



**dpwrt**

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

## **FRAUD AND CORRUPTION PREVENTION STRATEGY 2012/13**

## DPWRT FRAUD AND CORRUPTION PREVENTION STRATEGY

DOCUMENT TITLE : FRAUD AND CORRUPTION PREVENTION STRATEGY

DEPARTMENT : PUBLIC WORKS, ROADS AND TRANSPORT

## Table of Contents

1	Introduction .....	4
2	Purpose.....	4
3	Statement of Attitude to Fraud .....	4
4	Definition of Fraud and Corruption .....	4
5	Principles of the Strategy .....	5
6	Components of the Strategy.....	6
7	Strategy on Fraud and Corruption Prevention.....	6
8	Scope .....	6
9	Preventative actions .....	7
10	Actions Constituting Fraud and Corruption .....	7
11	Preventing Fraud .....	9
11.1	Code of conduct .....	9
11.2	Systems, policies, procedures, rules and regulations.....	9
11.3	Disciplinary Code and Procedures.....	9
11.4	Internal Controls .....	9
11.5	Physical and Information Security .....	10
12	Detecting and Investigating Fraud and Corruption .....	10
12.1	Internal Audit .....	10
12.2	Reporting and Monitoring .....	10
13	Further Implementation and Monitoring.....	10
13.1	Creating Awareness .....	10
14	Controls for the Fraud and Corruption Prevention Strategies.....	11
14.1	Structural Strategies .....	11
14.1.1	Responsibilities for fraud and corruption risk management .....	11
14.1.3	An ethical culture .....	12
14.1.4	Senior management commitment.....	12
14.1.5	Employee awareness .....	13
14.2	Operational strategies .....	13
14.2.1	Internal controls .....	13
14.3	Maintenance strategies.....	14
14.3.1	Review of the effectiveness of the Fraud and Corruption Prevention Strategy.....	14
15	Anti-Fraud and Corruption Plan.....	14

## **1 Introduction**

- 1.1. This document is the Fraud and Corruption Prevention Strategy of the Department of Public Works Roads and Transport (DPWRT) and is intended to meet specific requirements of the PFMA as part of a prioritised risk. This Strategy is based on the Prevention and Combating of Corrupt Activities Act (act 12 of 2004). The Strategy will continuously evolve as the Department makes changes and improvements in its drive to promote ethics, manage fraud risk and preventing it from realizing.

## **2 Purpose**

- 2.1. The purpose of the document is to provide guidance to enable the DPWRT to implement a Fraud and Corruption Prevention Strategy and develop an Anti-Fraud and Corruption Plan to combat fraud and corruption.

## **3 Statement of Attitude to Fraud**

- 3.1. Fraud and corruption represents a significant potential risk to 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 engage in such practices or attempt to do so.

## **4 Definition of Fraud and Corruption**

- 4.1. Fraud is an "unlawful and intentional misrepresentation which causes actual and or potential prejudice to another". The term is also used in a wider sense to include all aspects of economic crimes and acts of dishonesty.
- 4.2. The general offence of corruption is contained in Section 3 of The Prevention and Combating of Corrupt Activities Act. This section provides that any person who gives or accepts or agrees or offers to accept/ receive any gratification from

another person in order to influence such other person in a manner that amounts to:

- 4.2.1. illegal or unauthorised performance of other person's powers, duties or functions;
- 4.2.2 Abuse of authority, a breach of trust, or the violation of a legal duty or a set of rules;
- 4.2.2. Achievement of an unjustified result; or
- 4.2.3. Any other unauthorised or improper inducement to do or not to do anything is guilty of the offence of Corruption.

4.3. Corruption in its wider meaning, and as referred to in this document, includes any conduct or behaviour where a person accepts, agrees or offers any gratification for him/her or for another person where the purpose is to act dishonestly or illegally. Such behaviour also includes the misuse of material or information, abuse of a position of authority or a breach of trust or violation of duty.

## **5 Principles of the Strategy**

5.1. The main principles of the Strategy are the following:

- 5.1.1. Creating a culture which is intolerant of fraud;
- 5.1.2. Deterrence of fraud;
- 5.1.3. Preventing fraud which cannot be deterred;
- 5.1.4. Detection of fraud;
- 5.1.5. Investigating detected fraud;
- 5.1.6. Taking appropriate actions against fraudsters e.g. prosecution , discipline etc;  
and
- 5.1.7. Applying sanction which include redress in respect of financial losses.

## **6 Components of the Strategy**

- 6.1. Code of the conduct
- 6.2. Policies, procedures, rules and regulations and other relevant prescripts;
- 6.3. Disciplinary code and procedure;
- 6.4. Financial misconduct policy
- 6.5. Internal controls
- 6.6. Physical and information security management;
- 6.7. Internal Audit;
- 6.8. Ongoing risk assessment which includes fraud detection approaches;
- 6.9. Reporting and monitoring of allegations;
- 6.10. A Fraud and Corruption Prevention Strategy and Anti-Fraud and Corruption Plan which includes the policy stance of the DPWRT and steps for the reporting and resolution of allegation and incidents of fraud;
- 6.11. A whistle blower protection clause in order to limit the risks of non-compliance with the provision of the protected disclosure Act; and
- 6.12. Creation of awareness among the employees and other stakeholders through communication and education of the code and the policy.

## **7 Strategy on Fraud and Corruption Prevention**

- 7.1. This strategy is established to facilitate the development of controls to assist in the prevention and detection of fraud and corruption, as well as to provide guidelines on how to respond should instances of fraud and corruption be identified.

## **8 Scope**

- 8.1 This strategy applies to all employees, stakeholders, contractors, vendors/suppliers and any other party doing business with the DPWRT.

## 9 Preventative actions

- 9.1 DPWRT has zero tolerance to fraud and corruption, maladministration and any other dishonest activities of similar nature. 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 recoveries where applicable.
- 9.2 Prevention, detection, and preliminary investigation will be done in-house while the investigation will be by the provincial anti-corruption unit.
- 9.3 It is the responsibility of all employees to report all incidents of fraud and corruption that may come to theirs or their supervisor's attention. Alternatively, such reports may be submitted to the provincial anti-corruption unit through the provincial hotline.
- 9.4 All reports received will be treated with the requisite confidentiality and will not be disclosed or discussed with parties other than those charged or investigated in terms of such reports. The origin of such reports will not be disclosed to the accused.
- 9.5 All Managers are responsible for the detection, prevention and reporting of fraud and corruption, within their areas of responsibility in terms of **sec 45 of the PFMA (Act 1 of 1999) as amended.**
- 9.6 The DPWRT will appoint Risk Management Committee (RMC) to implement the Strategy.

## 10 Actions Constituting Fraud and Corruption

- 10.1 Fraud and corruption manifests in a number of ways and varying degrees of intensity. These include, but are not limited to:
  - 10.1.1 Unauthorised private use of the DPWRT's assets, including vehicles;
  - 10.1.2 Falsifying travel and subsistence claims;
  - 10.1.3 Submitting claims for trips not undertaken;
  - 10.1.4 Staying away from work without filling in a leave forms

- 10.1.5 Conspiring unfairly with others to obtain a tender;
- 10.1.6 Disclosing proprietary information relating to a tender to outside parties;
- 10.1.7 Accepting inappropriate gifts from suppliers;
- 10.1.8 Employing family members or close friends;
- 10.1.9 Operating a private business during working hours;
- 10.1.10 Using the resources of the employer to conduct own business
- 10.1.11 Stealing equipment or supplies from work;
- 10.1.12 Accepting bribes or favours to process requests;
- 10.1.13 Accepting bribes or favours for turning a blind eye to a service provider who  
does not provide an appropriate service;
- 10.1.14 Submitting or processing false invoices from contractors or other service  
providers; and
- 10.1.15 Misappropriating fees received from customers, and avoiding detection by  
not issuing receipts to those customers.
- 10.1.16 Receiving of kick bags



## **11 Preventing Fraud**

### **11.1 Code of conduct**

The code of conduct for Public servants is applicable and acts as a guide to the DPWRT employees as to what is expected from an ethical point of view.

### **11.2 Systems, policies, procedures, rules and regulations**

11.2.1 The department has a number of policies, procedures and regulations designed to ensure compliance with government legislations and limit risks including the risks of fraud and corruption. Fundamentally, all DPWRT employees must comply with the principles inherent in the PFMA and the supporting Treasury Regulations.

11.2.2 The Department is committed to ensuring that thorough pre-employment and security clearance screening is conducted for all candidates applying for sensitive positions. This will be extended to include the conducting of appropriate checks to verify qualifications submitted by candidates due for promotion or transfers to other posts.

### **11.3 Disciplinary Code and Procedures**

11.3.1 The disciplinary Code and Procedures of the Department prescribes appropriate steps to be taken to resolve disciplinary matters.

### **11.4 Internal Controls**

11.4.1 Prevention controls, Detection controls and Segregation of duties are basic internal controls designed to prevent and detect fraud and corruption. These are imbedded in the policies, procedures, regulations and other prescripts and are effectively implemented to limit fraud and corruption.

## **11.5 Physical and Information Security**

- 11.5.1 Recognising that effective physical security is one of the “front line” defences against fraud and corruption, the DPWRT will take regular steps to improve physical security and access control at its offices in order to limit the risk of theft of assets.
- 11.5.2 All employees are to be sensitised on a regular basis to the fraud risks associated with information security. Access controls to limit the risk of manipulation data. Regular review will be conducted and weaknesses identified during these reviews will be addressed.

## **12 Detecting and Investigating Fraud and Corruption**

### **12.1 Internal Audit**

- 12.1.1 Provincial Internal audit will assist the DPWRT in improving the effectiveness of operations, risk management, controls and governance. This is further intended to promote good corporate governance within the Department.

### **12.2 Reporting and Monitoring**

- 12.2.1 The Risk Management Unit will ensure that the communication process is effective thereby ensuring that all employees know which steps to take and where to report allegations and incidents they witness. The DPWRT will use the provincial hotline. The number is: **0800 701701**

## **13 Further Implementation and Monitoring**

### **13.1 Creating Awareness**

- 13.1.1 This component of the Strategy comprises two approaches, namely education and communication.

**Education**

The Department will ensure that regular presentations and formal training are carried out for employees to enhance their understanding of the manifestation of fraud and corruption prevention and detection techniques, and the components of the strategy. These presentation and training will include ongoing formal lectures for supervisors and managers in all functional discipline, with particular emphasis on Human Resources and Finance.

**Communication**

The objective of the communication strategy is to also create awareness of the plan amongst employees and other stake holders. This is intended to facilitate a culture where all stakeholders strive to contribute towards making the Strategy successful as well as for the sustaining of a positive culture within the Department. This will increase the prospect of fraud and corruption being reported and improve the Department's presentation and detection ability and address negative perceptions of the Department.

## **14 Controls for the Fraud and Corruption Prevention Strategies**

The approach in controlling fraud and corruption will focus on three areas, namely:

- i) Structural Strategies;
- ii) Operational Strategies; and
- iii) Maintenance Strategies.

### **14.1 Structural Strategies**

Structural Strategies represent the actions to be undertaken in order to address fraud and corruption at the Structural level.

#### **14.1.1 Responsibilities for fraud and corruption risk management**

The following section outlines the fraud and corruption risk management responsibilities associated with different roles within the Department.

**14.1.2 Accounting Authority / Officer**

The Accounting Authority / Officer bear the ultimate responsibility for fraud and corruption risk management within the Department. This includes the coordination of risk assessments, overseeing the investigation of suspected fraud and corruption, and facilitation for the reporting of such instances.

**14.1.3 An ethical culture**

The Department is required to conduct itself in an ethical and moral way.

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. Ethical conduct is based on a set of principles referred to as values or norms. The collective ethical conduct of all the individual employees of a Department reflects the Department's ethical conduct. In this regard, the highest standards of ethics are required by employees when fulfilling their duties.

Good governance indicates that institutions should develop codes of conduct (ethics) as part of their corporate governance frameworks. All employees are expected to abide by the Code of Conduct for the Department.

**14.1.4 Senior management commitment**

Senior management is to be committed to 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. In this regard, senior management, under the guidance of the Accounting Authority / Officer, will ensure that it does not become complacent in dealing with fraud and corruption and that it will ensure the Department's overall fraud and corruption strategy is reviewed and updated regularly. Furthermore, senior management will ensure that all employees and stakeholders are made aware of its overall anti - fraud and corruption strategy through various initiatives of awareness and training.

#### **14.1.5 Employee awareness**

The main purpose of fraud and corruption awareness workshops / training is to assist in the prevention, detection and reporting of fraud and corruption by raising the level of awareness as to how fraud and corruption is manifested in the workplace. In this regard, all employees will receive training on the following:

- Fraud and Corruption Prevention Strategy;
- Code of Conduct for employees;
- Whistle blowing policy;
- How to respond to fraud and corruption; and
- Manifestations of fraud and corruption in the workplace.

The Department will identify the unit/directorate that would be responsible for employee awareness and that will arrange and schedule awareness sessions throughout the year (i.e. Risk Management unit).

### **14.2 Operational strategies**

#### **14.2.1 Internal controls**

Internal controls are the first line of defense against fraud and corruption. While internal controls may not fully protect the Department against fraud and corruption, they are essential elements in the overall Anti-Fraud and Corruption Strategy.

All areas of operations require internal controls, for example:

- Physical controls (securing of assets);
- Authorisation controls (approval of expenditure);
- Supervisory controls (supervising day-to-day issues);
- Analysis of data;
- Monthly and annual financial statements;

- Reconciliation of bank statements, monthly; and
- Reconciliation of vote accounts, monthly.

The Provincial Internal Audit will be responsible for implementing an internal audit program which will incorporate steps to evaluate adherence to internal controls.

### 14.3 Maintenance strategies

#### 14.3.1 Review of the effectiveness of Fraud and Corruption Prevention Strategy

The Department will conduct a review of the Fraud and Corruption Prevention Strategy annually to determine the effectiveness thereof. The Accounting Authority / Officer is ultimately accountable for this review and may appoint a person to take responsibility for this.

## 15 Anti-Fraud and Corruption Plan

Based on this Strategy the DPWRT will prepare and implement an Anti-Fraud and Corruption Plan that will be reviewed as and when necessary.

**Signed:**



**Accounting Officer:**

M. S. Thobakgale

**Date Approved:**

17/09/2012