



**KWAZULU-NATAL PROVINCIAL TREASURY
FRAUD POLICY AND RESPONSE PLAN**

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**KWAZULU-NATAL PROVINCIAL TREASURY
FRAUD POLICY AND RESPONSE PLAN**

CONTENTS	Page
1. Background	1
2. Scope of the Policy	2 – 3
3. The Policy	3
4. Reporting procedures and resolution of reported incidents	3 – 6
5. Confidentiality	6
6. Publication of sanctions	7
7. Protection of Whistle Blowers	7
8. Application of prevention controls and detection mechanisms	7
9. Creating awareness	8
10. Administration	8



KWAZULU-NATAL PROVINCIAL TREASURY FRAUD POLICY AND RESPONSE PLAN

1. BACKGROUND

- 1.1 This policy is intended to set down the stance of Treasury to "fraud", as referred to in paragraph 2.2 below, as well as to reinforce existing systems, policies, procedures, rules and regulations of Treasury aimed at deterring, preventing, detecting, reacting to and eliminating the impact of fraud.
- 1.2 Furthermore, the purpose and spirit of this document is to confirm that Treasury supports and fosters a culture of zero tolerance to fraud in all its manifestations.
- 1.3 Treasury recognises the fact that acts of fraud by its employees seriously deplete the scarce resources available to Treasury in fulfilling its mandate.
- 1.4 Treasury also recognises that the debilitating effects of fraud extends beyond the loss of cash and other assets which has severe negative repercussions on the ability of Treasury to achieve its objectives.
- 1.5 Although it is difficult to quantify, such acts, if left unchecked, seriously impact on:
- The quality and effectiveness of service delivery;
 - The strength of business relationships with clients, suppliers and the public;
 - Employee morale; and
 - Reputation and image of Treasury;



**KWAZULU-NATAL PROVINCIAL TREASURY
FRAUD POLICY AND RESPONSE PLAN**

2. SCOPE OF THE POLICY

Persons to whom the policy applies

- 2.1 This policy applies to all employees of Treasury and relates to all attempts and incidents of fraud impacting or having the potential to impact on Treasury.

Actions constituting fraud

- 2.2 Actions constituting fraud refer to, but are not limited to:
- (a) Any dishonest, fraudulent or corrupt act;
 - (b) Theft of funds, supplies or other assets;
 - (c) Maladministration or financial misconduct in handling or reporting of money, financial transactions or other assets;
 - (d) Making a profit from insider knowledge;
 - (e) Disclosing confidential or proprietary information to outside parties for financial or other advantage;
 - (f) Requesting or accepting anything of material value (free of charge) from contractors, suppliers or other persons providing goods or services to Treasury;
 - (g) Irregular destruction, removal or abuse of records and equipment;
 - (h) Deliberately omitting or refusing to report or act upon reports of any such irregular or dishonest conduct;



KWAZULU-NATAL PROVINCIAL TREASURY FRAUD POLICY AND RESPONSE PLAN

- (i) Bribery, blackmail, secret commissions and or extortion involving a Treasury employee in the performance of her or his duties;
- (j) Abuse of Treasury facilities; and
- (k) Any similar or related irregularity.

3. THE POLICY

3.1 The policy of Treasury is Zero Tolerance to fraud. In addition, all fraud will be investigated and followed up by the application of all remedies available within the full extent of the law as well as the application of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies, procedures, rules and regulations of Treasury.

3.2 It is the responsibility of all employees of Treasury to report all incidents of fraud to her/ his manager/ head of department.

3.3 All employees within Treasury are responsible for the prevention and detection of fraud.

4. REPORTING PROCEDURES AND RESOLUTION OF REPORTED INCIDENTS

What should employees do if they suspect fraud?

4.1 In terms of the Protected Disclosures Act 2000, It is a responsibility of all employees to immediately report all allegations or incidents of fraud to their immediate manager or, if the employee has reason to believe that his/her immediate manager is involved, to the next level of management. All managers must report all incidents and allegations of fraud to the Head of Department



**KWAZULU-NATAL PROVINCIAL TREASURY
FRAUD POLICY AND RESPONSE PLAN**

or in line with the Protected Disclosures Act.

4.2 What should a member of the public do if they suspect fraud impacting Treasury?

Should members of the public wish to report allegations of fraud anonymously, they can contact any member of management, the Head of Department or the IAU (**P O Box 3613, PIETERMARITZBURG, 3200**) and/or the Fraud Hotline on the toll free number 0800 701 701

4.3 Treasury encourages members of the public who suspect fraud impacting it to contact the Head of Department or the IAU or the Fraud Hotline on the toll free number using the contact details provided in paragraph 4.2 above.

How will allegations of fraud be dealt with by Treasury?

4.4 In line with the Protected Disclosure Act 26 of 2000:-
Issues raised by employees or members of the public, the action taken by the Department will depend on the nature of the concern. The matters raised may:

- Be investigated internally; or
- Be referred to the SAPS.

4.5 All supervisors and management within Treasury have the advisory and supporting assistance from units which include the following:

- Internal Audit Unit;
- Internal Audit Unit (Forensic Investigations);
- Human Resources (Labour Relations);



**KWAZULU-NATAL PROVINCIAL TREASURY
FRAUD POLICY AND RESPONSE PLAN**

- Labour Relations;
- Member of the Executive Committee (MEC)
- The Office of the Auditor-General; and
- The Public Protector.

4.6 The IAU provides a mechanism for a more integrated strategic intelligence effort to:

- Support policy-making and the co-ordination of fraud control policy;
- Conduct investigations via its Forensic Investigations Unit; and
- Co-ordinate processes among law enforcement agencies involved in combating fraud within the Province, including Treasury.

4.7 Any fraud committed by an employee of Treasury will be pursued by thorough investigation and to the full extent of the law, including consideration of the following:

- a) Taking disciplinary action within a reasonable period of time after the incident;
- b) Instituting recovery of financial losses, including formal civil action;
- c) Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and
- d) Any other appropriate and legal remedy available.

4.8 The Head of Department and respective managers are also required to ensure that losses or damages suffered by Treasury as a result of all reported acts of fraud committed or omitted by an employee or any other person, are recovered from such an employee or other person if he or she is found to be liable.



**KWAZULU-NATAL PROVINCIAL TREASURY
FRAUD POLICY AND RESPONSE PLAN**

- 4.9 The Head of Department or his delegated representative will upon receiving a report of fraud from an external person, write to the person (unless the report has been made anonymously) making the report:
- Acknowledging that the concern has been received; and
 - Informing her or him whether any further investigations will take place, and if not, why not.
- 4.10 Treasury accepts that those people, including employees who reported the alleged fraud need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, information about outcomes of any investigation will be disseminated on a "need to know" basis.
- 4.11 The Committee will regularly review the matters reported and actions taken.

5. CONFIDENTIALITY

- 5.1 All information relating to fraud 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 person(s) other than those who have a legitimate right to such information. This is important to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct.
- 5.2 No person is authorised to supply any information with regard to allegations or incidents of fraud to the media without the express permission of the Head of Department.



**KWAZULU-NATAL PROVINCIAL TREASURY
FRAUD POLICY AND RESPONSE PLAN**

6 PUBLICATION OF SANCTIONS

- 6.1 The Head of Department will decide, in consultation with appropriate senior managers, whether any information relating to corrective actions taken or sanctions imposed regarding incidents of fraud should be brought to the direct attention of any person or made public through any means.

7. PROTECTION OF WHISTLE BLOWERS

- 7.1 The Whistle Blowing Policy is intended to encourage employees to raise concerns relating to specific matters (including fraud), without fear of victimisation.
- 7.2 No person will suffer any penalty or retribution for reporting in good faith, any suspected or actual incident of fraud.
- 7.3 Managers should discourage employees or other parties from making allegations which are false and made with malicious intentions. Where such allegations are discovered, the person who made the allegations will be subjected to firm disciplinary or other appropriate action.

8. APPLICATION OF PREVENTION CONTROLS AND DETECTION MECHANISMS

- 8.1 In respect of all reported incidents of fraud, managers are required to immediately review, and where possible, improve the effectiveness of the controls which have been breached in order to prevent similar irregularities from taking place in future.



**KWAZULU-NATAL PROVINCIAL TREASURY
FRAUD POLICY AND RESPONSE PLAN**

9. CREATING AWARENESS

9.1 It is the responsibility of all managers to ensure that all employees are made aware of and receive appropriate training and education with regard to this policy.

9.2 The department is responsible for communicating relevant sections of this policy by placing this policy on its website

10. ADMINISTRATION

10.1 The custodian of this policy is the Head of Department who is supported in its implementation by all managers within Treasury.

10.2 The Committee, supported by the Head of Department and all managers of Treasury, is responsible for the administration and revision of this policy. This policy will be reviewed as and when the need arises and appropriate changes will be made should these be required.

APPROVAL OF THE POLICY

Approved By :

Act. Accounting Officer
Mr H.A.W Conradie

Date