

WESTERN CAPE PROVINCIAL PARLIAMENT



FRAUD PREVENTION POLICY

2019/20-2020/21

Table of Contents

1. INTRODUCTION.....4

2. POLICY STATEMENT.....4

3. AIM AND PURPOSE.....4

4. SCOPE OF THE POLICY.....4

5. PROVISIONS.....5

6. ANTI-FRAUD PROCESSES.....5

7. REPORTING SUSPECTED CORRUPTION, FRAUD OR MALADMINISTRATION.....5

9. PROTECTION OF WHISTLE BLOWERS.....6

10. PREVENTION AND DETECTION MEASURES.....7

11. CONFIDENTIALITY.....7

12. ROLE PLAYERS.....7

12.1 FRAUD OVERSIGHT.....7

12.1.1 EXECUTIVE AUTHORITY.....7

12.1.2 AUDIT COMMITTEE.....8

12.1.3 GOVERNANCE COMMITTEE (GOVCOM).....8

12.2 FRAUD CONTROL IMPLEMENTERS.....8

12.2.1 ACCOUNTING OFFICER.....8

12.2.2 MANGEMENT.....8

12.2.3 OTHER OFFICIALS.....8

12.2.4 SERGEANT AT ARMS AND THE MANAGER INFORMATION AND COMMUNICATION TECHNOLOGY (ICT).....8

13. AWARENESS OF THE POLICY.....9

14. MAINTENANCE AND POLICY REVIEW.....9

GLOSSARY OF TERMS

TERM/ACRONYM	MEANING
CFO	Chief Financial Officer
Corruption	The offering or accepting of gratification as an inducement or reward for certain improper actions
Fraud	“Fraud” means an unlawful and intentional making of a misrepresentation which is potentially prejudicial to another. The term is used to describe such acts as deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, appropriation, false presentation, concealment of material facts, collusion etc.
MISS	Minimum Information Security Standards
MPSS	Minimum Physical Security Standards
PDA	Protected Disclosures Act, No 26 of 2000, as amended by Act 5 of 2017
SAPS	South African Police Services
Theft	“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.
WCPP	Western Cape Provincial Parliament

1. INTRODUCTION

- The Policy intends to set down the Western Cape Provincial Parliaments (WCPP) the stance and attitude toward fraud and corruption.
- Furthermore, it sets down the stance toward the reinforcement of existing systems, policies, procedures, rules and regulations that are aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud and corruption.
- Therefore, based on the abovementioned the WCPP supports a zero tolerance culture toward fraud and corruption

2. POLICY STATEMENT

Fraud represents a potential risk to the WCPP's assets, service delivery efficiency and reputation. The WCPP will not tolerate corrupt or fraudulent activities, whether internal or external to the WCPP, and will vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempts to do so.

3. AIM AND PURPOSE

This policy is established to facilitate the development of controls which will assist in the prevention and detection of fraud and corruption, as well as provide guidelines as to how to respond should instance of fraud and corruption be identified.

4. SCOPE OF THE POLICY

This policy is applicable to all employees, whether they are employed on a permanent, temporary or contract basis, by the WCPP and covers all actions and/or inactions that may be regarded as fraud, corruption and maladministration which include but not limited to the following:

- Unauthorised private use of WCPP's assets, including vehicles;
- Falsifying travel and subsistence claims;
- Conspiring unfairly with others to obtain a tender;
- Disclosing proprietary information relating to a tender to outside parties;
- Accepting inappropriate gifts from suppliers;
- Employing family members or close friends;
- Operating a private business in working hours;
- Stealing equipment or supplies from work;
- Accepting bribes or favours for turning a blind eye to a service provider who does not provide an appropriate service;
- Submitting or processing false invoices from contractors or other service providers;

- Deliberate refusal or omission to report or act upon reports of any such dishonest and fraudulent activities

5. PROVISIONS

It is intended by this policy to ensure that timely and appropriate action is taken by all supervisors, line managers, programme managers and executive managers to:

- Prevent losses of state revenue and any other assets as a result of corruption, fraud and maladministration.
- Reduce occurrences of corruption, fraud and maladministration by taking appropriate action immediately upon realising same.
- Identify the culprits and ensure maximum success in any disciplinary or legal action which the WCPP.
- Minimize negative publicity with the WCPP may be exposed to as a result of corruption, fraud and maladministration.
- Actively support and participate in all anti-corruption initiatives with all stakeholders.

6. ANTI-FRAUD PROCESSES

The WCPP has developed the following procedures within the organisations business processes to address the threat of fraud and corruption:

- Recruitment policy;
- Accounting and operational policies and procedures;
- Fraud awareness training;
- Fraud risk assessment;
- Automated alerts;
- Code of ethics and conduct;
- Investigation policy/procedure; and
- Fraud response plans.

7. REPORTING SUSPECTED CORRUPTION, FRAUD OR MALADMINISTRATION

7.1 Each employee and/or member of the public has the responsibility to report any suspected act of corruption, fraud and maladministration.

7.2 In order to limit the risks associated with widespread negative perceptions amongst employees, the WCPP requires its employees to report all situations or activities that they perceive to be fraudulent to their managers. This includes reporting of all suspicions, allegations and incidents of fraud with the intentions to promote a culture where all

employees report fraud candidly without fear or recrimination and with confidence that these reports will be dealt with appropriately.

7.3 All suspected acts of corruption, fraud or maladministration shall be reported in the following manner:

7.3.1 By staff of the WCPP:

- a) Immediate supervisor
- b) Line manager
- c) Directors
- d) Secretary
- e) Deputy Speaker
- f) Speaker
- g) Internal Control Unit

7.3.2 By members of the public the allegation must be reported to the:

Speaker/Deputy Speaker of the WCPP

7.3.3 The Office of the CFO shall provide advisory services at all times to officials who may receive reports on corruption, fraud and maladministration.

8. INVESTIGATIONS

8.1 The Office of the CFO shall take the lead in the investigation of all internally reported cases of corruption, fraud and maladministration.

8.2 The CFO shall, depending on the nature and extent of the allegation, liaise with other stakeholders like the Internal Audit (IA) Unit and South African Police Service (SAPS).

9. PROTECTION OF WHISTLE BLOWERS

9.1 The Protected Disclosures Act (PDA), 26 of 2000, as amended by Act 5 of 2017, makes provision for the protection of employees who makes a disclosure that is protected in terms of the Act.

9.2 The WCPP shall ensure that all employees who report suspected acts of corruption, fraud and maladministration remain protected in accordance with the provisions of the PDA, 26 of 2000.

9.3 Any disclosure that is made in good faith and substantially in accordance with procedures as prescribed by the WCPP for reporting is considered a protected disclosure. An employee making such a protected disclosure is protected from being subjected to occupational detriment on account of having made the protected disclosure.

- 9.4 Supervisors shall keep all information provided to them confidential at all times until the finalization of the investigations.
- 9.5 Allegations made by employees which are false and made with malicious intentions, should be discouraged by Managers. Where such malicious or false allegations are discovered, the person who made the allegation must be subjected to firm disciplinary action. Such a disclosure is not considered a protected by the Protected Disclosure Act.
- 9.6 In the event of staff not being comfortable to report via the internal channel i.e. Manager/Secretary they can report the corruption, fraud or maladministration to the Public Protector: at the following toll free number: 0800112040

10. PREVENTION AND DETECTION MEASURES

- 10.1 The report of the investigations shall be made available to the relevant Director which must in turn take all necessary steps to review and improve the effectiveness of the controls, which have been breached in order to prevent similar irregularities in future.
- 10.2 The intended review and improvement steps shall be communicated to the Internal Control Unit for review.

11. CONFIDENTIALITY

- 11.1. All information received regarding fraud and corruption that is received by and investigated by the WCPP will be treated as confidential.
- 11.2. The status and the progress of investigations will be handled in a confidential manner.
- 11.3. The Secretary should in all instances liaise with media regarding cases of fraud and corruption.
- 11.4. No employee should liaise with media on such cases without express written permission from the Secretary.

12. ROLE PLAYERS

The WCPP has taken a stance that the management of fraud and corruption, like any other risk is the responsibility of everyone in the organisation.

12.1 FRAUD OVERSIGHT

12.1.1 EXECUTIVE AUTHORITY

The Executive Authority takes an interest in fraud control to the extent necessary to obtain comfort that properly established and functioning systems of risk management and fraud control are in place to protect the WCPP against significant fraud risks.

12.1.2 AUDIT COMMITTEE

The Audit Committee is an independent committee responsible for oversight of the WCPP's control, governance and risk management. The responsibilities of the Audit Committee with regard to fraud and risk management are formally defined in its charter. The Audit Committee provides an independent and objective view of the WCPP's fraud and risk management effectiveness.

12.1.3 GOVERNANCE COMMITTEE (GOVCOM)

The GOVCOM is appointed by the Accounting Officer to assist him in discharging his responsibilities for fraud and risk management. The Committee's role is to review the fraud and risk management programs progress, the effectiveness of fraud control and risk management activities, the key fraud risks facing the WCPP, and the responses to address these key fraud risks.

12.2 FRAUD CONTROL IMPLEMENTERS

12.2.1 ACCOUNTING OFFICER

The Accounting Officer Authority is accountable for the WCPP's, overall governance of fraud risk management. By setting the tone at the top, the Accounting Officer promotes accountability, integrity and other factors that will create a positive control environment.

12.2.2 MANGEMENT

Management is responsible for executing their responsibilities outlined in the fraud management strategy/plan and for integrating fraud control into the operational routines.

12.2.3 OTHER OFFICIALS

Other officials are responsible for integrating fraud and risk management into their day-to-day activities. They must ensure that their delegated risk management responsibilities are executed and continuously report on progress.

12.2.4 SERGEANT AT ARMS AND THE MANAGER INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

An inherent relationship exists between the Accounting Officers mandate to provide protective and information security through the implementation of National Key Points (NKP) Act and Minimum Physical Security Standards (MPSS) and the Minimum Information Security Standards (MISS) and fraud, theft and corruption. The Sergeant at Arms and the Manager ICT, must facilitate the implementation of sufficient physical and information security controls to further mitigate possible incidence of fraud, theft and corruption (includes cyber security risks such as data theft and fraud).

13. AWARENESS OF THE POLICY

The Senior Risk Officer (SRO) shall ensure that all employees are made aware of this policy and its implications.

14. MAINTENANCE AND POLICY REVIEW

- The custodian of the Fraud Prevention Policy and Plan is the Secretary/Accounting Officer. The Secretary is responsible for the administration, revision and interpretation of the policy and plan. In this regard, the Secretary should receive support from the management of the WCPP
- This Policy shall be reviewed at least every two years, or earlier where relevant, to reflect the current stance on fraud and corruption.

Approved by the Acting Secretary/Accounting Officer:

Signature:



Date:



Original date of implementation:

15 December 2009 (P. Williams)

Last amendment date:

23 March 2017 (Dr. G. Lawrence)

Policy owner: Secretary

Policy sponsor: Governance Committee

