive issues (e.g. fraud and corruption).
- 5.2 The first step will be for the employee to approach their immediate manager unless he/she or senior management is the subject of the complaint, in which case the next



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senior level should be informed. Should the complaint be found by the manager to be substantiated, he/she will consult with the City Manager/Speaker on referring it to the appropriate body (e.g. the SAPS).

- 5.3 Concerns are better raised in writing. The background and history of the concern, giving names, dates and places where possible should be set out and the reason why the individual is particularly concerned about the situation. Those who do not feel able to put their concern in writing can telephone the City's Fraud Hotline number **(0800 002 587)**. The earlier the concern is reported, the easier it is to take action.
- 5.4 Employees are not expected to prove the truth of an allegation, they will need to demonstrate to the person contacted that there are sufficient grounds for concern.
- 5.5 Advice and guidance on how matters of concern may be pursued can be obtained from the Director: FAS or the Director: Human Resources Shared Services.



6. HOW THE COMPLAINT WILL BE DEALT WITH

- 6.1 The action taken by the City will depend on the nature of the concern. The matters raised may, among other possible actions
 - be investigated internally;
 - be referred to the SAPS or other relevant law enforcement agency; and/or
 - be referred to the Audit Committee.
- 6.2 In order to protect individuals and the City, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take.



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Concerns or allegations, which fall within the scope of other procedures, will normally be referred for consideration under those procedures.

- 6.3 Some concerns may be resolved by agreed action without the need for investigation.
- 6.4 The City will write to the complainant:
- Acknowledging that the concern has been received;
 - Indicating how it 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 further investigations will take place, and if not, why not.
- 6.5 The amount of contact between the body investigating the issues and the persons raising the concern will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from the individual.
- 6.6 The City accepts that employees need to be assured that the matter has been properly addressed. However, the progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any persons other than those who have a legitimate right to such information. This is important in order to avoid damaging the reputation of suspected persons who are subsequently found innocent of wrongful conduct.





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6.7 The City

7. CREATING AWARENESS

- 7.1 In order for the Policy to be sustainable, it must be supported by a structured education, communication and awareness programme.
- 7.2 It is the responsibility of all managers to ensure that all employees, are made aware of, and receive appropriate training and education with regard to the Whistle Blowing Policy.

8. ADMINISTRATION

- 8.1 The City Manager has overall responsibility for the maintenance and operation of this policy. He will be supported by FAS and Human Resources Shared Services in maintaining a record of concerns raised and the outcomes (but in the form which does not endanger confidentiality).



9. ADOPTION OF THE POLICY

City Manager: Mavela AV Dlamini

City of Johannesburg

Mayor: Councillor Amos Masondo

City of Johannesburg



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(Annexure E)

IMPLEMENTATION PLAN OF A MATRIX OF TASKS AND RESPONSIBILITIES

PR= Primary Responsibility

S= Secondary Responsibility

SR= Shared Responsibility

Components of the Strategy	Fraud Prevention Committee	Joburg Risk & Audit Services	Labour Relations	Human Resources	Legal Services	Other line Managers
A. PREVENTING FRAUD AND CORRUPTION						
Code of Conduct for Municipal Employees and Councillors						
Workshops for all employees and Councillors of the City to create awareness of fraud and corruption.		SR		SR		
Circulating copies of the Code of Conduct to employees and Councillors.				PR		
Ensure that all employees sign an annual declaration serving as an indication of their understanding of, and commitment to, the values				SR	SR	



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and the ethical and business conduct standards expected by the City						
Communicating specific ethical principles to the City stakeholders.					PR	
Publishing actions taken against people found guilty of fraud.			SR	SR	SR	
Development of a City wide gifts policy aligned to Section 8 of the Code of Conduct.				PR		
Development of a robust system for declaration of private interests and actual or potential conflicts of interest.					PR	
City's Policies, Procedures, Rules & Regulations						
Develop clearly defined communication and training strategies to create awareness of existing and new policies and procedures of the City.				PR		
Employees acknowledge in writing that they have read and understood the policies				PR		





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and procedures.						
The development and distribution of a regular communiqué outlining the importance of complying with policies and procedures and the implications for employees				SR		SR
Develop anti-fraud measures relating to: - Advertising posts - Pre-employment, security screening and probity - Employee induction - Probation - Ongoing financial disclosure and lifestyle audit - Obligatory leave periods - Exit procedures				PR		
Develop a system with clear guidelines for the placing of prohibitions on individuals and entities found guilty of fraud against the City.						PR
Develop a structured monitoring mechanism for the keeping of proper records of new and updated policies and procedures.				PR		
Disciplinary Code and						





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Procedures						
Create awareness amongst City employees of conduct unbecoming in terms of the disciplinary code			SR	SR		
Provide ongoing training of management in the application of disciplinary measures and the disciplinary process, and sustain this training.			SR	SR		
Develop a system to facilitate the consistent application of disciplinary measures.			PR			
Regularly monitor and review the application of discipline with the objective of improving weaknesses identified.			PR			
Internal Controls						
Continual training in systems, policies and procedures to improve internal control						PR
Regularly emphasise to all supervisors that consistent compliance by all employees with internal control is one of the fundamental controls in						PR





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place to prevent fraud						
Develop a formal system by which the performance of managers is appraised by taking into account the number of audit queries raised and the level of seriousness of the consequent risk to the City				PR		
Physical and information security						
Physical security						
Conduct a regular detailed reviews of the physical security arrangements at the City to improve weaknesses identified						
Information security						
Ensure that all employees are sensitised on a regular basis of the IT SPP's and the fraud risks associated with information security and the utilisation of computer resources.				SR		SR
Forward regular communiqués to employees pointing out IT SPP policy with a particular emphasis on e-mail and Internet				SR		SR





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usage and the implications (e.g. disciplinary action) of abusing these and other computer related facilities						
Provide training to employees on management of intellectual property and confidential information				PR		
Conduct regular reviews of information and computer security throughout the City		PR				
B. DETECTING AND INVESTIGATING FRAUD						
Joburg Risk & Audit Services						
Develop awareness strategies to enhance managers' understanding of the role of Internal Audit		PR				
Ongoing fraud risk Assessment						
Conduct presentations to managers and staff to ensure that they have a more detailed understanding of the fraud risks associated with high risk areas, thus also enhancing the prospect of		PR				





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detecting irregularities earlier.						
Conduct of fraud risk assessment to identify the fraud and corruption risks as threats to the City.		PR				
Fraud and Corruption Detection						
Conduct specific fraud detection reviews in some of the identified high fraud risk areas on a regular basis		PR				
Reporting and Monitoring						
Ensure that a system is developed for the keeping of records of all other allegations brought to the attention of JRAS.		PR				
Provision of fraud statistics through JRAS to Audit Committee/ Fraud Prevention Committee		PR				
Report on the performance of FAS as the Anti-fraud Unit as part of its annual report.	PR					





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Maintenance, review and monitoring of the City's Fraud Prevention Plan	PR					
Steering and taking responsibility for the Fraud Prevention Plan	PR					
Ensure development of ongoing implementation strategies of the Fraud Prevention Plan	PR					
Fraud , Whistleblowing Policy and Response Plan						
Circulate the Fraud, Whistleblowing and Response Plan to all employees and appropriate sections to the public, customers and stakeholders				PR		
C. FURTHER IMPLEMENTATION AND MAINTENANCE						
Creating awareness						
Conduct formal fraud awareness presentations for selected employees in planned workshops		PR				
Develop other communication mechanisms for the Plan		PR				





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Ongoing maintenance and review						
Ensure that ongoing communication and implementation of FPP are developed and implemented.		PR				
Fraud Prevention Committee / Audit Comiteee						
Presentation of quarterly reports to this forum as required by its terms of reference		PR				
D. MONITORING AND EVALUTION INITIATIVES						
Fraud Hotline						
Ensure that ongoing communication and maintenance of fraud hotline.		PR				
Fraud Awareness Workshops						
Conduct formal fraud awareness presentations for employees in planned workshops as per Coverage Plan.		PR				





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Marketing Initiatives						
Maintenance of poster and media campaigns in conjunction with R&CRM.		SR				SR
Effectiveness of Fraud Prevention Plan						
Monitoring of fraud hotline calls for comparison against previous years call received.		PR				
Fraud Awareness Evaluation ratings received at workshops where fraud awareness was presented.		PR				
Fraud Statistics kept of reported allegations		PR				
Conduct a Survey (through email or other) on Fraud Prevention Plan.		PR				

SAYTA ARCHIVE FOR JUSTICE