



**Department of Public Works, Roads and
Transport
Mpumalanga Provincial Government**

FRAUD PREVENTION POLICY

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REZ

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ABBREVIATIONS

AG	-	Auditor General
CFO	-	Chief Financial Officer of the Department
EPWP	-	Expanded Public Works Programme
GG		Government Garage
MEC	-	Member of Executive Committee
PFMA	-	Public Finance Management Act , 1999 (Act No.1 of 1999)
SAPS	-	South African Police Service

DEFINITIONS

Accounting Officer	means	a person mentioned in Section 36 of the Public Finance Management Act, 1999 (Act No.1 of 1999) and includes any person acting as the Accounting Officer;
Chief Risk Officer	means	the Head of the Risk Management Sub-Directorate;
Code	means	Code of Conduct for Public Servants as prescribed in Chapter 2 of the Public Service Regulations, 2016;
Committee	means	Departmental Fraud and Anti-Corruption Committee;
Department	means	Mpumalanga Department of Public Works, Roads and Transport;
Fraud	means	the unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to another;
National Hotline	means	the National Hotline that is operated by Public Service Commission (0800 701 701) ;
Plan	means	Departmental Fraud Prevention Plan;
Protected Disclosures Act	means	Protected Disclosures Act, 2000 (Act No. 26 of 2000);
Risk Champion	means	a person who by virtue of his/ her expertise or authority champions a particular aspect of the risk management process, but who is not the risk owner; and
Theft	means	the unlawful and intentional misappropriation of another's property or property which is in his/her lawful possession, with the intention to deprive the owner of its rights permanently".

1. INTRODUCTION

The Fraud Prevention Policy sets out the stance of the Department to fraud, as well as reinforces existing systems, policies, procedures, rules and regulations of the Department aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud. It also confirms the Department's commitment to legal and regulatory compliance.

The policy relates to all allegations, attempts and incidents of fraud impacting or having the potential to impact the Department. It also applies to consultants, suppliers, contractors and other providers of goods or services to the Department.

2. OBJECTIVES

The objectives are to:

- 3.1 Outline the Department's approach to the prevention of fraud and corruption, including the investigation procedures to be followed if there are reasonable suspicions of fraud and/or corruption;
- 3.2 Ensure that fraudulent activities are discouraged, exposed, mitigated and dealt with in a decisive manner;
- 3.3 Reduce exposure to liability, sanctions and litigation that may arise from violations of law or stakeholder expectations;
- 3.4 Achieve the highest levels of business integrity through sound corporate governance, internal control and transparency; and
- 3.5 Support realization of the Department's strategic plan and all set priorities.

3. REGULATORY FRAMEWORK

- 3.1 Labour Relations Act, 1995 (Act No.66 of 1995);
- 3.2 National Public Service Anti-Corruption Strategy adopted by cabinet in 2002;
- 3.3 Prevention and Combating of Corrupt Activities Act, 2000 (Act No.12 of 2000);
- 3.4 Protected Disclosures Act, 2000 (Act No. 26 of 2000);
- 3.5 Protected Disclosure Amendment Act, 2017 (Act No 5 of 2017);
- 3.6 Public Finance Management Act, 1999 (Act No. 1 of 1999) and Treasury Regulations issued in terms thereof;
- 3.7 Public Service Act, 1994 (Act No. 103 of 1994) and Regulations made in terms thereof;
- 3.8 Risk Management Committee Charter; and
- 3.9 Whistle-blowing Guide for Public Sector Managers provided by the Department of Public Service Administration.
- 3.10 Constitution of the Republic of South Africa, of 1996.

4. SCOPE OF APPLICATION

This policy shall be applicable to all officials and employees in the Department.

5. POLICY STATEMENT

The Department has a Zero Tolerance philosophy to fraud. It shall be the policy of the Department that corruption, fraud, theft, maladministration or any other dishonest activities of a similar nature should not be tolerated. In addition, all fraud shall be investigated and followed up by the application of all remedies available within the full extent of the law as well as the application of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies, procedures, rules and regulations of the Department.

The efficient application of Treasury Regulations issued in terms of the PFMA, instructions contained in the policies and procedures of the Department, circulars and manuals of the Department, as well as other prescripts of the Public Service, in general, is one of the most important duties to be applied by every employee in the execution of their daily tasks and under no circumstances may there be a relaxation of the prescribed controls.

5.1 DEFINITION OF FRAUDULENT OR CORRUPT ACTS

Fraud shall be defined as an intentional, false representation or concealment of a material fact for the purpose of including another to act upon it to the Department's detriment. Actions constituting corruption, fraud, theft and maladministration collectively refer to, but are not limited to:

- 5.1.1 Dishonest, fraudulent or corrupt act;
- 5.1.2 Theft of funds, supplies, or other assets;
- 5.1.3 Maladministration or financial misconduct in handling or reporting of money, financial transactions or other assets;
- 5.1.4 Making a profit from insider knowledge;
- 5.1.5 Disclosing confidential or proprietary information to outside parties;
- 5.1.6 Irregularly accepting, requesting, offering or giving anything of material value to or from contractors, suppliers or other persons providing services/goods to the Department;
- 5.1.7 Irregular destruction, removal or abuse of records, furniture and equipment;
- 5.1.8 Any similar or related irregularity; and
- 5.1.9 Deliberately omitting or refusing to report or act.

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5.2 CONFIDENTIALITY

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

5.3 REPORTING PROCEDURES

- 5.3.1 An employee who discovers or suspects fraudulent activity should report it to the immediate supervisor/senior manager: risk management/fraud and anti-corruption committee/integrity management unit / national anti - corruption hotline. The employee or other complainant may remain anonymous;
- 5.3.2 All thefts or losses should be reported to the SAPS in the judicial area where the theft or loss occurred within 24 hours;
- 5.3.3 All thefts or losses should also be reported to the Director: Risk Management; and
- 5.3.4 The Department also encourages members of the public who suspect fraud to contact the Accounting Officer or any of the stakeholders mentioned above.

Great care is taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.



5.4 PROCEDURES FOR DEALING WITH REPORTED INCIDENTS

All incidents reported are pursued by thorough investigation and to the full extent of the law, including consideration of:

- 5.4.1 Taking disciplinary action within a reasonable period of time;
- 5.4.2 Instituting civil action to recover losses;
- 5.4.3 Initiating criminal prosecution by reporting the matter to SAPS or any other relevant law enforcement agency; and
- 5.4.4 Any other appropriate and legal remedy available.

5.5 APPLICATION OF PREVENTION CONTROLS AND DETECTION MECHANISMS

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

5.6 FRAUD RISK MANAGEMENT

The Fraud Risk Identification and Assessment shall be performed in a structured and formal manner at least once a year to reflect the current state of fraud risk management within the Department. This includes the fraud risk identification, fraud risk assessment, evaluation of the effectiveness of controls, and the mitigation plan.

Fraud risks that have been identified, assessed and treated shall be subject to continuous monitoring and review in order to ensure that the results of the fraud risk treatment approach are and remain acceptable. This is affected through ongoing activities and/or separate evaluations. The Fraud Risk Management cycle shall be repeated annually.

6. ROLES AND RESPONSIBILITIES

6.1 INCIDENTS AND ALLEGATIONS MANAGEMENT

6.1.1 DIRECTOR: RISK MANAGEMENT AND DIRECTOR: INTERNAL AUDIT

The Director: Risk Management and Director: Internal Audit shall update the Committee and initiate an investigation into the matter, and consult with the Accounting Officer with regard to steps to follow to resolve the matter. Where appropriate, the matter shall be discussed with the Director: Labour Relations and Director: Legal Services.

6.1.2 ALL DIRECTORS

All Directors shall be responsible for the detection, prevention and investigation of fraud and must report all incidents and allegations of fraud to the Director: Risk Management.

6.1.3 ALL EMPLOYEES

It shall be 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.

6.1.4 THE RISK COMMITTEE

The Committee's role shall be to review and evaluate the Fraud Policy and Fraud Prevention Plan, reporting on all investigations and ensuring that the investigation outcomes and actions to be taken are adequately taken. The responsibilities shall be formally defined in its Charter.

6.2 FRAUD RISK MANAGEMENT OVERSIGHT

6.2.1 EXECUTIVE AUTHORITY

The Executive Authority shall take 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.

6.2.2 AUDIT COMMITTEE

The Audit Committee shall be 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.

6.2.3 RISK MANAGEMENT COMMITTEE

The Risk Management Committee shall be appointed by the Accounting Officer to assist in discharging responsibilities for fraud risk management. The Committee's role shall be 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.



6.3 RISK MANAGEMENT IMPLEMENTERS

6.3.1 ACCOUNTING OFFICER

The Accounting Officer shall be 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.

6.3.2 MANAGEMENT

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

6.3.3 OTHER OFFICIALS

Other officials shall be 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.

6.4 RISK MANAGEMENT SUPPORT

6.4.1 CHIEF RISK OFFICER

The Chief Risk Officer shall be 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.

6.4.2 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.

6.5 RISK MANAGEMENT ASSURANCE PROVIDERS

6.5.1 INTERNAL AUDIT

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

6.5.2 AUDITOR GENERAL

The Auditor-General shall provide an independent opinion on the effectiveness of fraud risk management.

6.6 CREATING AWARENESS

It shall be the responsibility of all managers to ensure that all employees, are made aware of, and receive appropriate training and education with regard to this policy.

7. MONITORING AND EVALUATION

The Risk Management Section shall monitor and evaluate the implementation of the policy.



8. POLICY TERMINATION AND REVIEW

8.1 The policy shall be reviewed annually to factor in any changes in legal framework, organizational development, political and economic trends.

8.2 when there are changes on the envisaged outputs by the Medium Term Expenditure Framework as well as outcomes of monitoring and evaluation.

9. DEVIATION

Any deviation from this policy shall be subject to the approval of the Accounting Officer.

10. IMPLEMENTATION DATE

This policy shall come into effect from the date of approval by the Accounting Officer.

11. APPROVAL



MC MOROLO

HEAD: PUBLIC WORKS, ROADS AND TRANSPORT

DATE: 43/12/2023-