

Statistical Thinking For Data Science And Analytics

How to create an effective
anti-fraud environment

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Turn Around Intervention

- The Minister embarked on process of turnaround Department during 2011/12 financial year. A Turnaround Strategy was therefore developed and adopted;
- The strategy focuses on two areas identified by the Minister as critical for the Department 's Turnaround Strategy:
 - 1) Fighting Fraud and Corruption
 - 2) Improving business operational performance
- Minister's approach = Integrated Approach
- The fight against fraud and corruption is aligned to DPW business operations:
 - review of the internal control environment
 - detection interventions e.g. lease audit

Fighting Fraud and Corruption

- Fighting Fraud and Corruption identified as a Key Focus Area for DPW – Annual Performance Plan (APP)
- Identified as Project 5 of the 23 Key Focus Areas/Projects
- Project Team and Steering Committee established
- The Charter has been developed and adopted by Steering Committee
- High level Project Plan developed – detailed plan to be developed and implemented
- Draft Anti-Fraud and Corruption Awareness Communication Strategy adopted by the Project Team – to be presented to ExCo

Fighting Fraud and Corruption

- Capacity needed to implement the Project – process underway to capacitate the structure
- Fraud awareness directly aligned to the following projects:
 - Project 2 – Audit of leases
 - Project 3 – Clean Audit
 - Project 7 – Supply Chain Management Review
 - Project 8 – Governance and Performance Management Review

Implementation of a Service Delivery Improvement Plan

Fighting Fraud and Corruption Con...

- SIU busy with investigations in terms of Proclamation 38 of 2010
- Turnaround Strategy provided funding to allow SIU to continue with their mandate
- SIU Independent and engaging directly with the Minister
- SIU completed several and still conducting investigations within DPW against allegations of fraud/corruption and maladministration – Cases are reflected in the following slides
- Stern action taken against Senior Officials within the Department for completed investigations

SIU Investigations

Details	Nature of Dispute	Progress
Lease Agreement : SAPS/Landlord	The validity of lease agreement	Application before Court – awaiting court date
Nedbank/DPW Unpaid rent: Lease Agreement	Unpaid rental to Landlord	Filed notice of intention to defend
Suspension of Former Director General	Various charges of financial misconduct	Settlement reached
Former Act DG	Failure to sign performance agreement and to attend to submissions timeously	Found guilty in internal disciplinary hearing and dismissed. Lodged dispute
Snr Official – Pretoria Regional Office	Financial misconduct in awarding of lease, failure to disclose private interest in awarding of lease contract	Disciplinary hearing concluded, outcome awaited

SIU Investigations

Details	Nature of Dispute	Progress
Former DDG	Failure to disclose private dealings, benefits received and influencing appointment of service provider	Disciplinary concluded, official found guilty and dismissed. Criminal case registered
2 SCM officials in Johannesburg Region	Corruption in awarding 21 leases	One official resigned and the other - disciplinary hearing, found guilty and dismissed. Criminal case reported; 1 official and landlord arrested.
Former CFO	Financial misconduct and disclaimer of Audit Opinion	Negotiated resignation
Lease Agreements – JHB Region (6 non-occupation)	Invalidation of agreements; recovery of damages	Summonses against landlord to recover R28m
DPWvsMajestic	Invalid lease agreements; fraud and fronting	Application filed with Court to declare the lease invalid. Criminal case of fraud filed with SAPS

SIU Investigations

Details	Nature of Dispute	Progress
DPW official	Destruction of documents – seeking to conceal evidence. Irregular involvement in award of lease	Suspended; hearing concluded – awaiting report. Criminal case of fraud and corruption registered
3 x Prestige Unit Officials	Irregular appointment of contractors; authorising invalid invoices	Disciplinary hearing Sept 2013; two criminal cases registered.
Skilpadhek Boarder Post – Former ADG	Irregular payment of settlement of contracts; conflict of interest and corruption	Summons issued against former ADG and Contractor for recovery and criminal case registered on fraud and corruption; awaiting Court date.
Conflict of Interest	Irregularly doing business with the DPW	4 x written warnings pending.
Umthatha Water Desludge	Fraudulent claims on delivery of water and disludge	8 x criminal cases registered against service providers and 1 official
Autom Star - official	Allegation of corruption	Charge sheet finalised

Fighting Fraud and Corruption Cont..

- Other Intervention measures

As part of the Minister's Turnaround Strategy / Intervention, funds have been allocated to appoint a panel of service providers, who will conduct investigations within the Department as and when they are reported. It is anticipated that the process will be finalised by September 2013.

Fighting Fraud and Corruption Con...

- Other Interventions Measures:
- Improved interaction / co-operation with other fraud and Corruption busting institutions
 - Auditor General (AGSA)
 - Public Protector
 - National Treasury

Fighting Fraud and Corruption Con...

Internal Interventions:

- DPW has a dedicated Unit mandated to promote a culture of anti-fraud and Corruption within the Department
- Fraud Awareness and Investigation(FAI) is a Directorate within the Chief Directorate: Internal Audit and Investigation Services (IAIS)
- The Unit is mandated with the promotion of the anti-fraud/corruption campaigns within the Department and conducting of investigations on reported allegations.

Fighting Fraud and Corruption Con...

- FAI conducts anti- Fraud and Corruptions workshops across the Department targeting all DPW officials regardless of levels
- Create awareness on matters related to fraud and Corruption and promote a culture of anti-fraud and corruption
- Conduct investigations on reported allegations of fraud and corruption
- Refer cases to other law enforcement agencies e.g. SIU, SAPS, NIA etc.
- Responsible for review and implementation of the Fraud Prevention Strategy

DPW Fraud Prevention Strategy

- DPW has an approved Fraud Prevention Strategy which is being rolled out across the Department.
- The strategy identifies basic fraud and corruption prevention measures, which are already in place within the DPW.
- Furthermore, it identifies fraud and corruption risks that must be addressed and which could jeopardise the successful implementation of the fraud prevention strategy and achievement of the DPW goals/objectives.
- The strategy evolves as DPW makes changes and improvements in its drive to promote good governance, accountability and effectively fight fraud and corruption.

DPW Fraud Prevention Strategy cont..

- The Plan/Strategy will be reviewed in the current financial year and will also deal with the nature of the current challenges.
- The fraud prevention strategy however; does not guarantee that the DPW will not be impacted by incidents of fraud and corruption but, is intended to serve as an additional measure to assist in the limitation of the impact of fraud and corruption risks, with a particular focus on creating awareness and promoting ethical business conduct.

DPW Fraud Prevention Strategy cont..

Components of the Strategy

DPW's Integrated Anti-Corruption Strategy is based on the following elements:

- Prevention
- Detection
- Investigation
- Resolution

DPW Fraud Prevention Strategy cont..

Prevention

- Policies and Procedures
- Physical and Information Security
- Employee Vetting
- Risk Management

DPW Fraud Prevention Strategy cont..

Detection

- DPW Register of Allegations
- Internal Audit
- DPW Employees and Stakeholders Support
- Whistle Blowing and Reporting Mechanisms

DPW Fraud Prevention Strategy cont..

Investigations

- Internal Capacity - challenge of high turnover and process of filling posts lengthy
- Co-operation with Other Agencies

DPW Fraud Prevention Strategy cont..

Resolutions

- Improved Controls
- Disciplinary Action
- Civil Recovery
- Criminal Prosecution

KEY STAKEHOLDERS WITHIN DPW

- Executive Authority(Minister)
- Accounting Officer(DG)
- Management
- Staff

PROTECTION OF WHISTLE BLOWERS

- Whistle-blowers (employees, members of the public and service providers) are encouraged to follow the procedures prescribed in the Protected Disclosures Act (No. 26 of 2000) to be eligible for protection.
- No person shall suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud and corruption which occurred within DPW, however false allegations made with malicious intentions shall be subjected to firm disciplinary or other appropriate actions.

Internal Investigations

FY	No of Cases Reported	Completed Reports Issued to Mgt	Various Stages of Investigations		Referred to SIU	Referred to SAPS	Referred to other Business Units	Referred to Provincial Dept	Not Started
			Execution	Internal Reporting Stages					
2009/10	35	11	0	12	5	1	3	3	0
2010/11	28	15	0	6	4	0	3	0	0
2011/12	79	31	0	30	2	2	13	1	0
2012/13	58	21	7	17	1	0	0	0	12
2013/14	25	1	2	0	0	0	1	0	21
TOTAL	225	79	9	65	12	3	20	4	33

Internal Investigations

COMPLETED INVESTIGATIONS REPORTS ISSUED TO MANAGEMENT

Financial Year	No. of Reports	Disciplinary Actions			Criminal Cases Reported	Civil Proceedings	Blacklisting - NT
		Recommended	Finalised	Pending			
2009/10*	11	4	4	0	2	3	0
2010/11	15	9	7	2	0	0	0
2011/12	31	35	24	11	3	2	2
2012/13	21	12	1	11	6	0	1
2013/14	1	0	0	0	0	0	0
TOTAL	79	60	36	24	11	5	3

Internal Investigations

SUMMARY OF DISCIPLINARY CASES FOR MISCONDUCT COMMITTED BY DPW OFFICIALS

FY	No. of Recommended Disciplinary Actions	No. of Finalised	Sanctions					
			Dismissal	Final Written Warning	Written Warning	Suspensions Without Pay	Not Guilty	Not Pursued by Labour Relations
2009/10	4	4	0	1	0	0	3	0
2010/11	9	7	0	1	4	4	1	1
2011/12	35	24	1	4	6	4	5	4
2012/13	12	1	0	1	0	0	0	0
TOTAL	60	36	1	7	10	8	9	5

Internal Investigations

INVESTIGATIONS COMPLETED, REPORTS NOT YET SUBMITTED TO MANAGEMENT

FY	No. of Completed Reports	No. of possible Disciplinary Actions to be recommended	No. of possible Criminal Cases to be reported to SAPS	No. of Possible Civil Action to be instituted	No. of possible Blacklisting of Suppliers - NT	Allegations Unfounded - Cases to be Closed
2009/10	12	3	5	0	0	6
2010/11	6	7	0	1	0	4
2011/12	30	13	1	0	3	14
2012/13	1	14	0	0	0	8
2013/14	0	0	0	0	0	0
TOTAL	65	37	6	1	3	32

*** The recommended corrective measures above are based on the presumption that for reports currently undergoing internal quality assurance reviews the recommendations made will remain the same**

Internal Investigations

SUMMARY OF ALLEGATIONS REFERRED TO VARIOUS STAKEHOLDERS / LAW ENFORCEMENT AGENCIES FOR FUTHER HANDLING

FY	Referrals to SIU	Referrals to SAPS	Referrals to other Business Units	Referrals to Prov Governments
2009/10	5	1	3	3
2010/11	4	0	3	0
2011/12	2	2	13	1
2012/13	1	0	0	0
2013/14	0	0	1	0
TOTAL	12	3	20	4

- **Allegations referred to the SIU fell within the SIU Proclamation;**
- **Allegations referred to SAPS were of a criminal nature, that warranted criminal investigations to be conducted;**
- **Allegations referred to other Business Units were reports that were forwarded to FAI and during assessment of such it was concluded that they did not warrant investigations but were rather operational matters / deficiencies and were referred to the relevant business units for further handling; and**
- **Allegations referred to the Provincial Governments, those matters fell within the jurisdiction of the respective Provincial Governments**

On-going Awareness Campaigns

Awareness Campaigns


- Fraud Awareness Workshops rolled-out across the entire Department (11 Regional Offices & HO)
- Presentations during EPWP Programmes and during engagements with contractors
- Public Service Induction (New employees)
- Anti-Fraud and Corruption Posters
- Articles on Worx-News (Internal Publications)

FRAUD AWARENESS WORKSHOPS

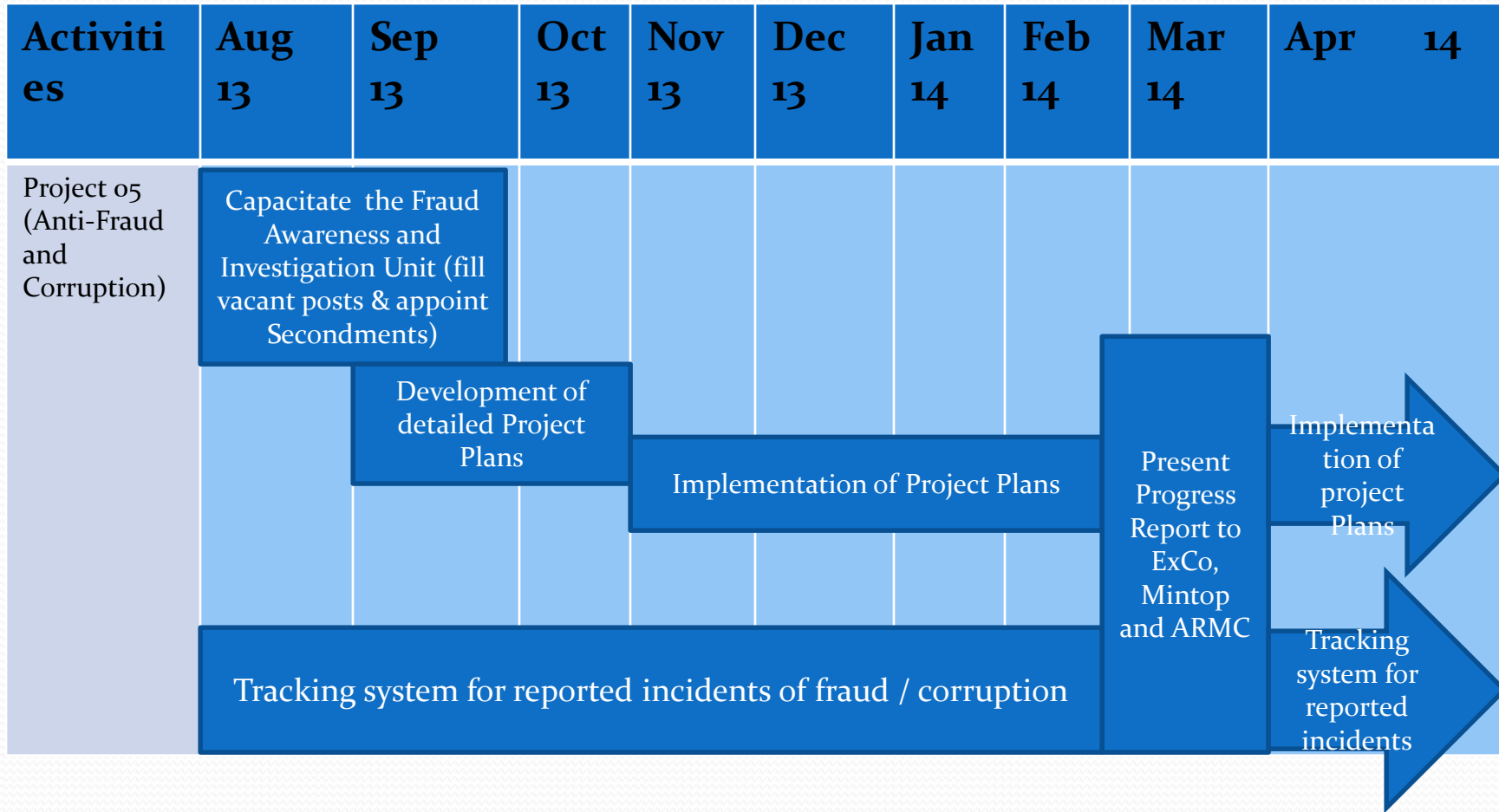
Proposed Fraud Awareness Workshops

No.	Regional Office	No. of Target Officials	Date	Comments
1	Head Office	27	16 May 2013	1 x done (Orientation for newly appointed officials)
2	Mthatha	74	26 Jul 2013	1 x done (contractors)
3	Mmabatho	233	7 Aug 2013	2 x done
4	Polokwane	309	28-29 Aug 2013	2 x
5	Durban	666	09-10 Oct 2013	4 x
6	Pretoria	760	12-13 November 2013	3 x
7	Port Elizabeth	308	26-27 February 2013	2 x
Total		2 377		15 x

CURRENT PRIORITIES (CAE/Dir:FAI)

Activities	Aug 13	Sep 13	Oct 13	Nov 13	Dec 13	Jan 14	Feb 14	Mar 14	Apr 14
Institute and finalise Investigations reported during the 2012/13 FY	Initiate and finalise 11 investigations reported during the 2012/13 FY					Initiate and conduct 4 investigations reported for the 2013/14 FY			 <p>Conduct investigations on all outstanding cases reported during 2012/13 FY</p>
Finalise the Review of the Fraud Prevention Strategy	Review of the Fraud Prevention Plan(FPP)				Adoption of FPP by ExCo & ARMC				
Fraud Awareness Campaigns / Workshops	Conduct 15 Fraud Awareness workshops at 6 Regional Offices and Head office targeting 2 377 officials/contractors								

CURRENT PRIORITIES (CAE/Dir: FAI)



Successes

- SIU and Internal Investigations
- Suspension of officials implicated
- Internal Disciplinary Processes Instituted
- Criminal Proceedings taking place
- Permanent appointments made in Executive Positions

Challenges

- Inadequate internal capacity(skill and warm bodies)
- Non-compliance to procurement processes still a major concern
- Poor internal control environment
- High level of susceptibility to fraud/corruption

Proposed Solutions

- Turnaround intervention initiatives
- Establishment of Governance and SCM Branches
- Filling of vacant positions and obtaining external assistance to enhance internal capacity
- Establishment of stand alone Anti-Corruption Unit
- Promote Ethics within the Organisation
- Intensified roll-out of the Fraud Awareness Campaign
- Aligning the fight against Fraud and Corruption with Departmental operational effectiveness

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THANK YOU