

## Addendum 21

### DIRECTORATE: PROCUREMENT MANAGEMENT

### FRAUD PREVENTION PLAN

NO	POSSIBLE RISK AREA	POSSIBLE CAUSE	MITIGATION	CONTROL MEASURE
1	Incorrect payments may be made and into incorrect accounts.	<p>Supplier may change registered banking details.</p> <p>Incorrect supplier paid as a result of incorrect supplier banking details.</p> <p>Bank details may be changed by officials to benefit a person who</p>	When successful bidder or service provider receives a letter of acceptance. The banking details on the CSD is synced to BAS and LOGIS and a supplier can change the banking details on CSD without the completion of the PGWC 006	<p>Payment packages to be checked by independent staff in the Performance Management section.</p> <p>Reports to be submitted to management on regular basis (weekly) for noting of any deviations or irregularities and corrective measures.</p>

		<p>should not be paid.</p> <p>The incorrect amounts may be paid to the correct person.</p>		
<b>2</b>	Incorrect awarding of preferential points to bidders.	Bidders may be awarded points they do not qualify for.	The procurement template is used to rank bidders according to points claimed and scored. The Deputy Director approves the award up to R750 000	<p>The SCM Committees (Bid, Evaluation and Quotation Committees) must check the preference points and sign the schedule as proof</p> <p>The SCM Committees also to check whether he required certification by the Assistant Director or Deputy Director is completed.</p>
<b>3</b>	ICT quotation for ICT goods and services may not be obtained in a fair manner from registered bidders.	Non-compliance to transversal prescripts with regards to obtaining of quotes for ICT related goods.	<p>Quotation Committee as well as Bid Committee to ensure transversal contract is adhered to.</p> <p>Relevant buyer requests at least ten (10) quotations for a procurement that is less than R200k and for a procurement that exceeds R200k quotation is sent to all suppliers listed on the relevant SITA contract.</p>	<p>The Assistant Director: Specifications and Quotations ensure strict compliance with the prescripts when procuring ICT related goods.</p> <p>All quotations are submitted to the Quotation Committee for consideration and the reasons for the acceptance of a particular quotation fully motivated and minuted. The Technology Manager certifies that the offers received conform to WCG standards</p>
<b>4</b>	Officials may receive gifts etc., to influence bid processes.	Bid rigging may occur during the bidding process.	<p>Officials to record all received gifts in the gift register.</p> <p>All officials involved in the procurement process to complete declaration of interest.</p>	The SCM committees to check for possible instances of preference of certain suppliers.

			<p>All officials to complete confidentiality certificate.</p> <p>SCM officials to sign declaration of Code of Conduct/Ethics for SCM Practitioners.</p> <p>Capacitation of SCM units by ensuring that officials constantly take note of suppliers' motives and be wary of ulterior motives. For e.g. judgement should be formed on whether the gift was merely a token of appreciation for good business relations or attempt at bribery. SCM officials must familiarise themselves with the departmental policy on receiving gifts.</p> <p>Security vetting by National Intelligence Agency to be done on all officials in Supply Chain Management.</p>	
5	Contracts may be awarded to incorrect bidder to get financial gain.	Bid may be evaluated in such a manner that wrong points are allocated to a supplier and the impression created that a mistake was made whilst the mistake was made deliberately.	<p>Preference points to be properly verified by SCM Committees.</p> <p>Verification process properly minuted.</p>	A comparative schedule indicating all bidders who submitted offers is compiled. It indicates compliance and non-compliance. Also, a preference point schedule is compiled indicating the bidder who scored the highest total preference points.
6	LOGIS User Account Inadequate user account management	Users who are no longer employed by the Department must be timeously removed from accessing the application and their access should be disabled.	<p>Treasury to be informed in writing to remove users who are no longer in the employ of the department from LOGIS mainframe.</p> <p>SCM Policy, Planning and Performance Management section to review user profiles every quarter. Each user profile to be updated in line with their job description</p>	<p>The Deputy Director responsible for this task will ensure that the relevant LOGIS reports be drawn/requested from Treasury to identify inactive users.</p> <p>User profiles will be reviewed every quarter to check if in line with users' job description.</p>

		Users access rights at application level should be periodically reviewed to confirm that such rights are commensurate with their job responsibilities		
7	Overpayments	Suppliers may be paid more than the contract award value.	The officials in SCM and payments sections must ensure that the relevant payment and contract documents are verified prior to authorising payments. Payments should as far as possible be done via LOGIS.	The Assistant Director: Contract Management must ensure that the payment officials comply with the relevant requirements and processes applicable to pre-authorisations and payments.