



public works  
& infrastructure

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Department:  
Public Works and Infrastructure  
REPUBLIC OF SOUTH AFRICA

**DEPARTMENT OF PUBLIC WORKS AND  
INFRASTRUCTURE**

**FRAUD PREVENTION STRATEGY**

**APRIL 2023**

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**LIST OF ABBREVIATIONS:**

“DPWI”	Department of Public Works and Infrastructure
“ACU”	Anti-Corruption and Fraud awareness Unit
“FAI”	Fraud Awareness and Investigation Unit
“GRC”	Governance, Risk and Compliance Branch
“CS”	Corporate Services Branch
“LRM”	Labour Relations Management Unit
“LS”	Chief Directorate Legal Services
“FER”	Fraud Examination Register
“FAR”	Fraud Allegation Register
“QAR”	Investigations Report Quality Assurance Reviews
“DG”	Director-General
“DDG”	Deputy Director-General
“D.ACU”	Director Anti-Corruption and Fraud Awareness
“AC”	Audit Committee of the Department of Public Works and Infrastructure
“RMC”	Risk Management Committee
“ExCo”	Executive Committee
“AGSA”	Auditor-General of South Africa
“SCOPA”	Standing Committee on Public Accounts
“CIPC”	Companies and Intellectual Property Commission
“PFMA”	The Public Finance Management Act No.1 of 1999
“RCAA”	Restriction Committee and Authority
“NACH”	National Anti-Corruption Hotline
“NACS”	National Anti-Corruption Strategy
“DPSA”	Department of Public Service and Administration
“NACT”	National Anti-Corruption Strategy 2020-2030
“PSC”	The Public Service Commission
“PRECCA”	Prevention and Combating of Corrupt Activities Act 12 of 2004
“POPIA”	Protection of Personal Information Act 4 of 2013
“CPA”	Criminal Procedure Act No 51 of 1977
“Code of Conduct”	Public Service Code of Conduct of 2016
“Code of Professional Ethics”	Code of Professional Ethics published by the Association of Certified Fraud Examiners
“SIU”	Special Investigative Unit
“SITA”	State Information Technology Agency

## **1. INTRODUCTION**

- 1.1. Anti-Fraud and Corruption has become a significant measure of good governance in Government. In order to achieve good governance and effective service delivery, Anti-Fraud and Corruption Strategy and measures must be put in place to prevent fraud and corruption. The Department of Public Works and Infrastructure (DPWI) hereinafter referred to as “Department” is not immune to fraud and corruption risks. As a result the DPWI is experiencing constant risk to its assets, ethical culture, service delivery objectives and reputation due to fraud, corruption and other related offenses.
- 1.2. The strategy is informed by the nature and the common forms of fraud and corruption risks prevalent in the Department and other pro-active considerations. The source of the risks is derived, amongst others, official documents such as the whistle blowing reports from the Public Service Commission (PSC) implicating Departmental officials and service providers, internal whistle blowing reports, walk-in disclosures, risk assessment, detection reviews, internal audit reports and fraud perception surveys. The afore-mentioned documents form a central part of the environmental diagnostic analysis in order to form a basis for the strategy and appropriate an effective response. The strategy proposes key institutional considerations for implementation in order to deter fraud, corruption and other related offenses. The strategy is supported by a detailed implementation plan which precedes a breaks down of strategic considerations into achievable objectives.

## **2. BACKGROUND**

- 2.1. The Public Service Anti-Corruption Strategy of 2002 as guiding strategy to fight fraud and corruption in the Public Service calls upon all departments to establish minimum capacity to fight corruption which includes but not limited to:
- Improved access to report wrongdoing and protection of whistle-blowers and witnesses;
  - Prohibition of corrupt individuals and businesses;
  - Improved management policies and practices;
  - Managing professional ethics;
  - Partnerships with stakeholders;
  - Social analysis, research and policy advocacy; and
  - Awareness, training and education.

2.2. The Prevention and Combating of Corrupt Activities Act 12 of 2004 and related Offences Act of 2004 has established provisions to:

- Strengthen measures to prevent and combat corruption and corrupt activities;
- Provide for the offence of corruption and offences relating to corrupt activities (fraud);
- Provide for investigative measures in respect of corruption and related corrupt activities;
- Provide for the establishment and endorsement of a Register in order to place certain restrictions on persons and enterprises convicted of corrupt activities relating to tenders and contracts;
- Place a duty on certain persons holding a position of authority to report certain corrupt transactions; and
- Provide for extraterritorial jurisdiction in respect of the offence of corruption and offences relating to corrupt activities.

2.3. It is against this background that the new strategy is formulated. The developments from Government in respect to ethics and anti-corruption are duly considered to bring about an effective strategy and its implementation plan.

### **3. OBJECTIVES OF THE STRATEGY**

3.1 **The objectives of the Fraud Prevention Strategy are:-**

- A holistic and integrated approach to fighting corruption, promote ethics and improvement of internal controls;
- Strengthening constituency in the fight against corruption;
- Reducing/minimise opportunities for corruption;
- Changing incentives for corruption behavior; and
- Improve engagements with external stakeholders

### **4. PURPOSE OF THE STRATEGY**

4.1 The purpose of the strategy is to outline the framework to combat fraud and corruption and promote ethical conduct within the context of National Policy Framework and Legislation.

## **5. SCOPE OF APPLICATION**

- 5.1 This strategy applies to all organisational components within the Department. It covers all areas of work regarding good governance, ethics, integrity and anti-fraud and corruption.
- 5.2 The Department shall ensure that the Directorate Anti-Corruption and Fraud Awareness (ACU) is adequately capacitated to realise objectives as set out in this strategy.

## **6. LEGISLATIVE FRAMEWORK**

- 6.1 The following legislations have been taken into consideration in the development of the strategy which seek to combat fraud and corruption in line with the Constitution of the Republic of South Africa Act 108 of 1996:

- The Public Service Act, 994
- The Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)
- National Anti-Corruption Strategy 2020-2030
- The Protected Disclosures Act, 2000 (Act No. 26 of 2000)
- The Public Audit Amendment Act, no. 5 of 2018
- The Public Finance Management Act, 1999 (Act No. 1 of 1999)
- The Promotion of Administrative Justice Act, 3 of 2000 (PAJA)
- The Promotion of Access to Information Act, 2 of 2000
- The Finance Intelligence Centre Act, 2001 (Act No. 38 of 2001)
- The Prevention of Organized Crime Act, 1998 (Act No. 121 of 1998)
- The National Prosecuting Authority Act, 1998 (Act No. 32 of 1998)
- The Criminal Procedure Act, 1977 (Act No. 51 of 1977)

## **7. THE STRATEGY APPROACH**

- 7.1 In order for the Department's Anti-Fraud and Corruption Strategy to be effective, the following considerations need to be implemented:
- Leadership Commitment;
  - Management Practices;
  - Collaboration with Law Enforcement Agencies;
  - Pro-Active Measures; and
  - Reactive Measures.

## **8. DEFINITION OF CORRUPTION AND FRAUD**

### **8.1. What is Corruption?**

8.1.1. In terms of the Prevention and Combating of Corrupt Activities Act (12 of 2004):

- Corruption is where one person (A) gives (or offers to give) someone in a position of power (B) something (called 'gratification' in the Act) to use that power, illegally and unfairly, to the advantage of A (or a third person). B will also be guilty of the same crime if he/she accepts (or offers to accept) the gratification to wrongly use his/her position.

### **8.2. What is Fraud?**

8.2.1. In South Africa, the Common Law Offence of Fraud is defined as:

- "Any unlawful act or omission by which a misrepresentation is made with the intention to defraud which causes actual prejudice or which is potentially prejudicial to another, whether or not there is personal benefit to the perpetrator."

## **9. DPWI FRAUD PREVENTION STRATEGY - FOCUS ON NATIONAL ANTI-CORRUPTION STRATEGY 2020-30**

The NACS is built around 6 Strategic Pillars namely:-

- i) Promote citizen empowerment and sustainable partnerships between all stakeholders in building a values-based culture of integrity, transparency and accountability in all spheres of society.
- ii) Advance the professionalization and enhance the performance management of employees to optimise their contribution to create corrupt-free workplaces.
- iii) Enhance and capacitate governance, oversight and compliance functions and processes and enforce timeous consequence management for all acts of transgression.
- iv) Improve the integrity and credibility of the public procurement system and administrative processes to maximise the effective and efficient utilisation of resources for enhanced service delivery.

- v) Strengthen the resourcing, coordination, performance and independence of dedicated anti-corruption agencies.
- vi) Protect vulnerable sectors that are most prone to corruption and unethical practices with effective risk management.

## **REALISATION OF THE NACS WITHIN DPWI**

### **9.1. CITIZEN PARTICIPATION**

9.1.1. The DPWI received allegation from members of the public from all walks of life.

9.1.2. Members of the public report issues of fraud and corruption using various means e.g. 0800 701 701 (*National Anti-Corruption Hotline*), Public Protector Etc.

9.1.3. The Code of conduct for Public Service requires every employee irrespective of position to report corruption to the appropriate authorities.

9.1.4. The Prevention and Combating Corrupt Activities Act no 12 of 2004 requires a person in position of authority in both public and private sector to report corruption, and other crimes involving less or more than R100 000, to the police. If knowingly/ought to had known but fail to report, will be guilty of a crime.

9.1.5. Open Reporting - The Unit receive reports through Walk-in, emails, telephone via Director: ACU, ADDG: GRC, DG, Deputy Minister and Minister.

### **PROTECTED DISCLOSURE ACT**

- The members of the public are allowed to report allegations of fraud and corruption using appropriate channels.
- For those who fill that their lives are in danger/ there is a reasonable grounds to believe that their lives are because of divulging information, based on risk assessment will be protected under Protected Disclosure Act under Department of Constitutional Development. The act aims at protecting all people who reports in good faith.



## **9.2. PROFESSIONALIZATION OF PUBLIC SERVICE**

### **9.2.1. PUBLIC SERVICE REGULATIONS**

The Public Service Regulations highlights, among others, the conduct of Public Servants as follows:

#### **CODE OF CONDUCT**

- Chapter 2 of the Public Service Regulations sets out the Code of Conduct for the Public Service in order to enhance the reputation and professionalism in the Public Service. The following provisions are particularly significant for ethics and anti-corruption; an employee shall:
  - Execute their duties in a professional and competence manner;
  - Be honest and accountable in dealing with public funds and use of State property;
  - Must avail themselves for training and development;
  - Not engage in any transaction or action that is in conflict with or infringes on the execution of her or his official duties;
  - 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;
  - shall immediately report to the relevant authorities, fraud, corruption, nepotism, maladministration and any other act which constitutes a contravention of any law (including, but not limited to, criminal offence), or which is prejudicial to the interest of the public, which comes to his or her attention during the course of his or her employment in the public service;
  - not receive or accept any gift from any person in the course and scope of his or her employment, other than from family member, to the cumulative value of R350 per year unless prior approval is obtained from relevant executive authority;
  - If he or she has permission in terms of section 30 of the Act to perform outside remunerative work, not-
    - (i) Perform such work during official work hours; and
    - (ii) Use office equipment or state resources for such work
  - not use or disclose any official information for personal gain or the gain of others; and
  - Refrain from favouring relatives and friends in work-related activities and not abuse his or her authority or influences another employee, nor is influenced to abuse her or his authority.

## **DPWI VALUES**

9.2.2. The Department prides itself with the following values:

- Professionalism – demonstrating a high degree of skill, competency and character.
- Responsiveness – by anticipating the needs of the clients and the citizens being served.
- Integrity – consistently honoring commitments, upholding ethical, honest behaviour and transparent communication.
- Dependability – being trustworthy and reliable in the service provided.
- Efficiency – striving towards simplified ways of doing things and optimizing client's mandate thus creating more value.

## **9.3. ENHANCE GOVERNANCE, OVERSIGHT AND CONSEQUENCE MANAGEMENT**

### **9.3.1. GOVERNANCE STRUCTURES**

9.3.1.1. Appropriate governance structures should be put in place and effectively to ensure the implementation of the Anti-Fraud and Corruption Strategy. The governance structures identified below play a critical role in the implementation of strategy:

- Accountability Management Committee
- Risk Management Committee
- Governance and Ethics Committee
- Executive Committee
- Audit Committee

### **9.3.1.2. GOVERNANCE RISK AND COMPLIANCE**

#### **ETHICS OFFICER**

9.3.1.2.1. The Department shall designate an Ethics Champion at an executive level with the delegated authority to drive ethics and anti-corruption initiatives and establish an Ethics Office.

9.3.1.2.2. An Ethics Champion is a member of senior management with unquestionable integrity (or a person who functions close to them and at least at level 13) who visibly embodies the Department's ethics drive. 'Ownership' of the ethics drive is given to them by the Accounting Officer and they then ensure that ethics and anti-

corruption initiatives retains its momentum – and that all the different ethics initiatives for instance anti-corruption actions in different parts of the Department are properly integrated.

9.3.1.2.3. While the Ethics Champion is responsible for the ethics performance, the accountability stays with the Accounting Officer. That is why it is critical that the Accounting Officer takes care in identifying the most appropriate Ethics Champion for the organization. The Ethics Champion should be able to credibly fulfill this function.

9.3.1.2.4. An Ethics Champion should be someone with intimate knowledge of the Department's functions, culture and activities. It should also be someone of high legitimacy and credibility - ideally someone that has facilitated similar initiatives in the past.

### 9.3.1.3. **LEADERSHIP COMMITMENT**

9.3.1.3.1. Norm/Standards: The Accounting Officer is held accountable to demonstrate zero tolerance towards fraud and corruption. Emphasis is drawn to building ethical culture as envisage in the Constitution, Public Sector Integrity Management Framework and the Public Service Code of Conduct.

9.3.1.3.2. The following conditions should be in place:

- The Accounting Officer should provide ethical leadership in the administration of the organisation;
- The Accounting Officer should ensure that the organisation has a strong programme to promote integrity and fight corruption. This responsibility should be incorporated in the Accounting Officer's performance agreement;
- The Accounting Officer should allocate sufficient resources for the implementation of ethics and anti-corruption measures; and
- The Accounting Officer should establish custodianship for ethics, anti-fraud and corruption according to MACC requirements and Public Sector Integrity Management Framework. The Branch Governance, Risk and Compliance should provide technical support in the establishment of the Ethics Office.

**9.1.3.4. MANAGEMENT PRACTICES**

9.1.3.4.1. The following conditions should be in place in the Department:

- Management must provide ethical leadership in the administration within their areas of operations; and
- Management have a responsibility to ensure that during risk assessment fraud risks are identified if any and mitigated within their area of responsibilities. These responsibilities should be incorporated in the Managements' Performance Agreements.

9.1.3.4.2. The Anti-Corruption Unit utilizes internal oversight structures such as the Accountability Management Committee, Risk Management Committee, Executive Committee and Audit Committee to report on the progress of the implementation of recommendations made in the investigation reports. These oversight structures provides a platform to assess progress made, identify challenges with the implementation of the recommendations made and acknowledge feedback from Management in respect of recommendations made in the investigation report.

**9.1.3.5. PROACTIVE MEASURES**

9.1.3.5.1. The Anti-Corruption and Fraud Awareness Unit makes recommendations on improvements in internal controls to the relevant senior managers for consideration and implementation.

**9.1.3.6. STRATEGY AND PLANNING**

9.1.3.6.1. Norm/standards: An anti-corruption strategy developed recently is in place. An implementation plan with time-frames, responsibilities and budgetary requirement has been approved.

9.1.3.6.2. The Department should review its strategy following the risk assessment if the results of the assessment necessitate for a review. The strategy should have a 3 year cycle implementation plan and necessary budget allocation.

**9.3.2. OVERSIGHT**

**AUDIT COMMITTEE**

9.3.2.1. The role of the Committee is to provide independent assurance and assistance to the Accounting Officer / Authority on control, governance and risk management. The Committee does not replace established management responsibilities and delegations. The Committee will provide the Accounting Officer / Authority with prompt and constructive reports on its findings, especially when issues are identified that could present a material risk to the Institution. The nature, progress and the outcome of the investigations conducted is communicated to the Audit committee together with ACU policies and Strategies in fighting fraud and corruption in the Department.

**STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA)**

9.3.2.2. The role of SCOPA is to exercise oversight of Spheres of Government, to ensure accountability on the utilization of resources and prudent financial management and to make recommendations to Parliament. The DPWI from time to time will receive request of information on the allegations received, investigated and to the outcome of such investigations.

**9.3.3. CONSEQUENCE MANAGEMENT**

**9.3.3.1. MINIMUM ANTI-CORRUPTION CAPACITY REQUIREMENTS (MACC)**

9.3.3.1.1. In line with Cabinet approval of 2003 each department is required to create minimum Anti-Corruption Capacity within its operational environment to deal with issues related to fraud and corruption as guided by the Public Service Anti-Corruption Strategy.

**9.3.3.2. INVESTIGATION**

9.3.3.2.1. Norm/standards: Internal capacity in place or procedures are in place for acquiring external capacity should the need arise. Capacity should guide investigations.

9.3.3.2.2. The Department has a dedicated internal capacity (Anti-Corruption and Fraud Awareness Unit) to investigate allegations of fraud and corruption. The unit liaises with other Law Enforcement Agencies where the need arises to ensure that matters reported are investigated to the full extent.

### **9.3.3.3. RESOLUTION**

9.3.3.3.1. On completion of an investigation the Anti-Corruption and Fraud Awareness Unit makes recommendations to management in various forms mentioned below, are as follows:

- Norm/standards: There is a structured approach to deal with recommendation of disciplinary action against the implicated DPWI officials, referred to Labour Relations to institute disciplinary action.
- Recommendation of investigation for criminal conduct by either DPWI official and service providers are referred to South African Police Service for criminal investigation.
- Recommendation for civil recovery against DPWI officials and service providers are referred to Chief Directorate Legal Services for civil recovery.
- Recommendation for blacklisting/restriction of service providers for criminal conduct are referred to Departmental Restriction Committee from doing business with organs of the State.

### **9.3.3.4. AUDIT AMENDMENT ACT**

9.3.3.4.1. The Act confers certain responsibilities on the Accounting Officer in instances where financial misconduct has incurred within the Department. The Act makes the provision for the Auditor General to take remedial action to ensure that losses suffered by the State are, where possible, recovered as well as to refer certain suspected material irregularities for investigation.

## **9.4. INTEGRITY AND CREDIBILITY OF PUBLIC PROCUREMENT SYSTEM**

9.4.1. The Department must verify as to whether any the potential service providers is not listed on the National Treasury Defaulters Database during the procurement process, and was never blacklisted from doing business with organs of the State.

9.4.2. All the service providers doing business with the Department must be registered with National Treasury Central Database.

9.4.3. Service providers who found during the investigation to have involved in corrupt activities are referred for to Departmental Restriction Committee for blacklisting/restriction from doing business with organs of the State.

**9.5. COORDINATION, COOPERATION AND INDEPENDENCE OF ANTI-CORRUPTION BODIES**

9.5.1. The Department has a dedicated internal capacity (Anti-Corruption and Fraud Awareness Unit) to investigate allegations of fraud and corruption. The unit liaises with other Law Enforcement Agencies where the need arises to ensure that matters reported are investigated to the full extent.

9.5.2. The recommendations for criminal investigation are referred to SAPS for criminal investigation. Follow ups are to be conducted done with SAPS on progress made during criminal investigation

9.5.3. Other complex matters that require forensic expertise are referred to Special Investigative Unit for further investigations.

**9.6. PROTECT VULNERABLE SECTORS PRONE TO UNETHICAL PRACTICES WITH EFFECTIVE RISK MANAGEMENT**

**9.6.1. PREVENTION**

9.6.1.1. The Department has implemented a risk management plan which includes the critical component of fraud prevention. The ACU after conducting investigation with investigation report, identifies areas for recommendations of improvement of controls. The Department also rolled-out the advocacy campaigns to create awareness around issues related to fraud and corruption.

9.6.1.2. Norm/Standards: Prevention is considered as a first line of defense against unethical behavior. All preventative measures are put in place to minimize the risk of corruption.

9.6.1.3. Continuous Assessment - Norm/Standards: Corruption risk assessed. Ethical culture assessed. The Department should ensure that corruption risk and ethical culture assessment is done at least annually.

9.6.1.4. In order to implement responsive measures, the risk management plan of the Department should be regularly updated and maintained.

9.6.1.5. In line with Minimum Anti-Corruption Capacity Requirements (MACC), preventative measures should be implemented comprehensively within the Department. The following measures will be in place:-

**Prevention Pillars**

- Ethical Culture Assessment
- Risk Assessment
- Training/Education
- Adequate Policies in place
- Physical security
- Information Communication Technology Security
- Employee vetting and screening

**9.6.2. CORE SUPPORT FUNCTIONS**

**9.6.2.1. CORPORATE SERVICES BRANCH**

9.6.2.1.1. Anti-Corruption measures should be integrated into various areas of the corporate service operations where there are risks of corruption and related unethical behavior. The branch consists of units that are critical to work of ethics and anti-corruption namely:

**Human Resources**

9.6.2.1.2. This unit is responsible for recruitment, induction, training and labour relations. Ethics and anti-corruption measures should be incorporated as follows:

- The process of recruitment should guard against fraud and nepotism;
- Employees should be inducted about ethics and anti-corruption;
- Employees should be encouraged to apply before conduct RWOPS;
- Employees to make use of a Gift Register;
- Employees must disclosed financial interest if any and other required information and be honest as possible; and
- Employees should be continuously trained to uphold ethics and prevent corruption especially vulnerable areas such as the Supply Chain Management (SCM) and Finance.



### **Labour Relations Management**

9.6.2.1.3. This unit is responsible for promoting fair labour practices within the parameters of Labour Relations Act in the Department and to facilitate the implementation of recommendations of disciplinary action emanated from investigation report against the implicated officials.

### **Legal Services**

9.6.2.1.4. This unit is responsible to manage legislative drafting process and contracts administration, and to direct, co-ordinate and provide diversified legal services required within legal policy and law reform management. The unit is also responsible to facilitate the recovery of money received as a result of a loss incurred by the Department/undue benefit from implicated parties in consultation with the State Attorney.

### **Security Management Services**

9.6.2.1.5. This unit is responsible for creating and maintaining a safe environment and to effective provision of all facilities and related services within the Department. The unit is also responsible to investigate all security breaches within the Department including investigating leaking of sensitive information and guiding State immovable properties.

### **Information Communication Technology (ICT)**

9.6.2.1.6. The ICT is responsible for acquisition and maintenance of a functional network infrastructure that supports Information Communication Technology (ICT) as well as information technology security. It is also responsible for provision and maintenance of robust interoperable and integrated systems (Applications). The Department is currently having challenges of email scams using names and details of DPWI officials. It is a work in progress by DPWI ICT in collaboration with SITA. The ICT must manage the risk of integrity of information and unethical conduct in information communication technology environment.

### **9.6.2.2. INTERNAL AUDIT**

9.5.2.1. The Internal Audit function is tasked with providing reasonable assurance on the effectiveness and adequacy of internal controls in the realisation of this strategic

consideration. During the normal audit the internal audit normally identifies anomalies/ red flags of incidences with elements of fraud and corruption, however they refer such matters for a forensic investigation, as they do not have expertise to conduct investigations. The consideration is crucial to the successful implementation of the strategy as ethics and anti-corruption will not be possible without leadership commitment.

**9.5.2.2. RISK MANAGEMENT**

9.5.2.2.1. The Risk Management function is responsible for facilitation the implementation of Risk Management Strategy of the Department using the National Treasury Risk Management Framework. It includes identification of possible risk that can hinder the achievement of set objectives including fraud risks. Assesses the effectiveness of internal controls in mitigating risks identified. The Unit Develops action plans together with mitigation strategies, monitor and review risk strategies on regular basis, communicates and conduct consultation during all stages of the risk management process with all levels of staff within the organization.

**9.5.2.3. SUPPLY CHAIN MANAGEMENT DIVISION**

9.5.2.3.1. The function is responsible for procurement of goods, services and infrastructure and remains the most vulnerable unit/area to corruption. The following measures should be put in place:

- Continuous training of staff to prevent and combat corruption.
- Notifies all contractors and prospective service provider of the relevant anti-corruption and ethics measures as applies to unit.
- Restrict/Blacklist Service Providers who were found to have been involved in fraud and corruption.
- Apply stringent ethics and anti-corruption measures in their operations.
- Ensure that all officials employed within the Unit are vetted.
- Improve the integrity and credibility of the procurement system by fostering transparency.

**9.5.2.4. CHIEF FINANCIAL OFFICER**

9.5.2.4.1. The Office of Chief Financial Officer is responsible for allocation and dispensation of Departmental funds. It is in this role that it becomes vulnerable to fraud and

corruption. In converse, the Finance Division should be a key player in the fight against corruption and related unethical behavior. Anti-corruption and fraud measures should be incorporated in all necessary areas of its work.

**9.5.2.5. FACILITIES MANAGEMENT**

9.5.2.5.1. The branch Facilities Management is responsible for ensuring that immovable assets used by Government departments are safe, secure, healthy and ergonomic environment. The Department is responsible to assist other departments for emergency projects, and as a result of that, it created an opportunity for both DPWI officials and service providers to engage in corrupt and unethical behavior. Facility Management's responsibility is to revise and update Day to Day Maintenance Guidelines and to improve internal control deficiencies.

**9.5.2.6. REAL ESTATE INVESTMENT SERVICES**

9.5.2.6.1. This branch is responsible to achieve efficient and competitive Real Estate Portfolio for the State through effective planning, analysis and informed investments. The Department is faced with the challenges of the integrity of Immovable Asset Register as a result of State properties being unaccounted for, misuse and misappropriation of State Properties.

**9.5.2.7. REAL ESTATE MANAGEMENT SERVICES**

9.5.2.7.1. This branch is responsible to develop and provide strategic framework and leadership in managing State owned properties, private and leased portfolio. The use of State properties create an opportunity for DPWI officials and members of the public to engage in corrupt activities in the form of illegal disposal, irregular allocation, hi-jacking of State properties, illegal renting, subletting and collecting monthly rental. Sometimes Client Department do not communicates when its employees vacate the properties or there is change of use to DPWI.

**10. DETECTION OF UNETHICAL CONDUCT?FRAUD AND CORRUPTION**

10.1. Mechanisms are in place to enable stakeholders to report incidents of fraud, corruption and serious maladministration. The Case Management Tool is in place within the Anti-Corruption Unit to monitor cases received. The Unit further promotes the National Anti-Corruption Hotline as an effective method of reporting.

10.2. The Department has put mechanism in place and management practices to detect fraud and corruption. More particularly the Department should ensure that internal audit and whistleblowing mechanisms are fully functional as established in the MACC requirements as follows:

**DETECTION PILLARS**

- 10.3. Whistleblowing and reporting mechanism (Open reporting e.g. report to Minister, Deputy Minister, DG, DDG: GRC, Anti-Corruption Unit/ Closed/anonymous reporting e.g. NACH)
- Internal Audit reports
  - Auditor-General of South Africa
  - Management requests
  - Allegation register

**11. MANIFESTATION OF FRAUD AND CORRUPTION WITHIN THE DEPARTMENT**

11.1. In order to develop a responsive and preventative strategy it is crucial to understand the common forms of fraud and corruption within the Department. The following sources are amongst informative documents to indicate common forms of fraud and corruption:-

- Allegation Register;
- Anonymous reporting;
- Internal Audit reports,
- Risk Register,
- Internal fraud perception survey results;
- Special Investigative Units reports; and
- Auditor-General's reports.

11.2. After a thorough analysis of fraud risks from various sources above, the below indicate some of the high fraud risks prevalent within the Department's operations:

<b>RISK No.</b>	<b>RISK TITLE</b>
1	Abuse of unscheduled maintenance
2	Collusion between Departmental officials and contractors

3	Inflation of prices and scope of work
4	Conflict of interest
5	Irregular award of tender contracts
6	Construction Project Mismanagement
7	Duplicate payments
8	Submission of fraudulent Supplier invoices
9	Nepotism in the appointment of DPWI officials
10	Illegal transfer of State Properties

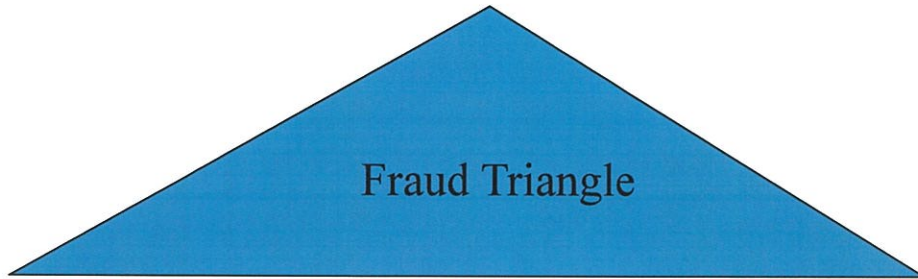
**Impact and Effect of Fraud and Corruption within the Department**

- 11.3. The vision of the Department of Public Works and Infrastructure is “A trusted choice for innovative asset management and quality infrastructure delivery for sustained economic growth”.
- 11.4. The mission of the Department of Public Works and Infrastructure is “to provide strategic direction and quality services that offer innovative and proactive socio-economic infrastructure delivery and maintenance of public assets while protecting the environment and the cultural and historic heritage, safety in the working environment and safer communities towards sustainable development.
- 11.5. The results of unethical behavior will lead to loss of State resources/ revenue, reputational damage and poor service delivery.

**12. SOME OF REASONS FOR UNETHICAL CONDUCT**

- 12.1. According to the initial research previously done by the Renowned Criminology Donald Cressey highlighted that individuals tend to commit fraud when combination of three factors are present, namely Pressure, Opportunity and Rationalisation. These factors together formed a dangerous trilogy called a Fraud Triangle.

**Perceived Pressure (Peer/Family/Financial)**



**Perceived Opportunity**

(Gaps on the system / no verification)

**Rationalisation**

(Unethical conduct is normal, job dissatisfaction / entitlement / desire to maintain a certain image / status)

**13. REPORTING AND REVIEW**

- 13.1. The Department will conduct a review of the Strategy after three years from date of implementation/approval to determine the effectiveness thereof.
- 13.2. A central part of any fraud and corruption control programme should involve an ongoing review of fraud and corruption risk exposures. Fraud and Corruption risk assessments will be conducted annually.

**14. APPROVAL AND ADOPTION**

- 14.1. Approved by the Director-General of the Department of Public Works and Infrastructure.

Signed on this 3<sup>rd</sup> day of August 2023

Signature 