

PREVENTION OF FRAUD AND CORRUPTION POLICY

PURPOSE

The purpose of this item is to bring before the Portfolio committee a draft Prevention of Fraud and Corruption policy for their input and final recommendation to Council. The absence of this policy in the institution has been raised in two previous financial years audit by the office of the Auditor General.

BACKGROUND

Fraud and corruption has become a major problem in South Africa. It has contributed to companies going into liquidation and public institutions not being able to render services economically, efficiently and effectively.

In order to combat fraud and corruption, various forms of legislation have been created. It is therefore important that broad policy guidelines are established in order to address the issues of fraud and corruption from a statutory and best business practice viewpoint. An environment that is not conducive to fraud and corruption must therefore be created.

Adherence to the policy will enable the Council to:

- recognise and reward good service;
- promote a secure and stable work environment,
- Channel funds saved, into providing training and development opportunities for the betterment of its entire people.

Non-compliance, however, will:

- cause job losses,
- cause the council to incur serious financial losses,
- negative service delivery,
- Adversely affect the council's image in the community and in the market place.

RECOMMENDATIONS BY THE CHIEF FINANCIAL OFFICER.

1. That Portfolio Committee note this draft policy.
2. That the Portfolio Committee workshop this draft and recommend approval to Mayoral Committee.

I A Louis
CHIEF FINANCIAL OFFICER

BOJANALA PLATINUM DISTRICT MUNICIPALITY

PREVENTION PFFRAUD AND CORRUPTION POLICY

1. Definition of Fraud

- ❖ Generally represents non-violent financial crime perpetrated against business, government or other individual.
- ❖ “An illegal act or series of illegal acts committed by non-physical means and by concealment or guile, to obtain money or property, to avoid the payment of money or property, or to obtain personal or business advantage.”

2. Definition of Corruption

- ❖ Dishonest activity in which a person entrusted with authority of an entity (a corporation, government agency or any other entity engaged in business activity or transacting with other entities in a businesslike setting) acts contrary to the interest of the entity and abuses his/her position of trust in order to achieve some personal gain for himself or herself or for another **person or entity**.

The above definitions were made by the USA Congressional subcommittee on Crime, Committee on the Judiciary, 1979

From the above it is clear that Fraud and corruption actually means one thing i.e.

- ❖ They are both dishonest activities causing actual or potential loss to any other person or entity including theft of moneys or other property by employees or person external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity.
- ❖ It also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or improper use of information or position.
- ❖ Fraud encompasses an array of irregularities and illegal acts characterised by intentional deception.

3. AIM OF THE POLICY

Council should concentrate its efforts in preventing fraud and corruption, rather than responding to fraud. To achieve that, it is vital to develop an entire strategy, or Fraud and Corruption Prevention Policy. The emphasis is therefore on proactive fraud preventative techniques.

To combat the illegal acts listed in the report the purpose of this document is to provide policy and procedural guidelines for managing and combating fraud and corruption at BOJANALA PLATINUM DISRICT MUNICIPALITY. The emphasis of this document is on creating an environment where fraud and other crimes of dishonesty are efficiently, economically and effectively prevented, detected, investigated and

reported, and the consequent recovery of losses and action against perpetrators.

4. SCOPE OF THE POLICY

Policy scope;

- To contribute to cost effective service delivery
- To comply with current legislation
- To contribute to a fair and just administration
- To contribute to the welfare of the community
- To promote the effective attainment of community goals in an efficient manner
- To promote effective and efficient fraud and corruption management

The key principles underlying the policy are the following;

- Fairness
- Value for money
- Efficiency and effectiveness
- Consistency
- Accountability

5. CRITERIA FOR THE POLICY

The management of fraud and corruption must be carried out according to the normative factors of public administration as well as the Batho Pele principals, being the following:

5.1 Public accountability

This Council is as a public institution accountable to the community for its actions. Fraud and corruption management must place the best interests of the community at heart.

5.2 Underlying principles of democracy

The “underlying principles of democracy” are the hallmark of the way in which authority and power are exercised in every organisation where the interests of citizens and the common good are at stake. The management processes should be open and transparent. This implies that fraud and corruption management is undertaken with no hidden agendas and is objective and just. Information must therefore be clear, concise and complete in order to facilitate efficient and effective decision-making.

5.3 Reasonableness and fairness

The viewpoint of “reasonableness and fairness” is that the Council and all officials of the Council must promote the welfare of the community. All members of the community must be treated fairly and reasonably. When fraud

and corruption management is undertaken all parties involved must be treated in accordance with the Constitution of South Africa.

5.4 Effectiveness and efficiency

Government institutions exist because there are specific needs that have to be catered for in the community. Community needs are usually greater than the resources available to satisfy them. Therefore measures implemented to combat fraud and corruption must be efficient in order to maximise service rendering with resources available, and managed in such a way as to realise set goals and objectives (effectiveness)

6. APPLICABLE LEGISLATION.

The following legislation regarding FRAUD AND CORRUPTION has relevance:

6.1 THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA (ACT108 OF 1996)

Public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principles:

- (a) A high standard of professional ethics must be promoted and maintained.
- (b) Efficient, economic and effective use of resources must be promoted.
- (c) Public administration must be development-orientated.
- (d) Services must be provided impartially, fairly, equitably and without bias.
- (e) People's needs must be responded to, and the public must be encouraged to participate in policy-making.
- (f) Public administration must be accountable.
- (g) Providing the public with timely, accessible and accurate information must foster transparency.
- (h) Good human-resource management and career-development practices, to maximise human potential, must be cultivated.
- (i) Public administration must be 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 to achieve broad representation.

6.2 MUNICIPAL FINANCE MANAGEMENT ACT.(NO 56 of 2003)

The fiduciary responsibilities of accounting officer according to the MUNICIPAL FINANCE MANAGEMENT ACT of 2003 is inter alia to exercise utmost care to ensure reasonable protection of the assets and records of the municipality and to act with fidelity, honesty and integrity and in the best interests of the municipality in managing its financial affairs. He further has to

ensure and maintain an effective, efficient and transparent systems of financial and risk management and internal control.

6.3 PREVENTION AND COMBATING OF CORRUPT ACTIVITIES ACT

The Prevention and combating of corrupt activities Act outlines offences in respect of corrupt activities and also informs the main principles of Local Government Anti Corruption strategy.

7. FRAUD PREVENTION

7.1 Introduction

The Fraud Prevention strategy should encourage all staff to make it their personal objective to eliminate fraud and to do all in their power to prevent and to report such fraud. This section will be an overall "game plan" setting out how the Council will endeavour to reduce any fraud and corruption within its ranks.

The prevention of fraud and corruption consists of those actions taken to discourage the committing of fraud and corruption and to limit the impact and exposure if fraud and corruption does occur. The principle means of preventing fraud and corruption is control.

Relevant role-players in the prevention of fraud

The Fraud and Corruption Prevention Policy is applicable to, and binding on all role-players that include management at all levels, employees, contractors, business partners and suppliers. The policy requires all role-players to:

- refrain from committing fraud and other acts of dishonesty against the institution,
- assist in the nurturing of a fraud free environment at the workplace,
- maintain absolute integrity in all dealings with the company,
- comply with all internal controls,
- adhere to the principles and directives of the Code of Conduct and the Code of Ethics and the law,
- report any irregularities or acts of dishonesty to the fraud reporting office.

Whenever reasonable grounds for believing that there has been a contravention of this code, the role-players must in writing immediately inform–

- (a) The Audit Committee, in a case involving the Accounting Officer;
- (b) The Accounting Officer, in a case involving a departmental head; and
- (c) The departmental head in any other case.

7.2 Job rotation

Job rotation should be done regularly if possible to prevent individuals hiding illegal actions and to ensure broad experience for promotional purposes.

7.3 Surprise auditing

The Unit: Internal Audit should do regular surprise audits to check the correctness of money (e.g. floats) and/or assets.

7.4 Systems and procedures

Departmental Heads must ensure that all systems and procedures contain the necessary cost-effective control measures in order to facilitate the realising of goals and objectives.

7.5 Operating and Procedure manuals

Every department must describe their operations and procedures in manuals approved by Council. These manuals should be used for training new employees, setting the standards and to evaluate if operations are executed accordingly. Manuals would also prevent individuals to follow their own ways and do not replace duty sheets.

7.6 Hotline and the reporting of fraud

Bojanala Platinum District Municipality needs a channel through which employees, suppliers, contractors and other third parties can report irregular activities, free from victimisation or repercussions. The primary means of detecting fraud will and should always remain a sound system of internal control and regular internal audits. These measures should be supplemented with a fraud-reporting channel where information regarding fraud, theft and corruption is collected, and decisive corrective and protective steps are taken to limit the municipality's exposure to further or future loss. Vital to this function is the assurance of anonymity, commitment to investigate all irregularities, protection of the whistleblower and consistent application of the fraud policy, regardless of the seniority of the alleged offender.

Any suspected or actual fraud must be reported immediately to the Accounting Officers fraud Hotline. All calls will be treated with the utmost confidentiality. Reports may be made anonymously. This facility will be administrated independently by the Internal Audit Unit in the Accounting Officer's department to ensure that this facility remains effective.

Every employee who becomes aware of fraud or acts of dishonesty must report this to his/her immediate supervisor. If the immediate supervisor is a party to the fraud, the next level of management must be informed. In addition to this the Office of the Accounting Officer and the Manager: Internal Audit must be informed.

No person in the council, regardless of seniority, will have access to the identities of staff members or other persons that report irregularities or fraud.

8 FRAUD RESPONSE PLAN

8.2 Introduction

The purpose of the fraud response plan is to guide a fraud response team in reacting appropriately to all uncovered fraud, minimising losses, maintaining control at a time of crisis and providing for maximum recoveries. It further guides the team on the processes of investigations, collecting and safeguarding evidence, report writing, and ultimately providing for the professional closure to the case.

8.3 Relevant role-players responding to detected fraud

The aim of fraud investigation is to perform procedures in order to determine whether fraud as suggested by fraud indicators does exist or not.

The role players included in a fraud investigation can operate in a team or individually and include the following:

- ▶ The Division: Internal Audit
- ▶ The Division: Legal services
- ▶ Other specialists with the approval of the Accounting Officer, such as the SAPS and Forensic Auditors.

8.4 Responsibilities of relevant role-players

The results of investigations will be disclosed on a need to know basis in order to avoid damaging the reputations of innocent persons initially suspected of wrongful conduct and to avoid civil liability claims against the Council. This means that results of fraud investigations can only be disclosed or discussed with authorised representatives of the South African Police services and those persons associated with the Council who have a legitimate need to know results in order to perform their duties and responsibilities.

8.5 Legislation

According to current legislation (MFMA of 2003 all losses suffered by the Council whether through negligence, bad management or dishonest acts must be recovered. It is the responsibility of Management to report on all losses to the South African Police Services. Furthermore Management must report all losses to the Budget and treasury Office for insurance claim purposes.

8.6 Fraud response process

The process to be followed after it has been detected is to do an investigation and if enough proof exist, then to start the prosecution process. Investigating starts with planning, obtaining statements, collecting documents and

interviewing suspects. This process will be followed by the role-players involve mentioned in paragraph 9.2.

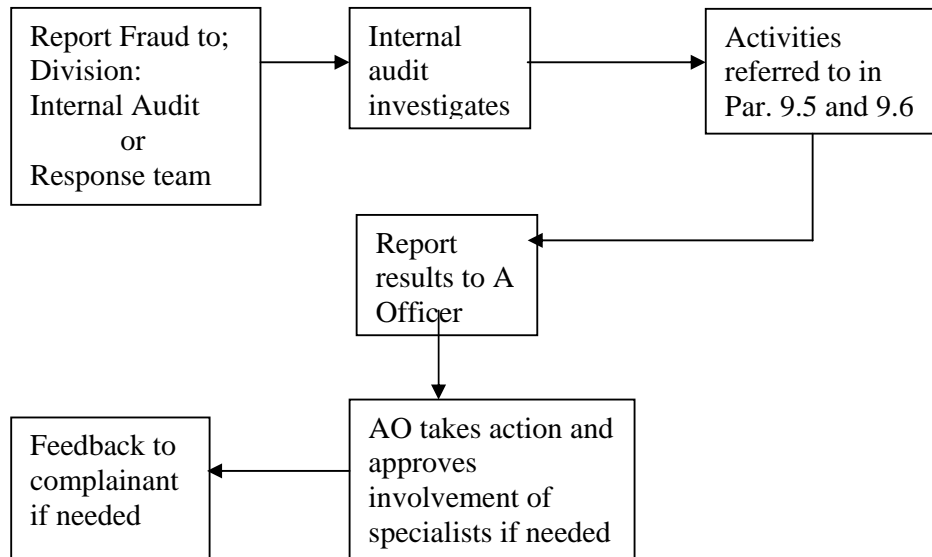
8.7 Actions to be taken

The actions among others to be taken by the response team dealing with the fraud include;

- Understanding the fraud
- Knowing the offence
- Knowing your rights and the suspects
- Tracing witnesses, suspects and others to co-operate
- Covering the loop-holes
- Report it to the SAPS after consulting with the Accounting Officer

When taking action against perpetrators the Council must be seen to be firm and consistent. The message must be communicated to all prospective criminals. Perpetrators must be dealt with in terms of the disciplinary code according to the Service Conditions, civil law and criminal law where applicable.

8.8 How to report a fraud



9 CODE OF CONDUCT

CODE OF CONDUCT – COUNCILLORS

The Code of Conduct for Councillors is determined in the LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT, ACT NO.117, 1998 SCHEDULE 5.

DISCLOSURE OF CERTAIN INFORMATION PROHIBITED - OFFICIALS

An official must not allow or –

- (a) directly or indirectly disclose confidential or privileged information known to him or her through employment by the Council, other than in discharging his or her official duties or pursuant to a lawful instruction or for the protection of his or her rights;
- (b) directly or indirectly use confidential or privileged information known to him or her through employment by the Council, for any purpose other than in discharging his or her official duties or for the protection of his or her rights;
- (c) directly or indirectly disclose to any company, partnership, association or similar organisation with which he or she, or his or her spouse, parent or child, is associated, such confidential or privileged information that is not openly available to any other company, partnership, association or similar organisation;
- (d) directly or indirectly disclose such confidential or privileged information to any person or organisation unless that person or organisation has a legal right to receive it;
- (e) use information gained in his or her official capacity and which is not available to the public generally, for his or her direct or indirect personal advantage.

GIFTS

Gifts may come in different forms, shapes and sizes, some more apparent than others may. It will be a worthwhile exercise to look at different types of gifts that one may be offered:

- Overseas trip
- Discount on property purchases
- Weekend vacation - e.g. holiday to Sun City, etc.
- Hunting weekend on a game farm
- Yacht cruise
- Cases of liquor
- Bottles of liquor
- Lunch/dinner
- Pens and stationary
- Tie/shirt

- Box of chocolates
- Receipt of cash

The first and foremost question is clearly: "Where do you draw the line?" What type of person gives such extravagant gifts and what type of person accepts them and more to the point, what are the motives behind such gifts? A point of departure that can be used is that can you give a gift of similar value back to the one you received?

Critical principles to be adhered to regarding gifts.

The issue of receiving and exchanging gifts is becoming a highly contentious issue and cannot be left as a moral dilemma but indeed requires that external constraints be put on our freedom to choose.

To ensure that Local Government fulfils its functions within the framework of the constitution being the creation of open and democratic governance, certain guidelines must be laid down and public office bearers must adhere to them.

If a policy is to be the normative standard, so be it. The question is: What type of penalty is to follow an offender?

The route to follow will then be as contained in the Conditions of Employment Agreement, the Code of Conduct for Councillors as well as other applicable legislation. This again will require that a register be opened in which gifts are declared and further will require that it be controlled by a specific department.

This whole process brings us again to the notion of honesty, integrity, ethics and morals. Who will be the "watch dog"? The principles should be established not necessarily to police the situation, but to create an atmosphere where employees/councillors will out of their conviction, be honest and transparent pertaining to the receipt of gifts.

It is therefore essential to put certain principles in place to govern the conduct of employees and councillors. These principles are not a list of what to do or what not to do, but rather a norm to judge your own conduct and enable other bodies to judge conduct in an objective manner.

- Be dedicated to the concepts of effective and democratic open, transparent, accountable local government and believe that professional conduct is essential to the achievement of this objective.
- Affirm the dignity and worth of the services rendered by the Council and maintain a constructive, creative, and practical attitude toward local government affairs and a deep sense of social responsibility as a trusted public servant.
- Be dedicated to the highest ideals of honour and integrity in all public and personal relationships in order that the employee / councillor may merit the respect and confidence of the public.

- ▶ Recognise that the chief function of local government at all times is to serve the best interests of all the people.
- ▶ Refrain from all activities, which undermine public confidence in professional administrators.
- ▶ Make it a duty continually to improve your professional / personal ability and to develop the competence of associates.
- ▶ Keep the communities informed on local government affairs: encourage communication between the citizens and all local government officers; emphasise friendly and courteous service to the public; and seek to improve the quality and image of public service.
- ▶ Seek no favour; believe that personal enrichment or profit secured by confidential information or by misuse of public time, information and position is dishonest.

The administration of the “gifts register” should be carried as follows:

- ▶ All Department Heads will be responsible for the administration of their own registers for their respective departments
- ▶ Each Director will be responsible for the administration of a register for their respective department heads
- ▶ The Accounting Officer will be responsible for the administration of a register for senior managers and the Speaker for councillors and the Office of the Executive Mayor.

No gifts should be accepted by employees that can be construed to influence decision making in respect of the performance of duties. If there is any doubt, it should first be discussed with the higher authority that the individual reports to, or alternatively the Accounting Officer.

All gifts, which in the subjective mind of the recipient purports to be a bribe, must be declined and reported to higher authority as mentioned in above.

USE OF COUNCIL PROPERTY

An official must not allow or –

- (a) appropriate any property owned, managed or controlled by the Council for his or her direct or indirect personal use or benefit, or for the use or direct or indirect benefit of any other person to whom he or she is related, or with whom he or she is associated;
- (b) use Council office facilities or Council equipment, including telephones and motor vehicles, or other officials of the Council for his or her personal use or direct or indirect personal benefit; or
- (c) Misappropriate or make other improper use of any property of the Council.

MATERIAL INTEREST IN CONTRACTS AND WORK OF THE COUNCIL

An official may not without the prior written consent of the Council have a direct or indirect pecuniary interest in any contract or work done for the Council.

OTHER EMPLOYMENT PROHIBITED

A full-time official of a Council may not be engaged, directly or indirectly, in any business, trade or profession other than the business of the Council, without its prior written consent.

IMPROPER OBTAINING OF GRANTS etc

An official may not try to obtain from the Council any benefit for a company, partnership, association or organisation with which he or she, or his or her spouse, parent, child or partner is associated, if that benefit is not available in common to any other company, partnership, association or organisation.

BRIBERY

- (a) A official who, whether for him or her or any other person, solicits, receives, or agrees to receive a fee, gift, advantage, or reward for doing or not doing any thing in respect of any matter or transaction in which the Council is or may be concerned, is guilty of an offence and liable on conviction to a fine or to imprisonment or both.
- (b) An official to whom an offer has been made for doing or not doing any thing in respect of any matter or transaction in which the Council is or may be concerned, must immediately disclose full particulars to –
 - (i) his or her departmental head;
 - (ii) in the case of a departmental head, to the Accounting Officer; or
 - (iii) in the case of the Accounting Officer, to the Audit Committee.
- (c) An official who accepts or receives any fee, gift, advantage or reward must, notwithstanding any penalty or disciplinary action, pay to the Council an amount equal to the amount or value of that fee, gift, advantage or reward if it was not priory reported and approved by the Accounting Officer or Head of department.

10 CODE OF ETHICS

Ethics is about moral principles. It is about the values that lie behind a person, the reasons people give things, and the language they use to describe them. It is about the innocence and guilt, right and wrong. Many choices are a straightforward matter of personal preference, and the actions that spring from them are neither moral nor immoral. They only become the subjects of moral debate because of the intentions behind them as well as the result.

According to the Constitution of the Republic of South Africa, public administration must maintain and promote a high standard of professional ethics. The Municipal Systems Act of 1998 has made provision for a code of conduct for municipal employees. The code stipulates the following:

OBLIGATION OF OFFICIALS

An official must –

- (a) act fairly and justly towards all members of the public and the Council and show no discrimination or favouritism in his or her dealings with them;
- (b) deal fairly and justly with the other officials of the Council;
- (c) conscientiously and efficiently care for the affairs and property of the Council;
- (d) diligently perform his or her functions and duties according to the applicable norms and standards; and
- (e) ensure that he or she provides correct and relevant information to those who are entitled to it.

PROHIBITION ON DEALING WITH CERTAIN MATTERS

An official must not deal in his or her official capacity with any matter in which the Council is involved and in which he or she has a direct or indirect private interest unless he or she discloses that interest to the Council and receives written permission in advance.

CERTAIN ACTIONS IN RELATION TO OFFICIALS PROHIBITED

An official must not –

- (a) attempt to cultivate the friendship or favour of any member of the Council or approach any member with a view to obtaining any appointment, promotion, gain or advantage in the service of the Council for him- or herself or for a relative or friend;
- (b) directly or indirectly be involved in a business venture with any member of the Council without the prior written consent of the Council.

MAKING OF FALSE STATEMENTS

An official must not –

- (a) knowingly make a false statement with a view to obtaining, directly or indirectly, any privilege or advantage in relation to his or her official position or duties;
- (b) mislead or attempt to mislead the Council or a committee in its consideration of any matter;
- (c) influence or attempt to influence the Council or a committee in its consideration of any matter serving before it so as to gain a direct or

indirect benefit for him- or herself, or a person to whom he or she is related, or a person or body with whom he or she is associated.

PARTICIPATION IN UNLAWFUL DECISIONS

An official must not directly or indirectly encourage, advocate, incite or participate in the Council or a committee taking of any unlawful decisions.

CRITICISM OF EMPLOYER PROHIBITED

Officials must not express public criticism of the Council or any member of the Council or act a way that detracts from the good name of the Council or any member of the Council.

SPECIAL TREATMENT OF PERSONS PROHIBITED

An official must not grant special treatment or an advantage to any person, company or organisation, which would not be made available to anyone else in similar circumstances.

PARTICIPATION IN ELECTIONS

An official may not participate actively in any election, other than in his or her official capacity or pursuant to any constitutional right.

11 TRAINING

It is vital in every organisation's efforts to minimise fraud and corruption that its people are aware of the risks and more importantly that they learn to recognise the symptoms of fraud and corruption. To achieve this, training initiatives are vital. The training programs should include different modules pitched at various levels, i.e. a fraud risk overview (pitched at management), early warning signs (pitched at supervisor level), practical fraud investigations courses (internal audit, in-house investigators or security personnel), workshop on disciplinary hearings (for presiding officer or in-house prosecutors), etc.

12 MARKETING THE PLAN

It is important that the concept of preventing fraud and corruption is embraced by the heads of departments and that the aims and objectives are "sold" to the staff. Effective marketing is therefore critical to the strategy's success. As an additional marketing opportunity, a road show has huge potential benefits, especially at the initial implementation stage. This would further demonstrate management's commitment to the project to all its people.

13 RESPONSIBILITIES

13.2 Heads of Departments

The primary responsibility for establishing and maintaining internal control is with the Heads of Departments. The heads must ensure that all employees under their supervision are aware of all relevant legislation, conditions of service and policies and procedures and that they abide by them. The primary objectives of internal control are to ensure:

- The reliability and integrity of information
- Compliance with policies, plans, procedures, laws, regulations, and contracts.
- The safeguarding of assets
- The economical and efficient use of resources
- The accomplishment of established operational objectives and goals.

Heads of Departments must undertake to:

- investigate all reported or suspected fraudulent activities,
- have no regard for the position of the alleged offender,
- apply a policy of censure to all, regardless of seniority,
- comply with the principle of “innocent until proven guilty,
- maintain absolute confidentiality, and
- reward loyalty.

Departmental Heads must ensure that all employees are made fully aware of this policy. Human Resources should distribute the contents of this policy document to all employees.

Directing and monitoring are part of the functions of management. This entails the authorisation and monitoring of performance. Irregularities and non-compliance can be detected in this way.

13.3 Internal audit

Internal audit is responsible for assisting management in the prevention of fraud and corruption by examining and evaluating the adequacy and effectiveness of the system of internal control. The role of Internal Audit pertaining to fraud investigations refer to in paragraph 9 is the following:

- ▶ Assess the probable level of complicity in the fraud within the Council in order to protect information and evaluate the credibility of information provided.
- ▶ Determine the knowledge, skills and disciplines needed to effectively carry out the investigation.

- ▶ Co-ordinate the investigation with management, legal council, and other specialists as may be appropriate.
- ▶ Be aware of the rights of alleged perpetrators and personnel involved in the investigation.

On conclusion of the investigation the internal auditors should determine whether controls need to be implemented or improved in order to reduce future vulnerability. Furthermore audit tests should be designed in such a way as to disclose similar frauds and corruption in the future.

The reporting responsibility of the internal auditors entails oral or written interim and final communications to management, the Audit Committee and Council regarding the status and results of fraud investigations undertaken by them. The lines of communication will depend on what level the suspected fraud or act of dishonesty is prevalent.

The Manager: Internal Audit must ensure that quality standards within the Division: Internal Audit are maintained in order to ensure that audits are carried out with “due professional care”.

The role of internal audit is to conduct examinations and verifications to a reasonable extent, but does not require detailed audits of all transactions.

The auditor must however display due care when conducting examinations and verifications. According to the standards for the Professional Practice of Internal auditing (Institute of Internal Auditors) “Due care implies reasonable care and competence, not infallibility or extraordinary performance.” Therefore internal auditors cannot give absolute assurance that fraud and corruption does not exist. The internal auditor is responsible for the following when conducting an internal assignment:

- ▶ Have sufficient knowledge in order to identify fraud indicators.
- ▶ Be alert to opportunities like weak internal controls that could allow fraud and corruption.
- ▶ Evaluate indicators in order to decide if further investigation is necessary.
- ▶ Notify the relevant management structures and authorities if an investigation is to take place.

It must be remembered that fraud auditing and forensic accounting is a specialised discipline on its own. Audit procedures carried out with due professional care alone cannot guarantee that fraud will be detected. Furthermore a mere rumour of fraud is not enough to justify a fraud investigation. Preliminary fieldwork must be done in order to gather relevant information so as to ascertain whether the necessary fraud indicators exist. In order to detect fraud and carry out investigations effectively and efficiently the

Division: Internal Audit will have access to all information pertaining to investigations

13.4 Personal Administration

Departmental Heads in conjunction with the Human Resources Management must ensure that all relevant background checks are carried out on prospective employees of this Council in order to promote the appointment of honest and credible people.