

FRAUD PREVENTION POLICY 2024/2025



public works & roads

Department:
Public Works and Roads
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

CONTENTS

1. INTRODUCTION.....	3
2. LEGISLATIVE FRAMEWORK.....	4
3. PURPOSE OF POLICY.....	4
4. DEFINITION OF FRAUD.....	4
5. SCOPE OF THE POLICY.....	5
6. APPLICATION OF PREVENTION CONTROLS AND DETECTION MECHANISMS.....	6
7. REPORTING PROCEDURES AND RESOLUTION OF REPORTED INCIDENTS.....	6
8. ROLES AND RESPONSIBILITIES.....	8
9. CONFIDENTIALITY.....	10
10. PROSECUTION.....	10
11. IMPLICATIONS OF NON-COMPLIANCE WITH THE POLICY.....	10
12. POLICY REVIEW.....	11
13. POLICY MAINTENANCE.....	11



1. INTRODUCTION

- 1.1. The Department is committed to the fight against fraud and corruption and will uphold the Batho Pele principles in its dealing with the public, organisations and third parties doing business with it. The department will seek to prevent, detect, respond and discourage any form of fraud and corruption.
- 1.2. The Member of the Executive Committee (“MEC”), the Executive and Senior Management and all staff are expected to uphold the highest standards of conduct and work ethic. The MEC and Accounting Officer must ensure adherence to all codes of ethics and standards. The department expects that all individuals, organisations and third parties associated and doing business with it will act with integrity and without intent to commit fraud and corruption.
- 1.3. Fraud undermines the ability of the government to deliver on its constitutional mandate. Consequently, the public and investor confidence is lost or lowered.
- 1.4. With one of the best constitutions’ in the world, South Africa is equipped with a sound legislative framework which protects the rights of its citizens, creates a safe and fair environment in which to leave and encourages good corporate governance.
- 1.5. The National Government introduced the “Batho Pele” initiative which aimed at transforming the Public Service at all levels. The Batho Pele is anchored on 11 principles namely:
- Consultation;
 - Service standards;
 - Access;
 - Courtesy;
 - Information;
 - Openness and transparency;
 - Redress;
 - Value for money;
 - Encouraging Innovation and Rewarding Excellence;
 - Customer Impact; and
 - Leadership and Strategic Direction.
- 1.6. The scourge of fraud is an indictment against the principles of Batho Pele mentioned above.



2. LEGISLATIVE FRAMEWORK

This policy derives its mandate from the following legislation and prescripts:

- The Public Finance Management Act, 1999 (Act No 1 of 1999);
- Protected Disclosures Act, 2000 (Act No. 26 of 2000);
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000);
- A guide for Public Sector Accountability implementing the protected Disclosures Act;
- Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004).

3. PURPOSE OF POLICY

3.1 This policy is intended to set down the stance of the department to "fraud", as referred to in paragraph 2.2 below, as well as to reinforce existing systems, policies, procedures, rules, and regulations aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud. The Fraud Prevention Strategy/ Plan that complements this Policy details how the department will respond to the allegations of fraud.

3.2 Furthermore, the purpose and spirit of this document is to confirm that the department supports and fosters a culture of zero-tolerance to fraud in all its manifestations.

3.3 The department recognises the fact that acts of fraud by its employees seriously deplete the scarce resources available to the department in fulfilling its mandate.

3.4 The department also recognises that the debilitating effects of fraud extend beyond the loss of cash and other assets which has severe negative repercussions on the ability of the department to achieve its objectives.

3.5 Although difficult to quantify, such acts, if left unchecked, could have a serious and adverse impact on:

- The quality and effectiveness of service delivery;
- The strength of business relationships with clients, suppliers, and the public;
- Employee morale; and
- Reputation and image of Public Works and Roads.

4. DEFINITION OF FRAUD

4.1 In South Africa there are many definitions of fraud. In many instances, especially in the public eye, Fraud is extended to include corruption.



2024/25 FRAUD PREVENTION POLICY

4.2 In this policy we define fraud in line with one of the well-known and authoritative definitions by a South African Criminal Law Jurist, CR Snyman who defined fraud as *“the unlawful and intentional making of a misrepresentation which causes actual prejudice or which is potentially prejudicial to another”*.

4.3 Actions constituting fraud refer to, but are not limited to:

- (a) Any dishonest, fraudulent, or corrupt act;
- (b) Theft of funds, supplies, or other assets;
- (c) Maladministration or financial misconduct in handling or reporting of money, financial transactions, or other assets;
- (d) Making a profit from insider knowledge;
- (e) Disclosing confidential or proprietary information to outside parties for financial or other advantage;
- (f) Requesting or accepting anything of material value (free of charge) from contractors, suppliers, or other persons providing goods or services to Public Works and Roads;
- (g) Irregular destruction, removal, or abuse of records and equipment;
- (h) Deliberately omitting or refusing to report or act upon reports of any such irregular or dishonest conduct;
- (i) Bribery, blackmail, secret commissions, and or extortion involving a Public Works and Roads employee in the performance of her or his duties;
- (j) Abuse of Public Works and Roads facilities; and
- (k) Any similar or related irregularity.

5. SCOPE OF THE POLICY

5.1 All stakeholders with whom the Department interacts, are expected to abide by the principles contained in the Policy. The Policy applies to:

- Public servants
- Suppliers, contractors, and providers of goods and services
- Users of services/customers
- Stakeholders, labour, and social societies
- Media, Religious Organisations
- All other persons with links to the Department



6. APPLICATION OF PREVENTION CONTROLS AND DETECTION MECHANISMS

6.1 With respect to all reported incidents of fraud, managers are required to immediately review, and where possible, improve the effectiveness of the controls which have been breached to prevent similar irregularities from taking place in the future.

7. REPORTING PROCEDURES AND RESOLUTION OF REPORTED INCIDENTS

What should employees do if they suspect fraud?

7.1 It is the responsibility of all employees to immediately report all allegations or incidents of fraud to their immediate manager or, if the employee has reason to believe that his/her immediate manager is involved, to the next level of management. All managers must report all incidents and allegations of fraud to the Head of Department.

7.2 The Head of Department will then communicate the allegation to the Security Services Unit within the Department and/or the Forensic Services based in the Office of the Premier to initiate an investigation into the matter.

What should a member of the public do if they suspect fraud impacting the department?

7.3 Should a member of the public wish to report allegations of fraud anonymously, they can contact any member of management, or the **Fraud Hotline on the toll-free number 0800 701 701 or the Presidential hotline 17737.**

7.4 The department encourages members of the public who suspect fraud impacting it to contact the Head of Department or the Security Services Unit within the Department or Forensic Services based at the Office of the Premier or the Fraud Hotline on the toll-free number using the contact details provided in paragraph 7.3 above.

How will allegations of fraud be dealt with by DPWR/Response?

7.5 For issues raised by employees or members of the public, the action taken by the Department will depend on the nature of the concern. The matters raised may:

- Be referred to the Security Services Unit within the Department;
- Be referred to Forensic Services based at the Office of the Premier;
- Be referred to the SAPS, or any other law enforcement agency.



7.6 All supervisors and management within the department have advisory and supporting assistance from units which include the following:

- Risk Management Unit within the Department;
- Internal Audit Unit within Provincial Treasury;
- Human Resources Management;
- Forensic Services, Office of the Premier;
- Legal Services;
- Labour Relations;
- The Office of the Auditor-General; and
- The Public Protector.

7.7 The Risk Management and Security Services Units provide a mechanism for a more integrated strategic intelligence effort to:

- Support policy-making and the co-ordination of fraud control policy;
- Coordinate processes among law enforcement agencies involved in combating fraud within the Province.

7.8 Any fraud committed by an employee of Public Works and Roads will be pursued by thorough investigation and to the full extent of the law, including consideration of the following:

- Taking disciplinary action within a reasonable period of time after the incident;
- Instituting recovery of financial losses, including formal civil action;
- Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and
- Any other appropriate and legal remedy available.

7.9 The Head of Department and respective managers are also required to ensure that losses or damages suffered by the department as a result of all reported acts of fraud committed or omitted by an employee or any other person, are recovered from such an employee or other person if he or she is found to be liable.

7.10 The Head of Department or his delegated representative will, upon receiving a report of fraud from an external person, write to the person (unless the report has been made anonymously) making the report:

- Acknowledging that the concern has been received; and
- Informing her or him whether any further investigations will take place, and if not, why not.



7.11 Public Works and Roads accepts that those people, including employees who reported the alleged fraud need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, information about the outcomes of any investigation will be disseminated on a “need-to-know” basis.

7.12 The Risk Management Committee will regularly review the matters reported and actions taken.

8. ROLES AND RESPONSIBILITIES

8.1 Management of the department is responsible for establishing and maintaining a sound system of internal controls that support the achievement of departmental policies, aims, and objectives. The system of internal controls is designed to respond to and manage the whole range of risks that the department faces. Managing fraud risk will be seen in the context of the management of this wider range of risks.

8.2 Overall responsibility for managing the risk of fraud has been delegated to line Managers, Provincial Internal Audit Services, and the Risk Manager (CRO) of the Department. The responsibilities of the Risk Manager (CRO) include:

- developing a fraud risk profile and undertaking a regular review of the fraud risks associated with each of the key organizational objectives in order to keep the profile current;
- designing an effective control environment to prevent fraud from happening;
- establishing appropriate mechanisms for:
 - reporting fraud risk issues,
 - reporting significant incidents of fraud to the HOD and Ethics Champion.
- Make sure that all staff are aware of the department’s attitude to fraud and know what their responsibilities are concerning combating fraud;
- ensuring that appropriate anti-fraud training and development opportunities are available to appropriate staff;
 - ensuring that appropriate action is taken to minimize the risk of similar frauds occurring in the future.

8.3 Line Managers are responsible for:

- ensuring that an adequate system of internal controls exists within their areas of responsibility and that controls operate effectively;



- Preventing and detecting fraud;
- assessing the types of risk involved in the operations for which they are responsible;
- regularly reviewing and testing the control systems for which they are responsible;
- ensuring that controls are being complied with and their systems continue to operate effectively;
- implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.

8.4 Provincial Internal Audit Services is responsible for:

- delivering an opinion to the HOD and Audit Committee on the adequacy of arrangements for managing the risk of fraud and ensuring that the department promotes an anti-fraud culture;
- assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls commensurate with the extent of the potential exposure/risk in the various segments of the department's operations;

8.5 Provincial Risk Management Unit is responsible for:

- monitoring and assessing the implementation of risk management, builds risk management capacity, and enforces the PFMA and prescribed National and Provincial norms and standards.

8.6 Every member of staff is responsible for:

- acting with propriety in the use of departmental resources and the handling and use of departmental funds whether they are involved with cash or payments systems, receipts, or dealing with suppliers or customers.
- being conscious of the possibility that unusual events or transactions could be indicators of fraud;
- reporting details immediately through the appropriate channel, if they suspect that a fraud has been committed or see any suspicious acts or events;
- co-operating fully with whoever is conducting internal checks, reviews, or fraud investigations.



9. CONFIDENTIALITY

- 9.1 All information relating to fraud that is received and investigated will be treated confidentially. The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any person(s) other than those who have a legitimate right to such information. This is important to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct.
- 9.2 No person is authorised to supply any information about allegations or incidents of fraud to the media or public without the express permission of the Head of Department.

10. PROSECUTION

- 10.1 Where evidence is available, following an investigation into the allegations received, appropriate action will be taken against the implicated persons within the confines of the law.
- 10.2 Appropriate actions may include but are not limited to:
- Disciplinary actions as prescribed in terms of the department's internal policies;
 - Referral to the South African Police Services where evidence suggests that a criminal offense may have been committed;

Civil recovery where evidence available suggests that the department suffered losses due to the conduct of the implicated.

11. IMPLICATIONS OF NON-COMPLIANCE WITH THE POLICY

Officials who contravene any provision of this Policy will be subject to disciplinary proceedings following the Disciplinary Code and Procedures contained in GPSSBC Collective Agreement No.2 of 1999 for Salary levels 12 and below, and the Senior Management Service, Chapter 7 Handbook for SMS members.




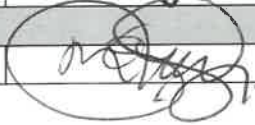
2024/25 FRAUD PREVENTION POLICY

12. POLICY REVIEW

The Fraud Prevention Policy will be reviewed and updated annually or as circumstances dictate.

13. POLICY MAINTENANCE

This Policy is recommended by the Risk Management Committee and approved by the Head of Department.

DESIGNATION	NAME	SIGNATURE	DATE
RECOMMENDATION			
Risk Management Committee Chairperson	Mr. F. M. Mkhabela		27/03/2024
Approval			
Head Of Department	Mr. M.I. Kgantsi		28/03/24

