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| KWADUKUZA MUNICIPALITY | |
| BUSINESS UNIT: OFFICE OF THE MUNICIPAL MANAGER | |
| TO : RISK MANAGEMENT COMMITTEE | |
| ITEM NUMBER: | MEETING DATE: 12/06/2025 |
| <u>SUBJECT:</u> | ETHICS, FRAUD AND RISK MANAGEMENT POLICIES-2025/26 FINANCIAL YEAR |

1. PURPOSE

The purpose of this submission is for the *Ethics, Fraud and Risk Management Committee* to review and recommend that the draft reviewed Ethics, Fraud and Risk Management Policies be approved.

Accompanying the submission are the **Eight (8)** Risk Management policies namely,

- a) *Ethics, Fraud and Risk Management Charter*
- b) *Ethics, Fraud and Risk Management Terms of Reference*
- c) *Enterprise-wide Risk Management Policy*
- d) *Enterprise-wide risk Management Strategy*
- e) *Risk Management Framework*
- f) *Whistleblowing Policy*
- g) *Anti-Fraud and Corruption policy*
- h) *Anti-Fraud and Corruption Strategy*

2. BACKGROUND

Section 62 (1) (c) (i) of the Municipal Finance Management Act 56 of 2003 (MFMA), states that the accounting officer must ensure that the institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

3. DISCUSSIONS

Ethics, Fraud and Risk Management Committee is an oversight and support committee which assists the Accounting Officer in discharging his responsibility for ethics, fraud and risk management by reviewing the effectiveness of the Municipality's ethics, fraud and risk management systems, practices and procedures and providing recommendations for improvement.

All Ethics, Fraud and Risk management policies amendments and review proposals are undertaken with the inputs from the Independent Chairperson during the Annual Risk Maturity assessment exercise which took place on the **23rd May 2025**.and **during the cause of the monitoring of risk profiles during the 2024/25 financial year.**

Additional factors that were considered in policy reviews included but not limited to *Successes in policy implementation, Challenges encountered during implementation, Changes in the National regulator framework and audit outcome.* Consideration of these factors were important during the review processes in order to ensure the continued relevance of the policies and strategies in the context of KwaDukuza Municipality's aim and objective. Below is the list of policies reviewed.

SUMMARY OF AMENDMENTS

| POLICY DESCRIPTION | PAGE REFERENCE | SECTION | PROPOSED AMENDMENTS |
|---|----------------|---|---|
| 1. Ethics, Fraud and Risk Management Charter | Page 1-5 | Section 1-10 | Newly Developed Ethics, Fraud and Risk Management Charter. |
| 2. Ethics, Fraud and Risk Management Terms of Reference | Page 1-11 | Section 3 (e) & (F) Section 4(d) Section 4.3(ix) Section 4.4 Section 5.1(b, c,d,e,h,i,n,p,q,vi) Section 5.2 (a, b, c,d,h,) Section 8 (b) Section 9 (iii) | All amendments that have been struck-through and highlighted in Yellow in the attached <i>2025/26 Ethics, Fraud and Risk Terms of Reference</i> |
| 3. Enterprise-wide risk management policy | Page 1-12 | Section 1 Section 2(b) Section 3 Section 4 Section 6(6.4) Section 7.5(c)(d) Section 7.6 (e)(f)(g) | All amendments that have been struck-through and highlighted in Yellow in the attached policies <i>2025/26 Enterprise-Wide Risk Management policy.</i> |
| 4. Enterprise-wide Risk Management Strategy | Page 1-18 | Section 2 Section 5 Section 7.4(w)(aa) Section 7.5 (a-h) Section 7.6 (a -e) Section 7.7(d) Section 7.8(a-e) | All amendments that have been struck-through and highlighted in Yellow in the attached policies <i>2025/26 Enterprise-Wide Risk Management Strategy.</i> |

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| | | Section 7.9 (a)(d) Section 8 (f) Section 8.2.2 Section 9 Section 10 | |
| 5. Enterprise-wide Risk Management Framework | Page 1-51 | Section 7.2(w) Section 7.3.1(b) Section 7.4(f) Section 7.5(d) Section 7.6 (a) Section 7.8(a)(b)(d) Section 8.1 Section 8.1.2 Section 9 | All amendments that have been struck-through and highlighted in Yellow in the attached <i>2025/26 Enterprise-Wide Risk Management Framework.</i> |
| 6. Anti-Fraud and Corruption policy | Page 1-15 | Section 1 Section 2 Section 4 Section 8 Section 10 Section 10.3 Section 11.3 Section 11.8 Section 12.2(b) Section 12.5 Section 13 | All amendments that have been struck-through and highlighted in Yellow in the attached <i>2025/26 Anti-Fraud and Corruption and policy.</i> |

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| 7. Whistle Blowing policy | | None | <p>No amendments were affected in the <i>2025/26 Anti-Fraud and Corruption and policy.</i></p> <p>The following is to be noted regarding the developments on the Whistle Blowing regulation at a National Level as informed by recommendations from the State Capture Commission report recommendations.</p> <p><i>- The DOJ to introduce or amend the legislation to protect the whistleblowers</i></p> <p><i>- A Percentage of monies recovered to be awarded to whistle blowers</i></p> <p><i>- Immunity from criminal or civil proceedings for whistleblowers</i></p> <p>The Department of justice has commenced with the review of the Protected Disclosures Act and witness Protection Act to effect the proposed recommendations. Once effected the Policy will need to be reviewed to align with the proposed amendments.</p> |
| 8. Anti-Fraud and Corruption strategy | N/A | None | <p>No amendments were affected in the <i>2025/26 Anti-Fraud and Corruption and policy.</i></p> |

4. ATTACHMENT TO THIS SUBMISSION

- a) *Ethics, Fraud and Risk Management Charter*
- b) *Ethics, Fraud and Risk Management Terms of Reference*
- c) *Enterprise-wide Risk Management Policy*
- d) *Enterprise-wide risk Management Strategy*
- e) *Risk Management Framework*
- f) *Whistleblowing Policy*
- g) *Anti-Fraud and Corruption policy*
- h) *Anti-Fraud and Corruption Strategy*

4. LEGAL IMPLICATIONS

To comply with laws, regulations, policies and procedure.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications attached to this submission

6. CONSULTATION

Chairperson of the Risk Management Committee

7. RECOMMENDATIONS

Based on the above report, it is recommended that the Risk Management Committee

7.1 Considers and approves the attached *Ethics, Fraud and Risk Management Charter* for the 2025/26 financial year.

7.2 Considers and approves the proposed amendments on the attached *Ethics, Fraud and Risk Management Terms of Reference* for the 2025/26 financial year

7.3 Considers and approves the proposed amendments on the attached *Enterprise-wide Risk Management Policy* for the 2025/26 financial year.

7.4 Considers and approves the attached amendments on the attached *Enterprise-wide Risk Management strategy* for the 2025/26 financial year.

7.5 Considers and approves the attached amendments on the attached *Enterprise-wide Risk Management Framework* for the 2025/26 financial year

7.6 Considers and approves the attached amendments to the *Anti-Fraud and Corruption Policy* for the 2025/26 financial year

7.7 Notes that *there were no proposed changes* in the *Whistle blowing policy* for the 2025/26 financial year

7.8 Notes that *there were no proposed changes* in the *Anti-Fraud and Corruption strategy* for the 2025/26 financial year.

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APPROVED BY:

**MR.MA MANZINI
CHIEF OPERATIONS OFFICER**

ENDORSED BY:

**MR. NJ MDAKANE
MUNICIPAL MANAGER**