POLICY TITLE	FRAUD PREVENTION PLAN - ANNEXURE B
DATE OF APPROVAL	22 May 2025
REVIEW DATES	21.05.2026

1. INTRODUCTION

The Board of Directors of the SCTIE is committed to the concept of good and effective governance. It recognises that achieving the objectives, as set out in the South Coast Tourism & Investment Enterprise (SCTIE) Mission Statement, requires effective control of all risks, including fraud. The Board realises that, to achieve the objective of ensuring the provision of services to the community in a sustainable way, as required by the Constitution of the Republic of South Africa, it is important to take steps necessary to prevent fraudulent or irregular use of SCTIE assets. The Municipal Finance Management Act creates responsibility on the part of Accounting Officers and other SCTIE officials to prevent irregular and unauthorised expenditure and losses resulting from criminal activity. Accordingly, The Board is committed to the development of a Fraud Prevention Strategy and the implementation of a Prevention Plan designed to give effect to the strategy. The plan below constitutes the accepted action plan for the compilation and implementation of the Strategy.

2. OBJECTIVES

The primary objective of the plan is the protection of the entity, its assets, stakeholders and its employees.

3. OVERVIEW

The relevant components of all effective fraud prevention strategies are set out below. Each element, the approach with respect to the implementation of that element, and the responsibility and timing thereof is discussed in detail thereafter.

3.1 Responsibility for Implementation of Fraud Prevention Strategy;
3.2 Code of Conduct;
3.3 The Development of a Fraud Ethics Plan;
3.4 Development of a Fraud Response Plan;
3.5 Fraud Detection reviews;
3.6 Fraud Risk Vulnerability reviews;
3.7 Implementation and roll out of a “Whistle-blower” Fraud Reporting Facility;
3.8 The roll-out of a Fraud Awareness Program for staff.

3.1 RESPONSIBILITY FOR IMPLEMENTATION OF FRAUD PREVENTION STRATEGY		COMMENTS
Objective:	To define roles and responsibilities for the oversight, planning, implementation and review of the fraud prevention processes	
Responsibility and rollout:	Board of Directors Manco Internal Audit	
Persons driving the process:	Chief Audit Executive	
Status:	Ongoing	

3.2 CODE OF CONDUCT		COMMENTS
Objective:	A Code of Conduct provides guidelines to management and employees and defines behavioural expectations in addition to actions that contravene the code.	
Responsibility and rollout:	Done	
Persons driving the process:	CEO	
Status:	Completed	

3.3 DEVELOPMENT OF FRAUD ETHICS PLAN		COMMENTS
Objective:	The Fraud Ethics Plan stresses the need for SCTIE management and employees to demonstrate: • The highest standard of personal and business ethics; • Compliance with all laws and regulations; • That the business values integrity and effort, not merely financial performance, in all dealings with staff, customers and suppliers; • The desire to be open and honest in all internal and external dealings; • That the plan applies consistently to all staff, whatever their level. The plan needs to be revised to incorporate the latest developments. It will then be communicated to all personnel who will be required to evidence their knowledge of its contents by signing a copy of the document, which will be held in their personal file.	
Responsibility and rollout:	Internal Audit	
Persons driving the process:	Chief Audit Executive	
Status:	In progress	

3.4 DEVELOPMENT OF FRAUD RESPONSE PLAN		COMMENTS
Objective:	A Fraud Response Plan will set out clear, prompt and appropriate action that must be taken when a fraud is suspected. This will greatly assist managers who are unlikely to have experienced the situation before. The preparation of a Fraud Response Plan increases the likelihood that the crises will be managed effectively ensuring minimum loss and appropriate outcomes.	
Responsibility and rollout:	Manco Internal Audit	
Persons driving the process:	Chief Audit Executive	
Status:	Under review	

3.5 FRAUD DETECTION REVIEW		COMMENTS
Objective:	The effective use of SCTIE electronic databases to look for Red flags that may signal fraudulent action, which has not yet been detected. The widespread use of computers has generated an untapped source of discoverable evidence for investigation and litigation. Even though there are frequently no witnesses and no paper trail, computers may generate admissible and discoverable evidence.	
Responsibility and rollout:	Internal Audit	
Persons driving the process:	Chief Audit Executive	
Status:	In progress	

3.6 FRAUD RISK VULNERABILITY REVIEW		COMMENTS
Objective:	The design and implementation of sound systems of financial and operating internal controls. Internal Audit focuses on areas of risk identified by the Risk Assessment process. In terms of the risk management process, risks are assessed and regularly re-assessed and controls modified as and when necessary. Risk management involves the re-engineering of processes to manage potential exposures prevalent within the organisation. Such exposures include risks from both a business and fraud perspective. The internal audit service consists of the following processes: • <u>Risk Assessment and Audit Plan</u> Carry out a risk assessment and develop a three-year rolling strategic internal audit plan;	

	• <u>Execution of the Strategic Internal Audit plan</u> Perform audit assignments as per the agreed audit plan; • <u>Ad hoc assignments</u> Performance of other assignments as the Audit Committee, or SCTIE management, may authorise. The Manager Internal Audit has direct access to the Audit Committee and the CEO. However, as Internal Audit is required to focus on the full spectrum of organisational risk, of which fraud risk is only one element, it is recognised that specific focus on fraud risk is not necessarily given sufficient and specific attention. International trends emphasise the prevalence of fraud and the potential exposure to organisations as a result of fraudulent incidents. It is therefore accepted that a specific intervention, which focuses solely on fraud risk, is both necessary and appropriate One of the most valuable tools in this regard is a Fraud Vulnerability Review. The Fraud Vulnerability Review addresses the following factors when assessing the fraud risks within SCTIE: • Identification of areas where the exposure to fraud is present; • The probability of a fraud occurring in those areas; • The potential exposure or loss that may arise as a result of a fraud occurring in the exposed area • Controls which could be implemented to reduce and manage the risk	
Responsibility and rollout:	Internal Audit	
Persons driving the process:	Chief Audit Executive Internal Audit Risk Committee	
Status:	In progress	

3.7 IMPLEMENTATION OF FRAUD WHISTLE-BLOWER HOTLINE		**COMMENTS**
Objective:	To provide staff and the Public with an anonymous reporting channel to allow for reports of suspicions regarding fraud. Fraud Hotlines are regarded as the second most effective tool in detecting fraud within an organisation. Each employee has a responsibility to disclose irregular conduct in the workplace. Management however, has a responsibility to take all necessary steps to ensure that employees who disclose such information are protected from any reprisal resulting from such disclosure. The Protected Disclosures Act, Number 26 of 2000, was introduced to protect whistle-blowers to try and foster an organisational culture that will facilitate employees disclosing information relating to criminal and other irregular conduct in the workplace in a responsible manner. The legislation was implemented to promote the eradication of criminal and other irregular conduct in organs of state and private bodies. The objective of the Protected Disclosures Act is to *"protect an employee, whether in the private or public sector, from being subjected to an occupational detriment on account of having made a protected disclosure."* Any disclosure made in good faith in accordance with the procedure authorised by his or her employer, to a person other than his or her employer, is deemed to be a *"protected disclosure"*. Most callers state that the anonymity of the Fraud Hotline is what persuaded them to make the call, which they would otherwise have swept under the carpet, hoping it would go away. However, it tends to rear its head once the losses accumulate to such an extent that the activity cannot be disguised any longer.	

	The Board and Manco believe that honesty and integrity are important values, and are committed to stopping dishonest behaviour in the workplace and wish to foster an environment where fraudulent and criminal activity is discouraged.	
Responsibility and rollout:	Internal Audit	
Persons driving the process:	Chief Audit Executive	
Status:	In progress	

3.8 FRAUD AWARENESS & ROLLOUT PROGRAMME		**COMMENTS**
Objective:	To increase the knowledge and awareness of staff in relation to the nature of fraud, how it is perpetrated and what red flags will signal potential problems. Also, to raise awareness of the new Fraud prevention programme, its purpose and elements amongst staff and the public. The two main problems in the fraud prevention battle are lack of awareness and lack of training. The Awareness Programme will include a publicity launch and should be undertaken on an annual basis, reinforcing the above plan and response plan. The Awareness Programme will be extended to all employees.	
Responsibility and rollout:	Corporate Services Internal Audit	
Persons driving the process:	Coordinator: Finance & CS Chief Audit Executive	
Status:	In progress	

4. REPORTING MECHANISMS

The following are the reporting mechanisms within the SCTIE:

- UGU Anti-Fraud & Corruption Hotline 0801 111 660
  Email: information@whistleblowing.co.za
  Fax: 086 5222 816
  Mail: P. O. Box 51006, Musgrave, 4001

- SCTIE line 039 682 3881

5. INTERNAL AUDIT

The SCTIE fraud risk map will guide internal audit effort and activities.

6. AUDIT COMMITTEE

The Audit Committee should review the fraud strategy and plan implemented by the SCTIE on annual basis. The impact of the strategy and in specific the identified high fraud risk areas (fraud risk map) will be communicated to the Office of the Auditor-General who will then incorporate this information in their audit planning.

7. POLICY REVIEW

This policy will be reviewed as and when the need arises.

8. APPROVAL

NAME	SIGNATURE	DESIGNATION	DATE
Mr. Sandile Dlomo		**CHAIRPERSON: SCTIE**	**21.05.2026**