

## **Launch of Anti-Fraud and Corruption Strategy and Customer Services Charter**

The Honourable Speaker, Members of the Executive Committee, Councillors, Leadership from the Criminal Justice cluster in the Province of KwaZulu-Natal (SAPS & SIU), our important partners in fighting fraud and corruption, representative from the office of Auditor-General, chairperson of the Audit Committee, stakeholders of Msunduzi Municipality, distinguished guests, Ladies and Gentlemen, colleagues and friends. Good morning

I am pleased to be here today, and I want to thank you all for coming to this important day where we are launching the Msunduzi Anti-Fraud and Corruption strategy and Customer Services Charter. This is the first of its kind in the history of the Municipality, where, we as the leadership are taking a bold step in fighting fraud and corruption and also committing ourselves as councillors including our officials to serve the citizens of Msunduzi with the democratic values of human dignity, equality and to preserve the right, privileges and benefits of citizenship as it is enshrined in the Bill of Rights.

I would like to wish all our Women a Happy Women's Month. We are very proud of the role that women are playing in society and to development of our Nation especially in Local Government

The United Nations' (UN) International Anti-Corruption Day aims to raise public awareness of corruption and what people can do to fight it. It is observed on December 9 each year. As the leadership of this City we decided that we cannot wait for the 9th of December 2014 as the continuous effects of fraud and corruption are felt by the citizens.

Corruption is an issue that affects all countries around the world. It can refer to the destruction of one's honesty or loyalty through undermining moral integrity or acting in a way that shows a lack of integrity or honesty. It also refers to those who use a position of power or trust for dishonest gain. Corruption undermines democracy, creates unstable governments, and sets countries back economically. Corruption comes in various forms such as bribery, law-breaking without dealing with the consequences in a fair manner, unfairly amending election processes and results, and covering mistakes or silencing whistle-blowers (those who expose corruption in hope that justice would be served).

By resolution 58/4 of October 31, 2003, the UN General Assembly designated December 9 as International Anti-Corruption Day. This decision aimed to raise people's awareness of corruption and of the role of the United Nations Convention against Corruption in combating and preventing it. The assembly urged all states and competent regional economic integration organizations to sign and ratify the United Nations Convention against Corruption (UNCAC) to ensure its rapid entry into force. UNCAC is the first legally binding, international anti-corruption instrument that provides a chance to mount a global response to corruption".

### **So, why is the anti-fraud & corruption policy and strategy a top priority for the Msunduzi Municipality today?**

Fraud and Corruption is a phenomenon which is difficult to tackle, and at the same time a problem we cannot afford to ignore. Research has shown how severely Fraud & Corruption affect the service delivery, economy and society at large, undermines our democracy and hampers foreign and local investments in our City. It erodes trust in public institutions and political processes, and undermines

the healthy functioning of municipality. It negatively affects the already tight municipal budgets, costs ratepayers millions and in many cases helps organised crime groups do their dirty work. The scale of the problem is serious.

In recent years, this municipality was in financial crisis and put under administration by the Provincial Government and among other reasons was high level of Fraud and Corruption.

During this period efforts and stronger focus were put in ensuring that ratepayers' money is not wasted through fraud and corruption or other financial mismanagement.

Still, deep-rooted fraud and corruption is a part of reality in many countries. A report on statistics by Transparency International Global Coalition against corruption of 2013 indicates that South Africa is ranked number seventy two (72) globally (172 countries responded to the research) and number six (6) in Africa. This is an indication why our government has set a tone in fighting corruption. The government has reinforced fight against fraud and corruption and passed a number of legislations such as:

- Special Investigating and Special Tribunals Act, 74 of 1996 (as amended)

The Price Water House (PWC) 2014 Global Economic Crime Survey to the Nations Survey and Ethics dated February 2014 states that sixty nine (69) of the respondents experienced economic crime in the last 24 months. The survey further indicates that Bribery and Corruption is the fastest growing economic Crime in South Africa since 2011.

It is, therefore, not a surprise that fighting Fraud and Corruption has become a priority for Government, both at Provincial and National level in recent years. However, there is still a long way from declared intentions to concrete results. Corruption is present in every society, at every stage of development. No country is immune.

Some argue that Fraud and Corruption is necessary to get things moving and part of everyday life. And it is undeniable that Fraud and Corruption is most prevalent in countries where government is failing to provide the services it should. The solution is not simply to accept Fraud and Corruption. The solution is better government. From an economic perspective, Fraud and Corruption distorts competitive markets and leads to the misallocation of resources. From a social perspective, it undermines the rule of law and public trust in politicians, civil servants and business leaders. Every year, corruption adds as much as some per cent to the total cost of doing business globally.

What has been missing to address Fraud and Corruption effectively in Msunduzi? What is the leadership doing to tackle this scourge?

Our analysis is that Municipal Council has, broadly speaking, set up the necessary legal instruments and collaboration with law enforcement agencies institutions responsible for prevention and fight against Fraud and Corruption. However, the results are not satisfactory because as a Municipality we have not been vigorously reporting and following up on cases. We now have effective Unit which has been given adequate resources to acquire all tools and skills necessary to conduct forensic investigations, report to the law enforcement agencies and enforce disciplinary processes. This has yielded positive results and the following statistics justify this statement.

The leadership therefore is focused on concrete actions, and to stimulate political will to implement them from the local level. We have engaged in a dialogue with the law enforcement agencies and offered suggestions and requested for their support in fighting this scourge.

The Msunduzi Municipal Council has done well by setting up effective Internal Audit Unit with a Forensic Investigation wing to investigate allegations of Fraud and Corruption, high levels of theft, other serious irregularities.

The community has played a pivotal role in reporting unethical behaviour, theft of fuel, electricity, cables, fraud, corruption and other gross irregularities allegedly taking place within the municipality and we want to thank all of them because as a municipality we cannot identify all these immoral deeds alone. Without the activism of the citizens of Msunduzi to protect their rates and tax monies which they work very hard for, the municipality will be a lone voice against the scourge of fraud, corruption, theft and other gross irregularities which has become an impediment against service delivery.

I am now presenting statistics on cases that emanated from investigations done during the administration, incidents reported by the members of the community, officials and uncovered by our Internal Audit Unit in the past four years:

### **Old Cases**

Of the seventy three (73) cases which were uncovered during the administration period, all were investigated with the misconduct hearings to be presented. In eight (8) cases, the employees resigned and this number includes the most senior managers. One passed on and in four (4) cases sufficient evidence to charge them with misconduct or criminally could not be found. One matter was referred for legal opinion and is still pending. Fifty nine (59) cases were dealt with and are reported under disciplinary hearings that took place in 2012, 2013 and 2014.

Thirty per cent (30%) of the fifty nine (59) cases are on appeal at the South African Local Government Bargaining Council (SALGBC) for unfair dismissal. A total number of five (5) matters were referred to the CCMA and accordingly opposed by the municipality, in all matters the Commissioners made a ruling in terms of lack of jurisdiction of the CCMA to hear such matters.

Five (5) matters are under review at the Labour Court and are pending. One of the three matters that were reported to SAPS on the old cases has been closed undetected due to insufficient evidence and the remainder is still under investigation.

### **Forensic/Criminal Investigations**

A total number of forty two (42) cases of Fraud, Corruption, Theft and other Serious Irregularities were uncovered and reported to the municipality between 2011 and July 2014 period. The value in terms of losses to the municipality of these cases is R 3 461 000.00. This amount excludes vehicle abuse and theft of time.

The forensic investigation on fraud and Theft of fuel is continuing and the value of savings to be derived once measures as approved by the Executive Committee are fully implemented are estimated to be R 12 million per annum.

Of the twenty one (21) cases two (2) matters are in a process of civil recovery through the High Court and they relate fraud on the transfer/sale of the 39 Houses at Imbali and Prepaid Electricity. These matters have been discussed with SAPS and have been registered for criminal investigations.

Of the forty two (42) cases, fourteen (14) matters have been registered with the South African Police Services (SAPS) for criminal investigation and prosecution. One arrest was made by the SAPS in the week ending 25 July 2014 and other arrests are imminent.

Of the forty two (42) cases, thirty eight (38) forensic investigations have been completed and matters with the team dealing with the disciplinary matters and are discussed hereunder and four (4) are being investigated.

### **Investigations by the Electricity Task Team**

We established a special task team to deal with incidents of theft relating to electricity in December 2013, a total number of twenty nine (29) criminal cases have been registered with SAPS and involves fifty (50) suspects. These matters are pending the Magistrate's Court.

### **Suspension for Employees**

In terms of the collective agreement an employer is entitled to suspend an employee for certain reasons determine by management. Following the SALGBC collective agreement eleven (11) employees were suspended as per various allegations of misconduct which mainly fraud, theft, dishonesty and negligence in 2010. These cases relates to the old cases mentioned earlier on.

All these cases have been dealt with internally and some of the accused either resigned prior to the conclusion of the disciplinary hearings or dismissed or received sanction ranging from final written warning, demotion with financial losses.

In 2011 a total number of six (6) employees were suspended and the status quo is that some employees opted to resign, retire and/or pleaded guilty and entered into a plea bargain agreement with Council as provided for in the collective agreement and labour legislation. None of these matters are pending at the SALGBC or the Labour Court. Only one matter is still in a process of being finalised.

In 2012 a total number of twenty seven (27) employees were suspended, however, this was the year on which an illegal industrial action took place hence a huge number of suspensions. Twenty one (21) of the employees have been dealt with and the six (6) outstanding employees have been concluded and awaiting the ruling of the Presiding Officer.

In 2013 a total number of four (4) employees were suspended and allegations against them ranged from fraud, corruption, theft, dishonesty and gross negligence. On one matter an employee opted to take early retirement.

In 2014 a total number of thirteen (13) employees were suspended on allegations of fraud, corruption, theft, dishonesty and gross negligence. Five (5) employees have been charged with misconduct and matters concluded. Two (2) employees are facing disciplinary hearing and are still on suspension, whilst six (6) are under investigation.

### **Disciplinary Hearings Dealt with in 2012**

A total number of eleven (11) disciplinary hearings were heard during 2012, nine (9) finalized and two (2) are still pending. The total number of employees involved in the eleven (11) disciplinary hearings was hundred and thirty 130.

Of the seven (7) employees that were subjected to the disciplinary hearings for *inter alia* insubordination and gross dishonesty, three (3) were dismissed, two (2) pleaded guilty and given final written warnings and six (6) were demoted with financial loss. One employee was found guilty of gross negligence of execution of his duties and dismissed. One employee took early retirement during the disciplinary hearing.

Seventy four (74) employees who embarked on an illegal industrial action reached a plea bargain agreement with the municipality and fifteen (15) received final written warning. There are two (2) matters that are still pending waiting the verdict and the other one in progress.

In terms of the statistics of the percentage occurrence in each Business Unit, the spread is as follows:

Community Services	33%
Infrastructure Services	33%
Corporate Services	25%
Financial Services	8%

Of the total number of employees charged with misconduct 62% are males and 38% are females.

### **Disciplinary Hearings Dealt with in 2013**

A total number of fourteen (14) disciplinary hearings were heard during 2013, nine (9) which have been finalized and 5 are still pending. The total number of employees involved in these disciplinary hearings was twenty four (24).

Of the twenty four (24) employees that were subjected to the disciplinary hearings for *inter alia* insubordination and gross dishonesty, one was dismissed, two (2) took early retirement during the hearing and one resigned after the hearing and one given final written warning and thirteen (13) employees were demoted with financial losses. One employee was found guilty of abscondment and dismissed. Three matters are pending finalisation.

In terms of the statistics of the percentage occurrence in each Business Unit, the spread is as follows:

Infrastructure Services	35.7%
Economic Development	35.7%
Financial Services	14.3%
Corporate Services	7.1%
Community Services	7.1%

Of the total number of employees charged with misconduct 85% are males and 14.3% are females. I have a firm belief, that the Anti-Fraud and Corruption strategy and the whistleblowing hotline that we are launching today will strengthen our efforts in combating fraud, corruption, maladministration, theft and other gross irregularities. This initiative forms part of our risk management strategy that was developed and implemented in 2012/13.

The whistleblowing hotline facility is free, including all other forms of reporting with the exception of an short messages system (SMS) which cost only R1.50 and uses all eleven (11) official languages of the country, accessible in 24/7 and 365 days a year will open an opportunity to members of the society in Msunduzi and the entire South Africa to call, email, fax, post or visit [www.tip-off.com](http://www.tip-off.com) website, Toll Free number 0801 000 545, free fax 0800 00 77 88, Free post KZN 138, Umhlanga Rocks, 4320 anonymously and free of charge. All what would be needed when you call the whistleblowing hotline is to have information as printed on posters and brochures ready for efficiency purposes.

I am urging all municipal employees to make our municipality an example to the rest of our province and the country at large to report all irregular activities observed or may be aware off as well as advances made to them. As from today the municipal employees will have no reason for not reporting incidents of Fraud, Corruption, Theft, Maladministration and other gross irregularities as the Whistleblowing Hotline has a provision for the caller to remain anonymous to avoid any possible victimization.

It is also important that I warn those that will become vindictive and would want to use the Whistleblowing Hotline to settle personal vendetta.

This is Historic moment indeed as the councillors and officially we are going to be making a pledge of the Service Charter. The Batho Pele Programme which warrants that each public institution produces a yardstick document with service standards. This is the institutions commitment to the public, where the municipality declares service standards that the people of the Pietermaritzburg should expect from the municipality. This document serves to enhance transparency and accountability. This presents an opportunity for the Msunduzi Local Municipality to comply with Batho Pele requirements by having its own Service Charter as a public document to hold the Municipality accountably.

In its quest to ensure provision of Municipal Services of a high standard and in line with Batho Pele Principles in a manner that accentuates our belief as servants of the community that the Customer is King, we felt it not enough that we are now restoring the culture of effective delivery of services, but we want to go an extra mile and ensure that our communities lie at the centre of come first and indeed feel as such in everything we do.

we are being inspired by the prescript of the Freedom Charter which makes it imperative to uphold human dignity at all times and which found its way into our Constitution as one of the fundamental rights contained in the Bill of Rights, we want to take it upon ourselves as the Councillors of Msunduzi Municipality to ensure that the inherent right of our citizens to be treated with dignity and to have their dignity respected, protected and promoted all the way in the course of us as local government giving them the service and them in their course of receiving the service. We further want to ensure that the basic values and principles governing public administration as contained in section 195 of the Constitution are not paid a lip service but find a concrete expression in the way we do business.

We are accordingly vigorously pursuing these values and principles so that we maintain and promote a high standard of professional ethics; we remain developmentally oriented and responsive to the needs of the people and above all transparent and accountable.

By doing this we are taking the social compact as expounded in all our Manifestos to the next level. The Customer Service Charter and the Anti-Fraud and Corruption Strategy we are launching today are two sides of the same coin. While the Customer Service Charter is the Contract we are entering into with our citizens, the Anti- Fraud and Corruption Strategy is our enforcement mechanism of the terms and conditions of our Contract. The Anti-Fraud and Corruption Strategy is our mechanism to mobilize and engage everyone to ensure that the terms and conditions of our contract are not tampered with.

Everyone should be equally concerned and indeed perturbed upon sight of any of the terms and conditions of our contract being violated. As the Council we don't understand and cannot accept that the customer is king only in the private sector. With the Charter we are saying if the customer is king anywhere on Planet Earth, the same applies here. Effective customer service is going to be our culture and obsession that is shared by everyone; employees, management and Councillors alike. We will be working hard to develop a high-quality service culture which is characterized by:

We as Councillors will be getting reports every months from the Municipal Manager telling us what is going on with regard to the implementation of Batho Pele and the Customer Service Charter. Council employees and Councillors have been work-shopped on the Customer Service Charter and the work-shops will periodically be undertaken to ensure that Batho Pele principles are not only known by heard but they become the matter of the heart as well, they are the culture and a way of life which is not only seen but is felt by everyone. Those who read the Bible will agree with me that the effects of reading it has to be seen in practice as a way of life and that is the time it begins to benefit the reader and the next person. This is what we want to achieve with the Customer Service Charter.

The officials charged with the implementation of the Charter will have their performance in the implementation of the Charter evaluated.

In the financial year 2015/16 we will be having our first Service Excellence Awards whereby we shall be assessing and publicly announcing the extent to which we shall have succeeded in implementing the Charter and we will also be rewarding in non-financial terms those who will have excelled in the implementation of the Charter and achievement of I DP and SDBIP targets.

### **Conclusion**

In closing, as leadership of this City we are committed to drive the Msunduzi Anti-Fraud & Corruption policy and strategy forward, in close collaboration with law enforcement agencies, citizens and other stakeholders.

Let me remind all the citizens of Msunduzi that the responsibility of fighting fraud and corruption is not for Government or the municipality alone, but for all of us. Break the Silence: Stop Fraud and Corruption.

Thank you for your attention. I wish you a fruitful day, and look forward to seeing you in 2015 when I release the results of our efforts on fighting this scourge.