



**ZERO  
TOLERANCE  
AGAINST  
FRAUD AND  
CORRUPTION**

# DPW ZERO TOLERANCE STANCE ON FRAUD AND CORRUPTION CONFERENCE

## Fraud Incidents and DPW Successes:

### Presenter:

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public works  
Department  
Public Works  
REPUBLIC OF SOUTH AFRICA

# DPW FRAUD INCIDENTS AND SUCCESSES:

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- ◆ Successes
- ◆ Procurement Fraud Risks facing DPW
- ◆ Response to DPW Fraud and Corruption risks
- ◆ Conclusion



# DPW FRAUD INCIDENTS AND SUCCESSES:

## BACKGROUND:

- July 1998: DPW first department to create internal investigation unit;
- October 2000: DPW Anti-corruption Conference;
- April 2001: DPW first department to develop a Fraud Prevention Strategy;
- June 2001: Second DPW Anti-corruption Conference
- 2003: DPW transformation. Directorate: Fraud Awareness and Investigations integrated into Chief Directorate: Internal Audit and Investigation Services



# DPW FRAUD INCIDENTS AND SUCCESSES:

## SUCCESSES:

### ➤ RECOGNITION BY PIERS

- National Treasury and Office of the Auditor- General express their support for DPW Fraud Prevention Strategy;
- Guidance to other departments in the development of Fraud Prevention Plans;
- DPW recognised as best practice example for the implementation of minimum capacity to deal with fraud and corruption (guideline booklet by DPSA)
- An independent Audit of anti-corruption capacity commissioned by PSC in 2003 rated DPW high in terms of anti-corruption capacity.



# Successes Cont...

- Assistance to Provincial Governments:  
Investigation and internal prosecution of high profile cases
- **Breakthrough investigations:**
  - R37,2 million fraud maintenance at Dept of Justice facilities;



## Successes Cont...

- Investigations: allegations of fraud and corruption: Nelspruit Regional Office(2002 and 2005);
- R4.2 million fraud on BAS Pretoria Regional Office;
- Irregular disposal of State land Cape Town Regional Office/Ministry



# Successes Cont...

- Irregular procurement of leased accommodation and refurbishment thereof: Mmabatho Regional Office;
- Fraudulent acquisition of State accommodation: Pretoria Regional Office.
- Forging of payment certificates by a Project Manager: Pretoria Regional Office



## DPW FRAUD INCIDENTS AND SUCCESSES:

### PROCUREMENT FRAUD RISKS FACING DPW:

- Procurement of goods and services below the threshold level of R200 000:
  - Procurement of goods (equipment, consumables, furniture)
  - Procurement of services (consultants, catering, cleaning, pest control)
  - Appointment of contractors for unplanned maintenance



# Procurement fraud risks cont...

- Specification of required service (extras);
- Manipulation of the quotation process;
- Abuse of emergency delegation;
- Preferential treatment of service providers ( possible nepotism / conflict of interest);
- Unethical service providers/suppliers (fronting, registration, vetting)



# Procurement fraud risks cont...

- Fraudulent invoices (breakdown of labour, traveling, material and vat);
- Changing of banking detail;
- Bribes and kickbacks.



# Procurement fraud risks cont...

## ➤ Procurement of services above the amount of R200 000:

- Capital projects;
- RAMP projects;
- Procurement of leased accommodation.



# Procurement fraud risks cont...

- Specifications;
- Leaking of information;
- Manipulation of bidding process  
(misrepresentations to bid committees);
- Fronting;
- Deviation from specifications;
- Variation orders;



# Procurement fraud risks cont...

- Conflict of interest;
- Close relationships ( officials; consultants and contractors );
- Bribes



## DPW FRAUD INCIDENTS AND SUCCESSES:

### RESPONSE TO DPW FRAUD RISKS:

- Awareness campaigns, education;
- Recommendations of improvement of controls
- Investigations ;
- Decisive action (disciplinary action, criminal prosecution, civil recovery and blacklisting);



## DPW FRAUD INCIDENTS AND SUCCESSES:

### CONCLUSION:

“ It is safest to employ honest men, even though they may not be the cleverest”

Ekken Kaibara

