



human settlements

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DEPARTMENT OF HUMAN SETTLEMENTS

FRAUD PREVENTION AND ANTI- CORRUPTION POLICY

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TABLE OF CONTENTS

	Abbreviations	2
	Definitions	3
1.	Introduction	5
2.	Purpose of the policy	5
3.	Scope of application	6
4.	Objectives of the policy	6
5.	Policy principles	7
6.	Legislative mandate	7
7.	Roles and responsibilities	11
8.	Deliverables of the policy	11
8.1.	Investigation procedures	11
8.2.	Anti-fraud programmes	12
8.3.	Risk management oversight	13
8.3.	Risk management support	14
8.4.	Assurance providers	15
8.5.	Ethical culture	15
9.	Review of the policy	15
10.	Effective date of the policy	16
11.	Approval	16

ABBREVIATIONS

Abbreviation	Full description
AO	Accounting Officer
DMC	Departmental Management Committee
DPISA	Department of Public Service and Administration
HOD	Head of Department
HRM	Human Resource Management
MACC	Minimum Anti-Corruption Capacity
NIA	National Investigation Agency
PFMA	Public Finance Management Act, Act 1 of 1999, as amended
PSA	Public Service Commission
RMEC	Risk Management and Ethics Committee
SAPS	South African Police Services

DEFINITIONS

Concept	Definition
Corruption	Any conduct or behaviour where a person accepts agrees or offers any gratification for him/herself or for another person where the purpose is to act dishonestly or illegally with the intention of personal gain.
Departmental Management Committee	All executive and senior management of the Department, including any other official which the Accounting Officer may appoint or nominate to serve in this committee.
Employee	A person who has been appointed permanently, notwithstanding that such appointment may be on probation, to a post contemplated in section 8(1)(a) of the Public Service Act, and includes a person contemplated in section(8)(b) or 8(3)(c) of that act. Has been appointed on contract in terms of section 8(1) (c) (ii) of the Public Service Act.
Fraud	The unlawful and intentional making of a misrepresentation which causes actual and or potential prejudice to another". The use of the term is in its widest possible meaning and is intended to include all aspects of economic crime and acts of dishonesty.
Fraud prevention	Fraud prevention is a process that is adopted by the institution, putting mechanisms in place to manage the institution's vulnerability to fraud. Such mechanisms are designed to prevent, deter, and detect fraud. As part of the Enterprise Risk Management (ERM), it is the responsibility of the Accounting Officer to establish structures to address the threat of fraud.
Fraud risk	The risk posed to the department either by employees or other external stakeholders will/might result in fraud and corruption.

Fraud Risk Identification	The process aimed at proactively identifying Department's vulnerability to internal and external fraud.
Risk Assessment	The overall process of risk analysis and risk evaluation.
Risk Management and Ethics Committee	A committee that oversees the performance and implementation of fraud prevention and ethics in the Department.

1. INTRODUCTION

The Fraud Prevention and Anti-Corruption Policy is intended to meet specific requirements of the Public Finance Management Act, Act 1 of 1999, as amended, as part of a prioritised risk. The policy is based on the prevention and combating of corrupt activities (Prevention and Combating of Corrupt Activities Act, Act 12 of 2004). The policy will continuously evolve through review processes as the department makes changes and improvements in its drive to promote ethics, manage fraud risk and prevent fraud.

Furthermore, the Fraud Prevention and Anti-Corruption Policy do not attempt to provide a complete approach to risk management, but it forms part of the integrated approach to risk management in terms of the Public Sector Risks Management Framework and Treasury Regulations. Top management sets the tone of the department and promotes an anti-fraud culture.

The policy is designed to protect public resources, protect the integrity, security and reputation of the department, and maintain a high level of services to the community consistent with good governance as per the King Report IV on Corporate Governance.

2. PURPOSE OF THE POLICY

The purpose of the Policy is to articulate the Department of Human Settlement's philosophy on fraud prevention. The Department of Human Settlement adopts a comprehensive approach to the management of fraud risk.

3. SCOPE OF THE POLICY

The Policy is applicable to all staff members of the Department of Human Settlements, at the head office and district offices, including stakeholders.

4. OBJECTIVES OF THE POLICY

- 4.1. To encourage a culture within the department where all employees and other stakeholders continuously behave ethically in their dealings with or on behalf of the department.
- 4.2. To improve accountability, efficiency, and effective administration within the department.
- 4.3. To improve the application of systems, policies, procedures, and regulations.
- 4.4. To change aspects of the department that facilitate corruption and allow it to go unnoticed or unreported.
- 4.5. To encourage all employees and other stakeholders to strive towards the prevention and detection of fraud and corruption impacting or having the potential to impact the department.

5. POLICY PRINCIPLES

- 5.1. Fraud represents a significant potential risk to the government's assets, service delivery efficiency and reputation. The Department will not tolerate corrupt or fraudulent activities, whether internal or external and will vigorously pursue and prosecute any party, by all legal means available, which engages in such practices or attempt to do so. It also views attempted fraud as seriously as accomplished fraud.
- 5.2. The Department recognises the fact that possible acts of fraud and corruption by its employees and other stakeholders seriously deplete the scarce resources available to fulfilling its mandate, hence the Department support and adopt a culture of zero tolerance for fraud and corruption.
- 5.3. It is the policy of the department that fraud, corruption, maladministration, or any other dishonest activities of a similar nature will not be tolerated. Such activities will be investigated, and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative actions, and the department of recoveries where applicable.

- 5.4. Prevention, detection, and investigative strategies will be designed and implemented. These will include any existing controls (system controls and manual internal controls) and those currently prescribed in existing policies, procedures, and other relevant prescripts to the activities of the department.
- 5.5. It is the responsibility of all employees to report all incidents of fraud and corruption that may come to their attention. Such reports can be made by way of submitting a report through the prescribed whistleblowing mechanisms. All reports received will be treated with the requisite confidentiality and will not be disclosed or discussed with parties other than those charged with the investigation into such reports.
- 5.6. All Managers are responsible for the detection, prevention and investigation of fraud and corruption, within their areas of responsibility.

6. LEGISLATIVE MANDATE

- 6.1. The provisions of Section 38(1)(a)(i) of the Public Finance Management Act, Act 1 of 1999, as amended, stipulate that the Accounting Officer/Authority is responsible for ensuring that the department, trading entity or constitutional institution has and maintains an effective, efficient, and transparent system of financial and risk management and internal control.
- 6.2. Furthermore, Sections 3.2.1. and 27.2.1. of the Treasury Regulations (Government Gazette Number 221412 dated 9 March 2001) require that risk assessment is conducted on regular basis and a risk management strategy, which includes a fraud prevention plan, is used to direct internal audit efforts. The strategy must be clearly communicated to all employees to ensure that risk management is incorporated into the language and culture of the department.

7. THE OBJECTIVES OF THE POLICY

7.1. Accounting Officer

7.1.1. The primary responsibility for the prevention and detection of fraud rests with the Accounting Officer (AO) as he/she is entrusted with the governance of the department. The AO must ensure that:

7.1.1.1. There are measures in place to mitigate the risk of fraud and corruption, hence, maintenance and monitoring of the implementation of this Policy.

7.1.1.2. Ensures regular reporting on the effectiveness of the policy globally.

7.1.1.3. Provision of fraud and investigation services within the Department, including policy development, contingency planning, and staff awareness training.

7.1.1.4. Investigation into all known or suspected instances of fraud by an employee (appoint the investigating officer for cases of fraud and corruption).

7.1.1.5. Allocating sufficient and appropriate resources to implement this policy effectively.

7.1.1.6. Implementing initiatives that enhance the effectiveness of the fraud risk management, including procedures that enable employees to inform management of suspected fraud, theft and wrongdoing.

7.2. Senior Management Service

7.2.1. Senior Management shall be responsible for eradicating fraud and corruption and ensuring that the department strives to be perceived as ethical in all its dealings with the public and other interested parties.

7.2.2. Managers and supervisors are in a position to take responsibility for detecting fraud and other irregularities in their areas of responsibility.

- 7.2.3. Managers and supervisors are capacitated to respond and report an incidence of fraud.
- 7.2.4. Ensuring compliance with this policy throughout their operations.
- 7.2.5. Considering their exposure to fraud risk and introducing preventative controls into new and existing systems and processes.
- 7.2.6. Encouraging an open and ethical culture amongst staff.
- 7.2.7. Developing proactive methods of fraud detection, such as data mining and analysis.
- 7.2.8. As a result, there is a need for all managersto partake in the risk assessment process by:
 - 7.2.8.1. Identifying and assessing the risks involved in the operations for which they are responsible.
 - 7.2.8.2. Develop and maintain effective controls to prevent and detect fraud.
 - 7.2.8.3. Ensure compliance with controls.
 - 7.2.8.4. Ensure that agreed procedures are followed.

7.3. All other officials

- 7.3.1. Other officials are responsible for integrating fraud risk management into their day-to-day activities. They must ensure that their delegated risk management responsibilities are executed, and progress is continuously reported.
- 7.3.2. Every member of staff:
 - 7.3.2.1. Has a duty to ensure that public funds, the department's reputation and its assets are safeguarded.
 - 7.3.2.2. Will alert their line manager where they believe the opportunity for fraud exists because of poor procedures or lack of effective supervision.
 - 7.3.2.3. Assist in any investigations by making available all relevant information and by co-operating in interviews.
 - 7.3.2.4. Has a responsibility to report details of:

7.3.2.4.1. Any suspected or actual fraud.

7.3.2.4.2. Any suspicious acts or events, to their line manager, or as per provision of the department's whistleblowing policy.

7.3.2.4.3. Staff members are responsible for reporting known or suspected fraud, or instances of unethical or illegal behaviour within the department.

7.4. Risk Management Unit

7.4.1. Raise fraud awareness to management and other employees of the department.

7.4.2. Facilitates the fraud risk assessment process.

7.4.3. Develop policies and strategies to mitigate fraud risks.

7.4.4. Advice on matters related to fraud prevention.

7.4.5. Responsible for investigating reported cases of fraud from the National Anti-Corruption Hotline and those reported within the department.

7.4.6. Advice employees on ethical matters.

7.4.7. Ensure integrity is maintained, and policies, procedures and practices are adhered to.

7.4.8. Identify and report unethical behaviour and corrupt activities to the Head of the Department. Manage conflict within the department including:

7.4.8.1. Financial disclosures of employees.

7.4.8.2. Application for external remunerative work.

7.4.8.3. Departmental gift register.

7.4.9. Develop and implement awareness programmes to educate officials on ethics, good governance, and anti-corruption measures.

7.4.10. Keep a database of all employees under investigation and those disciplined for unethical behaviour.

8. DELIVERABLES OF THE POLICY

8.1. Investigation procedures

8.1.1. The department has developed investigation procedures to ensure uniformity in the reporting and investigation of incidents of fraud and corruption:

- 8.1.1.1. Reporting of suspicious acts.
- 8.1.1.2. Preliminary investigation of incidents reported.
- 8.1.1.3. Investigation procedure.
- 8.1.1.4. Involvement of other law enforcement agencies.
- 8.1.1.5. Procedure in making resolutions.
- 8.1.1.6. Recovery of loss.

8.2. Anti-fraud programmes

8.2.1. The programmes planned for the department to address the threat of fraud and corruption are as follows:

- 8.2.1.1. Code of conduct in which management of the department believes and requires their employees to subscribe.
- 8.2.1.2. The department's policies, procedures, rules and regulations and other relevant government prescripts.
- 8.2.1.3. The disciplinary code and procedure.
- 8.2.1.4. Internal controls to prevent and detect fraud.
- 8.2.1.5. Physical and information security management.
- 8.2.1.6. Internal Audit.
- 8.2.1.7. Ongoing risk assessment which includes fraud detection approaches.
- 8.2.1.8. Reporting and monitoring of allegations.
- 8.2.1.9. A fraud policy and strategy which includes the policy stance of the department on fraud and steps for the reporting, basic investigations and resolution of allegations and incidents of fraud.

- 8.2.1.10. A whistleblowing policy to limit the risks of non-compliance with the provision of the Protected Disclosure Act, Act 26 of 2000.
- 8.2.1.11. Creation of awareness among the employees and other stakeholders through communication and education of the Code and the Policy.

8.3. Risk Management oversight

- 8.3.1. The Executive Authority takes an interest in fraud risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the department against significant fraud risks.
- 8.3.2. The Audit Committee:
 - 8.3.2.1. Members have responsibility for reviewing the department's internal control and risk management systems, including the design and implementation of anti-fraud programmes and controls.
 - 8.3.2.2. It monitors the integrity of the financial statements, assesses the department's performance in fraud prevention, and reviews the investigation log of cases.
 - 8.3.2.3. Reviews arrangements by which employees can confidentially raise concerns about possible wrongdoing (whistle-blowing mechanisms), and their objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.
- 8.3.3. Risk Management and Ethics Committee:
 - 8.3.3.1. Review and recommend for the Approval of the Accounting Officer/Authority, the:
 - 8.3.3.1.1. Fraud prevention policy.
 - 8.3.3.1.2. Fraud prevention plan.
 - 8.3.3.1.3. Fraud Risk management implementation plan.

- 8.3.3.1.4. Whistleblowing Policy.
- 8.3.3.1.5. Fraud Risk Register.
- 8.3.3.2. Assess the level of fraud and corruption risks, discuss corrective actions, and make recommendations to the HOD when necessary. Promote integrity and ethical behaviour in the department.

8.4. Risk Management support

8.4.1. Chief Risk Officer:

- 8.4.1.1. The Chief Risk Officer is the custodian of the Risk Management Strategy and coordinator of risk management activities throughout the department.
- 8.4.1.2. The primary responsibility of the Chief Risk Officer is to bring to bear his/her specialist expertise to assist the department to embed risk management and leverage its benefits to enhance performance.
- 8.4.1.3. The Chief Risk Officer shall work with managers in establishing and maintaining effective risk management in their areas of responsibility.
- 8.4.1.4. The Chief Risk Officer also has the responsibility for monitoring progress and for assisting other managers in reporting relevant risk information up, down and across the institution and shall be a member of the Risk Management Committee.

8.4.2. The Risk Champion's responsibility involves intervening in instances where the risk management efforts are being hampered, for example, by the lack of cooperation by Management and other officials and the lack of departmental skills and expertise.

8.4.3. Anti-Corruption and Forensic Management Unit (Office of the Premier):

- 8.4.3.1. The responsibility of the Provincial Anti-Corruption and Forensic Management Unit is that of facilitating and monitoring the implementation of the Minimum Information Security Standard, Ethics and Anti-Corruption initiatives in the province.

- 8.4.3.2. Manage the National anti-corruption hotline cases.
- 8.4.3.3. Management of the reported allegations of fraud and corruption in the province.
- 8.4.3.4. Conduct investigation of reported allegations of fraud and corruption in the province.
- 8.4.3.5. Coordinate the Provincial financial disclosure process.
- 8.4.4. Provincial Risk Management Unit (Department of Finance):
 - 8.4.4.1. The Provincial Risk Management Support unit is responsible for monitoring and assessing the implementation of risk management.
 - 8.4.4.2. Building risk management capacity.
 - 8.4.4.3. And enforcing the Public Finance Management Act, Act 1 of 1999, as amended.

8.5. Assurance providers

- 8.5.1. Internal Audit:
 - 8.5.1.1. The role of Internal Audit in risk management is to provide independent, objective assurance of the effectiveness of the department's system of risk management.
 - 8.5.1.2. Internal Audit must evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement where necessary.
- 8.5.2. External Audit:
 - 8.5.2.1. The external auditor (Auditor-General) provides an independent opinion on the effectiveness of risk management.
 - 8.5.2.2. An entity-wide approach to risk management will be adopted by the department, meaning that every key risk in each part of the department will be included in a structured and systematic process of risk management.
 - 8.5.2.3. It is expected that the risk management processes will become embedded into the department's systems and processes, ensuring that our responses to risk remain current and dynamic.

- 8.5.2.4. All risk management efforts will be focused on supporting the department's objectives.
- 8.5.2.5. Equally, they must ensure compliance with relevant legislation, and fulfil the expectations of employees, communities, and other stakeholders in terms of corporate governance.

8.6. Ethical culture

- 8.6.1. The department is required to conduct itself in an ethical and moral way.
- 8.6.2. Ethics are concerned with human character and conduct and deal with questions of right and wrong, appropriate, and inappropriate behaviour and what constitutes good or evil.
- 8.6.3. Ethical conduct is based on a set of principles referred to as values or norms.
- 8.6.4. The collective ethical conduct of all the individual employees of a department reflects the department's ethical conduct.
- 8.6.5. In this regard, the highest standards of ethics are required by employees when fulfilling their duties.
- 8.6.6. Good governance indicates that departments should adopt a Code of Conduct as part of their corporate governance frameworks.
- 8.6.7. All employees are expected to sign and abide by the Code of Conduct for the department.

9. REVIEW OF THE POLICY

The policy will be reviewed annually to reflect the status of the department. If there are any significant changes during the year, an Addendum will be done and recommended by the Risk Management Committee members and approved by the Head of the Department.

10. EFFECTIVE DATE

The Policy will come into effect on the date of approval.

11. POLICY APPROVAL

Policy Developer:

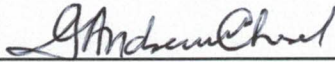


**MS L THULO
DEPUTY DIRECTOR:
RISK MANAGEMENT**

31/03/2022

DATE

Recommendation:

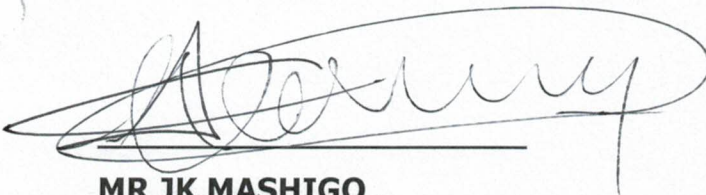


**INDEPENDENT CHAIRPERSON:
RISK MANAGEMENT COMMITTEE**

31/03/2022

DATE

Approval:



**MR JK MASHIGO
HEAD OF DEPARTMENT**

31/03/2022

DATE