

An analysis of fraud auditing in the Dr Kenneth Kaunda District Municipality

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ABSTRACT

This research study investigated the fraud prevention measures in the Kenneth Kaunda District Municipalities. The objectives of this study were to: (a) analyse the fraud prevention policies and programmes within the Kenneth Kaunda District Municipalities including Matlosana Local Municipality, Tlokwe/ Ventersdorp (North-West 405), Maquassi Hills Local Municipality and the District Municipality of Kenneth Kaunda and (b) provide recommendations for developing fraud prevention policies and programmes. To achieve the objectives of this study, a quantitative research approach was followed. This was done by distributing 70 questionnaires to be completed by and collected from participants representing all four Local Municipalities in the Dr Kenneth Kaunda District Municipality and these were then analysed. Participants included Municipal Managers, Directors, Supervisors, Specialists and General Municipal workers within the District Municipality of Kenneth Kaunda. The completed questionnaires were then sent to the Statistical Consultation Service of the North-West University for analysis.

Through this study, fraud prevention measures in the District Municipality of Dr Kenneth Kaunda were diagnosed as well as the underlying causes and effects of fraud. The study further highlighted the actions taken to combat fraudulent activities in the municipalities, the impact of such actions, the challenges faced by the local municipalities as well as the way forward. The results of the study found that in the Kenneth Kaunda District, there is not sufficient action being taken against those who commit fraudulent activities. The study also highlighted the need to enhance municipal anti-fraud strategies. Political will was also highlighted as underlying the lack of action against fraudulent behaviour. The results further indicate a positive relationship between lack of fraud awareness and acts of fraud. From these results, it is concluded that the strengthening of anti-fraud strategies, consequences for fraudulent behaviour, continuous fraud-awareness campaigns not only targeted at Municipal employees but also to all stakeholders of the Municipalities have to be prioritized. In an attempt to close the gap between previous research and this study, recommendations were made to improve the fraud prevention measures in the Local Municipalities.

KEY WORDS: Fraud, Corruption, Auditing, Whistle-Blowing, Procurement, Collusion, Internal Control and Forensic Investigations

OPSOMMING

Hierdie navorsing het die voorkoms van bedrog en korrupsie in vier plaaslike munisipaliteite in die Dr Kenneth Kaunda distrik bestudeer. Die doel van die studie was om (a) om die bestaande bedrog-voorkomingsbeleide en programme in die Kenneth Kaunda streek te bestudeer, [wat die plaaslike munisipaliteite van Matlosana, Tlokwe/Ventersdorp en Maquassi Hills asook die Dr Kenneth Kaunda distriksmunisipaliteit insluit]; (b) om verder bedrogvoorkomingsbeleide en programme voor te stel om die probleem beter te bestuur. Om die navorsingsdoelwitte te bereik is 'n kwantitatiewe navorsingsmodel gevolg. Dit is gedoen deur 100 vraelyste te versprei, waarvan 70 terug ontvang is vanuit die plaaslike owerhede. Daarna is die vraelyste geanaliseer. Respondente het ingesluit munisipale bestuurders, direkteure, supervisors, spesialiste en algemene munisipale werkers. Die voltooide vraelyste is deur die NWU se Statistiese Konsultasiediens geanaliseer en verwerk.

Deur hierdie studie is korrupsie en bedrogsvoorkomingsmaatreëls gediagnoseer asook die onderliggende oorsake en implikasies van bedrog en korrupsie. Die navorsing het aksies wat geneem is om bedrog en korrupsie te voorkom geaksentueer en die impak hiervan bestudeer. Die uitdagings en die moontlike oplossings in die bedreiging wat korrupsie en bedrog inhou, is verder uitgelig. Die resultate van die studie het uitgewys en bevind dat daar nie effektiewe optrede en aksies geneem word teen die oortreders van bedrog en korrupsie nie. Die navorsing dui verder aan dat anti-korrupsie strategieë en bedrogvoorkomingsmaatreëls, verbeter moet word. Die gebrek aan die politieke wil onder politici om betekenisvolle optrede en aksies te loods teen bedrog en korrupsiegedrag is ook uitgewys. 'n Duidelike verwantskap is in hierdie studie uitgewys tussen 'n gebrek aan 'n bedrogsbewussyn en bedrogpleging in plaaslike regering. Verskeie aanbevelings word in hierdie verband in die studie gemaak, onder andere dat deurlopende bedrogbewusmakingsveldtogte gevoer moet word.

SLEUTEL WOORDE: Bedrog, Korrupsie, Auditeering, Fluitjieblaser, Verkryging, Samespanning, Interne Beheer en Forensiese ondersoek.

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Chapter 1: The relevance of fraud prevention in local government

1.1 Introduction

The rise in cases of fraud and corruption in the municipalities in South Africa has attracted a lot of criticism of local municipalities for their inability to detect these crimes timeously. It is often questioned why the municipalities are unable to identify these crimes and why perpetrators of these acts often get away without being detected.

According to Cressy (1953:33) fraud is committed because the perpetrator or the “*trust violator*” as Cressy refers to the perpetrator, identifies a perceived opportunity; he has pressure of some sort and he rationalises commission of the fraud. These three fundamental issues or legs are known as the “*fraud triangle model*” and it is against this background that fraud prevention measures need to be improved and strengthened at all times.

The key to understanding the fraud triangle model is that all three elements of the triangle must be present for the trust violation to occur.

1.1.1 Pressure of a financial need or problem

Perpetrators of fraud often have self-induced or legitimate financial needs. A self-induced need might be a result of a life-style, social insecurity or substance abuse. A legitimate need might arise from an accident or a medical problem that might prompt an employee or official to commit fraud. However, in the local municipal environment the predominant financial needs of employees and officials are self-induced as opposed to legitimate.

1.1.2 Perceived opportunity

Perceived opportunity comprises two components, namely general information and technical skill. General information refers to the knowledge by the trust violator that his position can be violated. In other words, he knows the loopholes in the system such as control weaknesses and the potential lack of detection and oversight. In the local government environment information can be obtained from co-workers or colleagues

who are often experienced violators of their positions or from the trust violator's observations of dishonest behaviour and lack of consequences.

Technical skill as the other component of perceived opportunity refers to the abilities needed by the perpetrator to violate the organisation's trust in him. A local councillor will use his/her power and influence to defraud members of the public by selling an RDP house, a cashier will use his access to dormant accounts of the municipality in collusion with bank tellers to manipulate the financial system and so on.

1.1.3 Rationalisation

Within the local municipalities environment occupational fraud is committed by politicians, business-people or service providers to these municipal entities and employees who embezzle money, stock and tools. The trust violators also defraud clients and it is therefore the municipal entity and clients that are often victims of these schemes.

1.2 Perceptions of fraud prevention in local government

Various audit disclaimers within the Dr Kenneth Kaunda District Municipality saw the citation by the Auditor-General in the Dr Kenneth Kaunda Kaunda Annual Report (2012/2013: 110), that he *"could not obtain sufficient appropriate audit evidence about project costs paid by the Dr Kenneth Kaunda District Municipality Economic Agency (SOC) Limited included in the operational fees, as documents relating to these costs were lost by the entity during 2012. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments to operational fees of R3 665 236 (R2012: R5 708 819) disclosed in the consolidated statement of financial performance and notes to the financial statements were necessary"*. The report states that the documents were lost in 2012 but by 2013 the accounting officer had not yet finalised a report on this matter (Kenneth Kaunda Annual Report 2012/2013:220). The researcher is of the view that because both the district municipality and its State Owned Company (SOC) have document retention policies, the report by the accounting officer should have alluded to the deviation from the policy, who the perpetrator was and what consequences were to follow. It is further the researcher's considered view that the loss of these documents may well have been a deliberate act of management either to

conceal the expenses and liabilities or to make the agency (SOC) appear more profitable than it really is.

The citation in the Kenneth Kaunda Annual Report (2012/2013:221) that the Auditor-General queried “*the restating of the corresponding figures for the prior period as a result of errors discovered during the current period*” and in the subsequent financial year the same restatements occurred without consequences is a clear indication of unlawfulness as an element required to prove fraud in that there is a reckless disregard for policies and procedures.

The Kenneth Kaunda Annual Report (2012/ 2013) further cites the Auditor-General “*as discussed in note 48 to the financial statements, irregular expenditure of R5 371 534 incurred in the current year and irregular expenditure of R2 983 003 from previous years has not yet been dealt with in accordance with section 32 of the Municipal Finance Management Act (MFMA). As disclosed in note 47 to the financial statements fruitless and wasteful expenditure of R78 041 for the current year and R142 190 from prior years has not yet been dealt with in accordance with section 32 of the PFMA*”. It is again the researcher’s view that because of the failure on the part of management to deal with the Auditor-General’s findings in the subsequent financial year 2013/2014 there is a reckless disregard on the part of management which opens up the municipality to all sorts of fraudulent schemes which then make management complicit in these schemes.

Furthermore, the Kenneth Kaunda Report (2012/2013:222) states that “*the financial statements submitted for audit purposes were not in all material respects prepared in accordance with the requirements of section 122 of the MFMA. Material misstatements of commitments, unspent conditional grants, trade and other payables from exchange transactions, employee costs, irregular expenditure, contingent liabilities and accumulated surplus identified by the auditors were subsequently corrected, resulting in the separate financial statements receiving an unqualified audit opinion*”. The conduct depicted by the audit finding mentioned here is a clear intentional misstatement and is tantamount to a clear-cut case of fraud. The researcher remarks that if one looks at the definition by Cendrowski, Martin and Petro (2007:33), who describes management fraud as fraudulent financial reporting through the manipulation, falsification or alteration of

documents of record, misrepresentations, omissions and the misapplication of generally accepted accounting principles, the conduct of management clearly fits the profile of management fraud.

It is very clear from the above examples of management fraud that the management of the Dr Kenneth Kaunda District Municipality who are occupying positions of trust often violate this trust. Management fraud is normally committed by persons in positions of trust because they have the authority to override controls (Singleton, Singleton, Bologna and Lindquist, 2006:2). It is evident that the trust which is defined by the *Oxford Dictionary* as the “*firm belief in someone or something*”, or the “*acceptance of the truth of a statement without evidence or investigation*” (Pearsall, 1999:1540) is often betrayed by these managers to their own advantage over that of municipalities.

1.2 Problem statement

The Constitution of the Republic of South Africa obliges all spheres of government to be transparent about their budgets and financial affairs (South Africa, 1996). The principle of transparency as entrenched in the Constitution fundamentally seeks to ensure good governance and is a key pillar of sustainable service delivery. Municipalities therefore have a Constitutional obligation to ensure good governance at all times in order to achieve quality service delivery. However, the prevalence of fraud and corruption schemes in municipalities remains the biggest impediment to the achievement of these objectives.

In 2013 the then Auditor-General (AG) of South Africa, Mr Terrence Nombembe, demonstrated the extent to which this phenomenon of fraud and corruption prevails in the local government sphere when he remarked that the city of Matlosana, a local municipality in the Dr Kenneth Kaunda District of the North West Province would be unable to operate as a going concern. This was after this municipality had received a disclaimer auditor-general’s opinion for the 2011/ 2012 financial year (Auditor-General’s Report, 2013).

Amongst the reasons for the disclaimer audit opinion was the senior management vacancy rate that rose from 25% in the 2011 financial year to 50% in the 2012 financial

year. The AG further raised a concern that “officials in key positions lack skills and competencies to understand and address queries that arose during the audit and are unable to perform key reconciliations”. The Matlosana Municipality, one of 16 North West Municipalities that received Disclaimer AG opinions for the 2011/ 2012 financial year, was severely criticized by the AG in his report stating *inter alia* that “The senior management vacancy rate rose from 25% in the previous year to 50% in the current year. Positions in senior management had been vacant for more than 12 months. Officials in key positions lack the skills and competencies to understand and address queries raised during the audit and are unable to perform key reconciliations”.

The subsequent financial year of 2013/ 2014 did not bring any positive changes to the financial state of affairs in this municipality which in the 2012/ 2013 financial year incurred fruitless and wasteful expenditures amounting to R5 720 251, recorded financial losses of R103 602 752 with its liabilities exceeding assets by R 589 582 550. It is the same financial year in which this municipality expended R25 306 656 irregularly and could not provide any evidence in the form of documents for audit purposes to account for R365 747 278. It is, however, not only Matlosana Local Municipality, but also all the other three local municipalities including the District Municipality itself that received disclaimer AG opinions for the 2012/2013 financial year. This is just to give a picture of how extensively fraud and corruption have affected institutional capacity and stability in the Kenneth Kaunda District municipalities. It should, however, be noted that the other three local municipalities of Tlokwe/Ventersdorp, the Kenneth Kaunda District Municipality itself, and Maquassi Hills are no exception in terms of the prevalence of these fraud and corruption schemes. Instead of improvements during the subsequent financial year of 2013/ 2014 the people of Bloemhof in the Maquassi Hills Municipality became the subject of media publicity for a protracted period of time protesting against the poor state of service delivery. The N12 national road was frequently closed and vehicles on this road were attacked during the protest actions by this community. Section 139 administration was invoked against this municipality. Shortly thereafter Matlosana Municipality was also slapped with a section 139 which the council denied in the media and cited the invocation of this section 139 as a mischievous rumour by

opposition parties and the disgruntled members of the ruling party attempting to drag the name of the municipality through the mud.

The period 2013/ 2014 also saw the then Ventersdorp Municipal Manager being placed on precautionary suspension for acts of fraud and corruption relating to procurement. This is another cash-strapped municipality in the district which was plagued by service delivery protests. In spite of cash flow problems at the municipality the Municipal Manager is alleged to have colluded with a service provider from outside the province of the North West to defraud the municipality by paying for services that were not rendered. According to Statistics South Africa (Census, 2011) the District Municipality is home to a total of 695 932 people with 57% living in Matlosana. The District Municipality comprises three Local Municipal councils namely the City of Matlosana, the City of Tlokwe/Ventersdorp and Maquassi Hills Local Municipalities with Matlosana and Tlokwe/Ventersdorp being predominantly urban areas whilst Maquassi Hills Local Municipality is predominantly rural. All these municipal councils in the district have been victim to various fraud and corruption schemes by municipal officials, the public and even municipal councillors.

For the purposes of this study a fraud scheme is considered to be an intentional misrepresentation by a person or persons that aimed at causing an actual or potential prejudice to another. This definition is derived from Snyman (2002:520) which states that fraud is an unlawful and intentional making of a misrepresentation which causes actual prejudice or which is potentially prejudicial to another.

The failure by municipalities in the Dr Kenneth Kaunda District to implement recommendations of the AG demonstrates the behavioural considerations highlighted by Singleton (2006:43), which are the mind-set, attitudes, values and norms of the councillors, officials and stakeholders in the district to ensure that these schemes are concealed and not easily detected.

With the huge responsibility imposed by the Constitution and different statutes such as the Municipal Finance Management Act, the Municipal Structures Act, Municipal Systems Act and the National Treasury regulations on government, modernisation of

budget and financial management practices can be maximised by not only improving financial audits, but by also paying more attention to fraud investigations.

Singleton *et al.* (2006:43) draw a distinction between financial audits and forensic audits. By looking at overt aspects or structural considerations such as hierarchy, financial resources, goals of the organisation, skills and abilities of personnel, the technology used and the performance and efficiency measurements, a financial audit is more procedural. These structural considerations are visible and can be identified easily. On the other hand, forensic audits look at covert aspects or behavioural considerations that are normally hidden and are also not easily detected such as a person's mind-set which is normally displayed through his attitudes, feelings interaction, satisfaction values and norms (Singleton *et al.*, 2006:43). The fraud and corruption schemes are often sophisticated and therefore to uncover them, professional scepticism needs to play an important role. For this reason, this study emphasises the need to pay more attention to fraud investigation in the Dr Kenneth District Municipalities to deal effectively with these.

Various academic books (Albrech, 2003, Cendrowski *et al.*, 2007, Golden, Salaki & Clayton, 2006, Vona, 2008 and Wells, 2008) relating to the application of a fraud investigation/audit approach have been written and published. However, there is still limited research in respect of fraud investigation generally in the South African government and specifically in its municipalities. The available academic resources focus mainly on the financial audits as opposed to fraud investigations. From his personal experience the researcher has identified that financial audits alone cannot sufficiently address the fraud and corruption schemes in the Dr Kenneth Kaunda District municipalities. This is because financial audits only provide reasonable assurance relating to the reliability of financial statements (Rezaee, 2002).

A financial audit therefore relies on the adequacy and effectiveness of internal controls to detect fraud (Rezaee, 2002). To take this process further, fraud investigation then proactively looks for weaknesses in an organisation's internal control structures and determines whether there is an opportunity to exploit these weaknesses, making the ground fertile for fraud and corruption to take place. The third step that follows financial

audit and fraud audit then should be fraud or forensic investigation. Therefore the bridge between financial audit and forensic or fraud investigation is fraud auditing. Without effective fraud auditing, even with the best financial audits no effective fraud or forensic investigation can take place to sufficiently address these schemes. The problem identified by this study is that financial audits are indeed conducted by the municipalities in the Dr Kenneth Kaunda district through internal and external auditors. However, these financial audits are not complemented by fraud investigation because these municipalities do not have any fraud-auditing capacity, hence the unsuccessful attempts at detection, investigation and prosecution of the perpetrators of these fraud and corruption schemes.

This study seeks to extensively analyse the fraud prevention policies and programmes within the Dr Kenneth Kaunda District Municipalities including Matlosana Local Municipality, Tlokwe/Ventersdorp (North West 405), Maquassi-Hills Local Municipality and the District Municipality of Kenneth Kaunda and (b) provide recommendations for developing fraud-prevention policies and programmes to allow for the process of successful investigation and resolution of fraud cases in these municipalities.

1.3 Research objectives

As a primary objective this study seeks to firstly extensively analyse the existing fraud prevention policies and programmes within the Dr Kenneth Kaunda District Municipality including Matlosana Local Municipality, Tlokwe/Ventersdorp (North West 405), Maquassi Hills Local Municipality.

The secondary research objective is to evaluate existing fraud policies, programmes and strategies as well as the understanding of those policies, programmes and strategies by management in especially the financial departments of said municipalities. This study will then provide recommendations for developing fraud prevention policies and programmes to allow for the process of successful investigation and resolution of fraud cases in these municipalities.

1.4 Literature review

This study was conducted through an extended literature review. The review of literature on this study has revealed that studies aimed at evaluating fraud prevention measures in Local Municipalities to address fraud and corruption schemes have to a large extent been very limited. It is for this reason that various sources of information have been used to overcome the deficiency caused by insufficient literature to fulfil the objectives of this research. The following information sources which focus on fraud and corruption within the Local Municipalities have been used:

- The Auditor-General's reports
- Local government anti-corruption strategy
- The South African Constitution
- Official documents of the North West provincial government
- Articles from journals and newspaper reports
- Political speeches
- Legislation and statutes of the Republic of South Africa
- Municipal employees' union websites
- The Public Service Anti-Corruption Strategy.

1.5 Methodology

This study relies significantly on primary data sources and is both qualitative and quantitative in nature. This data is gathered from employees and Managers from the District Municipality of Dr Kenneth Kaunda as well as a literature review gathered from official documents of the Provincial Government, various reputable independent bodies that fight corruption in South Africa, law reports and newspaper reports. This is aimed at achieving both the primary and secondary objectives of the study.

This study uses a qualitative and quantitative research approach because it examines human behaviour. Welman and Kruger (2002:178) advise conducting qualitative research when a researcher studies human behaviour. This research further used an empirical design because interviews and analysis of secondary data sources were used. On the other hand Denscombe (1998:6) describes empirical research as getting

out of the chair, going out of the office and purposefully seeking for information out there. The researcher did exactly that, getting out of the chair, out of the office - the researcher purposefully went out to seek information.

By getting out of the chair, out of the office and seeking information through interviews, the researcher focused on the phenomena that occur in their complex natural setting (Welman & Kruger, 2002). Through a literature study and semi-structured interviews with officials in the office of the Dr Kenneth Kaunda District Municipality, the officials from finance in the District Municipality, audit and finance department officials as well as procurement officials, this study should be able to achieve the set objectives. Semi-structured interviews with officials in all four local municipalities led to a total of 70 respondents participating in this study.

Data collected by means of interviews is subjective in nature and in order to enhance the chances of gaining a better understanding of the real life experiences, thoughts, behaviour and perceptions of the participants a total of 20 self-administered questionnaires were distributed in each municipality including at the District Municipality itself and 70 questionnaires were collected with results. This design was used in line with Mouton's (2001:71) statement that interviews are the primary data sources whereas literature study provides the secondary data.

1.6 Study outline

The chapters of this study are outlined as follows to ensure that the research report is well-structured, contents follow a logical approach and that the research aims are addressed:

1.6.1 Chapter 1: The relevance of fraud and corruption in local government

This chapter focuses on perceptions about fraud and corruption and as such it outlines the anti-fraud policies and legislation which are also discussed.

1.6.2 Chapter 2: Theoretical and practical application of fraud and prevention strategies

Fraud and corruption schemes are complex and perpetrators of these crimes are sophisticated. This chapter therefore exposes the complexity of these schemes with the intention to improve the skills base and capacity to proactively prevent these schemes. This chapter also outlines the Municipal fraud and corruption schemes that are most prevalent in the Dr Kenneth Kaunda District Municipality and the strategic response to address this problem.

1.6.3 Chapter 3: Diagnosing and analysing the fraud problem within the Dr Kenneth Kaunda District

This chapter focuses on the research methodology of the study and outline the diagnostic approach through statistical analyses followed by discussion of results.

1.6.4 Chapter 4: Conclusions and recommendations

The recommendations emanating from the study are outlined in this chapter.

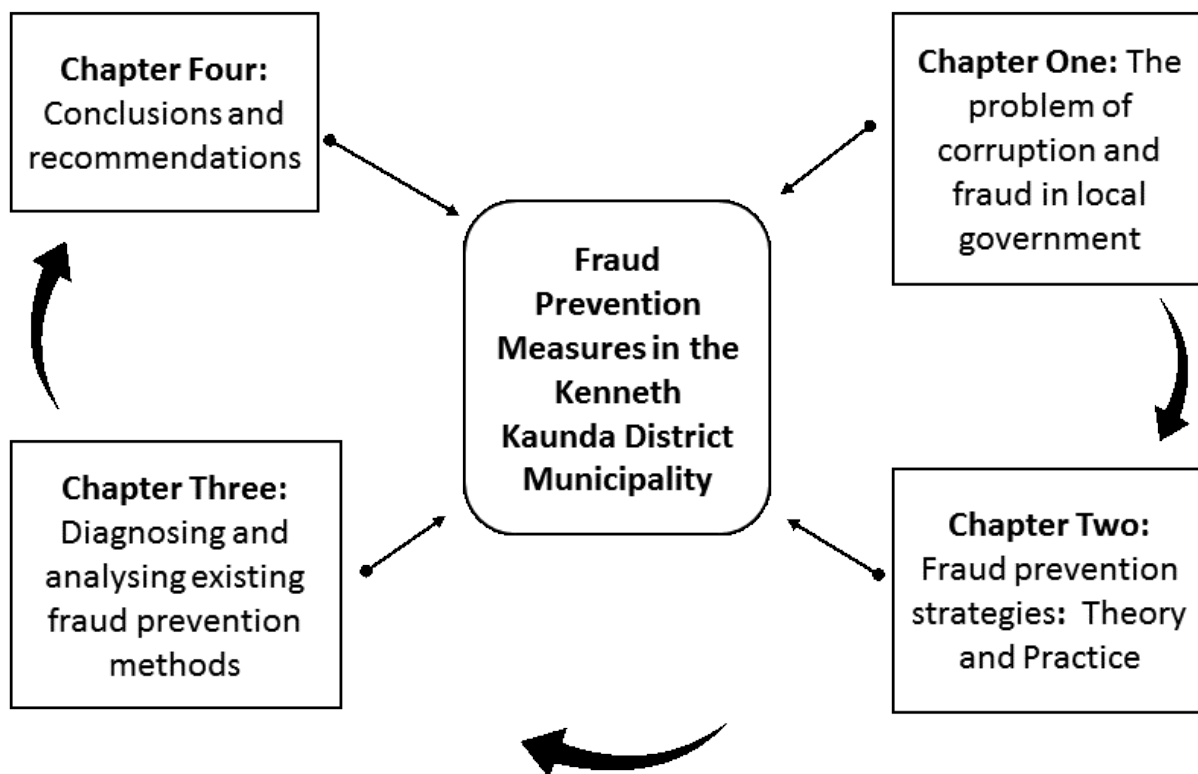


Diagram 1: Chapter outline

Chapter 2: Theoretical and practical application of fraud prevention strategies

2.1 Introduction

This chapter explores the different types of fraud and corruption schemes. When exploring these schemes this study will define the terms *fraud* and *corruption schemes*. To define is to state a meaning (Pearsall, 1999), therefore seeing that different authors have different explanations for the definition of these terms, it becomes necessary to define such schemes in the context relating to the public sector in general and to local government in particular.

Given the background to the definition of fraud and corruption schemes here in this chapter, the general concept of fraud and corruption as they relate to the local municipalities is explored. Secondly, the types of fraud are explained. Thirdly, the examples of fraud occurring in the Dr Kenneth Kaunda District Municipalities as well as local municipalities within this district are defined.

2.2 Defining fraud and its elements

2.2.1 Fraud

Fraud has traditionally been defined as white-collar crime which was first coined by Sutherland (1949: 9) as '*crime in the upper, white-collar class, which is composed of respectable, or at least respected, business, and professional men*'. As such fraud has often been directly related to crimes against business entities by professional and respected people classified in occupational roles and this has therefore excluded other crimes that do not form part of occupational procedures. The difficulty of confining the definition of fraud to white collar crime only is that white-collar crime is a general term used for crimes committed by or against business people in positions of trust (Singleton, *et al.*, 2007). It happens quite often that fraud occurs also between individuals who are sometimes not so respectable and are not necessarily in positions of trust or attached to business. It is for this reason that this study will define fraud according to Snyman (2002:520) as this definition seems to be more detailed and all-encompassing different set-ups. According to Snyman (2002:520) fraud is '*the unlawful and intentional making of a misrepresentation which causes actual prejudice or which is potentially prejudicial*

to another'. Snyman (2002:520) further indicates that to prove fraud holistically, one needs to prove the following elements:

- Misrepresentation

According to Wells (2008:9), misrepresentation is '*perversion or distortion of the truth*'. This involves the misrepresentation of material facts and the gist of this is the deliberate making of a false statement to induce the other party to part with money or property. The sub-elements of misrepresentation therefore include:

- ✓ Material false statement
- ✓ The knowledge of its falsity
- ✓ Reliance on the false statement by the victim
- ✓ Damage suffered

From this definition one can conclude that misrepresentation amounts to concealment, false representations, deceitfulness and the deliberate omission to disclose the truth. According to Snyman (2002: 521) misrepresentation can be either expressed or implied through a positive act or omission, and it can also be about past or present events or even false promises about the future.

- Prejudice or potential prejudice

According to Snyman (2002: 523) prejudice is harm to another person which also includes potential harm. It means that the other person must suffer damages or potential damages as a result of the fraudster's actions. For the crime of fraud to be committed, therefore, prejudice or potential prejudice must always exist. It is also important to mention that prejudice need not necessarily be in monetary terms or as Snyman (2002:526) puts it, '*financial or proprietary prejudice (real or potential), the prejudice need not necessarily be proprietary in character*'. Snyman (2002:524) further states that the potential prejudice means that the misrepresentation should objectively involve some risk of prejudice and that there must be a possibility of the prejudice. It also means that such possibility of prejudice must be a reasonable possibility. It is of fundamental importance to note that the person to whom the misrepresentation is made does not

necessarily have to suffer the prejudice. The prejudice can be suffered by someone else to whom the misrepresentation was not necessarily made or to a third party.

- Unlawfulness

Unlawfulness means that the person making a misrepresentation must have known that his misrepresentation was false. In other words he must know of his misrepresentation's falsity or he must not honestly believe in its truth. In an instance where the person making the representation doubts the truth or correctness of his representation and he does not verify the correctness of such representation and acts recklessly in total disregard of confirming the truth, then he has to be held responsible for fraud.

- Intention

According to Albrecht (2003:6), if a person makes an unintentional error by, for instance, entering an incorrect number in a financial statement, this would not be fraud.

The South African local government sector is prone to two primary types of fraud schemes: they are occupational fraud and management fraud. Albrecht (2003:7) defines occupational fraud as fraud committed against the organisation and management fraud as fraud committed on behalf of the organisation. Occupational fraud is committed largely by individuals or small groups of individuals in connection with their occupation (ACFE, 2010). Some scholars debate the notion of whether corruption is a form of fraud and this becomes apparent when amongst the five types of fraud that Comer (2003:5) classifies as corporate fraud, he mentions corruption, conflict of interest, theft of assets, fraudulent reporting and technology abuse. According to Comer (2003:5), corruption which he defines as "*the payment of unauthorised benefits for performing or not performing a specific task*", is a form of fraud. Because occupational fraud is committed against the organisation and for the purposes of this study, deliberations on this fraud schemes are necessary and further deliberation on corruption as a different scheme will follow in the next section.

According to Cressy (1953:33) fraud is committed because the perpetrator or the “*trust violator*” as Cressy refers to the perpetrator identifies a perceived opportunity; he has pressure of some sort and he rationalises commission of the fraud. These three fundamental issues or legs are known as the “*fraud triangle model*”. The key to understanding the fraud triangle model is that all three elements of the triangle must be present for the trust violation to occur.

2.2.1.1 Pressure of a financial need or problem

Perpetrators of fraud often have self-induced or legitimate financial needs. A self-induced need might be a result of a life-style, social insecurity or substance abuse. A legitimate need might arise from an accident or a medical problem that might prompt an employee or official to commit fraud. However, in the local municipal environment the predominant financial needs of employees and officials are self-induced as opposed to legitimate.

2.2.1.2 Perceived opportunity

Perceived opportunity comprises two components namely general information and technical skill. General information refers to the knowledge by the trust violator that his position can be violated. In other words, he knows the loopholes in the system such as control weaknesses and the potential lack of detection and oversight. In the local government environment information can be obtained from co-workers or colleagues who are often experienced violators of their positions or from the trust violator’s observations of dishonest behaviour and lack of consequences.

Technical skill as the other component of perceived opportunity refers to the abilities needed by the perpetrator to violate the organisation’s trust in him. A local councillor will use his/her power and influence to defraud members of the public by selling an RDP house, a cashier will use his access to dormant accounts of the municipality in collusion with bank tellers to manipulate the financial system and so on.

2.2.1.3 Rationalisation

Within the local municipalities environment occupational fraud is committed by politicians, businesspeople or service providers to these municipal entities and

employees who embezzle money, stock and tools. The trust violators also defraud clients and it is therefore the municipal entity and clients that are often victims of these schemes.

2.2.2 Types of municipal fraud schemes

This study identified the following fraud schemes outlined in the 2010 international edition of The Association for Certified Fraud Examiners (ACFE, 2010) as the most prevalent in the Dr Kenneth District Municipalities.

2.2.2.1 Financial statement fraud

Financial statement fraud is commonly perpetrated by management. The prevalent financial statement fraud in the Kenneth Kaunda District Municipality is the omission and misstatement of material information from the municipality's financial report.

2.2.2.2 Asset misappropriation

This is the most common all occupational frauds and the Kenneth Kaunda District Municipality is no exception to this type of fraud. Almost the entire types of assets at the disposal of the Kenneth Kaunda District Municipality are vulnerable to misappropriation by employees and/or officials, management, politicians, service providers/businesspeople and the general public. There have been various criminal cases opened and investigated, some of whom are currently being heard by different kinds of courts of the land in respect of asset misappropriation at the Kenneth Kaunda District Municipality. The major categories of assets misappropriation found at this municipality are as follows:

- **Cash receipt schemes**

The usual cash receipt schemes prevalent in the local government environment is cash larceny which entails the theft of cash that has already appeared on the account by an official, and cash skimming which the theft of cash occurs before it is recorded in the records of an entity. The practical example of cash skimming by a municipal employee is when a client pays his account and the official either records

only a portion of that cash or he does not record it all. The officials will then normally write-off the account as bad debt to conceal his deeds.

- **Fraudulent disbursements**

In a fraudulent disbursement scheme an official will make a distribution of company funds for a dishonest purpose. These include forging a municipal cheque, submitting false documents and manipulating time cards.

- **Theft of inventory and other non-cash assets**

Municipal employees and officials normally move non-cash assets through fraudulent asset acquisitions and other documents. They normally requisition materials for work projects and make off with materials.

2.3 Defining corruption and its elements

The international edition of the Association for Certified Fraud Examiners (ACFE) (2010: 1.701) states that bribery and corruption occur in the form of off-book frauds through kick-backs, gifts, or gratuities to government employees from contractors or to private business employees from vendors. The municipalities falling under the Dr Kenneth Kaunda District are also riddled by these acts. This following subsection contains the definition and elements of corruption.

2.3.1 Corruption

Corruption thrives as a result of weaknesses in the organisational systems and processes and for the purposes of our study; it is the abuse of public office for private gain (Drury *et al*, 2006). In other words, the Municipal officials, managers and councillors abuse their offices or positions for private gain regardless of whether the gain is directed at them or anyone else. Drury *et al*. go further to refer to gain acquired through corruption as any kind of gain, financial, in status and it could be gain by an individual or a group, or those linked with such and individual or group. The Fraud Examiners Manual (2010, 1.701) draws a thin line between corruption and fraud thereby simplifying the definition of corruption by stating that bribery and corruption are off-book frauds that occur in the form of kickbacks, gifts or gratuities to government employees from contractors or to private business employees from vendors.

Bartlett (2010), states that corruption is the lack of integrity or honesty, and the use of a position of trust for dishonest gain. On the other hand, Burger (2010) states that corruption can be regarded as the corrupt offering or accepting of any benefit which is not legally due in the commission or omission of an act in relation to the exercise of duty.

According to the Guideline for Implementing the Minimum Anti-Corruption Capacity Requirements in Departments and Organisational Components in the Public Service (DPSA, 2006:3), the definition of corruption can be summarised as “corruption is where one person (A) gives someone in a position of power (B) something (called a gratification in the Act) to use that power, illegally and unfairly, to the advantage of B. As a result, at least two people are needed for the crime to take place, and both will be guilty of the same crime – corruption. This definition is a complete summary of The Prevention and Combatting of Corrupt Activities Act (12 of 2004). Corruption manifests itself almost in the same way as fraud except that in corruption, there are always both a corruptor and a corruptee, whereas most fraudsters are able to complete the act of fraud without assistance from another person.

2.3.2 Types of municipal corruption schemes

The following are typical corruption schemes found in local municipalities

- **Kickback schemes mainly involving fictitious or inflated invoices for goods and services**

These schemes can be defined generally as the giving or receiving anything of value to influence a business decision without the knowledge and consent of the employer. A typical example of this kind of scheme is where a municipal employee based at a supply chain section would help a service provider by making sure that a payment is effected on the false invoice submitted and receive a payment for his assistance.

- **Business diversion**

These schemes take the form of diverting a business unduly to a specific service provider in exchange for payment.

- **Bid-rigging schemes**

This is where influential employees of a municipality would influence the competitive bidding process to favour his/her own corruptor in exchange for money.

2.4 The strategic response to municipal fraud and corruption

The evaluation of each Municipal Council in the Kenneth Kaunda District Municipality's fraud prevention measures exposed these Councils to a lack of fully functional and comprehensive Fraud Control Frameworks (FCF). This means that these Councils must develop strategic and well-co-ordinated approaches to the management of fraud by developing the FCF which clearly outlines key fraud-prevention measures.

2.4.1 Good corporate governance

Corporate governance, for the purposes of King IV, is about the exercise of ethical and effective leadership by the governing body. Such leadership includes four over-arching responsibilities of the governing body: (I) providing strategic direction; (II) approving policy to put strategy into effect; (III) providing informed oversight of implementation and performance and (IV) disclosing. Ethical and effective leadership should result in the following beneficial governance outcomes for the organisation: (I) an ethical culture; (II) sustainable performance and value-creation; (III) adequate and effective control by the governing body, and (IV) protecting and building trust in the organisation, its reputation and legitimacy (King IV, 2016: 2).

King IV is premised on effective and ethical leadership. According to King IV (Institute of Directors 2016:2), effective leadership is exemplified by the following attributes:

- The ability to direct performance; and being
- Results-oriented

King IV (Institute of Directors 2016: 2) further states that ethical leadership is exemplified by the following attributes:

- Responsibility;
- Accountability; and

- Fairness and transparency.

Fraud prevention begins with the top management of every organisation. Employees follow the example set by top management and act according to the rules formulated by the leaders in the organisation (UNISA, 2006:65).

It is generally known that the role of good governance in any organisation is to ensure that board and management together act in the best interests of the organisation. For the purposes of this study the board and management will be the chosen Municipal Councils and their appointed managers. Thus, the councillors and managers of the Municipal Councils in the Kenneth Kaunda District cannot be exempted from the key requirements of *effective and ethical* leadership.

2.4.2 Fraud risk assessments

Fraud risk assessment is a very a relevant strategic tool to be used by any Municipality to identify and assess the risks that might be involved in achieving organisational objectives. It is a three-step process comprising the following three steps:

- Setting objectives for the organisation in a form of statements expressing organisational objectives such as mission statements;
- Analysis of potential violations internal and external risks; and
- Development of a strategy to manage risks by preparing to react to any internal and external risks.

2.4.3 Internal controls

Policies and procedures that enforce management directives by providing guidelines in a manual that is issued to employees for their sensitisation is a necessary strategic tool to fight fraud and corruption in any organisation. However, these control activities should be monitored closely by management and the necessary changes should continuously be made where failures are identified.

2.6 Conclusion

The essence of this chapter was to provide an overview of the concept of corruption and the typical fraud and corruption schemes in local municipalities which are prevalent in the Dr Kenneth Kaunda district. The chapter further unpacked the potential strategic response to these fraud and corruption schemes by the municipalities. This was achieved by thoroughly doing a theoretical examination on corruption and outlining the various responses which the municipalities can implement to counter these. This will assist in identifying lessons to be drawn from experiences in other municipalities for the authorities to use as benchmarks for the Dr Kenneth Kaunda district municipalities.

The following chapter will diagnose and analyse the exact problem within the Dr Kenneth Kaunda district municipalities.

Chapter 3: Diagnosing and analysing the fraud problem within the Dr Kenneth Kaunda District Municipalities

3.1 Introduction

The preceding inputs to this study in the main were an orientation to the study or investigation of the fraud prevention measures in the Dr Kenneth Kaunda District Municipalities. Primarily, the objective of this current section is to outline the research methodology of the empirical study by practically giving the detailed overview of the process followed in conducting the research.

3.2 Research methodology

3.2.1 Research design

According to Mouton (2001:55) a research design is a plan of how one intends to conduct the research. This study uses a qualitative and quantitative research approach because it examines human behaviour. Welman and Kruger (2002:178) advise one on how to conduct qualitative research when a researcher studies human behaviour. This research further used an empirical design because interviews and analysis of secondary data sources were used. On the other hand, Denscombe (1998:6) describes empirical research as getting out of the chair, going out of the office and purposefully seeking information out there. The researcher did exactly that, getting out of the chair, out of the office, and purposefully going out to seek information.

By getting out of the chair, out of the office and seeking information through interviews the researcher focused on the phenomena that occur in their complex natural setting (Welman & Kruger, 2002). A literature study and semi-structured interviews with managers, officials and/or employees in the Local Municipalities falling under the Dr KK Kaunda district were conducted. Furthermore, semi-structured interviews with the same officials in all four local municipalities were conducted, leading to a total of 70 respondents participating in this study.

Data collected by means of interviews is subjective in nature and in order to enhance the chances of gaining a better understanding of the real-life experiences, thoughts,

behaviour and perceptions of the participants. A total of 20 self-administered questionnaires were distributed in each of the four local municipalities and the district municipality. From the total of 100 questionnaires distributed 70 questionnaires were collected with results. This design was used in line with Mouton's (2001:71) statement that interviews are the primary data sources whereas literature study provides the secondary data.

3.2.2 Qualitative research

Leedy and Ormrod (2005:133) state that qualitative research approach focuses on a phenomenon that occurs in its natural setting or "real world". This study used a qualitative research approach and presented it in the form of a literature study and semi-structured interviews. These semi-structured interviews were conducted with 70 municipal employees and/or officials, including their managers, supervisors and specialist personnel within the chosen municipalities.

A survey or questionnaire was used to gather opinions of these municipal employees and officials as key stakeholders in the running of their municipal entities. This study acknowledges the subjectivity of interviews but it is still satisfying to note that these interviews do give a better understanding of the real-life behaviour, perceptions, experiences and thoughts of the municipal employees and officials. This technique succeeded in uncovering the issues mentioned at the beginning of this study.

3.2.3 The measuring instrument

The basis for the questionnaire (attached as annexure to this study) design was the research problem and objectives of the study and it is tailored to speak to both the problem statement and address the objectives of the study. The research questionnaires were distributed physically to the respondents, they were interviewed to clarify certain ambiguities and obtain more information. Some of the municipal employees, especially general workers, could not understand and interpret questions and a physical visit to them was necessary for clarification and cooperation. But the physical consultation with the respondents was also intended to improve the validity and reliability of the instrument. As suggested by Leedy and Ormrod (2005:97), validity of

the approach is an important factor pertinent to a measuring instrument. According to Brynard and Hanekom (2006:48) reliability is accuracy and consistency of measures. Struwig and Stead (2001:136) state that validity is the extent to which a research design is scientifically sound or appropriately conducted.

The consultations with respondents were intended to achieve these two most important attributes of reliability and validity of the research instrument used in this study and both were successfully achieved as such.

3.2.4 The data-collection method

The value of research depends on how the data is gathered (Maxfield & Barbie, 2002). Data-collection methods should be dependent on the type of research and the purpose for which the research is conducted. The required data in this study was collected through literature, interviews and personal experiences of the researcher. According to Mouton (2001:98-105) frequently used data-collection methods in qualitative research include observations, interviewing and documentary evidence. Validation of the data collection method was ensured by triangulation which Leedy and Ormrod (2005:99) describe as the use of multiple data sources.

3.2.4.1 Interviews

The researcher conducted semi-structured interviews and these provided an opportunity to obtain elaborative and comprehensive views by the participants. 70 face-to-face semi-structured interviews were conducted with selected participants from the Municipal Councils chosen including officials and/or employees, managers and specialists of each municipality within the Dr Kenneth Kaunda District of the North West Province. All participants' feedback consisted of their own knowledge, experiences and perceptions and their answers were written down in a comprehensive manner by the researcher.

Prior permission had to be sought from the participants and their respective institutions and the interviews were conducted voluntarily by each participant and in confidence. The participants' anonymity was guaranteed by the researcher. During the interviews, the researcher also put open-ended questions to allow participants to answer in detail.

The researcher used the latest knowledge, practices and legislation to test the participants' knowledge of the matters under investigation.

3.2.4.2 Personal experience

The researcher is a Certified Fraud Examiner certified by the Association for Certified Fraud Examiners (ACFE) with more than 17 years' experience in the investigation of crime of which eight were dedicated to fraud and corruption investigations. The specialised units at which the researcher worked include the Serious Economic Offences Unit (SEOU) of the South African Police Service (SAPS), the Forensic Audit Unit of the Department of Justice and Constitutional Development (DoJCD) and the researcher is currently the unit head of the Commercial Crimes Investigation Unit (SAPS) in Klerksdorp.

The researcher completed a National Diploma in Policing from the University of South Africa (UNISA). The researcher also holds a B Tech degree in Policing from the University of South Africa (UNISA), a Programme in Forensic and Investigative Auditing from UNISA and an Advanced Management Programme (AMP) from North-West University (NWU).

Further career training and development undergone by the researcher include the Detective Learning Programme, Commercial Crimes Forensic Learning Programmes 1 and 2 and attended international training by the Royal Canadian Mounted Police (RCMP) in Financial Investigations and Terrorist Financing in Ottawa, Canada.

3.2.5 Limitations

This study focused only on municipal councils within the Kenneth Kaunda District Municipality and only fraud prevention measures were considered. The study is also confined to municipal employees and managers within the local councils chosen and can therefore not be generalized to the other municipalities.

It should also be noted that the collection of respondent data was not easy as there was a lot of anxiety amongst municipal employees and officials who feared reprisals due to the nature of the study. Many respondents thought this study was intended to gather

information for pursuing criminal charges against the perceived fraudsters. As a result the targeted number of 100 respondents could not be achieved as planned and the delay in the final collection of the questionnaires cannot go unnoticed.

3.2.6 Ethical considerations

The following ethical considerations were considered in this study:

- Interviewees were assured that the research would not harm them and that their identities would remain private.
- It was explained to the participants how they would benefit from the study.
- Interpretation of data was objective and not subjective.
- Interviewees were encouraged to participate freely and voluntarily in the study.
- Permission was obtained from the Authorities to conduct the research within Local Authorities.
- Research findings will be supplied to the Authorities before being revealed to others.

3.3 Survey results

The survey was conducted from 2016 October 29 to 2016 November 11 and the returned questionnaires were submitted to NWU Statistical service for analysis using SPSS version 21 (2013). A discussion of the study background between the researcher and the Statistical Consultant ensued with the view to clarifying the objectives of the study as well as the aim of the researcher in obtaining data from the questionnaires.

3.3.1 Descriptive statistics

The previous section focused on the research methodology of the study and outlined the diagnostic approach followed to explore the fraud-prevention measures in the Kenneth Kaunda District. This section explores the empirical findings from biographical information of the respondents as well as their perceptions about initiatives or actions taken by their employers to strengthen the fight against fraud. This study used

descriptive statistics to collect data by using a survey, presenting data through the use of tables to depict the responses to questions and graphs to depict the biographical outlook of the respondents and further characterised data through for example making use of the sample mean.

After assistance from the Statistical Consultation Services using SPSS version 21 statistical programme, all variables in section C of the questionnaire were analysed and the results are hereby depicted on the descriptive analyses:

The mean is the only common measure in which all the values play an equal role and serves as a balance point in a set of data (Levine *et al.*, 2011:119). Levine *et al.* further define the arithmetic mean as the most common measure of central tendency. Table 4.1 depicts the mean ranging from the minimum mean of 1.91 and maximum mean of 2.94. This was done for all variables in section C (Annex B) to measure variation taking into account how all data values are distributed. The Standard Deviation was used and it measured the average scatter around the mean and how larger values fluctuated above it as well as how smaller values fluctuated below it. Table 4.1 depicts that the Standard Deviation ranges from the minimum of .582 and maximum of 1.062. The calculations of the mean and standard deviations as depicted on the descriptive statistics were done for variables in both sections B and C of the questionnaire.

This study used the Spearman’s rho rank correlation and did not consider linearity or non-linearity of the monotonic relationships between variable. Looking at the effect sizes depicted on the non-parametric correlation (attached as per annexure 3) of this study, correlation between variables in this study is high.

Variables	N	Minimum	Maximum	Mean	Std. Deviation
C1	70	1	4	2.94	1.062
C2	70	1	4	2.26	.674
C3	70	2	4	2.64	.660
C4	70	1	4	2.20	.894
C5	70	1	4	2.13	.741

C6	70	1	4	2.24	.970
C7	70	1	4	2.17	.780
C8	70	1	4	2.01	.909
C9	70	1	3	1.91	.697
C10	70	1	4	2.47	.847
C11	70	1	4	2.40	.824
C12	70	1	4	2.33	.829
C13	70	1	3	2.10	.725
C14	70	1	3	2.26	.582
C15	70	1	4	2.21	.832
C16	70	1	4	1.96	.788
C17	70	1	4	1.93	.804
C18	70	1	4	1.99	.843
Valid N (list wise)	70				

Table 4.1: Descriptive Statistics

3.3.2 Biographical analysis

This section deals with the biographical data of the respondents and what implications these had for the study:

This research comprises a population of seven (7) job grades of respondents in the four (4) local municipalities falling under the Kenneth Kaunda District Municipality and the job grades are graphically depicted below:

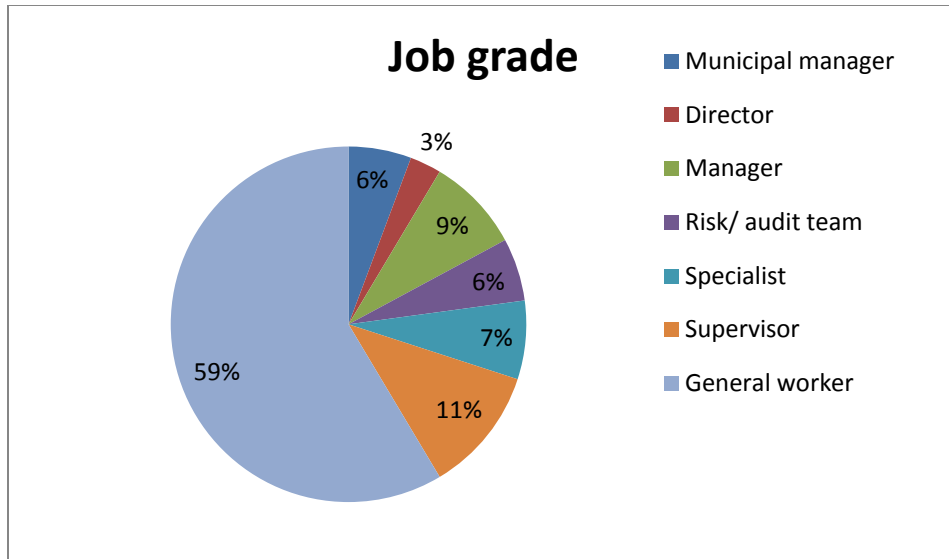


Figure 4.2: Participants per job grade

Figure 4.2 makes it clear that most participants whose questionnaires were returned were general workers followed by supervisors because of their enthusiasm and the fact that they were obviously more than all other categories of job grades in the employ of the local municipalities. The majority responses by these categories are beneficial to the study because they have direct interest in their organisation being a going concern and guaranteeing them continued employment.

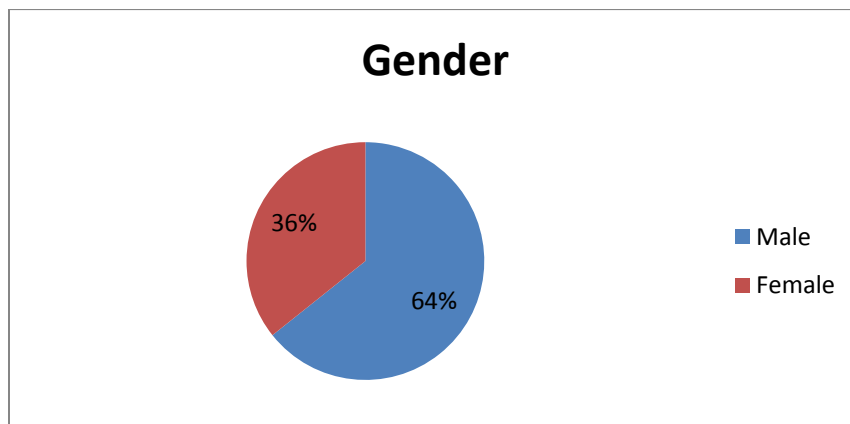


Figure 4.3: Participants per gender

Figure 4.3 depicts a fair picture of the participants per gender in the study. Male employees are in the majority being more than female employees in the local

municipalities and it can further be deduced that male participants were braver than their female counterparts in terms of participating in the study.

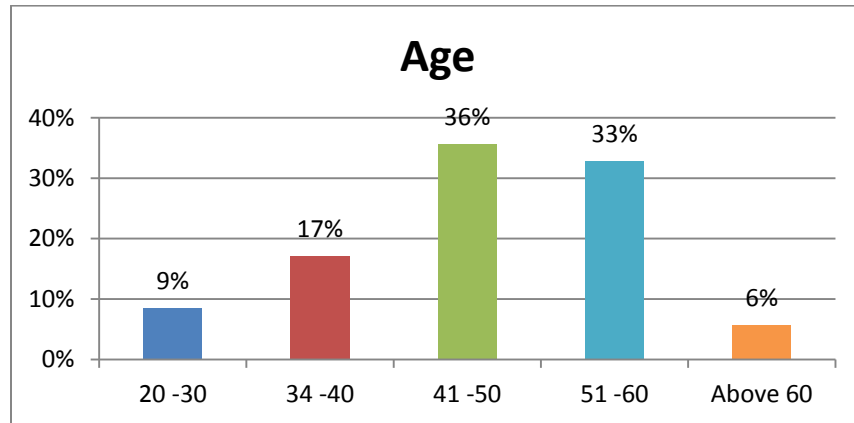


Figure 4.4: Participants per age group

Thirty-six per cent of respondents as illustrated in figure 4.4 were aged between forty-one and fifty years followed by those aged between fifty-one and sixty years. It can be deduced from this graph that most of those who participated were more mature and more concerned about the extent of fraud in their workplace than the younger categories.

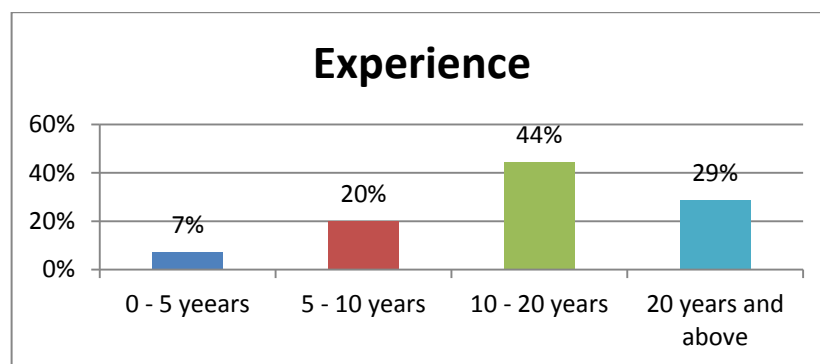


Figure 4.5 Participants per experience

From figure 4.5 it is clear that added together, a total of sixty-nine per cent of participants comprising those with ten years to twenty and 20 years and above were

more willing to participate in the study than their less experienced counterparts. The reason can be attributed to their broad knowledge of the current state of affairs versus what should be the case in the municipalities as well as their concerns about the extent of fraudulent activities in their organisations.

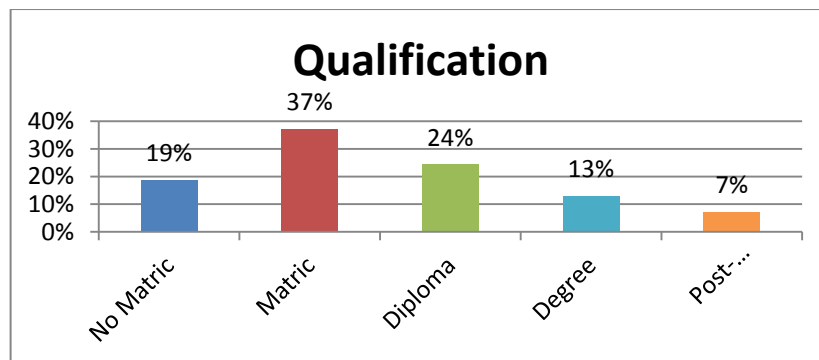


Figure 4.6: Respondents per qualification

Figure 4.6 paints a picture of the majority of participants having a matric and higher qualifications. It can be deduced from this graph that literacy levels of municipal employees had a significant role to play in their willingness to participate in the study. It can also be deduced that the majority of respondents were able to interpret the questionnaire without a lot of assistance from the researcher. It should, however, be emphasised that the diplomas referred to in this study include diplomas at all NQF levels and not necessarily confined to NQF level 6 qualification.

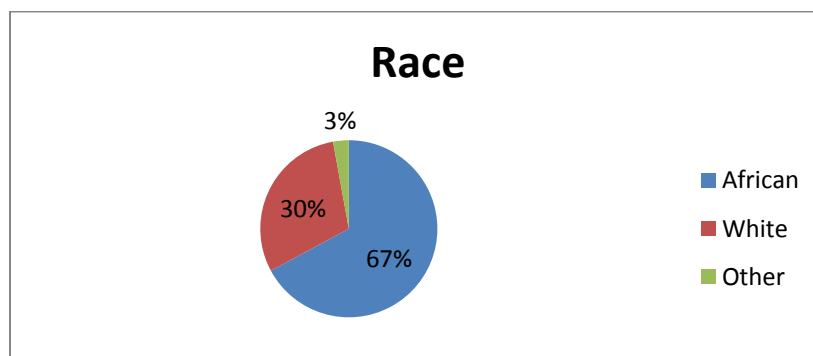


Figure 4.7: Respondents per race

Although white employees and other races are in their minority in these local municipalities, figure 4.7 makes it clear that all races fairly participated in the study.

To this end, the study depicted a full biographical representation of the municipal employees and officials of the Kenneth Kaunda District Municipalities.

3.3.3 Responses to questions

This section deals with the responses to questions by participants. A Likert Scale ranging from not at all (1) to fully adequate (4) was used and respondents had to indicate the degree and / or extent to which they think fraud prevention measures were adequate. The questions covered eighteen questions which are hereby discussed.

3.3.3.1 Officials' level of awareness of existing anti-fraud legislation

Question 1: The following question was posed to measure the respondents' knowledge of legislation such as amongst others, the Constitution of the Republic of South Africa, Municipal Systems Act, Municipal Structures Act, Municipal Finance Management Act, National Treasury Regulations, Municipal Supply Chain Management Regulations and Local Government Anti-Corruption Strategy: Are you aware of any of the above legislation intended to expose fraud/ corruption at work?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
Are you aware of any of the above legislation intended to expose fraud/ corruption at work?	11%	24%	23%	41%	2.94	1.1

Table 4.2: Responses pertaining to knowledge of legislation

As illustrated in table 4.2, forty-one percent of respondents are not at all aware of the legislation intended to expose fraud and corruption in their organisations. This means that the many employees in the Local Councils of Kenneth Kaunda District are not privy to anti-fraud and corruption measures as prescribed by legislation and policies relevant to Local Government such as The Constitution of the Republic of South Africa, the Local Government Anti-Corruption Strategy, the Municipal Finance Management Act, the Municipal Systems Act, Protected Disclosures Act, Prevention and Combatting of Corrupt Activities Act, the Municipal Supply Chain Management Regulations as well as National Treasury regulations.

It should be noted that all these policies and legislation are aimed at ensuring good governance in Local Government and therefore the need for knowledge of such by municipal employees/officials cannot be over-emphasised.

The lack of training initiatives exposes the organisations to fraud and corruption. It is evident, though, that the municipalities in the Kenneth Kaunda District undermine the importance of educating its employees about these laws and policies. What makes matters worse is that a two-thirds majority of employees are neither adequately nor fully aware of these laws.

3.3.3.2 The existence of anti-fraud campaigns

Question 2: This question: (are there adequate fraud awareness campaigns at work?) was asked to respondents get their level of knowledge about fraud awareness campaigns being conducted at their work place.

Question	Fully	Adequately	Partly	Not at all	Mean	Std
Are there adequate fraud awareness campaigns at work?	4 %	26 %	61 %	7 %	2.26	.67

Table 4.3: Responses pertaining to fraud awareness

Ethical behaviour, ensuring that employees take full responsibility for their actions at any workplace, and fraud control can be effectively achieved through raising awareness. Communicating the anti-fraud policy of a municipality by conducting fraud awareness campaigns, the municipality will clearly articulate its intentions and expected outcomes in managing fraud. A small minority of respondents do not at all believe that there are adequate fraud awareness campaigns at their workplaces whilst a total of thirty per cent either fully or adequately believe that there are adequate fraud awareness campaigns at their workplaces. However, the majority of employees are not sure whether there are adequate fraud prevention campaigns at work. This outcome requires further investigation as to why employees are not sure of the adequacy of the fraud-prevention campaigns. The results of the responses to this question back the responses to question one about the employees' knowledge of legislation pertinent to fraud and corruption in municipal entities. Knowledge, training and awareness are interconnected, hence the illustration of their inter-dependence by these two questions.

3.3.3.3 Managements' attitude towards corruption and fraud

Question 3: To assess the attitude of managers towards fraud and corruption, the following question was put to the deponents: Do you think management is doing enough to decrease fraud/corruption at work?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
Do you think management is doing enough to decrease fraud and corruption at work?	10 %	44 %	46 %	0 %	2.64	.66

Table 4.4: Responses pertaining to management commitment/will to fraud prevention

Forty-six per cent of the respondents as illustrated in table 4.4 partly think that management makes enough of an effort to decrease fraud and corruption in the Kenneth Kaunda District Municipality as opposed to forty-four per cent. Fraud prevention should always begin with the top management of every organisation and employees should follow the example set by management in an attempt to achieve good governance. Management should walk the talk in terms of processes and structures intended to manage, exercise decision-making and control in the municipalities or any organisation. Although only ten per cent of respondents believe that management fully attends to the decrease of fraud and corruption in their institutions, it is clear from the response that at least ninety per cent are convinced or agree that managements in these municipalities are at least doing enough to curb fraud and corruption.

The fact that zero per cent or none of the respondents believe that management is not at all doing enough about curbing fraud and corruption as compared to ninety per cent who believe the opposite in these institutions, is an indication of institutions led by people who really walk the talk and provide good leadership and commitment to good corporate governance.

3.3.3.4 Awareness of any fraudulent activity

Question 4: To establish the level of respondents' consciousness about fraudulent activity within their work place, the following question was asked: Are you aware of any fraudulent activities taking place at work?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
Are you aware of any fraudulent activities taking place at work?	6 %	34 %	34 %	26 %	2.20	.89

Table 4.5: Responses pertaining to potential whistle-blowing

The purpose of this question was to evaluate whether there is any potential for whistle-blowing in these municipalities by determining whether the employees and/or officials bear any knowledge of fraudulent activities taking place at their workplaces. Table 4.5 indicates that a significant percentage of people (more than two-thirds) in these municipalities are aware of fraudulent activities taking place within the ranks of their workplaces. There is therefore a good chance to get whistle-blowers should management offer guaranteed confidentiality and embark on good fraud-awareness campaigns. Management should therefore leverage this potential to source information to enable a fully-fledged confrontation against fraud and put adequate measures in place.

3.3.3.5 Institutional capacity to investigate fraud and corruption

Question 5: To strengthen the effectiveness of fraud prevention measures, municipalities too must have capacity to investigate, detect and resolve fraudulent conduct. To assess whether the municipalities in the Dr Kenneth Kaunda district do have this capacity, the following question was posed to respondents: Do you think the municipality has the ability/capacity to investigate fraud/ corruption incidents?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
Do you think the municipality has the ability/ capacity to investigate fraud/ corruption incidents?	1 %	30 %	49 %	20 %	2.13	.74

Table 4.6: Responses pertaining to investigative capacity

Although the risk management and audit units of these municipalities are severely under-staffed and lack adequate capacity in terms of resources, it is surprising that the thirty-one per cent of officials and employees fully and adequately believe that these entities have investigative capacity whilst almost half of them also partly believe that

these entities do have capacity to investigate incidents of fraud and corruption. Only twenty per cent think that these entities do not at all have the investigative capacity.

3.3.3.6 Existence of municipal guidelines to combat fraud?

Question 6: For officials and/ or employees of any institution to help in the combatting of fraud and corruption, they have to be empowered to know the guidelines applicable in fighting fraud and corruption in their work places. The following question was asked: Do you know any policy available to guide employees when they encounter any fraudulent/corrupt incident? This was asked to weigh their level of knowledge with regards to fraud prevention policy.

Question	Fully	Adequately	Partly	Not at all	Mean	Std
Do you know any policy available to guide employees when they experience any fraudulent/ corrupt incident?	13 %	23 %	40 %	24 %	2.24	.97

Table 4.7: Responses pertaining to fraud-prevention policy

Table 4.7 illustrates sufficient knowledge of fraud-prevention policy by employees and/or officials. Fraud-prevention policy is a document that will be made available to all staff members and should be worded in such a way as to achieve “buy-in” from all staff and should create a certain level of fraud awareness among staff members, encouraging them to detect and report fraud in the work place (UNISA, 2006:124). The function of this document is to outline an organisation’s policy to employees and stakeholders with a view to informing them about its stance on fraud and corruption. Only twenty per cent of these people do not know of any fraud-prevention policy in their organisations. These responses are in line with management commitment to good governance and leadership. A significant number of employees (seventy-six per cent) in these municipalities are fully, adequately or partly aware of the fraud-prevention policy

within their workplaces. This is once more in line with management’s commitment to good corporate governance and leadership.

3.3.3.7. Level of fraud exposure

Question 7: The question on the extent of officials and managers’ potential to report fraud and corruption was posed to evaluate the likelihood of reporting these schemes to management. The following question was asked: to what extent do you think your colleagues report fraud/corruption to management?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
To what extent do you think your colleagues report fraud/ corruption to management?	1 %	36 %	41 %	21 %	2.17	.78

Table 4.8: Responses pertaining to reporting of fraudulent conduct

Table 4.8 illustrates the employees’ effort in reporting corrupt activities to management. This can also be an indication of employee commitment to their respective employers within the Kenneth Kaunda District. Spinelli and Adams (2012:38) state commitment as the first of the seven themes of desirable and acquirable attitudes and behaviours. They (Spinelli & Adams, 2012:38) define the attitude of a committed person as tenacious and decisive; able to commit or recommit; intensely competitive in achieving goals; persistent in solving problems; disciplined; willing to undertake personal sacrifice; and immersed in a mission. These attributes of a committed person are undoubtedly what most organisations endeavour to achieve in their employees. According to Lee, Carswell and Allen (2000: 800), organisational commitment is a psychological link between a person and his or her occupation that is based on an affective reaction to that occupation. On the other hand, McShane and Von Glinow (2010:528) define affective organisational commitment as the employee’s emotional attachment to, identification with, and involvement in a organisation. The common denominator of

these two definitions is the emotional and/or psychological state of the employee in relation to his employer or organisation he is linked to. The reporting of fraudulent activities by employees at their work place is a reflection of a strong belief in and acceptance of organisation's goals and values; a willingness to exert considerable effort on behalf of the organisation; and a desire to maintain membership in the organisation. Organisational commitment is therefore the relative strength of an individual's identification with and involvement in a particular organisation (Swanepoel: 2007:23).

It is observed from this table that thirty-seven per cent of respondents either fully and adequately believe that their colleagues do report fraudulent activities to management whereas forty-one per cent partly believe that this is the case. Only a minority (twenty-one per cent) do not at all believe that their colleagues do report fraudulent conduct. This question was intended to gauge fellow employee commitment to fraud prevention against management commitment to the same. What management does with these reports of fraudulent activity is the question, considering that the majority of respondents fully and adequately believe that there is investigative capacity within their workplaces.

3.3.3.8 Any cases of exposed fraud or corruption at municipalities?

Question 8: Because of the importance of fraud and corruption detection, respondents were asked about the who are involved in fraudulent and corrupt behaviour, the following question their perceptions with regard to the exposure of fraud and corruption culprits and therefore the following question was asked: To what degree do you think those that commit fraud/corruption at work are exposed?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
To what degree do you think those that commit fraud/ corruption at work are exposed?	7 %	20 %	40 %	33 %	2.01	.91

Table 4.9: Responses pertaining to fraud detection and identification of fraudsters

Table 4.9 illustrates that thirty-three per cent of respondents do not at all think or believe that those who are involved in fraud and corruption are exposed. This is a significant percentage for any organisation whose leaders and/or management is committed to the eradication of fraud and corruption. The detection of a fraud scheme is the most crucial step in fraud examination as evidence must be secured immediately, losses must be mitigated and the best investigative strategy must immediately be activated with the ultimate objective of identifying the culprit. Given this not so high but significant percentage of respondents thinking that fraud detection and identification of perpetrators is lacking in the Dr Kenneth Kaunda District Municipalities, the following detection techniques should be considered:

- Tips
- Management reviews
- Surveillance and monitoring
- External audits
- Information technology controls
- Account reconciliations
- Document examination
- Surprise audits by internal auditors and risk management specialists

3.3.3.9 Any consequences of exposed fraud or corruption?

Question 9: To achieve success in the fight against fraud and corruption schemes, it is necessary that the culprits should suffer consequences for their actions. The following question was asked to rate the respondents' perception regarding consequences for fraudulent conduct and this question was asked: To what degree do you think those who commit fraud/corruption at work suffer consequences?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
To what degree do you think those who commit fraud/ corruption at work suffer consequences?	0 %	20 %	51 %	29 %	1.91	.70

Table 4.10: Responses pertaining to consequences

Table 4.10 illustrates that seventy-one per cent of the respondents adequately or partly believe that those who commit fraud and corruption do suffer consequences for their actions in the Dr Kenneth Kaunda District Municipality. On the other hand, twenty-nine per cent of the respondents do not at all believe same. Once again, this perception of the respondents confirms the outcome of the question on whether management is committed to fighting fraud and corruption within the District Municipality. Although the majority of respondents somehow believe that there are consequences for fraud and corruption against perpetrators, the fact that none or zero per cent of the respondents fully believe that there are consequences is a worrying factor.

It is important that fraudulent and corrupt behaviour not only be punishable, but they should be seen to be punishable in terms of internal policies of the municipal councils. It is also important that the consequences of committing fraud and corruption be communicated thoroughly so that every employee or official within the workplace and as such a zero tolerance message must at all times be emphasised. UNISA (2006:41), recommends the following actions in response to incidences of fraud:

- Detailed investigation of the allegations;
- Appropriate and consistent action against those who commit fraud;
- Assessment and improvement of relevant controls; and
- The occurrence of training and communication to re-enforce the organisation's values, code of conduct and expectations.

Section 173 of the Municipal Management Act (56 of 2003) outlines offences with which municipal councillors and officials, and directors and officials can be charged if they act in a deliberate or in a grossly negligent way. The municipalities also have their own disciplinary codes that are in line with the laws and internal policies that are tools of trade in terms of dealing with ill-discipline and commission of offences. The proper implementation of these should be taken into consideration with a view to changing the status-quo in the municipalities.

3.3.3.10 Are management involved in corrupt activities?

Question 10: The primary responsibility to fight fraud and corruption schemes in the municipalities, just like in any institution or organisation, lies with management. Therefore it cannot be overemphasised that managers should walk the talk and refrain from fraud and corrupt behaviour to be exemplary to those that they lead. The following question was asked to respondents to rate the level of involvement by managers in fraud and corruption: To what extent do you think managers are also involved in fraud/corruption?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
To what extent do you think managers are also involved in fraud/ corruption?	10 %	40 %	37 %	13 %	2.47	.85

Table 4.11: Responses pertaining to involvement of management in fraudulent activities

Table 4.11 indicates eighty-seven per cent of managerial involvement in fraud and corruption activities. Management fraud manifests itself when managers deliberately manipulate financial and other records with an intention to mislead the users of these reports and the objective of involving themselves in this deliberate manipulation is personal gain. Managers also involve themselves by manipulating processes through corrupt influences on their subordinates such as those who sit in bid-evaluation and

adjudication committees. Usually these officials in the committees will allow themselves to be proxies of managers in determining which tender goes to which service provider for purposes of their own personal gain. This should be a concern given the state of vulnerability of the municipal councils in the Dr Kenneth Kaunda District Municipalities as involvement by managers in fraud and corruption threatens to destroy these entities as they destroy significant power and ability to put these entities to the ground. When more than eighty per cent of municipal employees honestly believe that managers in their workplaces are involved in the activities themselves, then it cannot be business as usual. This should be a cause for concern to both the Provincial and National Departments of Cooperative Governance and requires urgent interventions to effect change in these Municipalities. These are signs of urgency for change which usually begins with some people noticing vulnerability in the organization. There is a clear threat of losing ground in these municipalities and these should spark these departments to action. This sense of urgency must be communicated with key stakeholders such as communities and relevant civil society formations as this might cause further losses of finances or turnover in key employees.

3.3.3.11 Are elected politicians involved in corrupt activities?

Question 11: Management should be held accountable by councillors as they (councillors), are an equivalent of boards of directors in private companies. However, if the councillors themselves are involved or collude with management in fraud and corrupt activities, the likelihood of combatting these activities becomes diminished. It is for this reason that the following question was asked: To what extent are councillors involved in fraud/corruption? The participants' responses are hereby outlined in table 4.12.

Question	Fully	Adequately	Partly	Not at all	Mean	Std
To what extent are councillors involved in fraud/ corruption?	9 %	36 %	43 %	13 %	2.40	.82

Table 4.12: Responses pertaining to involvement of politicians’ in fraud/corruption

Table 4.12 clearly indicates a worrying picture of municipal councillors’ involvement in fraud and corruption. This table illustrates that eighty-eight per cent of the respondents fully, adequately or partly believe that municipal councillors in the Dr Kenneth Kaunda district municipalities are involved in fraud and corruption. In terms of section 117 of the Municipal Finance Management Act (56 of 2003), which aims to secure sound and sustainable management of the fiscal and financial affairs of municipalities, no councillor of any municipality may be a member of a municipal bid-committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer.

Section 118 of the Municipal Finance Management Act (56 of 2003) further places a prohibition on interference with the supply management system of a municipality or municipal entity; or amend or tamper with any tenders, quotations, contracts or bids after their submission. Although these prohibitions clearly prohibit the involvement of municipal councillors, these councillors circumvent these processes by corruptly influencing those who make decisions in exchange for a personal gain which is not legally due to them. Sometimes even very senior managers in whose appointments municipal councillors participate can have huge influence, are put under pressure by these political office-bearers to make decisions that favour their own personal aspirations to ensure the corrupt benefit in contravention of the Act. Thus for fear of reprisals, managers often succumb to this pressure.

3.3.3.12 Does the provincial department of local government intervene in fraud cases?

Table 4.13 illustrates that eighty-one per cent of the respondents either fully, adequately or partly believe that the Provincial Government is doing enough to curb fraud and corruption. The Municipal Finance Management Act (56 of 2003) enjoins the Provincial and National Departments to assist municipalities to build capacity for effective and efficient and transparent financial management. This question was intended to gauge the commitment of the Provincial Government of the North West to this principle.

Nineteen per cent of the respondents feel that the Provincial Government does not at all do enough to curb fraud and corruption in these municipalities and this percentage is significantly high.

Question	Fully	Adequately	Partly	Not at all	Mean	Std
Do you think that the provincial department of local government is doing enough to curb fraud/ corruption?	4 %	43 %	34 %	19 %	2.33	.83

Table 4.13: Responses pertaining to provincial government's effort

3.3.3.13 Does the national department of local government intervene in fraud cases?

Question 13: The National Department of Local Government has oversight responsibility over municipal governance in the country and therefore its interventions towards anything that impedes proper running of municipalities are imperative. To determine whether this department is fulfilling this mandate, the following question was asked: Is the National Department of Local Government doing enough to curb fraud/corruption?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
Do you think that the National department of local government is doing enough to curb fraud/corruption?	0 %	31 %	47 %	21 %	2.10	.73

Table 4.14: Responses pertaining to national government’s effort

Table 4.14 indicates that twenty per cent do not at all think that National Government is fulfilling its mandate to assist municipalities to build capacity for effective and efficient and transparent financial management. In fact, none or zero per cent of the respondents believe this to be the case.

3.3.3.14 how efficient is law enforcement agencies dealing with fraud and corruption?

Question 14: Upon the successful detection of any fraud or corruption schemes, cases must be referred to the law-enforcement agencies responsible to conduct criminal investigations against perpetrators. The importance of respondents’ perceptions about their confidence in the law-enforcement agencies to execute their mandate was rated by asking the following question: To what degree do you think the law enforcement agencies are doing enough to deal with fraud/ corruption at your work?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
To what degree do you think the law enforcement agencies are doing enough to deal with fraud/corruption at your work?	0%	33 %	60 %	7 %	2.26	.58

Table 4.15: Responses pertaining to law-enforcement agencies

Table 4.15 indicates that only seven per cent of the respondents think that law-enforcement agencies are not at all doing enough to deal with fraud and corruption cases. The participation of law-enforcement agencies is largely dependent on the reporting of such cases by the municipalities, though. It is also dependent on the investigative capacity of these municipalities to detect these cases. The National and Provincial Governments responsible for oversight in the Local Government also have a responsibility to assist in the detection of these cases and providing the necessary capacity to have such cases investigated thoroughly and placing the obligation on the municipalities to refer such matters to the law-enforcement agencies. The main intention of this question by the study was to allow respondents to express their views about the cooperation of these agencies with the municipalities.

3.3.3.15 Are the people reporting on fraud and corruption safe?

Question 15: Because of the Constitutional provisions and other statutory provisions such as the Protected Disclosures Act, Witness Protection Act and others that guarantee citizens' safety, the following question was asked to rate the respondents' perception of safety for those who report fraudulent activity: How do you rate the safety of those who report fraud/corruption incidents at work?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
How do you rate the safety of those that report fraud/ corruption incidents at work?	6 %	30 %	44 %	20 %	2.21	.83

Table 4.16: Responses pertaining to safety of whistle-blowers

Table 4.16 indicates that respectively six per cent and thirty per cent of respondents are either fully or adequately convinced that those who report fraud and corruption incidents are safe. This question is intended to rate the municipalities' compliance with both the Protected Disclosures Act (26 of 2000) as well as the Witness Protection Act (112 of 1998).

Based on the responses, it is clear that these municipalities are not in compliance with these Acts and it is therefore a worrying phenomenon in the fight against these incidents. Non-compliance with these laws also confirms the lack of knowledge by the municipal officials and employees in terms of legislation as depicted by question 1 and table 4.2.

3.3.3.16 does the community at large report on fraud and corruption?

Question 16: community involvement in the affairs of their municipalities is very important because citizens have to guarantee that they receive quality service delivery. However fraud and corruption will always be a stumbling block to achieve this objective. Community involvement is therefore necessary in the fight against fraud and corruption. To rate the level of community involvement in the reporting of fraud and corruption, the following was posed to respondents: Do members of the community report fraud/corruption incidents at all?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
Do members of the community report fraud/ corruption incidents at all?	3 %	20 %	47 %	30 %	1.96	.79

Table 4.17: Responses pertaining to community involvement

Table 4.17 illustrates whether respondents agreed fully, adequately, partly or not at all that ordinary member of the community report fraud and corruption. Thirty per cent of respondents did not agree at all that members of the community reported fraud and corruption incidents. This is a cause for concern taking into account section 152 of the Constitution of the Republic of South Africa Act (108: 1996) which sets out the objectives of Local Government as follows:

The section is aimed to encourage the involvement of communities and community organisations in the matters of local government. This Constitutional provision is enhanced by the section B paragraph 3.3 of the White Paper on Local Government by which states that municipalities require active participation by citizens at four levels:

- As voters: to ensure maximum democratic accountability of the elected political leadership for the policies they are empowered to promote;
- As citizens: to express through different stakeholder associations, their views before, during and after the policy development process in order to ensure that the policies reflect community preferences as far as possible;
- As consumers and end-users: to be afforded value for money, affordable services and responsive service; and

- As organised partners: to be involved in the mobilisation of resources for development via for-profit business, non-governmental organisations and community-based institutions.

Municipalities are also required in terms of section 19 paragraph (1) of the Municipal Structures Act (117 of 1998) to allow for public participation which states that a municipal council must strive within its capacity to achieve the objectives set out in section 152 of the Constitution which amongst others is to review the needs of the community and to develop mechanisms to consult the community.

Sections 2 and 5 of the Municipal Systems Act (32 of 2000) also deal extensively with public participation in the affairs of the municipalities. It is against this background that effective community structures should be in place and therefore active community participation in the affairs of these entities will encourage communities to report all the necessary issues including fraud and corruption incidents to those in authority. Currently the atmosphere is not encouraging the community to do that.

3.3.3.17 Can departmental financial systems detect fraud?

Question 17: Compliance with the guidelines and statutory requirements as contained in the National Treasury Regulations, the Local Government Regulations and the laws relevant to the local government in South Africa such as the Municipal Finance Management Act, The Municipal Structures Act and the Municipal Systems Act, and the Municipal Supply Chain Management regulations are considered to ensure the necessary checks and balances. To establish the strength of these checks and balances, the following question was posed to respondents: How strong do you think the financial controls in the municipality can lead to the detection of fraud/ corruption incidents?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
How strong do you think the financial controls in the municipality can lead to the detection of fraud/ corruption incidents?	1 %	24 %	40 %	34 %	1.93	.80

Table 4.18: Responses pertaining to internal controls

Table 4.18 depicts only one and twenty-four per cent of respondents respectively either fully or adequately believing that the financial controls within their municipalities can lead to the detection of fraud and corruption incidents. In paragraph 36 of the 2012/2013 report by the Auditor-General to the North West Provincial Legislature and the Council of the Dr Kenneth Kaunda District Municipality, the Auditor-General stated that internal controls to monitor compliance with laws and regulations have not been effectively applied resulting in the recurrence of adverse findings. This has been the case with subsequent reports by the Auditor-General and the responses to table 4.18 confirm these outcomes.

3.3.3.18 Are the party political opposition serious about exposing fraud and corruption?

Question 18: There are opposition political parties in the Dr Kenneth Kaunda District municipalities who also have a role to play in the fight against fraud and corruption. It is common knowledge as a result of media reports in South Africa that the opposition parties have a very good reputation of fighting fraud and corruption even by embarking on court battles with the ruling African National Congress (ANC). These opposition political parties, most notably the Democratic Alliance (DA) and Economic Freedom Fighters (EFF) as well as other small parties have channelled their resources to the fight against fraud and corruption. To what extent do you think the opposition political parties are serious about fighting fraud/corruption in your municipality?

Question	Fully	Adequately	Partly	Not at all	Mean	Std
To what extent do you think the opposition political parties are serious about fighting fraud/ corruption in your municipality?	3 %	26 %	39 %	33 %	1.99	.84

Table 4.19: Responses pertaining to political will

Table 4.19 indicates that thirty-three per cent of the respondents do not at all think that opposition political parties are serious about fighting fraud and corruption in their municipality. This is a fair result because opposition political parties in the Dr Kenneth Kaunda District Municipalities are not very vibrant except in the erstwhile Tlokwe Local Municipality which is currently known as Tlokwe/ Ventersdorp (North West 405).

3.4 Conclusion

The first chapter of this study dealt with the relevance of fraud prevention in local government. The second chapter addressed the theoretical and practical application of fraud prevention strategies. The preceding chapter outlined a diagnosis and analysed the fraud problem within the Dr Kenneth Kaunda District Municipalities.

This chapter basically outlines procedure followed in the questionnaire and research design. It further outlined the findings, the analysis of results and discussion of results based on the questionnaire responses. These responses were interpreted and discussed with an objective to reflect the results of the empirical study conducted.

This research has revealed many challenges experienced by the Dr Kenneth Kaunda district municipalities and to reflect what the municipalities in Dr Kenneth Kaunda district have to do in their fight against fraud and corruption, the next chapter outlines the study's conclusions and recommendations.

Chapter 4: Conclusions and recommendations

4.1 Introduction

The previous chapter dealt with the empirical and biographical details of the respondents and their views about fraud and corruption prevention measures in the Dr Kenneth Kaunda District Municipality. The expressions of respondents indicated the status-quo about fraud prevention measures, policies and programmes in place. The chapter considered the research methodology applied in the gathering of data. This chapter provides conclusions and recommendations in relation to the findings of the preceding chapter as a result of conclusions drawn from the empirical study.

4.2 Recommendations

4.2.1 Biographical data

Fifty-nine percent of respondents on this study comprise of general workers and their supervisors who are more than any other category in the biographical profile of the district municipalities in the Dr Kenneth Kaunda district. This category also showed more enthusiasm than others to participate in this study.

It is also public knowledge that the municipalities employ more males than females especially in the category of general workers. Most of the respondents were those from the age category between forty-one and fifty as well as between fifty-one and sixty. This percentage relates to the respondents' experience which indicates that those who participated were senior in age as well as in experience at work.

The conclusion that is drawn is that mainly, the respondents are those who are older and more mature and know the internal affairs of their workplaces and therefore did not shy away from contributing to the study. The young, less mature and inexperienced category were not very keen to participate. Thirty-seven percent of employees and officials who participated in the study at least have a matric certificate or a diploma. This is because they could read and interpret the questions better than those who are less literate.

The number of respondents per race presents a fair picture of the racial demographics within the Kenneth Kaunda District Municipalities. All races employed in the municipalities were willing to participate and indeed participated in the study.

4.2.2 Knowledge of legislation

As opposed to those who are fully and adequately aware of the policies and legislation relevant to fraud and corruption, the majority are those who are not at all aware of such legislation and policies. Twenty-three per cent of the respondents are not sure whether they know the legislation and policies and therefore this study concludes by clustering them with those who are not aware. It is concluded that under the circumstances, there is no way in which the municipalities can win the war on fraud and corruption if the majority of its employees do not know what is expected of them. **Recommendation:** Comprehensive training initiatives about making employees aware highlighting the risks of fraud and corruption as well as guidance on the risk management and audit sections of these municipalities should take place. Training should be tailored to take the needs of each section of the municipality into account.

4.2.3 Fraud-awareness campaigns

A large majority of respondents responded that they were partly aware of the fraud awareness campaigns at work (at sixty-one per cent) and those who are not at all aware at seven per cent as opposed to those who are fully and adequately aware of the awareness campaigns at a total of thirty per cent. Therefore, it is less likely that the municipalities take awareness campaigns seriously in the fight against fraud. **Recommendation:** Conduct fraud-awareness campaigns and communicate fraud prevention policies of the municipalities. Clearly articulate councillors, provincial and national government's as well as management's attitudes towards fraud and corruption.

4.2.4 Management commitment to fighting fraud and corruption

More than a half (fifty-five percent) of the respondents believes that management does enough to fight fraud and corruption whilst forty-six partly think that this is the case. This study concludes that a high number of respondents who are mainly general workers and their supervisors believe that it is management's responsibility to fight fraud and

corruption and that one should see that commitment in their managers as individuals. **Recommendation:** Training initiatives that depend on staff category and the intended roles of staff members should be conducted to empower everyone to know his/her role and responsibility in the fight against fraud and corruption.

4.2.5 Fraudulent activities

Eighty-four per cent of respondents were aware of fraud and corruption activities taking place in their workplaces. It is concluded that there is a prevalence of fraud and corruption in these district municipalities and that there is plenty of information available in case someone needs to do something about the scourge because the majority of employees are aware of who does what as far as fraudulent and corrupt are concerned.

Recommendation: Activate all relevant local government legislation and protect whistle-blowers to create and enhance an atmosphere of voluntary reporting of the problem.

4.2.6 Investigative capacity

A total of thirty-one percent of respondents are those who fully and adequately think that there is sufficient investigative capacity and those who partly and do not at all think that the municipalities have investigative capacity to deal with fraud and corruption are seventy-nine percent. This study concludes that these results present a fair state of the investigative capacity within these municipalities given the severe staff shortage in the audit and risk management units of these municipalities. **Recommendation:** Appoint a sufficient number of internal auditors and risk management specialists to capacitate the detection and investigative arm of the municipality.

4.2.7 Fraud-prevention policy

Seventy-six per cent of respondents know the policy guarding them against fraud and corruption. Forty per cent is not sure whether there is any fraud-prevention policy. The study concludes that the majority of municipal employees in the district of Dr Kenneth Kaunda at least know that there is a document called fraud-prevention policies in their places of work. **Recommendation:** Conduct fraud-awareness campaigns and communicate fraud-prevention policies of the municipalities. Clearly articulate

councillors, provincial and national government's as well as management's attitude towards fraud and corruption.

4.2.8 Reporting of fraudulent activities

The majority of respondents think that although the municipalities do not have investigative capacity, fraud and corruption incidents are reported and something must be done about it. This study concludes that in the long run, the lack of investigative capacity in the municipalities will discourage people from reporting these activities.

Recommendation: Recruit internal auditors and risk management specialists to solve the capacity constraints and improve the detection and investigative arm of the municipality. Also activate all relevant local government legislation and protect whistle-blowers to create and enhance an atmosphere of voluntary reporting of the problem.

4.2.9 Identification and exposition of fraudsters

Thirty-three per cent of respondents believe that those who commit fraud and corruption are not at all exposed. This percentage is quite significant given the importance of identifying fraudsters and the consequences of not identifying and/or detecting perpetrators. The non-identification of the fraudsters is that others or colleagues might as well see that there is a lack of detection and this might not deter fraudulent behaviour. **Recommendation:** The proper detection and investigative capacity should adequately address this problem.

4.2.10 Consequences for fraudulent behaviour

This study concludes that these municipalities do not have investigative capacity and the thirty-three per cent perceptions of respondents who do not believe that there are consequences to fraudulent behaviour, is significant in supporting the notion of the fraud-detection deficit. Perceptions about the consequences of fraudulent behaviour will not improve as it is reflected in the responses. None of the respondents or zero per cent of them think that there are full consequences for fraudulent behaviour while twenty-nine per cent do not at all think that there are repercussions. **Recommendation:** Implement the following detection techniques:

- Tips

- Management reviews
- Surveillance and monitoring
- External audits
- Information technology controls
- Account reconciliations
- Document examination
- Surprise audits by internal auditors and risk management specialists

4.2.11 Fraud by managers

Half of the respondents believe managers are fully and adequately involved in fraudulent activity. This is worsened by the thirty-seven per cent who partly believe that managers are involved in this fraudulent behaviour. This study concludes that the councillors, provincial and national government have to intervene as the only competent authorities to do that. **Recommendation:** This problem requires interventions by national and provincial governments and mobilisation of civil society formations and communities.

4.2.12 Councillors' involvement in fraud and corruption resolution

Eighty-five per cent of respondents fully, adequately or partly believe that councillors themselves are involved in fraud and corruption. Therefore, the National and Provincial Governments' intervention should consider investigating the way forward in terms of crafting appropriate strategies to isolate those who are corrupt and mobilising those who are not to collectively deal with the problem. **Recommendation:** Initiate a project-driven investigation in order to expose the councillors involved and infiltrate the fraud and corruption syndicates that they lead.

4.2.13 Provincial government's effort in tackling fraud and corruption

As illustrated in table 4.13, forty-eight percent of respondents fully and adequately believe that the provincial government is doing enough to deal with fraud and corruption, whereas fifty-three were not certain of enough effort by the provincial to

solve this problem. **Recommendation:** This problem requires interventions by national and provincial governments and mobilisation of civil society formations and communities.

4.2.14 National Government's effort in fraud and corruption resolution

Table 4.14 depicts a picture of a minority (or only thirty-one percent) of respondents in the study who believe that the National Government is doing enough to deal with fraud and corruption. **Recommendation:** This problem requires interventions by national and provincial governments and mobilisation of civil society formations and communities.

4.2.15 Law-Enforcement agencies' efforts in fraud and corruption resolution

Ninety-three per cent of respondents either adequately or partly believe that the law-enforcement agencies are doing enough to resolve the fraud and corruption problem. However, this study concludes that without the investigative capacity within these municipalities, successful detection of these schemes will not be possible and this will exacerbate the problem of ineffective resolution and interventions by the law-enforcement agencies as the successful intervention by the law-enforcement agencies hinges on the municipalities themselves detecting these schemes. **Recommendation:** The improved detection and investigative capacity should enable referral of properly detected and investigated cases to the relevant law-enforcement agencies. The committed witnesses who are likely to be employees will feel empowered to cooperate with the law-enforcement agencies.

4.2.16 the safety of whistle-blowers

Thirty-six per cent of respondents either rate the safety of the whistle-blowers as fully or adequately safe, this percentage is still smaller than those who could not rate the safety with certainty considering that sixty-four per cent either rate the whistle-blowers' safety as partly or not there at all. Safety should be guaranteed at all times as it is ensured in the Constitution and the different laws relevant to local government. The study concludes that these municipal councils are neglecting their moral and constitutional duties. **Recommendation:** Recruit internal auditors and risk-management specialists to capacitate the detection and investigative arm of the municipality. Also activate all

relevant local government legislation and protect whistle-blowers to create and enhance an atmosphere of voluntary reporting of the problem.

4.2.17 Community reporting of fraud and corruption

This study concludes that there are reasons why the community is not encouraged to report these incidents. Some of the reasons are the lack of consequences, lack of safety for the whistle-blowers and the total disregard by the municipal councils to respect guidelines and constitutional provisions regarding community participation.

Recommendation: Guaranteed safety of those who are prepared to share information and the full-blown enforcement of the relevant local government legislation and the Constitution should allow for the required community participation and interest in the affairs of the municipalities.

4.2.18 internal controls

There are guidelines and statutory requirements regarding internal controls. However, if there are no checks and balances to enforce and monitor the implementation of these and there are also no consequences for default on internal controls, then there will never be any improvement in that regard. The lack of investigative capacity, the understaffed and almost dysfunctional audit and risk management units in these municipalities are the causes of this default on internal controls. **Recommendation:** Partner with the provincial and national treasury and the Department of Cooperative Governance to train employees on internal controls. Also create a good relationship and engage the Auditor-General's office with regards to assistance in this regard.

4.2.19 Political will

Political will (lack of interventions by provincial and national departments and/ or authorities) or lack thereof can only be evident when there is unwavering effort by National and Provincial Governments to intervene on this problem. **Recommendation:** This problem requires interventions by National and Provincial Governments and mobilisation of civil society formations and communities. in the National and Provincial Governments' interventions. **Recommendation:** This problem requires interventions by

National and Provincial Governments and mobilisation of civil society formations and communities.

4.3 Conclusion

This study embarked on an investigation to determine whether officials in control of municipal finances and planning were adequately aware of control mechanisms, legislations, policies, systems and strategies of fraud prevention and anti-corruption behaviour. The overall finding of this study is that the majority of official are adequately aware of policies and systems, but respondents are not convinced that senior management are committed enough, the absence of political will among politicians and lack of interventions by provincial and national departments and/or authorities.

Local government, as represented by a small sample of the five municipalities of the Kenneth Kaunda District in the North West Province, is an example of the third level of government responsible for essential service delivery to the general public. The erosion of public funds through fraud and corruption threatens the sustainability of 55, 6 million South Africans.

The recommendations identified above, which was a result of a literature review and empirical study, led to the conclusion of this study. The researcher believes that this study achieved its main aim. However, it is the researcher's belief that there is still room for more research on how to strengthen fraud prevention measures in local government.

ANNEXURE: A QUESTIONNAIRE

A. INTRODUCTION

Dear Respondent

I am a final year Masters in Business Administration student at the Potchefstroom Campus of the North-West University. I am currently conducting research titled “Investigating fraud prevention measures in the Dr Kenneth Kaunda District Municipalities”. The analysis would entail identification of the fraud prevention measures applied by the municipalities, evaluation of such measures and to suggest possible remedies to strengthen and improve those measures in the District municipalities.

Kindly take note that the information obtained will be used **ONLY** for academic research and no names or any identifying data regarding the participants will be revealed. Furthermore, participation is voluntary.

Instructions on the completion of the questionnaire will follow before each section and questions can be answered by simply making a tick in a box.

If any part of the questionnaire is not clear, or if you have any queries, please contact me, Mr Itumeleng Patric Molehabangwe, at 071 481 3157 or molehabangwei@gmail.com.

Once you have completed your questionnaire, please return it via e-mail or inform me on the cell phone number provided to come and collect it. It would be appreciated if you could return the completed questionnaire to me by 11 November 2016.

Should you require a copy of the abbreviated report of the findings please write your name, e-mail address or telephone number in the box below.

I look forward to your response.

Yours sincerely

Itumeleng Patric Molehabangwe

B. BIOGRAPHICAL OR GENERAL INFORMATION

1.1. Name of Municipality:

.....

1.2. Your position or title:

.....

1.3. Your race:

1.4. Level of your position: See table below and

tick next to the relevant level of your position or title

1. Municipal manager	1	
2. Director	2	
3. Manager	3	
4. Risk/ audit team	4	
5. Specialist	5	
6. Supervisor	6	
7. General worker	7	

1.4 Your gender: Male or Female:

1.5 Your age: See table below and tick next to the relevant age

1. 20-30 years	1	
2. 31-40 years	2	
3. 41-50 years	3	

4. 51-60 years	4	
5. Above 50	5	

1.6 How many years are you in this position: See table below and tick next to your relevant experience

1	0-5	
2	5-10	
3	10-20	
4	20 and above	

1.7 Your educational level. See table below and tick next to the relevant level of your education

1	No matric	
2	Matric	
3	Diploma	
4	Degree	
5	Post-graduate qualification (Specify)	

C. QUESTIONS

Legislation (Constitution of the Republic of SA, Municipal Finance Management Act, National Treasury regulations, National Treasury notes, Protected disclosures Act, Prevention and combating of corrupt activities Act, Local

Government: Municipal Systems Act, Local Government: Municipal Structures Act, Local Government: Municipal Supply Chain Management Regulations)

Question	Fully (4)	Adequately (3)	Partly (2)	Not at all (1)
1. Are you aware of any of the above legislation intended to expose fraud/ corruption at work?				
2. Are there adequate fraud awareness campaigns at work?				
3. Do you think management is doing enough to decrease fraud/ corruption at work?				
4. Are you aware of any fraudulent activities taking place at work?				
5. Do you think the municipality has the ability/ capacity to investigate fraud/ corruption incidents?				
6. Do you know any policy available to guide employees				

when they experience any fraudulent/ corrupt incident?				
7. To what extent do you think your colleagues report fraud/ corruption to management?				
8. To what degree do you think those that commit fraud/ corruption at work are exposed?				
9. To what degree do you think those who commit fraud/ corruption at work suffer consequences?				
10. To what extent do you think managers are also involved in fraud/ corruption?				
11. To what extent are councillors involved in fraud/ corruption?				
12. Do you think that the provincial department of local				

government is doing enough to curb fraud/ corruption?				
13. Do you think that the National department of local government is doing enough to curb fraud/ corruption?				
14. To what degree do you think the law enforcement agencies are doing enough to deal with fraud/ corruption at your work?				
15. How do you rate the safety of those that report fraud/ corruption incidents at work?				
16. Do members of the community report fraud/ corruption incidents at all?				
17. How strong do you think the financial controls in the municipality can				

<p>lead to the detection of fraud/ corruption incidents?</p>				
<p>18. To what extent do you think the opposition political parties are serious about fighting fraud/ corruption in your municipality?</p>				

THANK YOU FOR YOUR PARTICIPATION

Annexure B: The Profile of the Dr Kenneth Kaunda District Municipality

The Dr Kenneth Kaunda District Municipality was established in terms of Municipal Structures Act (117 of 1998) and is in terms of the law a successor of the old Southern District Council (Dr Kenneth Kaunda District Municipality Report, 2012/2013:9).

Vision

To provide an integrated district management framework in support of quality service delivery

Mission

Exploring prosperity through sustainable service delivery

Strategic goals

To promote physical infrastructure development and services

To promote socio-economic development

To ensure disaster risk management

To promote integrated transport services

To promote community safety

To ensure internal municipal excellence

Core business values

Innovativeness

Teamwork

Integrity

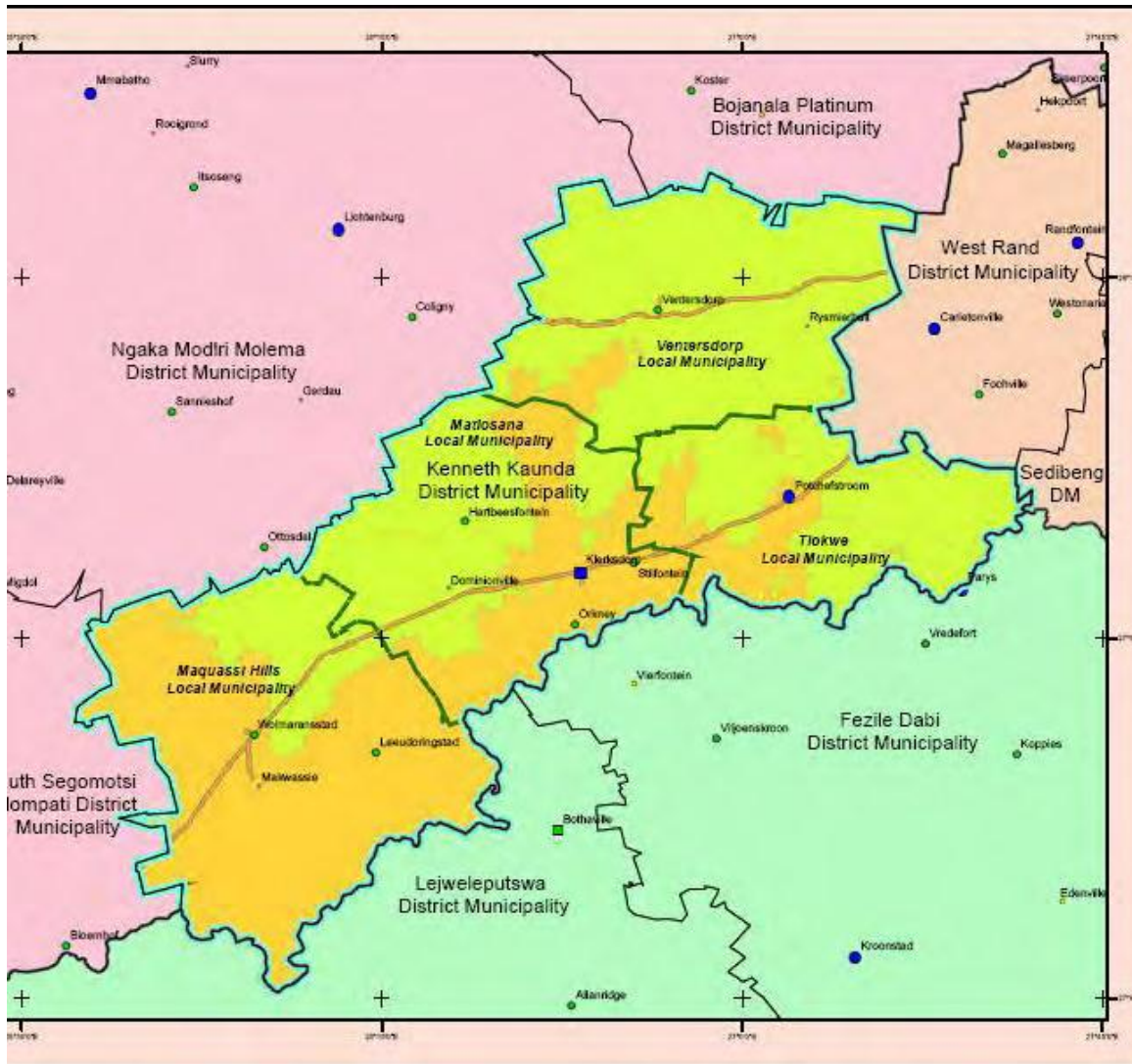
Decisiveness

Batho Pele

This study took the above vision, mission, strategic goals and core business values of the Dr Kenneth Kaunda District Municipality into consideration as an oversight structure

over all four local municipalities within the district to investigate fraud-prevention measures.

Table 1.2: Map of the Kenneth Kaunda District Municipality



Source: www.Dr Kenneth Kaunda District Municipality.

The Dr Kenneth Kaunda District Municipality comprised the following population demographics during 2016:

Table 5.1.1: Source: The Local Government Handbook

ANNEXURE C: POPULATION DEMOGRAPHICS OF THE KENNETH KAUNDA DISTRICT MUNICIPALITIES

Population	742 821
Population under 15	29.3%
Population 15 to 64	65.8%
Population over 65	4.8%
Per 100 (15-64)	51.9
Males per 100 females	100.7
Per annum	1.48%
Unemployment rate (official)	28,6
Youth unemployment rate (official) 15-34	37,3
No schooling	8.9%
Matric	30.7%
Higher education	9.6%
Households	240 543
Average household size	3.1
Female-headed households	37.0%
Formal dwellings	86.4%
Housing owned	56.6%
Flush toilet connected to sewerage	87.7%
Weekly refuse removal	79.9%
Piped water inside dwelling	45.9%
Electricity for lighting	91.1%

ANNEXURE C: NON-PAMETRIC CORRELATION

Non-parametric correlation

			AGE	EXPERIENCE	QUALIFICATION
Spearman's rho	AGE	Correlation Coefficient	1.000	.430**	.016
		Sig. (2-tailed)		.000	.893
		N	70	70	70
	EXPERIENCE	Correlation Coefficient	.430**	1.000	.395**
		Sig. (2-tailed)	.000		.001
		N	70	70	70
	QUALIFICATION	Correlation Coefficient	.016	.395**	1.000
		Sig. (2-tailed)	.893	.001	
		N	70	70	70
C1		Correlation Coefficient	.032	.316**	.650**
		Sig. (2-tailed)	.794	.008	.000
		N	70	70	70
C2		Correlation Coefficient	-.022	.075	.499**
		Sig. (2-tailed)	.854	.539	.000
		N	70	70	70
C3		Correlation Coefficient	-.091	.043	.488**
		Sig. (2-tailed)	.454	.725	.000
		N	70	70	70
C4		Correlation Coefficient	.102	-.052	.340**
		Sig. (2-tailed)	.401	.672	.004
		N	70	70	70
C5		Correlation Coefficient	.145	.315**	.377**
		Sig. (2-tailed)	.231	.008	.001
		N	70	70	70
C6		Correlation Coefficient	.117	.366**	.581**
		Sig. (2-tailed)	.334	.002	.000
		N	70	70	70
C7		Correlation Coefficient	-.057	.178	.482**
		Sig. (2-tailed)	.642	.140	.000

	N	70	70	70
C8	Correlation Coefficient	.214	.265*	.530**
	Sig. (2-tailed)	.076	.027	.000
	N	70	70	70
C9	Correlation Coefficient	.159	.253*	.584**
	Sig. (2-tailed)	.190	.035	.000
	N	70	70	70
C10	Correlation Coefficient	-.095	-.021	.058
	Sig. (2-tailed)	.434	.865	.631
	N	70	70	70
C11	Correlation Coefficient	.008	-.087	.336**
	Sig. (2-tailed)	.945	.473	.004
	N	70	70	70
C12	Correlation Coefficient	.061	.095	.258*
	Sig. (2-tailed)	.617	.432	.031
	N	70	70	70
C13	Correlation Coefficient	.043	.183	.391**
	Sig. (2-tailed)	.721	.130	.001
	N	70	70	70
C14	Correlation Coefficient	-.020	.080	.360**
	Sig. (2-tailed)	.872	.512	.002
	N	70	70	70
C15	Correlation Coefficient	-.028	.141	.377**
	Sig. (2-tailed)	.820	.244	.001
	N	70	70	70
C16	Correlation Coefficient	-.041	.200	.593**
	Sig. (2-tailed)	.739	.096	.000
	N	70	70	70
C17	Correlation Coefficient	.189	.280*	.653**
	Sig. (2-tailed)	.117	.019	.000
	N	70	70	70
C18	Correlation Coefficient	.291*	.433**	.667**
	Sig. (2-tailed)	.014	.000	.000
	N	70	70	70

C1	C2	C3	C4	C5	C6	C7	C8	C9
.032	-.022	-.091	.102	.145	.117	-.057	.214	.159
.794	.854	.454	.401	.231	.334	.642	.076	.190
70	70	70	70	70	70	70	70	70
.316**	.075	.043	-.052	.315**	.366**	.178	.265*	.253*
.008	.539	.725	.672	.008	.002	.140	.027	.035
70	70	70	70	70	70	70	70	70
.650**	.499**	.488**	.340**	.377**	.581**	.482**	.530**	.584**
.000	.000	.000	.004	.001	.000	.000	.000	.000
70	70	70	70	70	70	70	70	70
1.000	.505**	.299*	.390**	.426**	.555**	.571**	.505**	.539**
	.000	.012	.001	.000	.000	.000	.000	.000
70	70	70	70	70	70	70	70	70
.505**	1.000	.433**	.264*	.248*	.395**	.351**	.541**	.412**
.000		.000	.027	.038	.001	.003	.000	.000
70	70	70	70	70	70	70	70	70
.299*	.433**	1.000	.243*	.203	.388**	.254*	.330**	.231
.012	.000		.043	.092	.001	.034	.005	.054
70	70	70	70	70	70	70	70	70
.390**	.264*	.243*	1.000	.113	.191	.371**	.317**	.391**
.001	.027	.043		.351	.113	.002	.007	.001
70	70	70	70	70	70	70	70	70
.426**	.248*	.203	.113	1.000	.320**	.462**	.453**	.251*
.000	.038	.092	.351		.007	.000	.000	.036
70	70	70	70	70	70	70	70	70
.555**	.395**	.388**	.191	.320**	1.000	.293*	.464**	.378**
.000	.001	.001	.113	.007		.014	.000	.001
70	70	70	70	70	70	70	70	70
.571**	.351**	.254*	.371**	.462**	.293*	1.000	.490**	.416**
.000	.003	.034	.002	.000	.014		.000	.000
70	70	70	70	70	70	70	70	70
.505**	.541**	.330**	.317**	.453**	.464**	.490**	1.000	.443**
.000	.000	.005	.007	.000	.000	.000		.000
70	70	70	70	70	70	70	70	70
.539**	.412**	.231	.391**	.251*	.378**	.416**	.443**	1.000
.000	.000	.054	.001	.036	.001	.000	.000	
70	70	70	70	70	70	70	70	70
.144	-.014	.003	-.057	.287*	.112	.236*	-.032	.023
.234	.909	.979	.637	.016	.356	.049	.795	.848
70	70	70	70	70	70	70	70	70
.477**	.256*	.218	.228	.178	.205	.457**	.272*	.395**

.000	.033	.070	.057	.141	.089	.000	.023	.001
70	70	70	70	70	70	70	70	70
.446**	.306*	.112	-.059	.283*	.347**	.162	.260*	.128
.000	.010	.354	.626	.018	.003	.180	.030	.290
70	70	70	70	70	70	70	70	70
.334**	.208	.235	.044	.176	.227	.360**	.319**	.318**
.005	.084	.050	.717	.145	.059	.002	.007	.007
70	70	70	70	70	70	70	70	70
.312**	.267*	.287*	.245*	.097	.197	.192	.242*	.291*
.008	.025	.016	.041	.425	.101	.111	.043	.014
70	70	70	70	70	70	70	70	70
.506**	.381**	.065	.182	.206	.286*	.355**	.348**	.378**
.000	.001	.591	.131	.087	.016	.003	.003	.001
70	70	70	70	70	70	70	70	70
.506**	.428**	.399**	.318**	.370**	.403**	.557**	.565**	.587**
.000	.000	.001	.007	.002	.001	.000	.000	.000
70	70	70	70	70	70	70	70	70
.615**	.459**	.370**	.307**	.419**	.517**	.482**	.495**	.496**
.000	.000	.002	.010	.000	.000	.000	.000	.000
70	70	70	70	70	70	70	70	70
.567**	.471**	.296*	.215	.251*	.497**	.404**	.567**	.440**
.000	.000	.013	.074	.036	.000	.001	.000	.000
70	70	70	70	70	70	70	70	70

C10	C11	C12	C13	C14	C15	C16	C17	C18
-.095	.008	.061	.043	-.020	-.028	-.041	.189	.291*
.434	.945	.617	.721	.872	.820	.739	.117	.014
70	70	70	70	70	70	70	70	70
-.021	-.087	.095	.183	.080	.141	.200	.280*	.433**
.865	.473	.432	.130	.512	.244	.096	.019	.000
70	70	70	70	70	70	70	70	70
.058	.336**	.258*	.391**	.360**	.377**	.593**	.653**	.667**
.631	.004	.031	.001	.002	.001	.000	.000	.000
70	70	70	70	70	70	70	70	70
.144	.477**	.446**	.334**	.312**	.506**	.506**	.615**	.567**
.234	.000	.000	.005	.008	.000	.000	.000	.000
70	70	70	70	70	70	70	70	70
-.014	.256*	.306*	.208	.267*	.381**	.428**	.459**	.471**

.909	.033	.010	.084	.025	.001	.000	.000	.000
70	70	70	70	70	70	70	70	70
.003	.218	.112	.235	.287*	.065	.399**	.370**	.296*
.979	.070	.354	.050	.016	.591	.001	.002	.013
70	70	70	70	70	70	70	70	70
-.057	.228	-.059	.044	.245*	.182	.318**	.307**	.215
.637	.057	.626	.717	.041	.131	.007	.010	.074
70	70	70	70	70	70	70	70	70
.287*	.178	.283*	.176	.097	.206	.370**	.419**	.251*
.016	.141	.018	.145	.425	.087	.002	.000	.036
70	70	70	70	70	70	70	70	70
.112	.205	.347**	.227	.197	.286*	.403**	.517**	.497**
.356	.089	.003	.059	.101	.016	.001	.000	.000
70	70	70	70	70	70	70	70	70
.236*	.457**	.162	.360**	.192	.355**	.557**	.482**	.404**
.049	.000	.180	.002	.111	.003	.000	.000	.001
70	70	70	70	70	70	70	70	70
-.032	.272*	.260*	.319**	.242*	.348**	.565**	.495**	.567**
.795	.023	.030	.007	.043	.003	.000	.000	.000
70	70	70	70	70	70	70	70	70
.023	.395**	.128	.318**	.291*	.378**	.587**	.496**	.440**
.848	.001	.290	.007	.014	.001	.000	.000	.000
70	70	70	70	70	70	70	70	70
1.000	.180	.230	.043	.044	.073	.180	.083	.160
	.136	.055	.724	.719	.550	.135	.495	.187
70	70	70	70	70	70	70	70	70
.180	1.000	.107	.270*	.134	.285*	.366**	.371**	.184
.136		.378	.024	.270	.017	.002	.002	.127
70	70	70	70	70	70	70	70	70
.230	.107	1.000	.126	.068	.310**	.222	.285*	.256*
.055	.378		.299	.575	.009	.064	.017	.032
70	70	70	70	70	70	70	70	70
.043	.270*	.126	1.000	.135	.080	.458**	.391**	.392**
.724	.024	.299		.265	.511	.000	.001	.001
70	70	70	70	70	70	70	70	70
.044	.134	.068	.135	1.000	.029	.321**	.257*	.241*
.719	.270	.575	.265		.812	.007	.032	.044
70	70	70	70	70	70	70	70	70
.073	.285*	.310**	.080	.029	1.000	.330**	.247*	.225
.550	.017	.009	.511	.812		.005	.040	.061
70	70	70	70	70	70	70	70	70
.180	.366**	.222	.458**	.321**	.330**	1.000	.484**	.547**

.135	.002	.064	.000	.007	.005		.000	.000
70	70	70	70	70	70	70	70	70
.083	.371**	.285*	.391**	.257*	.247*	.484**	1.000	.661**
.495	.002	.017	.001	.032	.040	.000		.000
70	70	70	70	70	70	70	70	70
.160	.184	.256*	.392**	.241*	.225	.547**	.661**	1.000
.187	.127	.032	.001	.044	.061	.000	.000	
70	70	70	70	70	70	70	70	70

Figure 4.1: Non parametric correlation

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