



agriculture & rural development

Department of
Agriculture and Rural Development
FREE STATE PROVINCE

FRAUD PREVENTION AND RESPONSE STRATEGY

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1. BACKGROUND

Fraud and corruption are global phenomenon and as such require concerted efforts from both the public and private sector.

For the purpose of this Fraud Prevention and Response Strategy, fraud and corruption are defined as follows:

Fraud: any deceitful or dishonest conduct, involving acts or omissions or taking making of false statements, orally or in writing, with the object of obtaining money or other benefit from, or evading a liability. In general terms fraud is the use of deceit to obtain an advantage or avoid an obligation. Furthermore it involves the unlawful use of an official position to gain an advantage in contravention of duty. This includes the offering / giving / soliciting or accepting of an inducement or reward for certain improper actions and any improper approach or solicitation, either directly or through a nominee, to act in any way that could be to the disadvantage of the group.

Corruption: any person who directly/indirectly agrees/offers to accept any gratification from any other person for own/another person's benefit in order to act personally or by influencing another person to act in a manner that amounts to the illegal, dishonest, unauthorized, incomplete or biased exercise.

The Department of Agriculture and Rural Development recognises four components related to fraud i.e. prevention, detection, investigation and resolution, which plays an integral part in the fight against fraud and corruption.

The primary objective of this strategy is to prevent fraudulent conduct before it occurs. The fundamental advantage of prevention of fraudulent conduct advances two main purpose of criminal law: deterring future criminal conduct and protecting the public from dangerous offenders.

The characteristic of successful fraud enforcement is its effectiveness not only in apprehending those who have already violated the law, but also in preventing others from committing acts of fraud.

Provisions of the Public Finance Management Act no 1 of 1999 3.2.1 (Act 1 of 1999 as amended by Act 29 of 1999) stipulate that the Accounting Officer must ensure that a risk assessment is conducted regularly so as to identify emerging risks of the institution. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and to manage these risks. The strategy must be clearly communicated to all employees to ensure that the risk management strategy is incorporated into the language and culture of the institution.

Components of the Strategy:

The main principles of the Fraud Prevention Strategy are the following -

- Creating a culture which is intolerable to corruption / fraud

- Deterrence of corruption and fraud
- Preventing corruption/fraud which cannot be deterred
- Detection of corruption/fraud
- Investigating detected corruption/fraud
- Taking appropriate action against fraudsters. e.g. prosecution, disciplinary action
- Applying sanctions, which include redress in respect of financial losses

2. OBJECTIVE

- Encouraging a culture within the Department of Agriculture and Rural Development where all employees, the public and other stakeholders continuously behave ethically in their dealings with, or on behalf of the Department of Agriculture and Rural Development.
- Improving accountability, efficiency and effective administration within the Department of Agriculture and Rural Development.
- Improving the application of systems, policies, procedures and regulations.
- Changing processes of the Department of Agriculture and Rural Development that facilitate corruption/fraud and allow it to go unnoticed or unreported.

3. LEGISLATIVE REQUIREMENTS

3.1. Public Finance Management Act no. 1 of 1999

Section 38 (1) (a) (i) of the Public Finance Management Act no. 1 of 1999 requires that:

“Accounting Officer must ensure that the department has and maintains the effective, efficient and transparent systems of financial and risk management and internal control”

3.2. Treasury Regulation 3.2.1 extends the above requirement by putting emphasis on Risk Assessment, Risk Management Strategy and Fraud Prevention Plan and can be summarized as follows:

- (i) The Accounting officer must ensure that a risk assessment is conducted regularly to identify emerging risk of the institution.
- (ii) A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and to manage these risks.
- (iii) The strategy must be clearly communicated to all officials to ensure that the risk management strategy is incorporated into the language and culture of the institution.

3.3. The extension of the general responsibilities, in terms of **Section 45 of the PFMA**, to all officials is a cornerstone in the institutionalization of risk management in the public service. It establishes accountability for risk management at all levels of organization and does not limit it into the Accounting Officer or Internal Audit Activity.

3.4 Protected Disclosure Act. No 26 of 2000

The Act makes provision for procedures in terms of which employees in both the private and public sector may disclose information regarding unlawful or irregular conduct by their employers or other employees in the employ of their employers, to provide for the protection of employees who make a disclosure on fraudulent activities which is protected in terms of the Act and to provide for matters connected therewith.

3.5 The King III Report

Code of Corporate Governance reflects on integrated reporting as an increase in the company's business opportunities and an improvement in risk management. The principles outlined on the Code of Corporate Governance requires that:- the risk tolerance level should be determined by top management; the risk or audit committee to assist management on carrying out the risk responsibilities; management to design, implement and monitor the risk management plan; risk assessment to be conducted on a continuous basis; framework and methodologies are implemented to increase the profitability of anticipating unpredictable risks; management considers and implements appropriate risk responses; there is continuous risk monitoring by management; assurance given to management regarding the effectiveness of risk management process.

3.6 Other related legislative requirements

- Prevention of Organised Crime Act (No. 121 of 1998)
- The Prevention and Combating of Corrupt Activities Act (No. 12 of 2004)
- Public Service Act, 1994
- The National Prosecuting Authority Amendment Act, 2000
- National Strategic Intelligence Act, 1994, (No. Act 39 Of 1994 as amended by the National Strategic Intelligence Amendment Act (No. 67 of 2002)
- Promotion of Access to Just Administration Act (No. 3 of 2000)
- Promotion of Access to Information Act (No. 2 of 2000)

4. SCOPE

The strategy is applicable to all staff members in Department of Agriculture and Rural Development including all stakeholders (clients, employers etc.)

5. STRATEGY STATEMENT

The Strategy aims to emphasise a structured approach to the effective management of fraud and corruption within the Department of Agriculture and Rural Development.

Fraud represents a significant potential risk to the Department's assets, service delivery and reputation.

Fraud prevention and detection strategies will be designed and implemented. These will include any existing controls (systems & manual internal controls) and those currently prescribed in existing policies, procedures and other relevant prescripts to the activities of the Department.

The Department of Agriculture and Rural Development will not tolerate any corrupt or fraudulent activities, whether internal or external to the Department, and will vigorously pursue and initiate the prosecution of any parties which are involved/engages in such practices or attempt to do so.

6. FRAUD AND CORRUPTION CONTROL STRATEGIES

The approach in controlling fraud and corruption is focused on 3 areas, namely;

1. Structural strategies (Oversight Structures)
2. Operational Strategies
3. Maintenance Strategies

6.1 Structural Strategies

Represent the actions to be undertaken in order to address Fraud and Corruption at the structural level.

6.1.1 Management accountability

Managers and supervisors have oversight responsibility for internal controls within their units. The implementation of controls should/could be included in performance agreements of managers at all levels. The latter will lead to increased focus in mitigating risks and inculcate a risk management culture.

The day to day responsibilities for the prevention and detection of fraud rest with line managers who are responsible for -

- a) Identifying the risks to which systems, operations and procedures are exposed
- b) Developing and maintaining effective controls to prevent and detect fraud and
- c) Ensuring that controls are being complied with

Failure to take remedial measures to correct an anomaly in the systems or internal control will lead to the Department taking disciplinary measures against the responsible manager in the unit concerned.

Risk Management and Internal Audit activity have no primary responsibility for establishing or maintaining internal controls. However, the effectiveness of the internal controls are enhanced through the reviews performed and recommendations made by both sections. Managers should ensure that recommendations made by Internal Audit and any other assurance providers are fully implemented within a specified time.

6.1.2 Ethical Culture

Ethics are concerned with human character and conduct and deal with questions of right and wrong, appropriate and inappropriate behaviour and what constitute good or evil. The ethical principles contained in the Code of Conduct for the Public Service are applicable to all employees of the Department. Therefore, the Code of Conduct for the Public Service as set out by the Public Service Commission will be customised accordingly towards the core business operations of the Department. All employees are expected to abide by the Code of Conduct.

The Department subscribes to the eight Batho Pele Principles which are:

- Consultation
- Service Standards
- Access
- Courtesy
- Information
- Openness and Transparency
- Redress
- Value For Money

6.2 Operational Strategies

6.2.1 Prevention strategy

Fraud and corruption can be prosecuted after the fact, but, first and foremost, it requires prevention. The Department of Agriculture and Rural Development acknowledges the importance of utilizing its resources in the most effective and efficient manner and as such recognises "prevention" as the fundamental component of anti-corruption strategy. The prevention efforts should focus on identifying controls to mitigate all three conditions;

- ✓ Opportunity
- ✓ Rationalization, and
- ✓ Pressure

The component of prevention encompasses, creation of anti-fraud culture/ behaviour, training and awareness, policies and procedures, physical and information security, employee vetting and risk management.

6.2.1.1 Fraud and Corruption Risk Assessment

The risk of fraud needs to be actively managed. This involves identifying the potential for fraud and corruption and developing appropriate strategies to minimise the risk of it occurring.

The Department will conduct on annual basis fraud and corruption risk assessments to identify potential fraud and corruption risk exposures to the institution. This process will ensure that actions to address the identified fraud and corruption risk exposures will be implemented to mitigate these exposures.

The above will be formulated into "Fraud Risk Assessment" and which will provide an indication of how fraud and corruption manifested. A Fraud and Corruption Risk Register for the prioritised risks will be developed as well as actions to mitigate these risks.

6.2.1.2 Employee awareness

The primary function of training new and existing employees on the fraud strategy is a fundamental process that inculcates the Department's culture and philosophy of zero tolerance on fraud and corruption to all employees.

The Department will arrange workshops to both internal and external stakeholders to create awareness of fraud and corruption, the manifestations thereof and the plan in general. A further objective of this training is to reinforce the expectations of the Department and administration of employees of the Department with regard to their conduct and behaving ethically and with integrity.

Processes and mechanisms to manage professional ethics are fundamental to the fight against fraud and corruption. In line with the principles contained in the Public Sector Anti-Corruption Strategy, the Department will pursue the following additional steps to communicate the principles contained in the Code:

- a) A copy of the Code will be circulated to all employees and included in the induction packs for new employees.
- b) Include relevant aspects of the Code in further awareness presentations, training sessions and communication programmes to create awareness thereof amongst employees and other stakeholders
- c) Helping employees to understand the meaning of unethical behaviour (including harassment in any form) in line with expectations of the Department
- d) Helping employees to understand issues involved in making ethical judgments; and communicating the implications of unethical behaviour and its impact for individuals, the workplace, professional relationships, the Department as whole and external stakeholders including the public
- e) The development and constant review of the gift policy to ensure that it adequately addresses both acceptance and offering of business courtesies including gifts, by all employees of the Department.

- f) The development of a more robust system for the declaration of private business interests and actual or potential conflicts of interest by all employees and keeping of a centralised record thereof will be considered

6.2.1.3 Department's systems, policies, procedures, rules and regulations

The Department has a number of systems, policies, procedures, rules and regulations designed to ensure compliance with government legislation. The Department of Agriculture and Rural Development has identified a fraud and corruption risk in this area as being the lack of application, knowledge, awareness, effective communication and training with regard to its prevailing prescripts. Issues emanating/ informed by the external audits performed by the Auditor General.

The Department will develop clearly defined communication and training strategies to create awareness of existing and new policies and procedures in order to ensure that all employees are made aware of, and adequately trained in the implementation of policies and procedures relevant to their duties and responsibilities, including -

- a) The keeping of adequate records serving as proof that employees have been made aware of the policies and procedures relevant to their duties; and
- b) The development and distribution of a regular communiqué outlining the importance of complying with policies and procedures and the implications for employees, for example – the taking of corrective action against offenders not complying with policies and procedures
- c) The keeping of all policies and procedures accessible all the time to employees.
- d) Policies and procedures to be updated continuously and made available to users.

The Department of Agriculture and Rural Development is committed to developing human resources systems, policies and procedures, which will incorporate the fraud and corruption prevention practices detailed below -

- a) The development of a system for transparent and merit-based hiring and promotion practices with objective standards in order to reduce the risk of nepotism and favouritism, both of which are damaging forms of fraud and corruption
- b) The Department of Agriculture and Rural Development applies the resolutions of the public sector collective bargaining council, which enables employees who have been unfairly or falsely accused to seek recourse. This is based on the recognition that aggrieved

employees may become malicious, thus increasing the risks of them committing fraud and corruption; and

- c) The Department recognises that, despite ongoing organisational and policy changes, for example employment equity policies, matching of competence to the job is extremely important. As part of its approach to the management of human capital, the Department will continue to pursue steps to ensure that competent people are being appointed

Management must be held accountable for complying with, and implementing, the Department's systems, policies, procedures, rules and regulations and for preventing fraud and corruption. This will be addressed in job descriptions, agreed work plans and performance contracts.

The Department of Agriculture and Rural Development will also develop a system with clear guidelines for the placing of prohibitions on individuals and restriction of entities found guilty of fraud and corruption against it.

6.2.1.4 Physical and information security

Physical restrictions are the most important type of protective measures for safeguarding the Department of Agriculture and Rural Development's assets, processes and data.

Physical access to confidential records and secured area should be properly controlled. Documentation and record retention is to provide reasonable assurance that all information and transactions of value are accurately recorded and retained. Records are to be maintained and controlled in accordance with the Security Policy of the Department

The Department will conduct regular reviews of physical security in order to understand its specific shortcomings in this area and ensure that, where necessary, security of offices is upgraded in order to comply with the MISS Policy as developed by the National Intelligent Agency (NIA).

Supplementary steps will be established to control access to archives, files, computer and data systems. A comprehensive security policy should be developed and should among other things cover control of; information computer systems, securing of official documents, access control, physical search, contingency plan and key control.

6.2.1.4 Pre – employment screening (employee vetting)

Pre- employment screening will be carried for all appointments, with the involvement of risk management unit, although the whole process is maintained by Human Resources. Consideration should be given to the following areas;

1. Confirmation of ID and Addresses

2. Criminal records
3. Reference checks with pre employers (most recent)
4. Verification of formal qualification
5. Insolvency/ credit checks

6.2.1.5 Security Clearance (Vetting)

Security screening/ vetting is required when a person is first employed, promoted, transferred or performs general official duties that will give them access to classified information. The degree of security clearance given to a person is determined by the content of and/or access to classified information entailed by the post already occupied or to be occupied by a person.

Vetting will be carried out from the lowest level up to Head of the Department (HOD) for all staff members and any stakeholders who should have access to classified information.

The security clearances' period of validity ranges from 5 to 10 years; the categories that an individual is analysed on in terms of security clearance level are as follows:

- Top Secret
- Secret, and
- Confidential

6.2.1.6 Declaration of Secrecy

A declaration of secrecy form should be completed by anyone who applied for a government position before he/she is appointed or during appointment process.

6.2.1.7 Fraud prevention implementation plan

For effective implementation of the Fraud Prevention and Response Strategy, a fraud prevention implementation plan will be developed with activities aimed at implementing the strategy. The actions/outputs set on the plan are focused at mitigating the risk of fraud and corruption in the Department.

The plan will encompass at most the following:

- a. Fraud Risk Assessment
- b. Monitoring process
- c. Awareness

6.2.2 Internal controls

Internal Controls are an integral part of the Department's financial and non-financial policies and procedures. An internal control consists of all the measures taken by the Department for the purpose of

- a) Protecting its resources against waste, fraud, and inefficiency
- b) Ensuring accuracy and reliability in accounting and operating data
 - c) Ensuring the efficiency of the Department of Agriculture and Rural Development's processes and systems
 - d) Ensuring compliance with the policies of the Department of Agriculture and Rural Development; and
 - e) Evaluating the level of performance in all units of the Department.

Below are some of the internal controls that are crucial in execution of the activities.

6.2.2.1 Segregation of duties

There are four general categories of duties or responsibilities which are examined when segregation of duties is discussed: authorization, custody, record keeping and reconciliation. In an ideal system, different employees would perform each of these four major functions. In other words, no one person should have control of two or more of these responsibilities.

The more negotiable the asset, the greater the need for proper segregation of duties, especially when dealing with cash and inventories. In those instances where duties cannot be fully segregated, mitigating or compensating controls must be established. Mitigating or compensating controls are additional procedures designed to reduce the risk of errors or irregularities. For instance, if the record keeper also performs a reconciliation process, a detailed review of the reconciliation could be performed and documented by a supervisor to provide additional control over the assignment of incompatible functions.

Segregation of duties is more difficult to achieve in a centralized, computerized environment. Compensating controls in that arena should include passwords, inquiry only access, logs, dual authorization requirements, and documented reviews of input / output.

6.2.2.2 Audit trail

The Department of Agriculture and Rural Development will assign a competent team of its staff to look into the aspect of audit trail on a regular basis. The task will comprise of looking into all functions starting from capturing of information, updating of records of Department's clients on the database, capturing of any information that may lead to fraud and corrupt activities and up to the payment stage including all areas across the Department of Agriculture and Rural Development.

6.2.2.3 Monitoring

Internal control systems need to be monitored as a process that assesses the quality of the system's performance over time. Ongoing monitoring occurs in the ordinary course of operations, and includes regular management and supervisory activities, and other actions personnel take in performing their duties that assess the quality of internal control system performance.

The scope and frequency of separate evaluations depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies should be reported upstream, with serious matters reported immediately to management.

6.2.2.4 Components of the control activity

Internal controls rely on the principle of checks and balances in the workplace. The following components focus on the control activity -

Personnel need to be competent and trustworthy, with clearly established lines of authority and responsibility documented in written job descriptions and procedures manuals.

Authorization procedures need to include a thorough review of supporting information to verify the propriety and validity of transactions. Approval authority is to be commensurate with the nature and significance of the transactions and in compliance with relevant regulations and legislation.

Segregation of duties reduces the likelihood of errors and irregularities. An individual is not to have responsibility for more than one of the three transaction components: authorization, custody, and record keeping.

When the work of one employee is checked by another, and when the responsibility for custody for assets is separate from the responsibility for maintaining the records relating to those assets, there is appropriate segregation of duties. This helps detect errors in a timely manner and deter improper activities; and at the same time, it should be devised to prompt operational efficiency and allow for effective communication.

6.2.3 Detection Strategies

The Department of Agriculture and Rural Development has dedicated itself in detecting fraudulent and corrupt actions that could harm the organization. It is within this premise that appropriate channels and measures should be enhanced to ensure that detection of fraud is actioned and appropriate controls be

implemented. The Department is equally committed to ensuring that appropriate measures are in place and taking all possible action so that any fraud or fraudulent behaviour is detected at an early stage, is exposed and is subjected to appropriate disciplinary and / or judicial action.

6.2.3.1 Whistle blowing, reporting mechanisms and policies

The fundamental objective of the Protected Disclosure Act, No 26 of 2000 is to protect workers from detrimental treatment or victimisation from their employer if, in the public interest; they blow the whistle on wrongdoing.

An employee who reports suspected fraud and corruption may remain anonymous should he / she so desire. Information received as a protected disclosure is strictly confidential, and includes the identity of the person making the disclosure, nature of the disclosure and also the identity of the person or persons against whom the disclosure has been made.

No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud and corruption which occurred within the Department.

All managers should discourage employees or other persons from making allegations, which are false and made with malicious intentions. Where such allegations are discovered, a person who made the allegations must be subjected to firm disciplinary, or other appropriate action.

6.2.3.2 Reporting mechanism

Any employee who has knowledge of an occurrence of irregular conduct, or has reason to suspect that a case of fraud or corruption has occurred has to immediately notify his / her supervisor, any senior manager, report the incident to the free 24-hour fraud hotline on **0800 701 701**.

The employee shall not discuss the matter with anyone other than his / her supervisor, any senior management member. Employees who knowingly make false allegations will be subject to discipline or legal proceedings depending on the seriousness of allegations. All managers are also responsible for reporting all incidents and allegations of fraud and corruption to the Head of Department. The Head of Department will instigate an investigation into the matter if deemed necessary.

Managers are required to ensure that losses or damages suffered by the Department as a result of all reported acts 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 for such losses.

6.2.3.3 Internal control reviews and data analysis

Reviewing controls on a regular basis could be a fundamental detection mechanism and also perform random assessment of transactions and processes.

The Risk Management Unit should constantly review the internal controls and analyse and interrogate data to determine unfamiliar trends and investigate further. This could be a very useful approach of detecting fraudulent actions.

6.2.3.4 Internal audit

Internal Audit will report directly to the Accounting Officer and shall report to all audit committee meetings. The function must be independent of activities that are audited, with no limitation on its access to information.

Although the primary responsibilities of the Internal Audit activity are not to detect fraud, we encourage internal auditors to be mindful of fraud and assist management in detecting fraud through their audit process.

6.2.4 Response Strategy

6.2.4.1 Investigating fraud and corruption

As a public service institution, the Department is committed to ensuring the highest possible standards in the conduct of its affairs. The Department of Agriculture and Rural Development is equally committed to ensuring that appropriate measures are in place and taking all possible action so that any fraud or fraudulent behaviour is detected at an early stage, is exposed and is subjected to appropriate disciplinary and / or judicial action.

6.2.4.1 Members of the public

The Department of Agriculture and Rural Development encourages members of the public or providers of goods and/or services who suspect fraud and corruption to inform the Department through the Fraud Hotline (national or provincial) or any other member of executive or senior management.

6.2.4.1 Reporting procedures and resolution of reported incidents

It is the responsibility of all employees within Department of Agriculture and Rural Development to report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to his / her manager.

If an employee is not comfortable reporting such matters to his / her Manager, he / she should report a matter to any senior manager within the Department of Agriculture, with final recourse to the Head of the Department (HOD).

Suspected cases of any fraud, corruption or maladministration should be reported telephonically or through an email immediately after the discovery of such an incident or within 24 hours of the discovery of such an incident to the Office of the Head of Department.

6.2.4.4 Confidentiality

In accordance with Protected Disclosures Act No.26, of 2000, no employee may be subjected to an occupational detriment by his/her employer on account or partly on account, of having made a protected disclosure.

All information relating to fraud and corruption 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 in order to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct.

No person is authorized to supply any information with regard to allegations or incidents of fraud and corruption to the media without the express permission of the Head of the Department.

6.2.4.5 Legal recourse for anyone affected under protected disclosure

Any employee who has been adversely affected by the disclosure of protected information may:

- a) Approach any court having jurisdiction, including the Labour Court established by Section 115 of the Labour Relations Act, 1995 (Act No. 66 of 1995), for appropriate relief
- b) Pursue any other process allowed or prescribed by law

6.2.4.6 Publication of sanctions

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

6.3 Maintenance Strategies

6.3.1 Review of the effectiveness and updating of the fraud prevention and response strategy and plan

The detailed procedures on the document should be monitored and reviewed by responsible parties as follows; review to be done:

- At least on an annual basis or
- When legislation, systems or procedures have changed to such an extent that a review and amendments to this document will be necessary
- Monitoring to be done throughout the year.
- Updated and accurate control matrix maintained

7. RESOLUTION

7.1 Disciplinary codes and procedures

The Department of Agriculture and Rural Development recognizes the fact that the consistent and efficient application of disciplinary measures is an integral component of effective fraud and corruption prevention. The disciplinary code and procedures prescribes appropriate steps to be taken to resolve disciplinary matters. The Directorate: Human Resource Management supports the department in instituting and completing disciplinary action for cases of fraud and corruption where an official is party to the crime.

The responsible manager, with the assistance of Human Resource Management section must also ensure that the following steps are taken with regard to financial misconduct in line with the provisions of the Treasury Regulations and PFMA:

- a) Ensuring that disciplinary proceedings are carried out in accordance with the relevant prescripts
- b) Ensuring that disciplinary proceedings are instituted within 30 days
- c) Advising the executive authority, the Department of Public Service and Administration and the Public Service Commission on the outcome of disciplinary proceedings
- d) Annually submitting to the National Treasury and Auditor-General a schedule of:
 - i. The outcome of any disciplinary hearings and/or criminal charges
 - ii. The names and ranks of officials involved; and
 - iii. The sanctions and any further actions taken against these officials
- e) Take the following into account when determining the appropriateness of disciplinary steps against an official in terms of Section 38(1)(g) of the PFMA
 - i. The circumstances of the transgression
 - ii. The extent of the expenditure involved
 - iii. The nature and seriousness of the transgression

7.2 Referring cases to other agencies

Any fraud and corruption committed by an employee or any other person will be pursued by thorough investigation and to the full extent of the law, including (where appropriate) consideration of -

- a) Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency
- b) Any other appropriate and legal remedy available

7.3 Reporting cases to the Department of Public Service Administration (DPSA)

The Department of Agriculture and Rural Development will provide the DPSA with the following minimum information at the end of each financial year:

- a) Number of allegations of corruption received and corruption cases detected per defined categories as defined in the Prevention and Combating of Corrupt Activities Act, 2004 and service delivery area
- b) Number of allegations and cases referred to in (a) above
 - i. Handled in terms of disciplinary procedure
 - ii. Referred to law enforcement agency or other body
 - iii. Not investigated for disciplinary purposes or not referred
 - iv. Description of corruption risk areas
- c) Report on the performance of its minimum anti-corruption capacity as part of its annual report

7.4 Improving controls and prevention measures

In the event of fraud or corruption been exposed, it is essential that internal controls and other prevention measures must be appraised in order to determine whether a specific internal control factor has contributed to the incident of fraud or corruption occurring.

If weaknesses in terms of internal controls or prevention measures are discovered during investigation, then such findings should be duly reported and recommendations forwarded to the Risk Management Committee through the appropriate channels.

Senior or line function managers should identify and report any loopholes or shortcomings in their areas of operations.

8. OVERSIGHT STRUCTURES

All oversight structures should play its role in ensuring that the Fraud Prevention and Response Strategy including the Fraud Prevention Implementation Plan are implemented and monitored.

9. FRAUD AND CORRUPTION CASE DATABASE

The purpose of the fraud and corruption database is to collate information from participating jurisdictions to allow the Department to be a step ahead of the fraudsters. Fraud investigators will be kept up to date on emerging trends and new techniques in all areas.

The Department through the Risk Management Unit/ Security Management must establish a central database to track criminal activity within the Department's operations. The Department of Agriculture and Rural Development should establish links with participating jurisdictions that are involved in fighting fraud and corruption.

10. SPECIFIC PROVISIONS

1. This Fraud Prevention Strategy document will be reviewed atleast annually to ensure its continued application and relevance. Amendments will, as soon as reasonably possible, be submitted for approval and brought to the attention of all users.
2. Formal communication of any changes in the policy, procedures and processes is required
3. Training will be required where there are major changes in responsibility, skills, procedures or systems.

11. GLOSSARY OF TERMS

GLOSSARY	INTERPRETATION
BATHO PELE PRINCIPLES	Means an initiative from the DPSA to get public servants to be service orientated, to strive for excellence in service delivery and to commit to continuous service delivery improvement. It is a simple and transparent mechanism, which allows citizens to hold public servants accountable for the level of services they deliver
CODE OF CONDUCT	Means a set of rules outlining the responsibilities of or proper practices for an individual or organization
FRAUD PREVENTION PLAN	Means a plan that all organisation's should have in place that integrates the processes, policies and resources of the business to minimise the risks inherent to fraud and economic crime
PUBLIC FINANCE MANAGEMENT ACT (PFMA)	Means an Act that was established to regulate financial management in the national government; to ensure that all revenue, expenditure, assets and liabilities of that government are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in that government and to provide for matters connected therewith
PREVENTION AND COMBATING OF CORRUPT ACTIVITIES ACT OF 2004	Means an Act which provides for the strengthening of measure to prevent and combat corruption and corrupt activities, to provide for the offence of corruption and offences relating to corrupt activities, to provide for investigative measures in respect of corruption and related activities, to provide for the establishment and endorsement of a Register to place certain restrictions on persons and enterprises convicted of corrupt activities relating to tenders and contracts, to place a duty on certain persons holding a position of authority to report certain corrupt transactions, to provide for extraterritorial jurisdiction in respect of the offences of corruption and offences relating to corrupt activities.
PROTECTED DISCLOSURES ACT NO 26 OF 2000	Means an Act which makes provision for procedures in terms of which employees in both the private and public sector may disclose information regarding unlawful or irregular conduct by their employers or other employees in the employ of their employers, to provide for the protection of employees who make a disclosure which is protected in terms of the Act and to provide for matters connected therewith.
PUBLIC SECTOR ANTI-CORRUPTION STRATEGY	Means an anti-corruption strategy which had been developed for the Public Service to give effect to the expressed commitment of Government to fight corruption in

	the Public Service. In accordance with the resolution of the National Anti-Corruption Summit the strategy represents a further step toward Government's contribution towards establishing a National Anti-Corruption Strategy for South Africa
TREASURY REGULATIONS	Means regulations as supporting guidelines to and interpretation of the PFMA sections
EMPLOYEE	Means a person in the service of the Department of Agriculture and Rural Development under any contract or hire, express or implied, oral or written, where the employer has the power or right to control and direct the employee in the material details of how the work is to be performed
RISK MANAGEMENT UNIT	Means a Unit within the Risk Management Division of the DARD to ensure that its risk management needs and activities are developed, implemented and monitored for ongoing effectiveness and efficiency
WHISTLE BLOWING	Means an employee or external person who has inside knowledge of illegal / corrupt activities occurring within the organization and reports these to an authoritative person / public

12. RECOMMENDATION AND APPROVAL

The Fraud Prevention and Response Strategy has been reviewed by:



CHIEF RISK OFFICER
T. CRISP

DATE: 23/03/2016

The Risk Management Committee has reviewed and recommends the approval of this Fraud Prevention and Response Strategy.



CHAIRPERSON: RMC
MR. D NKAISENG

DATE: 31/03/16

The Head of Department has reviewed and approved this Fraud Prevention and Response Strategy.



HEAD OF DEPARTMENT
MR. P THABETHE

DATE: 31/03/2016