



MEDIA STATEMENT
INTERNATIONAL FRAUD WEEK
12 TO 18 NOVEMBER 2017

The Free State Provincial Treasury is pleased to continue its partnership with the Association of Certified Fraud Examiners (ACFE), PriceWaterhouseCoopers (PWC), Standard Bank and the University of the Free State (UFS) as we mark the 2017 edition of International Fraud Week.

This is part of our commitment to ensure that we create an environment that proactively prevents, detects and eradicates fraudulent activities in both the provincial government as well as the private sector. It is a recognition of our collective responsibility to create an environment of ethical governance which minimizes the need to redirect increasingly limited financial resources to investigate possible fraudulent transactions and collusion between the public and private sector.

We will be hosting the Fraud Awareness Conference from 16 to 17 November 2017 in Bloemfontein as part of the ACFE's international Fraud Week in support of the call to; "Join the global effort to minimize the impact of fraud by promoting anti-fraud awareness and education." The theme of the Conference is "Walk the Talk on Fraud Prevention". This will provide us with the opportunity to promote awareness and reflect on the developments and trends in the prevention and combating of fraud.

The theme itself echoes the growing demand for the promotion of a culture of ethical governance and intolerance of fraud and corruption in the public and private sector. It is only the very reckless who will stand indifferent to the vocal debates on alleged fraud and corruption that have dominated the public space over the past few months. In the midst of the noise, the smoke and mirrors of this public debate on fraud and corruption, it must be realized that the message has finally hit home – indeed, behind every fraudulent scheme or act, there are real people who suffer the consequences.

Raising awareness and promoting knowledge are critical tools in the fight against fraud and corruption but these tools must be balanced and strengthened by our consequence management actions. This has also been the consistent call of the Auditor-General. We must achieve a balance between our proactive and reactive measures. We have been implementing various initiatives at both provincial and local government level to address perceived weaknesses in our internal control environment. These include the process of conducting headcounts in provincial departments and reviewing the indigent registers of municipalities.

Headcounts at Provincial Departments

Free State Provincial Treasury has implemented the headcount programme in all provincial departments. The main aim of this programme has been to physically verify the existence of officials appointed and paid through the PERSAL system and to clean up the supplier database system. Variances identified during this process are further investigated and appropriate actions are taken against those who are defrauding the system.

Seven Headcounts have been concluded at the following provincial departments;

- Agriculture and Rural Development
- COGTA
- Education
- Economic, Small Business Development, Tourism and Environmental Affairs.
- Health
- Human Settlements
- Provincial Treasury

Departments	Number of officials according to (PERSAL) Payroll	Number Officials Verified	Number Officials Not Verified	Number of Cheques issued	Number of Cheques collected	Number of Cheques NOT collected
Cooperative Governance and Traditional affairs	724	724	-	-	-	-
Education	31 172	30 931	241	241	234	7
Health	20 662	20 645	17	17	16	1
Human Settlements	340	340	-	-	-	-
The Premier	628	625	3	3	3	
Agriculture and Rural Development	1 012	1 009	3	Report from Dept. No need to issue cheques.	-	-
DESTEA	693	693				
Totals	55 231	54 963	264	261	253	8

The headcount process is currently underway in the Departments of Police, Roads and Transport, Fleet Management, Public Works and Sport, Arts, Culture and Recreation and is expected to be concluded by the 15th of November 2017.

Indigent Registers

Provincial Treasury and the Department of Cooperative Governance and Traditional Affairs [COGTA] work closely with our local government sector. One of our specific focus areas has been revenue enhancement and debt collection. Provincial Treasury specifically focused on some of the following aspects in support of this focus area, namely;

- Identification of municipal officials and councillors registered in the municipal indigent registers – “Free Riders”;
- Outstanding debt owed by municipal officials/councillors;
- Debt owed to municipalities by Government Departments; and
- The establishment of the Municipal Revenue Committees to support municipalities in strengthening revenue policies and revenue management.

The objective of the verification of municipal indigent registers is to determine if any officials from provincial or local government level and/or councillors were registered as indigents. This verification process is an annual programme led by Provincial Treasury.

The quarterly Fraud Awareness Sessions facilitated by Provincial Treasury have enabled us to reach a broader spectrum of operational employees as these sessions are facilitated in all districts. The target groups for these sessions were officials from Middle Management and above within Finance, Supply Chain Management, Security Management, and Human Resources Management.

Our annual Fraud Conference and the private sector seminar will be held from 16 to 17 November 2017. These events are held to encourage the community, business leaders and government officials to proactively take steps in minimising the impact of fraud. The necessity for this collaborative effort is clearly illustrated in the ACFE’s 2016 Report to the Nations that indicates that Certified Fraud Examiners estimate that the typical organization loses 5 % of annual revenue to fraud.

We have to review and strengthen our internal control environments, take the necessary and required proactive measures and act decisively when it is necessary to do so. Let us encourage our public servants, the private sector and the general public to use the tools such as the National Anti-Corruption Hotline (NACH) of the Public Service Commission. The NACH ensures that all cases of alleged corruption are reported centrally and re-directed to the relevant provincial departments within the established protocol. [The reporting details are toll-free number 0800 701 701, alternatively, you can SMS to 39772.]

Martin Luther King Jr aptly reflected; “The time is always right to do what is right”. Let us remember these wise words as we continue our programme to participate in the global fight against fraud and corruption.

FS Provincial Treasury

