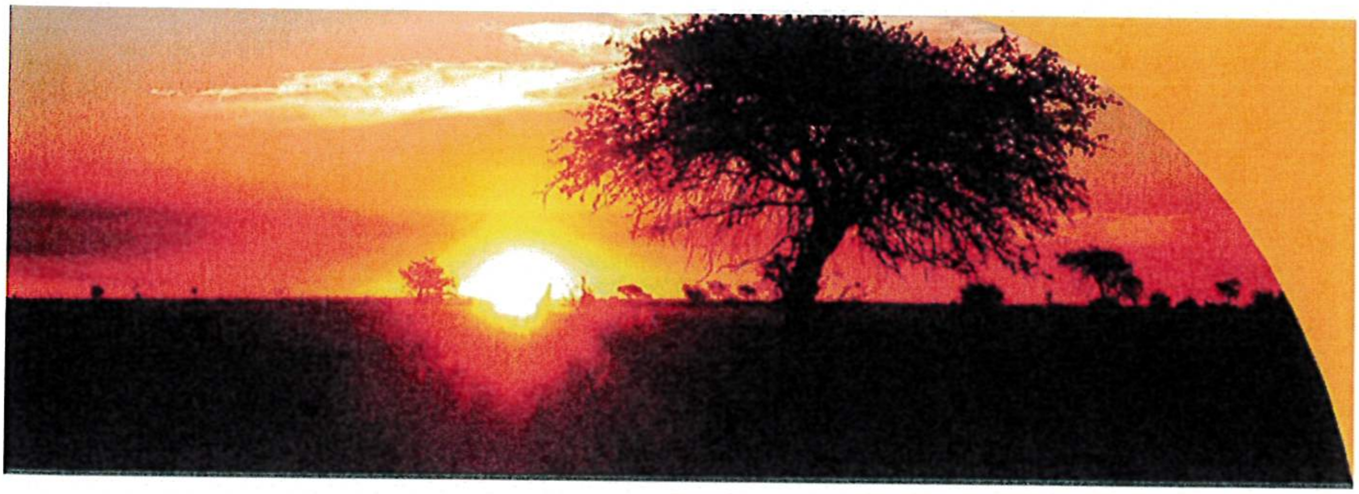

DCSR POLICY: FRAUD PREVENTION PLAN

DOCUMENT INFORMATION AND LOG

File Name	Fraud Prevention Plan
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1. INTRODUCTION

The Department operates within a service delivery environment that includes **community-based programmes, grant funding, infrastructure development, heritage preservation, and sport promotion initiatives**. These functions expose the Department to heightened risks such as:

- Misappropriation of funds allocated to community projects
- Procurement irregularities in events and infrastructure
- Abuse of assets (vehicles, equipment, facilities)
- Manipulation of beneficiary or grant allocation processes

This Fraud Prevention Plan is therefore designed not only as a compliance requirement but as a **strategic control instrument** to safeguard public resources, enhance accountability, and maintain public trust.

2. LEGAL MANDATE

The following prescripts constitute the legal mandate for fraud prevention:

- Treasury Regulation 3.2.1
- Public Sector Risk Management Framework

In addition to these prescripts, the Department aligns its fraud prevention approach with broader governance frameworks, including:

- King IV principles on ethical leadership and governance
- National Anti-Corruption Strategy
- DPSA guidelines on ethics management

3. PURPOSE

The purpose of this Fraud Prevention Plan is to:

- Provide a coordinated approach to managing fraud risks within the Department.
- Establish preventative controls to reduce the likelihood of fraud and corruption.
- Define mechanisms for early detection and effective response.
- Promote a culture of ethical conduct and zero tolerance toward fraud.
- Ensure compliance with legislative and regulatory requirements.

4. SCOPE OF APPLICATION

This Plan applies to:

- All permanent and temporary employees of the Department

- Senior management and executive leadership
- Contractors, consultants, and service providers
- Volunteers, partners, and stakeholders interacting with the Department

It covers all programmes, including cultural affairs, library services, archives, sport, and recreation delivery.

5. DEFINITION OF FRAUD AND RELATED IRREGULARITIES

Fraud is defined as any unlawful and intentional act involving deception for personal gain or to cause loss to the Department. This includes, but is not limited to:

- Misappropriation of funds or assets
- Procurement fraud and bid manipulation
- Payroll fraud and ghost employees
- Falsification of documents or reports
- Abuse of resources and facilities
- Conflict of interest and undisclosed relationships

Corruption involves the abuse of power for personal benefit and includes bribery, extortion, and nepotism.

6. FRAUD RISK MANAGEMENT APPROACH

The Department adopts an integrated fraud risk management approach aligned with the principles of Committee of Sponsoring Organizations of the Treadway Commission and enterprise risk management practices.

Fraud risk management includes:

- **Prevention:** Strengthening internal controls and ethical culture
- **Detection:** Identifying fraud through monitoring and reporting mechanisms
- **Investigation:** Ensuring timely and fair investigation processes
- **Response:** Implementing corrective and disciplinary actions

7. FRAUD RISK ASSESSMENT

During the Departmental Fraud and operational risk assessment session in January 2026, the following were noted as fraud risk exposure areas:

Procurement and Supply Chain Management

- Bid manipulation and collusion;
- Irregular appointment of service providers;

- Splitting of quotations to avoid competitive bidding;
- Unauthorised deviations from procurement processes;
- Conflict of interest involving officials and suppliers.

Infrastructure and Facility Projects

- Inflated invoices and duplicate payments;
- False progress reporting on projects;
- Poor quality workmanship not aligned to contract specifications;
- Manipulation of contractor appointment processes.

Community Grants and Transfers

- Fraudulent beneficiaries;
- Misrepresentation by funded organisations;
- Diversion or misuse of grant funding;
- Submission of falsified supporting documents.

Asset and Inventory Management

- Theft or misuse of departmental assets;
- Misappropriation of equipment and sport resources;
- Unauthorised use of departmental vehicles;
- Manipulation of asset registers.

Payroll and Human Resource Administration

- Ghost employees;
- Falsified overtime claims;
- Leave fraud;
- Irregular appointments and nepotism.

Information and Communication Technology

- Unauthorised access to systems;
- Data manipulation;
- Cyber fraud and phishing attacks;
- Misuse of ICT resources.

8. FRAUD PREVENTION CULTURE AND ETHICAL LEADERSHIP

The Department recognises that ethical leadership is fundamental to preventing fraud and corruption. Executive management, senior management, and supervisors shall demonstrate visible commitment to integrity, transparency, accountability, and ethical conduct.

The Department shall:

- Promote ethical decision-making across all levels of the organisation;
- Integrate ethics management into performance management processes;
- Encourage employees to disclose unethical conduct without fear of victimisation;
- Ensure management demonstrates zero tolerance towards fraud, corruption, maladministration, and financial misconduct;
- Conduct annual ethics awareness campaigns during Ethics Awareness Month and Anti-Corruption Week;
- Promote ethical conduct through posters, workshops, newsletters, and employee engagements.

Managers shall be responsible for reinforcing ethical behaviour within their respective programmes and ensuring that internal controls are consistently implemented.

9. DETECTION MECHANISMS

Fraud detection measures include:

- Fraud risk assessments
- Internal audits conducted by the Internal Audit Unit
- Anonymous reporting through whistleblowing channels

The Department will maintain a confidential reporting mechanism aligned with the Protected Disclosures Act to encourage reporting of suspected fraud.

10. CONFLICT OF INTEREST MANAGEMENT

All officials shall disclose actual or potential conflicts of interest annually and whenever circumstances change.

The Department shall:

- Maintain a register of employee declarations;
- Verify supplier relationships where possible;
- Prevent officials from participating in procurement processes where conflicts exist;
- Monitor compliance with declaration requirements;
- Take disciplinary action for non-disclosure or false declarations.

Failure to disclose conflicts of interest shall constitute misconduct.

11. FRAUD REPORTING MECHANISMS

The Department encourages employees, service providers, stakeholders, and members of the public to report all suspected fraud, corruption, theft, maladministration, or unethical conduct.

Fraud may be reported through the following channels:

- Immediate supervisors or line management;
- Risk Management Unit;
- Internal Audit Unit;
- Labour Relations or Human Resources;
- Anonymous whistleblowing mechanisms.

National Anti-Corruption Hotline

Suspected fraud and corruption may also be reported through the National Anti-Corruption Hotline operated by the Public Service Commission:

Toll-Free Number: 0800 701 701

Reports may be made anonymously and confidentially.

The Department shall ensure that:

- Whistleblowers are protected in terms of the Protected Disclosures Act;
- All allegations are treated confidentially;
- Victimisation or retaliation against whistleblowers is prohibited;
- Reported allegations are assessed and investigated promptly.

12. FRAUD RESPONSE PLAN

Upon identification or reporting of suspected fraud, the Department shall:

1. Record and register the allegation;
2. Conduct a preliminary assessment;
3. Secure evidence and documentation;
4. Determine whether suspension or restriction of access is necessary;
5. Appoint investigators where required;
6. Report material cases to relevant authorities;
7. Implement corrective actions;
8. Recover losses where possible;
9. Monitor implementation of recommendations.

All investigations shall be conducted objectively, independently, and in accordance with applicable legislation and labour relations processes.

13. CONSEQUENCE MANAGEMENT

The Department shall enforce consequence management consistently to deter misconduct and strengthen accountability.

Consequence management may include:

- Verbal or written warnings;
- Suspension;
- Disciplinary action;
- Dismissal;
- Civil recovery proceedings;
- Criminal charges;
- Blacklisting of service providers;
- Reporting to professional bodies.

Management shall ensure that all confirmed cases of fraud and corruption are addressed without undue delay.

14. ROLES AND RESPONSIBILITIES

Accounting Officer

- Overall accountability for fraud risk management

Senior Management

- Implement controls and monitor risks

Risk Management Unit

- Coordinate fraud risk assessments and reporting

Internal Audit

- Provide independent assurance

Employees

- Act ethically and report suspected fraud

15. FRAUD AWARENESS AND CAPACITY BUILDING

The Department shall implement structured fraud awareness initiatives, including:

- Mandatory fraud awareness induction training for all new employees;
- Quarterly fraud and ethics awareness sessions;
- SCM fraud prevention workshops;
- Distribution of fraud prevention educational material;
- Training on whistleblowing procedures and reporting mechanisms.

Attendance registers shall be maintained for monitoring purposes.

16. MONITORING, EVALUATION AND REPORTING

The implementation of this Fraud Prevention Plan shall be monitored through:

- Quarterly fraud risk reports;
- Audit findings and recommendations;
- Monitoring of hotline reports and investigations;
- Tracking of disciplinary cases;
- Fraud prevention performance indicators;
- Audit and Risk Committee oversight.

The Risk Management Unit shall prepare quarterly reports for submission to:

- Executive Management;
- Ethics and Risk Management Committee;
- Audit Committee.

17. APPROVAL

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MR EM MAHLANGU

HEAD: CULTURE, SPORT AND RECREATION

DATE 30 / 06 **/2026**