dpwr

Department:
Public Works and Roads
North West Provincial Government
Republic of South Africa

ANTI-CORRUPTION AND FRAUD PREVENTION POLICY
2015/16

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1. Background

The Accounting Authority / Officer has committed the Department of Public Works and Roads (DPWR) to a process of fraud risk management that is aligned to the principles of the Public Finance Management Act (PFMA), Act 1 of 1999 as amended by Act 29 of 1999.

The provisions of Section 38(1)(a)(i) of the Public Finance Management Act stipulates that the Accounting Officer / Authority is responsible for ensuring that the department, trading entity or constitutional Institution has and maintains effective, efficient and transparent system of financial and risk management and internal control.

Furthermore, sections 3.2.1 and 27.2.1 of the Treasury Regulations require that fraud risk assessment is conducted on regular basis and a risk management strategy, which includes a fraud prevention plan, be used to direct internal audit effort. The strategy must be clearly communicated to all employees to ensure that risk management is incorporated into the language and culture of the department or entity.

2. Purpose

The primary objective of this Policy is:

a) To prevent fraud and to ensure that there is zero tolerance towards fraud and corruption.
b) To re-enforce the Government policies, processes, procedures, regulations and other prescripts.

3. Scope of the Policy

This policy applies throughout the department in as far as risk management is concerned.

4. Policy statement

Fraud represents a significant potential risk to the Department's assets, service delivery efficiency and reputation. The Department will not tolerate fraudulent or corrupt activities, whether internal or external to the Department, and will vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.

5. The concept of fraud prevention

Fraud prevention is a process that is adopted by the Department, in putting mechanisms in place, to manage Department'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 / Authority to establish structures to address the threat of fraud.

6. Investigation procedures

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

- Reporting of suspicious acts;
- Preliminary investigation of incidents reported;
- Investigation procedure;
- Involvement of other law enforcements agencies;
- Procedure in taking resolutions; and
- Recovery of loss.

7. Anti-fraud programmes

The Department has developed the following programmes to address the threat of fraud and corruption:

- Recruitment policy;
- Accounting and operational policies;
  Fraud awareness training (indicators of fraud);
- Fraud awareness audit;
- Fraud risk assessment;
- Anti-corruption & fraud prevention strategy;
- Code of ethics and conduct.

8. Role players

The Department has taken a stance that management of fraud and corruption threat like any other risks is the responsibility of everyone in the organisation.

8.1   Risk Management Oversight

8.1.1 Executive Authority

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.

8.1.2 Audit Committee

The Audit Committee is an independent committee responsible for oversight of the department's control, governance and risk management. The responsibilities of the Audit Committee with regard to fraud risk management are formally defined in its charter. The Audit Committee provides an independent and objective view of the department's fraud risk management effectiveness.

8.1.3 Risk Management Committee

The Risk Management Committee is appointed by the Accounting Officer / Authority to assist them to discharge their responsibilities for fraud risk management. The Committee's role is to review the fraud risk management progress of the department, the effectiveness of fraud risk management activities, the key fraud risks facing the department, and the responses to address these key fraud risks.

8.2 Risk Management Implementers

8.2.1 Accounting Officer

The Accounting Officer/ Authority is accountable for the department's overall governance of fraud risk. By setting the tone at the top, the Accounting Officer promotes accountability, integrity and other factors that will create a positive control environment.

8.2.2 Management

Management is responsible for executing their responsibilities outlined in the fraud risk management strategy and for integrating risk management into the operational routines.

8.2.3 Other Officials

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 continuously report on progress.

8.3 Risk Management Support

8.3.1 Chief Risk Officer

The Chief Risk Officer is the custodian of the Fraud Prevention Strategy, and coordinator of fraud risk management activities throughout the department. 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.

8.3.2 Risk Champion

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

8.4 Risk Management Assurance Providers

8.4.1 Internal Audit

The role of the Internal Auditing in fraud risk management is to provide an independent, objective assurance on the effectiveness of the department's system of fraud risk management. Internal Auditing must evaluate the effectiveness of the entire system of fraud risk management and provide recommendations for improvement where necessary.

8.4.2 External Audit

The external auditor (Auditor-General) provides an independent opinion on the effectiveness of fraud risk management.

8.4.4 Anti-Corruption & Forensic Management Unit (Office of the Premier)

The Anti-Corruption & Forensic Management Unit facilitates and monitors the implementation of the Minimum Information Security Standards (MISS) and Anti-Corruption initiatives. The Unit also investigate the Departmental Forensic and Fraud cases as and when requested.

9. Policy review

This Policy shall be reviewed annually to reflect the current stance on anti-corruption and fraud.

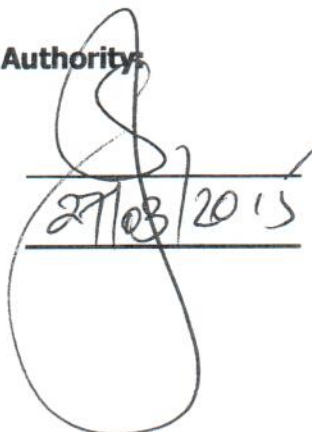**Recommended by the Risk Management Committee:**

Signature:

Date: 26/03/2015

Approved by the Accounting Officer / Authority:

Signature:

Date: 27/03/2015