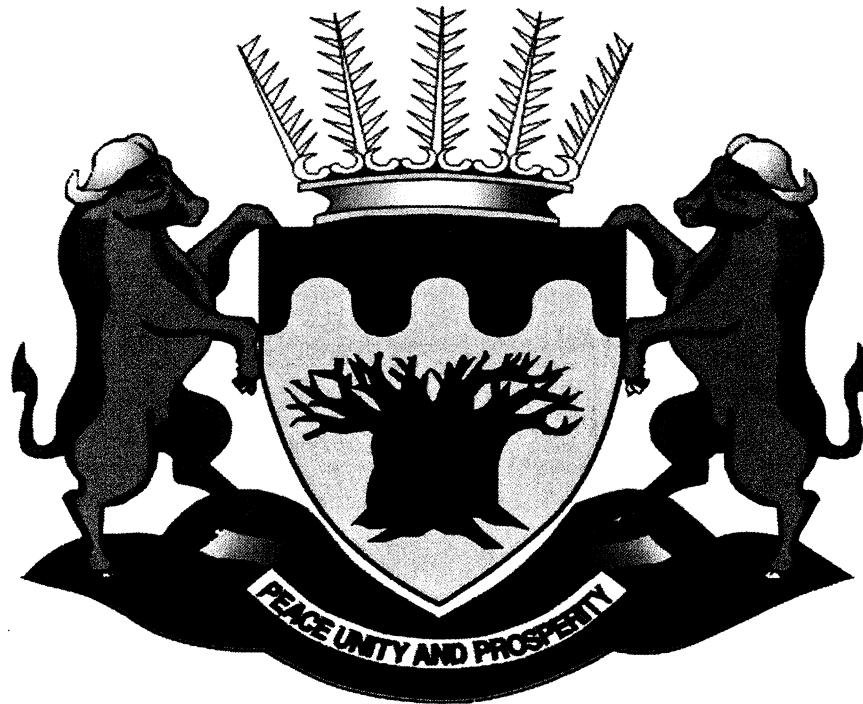


DEPARTMENT OF PROVINCIAL TREASURY
LIMOPOPO PROVINCE



POLICY ON FRAUD AND CORRUPTION CONTROL

Risk Management and Security Services
LPT

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1. **PREAMBLE**

Recognizing that there is an increase in the commission of fraud and corruption in the Public Service, and these crimes negatively affects service delivery in South Africa.

Therefore, Limpopo Provincial Department (Department), through this policy commits itself to prevent and deter the commission of the crimes by increasing the detection and the consistent punishment of perpetrators.

Further, the Department is committed to achieve the highest possible standards of openness, integrity, probity and accountability. In line with this commitment the Department expects and encourages employees and others to come forward and actively participate in the drive to minimise these crimes and ensure a better live for all.

2. **DEFINITIONS**

- 2.1. "Corrupt Activities"- As contained within sections 3 to 21 of the Prevention and Combating of Corrupt Activities Act, 2003 (Act No. 12 of 2003).
- 2.2. "**Fraud**" means the unlawful and intentional making of a misrepresentation which causes actual- and or potential prejudice to another. The use of the term is in its widest possible meaning and is intended to include all aspects of economic crime and acts of dishonesty. In other words, fraud can be described as any conduct or behaviour of which a dishonest representation and/or appropriation forms an element.

3. **PURPOSE**

- 3.1 The purpose of the policy is to:
 - 3.1.1 create an anti fraud / corruption culture and ethos in the department
 - 3.1.2 provide the reporting channels where officials can raise concerns and receive feedback, regarding corruption, fraud, malpractices or any other unlawful act in the department
 - 3.1.3 provide the mechanisms by which staff are made aware of the fraud and corruption risks
 - 3.1.4 conduct regular fraud and corruption risk management assessments
 - 3.1.5 provide measures to maximise fraud / corruption deterrence
 - 3.1.6 successfully prevent these crimes which cannot be deterred
 - 3.1.7 promptly detect those which cannot be prevented
 - 3.1.8 professionally investigate detected fraud
 - 3.1.9 institute effective sanctions and appropriate legal action against those who commit fraud and corruption irrespective of who they are
 - 3.1.10 effectively seek redress in respect of money or assets defrauded

- 3.1.11 provide guidelines and assign responsibility for assessment of controls and conducting investigations
- 3.1.12 reassure employees that they can blow the whistle on fraud, corruption and improprieties in the work environment without the fear of suffering an occupational detriment.
- 3.1.13 confirm management's support and encouragement for employees to raise concerns responsibly through the procedures indicated in this policy, within the Department's structures.

4 APPLICABLE LEGAL FRAMEWORK

- 4.1 Constitution of the Republic of South Africa, Act 1996 (Act No. 108 of 1996) as amended
- 4.2 Prevention and Combating of Corrupt Activities Act, 2003 (Act No. 12 of 2003)
- 4.3 Promotion of Access to Information Act No. 2 of 2000
- 4.4 Protected Disclosures Act, 2000 (Act No. 26 of 2000)
- 4.5 Public Finance Management Act, 1999 (PFMA) (Act No. No 1 of 1999) as amended
- 4.6 Treasury Regulations for the Department, Trading Entities, Constitutional Institutions and Public Entities, issued in terms of Public Finance Management Act, 1999 (Treasury Regulations)(March 2005).
- 4.7 Public Service Act, 1994 (Act No. 103 of 1994) as amended
- 4.8 Public Service Regulations, 2001
- 4.9 Code of Conduct for the Public Service
- 4.10 The National Ant-Corruption Strategy adopted by Cabinet in 2002

4. SCOPE OF APPLICATION

This policy is applicable to all employees of the Department.

The policy further applies to consultants, vendors, contractors or any other person who is in a business relationship with the Department.

6. PRINCIPLES

- 6.1 The Department is committed to the highest possible standards of openness, probity, integrity and accountability. In line with this commitment, employees and others who have dealings with the Department must raise concerns about any fraud or corruption related to the Department's work environment. The cases will be handled on a confidential basis and the identity of the whistle blower will be protected.
- 6.2 This policy is further intended to reflect the Department's commitment to the principles, goals and ideals described in the Department's mission, vision and core values.

7. **ACTIONS CONSTITUTING FRAUD / CORRUPTION:**

- 7.1 The following actions are viewed as constituting fraud / corruption, but are not limited to;
- 7.1.1 any dishonest or fraudulent or corrupt act;
 - 7.1.2 any financial misconduct as mentioned within the PFMA and Treasury Regulations;
 - 7.1.3 incidents of unauthorized, irregular or fruitless and wasteful expenditure as defined in the PFMA;
 - 7.1.4 deliberately omitting to report or act upon reports of any irregular or dishonest conduct;
 - 7.1.5 forgery or alteration of any document or account belonging to the Department;
 - 7.1.6 misappropriation of funds, supplies or any other assets;
 - 7.1.7 impropriety in the handling or reporting of money or financial transactions;
 - 7.1.8 profiteering as a result of insider knowledge of Departmental activities ;
 - 7.1.9 disclosing confidential and propriety information to external parties; and
 - 7.1.10 accepting or seeking anything of material value or a benefit, from any person providing a service to the Department.

8. **RESPONSIBILITIES OF AN EMPLOYEE**

- 8.1 To not engage in any transaction or action that is in conflict with or infringes on the execution of her or his official duties;
- 8.2 To recuse herself or himself from any official action or decision-making process which may result in improper personal gain, and this should be properly declared by the employee;
- 8.3 To be honest and accountable in dealing with public funds;
- 8.4 To use the public service's property and other resources effectively, efficiently, and only for authorised official purposes;
- 8.4 In the course of her or his official duties, to report to the appropriate authorities, fraud, corruption, nepotism, maladministration and any other act which constitutes an offence, or which is prejudicial to the public interest.

9. **IMPLEMENTATION**

9.1 **Anti-Fraud and Corruption Strategy and Framework**

An Anti Fraud and Corruption Strategy and Framework will be developed for the Department.

9.2 **Protected Disclosures**

The purpose of the policy on the Protected Disclosures Act, 2000 is to encourage and reassure employees that they can blow the whistle on fraud, corruption and improprieties in the work environment without the fear of suffering any occupational detriment.

9.3 **Confidentiality**

- 9.3.1 Risk Management and Security Services Directorate (Directorate) will treat all information received confidentially. Any employee who suspects dishonesty, fraud or corrupt activity must notify the Directorate immediately, and should not attempt to personally investigate the matter further.
- 9.3.2 Investigation results shall not be disclosed or discussed with anyone other than those who have a legitimate reason.

9.4 **Reporting**

- 9.4.1 An employee who discovers or suspects fraudulent or corrupt activities must contact the head of the Risk Management and Security Services Directorate. The employee or any other complainant may remain anonymous and the information will be dealt with in accordance with the Protected Disclosures Act, 26 of 2000.
- 9.4.2 Information should preferably be reported in writing with full details.

9.5 **Investigation of reports**

While the action taken will depend on the nature of the information, the matter may be:

- 9.5.1 investigated internally;
- 9.5.2 referred to the South African Police Service;
- 9.5.3 referred to internal or external auditors;
- 9.5.4 subjected to an independent inquiry;
- 9.5.5 handled in accordance with the appropriate procedures, where the concern is more appropriately related to a grievance or disciplinary procedure; and
- 9.5.6 dependent on possible legal implications, complainants will be informed of the outcome of all investigations, where their identity is known to the Directorate.

9.6 **Authority for Investigating Suspected Fraud or Corruption**

Members of the Risk Management and Security Services Directorate will have:

- 9.6.1 free and unrestricted access to all Departmental records and premises, whether owned or rented, and
- 9.6.2 the authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets, computers and any other storage facilities on the official premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their official investigations.

7. ACTIONS CONSTITUTING FRAUD / CORRUPTION:

- 7.1 The following actions are viewed as constituting fraud / corruption, but are not limited to;
- 7.1.1 any dishonest or fraudulent or corrupt act;
 - 7.1.2 any financial misconduct as mentioned within the PFMA and Treasury Regulations;
 - 7.1.3 incidents of unauthorized, irregular or fruitless and wasteful expenditure as defined in the PFMA;
 - 7.1.4 deliberately omitting to report or act upon reports of any irregular or dishonest conduct;
 - 7.1.5 forgery or alteration of any document or account belonging to the Department;
 - 7.1.6 misappropriation of funds, supplies or any other assets;
 - 7.1.7 impropriety in the handling or reporting of money or financial transactions;
 - 7.1.8 profiteering as a result of insider knowledge of Departmental activities ;
 - 7.1.9 disclosing confidential and propriety information to external parties; and
 - 7.1.10 accepting or seeking anything of material value or a benefit from any person providing a service to the Department or during the provision of an official service to the public.

8. RESPONSIBILITIES OF AN EMPLOYEE

- 8.1 To not engage in any transaction or action that is in conflict with or infringes on the execution of her or his official duties;
- 8.2 To recuse herself or himself from any official action or decision-making process which may result in improper personal gain, and this should be properly declared by the employee;
- 8.3 To be honest and accountable in dealing with public funds and uses the public service's property and other resources effectively, efficiently, and only for authorised official purposes;
- 8.4 In the course of her or his official duties, to report to the appropriate authorities, fraud, corruption, nepotism, maladministration and any other act which constitutes an offence, or which is prejudicial to the public interest.

9. IMPLEMENTATION

9.1 Anti-Fraud and Corruption Strategy and Framework

An Anti Fraud and Corruption Strategy and Framework will be developed for the Department.

9.2 Protected Disclosures

The policy on the Protected Disclosures Act, is there to encourage and reassure employees that they can blow the whistle on fraud, corruption and improprieties in the work environment without the fear of suffering and occupational detriment.

9.3 **Confidentiality**

- 9.3.1 Risk Management and Security Services Directorate (Directorate) will treat all information received confidentially. Any employee who suspects dishonesty, fraud or corrupt activity must notify the Directorate immediately, and should not attempt to personally investigate the matter further than the normal supervisory and control responsibilities.
- 9.3.2 Investigation results shall not be disclosed or discussed with anyone other than those who have a legitimate reason.

9.4 **Reporting**

- 9.4.1 An employee who discovers or suspects fraudulent or corrupt activities must contact the head of the Risk Management and Security Services Directorate. The employee or any other complainant may remain anonymous and the information will be dealt with in accordance with the Protected Disclosures Act, 26 of 2000.
- 9.4.2 Information should preferably be raised in writing with full details.

9.5 **Investigation of reports**

While the action taken will depend on the nature of the information, the matter may be:

- 9.5.1 Investigated internally
- 9.5.2 Referred to the South African Police Service
- 9.5.3 Referred to internal or external auditors
- 9.5.4 Subjected to an independent inquiry
- 9.5.5 Handled in accordance with the appropriate procedures, where the concern is more appropriately related to a grievance or disciplinary procedure

Dependent on possible legal implications, complainants will be informed of the outcome of all investigations, where their identity is known to the directorate.

9.6 **Authority for Investigating Suspected Fraud or Corruption**

Members of the Risk Management and Security Services Directorate will have:

- 9.6.1 free and unrestricted access to all Departmental records and premises, whether owned or rented, and
- 9.6.2 the authority to examine, copy and / or remove all or any portion of the contents of files, desks, cabinets, computers and any other storage facilities on the official premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is in the scope of their official investigations.

10 **RESOURCE IMPLICATIONS**

10.1 **FINANCIAL AND HUMAN RESOURCES**

The Accounting officer shall, in order to adhere to Public Service Anti Corruption Strategy, ensure that the applicable budget and staff are made available to ensure the functioning of this unit.

11. **POLICY CONTROL**

11.1 **Policy audit**

The Accounting Officer must ensure periodic audits when deemed necessary to ensure compliance with the Policy.

11.2 **Policy Review**

This policy is subject to annual review by the Department, to ensure that it is aligned to prevailing legislation and other related conditions.

11.3 **Policy Amendments**

11.3.1. No amendment(s) may be made to any section of this policy without such amendment(s):

- first being submitted to the review panel for review and discussion;
- made by the review panel incorporated into the policy; and
- duly approved and signed by the MEC, Head of Department and the Chief Financial Officer.

11.3.2. Amendments to this policy will be distributed to the Branch Managers. The Branch Managers will in turn ensure that each unit within their Branches receive copies of the amended policy.


12. **EFFECTIVE DATE**

This policy will be effective from the 22 day of June 2007.

13. **RATIFICATION**

Signed at ~~Polokwane~~ on the 22 day of June 2007.

HEAD OF THE DEPARTMENT

: 

MEMBER OF THE EXECUTIVE COUNCIL: