



dpwrt

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

**FRAUD AND ANTI-CORRUPTION
PREVENTION STRATEGY
2013/14**

POLICY TITLE : FRAUD AND ANTI-CORRUPTION PREVENTION STRATEGY
DEPARTMENT : PUBLIC WORKS, ROADS AND TRANSPORT

TABLE OF CONTENTS	PAGE NO.
1 Introduction	4
2 Purpose	4
3 Statement of attitude to fraud	4
4 Definition of fraud and corruption	4-5
5 Principles of fraud	5
6 Components of strategy	5-6
7 Statement on fraud and corruption prevention	6
8 Scope	6
9 Preventative actions	6-7
10 Actions constituting fraud and corruption	7
11 Preventing fraud	7
11.1 Code of conduct	7
11.2 Systems, procedures, rules and regulations	8
11.3 Disciplinary code and procedure	8
11.4 Internal controls	8
11.5 Physical and information security	8
12 Detecting and preventing fraud and corruption	9
12.1 Internal Audit	9
12.2 Reporting and monitoring	9
13 Further implementation and monitoring	9
13.1 Creating awareness	9
14 Controls for the fraud and corruption strategy	10
14.1 Structural strategies	10
14.1.1 Responsibilities for fraud and corruption risk management	10
14.1.2 Accounting Authority/Officer	10
14.1.3 An ethical culture	10
14.1.4 Senior management commitment	11
14.1.5 Employee awareness	11-12
14.2 Operational strategies	12
14.2.1 Internal controls	12
14.3 Maintenance strategies	12
14.3.1 Review of the effectiveness of the fraud and corruption prevention strategy	12
15 Fraud and anti-corruption plan	13

1. Introduction

- 1.1 This document is the Fraud and Corruption Prevention strategy for the Department of Public Works, Roads & 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 12 of 2004). The strategy will continuously evolve as the Department make changes and improvements in its drive to promote ethics, manage fraud risk and preventing it from realizing.

2. PURPOSE OF THE STRATEGY

- 2.1 The purpose of this 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 represent 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 parties or attempt to do so.

4. Definition of fraud and corruption

- 4.1 Fraud means the unlawful and intentional misrepresentation which can lead to actual or potential disadvantage to another individual or group, an intentional deception made for personal gain.
- 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
- 4.2.3 Achievement of an unjustified result or
- 4.2.4 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 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 Detecting 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 includes redress in respect of financial losses.

6. Components of the strategy

- 6.1 Code of 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 whistleblower protection clause in order to limit the risk 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

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 form;
- 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;
- 10.1.15 Misappropriating fees received from customers, and avoiding detection by not issuing receipts to those customers;
- 10.1.16 Receiving of kick backs

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 System, 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 embedded in the policies, procedures, regulations and other prescripts and are 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 risk associated with information security. Access controls to limit the risk of manipulation of 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 governance within the Department.

12.2 Reporting and monitoring

12.2.1 The Risk Management Unit will ensure that communication process is effective thereby ensuring that all employees know which steps to take and where to report allegations and incidents they witness. The DPRWT will use the National Hotline and the Provincial Website Address. The number is: 0800 701 701, the website address: www.nwpacf.org.za

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. This presentation and training will include ongoing formal lectures for supervisors and managers in all functional discipline, with particular emphasis on human resource and finance.

Communication

The objective of the communication strategy is also to create awareness of the plan amongst the employees and other stakeholders. 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 strategy

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

- i. Structural strategies
- ii. Operational strategies
- iii. Maintenance strategies

14.1 Structural strategies

The structural strategies represent the actions to be undertaken in order to address fraud and corruption at the structural strategies.

14.1.1 Responsibilities for fraud and corruption risk management

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

14.1.2 Accounting Authority/ Officer

The Accounting Authority/Officer bears the ultimate responsibility for fraud and corruption and 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 of 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 fraud and anti-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 Anti-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 employees awareness and that will arrange and 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 defence against fraud and corruption. While internal controls may not fully protect the Department against fraud and corruption, they are essential elements in the overall fraud & anti-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 financial statements;
- Reconciliation of bank statements 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 anti-corruption strategy

The Department will conduct a review of fraud and anti-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. Fraud and anti-corruption implementation plan

Based on this strategy the DPWRT will prepare and implement a fraud and anti-corruption implementation plan that will be reviewed as and when necessary.

Signed:

Accounting Officer:

Date Reviewed:


M.S. Thobafgale
26/06/2013