



health

Department:  
Health  
REPUBLIC OF SOUTH AFRICA

# Fraud Investigation



Procedures

# NATIONAL DEPARTMENT OF HEALTH

## FRAUD INVESTIGATION PROCURES

Version 1

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## 1 PURPOSE

1.1. These investigation procedures have been established to provide guidelines as to how to respond should instances of fraud and corruption be identified. The procedures guidelines focus on the report, investigation and prosecution of fraudulent and corrupt activities.

## 2 LEGAL FRAMEWORK

2.1 These procedures have been developed in line with the Constitution of the country and has taken into consideration, among others, the provisions of the following legislation:

- a) Criminal Procedure Act;
- b) Law of Evidence;
- c) Prevention and Combating of Corrupt Activities Act;
- d) Labour Relations Act;
- e) Promotion of Access to Information Act;
- f) Promotion of Administrative Justice Act;
- g) Public Finance Management Act;
- h) Protected Disclosure Act.

## 3 APPLICATION

3.1 These procedures are applicable to all employees of the National Department of Health.

3.2 Suspicious activities referred to in the investigation policy/procedure include acts of external parties, i.e. suppliers, contractors, consultants, etc.

3.3 Contravention of the provisions of these procedures will be dealt with as per disciplinary procedures set out in 3.1.4 above.

3.3 The person charged with the ownership of these procedures is expected to fairly communicate and ensure that all employees are aware of its existence and application.

3.4 The procedures cannot be applied, under any circumstance, in contravention of any of the legislations of the country or in a manner that constitute abuse of human rights.

#### 4 OWNERSHIP

4.1 The Accounting Officer is charged with the ultimate ownership of these procedures. However, the ownership is delegated to the Risk Committee.

#### 5 INVESTIGATION PROCEDURE

5.1 During the initial phase of an investigation, the investigators will protect the reputations of all concerned by restricting access to all information related to the allegations and investigation to those with a legitimate need to know. Where an investigation concludes that a fraudulent act is probable, the Accounting Officer will inform senior management of the nature and possible extent of the activities.

5.2 The Accounting Officer, with the advice of senior management, will determine whether to inform and engage the National Department of Health's legal team, law enforcement and/or regulatory agencies.

5.3 If an investigation determines that it is reasonably certain that fraudulent activities have occurred, the Accounting Officer should inform and sort advice from the legal team, members of the audit committee and the appropriate law enforcement agencies where applicable.

5.4 In the event that fraud or corruption is detected or suspected, investigations will be initiated, and if warranted, disciplinary proceedings, prosecution of action aimed at the recovery of losses will be initiated. The following procedure has been adopted by the National Department of Health as a process to be followed in the investigation of fraud and related incidents.

##### 5.4.1 REPORTING OF SUSPICIOUS ACTIVITIES

5.4.1.1 It is the responsibility of every employee to report all incidents of fraud and corruption that may come to his/her attention to his/her supervisor or a level higher in cases where the supervisor is or is suspected to be involved in the incident(s).

5.4.1.2 Alternatively, such reports can be made by way of submitting a report through the prescribed whistle blowing mechanism.

5.4.1.3 The conditions leading to reporting crime may differ from one instance to another, but employees are encouraged to use the internal channels. When offences are reported, the requirements of the PFMA and other regulations must be taken into account.

5.4.1.4 All reports received will be treated with the requisite confidentiality and will not be disclosed or discussed with parties other than those charged with investigation into such reports.

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## 5.4.2 PRELIMINARY INVESTIGATION

- 5.4.2.1 All Managers are responsible for the detection, prevention and investigation of fraud and corruption, within their areas of responsibility.
- 5.4.2.2 All suspected fraudulent activities must be reported to the Accounting Officer, who will assess the incident and allocate it to the relevant line manager for preliminary investigation or refer it to Forensic Investigations Unit/Directorate: Internal Audit for full investigation or be allocated to independent external fraud investigation consultants with the requisite competencies in the particular incident reported.
- 5.4.2.3 The Accounting Officer must consider conflict of interest, transparency and potential suppression of incidents reported when deciding on the above process.
- 5.4.2.4 The National Department of Health is encouraged to design a system to conduct the preliminary investigation to reduce efforts that are spent on investigating incidents that do not materialise, even though all incidents must be investigated, this stage will reduce costs and full investigations will only be conducted where there is proof and/or reasonable grounds to pursue further.

## 5.4.3 FULL INVESTIGATION

- 5.4.3.1 The nature of reports of incidents of fraud and/or corruption will determine action to be taken. Other incidents will warrant a preliminary investigation, as mentioned in par 3.1.2 above, before any decision to implement full blown independent investigation is taken.
- 5.4.3.2 The full investigation process follows after the preliminary investigation revealed reasonable grounds that actual fraud has been committed. The following are types of investigations that can be undertaken, however, it is not an exhaustive list:
- a) Audit investigations;
  - b) Forensic investigation;
  - c) Disciplinary procedures;
  - d) Fraud investigation principles;
  - e) Internal audit; and
  - f) Security regulations.
- 5.4.3.3 Investigations will be undertaken by appropriately qualified and experienced persons who are independent of the National Department of Health/section where investigations are required. This may be a senior manager within the National Department of Health itself, an internal investigator, external consultant or a law enforcement agency.

5.4.3.4 All investigations performed and evidence obtained will be in accordance with acceptable practices and legal requirements. Independence and objectivity of investigations are paramount.

5.4.3.5 Any investigation initiated must be concluded by the issue of a report by the person(s) appointed to conduct such investigation(s). Such report will only be disseminated to those persons required to have access thereto in order to implement whatever action is deemed appropriate as a result of the investigation.

5.4.3.6 Employees are encouraged to assist in the investigation process as may be required.

5.4.3.7 Any investigation into improper conduct within the National Department of Health will be subject to an appropriate level of supervision by the Risk Committee, having regard to the seriousness of the matter under investigation.

#### 5.4.4 RESOLUTION

5.4.4.1 The National Department of Health will perform the following activities after the discovery of fraudulent or corrupt activities.

##### *A. Disciplinary proceedings*

A.1. The ultimate outcome of disciplinary proceedings may involve a person(s) receiving written warnings or the termination of their services.

A.2. All disciplinary proceedings will take place in accordance with the procedures as set out in the disciplinary procedures.

##### *B. Prosecution*

B.1. Should investigations uncover evidence of fraud or corruption in respect of an allegation or series of allegations, the National Department of Health will review the facts at hand to determine whether the matter is one that ought to be reported to the relevant law enforcement agency for investigation and possible prosecution.

B.2. Such reports must be submitted to the South African Police Service (SAPS) in accordance with the requirements of all applicable acts.

B.3. The National Department of Health will give its full co-operation to any such law enforcement agency including the provision of reports compiled in respect of investigations conducted.

**C. Recovery action**

- C.1. Where there is clear evidence of fraud or corruption and there has been a financial loss to the National Department of Health, recovery action (criminal, civil or administrative), will be instituted to recover any such losses.
- C.2. In respect of civil recoveries, costs involved will be determined to ensure that the cost of recovery is financially beneficial.
- C.3. The requirements of the PFMA also must be taken into account.

**D. Internal control review after discovery of fraud**

- D.1. In each instance where fraud is detected, each respective Branch Manager will re-assess the adequacy of the current internal control systems (particularly those controls directly impacting on the fraud incident) to consider the need for improvements.
- D.2. The responsibility for ensuring that the internal control systems are re-assessed and for ensuring that the recommendations arising out of this assessment are implemented will lie with the respective Managers of the branch concerned.

**6 REVISION**

6.1 These procedures will be reviewed annually.

RECOMMEND/NOT RECOMMEND APPROVAL

Chairperson of the Risk Committee

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

*[Handwritten Signature]*  
28/5/2012

APPROVED/NOT APPROVED

ACCOUNTING OFFICER

Signature: \_\_\_\_\_

DATE: \_\_\_\_\_

*[Handwritten Signature]*  
02/07/2012