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## **RISK AND ETHICS MANAGEMENT**

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*A long and healthy life for all communities of the North West Province*

### **ANTI-FRAUD AND CORRUPTION POLICY**

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**Description**

This policy defines North West Department of Health' position on ANTI-FRAUD AND CORRUPTION MANAGEMENT.

**Coverage**

This document is applicable to all officials and Stakeholders of North West Department of Health.

**Policy Number**

**R&EM22/P03/R25**



## Table of Contents

<u>DEFINITIONS OF TERMS</u> .....	3
<u>1. INTRODUCTION</u> .....	5
<u>2. LEGISLATIVE MANDATE</u> .....	5
<u>3. OBJECTIVES OF THE POLICY</u> .....	6
<u>4. PRINCIPLES AND VALUES</u> .....	7
<u>5. POLICY STATEMENT</u> .....	7
<u>6. EXPECTATIONS</u> .....	8
<u>7. SCOPE AND APPLICATION</u> .....	9
<u>8. ROLES AND RESPONSIBILITIES</u> .....	9
<u>9. CUSTODIANSHIP</u> .....	12
<u>10. IMPLEMENTATION PLAN FOR THE PREVENTION OF FRAUD AND CORRUPTION</u> .....	13
<u>11. FRAUD RISK ASSESSMENT</u> .....	13
<u>12. REPORTING FRAUD AND CORRUPTION</u> .....	13
<u>13. INTERNAL INVESTIGATIONS</u> .....	14
<u>14. EXTERNAL INVESTIGATIONS</u> .....	15
<u>15. CONCLUSION</u> .....	15
<u>16. POLICY IMPLEMENTATION AND REVIEW</u> .....	16
<u>17. POLICY APPROVAL:</u> .....	16





## DEFINITIONS OF TERMS

In this document the following shall have the following meaning or explanation:

- a) **Accounting Authority** - refers to office of the head of Department/ Superintendent General or any office assigned to perform such tasks.
- b) **Batho Pele** - refers to the service delivery principles from DPSA that guide all service provision by public institutions. Visit [www.dpsa.gov.za/batho-pele](http://www.dpsa.gov.za/batho-pele).
- c) **Corruption** – encompasses any act which misuses official authority or a collusion to bypass the internal controls to obtain undue benefit for oneself or a third party.
- d) **Department** -refers to North West Department of Health (NWDoH).
- e) **DMC** - refers to the Departmental Management Committee i.e. all executive and senior management of the Department, including other officials that the Accounting officer may appoint or nominate to serve in this committee.
- f) **DPSA- refers** to the Department of Public Service Administration which is a National Department executing authority - the Member of the Executive Council (MEC) of a Province who is accountable to the Provincial legislature for that Department.
- g) **Fraud** – is an unlawful, criminal act and intentional misrepresentation of facts to obtain undue benefit or advantage causing a detriment to another party.
- h) **MACC** - refers to the Minimum Anti-Corruption Capacity booklet produced by the DPSA to guide public institutions in setting up anti-corruption systems. visit [www.dpsa.gov.za/macc](http://www.dpsa.gov.za/macc)
- i) **NGO** - Non Government Organization.





- j) **NIA** - refers to the National Intelligence Agency under the Department of state security responsible for specialised investigations.
- k) **PAIA** - Promotion of Access to Information Act 2 of 2000
- l) **PAJA** - Promotion of Justice Administration Act 2 of 2000
- m) **PDA** - Protected Disclosure Act 26 of 2000
- n) **PFMA** - Public Finance Management Act 1 of 1999
- o) **POHA** - Protection from Harassment Act 17 of 2011
- p) **POPIA** – Protection of Personal Information Act, 2013
- q) **PRECCA** - Prevention and Combating of Corrupt Activities Act 12 of 2004.
- r) **PSC** - refer to the Public Service Commission, which is a constitutionally mandated body tasked to ensure good corporate governance within the public sector. They are the custodian of the national anti-corruption toll free hotline: 0800 701 701.
- s) **SAPS** - refer to South African Police Services which is a law enforcement agent of the republic under the Department of state security.
- t) **SIU** - refer to Special Investigations Unit which is an independent statutory body established in terms of the special investigations unit and special tribunals act No. 74 of 1996 to investigate cases of corruption and other related malpractices.





## **1. INTRODUCTION**

- 1.1. Since 1994 a strong political commitment has been built around legislative, regulatory and institutional frameworks to fight fraud and corruption. The Public Service utilizes good management practices, including a code of conduct, modern employment practices, financial disclosures, fair procurement and a progressive disciplinary system to ensure the optimum economic utilization of all state resources.
- 1.2. Also government has seen the need to actively fight against fraud and corruption which have bedevilled the country and the globe at large and has hampered service delivery leading to service delivery protests, social and political unrest in many parts of the world and South Africa.

## **2. LEGISLATIVE MANDATE**

- 2.1. Section 195(1) (a) of the Constitution of Republic of South Africa, states: Public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principle "high standard of professional ethics must be promoted and maintained".
- 2.2. Sec 38(1)(a)(i) of the Public Finance Management Act, stipulates that the Accounting Officer is responsible for ensuring that the Department, trading entity or constitutional institution has and maintains effective, efficient and transparent system of financial and risk management and internal control.
- 2.3. Sections 3.2.1 and 27.2.1 of the Treasury Regulations require that risk assessment is conducted on regular basis and a risk management strategy, which includes a fraud prevention plan, is used to direct internal audit effort. The strategy must be clearly communicated to all employees to ensure that risk management is incorporated into the language and culture of the Department or entity.
- 2.4. The other legislative instruments that inform and guide the development of this policy are as listed below:

2.4.1. Prevention and combating of corrupt activities Act 12 of 2004 (PRECCA)

2.4.2. Prevention of Organized crime Act 121 of 1998 (POCA)

2.4.3. Promotion of Access to information Act 2 of 2000 (PAIA)

2.4.4. Promotion of Administrative Justice Act 3 of 2000 (PAJA)





2.4.5. SIU and Special Tribunals Act 74 of 1996 as amended (SIU Act 2005)

2.4.6. Witness Protection Act 112 of 1998

2.4.7. Financial Intelligence Centre Act 38 of 2001 as amended (FICA)

2.4.8. Criminal Procedure Act 51 of 1977 as amended (CPA)

2.4.9. Protection of Personal Information Act, 2013

### **3. OBJECTIVES OF THE POLICY**

The North West Department of Health Fraud Prevention and Anti-corruption policy serves the following main objectives:

- 3.1. To regulate the management of fraud and corruption in the Department
- 3.2. To promote zero tolerance towards fraud and corruption in all forms and any magnitude.
- 3.3. To reduce the opportunity for fraud and corruption by introducing preventative and detective measures into the organization's control environment.
- 3.4. To ensure that anti-fraud and corruption controls are considered and built into new systems and processes at the design stage.
- 3.5. To promote an open and ethical culture within the organisation that deems unethical behaviour unacceptable.
- 3.6. To increase the vigilance of management and staff through raising fraud risk awareness.
- 3.7. To ensure that the management of the Department meet their statutory responsibilities towards fraud, as per the PFMA and the requirements of Minimum Anti-Corruption Capacity (MACC), PRECCA and other relevant legislations.
- 3.8. To learn from previous incidents and recycle lessons and experiences in fraud prevention and detection globally.
- 3.9. To encourage management and staff to report their suspicions while guaranteeing anonymity in line with the requirements of the whistle blowing policy.
- 3.10. To provide measures to assist in investigating incidences of fraud and corruption, the prosecution of same and recovery of monies and costs through legally acceptable means.
- 3.11. To co-operate with other government Departments, private companies, other organs of the State and the police, in the Nation-wide detection and prevention of fraud and corruption.





#### 4. PRINCIPLES AND VALUES

- 4.1. The Department's fraud and anti-corruption policy is guided and based on the Constitution of the Republic of South Africa and the principles of public administration as contained in the standards of professional conduct.

#### 5. POLICY STATEMENT

- 5.1. North West Department of Health states categorically through this policy document that it has a **zero tolerance to Fraud and Corruption of any form, kind or magnitude** and every necessary step shall be taken to redress effects of past fraud and corruption as well as to put in place controls to prevent further fraud and corruption within the Department.
- 5.2. There are two core elements to this policy and these are:
- 5.2.1. Reducing losses and optimising resource utilisation through the development and implementation of a fraud prevention and anti-corruption strategy (inclusive of roll out plan), within a work environment that promotes good corporate governance.
- 5.2.2. A commitment to detecting, investigating, preventing and resolving (including prosecution where applicable and required) of fraud and corruption cases and any other criminal activities that poses a threat to service delivery.
- 5.3. The Department in its endeavour to continue to foster and maintain the highest standards of ethical behaviour through its zero tolerance to fraud and corruption will ensure that accountability by leadership is a priority.
- 5.4. Accountability which will be open, honest and straightforward in every undertaking and communication will be one of the key values to be upheld by the Department through this policy.
- 5.5. The policy also recognises that for all the above mentioned to take place there is a need for commitment from Departmental leadership and also seeks to outline key responsibilities of leadership which is in line with requirements of the Prevention





and Combating of Corrupt Activities Act and the provisions of the Protected Disclosures Act that it is every employee's responsibility to report suspected or actual fraud and corruption.

- 5.6. As such it remains every employee's responsibility to report fraud and corruption as well as to implement policies and procedures recommended by the employer to prevent fraud and corruption.
- 5.7. Whilst this policy makes it clear that it is every public servant's responsibility to carry out his/her duties in a manner that is transparent and honest, also to prevent, detect and report any suspected fraudulent or corrupt activity within their work environment, it is important to outline the responsibilities of management in ensuring that systems and procedures are put in place to curb and eradicate fraud and corruption.
- 5.8. For the purpose of this policy, management refers both to executive management, management committees, Accounting authority, senior, middle and line managers.

## **6. EXPECTATIONS**

- 6.1. The NWDoH will expect all managers and staff to maintain a standard of ethical behaviour in discharging their duties, especially with regard to resource utilisation, communication and use of authority.
- 6.2. Also as a public service institution the citizens expect the Department to discharge its mandates in a fair and honest manner without any abuse of power or authority and as such the executive and staff of the Department will be expected to conduct themselves in a manner that commensurate these expectations.
- 6.3. It will also be expected of the Department through its employees to ensure as far as possible that decision making is aligned to Batho Pele principles which strive for consultative approach, openness and transparency and value for money amongst some of them.





- 6.4. Fraudulent and corrupt activities thrive in an environment where systems, procedures and standards are open to exploitation and decisions are not taken openly and consultatively. When decision making is open and unambiguous to all stakeholders and the public it works best to commensurate efforts of fraud prevention and anti-corruption.

## **7. SCOPE AND APPLICATION**

- 7.1. This policy applies to every employee and/or stakeholders of North West Department of Health irrespective of position, authority and political or social affiliation. Employees and stakeholders in the context of this policy include but not limited to;

7.1.1. Casual labourers

7.1.2. Interns

7.1.3. Full time employees

7.1.4. Part time employees

7.1.5. Contractors or consultants

7.1.6. Private and public partners

7.1.7. Governance structures within the Department

7.1.8. Institutions funded by the Department in part or in full.

## **8. ROLES AND RESPONSIBILITIES**

### **8.1. ACCOUNTING OFFICER**

- 8.1.1. The Accounting Officer bears the ultimate responsibility for setting up and implementation of fraud and corruption systems including fraud and corruption risk management within the Institution.
- 8.1.2. This includes the coordination of risk assessments, overseeing the investigation of suspected fraud and corruption, and facilitation for the reporting of such instances.
- 8.1.3. The Accounting officer can delegate such responsibility but not the accountability thereof.





## **8.2. SENIOR MANAGEMENT**

- 8.2.1. Senior management is to be committed to eradicating fraud and corruption and ensuring that the institution strives to be as ethical as possible in all its dealings with the public and other stakeholders.
- 8.2.2. In this regard, senior management will ensure that they do not become complacent in dealing with fraud and corruption and that they will ensure the Department's fraud and corruption strategy which is inclusive of the fraud prevention plan is reviewed and updated regularly.
- 8.2.3. Furthermore, senior management will ensure that all employees and stakeholders are made aware of Department's policy on fraud and anti-corruption and the fraud and corruption strategies through various initiatives of awareness and training.
- 8.2.4. Senior management is also expected to cooperate fully with appointed investigation officer(s) in the event that any investigation commissioned by the Executive Authority, Accounting Officer and any other Organs of State.

## **8.3. MIDDLE MANAGEMENT AND LINE MANAGEMENT**

- 8.3.1. Middle and Line management has the responsibility of ensuring that the Department's ethical culture is cascaded down to the employee at the lowest level and also ensuring that their inputs into the organisation's ethical culture and integrity reach the relevant authorities for consideration and inclusion into the policies and procedure manuals.
- 8.3.2. Line management is also responsible, in line with the policy prescripts and fraud and anti-corruption strategy document, for the development and implementation of internal controls specific to their area of operation that will help prevent, detect and resolve issues pertaining to fraud and corruption.
- 8.3.3. Line management is also expected to cooperate fully with appointed investigation officer(s) in the event that any investigation which will be conducted as commissioned by the Executive Authority, Accounting Officer or Senior Management.
- 8.3.4. To summarise the management responsibility, this policy seeks to make it clear that management needs to lead by example by demonstrating ethical



behaviour, integrity and fairness in decision making and their dealings with the public, subordinates and all stakeholders.

8.3.5. Line Management also need to ensure that all Departmental fraud prevention and anti-corruption strategies are implemented and a supportive environment for implementation is created within the organisation through amongst other things;

- a) Clearly defining management line of responsibilities and accountability
- b) Ensuring implementation of disciplinary measures where need arises in a manner that is consistent with public services code of conduct.
- c) Adopting preventative measures that will help detect and deter fraud and corruption.
- d) Adopt measures that will ensure prompt resolution of fraud and corruption cases and recovery of state assets including money from fraudsters and corrupt officials found guilty.

#### **8.4. CHIEF RISK OFFICER**

8.4.1. Raise fraud awareness to management and other employees of the Department.

8.4.2. Facilitates the fraud risk assessment process,

8.4.3. Assist in developing policies and strategies to mitigate fraud risks,

8.4.4. Advice on matters relating to anti-fraud and corruption management.

#### **8.5. ETHICS MANAGEMENT COMMITTEE**

8.5.1. Review and recommend for the approval, by the Executive Authority/ Accounting Officer, the:

- a) Anti-Fraud and Corruption Policy;
- b) Anti-Fraud and Corruption Strategy;
- c) Ethics Management Policy and Code of Ethical Conduct;
- d) Annual Ethics Committee Implementation Plan;

8.5.2. Assess the level of fraud and corruption risks, discuss corrective actions and make recommendations to the Accounting Officer when necessary.





## **8.6. AUDIT COMMITTEE**

- 8.6.1. Audit committee has the responsibility for reviewing the Department's internal control and risk management systems, including the design and implementation of anti-fraud and corruption programmes and controls.
- 8.6.2. They also monitor the integrity of the financial statements.
- 8.6.3. Department's performance in fraud prevention, and reviews the investigation log of cases.
- 8.6.4. The audit committee reviews arrangements by which employees can confidentially raise concerns about possible wrongdoing (whistle-blowing mechanisms), and
- 8.6.5. Their objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

## **8.7. PROVINCIAL INTERNAL AUDIT (PIA)**

- 8.7.1. Provincial Internal Audit is responsible for providing independent assurance on the effectiveness of the Enterprise Risk Management including fraud risks.

## **8.8. EXTERNAL AUDIT (AUDITOR GENERAL OF SOUTH AFRICA)**

- 8.8.1. The Auditor-General is responsible for performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

## **9. CUSTODIANSHIP**

- 9.1. Management shall be the custodian of Anti-Fraud and Corruption processes.





## **10. IMPLEMENTATION PLAN FOR THE PREVENTION OF FRAUD AND CORRUPTION**

- 10.1. The Implementation Plan must be integrated into the departmental Anti-Fraud and Corruption Strategy.
- 10.2. The Implementation Plan shall outline the framework for the Department's approach to the prevention, detection, investigation and resolution including reporting.
- 10.3. The Implementation Plan will show the mechanisms by which policy prescripts are to be disseminated to management, staff, governance structures and all other stakeholders including the public.

## **11. FRAUD RISK ASSESSMENT**

- 11.1. Fraud Risk Assessment is the responsibility of Departmental Management.
- 11.2. The fraud risk assessment is the first line of defence in responding to fraud and corruption risks for the Department.
- 11.3. Fraud Risk assessment shall be conducted at least once a year.
- 11.4. Subsequent to fraud risk assessment, Fraud Risk Register shall be compiled and monitored quarterly.

## **12. REPORTING FRAUD AND CORRUPTION**

- 12.1. Reporting of Fraud and Corruption in the context of this policy refers to distinct processes that will be covered in detail in the Implementation Plan for the Prevention of Fraud and Corruption.

### **12.1.1. Whistle blowing**

- a) It is every employee's responsibility to report fraud or corruption as soon as there is reasonable ground to suspect it and evidence that leads to any investigation is available.
- b) The Department shall ensure that whistle blowing or reporting mechanisms are put in place, are well managed and maintained as well as being communicated internally to all employees and externally to all the stakeholders and the community

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- c) It is the responsibility of the Department to educate the Public on reporting any suspected fraud or corruption activities by any official of the Department or a representative.

#### **12.1.2. Fraud and Corruption reports**

- a) The Department shall keep a database of all the fraud and corruption cases reported through internal and external reporting mechanisms or through the National hotline.
- b) The Department shall be required in accordance with set prescripts to report information on risk assessments (inclusive of fraud and corruption risk assessments) to National Treasury, through the Provincial Treasury.
- c) All other information on fraud and corruption should be reported to the DPSA, PSC and SAPS in line with their requirements.

#### **12.1.3. Raising Awareness**

- a) Raising awareness is an important aspect of fraud and corruption prevention for any organisation. It also brings about transparency in the organisation's dealings and thus improves public confidence in the organisation. This policy wishes to state that the Department shall actively commit to raising awareness through methods that will be outlined in the Fraud prevention plan. These methods may include but not limited to media publications, radio statements and community road shows.

### **13. INTERNAL INVESTIGATIONS**

- 13.1. The Executive Authority/Accounting Officer in consultation with the Chief investigation officer shall nominate an investigation officer for each case from within a pool of investigation officers.
- 13.2. This policy seeks to make it clear that workplace investigations shall respect employee's rights as stated in the Labour Relations Act and other relevant statutory instruments.
- 13.3. Where a case of fraud or corruption is suspected then it is recommended that a preliminary investigation be conducted.





## **14.EXTERNAL INVESTIGATIONS**

14.1. In terms of this policy, external investigations refer to investigations being conducted by another person who is not an employee of the Department. This definition also includes any agency contracted to carry out any form of investigation including forensic audits by the Auditor General or any audit firm. Matters/ cases that will require external investigations (such as criminal cases to SAPS, NIA or SIU).

## **15. CONCLUSION**

15.1. In conclusion it is important to highlight that the development of this policy alone does not guarantee success in prevention and detection of fraud and corruption in the Department. For the successful implementation of this policy and for effectiveness to be experienced, there has to be rigorous interaction between management and staff and other stakeholders in cyclical top –down, bottom – up and lateral process/ way.





## 16. POLICY IMPLEMENTATION AND REVIEW

16.1. This policy is effective from the date of approval and shall be reviewed annually or as and when required.

### 17. POLICY APPROVAL:



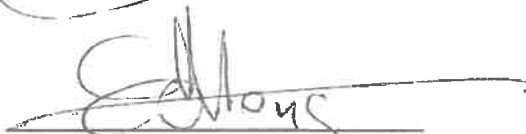
**Mr L. Gopane**

**Chairperson: Risk Management Committee**

31-01-2023

**Date**

**Recommended / not recommended**



**Mr O.E. Mongale**

**Superintendent General: NWDoH**

31/01/2023

**Date**

**Approved / not approved**



**HON. MEC. Mr. M. Sambatha**

**North West Department of Health**

01/02/2023

**Date**