



## INTRODUCTION



The purpose of this booklet is to provide Gauteng Provincial Government (GPG) employees (both management and staff) and other stakeholders (such as the public, service providers and non-government organisations) with some essential information regarding the provincial government's anti-corruption campaign and the responsibilities of the various role players in combating corruption.

## DEFINITION OF CORRUPTION



Corruption is described as any conduct or behaviour in relation to persons entrusted with responsibilities in public office which violates their duties as public officials and which is aimed at obtaining undue gratification of any kind for themselves or for others.

## DEFINITION OF FRAUD



### What is fraud?

In South Africa fraud is defined as “the unlawful and intentional making of a misrepresentation which causes actual and or potential prejudice to another”. The use of the term is in its widest possible meaning and is intended to include all aspects of economic crime and acts of dishonesty.

In other words, fraud can be described as any conduct or behaviour of which a dishonest representation and/or appropriation forms an element.



## DIMENSIONS OF CORRUPTION

Corruption takes various forms in the public service and elsewhere in society. The following are examples of different types of corruption.



### Bribery

Bribery involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of public servants. This benefit may accrue to the public servant, another person or an entity. A variation of this manifestation occurs where a political party or government is offered, promised or given a benefit that improperly affects the actions or decisions of the political party or government.

**Example:** A traffic officer accepts a cash payment in order not to issue a speed fine.



### Embezzlement

This involves theft of resources by persons entrusted with the authority and control of such resources. **Example:** Hospital staff that steal medicine and in turn sell this to private pharmacists.



### Fraud

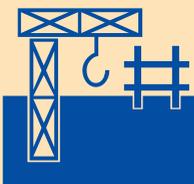
This involves actions or behaviour by a public servant or other person or entity that fools others into providing a benefit that would not normally accrue to the public servant, or other persons or entity.

**Example:** A public servant that registers a fictitious employee in order to collect the salary of that fictitious employee.

### Extortion

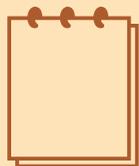
This involves coercing a person or entity to provide a benefit to a public servant, another person or an entity in exchange for acting (or failing to act) in a particular manner. **Example:** A public health official threatens to close a restaurant on the basis of fabricated health transgressions unless the owner provides the public health official with regular meals.





### Abuse of power

This involves a public servant using his or her vested authority to improperly benefit another public servant, person or entity (or using vested authority to improperly discriminate against another public servant, person or entity). **Example:** During a tendering process but before actual selection of a successful contractor, the head of department expresses his or her wish to see the contract awarded to a specific person.



### Conflict of interest

This involves a public servant acting or failing to act on a matter where the public servant has an interest or another person or entity that stands in a relationship with the public servant has an interest. **Example:** A public servant considers tenders for a contract and awards the tender to a company of which his or her partner is a director.



### Abuse of privileged information

This involves the use of privileged information and knowledge that a public servant possesses as a result of his or her office to provide unfair advantage to another person or entity to obtain a benefit, or to accrue a benefit him or herself. **Example:** A local government official has, as a result of his or her office, knowledge of residential areas that are to be rezoned as business areas, and then informs friends and family to acquire the residential properties with a view to sell these as business properties at a premium.

### Favouritism

This involves the provision of services or resources according to personal affiliation (for example ethnic or religious) of a public servant. **Example:** A regional manager in a particular province ensures that only persons from the same ethnic group are successful in tendering for the supply of food.



### Nepotism

This involves a public servant ensuring that family members are appointed to public service positions or that family members receive

contracts from the state. **Example:** A head of department appoint his or her sister's child to a position when a more suitable candidate has applied for the position.

The above illustration of the manifestations of corruption is by no means complete or exhaustive. Corruption appears in various permutations and degrees of intensity.

## INDICATORS OF FRAUD AND CORRUPTION



The following are indicators (red flags) that could be an indication of the potential existence of fraud and corruption:

### Indicators that individuals may be susceptible to committing fraud

- Unusually high personal debts
- Living beyond one's means
- Excessive gambling habits
- Alcohol / drug problems
- Undue family or peer pressure to succeed
- Feeling of being underpaid
- Feeling of insufficient recognition for job performance
- Close association with suppliers
- Wheeler-dealer attitude
- Desire to "beat the system"
- Criminal record
- Not taking vacations
- Not allowing someone access to area of responsibility
- Undisclosed conflict of interest and
- Rationalisation for conflicting behavioural patterns.



### Indicators that the Department may be a target for fraudsters

- A Department that lacks competent personnel
- A Department that does not enforce clear lines of authority and responsibility
- A Department that does not enforce proper procedures for



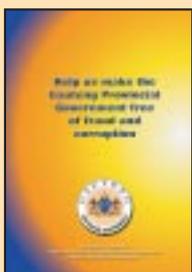


- authorization of transactions
- A Department that lacks adequate documents and records
- No separation of responsibilities between the various duties within a business cycle
- Inadequate disclosure of personal investment and other income;
- Operating on a crisis basis
- Too much trust placed on key employees
- Failure to discipline violators of company policy; and
- Inadequate background and reference checking before hiring new employees.

**Indicators of opportunities to commit fraud**

- Rapid turnover of key employees through resignation or dismissal
- Dishonest and dominant management
- Inadequate training programmes
- Complex business structures
- No effective internal audit function
- Continuous problems with regulatory agencies and
- Large year-end and unusual accounting transactions.

**LEGAL FRAMEWORK**



The following legislation and policies, amongst others, deal with corruption in South Africa:

- Corruption Act, Act 94 of 1992
- Public Finance Management Act, Act 1 of 1999
- Treasury Regulations
- Anti-Fraud and Corruption Policy of the Gauteng Provincial Government
- Protected Disclosure Act and
- Code of conduct for the Public Service.



In view of the legal framework and government policies:

- It is the policy of the Gauteng Provincial Government that fraud, corruption, theft, maladministration or any other dishonest activities of a similar nature will not be tolerated. In addition, these will be investigated and followed up by the application of all



- remedies available within the full extent of the law.
- Appropriate prevention and detection controls will be applied. These include the controls and checking mechanisms as prescribed in existing policies, procedures and other relevant prescripts to the activities of the GPG, and systems of internal control.
- It is the responsibility of employees of the GPG to report all incidents of fraud, corruption, theft, maladministration or any other dishonest activities of a similar nature to his or her manager. If the employee or official is not comfortable reporting such matters to his or her manager, he or she should report the matter to his or her manager's superior, with final recourse to the Head of Internal Audit or Director-General. Employees may also report incidents by using the provincial hotline reporting facility, if they wish to remain anonymous or for any other reason.
- All managers are responsible for the detection, prevention and investigation of fraud, corruption, theft, maladministration or any dishonest activities of a similar nature, within their areas of responsibility.
- Departments will take appropriate legal recourse to recover losses or damages arising from fraud, corruption, theft or maladministration.
- If the matter could lead to the laying of criminal charges, it must also be reported to the South African Police Services.
- Where an official is alleged to have committed an act of fraud, corruption, theft or maladministration, the manager must institute disciplinary proceedings within a reasonable period, in terms of the disciplinary code and procedure of the Department.



**PROTECTION OF WHISTLE BLOWERS**

**What is whistle blowing?**

Traditionally, the term 'whistle blowing' has been associated with the image of anonymous police informants or 'impimpis' – people who informed on their comrades during the apartheid era, often with devastating consequences. In today's usage, whistle blowing is the process by which employees or other individuals can raise a concern



about serious malpractice within an organization. It is akin to an early warning system and a means of enabling employers to find out when something is going wrong in time to take corrective action.

Since February 2000, South Africa has had the most far-reaching “state of the art” whistle blowing legislation in the world. The Protected Disclosures Act, 26 of 2000 aims to reassure workers with genuine concerns about malpractice that there is a safe alternative to silence, by providing protection against victimization to those responsible employees who speak up when they see something going wrong. Employees who are victimized and subjected to an occupational detriment for blowing the whistle on improprieties now have a legal remedy against their employer.



### The Protected Disclosures Act

The Protected Disclosures Act, 26 of 2000 makes provision for the protection of employees who make a disclosure that is protected in terms of this Act.

Any disclosure made in good faith and substantially in accordance with any procedure prescribed by the employee’s employer for reporting is considered a protected disclosure under this Act. An employee making a protected disclosure is protected from victimisation on the basis of the disclosure.

An employee or official who suspects or reports suspected dishonest activity or such activity which he or she has witnessed, should be afforded the opportunity to remain anonymous should he or she so require.

Managers should discourage employees and officials from making allegations which are false and made with malicious intentions. Where such malicious or false allegations are discovered, the person who made the allegations must be subjected to firm disciplinary action. The Protected Disclosures Act does not protect false disclosures.



### Anti-Corruption Hotline

The toll free number for the hotline is 0800 701 701. The hotline is designed to achieve the following:

- To deter potential fraudsters by making all employees and stakeholders aware that the GPG is not a soft target, as well as encouraging employee participation in supporting, and making use of this facility. In order to encourage hesitant whistle blowers, the caller does not pay for the call
- To raise the level of awareness that the GPG is serious about fraud and corruption
- To detect incidents of fraud through encouraging whistle blowers to report incidents which they witness
- To assist the GPG in managing the requirements of the Protected Disclosures Act by creating a channel through which whistle blowers can report irregularities that they witness or which come to their attention. Anonymous persons are also encouraged to report to the hotline. The hotline will also protect the identity of whistle blowers who wish to remain anonymous.
- To assist the GPG to identify areas of fraud risk so that preventive and detective controls can be improved.

### FREQUENTLY ASKED QUESTIONS



#### Who is responsible for fraud prevention and detection?

GPG management are ultimately responsible in terms of Section 38 of the Public Finance Management Act (PFMA) to ensure that proper controls are in place to prevent and detect fraudulent and irregular activities.

All employees should be aware of the fraud indicators and report suspected acts of fraud and corruption through the appropriate channels.

#### What is the Anti-Corruption Hotline?

The hotline is a channel through which employees, suppliers, contractors, and other third parties can report irregular activities, free from victimization or repercussions. The primary means of detecting





fraud and corruption will and should always remain a sound system of internal controls and regular internal audits. These measures should be supplemented with an anti-fraud and corruption-reporting channel where information regarding fraud and corruption is collected and reports investigated. Vital to this function is the assurance of anonymity, commitment to investigate all irregularities, protection of whistle-blowers and consistent application of the fraud policy, regardless of the seniority of the alleged offender.



### Who operates the Hotline?

A professional external independent party which provides a 24-hour professional service available in five official languages is operating the hotline. This ensures that the reporter can remain anonymous if he/she so wishes.

### What is the Anti-Corruption Hotline number?

0800 701 701



### What are examples of fraud and corruption?

The following actions can be considered to be fraudulent:

- Any dishonest, fraudulent or corrupt act
- Theft of funds, supplies, or other assets
- Maladministration or financial misconduct in handling or reporting of money, financial transactions or other assets
- Making a profit from insider knowledge
- Disclosing confidential, proprietary, classified or restricted information to outside parties
- Irregularly accepting, requesting, offering or giving anything of material value to or from contractors, suppliers, or other persons providing services/goods to the Department
- Irregular destruction, removal, or abuse of records, furniture, and equipment
- Deliberately omitting or refusing to report or act upon reports of any such irregular or dishonest conduct
- Acts of financial misconduct contemplated in terms of sections 81 to 85 of the Public Finance Management Act



- Incidents of unauthorized, irregular or fruitless and wasteful expenditure as defined in the Public Finance Management Act and
- Any similar or related irregularity.

### Why should I report incidents of fraud and corruption?

It is every member of society's responsibility to report incidents of fraud and corruption because:

- It adversely affects all sectors in society and impacts most directly on the poor
- It corrodes the national culture and ethos of democracy and good governance at all levels and sectors of society
- It depletes both government and civil society of scarce resources that are needed to ensure economic prosperity, equality and a better life for all
- It is a blight on society caused by the worship of self and
- It is wrong.



### What can I do to help to eradicate fraud and corruption?

Where I believe in good faith that I have identified an incident of fraud, theft, corruption, maladministration and any related or similar incidents, REPORT through the appropriate channels such as the Anti-Corruption Hotline.

### Is there a written Code of Ethics?

Yes, the GPG subscribes to the Code of Ethics as developed by the Public Service Commission.

### Why should there be a Code of Conduct?

To ensure accountability in terms of agreed values and value systems. Fraud and Corruption thrive in an environment devoid of morals and ethics. Therefore, at the heart of the cure lies the establishment of an environment that is rich in moral and ethical values and behaviour. The adoption of a well thought out Code of Conduct, encompassing the highest level of moral and ethical values is therefore critical in ensuring the success of any fraud prevention strategy.





**What are the values cherished by the GPG?**

- Absolute integrity
- A culture of honesty
- Loyalty
- Professionalism
- Acceptance of responsibility and accountability
- A positive public image
- Confidence from the public
- Striving for and maintaining credibility
- High standards of service delivery
- A sense of pride in belonging to the GPG
- Sanctioning bad, and rewarding good behaviour and
- All other positive attributes contributing toward sound ethical standards.



**What is a Fraud Prevention Plan?**

This document contains the detailed procedures that needs to be followed in order to implement the fraud prevention strategy. It is an overall “game plan” setting out how the GPG will endeavour to reduce fraud and corruption within its ranks. This document will cover aspects such as the relevant role players, special initiatives to seek out fraud, highlighting red flags, setting out details of the fraud response plans, actions to be taken and so on.

**Does the GPG have a Fraud Prevention Plan?**

Each of the Departments of the GPG has a fraud prevention plan that was developed for their specific environment.

