

# NTINGA O.R TAMBO DEVELOPMENT AGENCY SOC LTD



## ANTI-CORRUPTION AND FRAUD PREVENTION POLICY

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## **TOP TEN BASIC VALUES AND PRINCIPLES (PUBLIC ADMINISTRATION)**

**Chapter 10, Section 195 of the Constitution of the Republic of South Africa  
(Act No. 108 of 1996)**

### **Public Service must be:**

- 1. Governed by the democratic values and principles enshrined in the Constitution;**
- 2. Maintaining and promoting a high standard of professional ethics;**
- 3. Promoting efficient, economic and effective use of resources;**
- 4. Orientated towards development;**
- 5. Delivering services impartially, fairly, equitably and without biasness;**
- 6. Responding to people's needs and encouraging public participation;**
- 7. Accountable for its actions;**
- 8. Transparent by providing the public with timely, accessible and accurate information;**
- 9. Cultivating good human resource management and career development practices to maximise human potential; and**
- 10. Broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past.**

## FOREWORD

There is a strong global consensus that corruption and poor governance fuel state failure, deter foreign investment and cripple economic growth and development. Fraud is an unethical practice that remains one of the biggest challenges facing the South African public sector. It is a potential threat to sustainable service delivery in many ways. For instance, fraud undermines the fight against poverty as it creates a situation where money that is meant for development ends up in the pockets of corrupt officials and other individuals. It also increases the cost of public services and slows down the much-needed service delivery to the public. Fraud can be rooted in the behaviour and related actions of public servants, thus leading to negative material (typically financial) consequences for public service organisations. Therefore, fraud should be considered as an activity that should be prevented as part of promoting accountable public administration and maintaining a high standard of professional ethics. More importantly, as Ntinga we cannot ignore fraud and corruption because development cannot thrive in a corrupt environment. The consequences of fraud in the organizational environment of the Public Service also oblige government to educate employees about the negative impact of fraud.

There are concerted efforts by governments across the globe to ensure the realisation of an ethics-driven system of public administration. In South Africa, government declared its zero tolerance to fraud in the Public Service.

Fraud Prevention Plans have to be included in the risk management strategies. Each entity is required to prepare its own Fraud Prevention Plans based on its fraud risk profile. The main purpose of the Fraud Prevention Plan is to enable entities to identify the fraud risk areas unique to their areas of operation, develop plans to manage these risks and include these Fraud Prevention Plans in their strategic plans. Credible Fraud Prevention Plans are regarded as one of the key instruments in preventing fraud and creating a culture of accountability within the Public Service.

As part of its efforts to promote an integrity-driven Public Service, Ntinga found it necessary to develop this Anti-Corruption and Fraud Prevention Policy. No one is immune to this policy including the Senior Management, staff and the Board of Directors. This policy is applicable even beyond the boundaries of Ntinga. It is applicable to individuals and organisations that do business with Ntinga. This is to ensure a corrupt free society and fight poverty at all levels. The battle against fraud can only be successfully won if practical and effective Fraud Prevention Plans and

Strategies are developed, implemented and evaluated on a continuous basis. At Ntinga we want to play a meaningful role in advancing the fight against fraud and corruption.

Ntinga O.R. Tambo Development Agency is committed to the highest possible standards of openness, probity and accountability and recognizes that the public needs to have confidence in those that are responsible for the delivery of services. A fraudulent or corrupt act can impact on public confidence and damage both the reputation and image of the Agency, Ntinga has therefore a ZERO tolerance level for any act of fraud or corruption.

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# 1. INTRODUCTION

## 1.1 Interpretation and Definition of Terms

In the context of this policy, unless otherwise indicated:-

- “abuse of power”** this involves a public servant using his/her vested authority to improperly benefit another public servant, person or entity (or using the vested authority to improperly discriminate against another public servant, person or entity). *Example:* During a tender process but before actual selection of a successful tenderer, A Senior Manager expresses his/her dissatisfaction that the bid adjudication committee has repeatedly not been awarding contracts to a certain bidder who has got potential;
- “ARC”** stands for Audit and Risk Committee which is the committee of the Board responsible audit, risk management and corporate governance issues as directed by its Board approved terms of reference.
- “Board”** means the Board of Directors of the municipal entity as appointed in terms of section 93E of the Municipal Systems Act;
- “bribery”** Bribery involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of a public servant. This benefit may accrue to the public servant, another person or an entity. *Example:* A Ntinga official accepts a cash payment in order not to disqualify bad workmanship in a project;
- “Code of Conduct”** in relation to:
- a) a Board Member, means the Code of Conduct set out in the Terms of Reference for Board of Directors;

- b) a staff member of an entity means the Code of Conduct of the Entity as well as the Code of Conduct set out in Schedule 2 of the Systems Act (Act No. 32 of 2000);

**“conflict of interest”**

this involves a public servant acting or failing to act on a matter where the public servant has an interest or another person or entity that stands in a relationship with the public servant has an interest. *Example:* A public servant considers bids for a contract and awards the bid to a company of which his/her partner is a member of;

**“Constitution”**

refers to the Constitution of the Republic of South Africa (Act No. 108 of 1996);

**“delegation”**

in relation to a duty, includes an instruction to perform the duty;

**“embezzlement”**

this involves theft of resources by persons entrusted with the authority and control of such resources. *Example:* Ntinga staff that steals computers and in turn sells these to private computer companies;

**“extortion”**

this involves coercing a person or entity to provide a benefit to a Ntinga employee, another person or an entity in exchange for acting (or failing to act) in a particular manner. *Example:* A public official threatens to ensure that a bidder does not get appointments at Ntinga on the basis of fabricated Supply Chain Management policy transgression unless the bidder provides the public official with favours.

**“favouritism”**

this involves the provision of services or resources according to personal affiliations (for example ethnic, religious, party political affiliations, etc.) of a public servant. *Example:* A manager who happens to be a member of a certain political party ensures that only



persons from the same political party are successful in tenders.

**“fruitless and wasteful expenditure”**

means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

**“Insider trading”**

This is also called “abuse of privileged information”. This involves the use of privileged information and knowledge that public servant possesses as a result of his/her office to provide unfair advantage to another person or entity to obtain a benefit, or to accrue a benefit for himself/herself. *Example:* A Ntinga staff has, as a result of his/her particular office, knowledge of land that Ntinga intends developing for a specific project. She/he informs friends and family to acquire the land from the owner cheap with the intention of later selling it at a very high price;

**“Local Government”**

refers to category A, B and C municipalities as enshrined in section 155(1) of the Constitution (Act No. 108 of 1996) including municipal entities;

**“MFMA”**

refers to the Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

**“municipality”**

includes a municipality referred to in section 155(b) of the Constitution (Act No. 108 of 1996);

**“municipal entity”**

means:

- a) a company, co-operative, trust, fund or any other corporate entity established in terms of any applicable national or provincial legislation and which includes, in the case of company under such ownership control, any subsidiary of that company; or
- b) a service utility;

<b>“nepotism”</b>	this involves a public servant ensuring that family members are appointed to public service positions or that family members receive contracts from Ntinga. This manifestation is similar to conflict of interests and favouritism. <i>Example:</i> A head of department appoints his/her sister’s child to a position even when more suitable candidates have applied for the position;
<b>“Ntinga”</b>	stands for Ntinga O.R. Tambo Development Agency SOC Ltd which is a municipal entity established in terms of Section 84 of the Municipal Finance Management Act, 2003 (Act No. 56 of 3003), by the O.R. Tambo District Municipality which is a parent municipality;
<b>“service provider”</b>	means a person or institution or any combination of persons and institutions which provide a service or supply goods to Ntinga;
<b>“service utility”</b>	means a municipal entity established in terms of section 82(1)(c) of the Municipal Systems Act, 2000 (Act 32 of 2000), as amended;
<b>“staff”</b>	in relation to a municipal entity, means the employee of the entity, including the Chief Executive Officer (CEO), all managers and other staff members (including volunteers and students doing experiential training);
<b>“Structures Act”</b>	refers to the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
<b>“Systems Act”</b>	refers to the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as amended;
<b>“Theft”</b>	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;

## **1.2 Purpose of this Policy**

### **1.2.1 The overall purpose of this policy is:-**

- a) To provide guidance to employees, Board members and third parties as to which action should be taken where they suspect any fraudulent activity and to provide a conducive environment for employees to report and protection to employees who report, matters that they suspect may concern corrupt conduct, criminal conduct, criminal involvement or serious improper conduct;
- b) To outline a comprehensive and integrated fraud and corruption control program that covers prevention, detection, investigation and reporting strategies;
- c) Establish a framework in which fraud or corruption is not tolerated at Ntinga and encourages the on-going development of a culture where all employees, members of the public and other stakeholders continuously uphold ethical and professional standards, thereby promoting integrity, good governance and accountability;
- d) To develop and foster a climate, within Ntinga, where all employees strive for the ultimate eradication of fraud, corruption, theft and maladministration by means of application of the full spectrum of both pro-active and re-active measures at their disposal;
- e) To promote a zero-tolerance stance on fraud and corruption and commitment to maintaining an organisational culture which will ensure that effective prevention of fraud and corruption is an integral part of all Ntinga activities as a municipal entity;
- f) Improving accountability, efficiency and effective administration within Ntinga, including decision-making and management conduct which promotes integrity;

- g) Changing aspects, within Ntinga, that undermine institutional integrity and facilitate unethical conduct, fraud and corruption and allow these to go unnoticed or unreported;
- h) Encourage management and all staff members to be vigilant in ensuring that good standards that build public confidence, ensure integrity and effective service delivery in the system of local government are maintained. Guidance is provided for action (disciplinary action, recovery of losses, prosecution, etc.) if it is suspected that those standards are being breached;
- i) To ensure that management is aware of its responsibility of identifying risk exposures (early warning systems) to corrupt and fraudulent activities in order to facilitate the development and establishment of policies, controls and procedures, which will aid in the detection and prevention of such activities against Ntinga;
- j) To outline the key roles and responsibilities in respect of control, implementation, identification, investigation and reporting of these irregularities;
- k) Strengthening relationships with key stakeholders, like employer and employee representatives, etc., and promoting community participation and involvement in fight against corruption at Ntinga;
- l) To enforce existing regulation aimed at combating, preventing, reacting to and reducing the impact of fraud, corruption, theft and maladministration where these dishonest acts subsist;
- m) To mitigate fraud or corrupt conduct by employees, community members, contractors, service providers or other third parties; and
- n) Development of anti-corruption capacity within Ntinga, through a multiplicity of supportive actions.

### **1.3 Application and Scope of this Policy**

- 1.3.1 This Policy applies to all fraud, corruption, theft, maladministration or suspected irregularities involving the following persons or entities:-

- a) All employees of Ntinga and related parties over which Ntinga Board has authority on including its business units, entities or projects/programmes;
- b) Engaged consultants, suppliers, contractors and other providers of goods or services to Ntinga;
- c) Non-Governmental Organisations (NGO's) and other parties receiving benefits from Ntinga; and
- d) All organisations that have partnerships with Ntinga and their areas of partnership relate to some parts of this policy.

1.3.2 The content of this policy, based on vision, mission and values of Ntinga, is the expression of Ntinga's commitment to integrity honesty and good governance by uprooting fraud, corruption, bribery, theft and maladministration. Ntinga believes that preventing all forms of fraud and corruption in local government can help generate revenue, improve service delivery, stimulate growth and increase public confidence and participation.

1.3.3 In the event of any inconsistency or contradiction between a section of this policy and the Constitution, the Constitution prevails or takes precedence.

### **1.3 Policy Statement**

Ntinga has measures for the prevention, detection and management of fraud and corruption or any other dishonest activities of a similar nature and for fair dealing in matters pertaining to such.

Ntinga commits itself that it is firmly committed to dealing with fraud and corruption or any other dishonest activities of a similar nature and deal equally with any person from inside and outside the Entity.

### **1.4 Policy Objectives**

- a) To develop an anti-corruption and fraud free culture amongst staff, Board and Ntinga stakeholders.

- b) To implement policies and systems which minimise fraud and corruption or any other dishonest activities of a similar nature.
- c) To develop partnership with other agencies and bodies in the fight against fraud and corruption or any other dishonest activities of a similar nature.
- d) To ensure that Ntinga management is aware of its responsibilities for identifying exposures to fraudulent and corrupt activities or any other dishonest activities of a similar nature and for establishing controls and procedures for preventing such fraudulent and or corrupt activity and/or detecting such fraudulent and corrupt activity when it occurs.
- e) To provide guidance to employees and members of the public as to what action should be taken where they suspect any fraudulent and or corrupt activity.
- f) To provide a clear statement to staff or any other persons having a business with Ntinga, about forbidding any illegal activity.
- g) To provide clear guidance as to responsibilities for detecting and reporting investigations into fraudulent and or corrupt activities.
- h) To provide assurances that any reasonable suspicion of fraudulent and or corrupt activity will be fully investigated.
- i) Provide for a swift investigation of fraudulent and corrupt activities.
- j) To provide adequate protection and guidance as to appropriate action to employees in circumstances where they are victimised as a consequence of reporting, or being a witness to, fraudulent and/or corrupt activities.
- k) To provide a suitable environment for employees to report matters that they suspect may concern corrupt conduct, criminal conduct, criminal involvement or serious improper conduct.

## **1.5 Periodic Reviewal of this Policy**

1.4.1 This policy must be reviewed at least once per 12 months cycle from the previous approval date by the Board, as follows:-

- a) The Manager in the Office of the CEO circulates the existing policy to senior staff members and other relevant stakeholders inviting any proposed amendments. Amendments may result from changes in legislation, other related policies, mandate of the entity, mode of operation, implementation strategy, environment where operations take place or community needs;

- b) Proposed amendments are consolidated and circulated to the management at least five working days before the next management meeting;
- c) A management meeting is convened, among other things, to deal with the proposed amendments. In this meeting the responsible manager will make a presentation of proposed amendments and make recommendations;
- d) While not an obligatory requirement for the reviewal of this policy it is strongly advised that once the final draft of the emended policy has been passed by management, it should be posted in the website for a period of 14 calendar days for the relevant stakeholders and public to make comments. To cater for those who do not have access to internet, a notice may be put up in the notice board of Ntinga explaining how the draft document can be accessed by the public, mentioning the period and method of submitting the comments. At this point the draft may be simultaneously circulated by e-mail or any other acceptable form to Board members to invite comments;
- e) After incorporation of relevant comments and thorough engagement by management, refined draft document is formally forwarded to the relevant committee of the board for consideration;
- f) The committee forwards the final draft of amended policy to the Board, clearly indicating the proposed amendments for further consideration and approval;
- g) Once the Board has satisfied itself of the necessity and validity of the amendments, a resolution is passed to approve the amended policy;
- h) It is the duty of the Company Secretary to record the date of approval, resolution number and conditions of approval if applicable; and
- i) The reviewal of this policy is necessary even if there are no changes effected. When there are no changes a report will have to be submitted indicating that the policy has been reviewed and there were no changes necessary.

1.4.2 Besides alignment with relevant legislative framework, reviewal is also aimed at assessing progress in implementation of this policy.

## 1.6 Relevant and Applicable Legislation

1.5.1 This policy is to be read in conjunction with Acts of Parliament of the Republic of South Africa including the following:-

- a) Constitution of the Republic of South Africa (Act No. 108 of 1996);
- b) Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- c) Local Government: Municipal Systems Act, 200 (Act No. 32 of 2000);
- d) Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- e) Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- f) Promotion of Access to Information Act, 2000 ( Act No. 2 of 2000);
- g) Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000);
- h) Public Protector Act, 1994 (Act No. 23 of 1994);
- i) National Prosecuting Authority Amendment Act, 2000 (Act No. 61 of 2000);
- j) Special Investigation Units and Special Tribunals Amendment Act, 2001 (Act No. 2 of 2001);
- k) National Intelligence Services Act, 1994 (Act No. 38 of 1994);
- l) Prevention of Organised Crime Act, 1998 (Act No. 121 of 1998);
- m) Protected Disclosure Act, 2000 (Act No. 26 of 2000)
- n) Witness Protection Act, 1998 (Act No. 112 of 1998);
- o) South African Revenue Services Act, 1997 (Act No. 34 of 1997);
- p) Public Funding of Represented Political Parties Act, 1997 (Act No. 103 of 1997); and
- q) Auditor General Act, 1995 (Act 12 of 1995).

1.5.2 Other Ntinga policies, government strategies and publications are relevant to the development of this policy.

## **1.6 Definition and Examples of Corruption and Fraud**

1.6.1 **“Corruption”** is a social, legal, economic and political concept enmeshed in ambiguity and consequently encouraging controversy. Because of the multitude of approaches and views on corruption, it is not easy to agree on a unanimous definition of the term. Corruption may be defined as dishonest activity in which a director, executive, manager, employee or contractor (including service provider or supplier) of Ntinga acts contrary to the interests of Ntinga and abuses his or her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.



In South Africa the law states that anyone who gives or offers to give any benefit not legally due to any person who has any power or duty by virtue of any employment with the intention to influence or reward the person to commit or omit to do any act in relation to such power or duty is guilty of corruption.

The corrupt behaviour need not necessarily be criminal and may also include any conduct of any person (whether public official or not) that adversely affects, or could adversely affect, either directly or indirectly, the exercise of official functions by any public official, any group or body of public officials or any public authority and which could involve, but not limited to, any of the following matters:

- a) Official misconduct (including breach of trust, breach of confidentiality, fraud in office, nonfeasance, misfeasance, malfeasance, oppression, extortion or imposition);
- b) Bribery;
- c) Blackmail;
- d) Obtaining or offering secret commissions ("kickback");
- e) Obtaining or offering privileged information or information that is not for public consumption;
- f) Fraud;
- g) Insider trading;
- h) Theft;
- i) Extortion;
- j) Perverting the course of justice;
- k) Embezzlement;
- l) Election fraud and bribery;
- m) Tax evasion;
- n) Revenue evasion;
- o) Currency violations;
- p) Illegal drug dealings;
- q) Illegal gambling;
- r) Obtaining financial benefit by engaging in by others;
- s) Harboursing criminals;
- t) Forgery;

- u) **Treason or other offences against the State;**
- v) **Homicide or violence;**
- w) **Matters of the same or similar nature to those listed above; and**
- x) **Any conspiracy or attempt in relation to any of the above.**

**1.6.2 Examples of Corrupt Conduct to which Ntinga may be subjected to include, but not limited to:**

- a) **Payment of secret commissions (bribes), paid in money or some other value, to Ntinga staff member that is related to a specific action or decision of Ntinga;**
- b) **Release of confidential information, for other than a proper business purpose, sometimes in exchange for either a financial or non-financial favour;**
- c) **Collusive tendering (the act of multiple tenders for a particular contract colluding in preparation of their bids);**
- d) **A Ntinga staff member manipulating a tendering process to achieve desired outcome;**
- e) **Contravening or evading Supply Chain Management policy in order to achieve desired outcome;**
- f) **Intentionally circumventing set policies, procedures or internal controls systems of Ntinga;**
- g) **Conflict of interest involving a Ntinga staff member acting in his or her own self-interest rather than in the interest of the entity;**
- h) **Nepotism and cronyism where the appointee to a Ntinga position is inadequately qualified to perform the role to which he or she has been appointed, or not selected on merit; and**
- i) **Receiving personal benefits in exchange for assisting any person, bidder or consultant to gain or obtain work at Ntinga.**

**1.6.3 “Fraud” is a subset of corruption and may be defined as a deliberate, intentional and premeditated dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or person external to the entity and whether deception is used at the time or not, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment,**

**destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position.**

#### **1.6.4 Examples of Fraud**

**Examples of fraud on Ntinga could include, but not limited to:**

- a) Misappropriating Ntinga assets including use of the Ntinga assets for private purposes;**
- b) Abuse of Ntinga property;**
- c) Abuse of Ntinga time;**
- d) Causing a loss to Ntinga, or avoiding or creating a liability for Ntinga by deception;**
- e) Claiming for travel entitlement to attend a course or meeting and then not attending the course or meeting and not reimbursing travel monies;**
- f) Evasion of fees due to Ntinga;**
- g) Fabrication, falsification or plagiarism of documents;**
- h) False invoicing for goods or services never rendered;**
- i) Falsely misrepresenting information to Ntinga;**
- j) Making payments to false persons;**
- k) Making, using or possessing forged or falsified documents such as qualifications (certificate, diploma or degree) or academic records;**
- l) Misapplying government grant monies or subsidies;**
- m) Misappropriating official order forms to gain a personal benefit;**
- n) Obtaining an unjust advantage by misusing information gained during the course of employment with Ntinga;**
- o) Providing false or misleading information to Ntinga, or failing to provide information (nondisclosure), where there is an obligation to do so;**
- p) Receiving "kickbacks" or "secret commissions" from a contractor, service provider or supplier;**
- q) Submission of exaggerated or wholly fictitious accident, harassment or injury claims;**
- r) Misuse of sick leave or family responsibility leave;**
- s) Theft of funds, supplies or other assets;**
- t) Theft of intellectual property;**

- u) Theft of vehicle (or its part), plant, implement (or its part), equipment or inventory;
- v) Unauthorised transfer of Ntinga income or funds;
- w) Unlawful use of Ntinga computers, vehicles, internet, telephones and other property or services including operation of a private business using Ntinga facilities and time.
- x) Use of Ntinga credit cards for personal expenses and claiming them as Ntinga related; and
- y) Writing off recoverable assets or debts.

### **1.7 Ntinga Commitment and strategy**

Ntinga is committed to upholding the highest standard of integrity and ensuring that its policies, procedures and practices are consistent with best practice and the highest standards of ethical conduct and its employees and Board members are expected to act ethically, fairly, honestly, respectfully and responsibly.

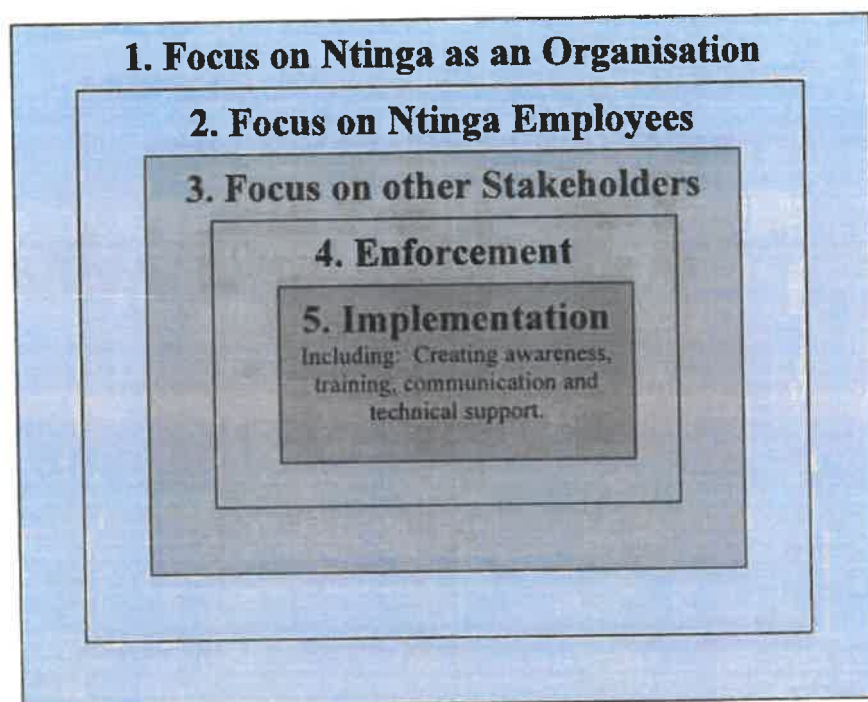
It is expected that all those who carry out work and related activities with and for Ntinga, will also observe the highest standards of conduct. Conduct that compromises public trust and confidence in the integrity and professionalism of Ntinga, its Board members and employees is unacceptable.

Ntinga has identified corruption as amongst the greatest obstacles to economic and social development. It undermines development by distorting the rule of law and weakening the institutional foundation on which economic growth depends. The harmful effects of corruption are especially severe on the poor, who are hardest hit by economic decline, are most reliant on the provision of public services, and are least capable of paying the extra costs associated with bribery, fraud, and the misappropriation of economic privileges. Corruption sabotages policies and programs that aim to reduce poverty, so attacking corruption is critical to the achievement of Ntinga's overarching mission of *"being a catalyst for innovation in promoting socio-economic development and sustainable services to communities, through strategic partnerships and new investments"*.

Development that aims to increase the sharing between the rich and the poor and supports equitable development processes is vital to reducing poverty. It is therefore of critical importance to ensure that development resources are used for its intended

purpose and not diverted through corruption. Corruption aggravates poverty. Surveys of the poorest of poor in developing countries, point to corruption as having a significant and detrimental impact on their lives. Corruption results in the misallocation of resources to the detriment of poverty reduction programmes. The attainment of Millennium Development Goals is put at risk unless corruption is tackled as an integral part of poverty reduction strategies. Corruption thrives in environments where information is either too segmented or aggregated, is not comparable and prevents conclusions on financial resources utilisation from being drawn.

We believe that an effective anticorruption strategy builds on five key elements:



To reduce the corrosive impact of corruption in a sustainable way, it is important to go beyond the symptoms in order to tackle the causes of corruption.

## **2. PROCEDURES FOR REPORTING FRAUDULENT AND OR CORRUPTIVE ACTIVITIES**

2.1 Ntinga commits itself to establish appropriate structures to enable reporting of fraud or corruption by municipal staff, Board members, municipal service

providers, consultants whilst delivering work on behalf of the Entity and the community, in accordance with applicable legislation.

**2.2 Reporting Structures include:**

**2.2.1 The Fraud Hotline.**

**2.2.2 Tip offs officially reported to the Management Team.**

**2.3 All instances of fraud, corruption and unethical behavior reported will be registered in the official Fraud Register, which will be updated, managed and tracked by the Manager in the office of the CEO.**

**2.4 Instances of fraud, corruption and unethical behavior reported against Board members will be reported to the Board Chairperson Council and will be dealt with in terms of the Companies Act.**

**2.5 Instances of fraud, corruption and unethical behavior reported against the CEO and Senior Managers will be reported to the Board of Directors and will be dealt with in terms of the Local Government Disciplinary Regulations for Senior Managers of 2010 and MFMA Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings of 2014.**

**2.6 Instances of fraud, corruption and unethical behavior reported against a staff member will be reported to the relevant Manager and will be dealt with in terms of this Policy.**

**2.7 Line managers are responsible for daily operations and for the internal control systems within their areas of responsibility. Where managers do not have the expertise to evaluate internal controls they should call upon the support from Internal Audit.**

**2.8 It is the responsibility of members of the public and employees (including line managers) to report all incidents of fraud, corruption or any other dishonest activities of a similar nature to the Senior Management, Board of Directors, Auditors or Toll-free Hotline: 0800 20 20 20.**

**3. RESPONSIBILITIES OF STAKEHOLDERS**

### **3.1 Board of Directors**

**3.1.1 Board of Directors has a duty for setting the tone at the top by:**

- a) Considering and adopting the Anti-Corruption and Fraud Prevention Policy;**
- c) Regularly reviewing and amending, if necessary, the Anti-Corruption and Fraud Prevention Policy, if and when required;**
- d) Performing oversight functions that support the implementation of the Anti-Corruption and Fraud Prevention Policy;**
- e) Providing support to the CEO and the efforts of the management team to implement the Anti-Corruption and Fraud Prevention Policy;**

**3.1.2 Board have a fiduciary responsibility to the Entity, including a duty to promote the reputation and business of the institution.**

**3.1.3 Board may not derive personal gain at the expense of or as a result of their relationship with the Entity.**

**3.1.4 Board members are further required to declare their interests.**

**3.1.5 It is the responsibility of every Board member who suspects that some kind of fraud or corruption or irregularity has been attempted or committed, to immediately report their suspicion to the Board Chairperson.**

### **3.2 Chief Executive Officer**

**3.2.1 The CEO, as the Accounting Officer, is responsible for ensuring that corruption and fraud prevention measures are implemented within the Entity by:**

- a) Ensuring that the Entity develops and implements an Anti-Corruption and Fraud Prevention Policy;**
- b) Overseeing the implementation of prevention, detection, investigation of fraud and ensure appropriate resolution measures are implemented in respect of fraud and corruption within the Entity.**

**3.2.2 CEO is accountable for managing fraud and all the platforms required for the effective and efficient management of fraud prevention and consequence management in accordance with this policy.**

### **3.3 Management**

- a) Management includes all Senior and Middle Managers.**
- b) The overall responsibility of managing fraud risk is vested with the CEO and the Senior Management.**
- c) Management plays a key role in the prevention of fraud and corruption, and fulfills this responsibility through the establishment, implementation and continued operation of suitable internal controls. Further to this Management plays a critical role in leading with the correct "tone at the top" by:**
  - a) Creating a corruption and fraud aware culture, where it is clear that corruption and fraud will not be tolerated, and that all instances of fraud and corruption will be dealt with swiftly and will be appropriately sanctioned;**
  - b) Implementing the Anti-Corruption and Fraud Prevention Policy of the Entity, as reviewed and amended from time to time;**
  - c) Share the Entity's strategies and policies in respect of fraud and corruption with all staff members;**
  - d) Report incidents or suspicions of fraud, corruption or irregularities;**
  - e) Ensuring the practical realisation of the principles of prevention, detection, investigation;**
  - f) Ensure that adequate internal controls are implemented and appropriate systems and processes are in place to prevent and detect fraud and corruption or any forms of irregularities;**
  - g) Investigating all instances of fraud, corruption and financial misconduct brought to their attention with equal diligence and vigour;**
  - h) Monitor the implementation and application of the Anti-Corruption and Fraud Prevention Policy and ensure adequate supervision and dynamism of the controls and procedures;**
  - i) Ensure that an appropriate fraud and corruption risk assessment is completed;**



- j) Ensure that reports of fraud, corruption and misconduct are effectively handled and that consistent and appropriate action is taken on known incidents;
- k) Ensure proper reporting in terms of applicable guidelines on all instances of fraud and fraud risks reported;
- l) After an investigation is completed, submit a report to the CEO indicating the results of the investigation and whether there are cause to:
  - Dismiss such allegations as frivolous; or
  - Whether a need exists for a thorough disciplinary process to be undertaken.
- m) Ensure adherence to all reporting requirements to ensure that instances of fraud, corruption and irregularities are effectively investigated and resolved.

#### **3.4 Staff**

The staff (permanent, contract and temporary) of the Entity are responsible for:

- a) Abiding by the code of conduct and code of ethics of the Entity;
- b) Reporting incidents or suspicions of fraud and corruption;
- c) Participating in initiatives to prevent, minimise, detect and investigate fraud;
- d) Avoiding and declaring conflicts of interest;

#### **3.5 Suppliers, Contractors, Service Providers and Consultants**

- a) Suppliers, contractors and consultants are expected to act honestly and fairly in all their dealings with Ntinga.
- b) Failure to do so may result in one or more of the following:
  - a) the cancellation or suspension of any tenders or contracts awarded to them;
  - b) restriction in terms of the Combatting of Abuse in the Supply Chain Management System Policy; and
  - c) Being reported to the South African Police Services.

#### **3.6 Audit Committee**

The audit committee will be responsible for the following:

- a) Advise the Board, the accounting officer and management staff of the Entity on matters relating to good governance, fraud and corruption;

- b) Review the progress made with the implementation of the corruption and fraud prevention policy of the Entity.

### 3.7 Internal Audit

- 3.7.1 Internal Audit is responsible for the provision of an independent and objective opinion on the adequacy and effectiveness of risk management, control and governance processes which includes the fraud and corruption management processes.
- 3.7.2 The adequacy of arrangements for managing the risk of fraud and ensuring that the Entity promotes an anti-fraud culture is a fundamental element considered by Internal Audit in arriving at an overall opinion.

### 3.8 Community

- 3.8.1 The Entity recognises the important role of the O.R. Tambo District Municipality community and general public at large to contribute to an environment that is free of corruption and other irregularities.
- 3.8.2 In the event that members of the community wish to remain anonymous, they may contact the external fraud Hotline (0800 111 027) to report a matter.

## 4 PROTECTION OF WHISTLE-BLOWERS

4.1 The Protected Disclosures Act, Act 26 of 2000 makes provisions for procedures in terms of which employees may disclose information regarding unlawful or irregular conduct by their employers or other employees in the employ of their employers without fear of victimization.

4.2 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:-
- a) has assisted, is assisting or will or may in the future assist the Investigators or any Law Enforcement Agency in the performance of their functions; or

- b) has furnished, is furnishing or will or may in the future furnish information to the Investigators or any Law Enforcement Agency; or
- c) 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
- d) 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.

4.3 All whistle-blowers' identities will remain confidential or anonymous to prevent victimization.

4.4 A person who reports suspected corruption and/or fraud may remain anonymous should he/she so desire. It must however be kept in mind though that the investigation could reveal the source of the information.

4.5 Action to cover up the wrongdoing and or to retaliate against, or victimise witnesses is strictly forbidden, and such action constitute a misconduct.

## **5 SANCTIONS**

The sanction imposed may include any or a combination of the following, with or without conditions:

- 5.1 Suspension from duty;
- 5.2 Demotion;
- 5.3 Transfer to another post;
- 5.4 Reduction in salary, allowances or other benefits;
- 5.5 An appropriate fine;
- 5.6 Dismissal;
- 5.7 Repayment of losses to the municipality, as quantified.

## **6 RECOVERY OF LOSSES**

The Chief Executive Officer, must investigate the potential and cost implications for recovering losses suffered by the Entity due to fraud and/or corruption and, depending on the outcome of the investigation, institute legal action against the offending parties to recover losses.

## 7 CONFIDENTIALITY

To ensure that the identity of the whistle-blower, whether it be a member of staff or the community is protected, all information provided in connection with fraud and corruption allegations and suspicions will be treated as highly confidential.

## 8 CONCLUSION

Ntinga encourages its personnel, members of the public as well as all other stakeholders as set out in this Policy to freely report without fear or reprisal, any information relating to suspected or alleged fraud, corruption or any other irregular conduct via the Presidential Fraud Hotline.

Fraud Hotline  
Contact details: 0800 701 701  
E-mail: [gatewaycc@sita.co.za](mailto:gatewaycc@sita.co.za)

## 9 APPROVAL AND SIGNATURES

SUPPORTED BY: *Lepanumf* ..... DATE: *03/08/2017* .....  
Designation: Chief Executive Officer

APPROVED BY: ..... DATE: *03/08/2017* .....  
Designation: Board Chairperson

