12.6	**ADOPTION OF THE REVISED ANTI-FRAUD AND CORRUPTION PREVENTION PLAN**

Collaborator No:
IDP KPA Ref No: *Good Governance and Compliance*
Meeting Date: 29 July 2026

1. SUBJECT: ADOPTION OF THE REVISED ANTI-FRAUD AND CORRUPTION PREVENTION PLAN

2. PURPOSE

To obtain Council approval for the adoption of the Revised Anti-Fraud and Corruption Prevention Plan (**ANNEXURE A**), which strengthens the Municipality's fraud prevention environment and aligns it with current legislative requirements, evolving governance practices and the Municipality's strategic risk environment.

3. DELEGATED AUTHORITY

Council.

4. EXECUTIVE SUMMARY

The Municipality is committed to promoting the highest standards of ethical conduct, accountability, transparency and good governance in accordance with the Constitution of the Republic of South Africa and applicable legislation.

The Revised Anti-Fraud and Corruption Prevention Plan (the Plan) has been developed to strengthen the Municipality's capacity to prevent, detect, investigate and respond effectively to incidents of fraud, corruption and unethical conduct. The Plan provides for an Internal Response Unit, reinforces management accountability for ethical leadership, strengthens fraud reporting mechanisms and promotes a culture of integrity throughout the Municipality.

Section 79 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), empowers Council to establish committees necessary for the effective and efficient performance of its functions. The Audit and Performance Audit Committee (APAC) provides independent oversight and advice to Council and the Municipal Manager regarding the adequacy and effectiveness of governance, fraud risk management, ethics management, internal controls and compliance.

The Municipal Manager, as the Accounting Officer, remains responsible for implementing effective financial management, internal control and fraud prevention systems in terms of Sections 60 and 62 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

5. RECOMMENDATIONS

(a) that Council adopts the Revised Anti-Fraud and Corruption Plan (**ANNEXURE A**);

(b) that Council mandates the Municipal Manager to implement and monitor the Plan across the Municipality; and

(c) that Council notes that implementation of the Plan will be monitored through regular reporting to APAC and Council.

6. DISCUSSION / CONTENTS

6.1 Background/Discussion

The Municipality has a statutory obligation to establish and maintain effective systems of governance, risk management, internal control and financial management to minimise the occurrence of fraud, corruption and financial misconduct.

Section 60 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), requires the Municipal Manager, as the Accounting Officer, to exercise the functions assigned by the Act and to provide guidance and advice to political structures, political office-bearers and municipal officials regarding compliance with the MFMA.

Section 62 of the MFMA further requires the Accounting Officer to take all reasonable steps to ensure that the Municipality maintains:

"Effective, efficient and transparent systems of financial and risk management and internal control;
an internal audit function operating in accordance with prescribed norms and standards;
measures to prevent unauthorised, irregular, fruitless and wasteful expenditure and other financial losses; and
appropriate disciplinary and, where applicable, criminal proceedings against officials responsible for financial misconduct."

The revised Plan further supports compliance with:

the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004);
the Protected Disclosures Act, 2000 (Act No. 26 of 2000);
applicable National Treasury Regulations and the Municipal System of Delegation, amongst others.

6.1.1 Need for the Revision

The Anti-Fraud and Corruption Prevention Plan has been reviewed to ensure that it remains aligned with legislative requirements, governance best practice and the Municipality's changing operational environment.

The revision also responds to the increasing complexity of fraud risks associated with technological innovation, digital service delivery, cybersecurity threats, Artificial Intelligence and changing economic and geopolitical conditions that may influence municipal operations, procurement and financial management. The revised Plan strengthens governance arrangements, reinforces accountability across all levels of the Municipality and promotes a proactive approach to fraud prevention and allegations, facilitates investigations, monitors corrective actions, identifies systemic control weaknesses and provides reports to the Municipal Manager and the APAC on ethical conduct.

6.1.2 Governance and Oversight

The successful implementation of the Plan requires ethical leadership and accountability throughout, and APAC will continue to provide independent oversight regarding the adequacy and effectiveness of governance, fraud risk management, ethics management and internal control of the revised Plan will largely be accommodated within existing institutional resources. Any additional resource requirements identified during the Municipality.

Executive Management is responsible for establishing and maintaining an ethical organisational culture and ensuring that effective fraud prevention controls are implemented and monitored.

Internal Audit will provide independent assurance on the effectiveness of fraud prevention controls.

6.2 Financial Implications

Implementation of the revised Plan will largely be accommodated within existing institutional resources. Any additional resource requirements identified during implementation will be addressed through the Municipality's normal budgeting processes.

6.3 Legal Implications

Section 62 of the MFMA

General Financial Management Functions

(1) The accounting officer of a municipality is responsible for the managing of financial administration of the municipality, and must for this purpose take all reasonable steps to ensure –
(a) that the resources of the municipality are used effectively, efficient and economically;
(b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;
(c) that the municipality has and maintains effective, efficient and transparent systems–
(i) of financial and risk management and internal control.

6.4 Staff Implications

None

6.5 Previous/Relevant Council resolutions

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6.6 Risk Implications

Failure to adopt and implement an effective Anti-Fraud and Corruption Prevention Plan may increase the Municipality's exposure to fraud, corruption, financial losses, audit findings, legal and regulatory non-compliance, reputational damage and weakened public confidence.

The Revised Anti-Fraud and Corruption Prevention Plan strengthens the Municipality's governance framework by enhancing fraud prevention, detection, investigation and response mechanisms. It reflects Council's commitment to ethical leadership, accountability and transparency, while ensuring that the Municipality remains responsive to changes in legislation and governance practices.

6.7 Comments from Senior Management

6.7.1 *Director: Infrastructure Services*

Supported.

6.7.2 *Director: Planning and Economic Development*

Supported.

6.7.3 *Director: Community and Protection Services*

Supported.

6.7.4 *Director: Corporate Services*

Supported.

6.7.5 *Director: Planning and Economic Development*

Supported.

6.7.6 *Chief Financial Officer*

Supported.

6.7.7 *Municipal Manager*

Supported.

ANNEXURES

Annexure A: Revised Anti-Fraud and Corruption Prevention Plan.

FOR FURTHER DETAILS CONTACT:

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REPORT DATE	***22 July 2026***

ANNEXURE A

STELLENBOSCH
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ANTI- FRAUD & CORRUPTION

PREVENTION

PLAN

Review ~~2024/2025~~



FOREWARD

Fraud, corruption, criminal activity, maladministration and/or negligence is an ever-present threat to public resources. Stellenbosch Municipality is committed to a process of ethical governance, fraud risk management and consequence management that is aligned to the principles of the Local Government: Municipal Finance Management Act 56 of 2003, Local Government Systems Act 32 of 2000 and other related legislative, regulatory and policy frameworks.

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Stellenbosch Municipality subscribes to principles of good corporate governance underpinned by values of honesty, good ethics, and transparency. This municipality is therefore committed to creating and nurturing a culture of zero tolerance toward unethical conduct, corruption, and fraud.

The new Anti Fraud and Corruption Prevention Plan which is aligned to the Consequence Management Policy aims to assist Stellenbosch Municipality in the prevention, detection, investigation and sanctioning of fraud, corruption, unethical behaviour, and instances of gross negligence that might result in damage or loss to the municipality. Methods will be continually explored to apply consequence management to deter such behaviour.

Through this new Anti Fraud and Corruption Prevention Plan, Stellenbosch Municipality is recommitting itself to clean governance at all levels of the organisation which will be strictly applied with no discrimination or favour to any individual. All complaints received of fraud and corruption will be investigated to ensure that instances of fraud and corruption are reduced at all levels of Stellenbosch Municipality.

Stellenbosch Municipality encourages anyone who may suspect fraud, corruption, and unethical behaviour to inform their immediate supervisor, any member of management, the Municipal Manager, the Executive Mayor, the Speaker (in case of Councillors) or members of the Fraud and Risk Management team. We further encourage anyone to make use of the municipal fraud hotline (0800 111 027) to report fraud, corruption, or any forms of financial misconduct. All those involved are encouraged to do so responsibly.

MUNICIPAL MANAGER

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Geraldine Mettler

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1 INTERPRETATION AND GLOSSARY OF TERMS

The headings of the clauses in this Plan are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this Plan, nor any clause hereof, unless a contrary intention clearly appears: -

1.1 Words importing: -

1.1.1 Any one gender include the other gender;

1.1.2 The singular includes the plural and vice versa; and

1.1.3 Natural persons include created entities (corporate or unincorporated) and the state and vice versa.

1.2 When any number of days is prescribed in this Plan, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday;

1.3 When figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail;

1.4 Expressions defined in this Plan shall bear the same meanings in schedules or annexures to this Plan which do not themselves contain their own definitions; and

1.5 Where any term is defined within the context of any clause in this Plan, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the meanings ascribed to it for all purposes in terms of this Plan, notwithstanding that, that term has not been defined in this interpretation clause.

1.6 The following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely: -

APAC	Audit and Performance Audit Committee established in terms of Section 166 of the MFMA
AO	Accounting Officer of the municipality; Municipal Manager
CAE	Chief Audit Executive of the Stellenbosch Municipality
CRO	Chief Risk Officer
Code of Conduct for Councillors	Code of Conduct for Councillors contained in Schedule 1 of the Local Government: Municipal Systems Act, Act 32 of 2000
Code of Conduct for Municipal Staff Members	Code of Conduct for Staff Members of the City contained in Schedule 2 of the Local Government Municipal Systems, Act 32 of 2000
Consequence Management	The process put in place to effective deal with fraud, corruption, misconduct, and financial misconduct, which includes internal municipal processes and criminal proceedings
Consequence Management Policy	A defined, appropriate approach to address accountability and responsibility for, inter alia, non-compliance, financial misconduct, and codes of conduct/ethical dilemmas, required formalisation in the Municipality. While not designed to alter or add consequence to specific situations of non-compliance, this Policy aims to formalise and consolidate the principles of consequence management which encompasses remedial and recourse measures.
Corporate Governance	Corporate governance concerns the relationships among the management, Council, Stakeholders and employees or

	workers of the municipality. Good corporate governance contributes to sustainable economic development by enhancing the performance of the municipality and increasing access to outside capital.
Corruption	Any conduct or behaviour where a person accepts, agrees, or offers any gratification for him/her or another person where the purpose is to act dishonestly or illegally. Such behaviour also includes the misuse of material or information, abuse a ~~position of authority or a breach of trust or violation of duty~~.
Council	Municipal Council of the municipality as referred to in section 157(1) of the Constitution.
Councillor	Councillor of the Municipal Council as elected.
Criminal Action	Legal proceeding in which the state prosecutes a person who is charged with an offence.
~~**CRO**~~	~~Chief Risk Officer of the Stellenbosch Municipality~~
Delegation	A power or function as determined by the municipality's approved System of Delegation.
Department Business Plan	The plan at departmental level linking the department's Activities to the IDP and budget.
Designated Official/Body	Means the official/body is the identified in a municipality to receive reports of allegations of fraud, corruption, or financial offences.

Director	A position created in terms of section 56 of the Municipal Systems Act on the approved managerial structure of Stellenbosch Municipality.
Executive Mayor	The Executive Mayor of the municipality as defined in the Structures Act, any successor-in-title, or any duly appointed nominee.
Financial Misconduct	Means any act of financial misconduct referred to in section 171 of the Municipal Finance Management Act (MFMA).
Financial Offence	Means any offence referred to in section 173 of the MFMA.
Fraud	Lawful and intentional false representation or concealment of a material fact with the aim of illegally obtaining financial ~~and/or other benefit for personal enrichment~~.
Fraud Response Team	Will be deemed to include the Municipal Manager, Chief Risk Officer, ~~Fraud Hotline;~~Tip Offline Legal Services Advisory Support.
Induce	To persuade, encourage, coerce, intimidate, or threaten or cause a person to commit an act against their will.
Integrated Development Plan	A plan envisaged in section 25 of the Municipal Systems Act
Investigator	Means the person, team, appointed service provider or law enforcement entity conducting a full investigation and misconduct.
Law	Means the common law, Constitution of the Republic of South Africa, any applicable statutes, proclamation, regulation, rule, notice, judgment or order and any

	interpretation of any of them by any Court or applicable tribunal, and any applicable guidance, direction, code of practice or other determination by which the Municipality, municipal official, the public and business are bound.
Management	Includes all senior managers and managers
Municipal Council	Means municipal council as democratically elected as referred to in section 157 of the Constitution
MFMA	Local Government: Municipal Finance Management Act 56 of 2003, including any regulations made i.t.o. of this legislation
Municipal Manager	Municipal Manager of the Stellenbosch Municipality i.t.o. section 55 of the Municipal Systems Act
Municipality	Stellenbosch Municipality, a local municipality established in terms of section 12 of the Structures Act
Municipal Structures Act	Local Government: Municipal Structures Act No. 117 of 1998, as amended
Municipal Systems Act	Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended
	In South African common law, theft is defined as the **unlawful and intentional appropriation** of another person's property, with the intention of permanently depriving the rightful owner (or possessor) of their rights to that property.
SDBIP	Service Delivery and Budget Implementation Plan - Detailed annual plan to implement the IDP and the budget

Senior Managers	Appointed Manager i.t.o. section 56 of the Municipal Systems Act; includes persons acting in the capacity of a section 56 manager.
Service Providers	specialised advisory services, external investigators, external audit services appointed to assist with the process of fraud, corruption, and consequence management
Strategic Focus Area	Medium term goal aligned to the long-term strategy.
Remuneration	Duty to disclose remuneration

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2 REGULATORY ENVIRONMENT

This Plan~~Policy~~ must be read together with, and be interpreted consistently with, the other relevant legislation and council approved documents, including but not restricted to the:

(a) Prevention and Combating of Corrupt Activities Act (No. 12 of 2004)

(b) Promotion of Access to Information Act (No. 2 of 2000)

(c) Promotion of Administrative Justice Act (No. 3 of 2000)

(d) Protected Disclosures Act (PDA) (No. 26 of 2000)

(e) ~~Public Finance Management Act (PFMA) (No. 1 0f 1999)~~

(f) Municipal Finance Management Act (MFMA) (No. 56 2003)

(g) Financial Intelligence Centre Act (FICA) (No. 38 of 2001)

(h) MFMA Regulation on Financial Misconduct (No. 430 of 2014)

(i) Code of Conduct for Councilors in terms of Schedule 1 of the Municipal Structures Act (No. 32 of 2000)

(j) Code of Conduct for Municipal Staff Members in terms of Schedule 2 of the Municipal Structures Act (No. 32 of 2000)

(l) Stellenbosch Municipality Risk Management Policy.

(m) Stellenbosch Municipality System of Delegations.

(n) Rules of Order Stellenbosch Municipality

(o) Draft Conflict of Interest Policy

3 PRINCIPLES AND OBJECTIVES OF ANTI-~~CORRUPTION AND FRAUD~~ FRAUD AND CORRUPTION PREVENTION

3.1 The Municipality's agenda is to focus its efforts on the following processes and objectives:

3.1.1 Create and nurture a culture of ethical conduct in managing resources of the municipality and intolerance to fraud, corruption and financial misconduct;

3.1.2 Understand the fraud risks that can undermine the institution's service delivery / business objectives;

3.1.3 Encourage a culture within the Municipality where all municipal officials, members of the public and other stakeholders continuously behave with and promote integrity in their dealings with or on behalf of the Municipality;

3.2 Create a culture within the Municipality which is intolerant to unethical conduct, corruption, and fraud by:

3.2.1 Strengthening community participation in the fight against corruption and fraud in the Municipality;

3.2.2 Reduce exposure to liability, sanctions and litigation that may arise from violations of law or stakeholder expectations;

3.2.3 Strengthening relationships with key stakeholders that are necessary to support actions required to combat corruption and fraud in the Municipality;

3.2.4 Create an environment where all staff members and Councillors ~~at all times~~always act with honesty, integrity and to safeguard the Municipal resources for which they are responsible for;

3.2.5 Appropriate action, including criminal action, will be taken against any

person who attempts to or assists with committing fraud, corruption and other criminal activity including but not limited to:

3.2.6 Putting measures in place to prevent and detect fraud as and when it occurs;

3.2.7 Investigating instances of fraud, corruption and financial misconduct;

3.2.8 Taking appropriate action in the event of such irregularities, e.g., disciplinary action, recovery of losses, prosecution, etcetera;

3.2.9 Developing a system of consequence management and ~~apply~~applying appropriate sanctions;

3.2.10 Prohibition from further employment within the municipality and in the case of suppliers of goods and services, blacklisting in terms of the Supply Chain Management Policy and Regulations.

4 ETHICS

4.1 The ethical climate of an organisation is an essential element in establishing its credibility and furthering its mission. Organisational culture that takes ethical considerations into account at every point and cannot be produced simply by having Council lay down a code; ethical principles must arise from consultation with and responsiveness of the municipality's council, municipal manager, senior managers, employees and stakeholders. – adopted document by council – November 2025.

In addition, the processes to embed workplace ethics include, but are not limited to:

- ethics awareness for new employees;
- anti-corruption and ethics awareness training for existing staff;
- broad-based dialogue on ethics;
- communication and articles on ethical matters;
- mechanisms for confidential disclosure and reporting of ethical issues that require investigation;
- advisory service on ethical dilemmas or matters requiring interpretation of ethics related policies and procedures;
- collaboration on and sharing of best practices with other institutions;

• monitoring the ethical culture, risk profile and the role of ethics;

and • monitoring of and coordinating with role-players/stakeholders regarding the processes relating to declaration of interests, applications to undertake private work and gift receiving.

5 APPLICATION AND SCOPE

5.1 The Plan applies to all fraud, corruption, theft, financial misconduct, or suspected irregularities of this nature.

5.2 This Plan is applicable to the Stellenbosch Municipality and related joint ventures entered, which may involve the following persons or entities:

5.2.1 All municipal staff;

5.2.2 Consultants, suppliers, contractors and other providers of goods or services to the Municipality;

5.2.3 Community structures, organisations' and other parties ~~receiving~~receive services from the Municipality.

5.3 This Plan aims to provide a framework for consequence management, without excluding any sanctions that might be applicable through other forms of legislations.

5.4 Appropriate action, including criminal action, will be taken against any person employed by the municipality that is involved in, or assists with committing fraud, corruption and other criminal activity, maladministration and/or negligence.

5.5 Any allegations of fraud, corruption, theft financial misconduct or suspected irregularities of this nature against the Municipal Manager and section 56 Managers i.t.o. of the Municipal Systems Act of 2000, 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 and not in terms of this strategy.

6 ANTI-~~CORRUPTION AND~~ FRAUD AND CORRUPTION PREVENTION

6.1 As instances of fraud, corruption and financial misconduct remain a constant threat to public trust and confidence, it becomes essential to recognise fraud risk management as an integral part of strategic management. Stellenbosch Municipality is therefore adopting a comprehensive approach to the management of fraud risks.

6.2 Failure by any employee, institution or individual within the service of the municipality to comply with this plan could result in disciplinary as well as criminal action being taken against that individual.

6.3 It is expected that all personnel will adhere to this Anti-Fraud and Corruption Prevention Plan.

6.4 It is the intention that individual personnel, as well as business ~~units~~units, will work together in a consistent and integrated manner, with the overall objective of reducing fraud risk.

7 RESPONSIBILITIES OF STAKEHOLDERS

7.1 Council

Council has a duty for setting the tone at the top by:

(a) Considering and adopting an Anti-Fraud and Corruption Prevention Plan for the Municipality;
(b) Regularly reviewing and amending, if necessary, the Anti-Fraud and Corruption Prevention Plan, if and when required;
(c) Abiding by the Ceode of Ceonduct and Ceode of Conduct~~ethics~~ for ~~of the~~ Councillors;
(d) Performing oversight functions that support the implementation of the Anti-Fraud and Corruption Prevention Plan of the Municipality;

(e) Providing support to the Municipal Manager and the efforts of the management team to implement the Anti-Fraud and Corruption Prevention Plan;

7.2 Councillors

Councillors have a fiduciary responsibility to the Municipality, including a duty to promote the reputation and business of the institution.

(a) Councillors may not derive personal gain at the expense of or because of their relationship with the Municipality.

(b) Councillors are further required to declare their interests in terms of the Systems Act.

(c) It is the responsibility of every Councillor who suspects that fraud or corruption or irregularity has been attempted or committed, to immediately report their suspicion to the Speaker of Council.

7.3 Municipal Manager

The Municipal Manager, as the Accounting Officer, is responsible for ensuring that ~~a~~nti-~~corruption and~~ fraud and corruption prevention measures are implemented within the

Municipality by:

(a) Ensuring that the Municipality develops and implements an Anti-Fraud and Corruption Prevention Plan;

(b) Overseeing the implementation of prevention, detection, investigation of fraud and ~~ensure~~ensuring appropriate resolution measures are implemented in respect of fraud and corruption within the Municipality;

(c) The Municipal Manager 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 plan.

7.4 Management

Management includes all Directors appointed i.t.o. section 56 of the Municipal Systems Act, Senior Managers and Managers.

(a) The overall responsibility of managing fraud risk is vested with the Municipal Manager and the Directors of the municipality.

(b) 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:

(c) Creating a corruption and fraud aware culture, where ~~it is clear that corruption~~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;

(d) Implementing the Anti-Fraud and ~~Corruption Prevention~~Corruption Prevention Plan of the municipality, as reviewed and amended from time to time;

(e) Share the Municipality's strategies and policies in respect of fraud and corruption with all staff members;

(f) Report incidents or suspicions of fraud, corruption or irregularities;

(g) Ensuring the practical realisation of the principles of prevention, detection, investigation;

(h) 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;

(i) Investigating all instances of fraud, corruption and financial misconduct brought to their attention with equal diligence and vigour;

(j) Monitor the implementation and application of the Anti-Fraud and Corruption Prevention Plan and ensure adequate supervision and dynamism of the controls and procedures;

(k) Review the process implemented by management in respect of anti-corruption and fraud prevention and ensure that all fraud, corruption and instances of irregularities have been followed up appropriately;

(l) Ensure that an appropriate fraud and corruption risk assessment is completed;

(m) Ensure that reports of fraud, corruption and misconduct are effectively handled and that consistent and appropriate action is taken on known incidents;

(n) Ensure proper reporting in terms of applicable guidelines on all instances of fraud and fraud risks reported;

(o) After an investigation is completed, submit a report to the Municipal Manager 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.

(p) Ensure adherence to all reporting requirements to ensure that instances of fraud, corruption and irregularities are effectively investigated and resolved.

7.5 ~~Fraud~~ Response Team – ~~maybe~~ include labour relations w.r.t reporting

(a) The ~~Fraud~~ Response Team will consist of the Municipal Manager as Accounting Officer, the Chief Risk Officer, Legal Services Advisory Support as well as Human Resources w.r.t possible disciplinary proceedings.

(b) The ~~Fraud~~ Response Team ~~it~~ is authorized to assist in providing overall assurance to Council, the Audit and Performance Audit Committee (APAC) as well as the Ethics Risk and Fraud Management Committee (ERFMC) and other combined assurance advisory bodies in a manner that is commensurate with this Plan and principles of Combined Assurance.

(c) The ~~Fraud~~ Response Team ensures that reports on fraud, corruption and misconduct are effectively handled, and that consistent and appropriate action is taken ~~R~~review the Anti-Fraud and Corruption Prevention Plan and recommend for approval by Council;

(a) ~~Develops~~Develop, together with other role players, the anti-corruption and fraud prevention policy, terms of reference and standard operating procedures;

(b) Include a focus on fraud and corruption risks during risk identification and assessments;

(c) Assist management in developing responses for fraud and corruption risks;

(d) Facilitate presentations and working sessions relating to fraud and corruption risks to promote awareness and the ethics and integrity standards required by the Municipality.

(e) Report identified incidents of fraud or corruption to Management, Directors, or the Municipal Manager.

(f) Evaluate the effectiveness of the implementation of the Anti-Fraud and Corruption Prevention Plan ;

(g) Monitor the implementation of the plan and application of the plan and ensure adequate supervision and dynamism of the controls and procedures;

(h) Review the process implemented by management in respect of anti-corruption and fraud prevention and ensure that all fraud and corruption related incidents have been followed up appropriately;

(i) Ensure that an appropriate fraud and corruption risk assessment is completed;

(j) Receive, review, process and manage all complaints from the fraud hotline, internal and external tip-offs received;

(k) Report quarterly to APAC as well as the ERFMC, summarising the Municipality's corruption and fraud prevention, detection, and action for the period.

(l) Can appoint service providers when required.

7.6 Staff

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

(b) Abiding by the code of conduct and code of ethics of the Municipality;

(c) Reporting incidents or suspicions of fraud and corruption;

(d) Participating in initiatives to prevent, minimise, detect and investigate fraud;

(e) Avoiding and declaring conflicts of interest;

(f) Abiding by the code of conduct of the municipality and the Anti-Fraud and Corruption Prevention Plan of the municipality.

7.7 Suppliers, Contractors, Service Providers and Consultants

(a) Suppliers, contractors and consultants are expected to act honestly and fairly in all their dealings with Stellenbosch Municipality.

(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 i.t.o. of the Combatting of Abuse in the Supply Chain Management System Policy; and
(c) Being reported to the South African Police Services (SAPS).

7.8 Audit and Performance Audit Committee

The audit committee will be responsible for the following:

(a) Advise the Municipal Council, political office bearers, the accounting officer and management staff of the Municipality on matters relating to good governance, fraud and corruption;

(b) Review the progress made with the implementation of the Anti-Fraud and Corruption Prevention Plan of the Municipality.

7.9 Internal Audit

Internal Audit will be responsible for the following:

(a) 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.

(b) The adequacy of arrangements for managing the risk of fraud and ensuring that the Municipality promotes an anti-fraud culture is a fundamental element in arriving at an overall opinion.

7.10 Community

Role of the community:

(a) The Municipality also recognizers the important role of the Greater Stellenbosch community and public at large to contribute to an environment that is free of corruption and other irregularities.

(b) In the event that members of the community wish to remain anonymous, they may contact the external fraud Hotline (0800 111 027) to report the matter.

8 REPORTING

8.1 The Municipality commits itself to establish appropriate structures to enable reporting of fraud or corruption by municipal staff, Councillors, municipal service providers, consultants whilst delivering work on behalf of the municipality and the community, in accordance with applicable legislation.

8.2 Reporting Structures includes:

8.3 The ~~Fraud Hotline change to~~ Tip offline

8.4 Tip offs officially reported to the ~~Fraud~~ Response Team, or the Management Team;

8.5 All instances of fraud, corruption and unethical behavior reported will be registered in the official municipal ~~Fraud~~ IncidentRegister, which will be updated, managed and tracked by the ~~Fraud~~ Response Team; - how to include fraud/corruption reported directly to labour relations. The incident register serves as an internal management tool for tracking substantiated or credible instances of misconduct to facilitate oversight, risk assessment and consequence management. It is not intended as a repository for every preliminary complaint or tip-off, which could include unsubstantiated or frivolous allegations.

8.6 Instances of fraud, corruption and unethical behavior reported against a Councillor will be reported to the Speaker of the Council and will be dealt with in terms of the Code of Conduct for Councillors;

8.7 Instances of fraud, corruption and unethical behavior reported against the Municipal Manager and Directors will be reported to Council, 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;

8.8 Instances of fraud, corruption and unethical behavior reported against a ~~Senior Manager, or a manager will be reported to the relevant Director or Municipal Manager (depending on the reporting lines) and will be dealt with in terms of this Plan;~~

8.9 Instances of fraud, corruption and unethical behavior reported against staff members and officials as appointed per the Collective Agreement can be reported directly to the relevant Manager and/or Senior Manager, to the ~~Fraud~~ Response Team or through the fraud ~~hot~~tip offline and will be dealt with in terms of this Plan.

8.10 A service provider is appointed to manage the tip offline to ensure that perceived fraud, corruption, allegations etc is managed in accordance with best practices as well as good governance. Although the service providers have guidelines on reporting incidents/allegations to the municipality, it is still the responsibility of the municipality to decide whether incidents/allegations can be defined as fraud or corruption. Only after preliminary investigations have been conducted and the labour relations department and other stakeholders have been briefed.

8.11 At the ERFMC of 21 October 2025 it was resolved that complaints or allegations received that refers to Senior Managers or Section 56 appointments, as appointed in terms of the Municipal Systems Act 32 of 2000 are to be reported to APAC as an In Committee item.

~~8.9~~8.12 Anti-Fraud and Corruption Prevention Plan which is aligned to the Consequence Management Policy aims to assist Stellenbosch Municipality in the prevention, detection, investigation and sanctioning of fraud, corruption, unethical behaviour, and instances of gross negligence that might result in damage or loss to the municipality. Methods will be continually explored to apply consequence management to deter such behaviour.

9 CONSEQUENCE MANAGEMENT – POLICY DIRECTIVES ~~– this part necessary –~~

9 The municipality must create an environment and culture that promotes ethical, transparent, effective, and efficient public administration that conforms to the Constitutional accountability principles.

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In line with the municipalities zero-tolerance to fraud and corruption, culpable behaviour will not be tolerated and corrective measures, including disciplinary action, where merited, will be taken.

The phases of the Municipal's consequence management can be depicted as follows:

Phase 1: Risk~~/Issue~~ Reporting

This phase deals with the reporting of issues (various incidents and red flags), risks and opportunities identified.

Reporting that can have a potential negative impact on the effectiveness and efficiency of the Municipality's operations, the reliability of its reporting (financial and non-financial) and compliance with the applicable laws and regulations, can be identified from various sources, including the following:

- Public complaints;
- Whistle Blowers;
- Declaration of interest councillors;
- Declaration of interest employees;
- Risk Registers
- Combined Assurance Plan
- Reports from the Municipality's combined assurance providers and;
- Reports from the Office of the Auditor – General of South Africa
- Draft Conflict of Interest Policy

Phase 2: Control Activities

This phase focus on the identification and implementation of remedial actions to be taken to curtail and prevent the issue, risk or opportunity from

re-occuring. Remedial actions need to ensure control improvements to the Municipality's systems and processes as well as personnel conduct.

Remedial actions in the context of this consequence management efforts can be identified from documented processes of various existing management tools such as:

- Management actions included in Municipal Risk Registers;
- Management actions included on the Combined Assurance Plan;
- Recommendations and agreed management actions included in reports from second level assurance providers (i.e legal services, OH&S etc);
- Recommendations and agreed management actions included in assurance reports from 3rd and 4th level assurance providers (i.e. Internal Audit, Forensic Services – Investigations, Ethics – Investigations, Auditor-General of South Africa and other external assurance providers);
- Directives issued by the Office of the Municipal Manager or CFO;
- Municipal Manger correspondence directed to Executive Management team members;
- Recommendations included in reports from independent investigators appointed by the Municipal Manager (sourced service providers);
- Recommendations from advisory and oversight bodies – MPAC, Financial Misconduct Disciplinary Board, APAC etc;
- Resolutions by Council and Council Committees; and
- Directives and Instructions issued by Provincial and National Treasury.

The establishment and enforcement of control activities is the responsibility of line management, who have an intrinsic duty to fulfill their job function, powers, and delegations in a responsible manner.

Phase 3: Information and Communication

After issues (various incidents and red flags), risks and opportunities have been identified and reported to the first line of defence to action (refer to phase 1), key significant cases may need to be reported or escalated to

the relevant advisory or oversight bodies as per their specific terms of reference or delegations.

Important is to keep these bodies informed of:

- significant issues;

- emerging trends;

- escalating requirements;

- unresolved risk exposures.

Stakeholders have an expectation of the governance structures in the municipality to exercise good governance. Sometimes however, such governance structures could form part of the decision-making chain and thus are required to make the final decision or final recommendation to Council. Oversight bodies could include the Risk and Fraud Committee, APAC, MPAC, Financial Misconduct Disciplinary Board, Executive Mayor, Speaker and Council.

Phase 4: Monitoring and Reporting

Comprehensive systems must be implemented to track and follow-up the implementation of all remedial actions stemming from the various role players in the consequence management process.

This is to:

- Ensure that risk exposures have been adequately and timely addressed to curtail the impact and prevent the issue, risk and/or opportunity from re-occuring; and
- Assist the advisory and oversight bodies in their assessment of the effectiveness of consequence management in the municipality, enable them to provide assurance to the stakeholders in this regard.

It is therefore the responsibility of:

- Those recommending the remedial actions; and
- The Directors, in the case of the municipal manager issuing directives to ensure that;
- The implementation of corrective action is tracked and monitored; overdue actions are reported on; and
- Follow ups are performed to confirm/verify successful implementation of corrective action.

The following practices should be applied to ensure a comprehensive tracking and follow up processes are implemented:

- Registers should be maintained by each role-player responsible for making recommendations, documenting the issues (various incidents and red flags), risks and opportunities and related remedial actions, including the estimated implementation date and responsible action owners;
- Nominated representatives should be in each directorate to provide information with regards to the status of implementation of remedial actions relevant for their directorate;
- Role players should provide feedback to representatives in terms of the implementation status of remedial actions, ad escalate those that are overdue to the next reporting level or delegated authority, if necessary;
- Perform follow-ups/checks to confirm whether remedial actions have indeed been implemented/actioned successfully to the responsible officials;
- Successful implementation of remedial actions can be measured in terms of a key operating indicator on Directors' and Directorate performance scorecards; and
- Progressive reporting to the appropriate delegated authority and advisory oversight bodies who can be tasks to act against management for tardiness (failure to implement the remedial action (s) successfully and timeously).

Phase 5: Conclusion/closure

This phase deals with the correct application and appropriate disclosure of remedial actions. Remedial actions impacting the control objectives i.e the efficiency and effectiveness of the municipality's operations, the reliability of the municipality's reporting (financial and non-financial), the municipality's compliance to legislation, regulations, policies, and procedures; will be disclosed in the following formats:

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- Internal ~~Audit reports~~Audit reports (including quarterly reports to APAC);
- AGSA report;
- Corporate Performance Scorecards;
- Municipal Manager and Directors' Personal Performance Scorecards;
- Municipality's Integrated Annual Report;
- Municipality's Annual Financial Statements;
- Municipality's Annual Oversight Report;
- Combined Assurance Reporting;
- The National Anti-Corruption Hotline – 0800 701 701
- The Presidential Hotline – 17737

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To ensure that Council and its officials take ownership and accountability for the good financial management of the municipality, the following corporate documents need be periodically updated to incorporate aspects of consequence management:

- Council – accountability and/or responsibility in respect of oversight role and/or decision making role regarding consequence management to ensure good corporate governance;
- Integrated Development Plan– refer to consequence management as a key initiative under the strategic pillar;
- Directorate and department plans – commitment in respect, responsibility and/or accountability regarding consequence management to ensure good corporate governance; and

- Service Delivery Budget and Implemetation Plan – inclusion of a consequence management key performance indicator.

Managing compliance encompasses making appropriate rules that are known, understood and followed and for which consequences of non-compliance are clear and commensurate with risk and context.

10 RECOVERY OF LOSSES

~~10.1~~ The Municipal Manager must investigate the potential and cost implications for recovering losses suffered by the Municipality due to fraud and/or corruption and, depending on the outcome of the investigation, ~~institute legal action against the offending parties to recover losses.~~may institute recovery action, criminal, civil or administrative as guided by legislation and or the disciplinary processes as per the Collective Agreement.

~~11 SANCTIONS~~

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~~11.1 The sanction imposed may include any or a combination of the following, with or without conditions:~~

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~~11.1.1 Suspension without pay for no longer than 3 months;~~

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~~11.1.2 Demotion;~~

~~11.1.3 Transfer to another post;~~

~~11.1.4 Reduction in salary, allowances or other benefits~~

~~11.1.5 An appropriate fine;~~

~~11.1.6 Dismissal;~~

~~11.1.7 Repayment of losses to the municipality, as quantified.~~

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~~12~~11 CONFIDENTIALITY

~~12.1~~11.1 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.

~~13~~12 REVIEW

~~13.1~~12.1 The Anti-Fraud and Corruption Prevention Plan must be reviewed as and when required and be approved by Council.

~~14~~13 CONCLUSION

~~14.1~~13.1 The Municipality encourages its personnel, members of the public as well as all other stakeholders as set out in this Plan to freely report any suspicion of fraud, corruption and any other irregularities that has been attempted or committed without fear or favour.