Elundini Local Municipality
Nqanqarhu l Ugie l Tlokoeng

Anti-Fraud & Corruption Risk Management Policy

2026-2027

ELUNDINI LOCAL MUNICIPALITY
No 1 Seller Street, Nqanqarhu, 5840



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A. DOCUMENT REVISION HISTORY

Date	Author	Revision	Signature
January 2009	Municipal Manager	First Preparation	
November 2010	Municipal Manager	First Revision	
November 2014	Municipal Manager	2nd Revision	
April 2018	Municipal Manager	3rd Revision	
August 2020	Senior Manager: Strategic Support Services	4th Revision	
August 2022	Senior Manager: Strategic Support Services	5th Revision	
June 2024	Senior Manager: Strategic Support Services	6th Revision	
December 2025	Municipal Manager	7th Revision	
May 2026	Municipal Manager	8th Revision	

B. DOCUMENT APPROVAL

Policy Revision	**Date**	May 2026	**Version**	Version 8
Policy Owner	Municipal Manager			
Policy Considered By:	**Risk Management Committee**		**Date:**	**10 June 2026**
Policy considered By:	**Audit Committee**		**Date:**	
Signed-off by:	**Accounting Officer**		**Date:**	

Approved by:	Council	CONA/148/26	Date:	26 June 2026

C. DEFINITION OF TERMS

Term	Definition
Fraud	Fraud is "the unlawful and intentional making of a misrepresentation which causes actual and or potential prejudice to another". The term "fraud" is also used in a wider sense by the public. In this regard, the term is used in this document in its widest possible meaning and is intended to include all aspects of economic crime and acts of dishonesty.
Corruption	Corruption in its wider meaning, and as referred to in this document, includes any conduct or behaviour where a person accepts, agrees or offers any gratification for him/her or for another person where the purpose is to act dishonestly or illegally. Such behaviour also includes the misuse of material or information, abuse of a position of authority or a breach of trust or violation of duty.
Disclosure	This is defined as any disclosure of information regarding any conduct of an employer, or an employee of that employer, made by any employee who has reasons to believe that the information concerned shows or tend to show one or more of the following: • That a criminal offence has been committed, is being committed or is likely to be committed. • That a person has failed, is failing or is likely to fail to comply with any legal obligation to which that person is subject. • That a miscarriage of justice has occurred or is likely to be endangered. • That the environment has been or is likely to be damaged;
Occupational detriment	This includes being dismissed, suspended, demoted, transferred against his/her will, harassed or intimidated, refused a reference or being provided with an adverse reference, because of his/her disclosure.
Employee, municipal official or member of staff	For the purposes of this policy this is: • Employed on a permanent basis. • On a fixed term or temporary contract of employment. • On secondment to the municipality; and • Includes Councilor.

Elundini or the Municipality	For the purposes of this policy, it means Elundini Local Municipality.

1. INTRODUCTION

The Council, Accounting Officer, and officials of the Elundini Local Municipality (hereafter referred to as "Elundini") have committed the Elundini to a process of fraud risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Finance Management Act ("MFMA"). As instances of fraud remain a constant threat to public trust and confidence, it becomes essential to recognize fraud risk management as an integral part of strategic management.

Elundini is therefore adopting a comprehensive approach to the management of fraud risks. Management's agenda is to focus on efforts to:

(i) Understand the fraud risks that can undermine the institution's business objectives.
(ii) Determine whether fraud prevention programs and controls are effective in reducing instances of fraud.
(iii) Gain insight into better ways of designing and evaluating controls to prevent, detect and respond appropriately to fraud.
(iv) Reduce exposure to liability, sanctions and litigation that may arise from violations of law or stakeholder expectations.
(v) Derive practical value from the development of a sustainable process of managing fraud risk and improving performance; and
(vi) Achieve the highest levels of business integrity through sound corporate governance, internal control and transparency.

The features of this process are outlined in the Elundini's Fraud Risk Management Strategy. It is expected that all personnel will adhere to the fraud risk management strategy. It is the intention that individual personnel, as well as business units will work together in a consistent and integrated manner, with the overall objective of reducing fraud risk. Effective fraud risk management is imperative to Elundini to fulfill its mandate, the service delivery expectations of the public and the performance expectations within the municipality. The realisation of the strategic plan depends on it being able to take calculated business risks in a way that does not jeopardize the interests of

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

(i) The highest standards of service delivery.

(ii) A management system containing the appropriate elements aimed at minimizing fraud risks and related costs in the interest of all stakeholders.

(iii) Maintaining an environment which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

Fraud undermines the above-mentioned principles. An entity-wide approach to fraud risk management will be adopted by Elundini, which means that every key fraud risk in each part of the municipality will be included in a structured and systematic process of fraud risk management. It is expected that the fraud risk management processes will become embedded in the municipality's systems and processes, ensuring that all responses to fraud risk remain current and dynamic. All fraud risk management efforts will be focused on supporting the municipality's objectives. Equally, they must ensure compliance with relevant legislation, and fulfill the expectations of employees, communities, and other stakeholders in terms of corporate governance. Every employee has a part to play in these important endeavors.

2. PURPOSE OF THE POLICY

2.1. The purpose of the Fraud Risk Management Policy is to educate, communicate and assist in decision making processes that will minimize potential losses, improve the management of existing fraud risk and approach thereby helping to maximize Elundini's available resources.

3. SCOPE OF THE POLICY

3.1. This policy applies throughout the municipality in so far as fraud and corruption is concerned. It applies to all employees of the municipality (permanent employees; fixed term or temporary contract employees; seconded employees to the municipality); all councillors and traditional leaders serving in the council; service providers, individuals or community members.

4. FORMS OF CORRUPTION

4.1. Corruption takes various forms in the public service and elsewhere in society. The following are examples of different types of corruption that the municipality will adopt.

Form of Corruption	Description
Bribery	Bribery involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of public servants.
Embezzlement	This involves theft of resources by persons entrusted with the authority and control of such resources.
Fraud	Unlawful, intentional making of a misrepresentation or concealment of a material fact which causes actual or potential prejudice to another.
Extortion	Coercion of a person or entity to provide a benefit to a public servant, another person or an entity, in exchange for acting (or failing to act) in a particular manner.
Abuse of power	The use by a public servant of his or her vested authority to improperly benefit another public servant, person or entity (or using vested authority to improperly discriminate against another public servant, person or entity).
Conflict of interest	The failure by a person to act or to consciously fail to act on a matter where he/she has an interest or another person or entity that has some form of relationship with him/her has an interest.
Abuse of privileged information	This involves the use of a privileged information and knowledge that a public servant possesses because 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.
Favouritism	The provision of services or resources according to personal affiliation (for example cultural or religious affiliation).
Nepotism	This involves ensuring that family members are appointed to municipal positions or that family members receive contracts from the municipality.
Forgery	Forgery entails the falsification of a document with intent to defraud, to the actual or potential prejudice of another.

NB: These manifestations are by no means exhaustive as corruption appears in many forms and it is virtually impossible to list all of these.

5. ACTIONS CONSTITUTING FRAUD

5.1. Fraud and corruption manifests in a few ways and varying degrees of intensity. These include, but are not limited to:

i. Unauthorised private use of the Elundini's assets, including vehicles.

ii. Falsifying travel and subsistence claims.

iii. Conspiring unfairly with others to obtain a tender.

iv. Disclosing proprietary information relating to a tender to outside parties.

v. Accepting inappropriate gifts from suppliers.

vi. Employing family members or close friends.

vii. Operating a private business in working hours.

viii. Stealing equipment or supplies from work.

ix. Accepting bribes or favours to process requests.

x. Accepting bribes or favours for turning a blind eye to a service provider who does not provide an appropriate service.

xi. Submitting or processing false invoices from contractors or other service providers; and

xii. Misappropriating fees, rates, penalties or other money received from customers, and avoiding detection by not issuing receipts to those customers.

xiii. Artificial intelligence disinformation

6. RESPONSIBILITIES FOR FRAUD AND CORRUPTION RISK MANAGEMENT

ALL	**It is the responsibility of every councillor, employee and contractor within the municipality to act honestly and with integrity in the conduct of their duties.**
Council and its' committees	Provides Anti-Fraud and corruption risk management policy, oversight and review.
Municipal Manager	The Municipal Manager bears the ultimate responsibility for fraud and corruption risk management within Elundini. This includes the coordination of fraud risk assessments, overseeing the investigation of suspected fraud and corruption, and facilitation for the reporting of such instances.
Audit Committee	The Audit Committee shall oversee and monitor all municipal fraud risk management processes and systems and practices and shall provide reasonable assurance to the Council that such processes, systems and practices are effective and efficient.
Risk Management Committee	The Risk Management Committee shall be the operational committee that monitors the implementation of fraud prevention within the municipality.

Chief Risk Officer	The Chief Risk Officer or Risk Manager shall develop Elundini's policies and approach to fraud prevention, fraud detection strategies and response to fraud and corruption incidents reported by employees or other external parties.
Internal Audit Function	The Internal Audit function shall be the specialist investigating agent for all fraud and suspected fraudulent activities within the municipality
Senior Management	Senior management will ensure that all employees and stakeholders are made aware of its overall anti - fraud and corruption strategies through various initiatives of awareness and training. Senior management, under the guidance of the Municipal Manager, will ensure that Fraud Risk Management Policy and Strategy are reviewed and updated annually
Auditor-General	Provide independent assurance to the Council through senior management concerning the effectiveness of the management of fraud risk and control.

7. REPORTING AND PROCESSING ALLEGED FRAUD & CORRUPTION

7.1. Any suspicion of fraud and corruption will be treated seriously and will be reviewed, analysed, and if warranted, investigated.

STEP 1: REPORTING	1) If any person becomes aware of a suspected fraud, corruption or any irregularity or unethical behaviour, such issues should be reported in terms of the Whistle Blowing Policy.

	The following communication channels should be used: Risk Management/Internal Audit 045 932 8182/8144 OR Municipal Manager at 045 932 8106 OR Speaker at 082 305 0467 OR Mayor at 082 448 6081 OR Chairperson of the Audit Committee at 083 352 3713 OR **email at fraudhotline@elundini.gov.za** OR Public Protector on 0800 11 2040 OR the National Anti-Corruption Hotline number at 0800 701 701 OR SAPS Anti-Corruption internal unit 082 828 5778 072 013 5569 (WhatsApp)
	In the event where the Chairperson of the Audit Committee is the one who is responsible to appoint an appropriate person to conduct or co-ordinate an investigation into the allegations, s/he must recommend the appointment to the council.

STEP 2: APPOINTMENT OF INVESTIGATOR	The person appointed to conduct or co-ordinate the investigation of an allegation of fraud may, working together with the relevant department/ person in consultation with Legal Services on technical aspects of the investigation.
STEP 3: INVESTIGATION	Upon receipt of an allegation of a suspected fraud, the immediate concern of the investigating officer should be the preservation of evidence and the containment of loss.
	The appointed investigator is to submit a written report to the Chairperson of the Audit Committee and Municipal Manager detailing the circumstances and recommending appropriate remedial action following the investigation. All reports on suspected fraud and corruption shall be tabled at the Risk Management Committee and Audit Committee on a quarterly basis.
STEP 4: REPORTING	

8. REVIEW OF THE FRAUD RISK MANAGEMENT POLICY

8.1. The municipality will conduct a review of the Fraud Risk Management Policy annually.