

**THE SPEECH OF THE DIRECTOR-GENERAL OF THE
DEPARTMENT OF PUBLIC WORKS, MR MANYE
MOROKA, ON DPW ZERO TOLERANCE STANCE ON
FRAUD AND CORRUPTION**
DATE: 25 September 2007

**VENUE: BIRCHWOOD CONFERENCE CENTRE,
BOKSBURG.**

THEME: *DPW Policy Statement on fraud and corruption*

- **The Minister of Public Works, Ms Thoko Didiza**
- **The Deputy Minister, Mr. Ntopile Kganyago**
- **Our distinguished guests and other international visitors**
- **All Heads of Departments and Public Entities present here today**
- **Senior government officials**
- **Ladies and Gentlemen:**

Introduction

The Department of Public Works was created by the government for a great purpose. This Department manages the life cycle of state immovable assets on behalf of government and its departments. Aspects of planning, acquisition, maintenance and disposal constitute the daily functions that the Department undertakes to ensure that other government institutions are housed in physical environment that supports their mandates and collectively promote service delivery as we understand it.

The ignorance of the Public, Clients and external stakeholders of the fact that “***South Africa Works Because Of Public Works*** can never cancel the purpose for existence of the Department of Public Works in government.

Our accommodation portfolio includes mainly office space for other departments and their ministries, functional accommodation such as prisons, police stations, courts of justice and military precincts as well as residential accommodation in the form of houses that certain categories of public servants, legislators and the executive use.

Simply put, government and its departments will find it hard to function unless Public Works provides them with land and buildings that are conducive to their work; are cost-effective; and are compliant with the health, safety and environmental precepts of our legislation. Our experience in the past has demonstrated that our inability to

render these functions timeously, cost-effectively and within acceptable quality standards, compromises the efficiency of other government departments hence our assertion that ***SOUTH AFRICA WORKS BECAUSE OF PUBLIC WORKS***. It is our humble acknowledgement that through our diligence and integrity, we provide a strong link in the value chain of service delivery.

In the real world however, the situation is different. On daily basis the Department handles millions of rands as part of transactions in its business with the civil society mainly in the form of the construction and property industries. Acquisition of construction goods and services and leased accommodation constitute the bulk of our procurement portfolio and despite the commitment of the majority of public works employees to uphold utmost ethical standards in their dealings with the contractors and consultants, history has revealed to us that we have in our midst certain individuals that are prone to wayward and unethical behaviour.

The vision of this department to be a ***“WORLD CLASS PUBLIC WORKS”*** will be adhered to in the manner in which we service our country and this standard will not be swallowed or compromised by greed and unjustifiable self enrichment as a result of fraud and corruption.

DPW Fraud Risk and Successes

Our Internal Audit and Fraud Investigation Unit is constantly on alert to deal with any known cases of fraud, corruption, mismanagement and maladministration, often leading to successful investigations. Currently one of our employees, Mr. S Matsho from the Pretoria Regional Office was dismissed on charges of fraud and his accomplice from outside the department, Ms. P.Z. Ngcala was sentenced to 15 years imprisonment for her involvement in the R4.2 million fraud scam. He is not an isolated incident. You would probably have seen newspaper stories on cases uncovered by the same Unit when it led a successful investigation into the allegations of corrupt procurement activities at the Nelspruit Regional Offices which led to the dismissal of Ms. S Wiggins of the management team and release of other senior management members in the same regional office from public service, due to lack of capacity to effectively deal and prevent fraud and corruption incidents in the offices. Recently the internal disciplinary machinery of the Department recommended the dismissal of the then Pretoria Regional Manager, Mr. Mayedwa, after it was found that he knowingly allowed state resources to be willfully used to pay for the state accommodation of which he was a beneficiary.

These are real cases involving real people known to us and are often the people we hold in high regard because of their positions, diligence, experience and civility, which reinforces our message that

corruption knows no colour, class, gender or age. In fact we have seen instances where very junior officials in the Department who, contrary to financial delegations, are in command of very big financial resources leading to them manipulating some of the decisions and other financial commitments which expose the state through our functions to the biggest risks imaginable. Many have actually left the Department to join the very same companies they have personally advantaged with these long term commitments. We shall be pursuing them relentlessly to ensure that nobody benefits from the proceeds of fraudulent transactions as well as to send the message that the assets of the state will not, and should not be used as stock or equity to buy and trade shares in the private markets. This will be the thrust of our anti-corruption strategy to retrieve, reclaim and replace government resources fraudulently and willfully so traded.

As management and leadership we remain concerned with growing applications for our Bid Committees to approve suspicious variation orders on certain contracts. Currently there is a case we are investigating where such applications have seen an innocuous contract of R2 million suddenly ballooning to R12 million, almost six hundred percent escalation. We are convinced that many such transactions have motives if not elements of corruption and we intend to come down hard on these practices. These are some of the known examples and there are more such practices. More details of our successes on prevention and investigation of fraud and corruption in the department since 2000 will be covered in other presentations to be made in this conference.

Policy

Internally as a Department, and in line with general government, we have mounted a massive anti-corruption drive, steered by our fraud policy and response plan which prioritise **education** and **communication** and puts them at the centre of our pro-active efforts to “create a culture which is **Zero Tolerant to fraud and corruption**”. In addition all fraud and corruption will be investigated and followed up by the application of all available remedies within the full extend of the law. Even our Financial Sector represented by major leading banks with good reputations have ceaseless, ongoing campaigns to raise awareness, mobilize resources and recognize (with rewards) whistle-blowers who keep their eyes peeled to report incidents of fraud and/or embezzlement.

Application of Remedies

In addition we identified the need to strengthen our risk management in our systems, policies, processes, rules and regulations. The bane of our adverse audit environments has been largely the paucity of our internal controls, prevention and detection controls as well as the weakness in the application of segregation of duties, given the nature and the extent of assets and transactions we handle. Internal audit and risk management systems should complete our pro-active measures which will work better when fully supported by functional re-active processes led by fraud investigations, disciplinary machinery and prosecutions.

The purpose today is to re-iterate the message behind our resolve to rest at nothing in our fight against unethical behaviour. In fact we were among the leading government institutions to go public with our good governance strategy when in 2000 we convened our first ever anti corruption seminar at the behest of the Minister and the MEC's forum (MinMec) which committed themselves to lead the graft-busting battle in the Public Works portfolio. The attitude they demonstrated laid the concrete foundation for our ZERO TOLERANCE stance.

Consequently the National Department of Public Works has not only participated in all major anti-corruption forums, but has also had their initiatives publicly embraced among others by the Public Service & Administration and the Public Service Commission. The Chief Audit Executive and her counterpart in the Supply Chain Management division have just returned from participating in an international convention on procurement fraud, among other topics.

Law enforcement

In the process of creating a sterile environment to eliminate all the bacteria responsible for the growth of this septic condition, we shall not hesitate to collaborate with our law enforcement agents and other state machinery including engaging external forensic investigators to prosecute the perpetrators and strive for the successful conclusion of the cases to the benefit of the state. Disciplinary action and criminal prosecutions will not be ruled out in cases of collusion and we may

not shy away from blacklisting affected contractors and other businesses involved, including an option of naming and shaming.

Reporting

It is the responsibility of all employees to report allegations and or incidents of fraud and corruption to their immediate managers and or the Chief Audit Executive. Should employees wish to report allegations of fraud and corruption anonymously, they can contact the *National Anti-corruption Hotline. (0800 701 701)*

The department also encourages members of the public, service providers and clients to report fraud and corruption to the Chief Audit Executive, alternatively they may also use the Hotline.

Confidentiality

All information relating to fraud and corruption that is received and investigated will be treated confidentially. The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any party other than those who have a legitimate right to such information.

No person is authorized to supply any information with regards allegations of fraud and corruption to the media without the permission of the Director General.

Protection of Whistle Blowers

The department observes the procedures prescribed in the Protected Disclosures Act. No person will suffer any penalty or retribution for **good faith reporting** of any suspected or actual incident of fraud and corruption. If any party fears victimization for reporting the incident of fraud, they can report the allegation anonymously at the National Anti-corruption Hot line.

Conclusion

In conclusion the Department' stance on corruption is one of ZERO TOLERANCE. We will not tolerate any act of dishonesty or any act that may compromise good governance in the execution of department's mandate.

All perpetrators of fraud and corruption will be dealt within the full might of the law.

We will also innovatively and proactively seek ways to improve on controls and prevent recurrences.

