



**arts, culture,
sports & recreation**

Department:
Arts, Culture, Sports and Recreation
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

760 Dr. James Moroka Drive
Gaabomotho Building
Private Bag X90
Mmabatho 2735

HEAD OF DEPARTMENT

Tell: +27 (0)18 388 2759

E-Mail: KShiba@nwpg.gov.za

TITLE: FRAUD PREVENTION AND ANTI-CORRUPTION STRATEGY FOR
THE 2025/2026 FINANCIAL YEAR

OWNER: DEPARTMENT OF ARTS, CULTURE, SPORTS AND RECREATION

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1. ACRONYMS

AO	Accounting Officer
ACSR	Arts, Culture, Sports and Recreation
CRO	Chief Risk Officer
HOD	Head of Department
RIMC	Risk and Integrity Management Committee

2. DEFINITION OF CONCEPTS

Chief Risk Officer: Senior Official who heads the Risk and Integrity Management Unit.

Fraud: In terms of South African Common Law, **fraud** is defined as "*The unlawful and intentional making of a misrepresentation which causes actual and or potential prejudice to another*".

A simplified definition of fraud: **deliberate deception to secure unfair or unlawful gain.**

The term **FRAUD** is used in this document 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 is made.

CORRUPTION: as referred to in this document means any conduct or behaviour where any person accepts, agrees or offers any gratification to him/her or for any other person where the purpose is to act dishonestly or illegally. Such behaviour also includes the misuse of material or information, abuse of a position of authority, breach of trust or violation of duty.

A simplified definition of corruption: is **dishonest conduct by those in power, typically involving bribery.**

Section 3 of the Prevention and Combating of Corrupt Activities Act (PRECCA) provides that any person who gives or accepts/agrees or offers to accept/receive any gratification from another person to influence such other person in a manner that

amounts to: -

- i. The illegal or unauthorised performance of such other person's powers, duties or functions;
- ii. An abuse of authority, a breach of trust or the violation of a legal duty or a set of rules;
- iii. The achievement of an unjustified result; or

- iv. Any other unauthorised or improper inducement to do or not to do anything.

3. LEGISLATIVE FRAMEWORK

This Fraud Prevention and Anti-Corruption Strategy and Plan for 2023/2024 Financial Year is aligned to the following legislative frameworks that regulate the Public Service:-

- i. Code of Conduct for the Public Service
- ii. Financial Intelligence Centre Act of 2001
- iii. Labour Relations Act
- iv. POPI Act 4 of 2013
- v. Prevention and Combating of Corrupt Activities Act of 2004
- vi. Prevention of Organised Crime Act of 1998
- vii. Protection of Constitutional Democracy against Terrorist and Related Activities Act of 2004
- viii. Protection from Harassment Act of 2011
- ix. Public Finance Management Act as amended by Act of 1999
- x. Promotion of Administrative Justice Act of 2000
- xi. Promotion of Access to Information Act of 2000
- xii. Protected Disclosure Act of 2000
- xiii. Public Service Commission Act of 1997
- xiv. Treasury Regulations 2005

4. PURPOSE OF THE STRATEGY

The purpose of the Fraud Prevention and Anti-Corruption Strategy is: -

- i. To articulate and make clear the stance that the Department takes with regard to fraud and corruption.
- ii. To educate, inform and increase staff awareness with regard to fraud and corruption.
- iii. To outline the actions to be taken with regard to fraud and corruption.

5. FORMS OF CORRUPTION

Corruption can manifest itself in the following forms: -

- i. **Bribery:** The promise, offering or giving of a benefit that improperly affects the actions or decisions of a public servant.
- ii. **Embezzlement:** Theft of resources by persons who control such resources.
- iii. **Extortion:** Forcing 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.
- iv. **Abuse of power:** The use by a public servant of his/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.
- v. **Conflict of interest:** The failure by a public servant to act on a matter where the public servant has an interest in the form of relation, interest can be direct (immediate family member or business partners) or indirect (a distant relative or friend)
- vi. **Abuse of privileged information:** The use of privileged information and knowledge that a public servant possesses as a result of his/her office to provide an unfair advantage to another person or entity to obtain a benefit.
- vii. **Favouritism:** The provision of services or resources according to a personal affiliation (e.g. culture religion) of a public servant.
- viii. **Nepotism:** A public servant ensuring that family member(s) are appointed to public service positions or that family members receive contracts from the state.

These are not all forms of corruption as corruption appears in many forms and it is virtually impossible to list all of these, therefore the above are the more common types of corrupt activities.

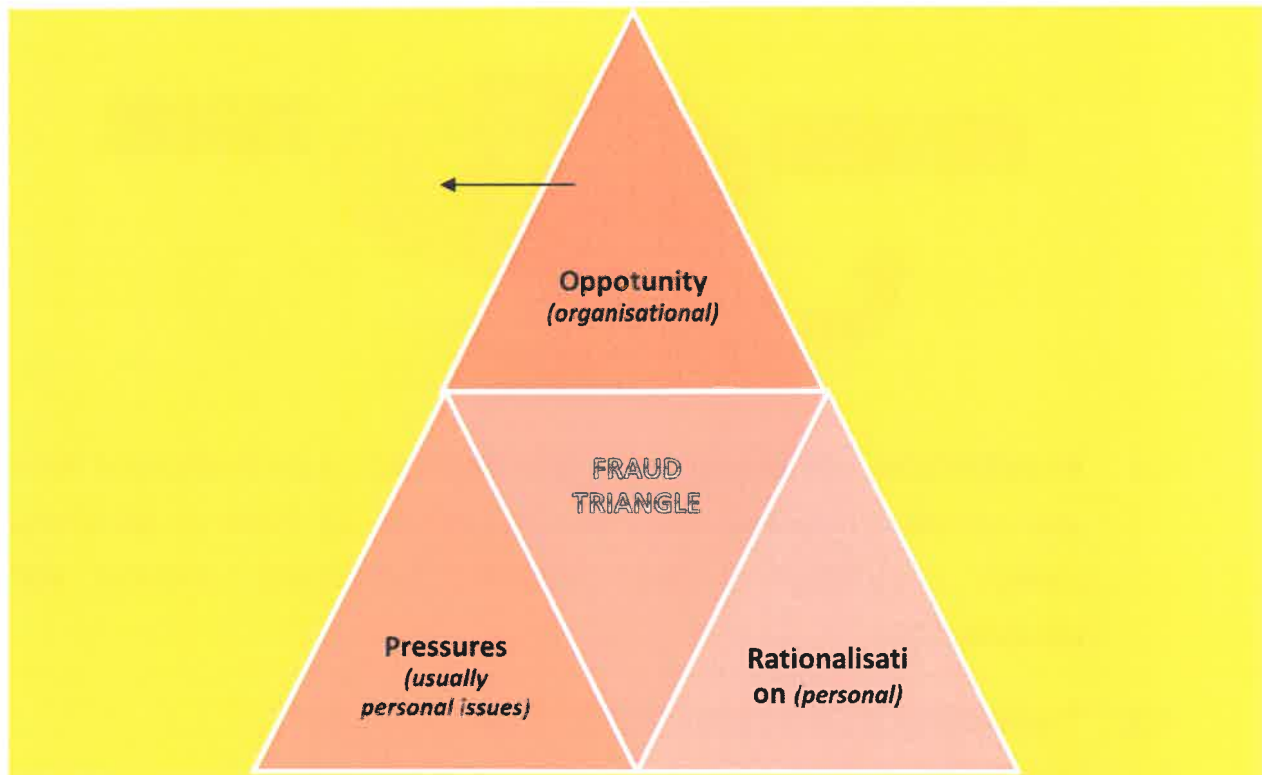
5.1 Actions that constitute fraud and corruption

Fraud and corruption manifest themselves in several ways and at varying degrees of intensity. These include, but are not limited to:-

- i. Unauthorised private use of the Department of Arts, Culture, Sports and Recreation (ACSR) assets;
- ii. Falsifying Subsistence and Travel (S&T) claims;
- iii. Conspiring unfairly with others to obtain a tender;
- iv. Disclosing proprietary information relating to a tender to outsiders;
- v. Accepting inappropriate gifts from suppliers;
- vi. Operating a private business during working hours;
- vii. Stealing equipment or supplies from work;
- viii. Accepting bribes or favours to process requests;
- ix. Accepting bribes or favours for turning a blind eye to serve ice provider(s) who do not provide appropriate services.
- x. Submitting or processing false invoices from contractors or other service providers ; **and**
- xi. Misappropriating fees received from customers and avoiding detection by not issuing receipts to those customers.

5.2. Conditions that give rise to fraud and corruption

- Poor Internal Control;
- Low Fraud Awareness;
- Rapid turnover of staff;
- Use of many bank accounts;
- Weak sub-ordinate personnel;
- History of leniency on fraudsters.



- Financial Pressure;
- Addictions;
- Work related factors;
- Achieve Financial Results;
- High debt level.

- Nobody will get hurt.
- The Department treats me unfairly.
- It is only temporarily until operations improve.
- I am only borrowing the money and will pay it back.

5.3 Statement of attitude towards fraud

- Fraud represents a significant potential risk to the ACSR's assets, service delivery efficiency and reputation.
- The Department will not tolerate corrupt or fraudulent activities, whether internally or externally and will vigorously pursue and prosecute any parties by all legal means available.

6. THE ELEMENTS OF THE FRAUD PREVENTION AND ANTI-CORRUPTION STRATEGY





6.1 PREVENTION is the primary control that should reduce the likelihood of fraud and corruption occurring. The prevention efforts will focus on identifying controls to prevent all three conditions (opportunity, pressure and rationalisation).

6.2 The following are controls the Department will implement:-

6.1.1. Ethical Culture:

Encourage a culture where all employees, the public and stakeholders behave ethically in their dealings with or on behalf of Arts, Culture, Sports and Recreation (ACSR), this is communicated through the Code of Conduct.

6.1.2. Training and Awareness:

Officials shall be trained annually or otherwise on the elements of Fraud and Corruption in their areas.

6.1.3. Policies and Procedures:

Officials shall follow policies and procedures of Arts, Culture, Sports and Recreation (ACSR) when conducting their functions; improve the application of systems, policies, procedures and regulations; and improve internal control systems.

6.1.4 Fraud and Ethics Risk Management:

Fraud, Corruption and Ethics Risk Assessments shall be performed to identify and implement corrective measures to prevent fraud and corruption and enhance the ethical culture within Arts, Culture, Sports and Recreation (ACSR) and develop a Fraud and Ethics Risk Register. *Fraud and Anti-Corruption Implementation Plan was developed to give effect to fraud and anti-corruption activities.* Risk Assessments will be performed considering the following:-

- i. The Fraud, Corruption and/or Ethics risks that might occur in the Department or those that have occurred in other departments;
- ii. The potential causes of those risks and how these causes can be prevented and detected;
- iii. Services that would be impacted by Fraud, Corruption and/or Ethics risks;
- iv. The potential risk severity and how it might be treated;
- v. The effectiveness of Arts, Culture, Sports and Recreation's (ACSR's) existing control systems to prevent, detect and mitigate Fraud, Corruption and Ethics risks;
- vi. The comparative level of **IMPACT** and **LIKELIHOOD** of identified Fraud, Corruption and/or Ethics risks, given the effectiveness of existing controls and as a result, determining the risk severity;
- vii. The Risk Response/Treatment Plan need to reduce Fraud, Corruption and Ethics risks to acceptable levels;
- viii. The results of internal and external audits;
- ix. The degree and the amount of technology involved;
- x. Staff stability, experience and expert knowledge of systems.

6.1.5 Security measures for assets and information

The department have systems and processes serving as security measures for assets and information.

6.2 DETECTION

The following tools may be used to detect fraud, corruption and/or ethics tip-offs: Line Managers, whistle-blowing, fraud, corruption and ethics audit and analysis and internal audit.

6.3 INVESTIGATIONS

Take place once the actual fraud, corruption or ethics violations has been committed or suspected. The investigations shall be conducted by relevant competent person/s.

6.4 RESOLUTION

Focus post-investigation activities which may include disciplinary action, implementation of improved controls, civil recovery, and Incidents Database updated, awareness and communication sessions.

7. FRAUD, CORRUPTION AND ETHICS RISK ASSESSMENT METHODOLOGY

The Fraud, Corruption and Ethics Risk Assessments will cover all programmes and processes used by the Department of Arts, Culture, Sports and Recreation (ACSR).

FRAUD RISK RATING TOOL

The tables below represent the **IMPACT** and **LIKELIHOOD** rating scales.

Impact

The following is a guide to be utilised to assess the potential impact of fraud risks.

Rating	Assessment	Definition
1	Insignificant	There is 90-100% that the controls will prevent fraud. (Unacceptable- Action must be taken immediately)
2	Minor	There are 70-89% chances that the controls will likely prevent fraud. (Unacceptable - Action must be taken)
3	Moderate	There are 50-69% chances that it is likely that the controls will prevent fraud. (Unacceptable - Action must be taken)
4	Major	There are 30-49% chances that it is likely that the controls will prevent fraud risks. (Unacceptable- Action must be taken)
5	Critical	There is 1-29% chances that it is likely that the controls will prevent fraud. (Unacceptable- Action must be taken)

Likelihood

The following is a guide to be utilised to assess the likelihood of fraud risks.

Rating	Assessment	Definition
1	Rare	Fraud is conceivable but is only likely to occur in extreme circumstances
2	Unlikely	Fraud may occur infrequently and is unlikely to occur within the next 12 months
3	Moderate	There is an above average chance that fraud will occur at least once in the next 12 months
4	Likely	Fraud could easily occur, and is likely to occur at least once within the next 12 months
5	Common	Fraud is already occurring, or is likely to occur more than once within the next 12 months

Inherent risk exposure (impact x likelihood): Residual risk exposure (inherent risk x control effectiveness)

The following is a rating table to be utilised to categorise the various levels of inherent and residual risks.

Risk rating	Risk magnitude	Response
20 – 25	Maximum	Unacceptable- Action must be taken immediately – considering zero-tolerance stance to fraud
15 – 19	High	Unacceptable- Action must be taken – considering zero-tolerance stance to fraud (Major level of control intervention)
10 – 14	Medium	Unacceptable- Action must be taken – considering zero-tolerance stance to fraud (Moderate level of control intervention)
5 – 9	Minimum	Unacceptable- Action must be taken – considering zero-tolerance stance to fraud (Update routine control procedures)
1 – 4	Low	Unacceptable- Action must be taken – considering zero-tolerance stance to fraud (Update routine control procedures)

Impact and likelihood

LIKELIHOOD	5	Frequent	5	10	15	20	25
	4	Likely	4	8	12	16	20
	3	Moderate	3	6	9	12	15
	2	Unlikely	2	4	6	8	10
	1	Rare	1	2	3	4	5
			Insignificant	Minor	Moderate	Major	Critical
	Rating		1	2	3	4	5
IMPACT							

8. FRAUD, CORRUPTION AND ETHICS CONTROL STRATEGIES

The approach in controlling fraud, corruption and ethical conduct is focused on three (3) areas, namely: -

- i. Structural strategies
- ii. Operational strategies
- iii. Maintenance strategies

8.1 Structural strategies – represent the actions to be undertaken to address fraud and corruption at the structural level.

8.1.1 Responsibilities for Fraud, Corruption and Ethics Risk Management

The section below outlines the Fraud and Corruption risk management responsibilities associated with different roles within the Department: -

8.1.1.1 Accounting Officer

The Accounting Officer bears the ultimate responsibility for Fraud, Corruption and Ethics risk management within the Department. This includes the

coordination of Corruption and Ethics risk assessments, overseeing of suspected fraud, corruption and ethical conduct and facilitation for the reporting of such instances.

8.1.1.2 Fraud and Anti-Corruption Committee / Risk Management Committee and the Governance and Ethics Committee

The roles of the Fraud and Anti-Corruption Committee (Risk Management Committee) and the Governance and Ethics Committee are to oversee the Department of Arts, Culture, Sports and Recreation's (ACSR's) approach to Fraud prevention, Anti-Corruption and Ethics, Fraud, Corruption and Ethical conduct detection strategies and responses to fraud, corruption and ethics incidents reported by employees or other external parties. These units should have representation on these Committees. Provincial Internal Audit (PIA) and Provincial Risk Management Unit (PRMU) should be Standing Invitees to these Committees in an advisory capacity.

The Fraud and Anti-Corruption / Risk Management Committee shall meet at least four times a year to discuss the following issues: -

Progress made in respect of implementing the Fraud, Anti-Corruption and Ethics Strategies and Fraud Prevention, Anti-Corruption and Ethics Plans.

- i. Reports received by the Department regarding Fraud, Corruption and Ethics incidents from the relevant Officials/Committee with the view to making recommendations to the Accounting Officer and Chairperson of the Audit Committee.
- ii. Reports on all investigations initiated and concluded; and
- iii. Report on allegations received via the Hotline.

8.1.2 An Ethical Culture

- i. The Department is required to conduct itself in an ethical and moral way. Ethics are concerned with human character and conduct and how they deal with questions of right and wrong, appropriate and inappropriate behaviours. Ethical conduct is based on a set of principles referred to as **values and norms**. The collective ethical conduct of all individuals employed by the

Department reflects the Department's ethical conduct. Thus the highest standards of ethics are required by employees when fulfilling their duties.

- ii. Good governance indicates that the Department of Arts, Culture, Sports and Recreation (ACSR) should develop Codes of Ethics (conduct) as part of its Corporate Governance Framework by the Departmental Governance and Ethics Committee. All employees are expected to abide by the Code of Conduct of the Department.

8.1.3 Senior Management Commitment

- i. Senior Management should be committed to eradicate Fraud, Corruption and Unethical behaviour by ensuring that the Department strives to be perceived as ethical in all its dealings with the public and other parties.
- ii. Therefore, Senior Management, under the guidance of the Accounting Officer (AO), will ensure that it does not become complacent in dealing with Fraud, Corruption and Ethics and that the Department will ensure that the Strategy is reviewed and updated regularly.
- iii. Furthermore, Senior Management will ensure that all employees and other stakeholders are aware of its overall Fraud, Corruption and Ethical Strategies through Awareness initiatives and training.

8.1.4 Assessment of Fraud, Corruption and Ethics Risk Assessment

- i. Fraud and Corruption Risk Assessment as well as the Ethics Risk Assessment needs to be performed annually to identify potential fraud, corruption and ethics risk exposure to the Department. This process will ensure that identified Fraud, Corruption and Ethics risks can be mitigated.

8.2 Operational Strategies – represent the actions to be undertaken to address Fraud, Corruption and unethical conduct at Operational level.

8.2.1 Internal Controls

- i. Internal controls are the first line of defence against Fraud, Corruption and Unethical conduct. While internal controls may not fully protect the

Department against Fraud, Corruption and Unethical conduct, it is an essential element in the overall Fraud Prevention and anti-Corruption Strategy.

- ii. Internal Audit, with assistance of the Provincial Internal Audit (PIA) will be responsible for implementing an Internal Audit Programme which will incorporate steps to evaluate adherence to internal controls.

8.2.2 Prevention

The following initiatives are a combined result in an overall preventative environment in respect of Fraud, Corruption and Ethics:-

8.2.2.1 Employee Awareness

Employee awareness of Arts, Culture, Sports and Recreation's (ACSR's) Fraud Prevention and Anti-corruption Strategy, Code of Conduct, Whistle-blowing Policy and the causes of Fraud, Corruption and unethical conduct in the workplace will assist in the creation of an Environment that may deter would-be-transgressors.

Awareness takes place (*but are not limited to*) in the following ways:-

- i. Fraud Prevention and Anti-Corruption Awareness Workshops to assist in the prevention, detection and reporting of fraud and corruption.
- ii. Fraud and Corruption posters and flyers that will be distributed and posted in all offices.
- iii. Globalising the Fraud Prevention and anti-Corruption Policy, Strategy & Implementation Plan as well as the Whistle-blowing Policy to all SMS and staff of (ACSR).

8.2.2.2 Pre-employment Screening

The pre-employment screening will be carried out for all appointments and evidence of such screening will be maintained by the Human Resource Directorate.

Consideration should be given to the following pre-employment screening: -

- i. Verification of identity;
- ii. Police criminal checks (criminal records/history);
- iii. Reference checks can be telephonically or electronically;
- iv. A consideration of any gaps in employment history and the reasons for those gaps;
- v. Verification of formal qualifications claimed.

8.2.2.3 Recruitment Procedures

- i. Recruitment will be conducted through the required Recruitment Procedures. It will be a transparent process and all appointments will be confirmed only after a due recommendation.
- ii. Any person, involved in any decision making process who may have a Conflict of Interest, must declare such a conflict in writing to the Human Capital Management (HCM) Directorate and withdraw from any further procedures.

8.2.2.4 Disclosure of Interest

- i. All Senior Managers, Middle Managers, (*including all officials residing under the CFO's Chief Directorate of Arts, Culture, Sports and Recreation (ACSR)*) will be required to disclose their specific personal assets and business interests on an annual basis or update as-and-when interests change basis.

8.3 Maintenance Strategies

8.3.1 Review of effectiveness of the Fraud Prevention and Anti-Corruption Strategy and Plan

- i. Arts, Culture, Sports and Recreation (ACSR) will conduct a review of the Fraud Prevention and anti-Corruption Strategy and Plan annually to determine the effectiveness thereof.

- ii. The Accounting Officer **may appoint a person/Unit to take responsibility for this** as he/she is responsible for reviewing the Fraud Prevention and anti-Corruption Strategy and Plan.

8.3.2 Review and updating of the Fraud and anti-Corruption as well as the Ethics Risk Register

- i. Risk assessments are to be performed annually and risks identified are be monitored.

9. RESPONSE STRATEGIES

9.1 Reporting Fraud and Corruption

- i. One of the key obstacles to fighting Fraud and Corruption is the fear of intimidation. Individuals who often blow the whistle, end up being victimised and intimidated.
- ii. For this reason, the Department of Arts, Culture, Sports and Recreation (ACSR) will adopt a Whistle-Blowing Policy, setting out the detailed procedures which will be followed to report any incidents of Fraud and/or Corruption. This Policy will be in line with the Protected Disclosures Act No. 26 of 2000.
- iii. Any suspicion of Fraud and Corruption will be treated seriously and will be reviewed, analysed and investigated where warranted. Suspicions should be reported in terms of the Whistle-Blowing Policy.

9.2 Investigating Fraud and Corruption

- i. If Fraud or Corruption is detected or suspected, investigations will be initiated and conducted.
- ii. Any reports of Fraud and/or Corruption will be confirmed by an independent investigation.
- iii. Anonymous reports may warrant a preliminary investigation before any decision to implement an independent investigation.

9.2.1 Role of the Office Premier

The role of the Provincial anti-Corruption, Forensic and Ethics Directorate in the Office of the Premier (OOP) is the co-ordination of anti-corruption programmes and forensic investigations.

Facebook : North West Office of the Premier

Call Centre : Bua le puso

Address : North West Archives Building (opposite North-West University)

MMABATHO

2735

Toll-free line: (0800) 111 700

9.3 Recovery Actions

Where there is clear evidence of Fraud and/or Corruption and there has been a financial loss to the Department of Arts, Culture, Sports and Recreation (ACSR), recovery, civil or administrative actions will be instituted to recover any such losses.

- i. Cost of recovery action should be taken into consideration before deciding which action will be taken and this should be done in consultation with Legal and Finance Sections and Office of the Premier.

9.4 Internal Control Review

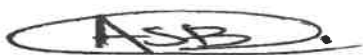
In instances where Fraud and/or Corruption is detected, the Programme Manager will re-assess the adequacy of the current controls particularly those controls directly impacted by the incident and consider improving those controls.

10. STRATEGY REVIEW

The Fraud Prevention and anti-Corruption Strategy shall be reviewed annually to ensure its continued relevance to the Department.

11. RECOMMENDATION AND APPROVAL

Recommended by:



Date:26/03/2025

Chairperson: Risk and Integrity Management Committee (RIMC)

Approved by:



Date:28/03/2025

Accounting Officer:

Department of Arts, Culture, Sports and Recreation

