





**national film and video foundation**  
SOUTH AFRICA  
an agency of the Department of Sport, Arts and Culture

**NATIONAL FILM AND VIDEO FOUNDATION**

**FRAUD AND PREVENTION POLICY AND PLAN**



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**APPROVAL**

The signatories hereof, confirm their acceptance of the content and authorize the adoption thereof.

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**FRAUD PREVENTION POLICY AND PLAN**

**1. INTRODUCTION**

- 1.1. The NFVF has adopted a zero tolerance towards fraud and corruption. All fraud and corruption or any suspicious activities will be investigated and followed up by the application of all remedies available within the full extent of the law.
- 1.2. The NFVF management commits to ensuring strict and proper implementation of this policy
- 1.3. Management is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct.
- 1.4. Each member of the management team will be expected to be familiar with the types of irregularities that might occur within his or her area of responsibility and be alert for any indication of irregularity.
- 1.5. Any fraud and/or corruption activities that are detected must be reported immediately to superiors.

**2. PURPOSE**

- 2.1. The purpose of this policy is to articulate the National Film and Video Foundation, (herein referred to as “NFVF”) philosophy on fraud prevention.
- 2.2. The plan incorporates principles contained in the Public Sector Anti- Corruption Strategy of January 2002.
- 2.3. The potential fraud and corruption risks as are reflected in Evaluating Anti- Fraud Processes and Controls cannot be relied upon as a full spectrum of fraud and corruption risks, but rather as an indication of the type of risks that can occur.
- 2.4. The NFVF seeks to promote consistent organizational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.
- 2.5. The plan does not guarantee the NFVF will not be impacted by incidents of fraud and corruption but is intended to serve as an additional measure to assist in the limitation of fraud and corruption risks with a particular focus on creating awareness and promoting ethical business conduct.

**3. DEFINITIONS**

<b>SAPS</b>	South African Police Services
<b>Plan</b>	Fraud Prevention Plan
<b>PCCA</b>	Prevention and Combating of Corrupt Activities Act, No.12 of 2004
<b>Protected Disclosures Act</b>	Protected Disclosures Act No.26 of 2000
<b>DPSA</b>	Department of Public Service and Administration
<b>Confidential Information</b>	Any recorded information, regardless of form or medium, in the possession or under the control of the entity, which information is not freely available under the provisions of the Promotion of Access to Information Act (Act No. 2 of 2000).
<b>Corruption</b>	<p>The general offense of corruption is contained in Section 3 of the Prevention and Combating of Corrupt Activities Act, No.12 of 2004. This section provides that, inter alia:</p> <p><i>“3 Any person who directly or indirectly -</i></p> <p style="padding-left: 40px;"><i>(a) accepts or agrees or offers to accept any gratification from any other person, whether for the benefit of himself or herself or for the benefit of another person, or</i></p> <p style="padding-left: 40px;"><i>(b) gives or agrees or offers to give to any other person any gratification, whether for the benefit of that other person or for the benefit of another person, in order to act, personally or by influencing another person so to act, in a manner –</i></p> <p style="padding-left: 40px;"><i>(i) that amounts to the –</i></p> <p style="padding-left: 80px;"><i>(aa) illegal, dishonest, unauthorized, incomplete, or biased: or</i></p> <p style="padding-left: 80px;"><i>(bb) misuse or selling of information or material acquired in the course of the exercise, carrying out or performance of any powers, duties or functions arising out of a constitutional. Statutory, contractual or</i></p>

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	<p align="center"><i>any other legal obligation;</i></p> <p><i>(ii) that amounts to –</i></p> <p><i>(aa) the abuse of a position of authority;</i></p> <p><i>(bb) a breach of trust; or</i></p> <p><i>(cc) the violation of a legal duty or a set of Rules,</i></p> <p><i>(iii) designed to achieve an unjustified result; or</i></p> <p><i>(iv) that amounts to any other unauthorised or improper inducement to do or not to do anything,</i></p> <p><i>is guilty of the offence of corruption”.</i></p>
<b>Fraud</b>	The unlawful and intentional making of a misrepresentation resulting in actual or potential prejudice to another
<b>Theft</b>	The unlawful and intentional misappropriation of another’s property or property which is in his/her lawful possession, with the intention to deprive the owner of its right permanently
<b>Bribe</b>	Dishonestly persuading (someone) to act in one’s favour by a gift of money or other inducements.
<b>Gratification</b>	A gift or a present is an item given to someone without the expectation of payment or anything in return.
<b>Embezzlement</b>	The purposeful stealing, retention, or misuse of funds and/or assets entrusted to an employee by an employer or organization.
<b>Employers</b>	<p>1) One who employs or provides work for any other person who remunerates or expressly or tacitly undertakes to remunerate that other person; or</p> <p>2) One who permits any person in any manner to assist in the carrying on or conducting of his/her or its business, including any person acting on behalf of or on the authority of such employer.</p>

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<b>Employee</b>	(a) any person, excluding an independent contractor, who works for another person or for the State and who receives, or is entitled to receive, any remuneration; and  (b) any other person who in any manner assists in carrying on or conducting the business of an employer.
<b>Misconduct</b>	A legal term meaning wrongful, improper, or unlawful conduct motivated by premeditated or intentional purpose or by obstinate indifference to the consequences of one's acts
<b>Whistle blowing</b>	The act of informing the public or someone in authority about alleged dishonest or illegal activities (misconduct) occurring in the NFVF.



**4. REGULATORY FRAMEWORK**

4.1. The following are the regulatory frameworks that support this policy:

- 4.1.1. South African Constitution
- 4.1.2. Basic Conditions of Employment Act 75 of 1997
- 4.1.3. Labour Relations Act 66 of 1995
- 4.1.4. Protected Disclosure Act 26 of 2000
- 4.1.5. Prevention and Combating of Corrupt Activities Act 12 of 2004
- 4.1.6. Protection of Personal Information Act 4 of 2013
- 4.1.7. Supply Chain Management Policies, Finance Policies, Human Resource Management Policies.
- 4.1.8. National Film and Video Foundation Act 73 of 1997
- 4.1.9. Public Finance Management Act 1 of 1999

**5. FRAUD PREVENTION POLICY PRINCIPLES:**

- 5.1. Creating a culture which is intolerant to fraud and corruption;
- 5.2. Deterrence of fraud and corruption;
- 5.3. Preventing fraud and corruption which cannot be deterred;
- 5.4. Detection of fraud and corruption;
- 5.5. Investigating detected fraud and corruption;
- 5.6. Taking appropriate action against fraudsters and corrupt individuals; and
- 5.7. Applying sanctions, which include redress in respect of financial losses.

**6. OBJECTIVES OF THE POLICY:**

- 6.1. Encouraging a culture within the NFVF where all employees, and stakeholders continuously behave ethically in their dealings with, or on behalf of the NFVF;
- 6.2. Improving accountability, efficiency and effective administration within the NFVF;
- 6.3. Changing aspects of the NFVF which could facilitate fraud and corruption and allow for these to go unnoticed or unreported; and
- 6.4. Encouraging all employees and stakeholders to strive toward the prevention and detection of fraud and corruption impacting or having the potential to impact the NFVF.

**7. KEY PILLARS OF FRAUD PREVENTION**

7.1. The following constitutes a good Fraud Prevention Environment:

- 7.1.1. A Code of Conduct in which the management and employees subscribe to;
- 7.1.2. The NFVF's systems, policies, procedures, rules and regulations;
- 7.1.3. The Disciplinary Code and Procedures;
- 7.1.4. Sound internal controls to prevent and detect fraud and corruption;
- 7.1.5. Physical and information security management;
- 7.1.6. Internal Audit;
- 7.1.7. Ongoing risk assessment and management, which includes systems for fraud and corruption detection;
- 7.1.8. Reporting and monitoring of allegations of fraud and corruption;
- 7.1.9. A Fraud Policy which includes the policy stance of the NFVF to fraud and corruption and steps for the reporting as well as proper resolution of reported and detected incidents and allegations of fraud and corruption;
- 7.1.10. Creating awareness amongst employees, the public and other stakeholders (e.g. goods and service providers) through communication and education relating to relevant components of the Plan, the Code and the Fraud Policy; and
- 7.1.11. Ongoing maintenance and review of Plan.

**8. APPLICATION OF THIS POLICY AND PLAN**

- 8.1. The policy and plan applies to any fraud, corruption and/or illegal act involving NFVF Council members, employees, stakeholders, consultants, vendors, contractors, outside agencies / institutions, employees of such agencies, and/or any other parties with a business relationship with the NFVF.
- 8.2. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with NFVF.

**9. ACTIONS CONSTITUTING FRAUD AND CORRUPTION**

9.1. The terms defalcation, misappropriation, and other fiscal wrongdoings refer to, but not limited to:

- 9.1.1. Any dishonest or fraudulent act;
- 9.1.2. Forgery or alteration of any document or account belonging to the NFVF;
- 9.1.3. Forgery or alteration of a cheque, bank draft, or any other financial document
- 9.1.4. Misappropriation of funds, securities, supplies, or other assets
- 9.1.5. Impropriety in the handling or reporting of money or financial transactions;
- 9.1.6. Profiteering as a result of insider knowledge of NFVF activities;
- 9.1.7. Disclosing confidential and propriety information to outside parties;
- 9.1.8. Disclosing to other persons securities activities engaged in or contemplated by the company;
- 9.1.9. Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the NFVF;
- 9.1.10. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or
- 9.1.11. Assigning an employee to perform non-employment-related tasks;
- 9.1.12. Employing family members or close friends;
- 9.1.13. Operating a private business in working hours;
- 9.1.14. Misuse or unauthorised possession, theft, destruction of the NFVF records, facilities, equipment, intellectual property or property e.g. vehicles, telephones, computers, email;
- 9.1.15. Blackmail or extortion;
- 9.1.16. Authorising or receiving payment for goods not received or services not performed;
- 9.1.17. Providing funding to ghost projects
- 9.1.18. Collusion with grant recipients for retention/ diversion of funds
- 9.1.19. Any similar or related inappropriate conduct.
- 9.1.20.

9.2. Corrupt activities include:

- 9.2.1. Bribery;
- 9.2.2. Nepotism and cronyism;
- 9.2.3. Conflicts of interest; and
- 9.2.4. Economic extortion

9.3. Other Inappropriate Conduct

- 9.3.1. Suspected improprieties concerning an employee's moral, ethical, or behavioural conduct should be resolved by the Line Manager and the Human Resources department.

**10. FRAUD PREVENTION PROCEDURE**

**10.1. Anti-Fraud Culture**

10.1.1. It is the NFVF's responsibility to create a culture of honesty and high ethics and to clearly communicate acceptable behaviour and expectations of each employee. Such a culture is rooted in a strong set of core values (or value system) that provides the NFVF for employees as to how the NFVF conducts its business.

10.1.2. It also allows the NFVF to develop an ethical framework that covers:

- 10.1.2.1. Fraudulent financial reporting,
- 10.1.2.2. Misappropriation of assets, and
- 10.1.2.3. Corruption as well as other issues.
- 10.1.2.4.

**10.2. Setting the Tone at The Top**

10.2.1. The Council and management set the "*tone at the top*" for ethical behaviour within the organization. Research in moral development strongly suggests that honesty can best be reinforced when a proper example is set—sometimes referred to as the "*tone at the top*". Management cannot act one way and expect others in the NFVF to behave differently.

10.2.2. It is necessary for Management to both behave ethically and openly communicate its expectations for ethical behaviour because most employees are not in a position to observe management's actions. Management must show employees through words and actions that dishonest or unethical behaviour will not be tolerated, even if the result of the action benefits the NFVF. Moreover, it should be evident that all employees will be treated equally, regardless of their position.

10.2.3. The cornerstone of an effective anti-fraud environment is a culture with a strong value system founded on integrity. This value system is reflected in the NFVF code of conduct.

**10.3. Creating a Positive Workplace Environment**

10.3.1. NFVF has committed to creating a positive workplace environment, without a positive workplace environment, there are more opportunities for poor employee morale, which can affect an employee's attitude about committing fraud against the NFVF. Factors that detract from a positive work environment and may increase the risk of fraud that is monitored and discouraged include:

- 10.3.1.1. Top management that does not seem to care about or reward appropriate behaviour;
- 10.3.1.2. Negative feedback and lack of recognition for job performance;
- 10.3.1.3. Perceived inequities in the NFVF;
- 10.3.1.4. Autocratic rather than participative management;
- 10.3.1.5. Low organisational loyalty or feelings of ownership;
- 10.3.1.6. Unreasonable budget expectations or other financial targets;
- 10.3.1.7. Fear of delivering "bad news" to supervisors and/or management;
- 10.3.1.8. Less-than-competitive compensation;
- 10.3.1.9. Poor training and promotion opportunities;
- 10.3.1.10. Lack of clear organisational responsibilities;
- 10.3.1.11. Poor communication practices or methods within the organization.
- 10.3.1.12.

10.3.2. The Human Resources department often is instrumental in helping to build a corporate culture and a positive work environment. Human resource professionals are responsible for implementing specific programs and initiatives, consistent with management's strategies that can help to mitigate many of the detractors mentioned above. Mitigating factors that help create a positive work environment and reduce the risk of fraud may include:

- 10.3.2.1. Recognition and reward systems that are in tandem with goals and results;
- 10.3.2.2. Equal employment opportunities;
- 10.3.2.3. Team-oriented, collaborative decision-making policies;
- 10.3.2.4. Professionally administered compensation programs;
- 10.3.2.5. Professionally administered training programs and an organizational priority of career development

- 10.3.3. Employees will be empowered to help create a positive workplace environment and support the entity's values and code of conduct. Employees will be provided with the opportunity to provide input to the development and updating of the entity's code of conduct, to ensure that it is relevant, clear, and fair. Involving employees in this fashion also may effectively contribute to the oversight of the entity's code of conduct and an environment of ethical behaviour.
- 10.3.4. Employees will be given the means to obtain advice internally before making decisions that appear to have significant legal or ethical implications. They will be encouraged and given the means to communicate concerns, anonymously if preferred, about potential violations of the entity's code of conduct, without fear of retribution.
- 10.3.5. When reporting or disclosing any fraud, corruption and/or illegal acts, Employees and any stakeholders may use any of the following methods through the Public Service Commission anti-fraud portal:
- 10.3.5.1. Telephone: 0800 701 701 toll free number
  - 10.3.5.2. Fax: 0800 204 965 toll free number.
  - 10.3.5.3. E-mail :publicservicecorruptionhotline. org.za
  - 10.3.5.4. [Integrity@publicservicecorruptionhotline.org.za](mailto:Integrity@publicservicecorruptionhotline.org.za)
  - 10.3.5.5. SMS facilities: 39772
  - 10.3.5.6. Walk in" disclosures may be made at any of the Offices of the Public Service Commission.

### 10.4. Hiring and Promoting Appropriate Employees

- 10.4.1. Effective policies that minimize the chance of hiring or promoting individuals with low levels of honesty, especially for positions of trust have been formulated. Proactive hiring and promotion procedures include:
- 10.4.1.1. Conducting background investigations on individuals being considered for employment or for promotion to a position of trust;
  - 10.4.1.2. Thoroughly checking a candidate's education, employment history, and personal references;
  - 10.4.1.3. Relevant vetting and police clearance will be performed for employees in critical divisions such as the finance department;
  - 10.4.1.4. Where possible implement lifestyle audits;

- 10.4.1.5. Compulsory probationary periods should be applicable to all full-time employees. This provision should be extended to include seconded employees, interns, and temporary and contract workers;
- 10.4.1.6. The inclusion of specific provisions when advertising posts to provide an indication to applicants that only people with the highest levels of personal integrity will be considered and submission to appropriate pre-employment screening processes are obligatory for consideration in any post;
- 10.4.1.7. Periodic training of all employees about the entity's values and code of conduct;
- 10.4.1.8. Incorporating into regular performance reviews an evaluation of how each individual has contributed to creating an appropriate workplace environment in line with the entity's values and code of conduct; and
- 10.4.1.9. Continuous objective evaluation of compliance with the NFVF's values and code of conduct, with violations being addressed immediately.

### 10.4.2. Induction for New Employees

- 10.4.2.1. New employees are inducted and taken through the entity's values and its code of conduct.
- 10.4.2.2. Current employees receive refresher training periodically thereafter.

## 10.5. Gifts and Entertainment

- 10.5.1. No employee or member of his or her immediate family shall solicit or accept from an actual or prospective customer or supplier any compensation, advance loans (except from established financial institutions on the same basis as other customers), gifts, entertainment or other favours which are of more than token value or which the employee would not normally be in a position to reciprocate under normal expense account procedures without declaring same in the NFVF's gifts register.
- 10.5.2. Under no circumstances should a gift or entertainment be accepted which would influence the employee's judgment without the approval of the CEO. In particular, employees must avoid any interest in or benefit from any supplier that could reasonably cause them to favour that supplier over others.
- 10.5.3. It is a violation of the code for any employee to solicit or encourage a supplier to give any item or service to the employee regardless of its value, no matter how small

without the approval of the CEO. Our suppliers will retain their confidence in the objectivity and integrity of our organisation only if each employee strictly observes this guideline.

**10.6. Reporting Gifts**

10.6.1. An employee who receives, or whose family member receives, an unsolicited gift prohibited by these guidelines should report it to his or her supervisor and/or either return it to the person making the gift or, in the case of a perishable gift, give it to a non-profit charitable organisation.

**10.7. Discounts**

10.7.1. An employee may accept discounts on a personal purchase of the supplier's or customer's products only if such discounts do not affect the NFVF's purchase price and are generally offered to others having a similar business relationship with the supplier or customer and such discounts should be disclosed in the NFVF's gift register.

**10.8. Business Meetings**

10.8.1. Entertainment and services offered by a supplier or customer may be accepted by an employee when they are associated with a business meeting and the supplier or customer provides them to others as a normal part of its business. Examples of such entertainment and services are transportation to and from the supplier's or customer's place of business, hospitality suites, golf outings, lodging at the supplier's or customer's place of business and business lunches and dinners for business visitors to the supplier's or customer's location. The services should generally be of the type normally used by the NFVF's employees and allowable under the applicable NFVF's expense account.

10.8.2. All the entertainment and services offered must be reported and approved by the CEO and be declared in the NFVF's gift register to manage any potential risks of perceived conflict of interest.



**10.9. Outside Employment**

10.9.1. Employees must not be employed outside the NFVF;

(1) in any business that competes with or provides services to the NFVF or its subsidiaries, and/or

(2) in a manner which would affect their objectivity in carrying out their work responsibilities and/or

(3) where the outside employment would conflict with scheduled hours, including overtime, or the performance of the organisation assignments without the prior approval of the CEO. In the case of the CEO, any outside employment by the CEO must be approved by the Chairperson of Council.

10.9.2. Employees must not use the NFVF's time, materials, information, or other assets in connection with outside employment without the prior approval of the CEO.

**10.10. Relationships with Suppliers and Customers**

10.10.1. Employees are prohibited from doing business on behalf of the NFVF with a close personal friend or relative. If such a transaction occurs, it must be reported to Executive Management and be approved by the CEO to manage any risks of conflict of interest.

10.10.2. This policy is applicable equally to the members of the immediate family of each employee, which normally includes your spouse, children, and their spouses, and the father, mother, sisters, and brothers of yourself and your household

10.10.3. Business transactions must be entered into solely for the best interests of the NFVF.

10.10.4. No employee may, directly or indirectly, benefit from his/her position as an employee or from any sale, purchase, or other activity of the NFVF.

10.10.5. Employees should avoid situations involving a conflict or the appearance of conflict between duty to the NFVF and self-interest.

10.10.6. No employee who deals with individuals or organisations doing or seeking to do business with the NFVF, or who makes recommendations with respect to such dealings, should:

10.10.6.1. serve as an officer, director, employee or consultant

10.10.6.2. own a substantial interest in any competitor of the NFVF, or any organisation doing or seeking to do business with the NFVF.

10.10.6.3. Substantial interest means an economic interest that might influence or be reasonably thought to influence judgment or action.

10.10.7. In addition, no employee who deals with individuals or organisations doing or seeking to do business with the NFVF, or who makes recommendations with respect to such dealings, may:

10.10.7.1. Have any other direct or indirect personal interest in any business transactions with the NFVF (other than customary employee purchases of NFVF products and services as consumers, and transactions where the interest arises solely by reason of the employee relationship).

10.10.7.2. provide telecommunications or information service or equipment, either directly or as a reseller, in a manner which would place the objectivity or integrity of the Organisation in question.

#### **10.11. Employment of Relatives**

10.11.1. Relatives of employees will not be employed on a permanent or temporary basis by the organisation where the relative directly reports to the employee or the employee exercises any direct influence with respect to the relative's hiring, placement, promotions, evaluations, or pay.

#### **10.11.2. Compliance and Conflict of Interest**

10.11.2.1. Management has clearly articulated that all employees will be held accountable to act according to the NFVF's code of conduct.

10.11.2.2. All employees are required to sign a code of conduct statement annually, and complete and sign the Conflict -of- Interest Questionnaire.

10.11.2.3. If the employees' circumstances change at any time, a new Conflict of Interest form must be completed.

#### **10.11.3. Disciplinary Measures**

10.11.3.1. The following actions will be taken in response to an alleged incident of fraud:

10.11.3.1.1. A thorough investigation of the incident will be conducted.

10.11.3.1.2. Appropriate and consistent actions will be taken against violators.

10.11.3.1.3. Relevant controls will be assessed and improved.

10.11.3.1.4. Communication and training will occur to reinforce the NFVF's values, code of conduct, and expectations.

10.11.3.2. Expectations about the consequences of committing fraud is clearly communicated throughout the NFVF..

**10.12. Fraud Risk Assessments**

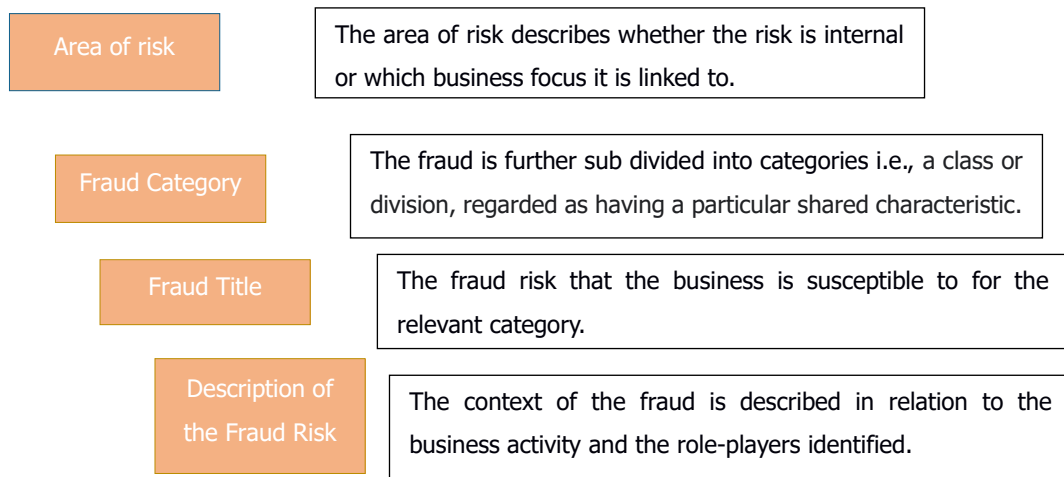
10.12.1. A fraud risk is an effective tool utilised to effectively identify and prioritise areas of fraud risk within the NFVF, with a focus on the review of potential fraud schemes and the internal controls in place to prevent or detect those schemes.

10.12.2. The NFVF would conduct fraud risk assessments per faculty as per the identified fraud risk categorisation matrix.

10.12.3. The fraud risk categorisation matrix would comprise of internal and business fraud. Fraud will be categorised as follows:

- i. fraud area,
- ii. fraud category,
- iii. fraud risks, and
- iv. fraud description.

10.12.4. In order to enhance the fraud management methodology which will assist in better identification, categorisation and reporting of fraud risks, the Categorisation of fraud risks will be developed, as reflected below.



- 10.12.5. Management has primary responsibility for establishing and monitoring all aspects of the NFVF's fraud risk-assessment and prevention activities.
- 10.12.6. The fraud risk-assessment process will consider the vulnerability of the NFVF to fraudulent activity (fraudulent financial reporting, misappropriation of assets, and corruption) and whether any of those exposures could result in a material misstatement of the financial statements or material loss to the NFVF.
- 10.12.7. Accordingly, management will develop a heightened "fraud awareness" and an appropriate fraud risk-management program, with oversight from Council, Audit and Risk Committee or ICT and Risk Steering Committee.

### **10.13. Mitigating Fraud Risks**

- 10.13.1. Some of the examples illustrate ways of eliminating unacceptable fraud risks:
  - 10.13.1.1. The risk of misappropriation of funds is reduced by having minimal cash around the premises.
  - 10.13.1.2. The risk of corruption is reduced by closely monitoring the NFVF's procurement process.
  - 10.13.1.3. The risk of financial statement fraud is reduced by implementing segregation of duties and assurance provided by Internal Auditors and External Auditors on the Annual Financial Statements.

### **10.14. Creating Awareness**

- 10.14.1. The creating of awareness amongst employees is intended to address the following issues:
  - 10.14.1.1. Informing employees on an ongoing basis on what constitutes fraud and corruption;
  - 10.14.1.2. Promote the departmental and national policies that must be adhered to, including the values and principles of public administration as contained in the Constitution and standards of professional conduct;
  - 10.14.1.3. Informing employees of fraud and corruption risks to enable understanding of specific risks to which the NFVF may be exposed, thus enhancing the prospect of detecting irregularities earlier;
  - 10.14.1.4. Encouraging employees to blow the whistle on fraud and corruption;

- 10.14.1.5. Employee awareness of the current legislative framework as it relates to fraud and corruption, and their obligations and rights should they blow the whistle on fraud and corruption, the nature of the witness protection system and the roles and responsibilities of existing anti-corruption institutions; and
- 10.14.1.6. Inform employees of their obligations and rights in terms of the Access to Information and Promotion of Administrative Justice Acts.

10.14.2. Creation of awareness is as follows:

- 10.14.2.1. Posters, newsletters, pamphlets and other publications to advertise the Code and the Fraud Policy, aimed at employees, the public and other stakeholders;
- 10.14.2.2. Screensavers on computers with appropriate anti-fraud, anti-corruption and pro-ethics messages;
- 10.14.2.3. Attachments to tender invitation documents relating to the NFVF's stance to fraud and corruption, where such irregularities can be reported and the actions which will be considered;
- 10.14.2.4. Appropriate attachments to offers of employment and inclusion of appropriate items in induction and training programmes;
- 10.14.2.5. Prudent terms in contracts signed with providers of goods and/or services relating to offering of gifts to employees of the NFVF;
- 10.14.2.6. Ensuring that Fraud and corruption prevention is a fixed agenda item in management and Audit Committee meetings;
- 10.14.2.7. Signing of declarations of commitment by all employees to the Plan;
- 10.14.2.8. Endorsements of correspondence directed at providers of goods and/or services with anti-fraud, anti-corruption and pro-ethics messages; and
- 10.14.2.9. Publishing the Plan and successes in its implementation in the Annual Report of the NFVF.

**11. FRAUD DETECTION PROCEDURE**

**11.1. Whistleblowing / Fraud Hotline**

11.1.1. What should an employee do if s/he suspects fraud and corruption?

11.1.1.1. Should employees wish to report allegations of fraud and corruption anonymously, they must do so in accordance with the Whistleblowing Policy they can contact the Public Service Commission toll free number 0800 701 701.

11.1.2. What should a member of the public or providers of goods and /or services do if they suspect fraud and corruption?

11.1.2.1. The NFVF encourages members of the public or providers of goods and/or services who suspect fraud and corruption to contact the Public Service Commission toll free number 0800 701 701.

11.1.3. How will allegations of fraud and corruption be dealt with by the NFVF?

11.1.3.1. For issues raised by employees, members of the public or providers of goods and/or services, the action taken by the NFVF will depend on the nature of the concern. The matters raised will be screened and evaluated and may subsequently:

11.1.3.1.1. Be investigated internally;

11.1.3.1.2. Referred for an independent investigation by an SCM procured service provider; and/or

11.1.3.1.3. Referred to the SAPS, the Public Protector, Auditor General and/or other law enforcement agency.

11.1.3.1.4. The NFVF may take legal action against any person/s who:

11.1.3.1.5. makes a disclosure in bad faith (intentionally false);

11.1.3.1.6. makes an allegation without having reasonable grounds for believing it to be accurate

11.1.3.1.7. makes a disclosure maliciously; and

11.1.3.1.8. subjects an employee to any form of occupational detriment on account of an employee having made a disclosure.

**12. RECEIVING OF INCIDENT REPORTS**

- 12.1. The reported incident as per the Whistle Blowers' report will be forwarded to the CEO for resolution, and in cases where the CEO is implicated, this will be forwarded to the Chairperson of the NFVF Council for resolution.
- 12.2. Allegations pertaining to the NFVF Council Chairperson and Deputy Chairperson, will be forwarded to the Minister of the Department of Sports, Arts and Culture for resolution.
- 12.3. Allegations pertaining to any other member of Council or any members of the sub-committees of Council would be dealt with by the Council itself and where necessary same may have to be escalated to the Minister of DSAC for resolution.
- 12.4. The CEO, NFVF Chairperson or DSAC Minister will acknowledge receipt and register the allegation/s for resolution.
- 12.5. Personnel involved in the process of receiving the whistle-blowers reports must exercise due diligence and reasonable care to maintain the integrity and confidentiality of the information received.
- 12.6. The Audit and Risk Committee will be notified of the incidents, without providing the details of the alleged perpetrators.
- 12.7. Upon receipt of an incident, the CEO or Council Chairperson or the delegated official will assess the allegation using the following criteria:
  - 12.7.1. Seriousness and credibility of the allegation which has been made.
  - 12.7.2. The prospects of being able to investigate the matter based on the sufficiency of information provided.
  - 12.7.3. Fairness to any individual mentioned in the allegation (is there malice or smear campaign).
  - 12.7.4. Risks to the NFVF's reputation, the environment, or its stakeholders.
  - 12.7.5. Does the allegation entail a criminal offence.
  - 12.7.6. Is the disclosure a normal disclosure or a protected disclosure.
  - 12.7.7. Is there a possibility of the matter being reported or leaked to the media.
  - 12.7.8. Was this allegation reported previously, and if so, was the allegation investigated sufficiently and correctly.
  - 12.7.9. Does the allegation involve senior employees.
  - 12.7.10. Does it need to be referred to law enforcement agencies.
- 12.8. The outcome of this assessment of the allegation report may include doing one or more of the following:

- 12.8.1. Gather more information.
- 12.8.2. Implement preliminary investigation, the purpose of the Preliminary Investigation is to determine credibility, materiality and verifiability in order to understand whether there is a legitimate basis to warrant an investigation.
- 12.8.3. Compile a report on whether the matter will be investigated or not, giving reasons where a matter will not be investigated.
- 12.8.4. Ensure that the whistle-blower's safety and security are not compromised when his or her identity is known.

### **13. APPROACH WHEN A CRIME IS UNCOVERED**

- 13.1. Once a crime is uncovered it is of paramount importance to implement remedial actions in a structured and transparent manner.
- 13.2. Any fraud and corruption committed by an employee, or any other person will be pursued by thorough investigation and to the full extent of the law, including (where appropriate) consideration of:
  - 13.2.1. In the case of employees, taking disciplinary action within a reasonable period of time after the incident;
  - 13.2.2. Instituting civil action to recover losses;
  - 13.2.3. Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and
  - 13.2.4. Any other appropriate and legal remedy available.
- 13.3. Line Managers are required to ensure that losses or damages suffered by the NFVF as a result of all reported acts committed or omitted by an employee or any other person are recovered from such an employee or other person if he or she is found to be liable for such losses.
- 13.4. The responsible manager, with assistance of other relevant managers must also ensure that the following steps are taken with regard to financial misconduct in line with the provisions of the Treasury Regulations to the PFMA:
  - 13.4.1. In the case of employees, taking disciplinary action within a reasonable period of time after the incident;
  - 13.4.2. Instituting civil action to recover losses;
  - 13.4.3. Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and



- 13.4.4. Any other appropriate and legal remedy available.
- 13.4.5. Ensuring that disciplinary proceedings are carried out in accordance with the relevant prescript;
- 13.4.6. Ensuring that disciplinary proceedings are instituted within 30-90 days;
- 13.4.7. Advising the executive authority on the outcome of disciplinary proceedings
- 13.4.8. Annually submitting to the Auditor General a schedule of:
  - The outcome of any disciplinary hearings and/or criminal charges;
  - The names and ranks of officials involved; and
  - The sanctions and any further actions taken against these officials.

#### **14. WHISTLE BLOWER PROTECTION**

- 14.1. An employee, student or external stakeholder who reports suspected fraud and corruption may remain anonymous should he/she so desire.
- 14.2. Stakeholders may not retaliate against a whistle-blower for reporting an activity which purportedly or in fact occurred within the NFVF that the person believes to be fraudulent or dishonest with the intent or effect of adversely affecting the terms or conditions of employment (including, but not limited to, threats of physical harm, dismissal, transfer to an undesirable job assignment, demotion, suspension, or impact on salary or wages).
- 14.3. Whistle-blowers who believe that they have been retaliated against may file a written complaint with the CEO or with the Council Chairperson for resolution as the case may be.
- 14.4. For further details refer to the Whistle Blowing Policy.

#### **15. CONFIDENTIALITY**

- 15.1. The NFVF treats all information and documentation received with the strictest of confidence.
- 15.2. Any employee who suspects dishonest or fraudulent activity must notify their relevant superior immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.
- 15.3. Investigation outcomes will not be disclosed or discussed with anyone other than those who have legitimate need to know to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the NFVF from potential civil liability.

**16. INTERNAL REPORTING FRAMEWORK**

16.1. Where fraud is reported this should be directed to the Line Manager, Chief Financial Officer, Chief Executive Officer, Council Chairperson or the Public Service Commission toll free number 0800 701 701, which will forward the report to the office of the CFO, CEO or Chairperson and Internal Audit. A fraud incident form will be populated by the Public Service Commission Hotline. This will include the following:

- 16.1.1.1. Fraud reported by (name)
- 16.1.1.2. Fraud reported on (date)
- 16.1.1.3. Contact details / information of person reporting fraud if not anonymous
- 16.1.1.4. Date of potential / reported fraud
- 16.1.1.5. Description of potential fraud
- 16.1.1.6. Location of potential fraud
- 16.1.1.7. Approximate value of potential fraud
- 16.1.1.8. Name(s) of person (s) that may have committed the potential fraud within NFVF
- 16.1.1.9. Name of the individual/organization/company implicated on the potential fraud works
- 16.1.1.10. Record supporting documentation (including photos and/or video) that may assist in an investigation
- 16.1.1.11. Have the person reported the potential fraud to anyone else
- 16.1.1.12. If fraud was reported previously, to whom was it reported to
- 16.1.1.13. If reported previously, when was it reported
- 16.1.1.14. Name of the person that received the Fraud Incident Report within NFVF
- 16.1.1.15. Signature of person that received the Fraud Incident Report
- 16.1.1.16. Date Fraud Incident Report received

16.2. All employees have a responsibility to report suspected fraud and/or corruption to our supervisors. Employees must be able to provide reasonable grounds for the suspicion.

16.3. All supervisors have a duty to address the issue raised and let you know the action they have taken.

16.4. For more serious issues, formal counselling, warning or some other staff disciplinary action, in terms of the PFMA, may be warranted. In these instances the matter must be referred elsewhere within the NFVF in accordance with this strategy.

- 16.5. It is important to understand that confidentiality will be a necessary part of any inquiry or investigation both to protect the staff member making the report and to protect the reputation of innocent people.
- 16.6. Confidentiality cannot be completely guaranteed in every circumstance. Principles of natural justice and procedural fairness may require disclosure of the original report. In some situations, the NFVF has obligations to inform other agencies. For instance, in terms of Section 34(2) of PCCA, any person who holds a position of authority and who knows or ought to reasonably to have known or suspected that any other person has committed an offence under this Act or the offence of theft, fraud, extortion, forgery, or uttering a forged document involving an amount of R100 000 or more must report such knowledge or suspicion or cause such knowledge or suspicion to be reported to any police official.
- 16.7. Where evidence is assessed as giving a reasonable belief that a serious criminal offence has occurred, the Chief Executive Officer is compelled by section 316 of the Crimes Act to forward the necessary information for further investigation and/or prosecution to the South African Police Services and/or the Director of Public Prosecutions.
- 16.8. Where financial discrepancies of serious proportions are uncovered, the Chief Executive is required under the Public Finance and Audit Act to report, and will report, the information to the Auditor-General.
- 16.9. Where information from inquiries or investigation into fraud or corruption is assessed as appropriate for reporting to any other relevant agency, the Chief Executive Officer will forward that information.
- 16.10. Where dismissal or other serious disciplinary action is taken (under the Public Sector Management Act 1988 and Regulations) and restitution is assessed as appropriate, the Chief Executive Officer will authorise commencement of legal proceedings for recovery.

## **17. SANCTIONS**

- 17.1. The examples of disciplinary offences for every offence, as set out in the Fraud Prevention Procedure, in no way represents a comprehensive list of disciplinary offences.
- 17.2. The matrix of offences which follows is intended to assist the complainant in formulating the charge sheet and specify to the presiding officer of a disciplinary hearing the appropriate disciplinary action in respect of any disciplinary offence.

17.3. Cases that fall outside the matrix will be handled by the presiding officer at his/her discretion, after the nature, seriousness and specific circumstances of the offence have been taken into account.

**FRAUD PREVENTION POLICY AND PLAN**

OFFENCE	DEFINITION	SERIOUSNESS OF THE OFFENCE		
		MINOR	SERIOUS	VERY SERIOUS
		Corrective counselling/Verbal warning	Final warning	Dismissal
Revealing confidential information	Deliberate or unauthorised release of information regarded as confidential by the NFVF to an unauthorised third party.		X	X
Fraud, dishonesty and forgery	Conscious and deliberate actions or omissions with a view to gaining an unauthorised and/or unwarranted advantage in a dishonest way.			X
False personal information	Consciously providing false personnel information with a view to gaining an unwarranted advantage.			X
Misuse or unauthorised possession, theft, destruction of the NFVF's records, facilities, equipment, intellectual property or property	Unauthorised possession or use, destruction of equipment/ property/ intellectual property of the NFVF.			X
Causing of damage to property through negligence	Causing damage to the property of NFVF through an act of negligence	X	X	X
Misappropriation of funds, supplies and other assets	People entrusted to manage the assets abuse their position to steal them			X
Assigning an employee to perform non-employment-related tasks	Use of NFVF personnel to perform tasks not related to the NFVF		X	X
Employing family and friends	Nepotism		X	X

**FRAUD PREVENTION POLICY AND PLAN**

Bribery	Receiving any form of compensation directly or indirectly. The compensation does not have to be for the benefit of the parties but may be for a third party.			X
Blackmail	Receiving any benefit for oneself, or another person receiving a benefit in return for not revealing compromising or damaging information about them.			X
Operating a business in working hours	Conducting work other than the NFVF's work during working others		X	X
Profiteering as a result of inside knowledge	<u>Inside</u> information is obtained from someone who is involved in a situation and therefore <u>knows</u> a <u>lot</u> about it which is used to their advantage			X
False or omitting disclosures	Declarations of Interest submitted are purposely false or incomplete		X	X
Plagiarism	Presenting someone else's work or ideas as your own, with or without their consent, by incorporating it into your work without full acknowledgement			X
Cheating	Acquiring, or attempting to acquire, possess or distribute examination materials or information without approval			X
Deliberate destruction of NFVF property	Causing of deliberate damage to the property of NFVF			X
Subject an employee to an occupational detriment	On account of having made a protected disclosure			X

**18. ROLES AND RESPONSIBILITIES**

18.1. The NFVF management is responsible for internal control including fraud control and corruption prevention. Everyone in the NFVF has a responsibility to keep the NFVF free of fraud and corruption by:

- 18.1.1. Maintaining the highest standard of personal and professional ethics in accordance with our Code of Conduct;
- 18.1.2. Maintaining our awareness of the potential for fraud and corruption; and
- 18.1.3. Promptly reporting any instances of it to our supervisors and/or nominated officers who all have a duty to properly deal with the information.

**18.2. Management Roles and responsibilities**

- 18.2.1. Members of management in the NFVF must be familiar with the content of the Fraud Prevention Plan and the types of improprieties that could occur within their areas of responsibility and shall be alert for any indication of irregularity.
- 18.2.2. Members of management are responsible for establishing and implementing internal controls that will detect defalcation, misappropriation, and other irregularities.
- 18.2.3. Members of management shall also be responsible for implementing required procedures to assure the safety and security of the NFVF's assets, revenue, and financial data.
- 18.2.4. Any irregularity that is detected or suspected by any staff member shall be reported immediately.

**18.3. Employees Roles and responsibilities**

- 18.3.1. Any employee who has knowledge of an occurrence of employee dishonesty, theft, or fraud, or has reason to suspect that an event has occurred, shall notify his or her immediate supervisor.
- 18.3.2. Should there be reason to believe that his or her immediate line manager may be involved; the employee will notify his or her manager.
- 18.3.3. Every employee shall cooperate with investigations pursuant to this Plan.
- 18.3.4. An employee must not attempt to investigate the suspected fraud or to discuss the matter with anyone other than his or her supervisor, manager or departmental head,

or the officials conducting the investigation. Allegations will be treated with the highest degree of sensitivity and confidentiality.



**RESPONSIBILITY MATRIX**

#	Action Required	Internal Audit	Finance Accounting	/Executive Mgmt.	Line Mgmt.	Human Resources
1.	Controls to Prevent Fraud	S	S	SR	SR	S
2.	Incident Reporting	S	S	S	S	S
3.	Investigation of Fraud	S				
4.	Referrals to Law Enforcement			P		
5.	Recoveries of Moneys due to Fraud			P		
6.	Recommendations to Prevent Fraud	SR	S	S	S	S
7.	Internal Control Review	P				
8.	Handle Cases of a Sensitive Nature	S		S		
9.	Publicity/Press Releases	S		S		P
10.	Civil Litigation	S				
11.	Corrective Action/Recommendations to Prevent Recurrences	SR		S	SR	
12.	Monitor Recoveries		P			
13.	Pro-active Fraud Auditing	P				
14.	Fraud Education/Training	S			S	S
15.	Risk Analysis of Areas of Vulnerability	S			P	
16.	Case Analysis	S				
17.	Hotline	P	S			

**P (Primary Responsibility)**  
**(Shared Responsibility)**

**S (Secondary Responsibility)**

**SR**

## ANNEXURE 1 – FRAUD PREVENTION PLAN

ACTIVITIES	TIMELINES	RESPONSIBLE OFFICIAL
<b>PREVENTION STRATEGIES</b>		
<b>Ethical culture</b>		
Training and awareness on the Code of Conduct and the Fraud Prevention Policy and Plan	February 2023	HR
Promote Ethical Behaviour - letter with key messages	February 2023	CEO
Facilitate annual declaration of business interests by relevant employees	Annually – April of each year	HR
Fraud Training and Awareness	March 2023	CFO
Fraud Risk and Ethics Risk Assessments	Annually – Quarterly monitoring	CFO
<b>Internal controls</b>		
Review internal controls and security breaches	IA Risk Based Plan	Internal Audit
Regularly assess internal controls to identify areas of compromise.		
Ensure identified control deficiencies are addressed.		
<b>Vetting of employees &amp; suppliers</b>		
Conduct thorough pre-employment screening of candidates for all positions.	Before contract is signed	HR
Conduct thorough due diligence of all suppliers & contractors and maintain evidence of such screening.	Before contract is signed	Finance / SCM
Notify employees, suppliers & contractors of the Fraud Prevention Plan	On appointment	CFO
<b>DETECTION STRATEGIES</b>		
<b>Whistle Blowing</b>		
Create regular awareness of the whistle blowing facility by means of : notice boards, E-mail signature drive & screen grab Website page E-mail awareness drive	Annually	CFO

## FRAUD PREVENTION POLICY AND PLAN

ACTIVITIES	TIMELINES	RESPONSIBLE OFFICIAL
Provide quarterly feedback to the Audit and Risk Committee on the number of calls received from the Hotline.	Quarterly	Internal Audit
<b>Maintaining a Corruption Database</b>		
Developed and maintained an incident management register.	Annual	Internal Audit
<b>INVESTIGATION STRATEGIES</b>		
Have proper/documented investigation procedures in place.	Annual	CFO
Ensure that employees are aware of the investigation procedures.	Annual	CFO
<b>RESOLUTION STRATEGIES</b>		
<b>Disciplinary action</b>		
Regularly monitor and review the application of discipline with the objective of improving weaknesses identified.	Annual	HR
<b>Civil recovery</b>		
Ensure that all money or property lost through fraud or corruption is recovered.	As and When	CFO
<b>Criminal prosecution &amp; referral to other agencies</b>		
Ensure that cases of corruption are appropriately reported to SAPS for criminal prosecution where applicable.	As and When	Internal Audit