

INVESTIGATION MANUAL
FRAUD AND CORRUPTION CONTROL
UNIT



RISK MANAGEMENT STRATEGIES

1. INTRODUCTION

1.1 The Office of the Premier has in line with treasury regulations for departments, trading entities and constitutional institutions issued in terms of the Public Finance Management Act 1999, established the Fraud and Corruption Control Unit to deal with fraud and corruption within the provincial government.

1.2 The Fraud and Corruption Control Unit's core functions were adopted from the Provincial Fraud and Corruption Prevention Plan and Strategy, which is based on the following pillars:

- Investigation of reported and potential fraud and corruption incidents.
- Prevention of Fraud and Corruption
- Education and Awareness on prevention and eradication of fraud and corruption

2. PURPOSE

2.1 The purpose of the Fraud and Corruption Control Unit is to promote integrity and accountability through pro-active and re-active anti-corruption and fraud prevention measures.

3. OBJECTIVES

3.1 The objectives of the Unit are:

- To provide and maintain a working environment that will effectively manage risks of fraud and corruption incidents.
- To secure transparency, accountability and sound management of revenue, expenditure, assets and liabilities of the government.
- To provide the facilities and create a conducive situation in a management system where investigation of fraud and corruption incidents takes place with a view to minimise fraud and corruption.

4. MANDATE AND SCOPE

- 4.1 The Unit's scope is only limited to all provincial departments and investigations from other stakeholders can only be undertaken by request from the authorities or management of that particular institution.

INVESTIGATION MANUAL

INVESTIGATION OF REPORTED AND POTENTIAL FRAUD AND CORRUPTION INCIDENTS

1. PROCEDURE FOR REGISTRATION AND FILING OF COMPLAINTS

- 1.1 Incidents of fraud and corruption may be reported by any of the following means:
- Toll Free Hotline
 - Fax line
 - Personal visits
 - Letters
- 1.2 A reported complaint must be registered on a Registration book, Complaint Form (Annexure A) and also allocated a Case number . Once the matter is registered a Main File thereof must be opened on the system (Computer) and also on the filing cabinet according to a department.
- 1.3 A printout of the complaint from the system must also be filed on the Main file. All correspondences pertaining to the reported case must be filed within that particular file. The Main File is sent to the Project /Case Manager for allocation before the end of a working day.

2. ASSESSMENT AND ALLOCATION OF INVESTIGATIONS

- 2.1 The Project /Case Manager must assess the reported incident, classify the case and determine the course of action guided by the List of Classification of Cases (Annexure B). After classification of a case a Project Status Form should be completed and filed in the main file (Annexure C). If the matter is to be referred to a department and external stakeholders a Memo should be drafted within two days and sent to the relevant stakeholder and a copy thereof must be filed in the Main File.
- 2.2 If the matter is to be investigated an Instruction Sheet (Annexure D) should be used for allocating a case to an Investigator and also indicating the target date and a copy thereof should be filed in the Main File.

- 2.3 An investigation must be completed and a report submitted within five (5) working days from the date of allocation, however on certain instances the type of the case and the scope thereof will dictate on the set standard.
- 2.4 On an instance where an Investigator has more than two (2) cases that he or she is investigating, cases should be prioritised according to the following criteria:
- 2.5 If the request to investigate is from the authorities, eg: Premier and MEC and Management, eg: Director General, HOD etc. The case must be given priority.

3. EXTRA ORDINARY REQUEST FOR INVESTIGATION

- 3.1 Request for investigation from other stakeholders, eg: Municipality which does not fall under the Unit's scope must be in writing.

4. INVESTIGATION

4.1 PLANNING

- 4.1.1 An Investigator must upon receiving an instruction to investigate open an Investigator file and compile an Investigation Plan (Annexure E) of which the plan must be submitted to the Project / Case Manager before an investigation can commence.
- 4.1.2 The Project /Case Manager must review the Plan, make corrections or inputs where it is necessary and communicate such inputs with the investigator and thereafter approve the Plan. No investigation must commence before approval of the Plan.
- 4.1.3 When compiling an Investigation Plan an Investigator must amongst other cover the following issues:
- Establish the sections, SBU's or Directorate of the Department where the investigation should be conducted/ focused, eg: Finance, Procurement, Human Resource, etc.
 - Establish the names and functional responsibilities of those to be interviewed.
 - The records, archives, computers tapes and personal records that should be collected.
 - Make a list of evidence or information that is required but beyond the powers of an investigating official to obtain, eg: bank statements, paid cheques, etc.
 - Draw up flow chart of internal control system and document trail.
 - Establish what are the normal procedures.
 - Establish the period to be investigated.

4.2 INFORMATION GATHERING/ COLLECTION

- 4.2.1 Gather all identified and required documentary evidence that reflects the transaction flow of the entire system for the whole of the identified period of investigation. The Investigator should use the Generic Document Request Letter (Annexure F) when requesting for documents.
- 4.2.2 Use only one person to gather documentary evidence if possible.
- 4.2.3 Working copies of all uplifted documentary evidence must be made. The originals should be locked away in a safe place. No marks whatsoever must be made on any original document. An index of documents uplifted, which not only lists these documents, but also explains the nature of each, should be compiled.
- 4.2.4 Any computer evidence should be copied on separate disks by the person normally responsible for operating the computer or the system administrator. If that person happens to be a suspect then copies must be made by any other computer literate person in the presence of the suspect. The copied disks should be sealed in the suspect's presence and safely stored. Hard copy of the information should be printed and an affidavit obtained from the computer operator or the system administrator that the printed copy is a true copy of the information stored in the identified and sealed disk.

4.3 INTERVIEWING GUIDELINES

- 4.3.1 The purpose of interviewing someone is to obtain information. In the nature of investigation this will be one sided, in that information will be given to the subject unless it is necessary for the purpose of the interview.
- 4.3.2 The subject must be briefly informed of the reasons for the interview without disclosing any sensitive facts such as that criminal offences are suspected, or that certain persons are suspected, etc. The subject must also be requested not to speak to any person about the interview or tell anyone what he was asked.
- 4.3.3 He or she must be informed that if anyone insists on knowing what was asked, this person must be reported to the Investigating Officer. The subject should be informed (If he or she is definitely not a suspect) that he or she has nothing to worry and that the interview is being conducted to try to establish the correct systems, facts, occurrences, etc. that took place in the recent past.

4.4 PREPARATION

- 4.4.1 The Investigating officer should know as much about his or her subject as possible, from a personal perspective as well as professional one. He or she should obviously know if the subject could be a possible suspect or not.

4.4.2 He or She should know where the subject fits insofar as the investigation is concerned. He or she should know exactly what information he or she wishes to extract from the subject. He or she should prepare a list of questions.

4.5 THE INTERVIEW

4.5.1 The use of micro recorders or video camera should be pointed out to the subject, however they should be placed in an inconspicuous position, as they can be intimidating. Affidavits or statements should be obtained from the subjects immediately after the interview by taking a sworn statement (Annexure G).

4.6 INVESTIGATION DIARY AND NOTES

4.6.1 A diary (Annexure H) should be filed or stapled on the first page in an Investigator File. Record every incident from the time that you became suspicious and update the diary until all internal proceedings are finalised.

4.6.2 Entries should be made whenever a person has been interviewed or telephoned, whenever a place has been visited and whenever documents were obtained or seized.

4.6.3 Also record every consultation with the SAPS investigating officer or other stakeholders with a short description of what had been discussed. Mention dates and times in the diary.

4.6.4 Allocate numbers in numerical order to every statement or affidavit and documents and state these reference numbers in the diary.

4.6.5 If different people make entries in the diary, then every entry should be signed.

4.6.6 The diary will assist in the absence of an Investigator where the cases has to be re-allocated to another Investigator, it keeps track of the progress made on the case. Also An Investigator should take notes of any of the issues relating to the investigation and write them on an Investigation Notes Form (Annexure I)

5. REPORT WRITING

5.1 One does not have to be literary wizard to write a good report. All you need to do is communicate. The key to that is to be clear and simple. Use words that are common, short and specific.

5.2 When compiling a report use the format of phases (Annexure J). A completed investigation report should be sent to the Head of the Department concerned if

the allegations are found to be true or if there is a corrective action or disciplinary action recommended and a copy thereof must be filed in the Main File.

- 5.3 Where the allegations are found to be not true or where no recommendation for corrective action is made, the report should be filed in the Main File.

6. DISCIPLINARY STEPS

- 6.1 Where the department is to institute disciplinary steps, the Investigator must be made available to serve as a witness during the hearing when it is required.
- 6.2 The outcome or sanction of the hearing should be communicated to the Unit in writing and it should also be filed in the Main File.

7. RECOVERY OF MONEY

- 7.1 Where the outcome of the hearing or sanction is that the officer alleged should pay back the money such recovery should be included in the Main file.

8. DATABASE ON PROHIBITED CORRUPT INDIVIDUALS AND BUSINESSES

- 8.1 When an official has been found guilty on a hearing the sanction thereof must be entered in the database. Also business that are found to be involved in corrupt practices must be listed within the database.

9. MEDIA

- 9.1 During an investigation no Investigator should communicate with the media on any case that is being investigated except if he or she has been granted an authority to do so. Any media communication on the successes of the Unit should be made through the Communications Directorate if necessary.

INVESTIGATION TOOLS

ANNEXURES

FRAUD AND CORRUPTION CONTROL UNIT

A. COMPLAINT REGISTRATION FORM

Date: Time:

Reference Number:

Name of caller:

Tel/Cell:

Address:

.....

Method of reporting :

Department:

Area/District:

What happened/Allegation:

.....

.....

.....

.....

.....

.....

.....

Who is involved:.....

Where did it happen:

When did it happen:

Why did it happen:

Impact:

Additional information:.....

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

Compiled by:

Signature:

B. LIST CLASSIFICATION OF CASES

1. CATEGORY OF CASES THAT SHOULD BE INVESTIGATED BY THE FRAUD AND CORRUPTION CONTROL UNIT

1.1 REACTIVE INVESTIGATIONS: MOSTLY REPORTED CASES

1.1.1 **Procurement Fraud:** cases where the government is losing a lot of money. The manipulation of procurement system by employees.

1.1.2 **Nepotistic appointments:** appointment of friends and relatives in an improper manner and appointment of people without the required qualifications.

1.1.3 **Conflict of interest:** Failure to declare an interest where a civil servant derives a benefit in an improper manner

1.1.4 **Bribery:** Receiving of gifts for performing official work and failing to declare them, or receiving of a gift from potential or a service provider and failure to declare it.

1.1.5 **Unauthorized private business:** Officials running or participating in an unauthorized private business.

1.1.6 **Theft of government property:** Officials stealing government property

1.1.7 **Fraud:** General fraud activities involving officials

1.1.8 **Improper conduct** that may lead to government losing money or resources.

1.1.9 Irregular tender procedures

1.2 PRO ACTIVE INVESTIGATIONS

1.2.1 Investigations on effectiveness of internal controls pertaining to the following:

1.2.1.1 Procurement control systems

1.2.1.2 Official motor vehicle control systems.

1.2.1.3 Verification of qualifications.

1.2.1.4 Investigation of payment of rentals of state houses by officials.

1.2.1.5 Checking whether the quality of services or products provided by service provider are in line with the tender contract.

1.2.1.6 Ensuring that leave forms and other relevant documents are submitted.

1.2.1.7 Lifestyle investigations: Officials working in fraud and corruption friendly areas.

1.3 RISK ASSESSMENT

Conducting risk assessment in identified hot spot areas within the departments.

2. CASES THAT SHOULD BE REFERRED:

2.1 CASES THAT SHOULD BE REFERRED TO DEPARTMENTS

Cases mentioned below will be registered and referred to Departments except when the request to investigate comes from the Department or Authorities it is then that the Unit can conduct an investigation:

- 2.1.1 Misuse of government vehicles and petrol cards.
- 2.1.2 Insufficient pension payouts.
- 2.1.3 Mismanagement of school funds.
- 2.1.4 Unauthorized deductions from salaries.
- 2.1.5 Illegal occupation of R.D.P houses.
- 2.1.6 Unpaid salary, notches, promotions, demotions, transfers, absenteeism and unfair labour practice.
- 2.1.7 Any improper conduct of an official that can be handled departmentally.

2.2 CASES THAT SHOULD BE REFERRED TO EXTERNAL STAKEHOLDERS

All cases that have criminal elements will be liased with the South African Police Services (SAPS). Internal investigation will only focus on evidence that will enable the Unit to act internally in line with the Code of Conduct and other Regulations and Acts. Such cases are:

- 2.2.1 Fraud and Forgery.
- 2.2.2 Theft of assets and resources.
- 2.2.3 Acts of Corruption.

2.3 CASES THAT SHOULD BE REFERRED TO THE NATIONAL INTELLIGENCE AGENCY (NIA)

All cases that have the following elements :

- 2.3.1 Espionage activities
- 2.3.2 Leakage of sensitive information.

2.3.3 Breach of security.

C. PROJECT FORM

Case No:.....

Type of Case:.....

Date Reported:.....

Date of allocation:.....

Department:.....

STATUS OF ALLOCATION:

INVESTIGATION RTD

Target Date:.....

Investigator Responsible:.....

Project Manager:.....

Comments:

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

--

INVESTIGATION PLAN
INVESTIGATOR: E
REF: C/13/0000/00/00
1. BACKGROUND
Indicate full details of the allegation .eg: information as reported by sources: It is reported that Mr. X is employed by Department of Public Works as a Labour Relations Officer and the officer has represented Mr J. a member of the public in a criminal court case on 10 June 2003 at Polokwane Magistrate court and he was paid an amount of R 1000.
2. OBJECTIVE
Indicate the aim of the investigation in line with government policies and procedures:

To determine if Mr. X has an authority to represent people in court or practice as a lawyer.

To determine if Mr. X has represented Mr. J in a court case.
3. SCOPE
Indicate area of focus as well as the policies, procedures and regulations governing the matter reported: The Public Service Code of Conduct of 1994.

WORKPLAN

3.1 Procedure or policies governing reported allegation:

Eg: The Public Service Code of Conduct states that “ An employee does not, without an approval undertake remunerative work outside his or her official duties or use office equipment for such work.

2.1 Objective: To determine if Mr. X has an authority to represent people in court or practice as a lawyer.

Activities	Method/ How	Who	Where	When	Resource Requirements
Information gathering	Write a letter on	The Head of Department	Head Office	20 July 2003	

	approval to undertake remunerative work by Mr. X.		Public Works		
--	---	--	--------------	--	--

Objective: To determine if Mr. X has represented Mr. J in a court case.

Activities	Method/ How	Who	Where	When	Resource Requirements
Information gathering	<ul style="list-style-type: none"> • Write a letter 	Department of Justice/ Magistrate	<ul style="list-style-type: none"> • Head Office Public Works 	20 July 2003	
	<ul style="list-style-type: none"> • Interviews 	Mr. X.	<ul style="list-style-type: none"> • Giyani 	21 July 2003	<ul style="list-style-type: none"> ➤ Accommodation, ➤ transport

F. GENERIC DOCUMENT REQUEST LETTER

REF : C/13/0000/00/00
FROM: Fraud and Corruption Control Unit
ENQ : A.P Marokoane
DATE: 26 August 2002

The Head
Department of Transport
Polokwane
0700

REQUEST FOR PERSONAL FILE: KK. MAX

1. The Office of the Premier has in line with treasury regulations for departments, trading entities and constitutional institutions issued in terms of the Public Finance Management Act 1999, established the Fraud and Corruption Control Unit to deal with fraud and corruption within the provincial government.
2. In line with our function, the Unit is currently conducting an investigation on the abovementioned file and we therefore request for that.
3. Your assistance will be highly appreciated.

.....

DIRECTOR GENERAL

G. STATEMENT FORM

Full names and Surname : _____

ID No: _____ Age: _____ Language: _____

Sex: _____ Occupation: _____

Residential Address: _____

_____ Telephone: _____

Postal Address: _____

Work Address: _____

_____ Tel : _____

States under oath / Solemnly that :

J. INVESTIGATION REPORT

1. BACKGROUND

- 1.1 Details as reported by the whistleblower, full details, what prompted the investigation eg. Management request or proactive investigation, following conducting of an audit or risk assessment.

2. OBJECTIVE

3. SCOPD AND METHOD

4. FINDINGS

Phase One

- 4.1 Make mention of existing internal policies, procedures, plans, strategies, memorandums as well as controls governing a reported act or incident or allegation.

Phase Two

- 4.2 Must cover the process of the investigation and the output thereof. External sources or stakeholders involved in the investigation must also be mentioned, eg: handwriting experts, Department of Home Affairs, SAPS for checking of bank details etc.

Phase Three

- 4.3 Must cover the findings of the investigation. Mention transgressed policies, procedures, acts etc. If any the categories the acts eg: fraud, theft etc. of any official involved. This must

include the impact, which, must be measured against the government objectives.

Phase Four

5. RECOMMENDATIONS

Must cover recommendations on disciplinary action and improvement of control systems if there is a need.

Phase Five

Must cover routine of the report eg; report must be liased to SAPS and other external stakeholders etc.