



**22 APRIL 2026**

**The duty to prevent Fraud and Corruption**



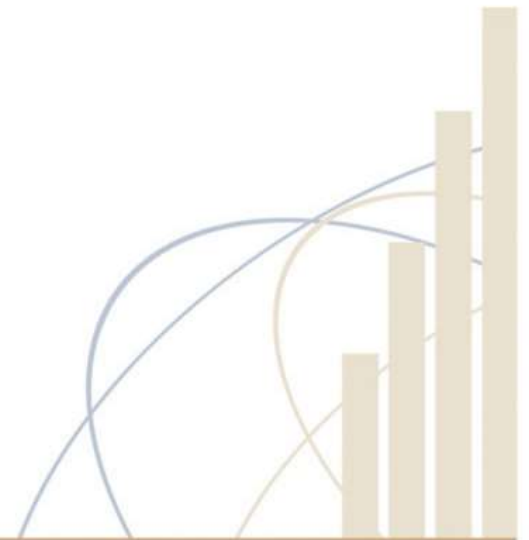
**MS. SP MHAMBI(XOKI) (MBA, CRM-PRAC)**  
**BUFFALO CITY METRO MUNICIPALITY**

[www.cigfaro.co.za](http://www.cigfaro.co.za)

SAQA Recognised Professional Body

# PRESENTATION OUTLINE

1. INTRODUCTION
2. HIGH LEVEL STATS OF FRAUD & CORRUPTION
3. LEGAL MANDATE
4. ROLES & RESPONSIBILITIES OF FRAUD PREVENTION
5. BARRIERS TO EFFECTIVE FRAUD PREVENTION
6. THE DUTY TO PREVENT FRAUD & CORRUPTION: PRACTICAL STEPS

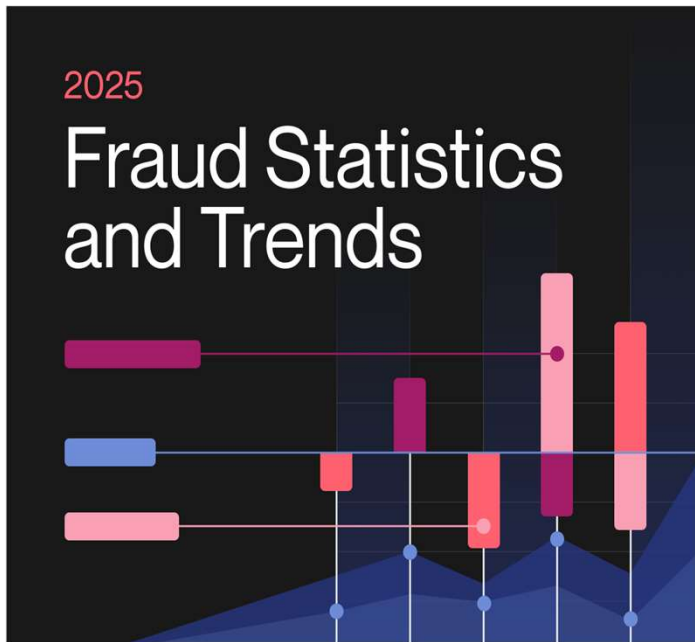


# INTRODUCTION



- As government officials, leaders we have a responsibility of not only protecting the image of our sector but a broader responsibility of being good stewards to the people of South Africa.
- The Republic of South Africa's 1996 Constitution, Chapter 10, lays forth the core values that the public sector must uphold.
- These values include high standards of professional ethics, accountability, transparency, and openness.
- Officials, Public Office Bearers have a responsibility to uphold the above values, and to uplift stakeholder confidence.

# HIGH LEVEL FRAUD & CORRUPTION STATS



***“Corruption in the management of public funds hinders people’s ability to access key services and affects everyday life.”***

- South Africa remains below the Corruption Perception Index (CPI), since 2012-2025 index had been ranging between 41-42, which is below the expected level of at least 50.
- The CPI views a score of under 50 as an indication of serious and persistent corruption.
- The most common cases of fraud is maladministration, fraud, procurement irregularities.

Source: Transparency International: Corruption Perception Index 2025

Source: Corruption Perception Index 2025



# LEGAL FRAMEWORK



# LEGAL FRAMEWORK

•

Constitution of the Republic of South Africa, 1996

Protection of Personal Information Act 4 of 2013

Prevention and Combating of Corrupt Activities Act 12 of 2004

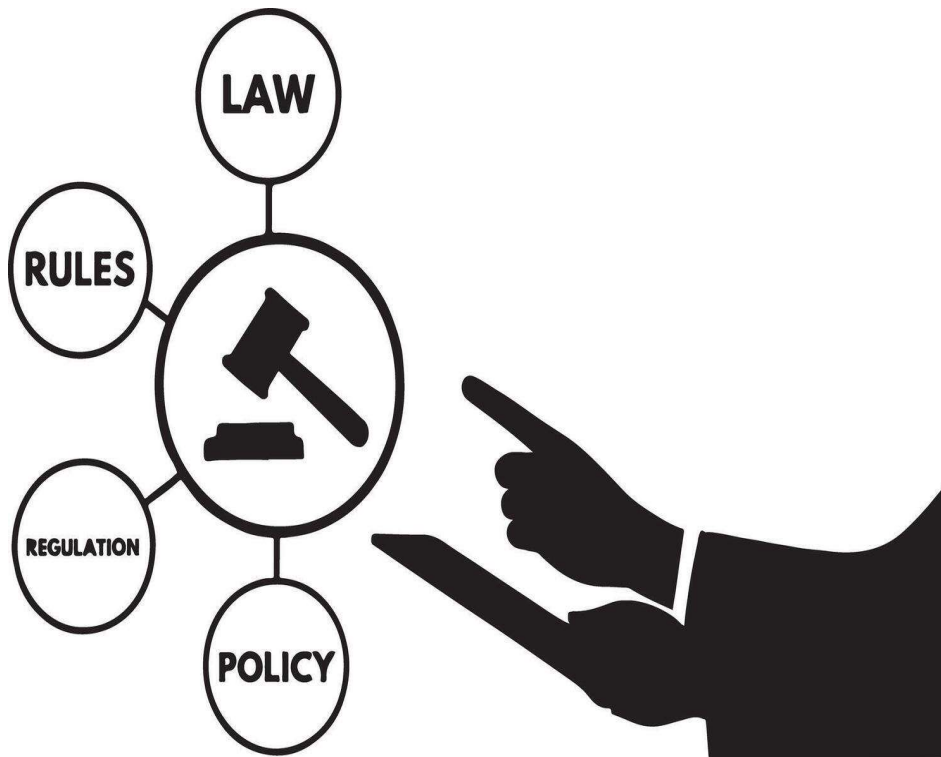
Public Audit Amendment Act 5 of 2018

Protected Public Disclosure Act 26 of 2000

Public Service Regulations, 2016

Public Finance Management Act 1 of 1999

Municipal Finance management Act 56 of 2003



# ROLES OF OVERSIGHT COMMITTEES IN FRAUD PREVENTION



## FRAUD PREVENTION: ROLES OF COUNCIL/ BOARD/ GOVERNING BODY



- The Council/ Board is the highest decision-making body, it has the authority to approve policies, budgets, fraud prevention plan.
- To set the ethical tone through approving codes of conduct, lead by example, enforce zero tolerance for unethical behavior.
- To hold the administration accountable for the affairs of the organisation including financial management, governance, etc.
- To ensure that the resources of the organization are used in an effective, efficient and economical manner.
- Oversee adherence to the Public Finance Management Act and Municipal Finance Management Act. Ensure consequence management for non-compliance.
- Obtaining assurance from management that the Institution's strategic choices are based on a rigorous assessment of risk and fraud risks are eliminated (zero appetite for fraud, corruption, maladministration)

# FRAUD PREVENTION: AUDIT COMMITTEE



- The Audit Committee is an independent Committee, whose role is defined by legislation like the Public Finance Management Act and Municipal Finance Management Act, as well as governance guidance from the King IV Report on Corporate Governance.
- It provides an independent view on the effectiveness of internal controls, financial management & reporting, risk management and fraud risk management activities of the organisation.
- The Audit Committee does not assume the role of management however plays oversight over ensuring that the organisation has a clear fraud risk management plan and ensures
- Considers reports on investigations conducted, to ensure fraud risks have been identified, responded to and internal controls are improved to deter future occurrences.
- Ensuring that Internal Audit plans do incorporate fraud risk management.
- Providing oversight over the combined assurance processes of the organisation.
- To report to Council or the Board giving a view on the state of governance of the organisation and making recommendations for improvement.

# FRAUD PREVENTION: RISK MANAGEMENT COMMITTEE



- The risk management committee is a committee of the Accounting officer who responsibility is to assist him with fulfilling His risk management responsibility, ensuring that there are clear policies, fraud prevention plans, and clear ethics management framework in place.
- Ensuring fraud risk management is embedded in the ERM systems and processes of the organisation.
- Evaluate the effectiveness of the mitigating strategies implemented to address the priority risks of the Institution;
- Review the material findings and recommendations by assurance providers on the system of risk management and monitor the implementation of such recommendations;
- The committee evaluates whether fraud risk management systems are working: reviews reports on control effectiveness and assesses whether mitigation strategies reduce risk exposure.

# FRAUD PREVENTION: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE



- To perform oversight on behalf of Council on governance, management of public funds and to promote transparency.
- Scrutinizes expenditure, including irregular, fruitless, and wasteful expenditure and may recommend consequence management against officials for misuse of funds.
- MPAC can recommend investigation of financial misconduct or suspected fraud and on findings of financial misconduct may recommend to Council referral to the Municipal Financial misconduct Disciplinary Board for further processing.
- Review annual reports, examine audit findings and holds Management accountable for poor audit outcomes.
- Promotes Transparency and Public Accountability
- To report to Council or the Board giving a view on the state of governance of the organisation and making recommendations for improvement.

# FRAUD PREVENTION: MANAGEMENT

- Section 78 of the MFMA extends the responsibility of good governance to Senior Management and staff.
- Senior Manager have a responsibility to ensure that they take all reasonable steps within their respective areas of responsibility to ensure that the system of financial management and internal control established for the municipality is carried out diligently.
- They are responsible for the effective, efficient and economic use of Municipal resources.
- To ensure compliance with laws and regulations.
- To assess fraud risks and develop mitigation plans, whose implementation will be monitored on an ongoing basis.
- Set the tone: ensure ethical leadership.
- Implementation of consequence management without fear or favor.

## FRAUD PREVENTION: ASSURANCE PROVIDERS (IA & Risk Management)

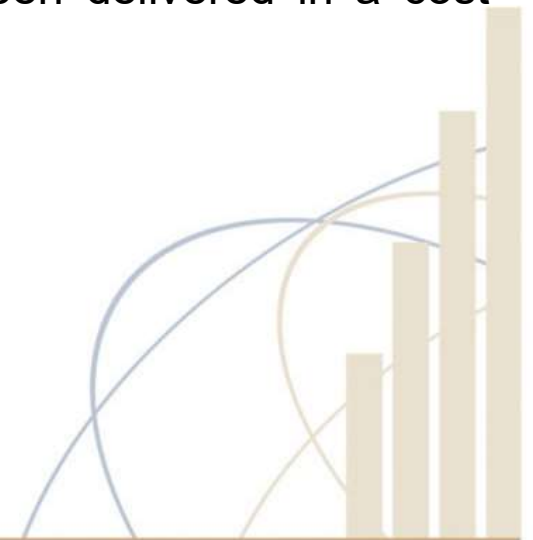
- Implementing the Combined assurance model/ framework.
- **Internal Audit:** Providing independent assurance as to whether the risk management strategy, risk management implementation plan and fraud prevention plan have been effectively implemented within the institution.
- Internal Auditing must evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement where necessary
- **Risk Management:** Develop in consultation with management, the Institution's risk fraud risk management framework incorporating, the fraud prevention plan.
- Ensure implementation of the fraud prevention plan.
- Facilitating the ongoing assessment of fraud risks to promptly identify emerging risks
- Monitor the implementation of fraud mitigation plans and report to the Accounting Officer, Management and oversight committees.

# FRAUD PREVENTION: EMPLOYEES

- Staff has a responsibility to ensure that they carry their duties with care and diligence adhering to policies and legislation.
- To ensure effective, efficient and economic use of Municipal resources.
- To ensure that any unauthorized, irregular, fruitless and wasteful expenditure is avoided.
- Safe keeping of municipal assets including information.
- Applying the risk management processes in their respective functions;
- To act ethically, honestly and with integrity always.
- Duty to identify fraud red flags within area of responsibility and within the organisation at large
- Duty to report any suspected fraud or corruption.

## FRAUD PREVENTION: SERVICE PROVIDERS (CONTACTORS, SUPPLIERS, CONSULTANTS)

- This category is deemed and perceived as being the contributor to fraud cases.
- Service providers have a duty to comply with laws, regulations, and policies (especially procurement related).
- To conduct business ethically, and diligently always ( not to engage in corrupt activities).
- To provide accurate and authentic information (i.e. experience of work, CIDB grading, directorship, qualifications , etc.)
- Fulfilling contractual obligations, ensuring quality work had been delivered in a cost-effective manner
- Be part of the fight: Report fraud and corruption.



# BARRIERS TO EFFECTIVE FRAUD PREVENTION



# BARRIERS TO EFFECTIVE FRAUD PREVENTION



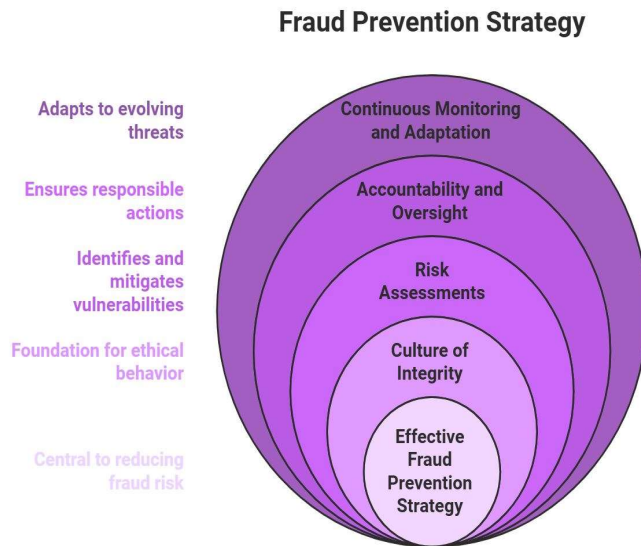
***“Anti-corruption efforts are typically centralized and top-down and tend to be unsustainable. With no independent oversight or civic checks, they can be reversed overnight when political interests shift.”*** Corruption Perception Index 2025

- No clear Policies
- Lack of buy in-(Tone at the top both at Administrative and Political level)
- Poor consequence management culture.
- Focus being on detection rather than on prevention (being reactive rather than being pro active)
- Lack of innovative ways or strategies in fraud prevention (not leveraging on the use of technology, such as automation of manual processes) .
- Inadequate resourcing of fraud prevention plans (both human resources and financial resources)
- Human factors: awareness, behavior, and skills gaps.
- Lack of a fraud prevention communication plan.

# RECOMMENDATIONS: PRACTICAL STEPS TO FRAUD PREVENTION



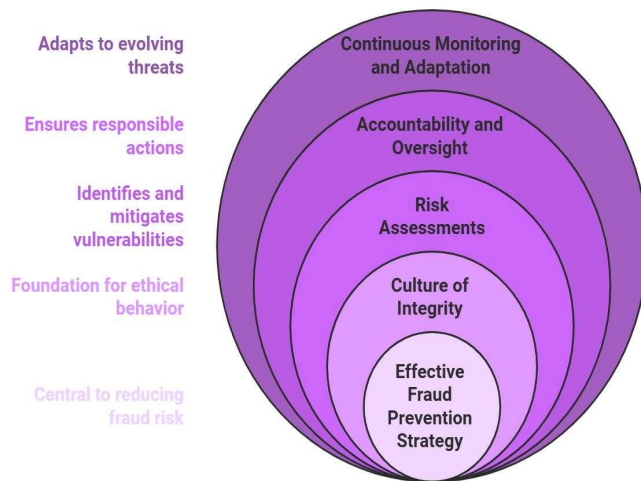
# FRAUD PREVENTION: KEY ELEMENTS



- Develop and adopt a clear Fraud prevention strategy & plan with clear objectives.
- Continuous fraud risk assessment to identify high risk areas and develop proactive fraud mitigation strategies.
- Establish Governance and Accountability structures with clear terms of reference.
- Introduce fraud prevention controls (e.g. segregation of duties, clear delegation framework, employee & service provider vetting, IT access controls.)
- Introduce fraud detection controls (e.g. periodic audits, constant reconciliation, spot check, etc.)
- Appoint an Ethics Champion who is at least a senior official within the organisation.
- Have a clear communication plan-information sharing.
- Incorporate fraud risk management into performance agreements of all levels.

# FRAUD PREVENTION: KEY ELEMENTS

Fraud Prevention Strategy



- Third Party Risk Management: vetting of suppliers, performance monitoring and ensuring that anti corruption clauses are included on contracts.
- Ensure Information Communication Technology security.
- Leverage on the use of technology: automation of processes.
- Establish whistle blowing platforms to encourage reporting without fear of prejudice and victimization.
- Set clear guidelines of fraud investigation and reporting thereof.
- Timely implementation of consequence management, including instituting civil proceedings where necessary.
- Promote an ethical organizational culture (annual disclosures, trainings and awareness raising)
- Forge partnerships both internally and externally to collaborate on fraud prevention initiatives.

# FRAUD PREVENTION IS EVERYBODY'S BUSINESS

## Global Advisors

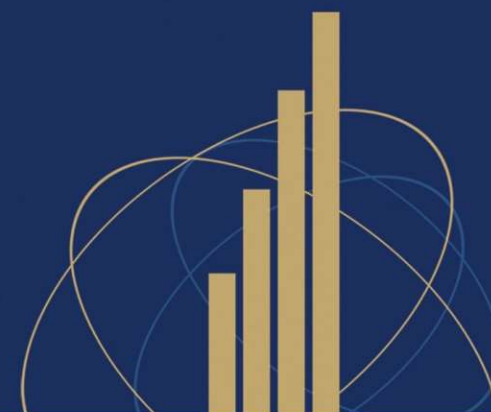
“The first thing is to be honest with yourself. You can never have an impact on society if you have not changed yourself. Great peacemakers are all people of integrity, of honesty, but humility.”

Nelson Mandela





# Thank You!



**CIGFARO**  
Chartered Institute of  
Government Finance, Audit & Risk Officers

[www.cigfaro.co.za](http://www.cigfaro.co.za)

SAQA Recognised Professional Body