
**Mpumalanga Provincial Government of
Education Department**



**FRAUD AND CORRUPTION PREVENTION
&
IMPLEMENTATION
PLAN**

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1. Executive Summary

1.1 Introduction

The Fraud Prevention Plan is developed as per the dictates' of the Public Finance Management Act, Act 1 of 1999; the Department must have a Fraud Prevention Plan to be used by the Department to effectively manage the fraud risk to which it is exposed.

In terms of Treasury Regulations (Paragraph 3.2.1), the guidelines are provided for the drafting of a fraud prevention plan as follows:

"The accounting officer must facilitate a risk assessment to determine the material risks to which the institution may be exposed and to evaluate the strategy for managing those risks. Such a strategy must include a fraud prevention plan. The strategy must be used to direct internal audit activity and priority, and to determine the skills required to manage these risks."

This plan will be treated as a "live document" and will be subjected to constant re-assessment and maintenance.

1.2 Background

Fraudulent or corrupt activity of any kind, including for the benefit of Mpumalanga Department of Education, is expressly forbidden. The Department employees are expected to conduct themselves in a manner consistent with the principles and values of the Department of Education.

This Plan describes the fraud management approach for Mpumalanga Department of Education and, where applicable and it's controlled entities. The measures described in this Plan have been designed to:

- a) Enhance the protection afforded to the Department's assets, interests and reputation in order to eliminate internally and externally instigated fraud and corruption against the Department,
- b) Detect all instances of fraud and corruption against the Department in the event that preventative strategies fail,
- c) Establish a coordinated approach for the investigation of suspected or alleged fraud and corruption that supports the recovery of property dishonestly appropriated (or compensation equivalent to any loss suffered as a result of fraudulent or corrupt conduct),
- d) Safeguard the reputation of individuals involved in the process, and
- e) Ensure external reporting obligations are met.



Matters involving general misconduct should be dealt with by the Behavior Management Section in accordance with Resolution 1 of 2003 PSCBC for no-educators, Senior Managers Services Handbook and Employment of Educators Act. Instances of general misconduct by Employees involving fraud or other financial loss or irregularities, as defined in this document, should be dealt with in accordance with this plan.

2. FRAUD PREVENTION POLICY STATEMENT

The Department, wish to restate the **ZERO TOLERANCE** policy towards fraud and other acts of dishonesty. Several of Department's shared values are **INTEGRITY** and **HONESTY**. As a Department, it is important that we take these values seriously and ensure that we do not permit activities that are not aligned with our corporate norms. It is incumbent on all of us to be intolerant of this behavior and to report such findings. To this end, defrauding the Department will not be tolerated and those employees found to be in violation of this policy will be disciplined accordingly, up to and possibly including dismissal and prosecution.

3 Definition of Fraud

The term fraud is used expansively, and is intended to include all aspects of economic crime and acts of dishonesty. The element of fraud to any irregular act is characterized by deception and refer to an act of deliberately ignoring the government processes as outlined in the PFMA (as amended Act No. 29 of 1999), Treasury Regulations issued in terms of the PFMA, Supply Chain Management Framework, Practice Note No. 2 of 2005, Public Service Regulation (2001) issued in terms of the Public Service Act Promulgated under Proclamation 103 of 1994). For the purpose of this Fraud Control Plan, fraud against the Department is defined as:

3.1 Dishonestly, Bribery, Corruption, False Accounting and obtaining a benefit by deception or other means.

This definition includes:

- i. theft,
- ii. obtaining property, a financial advantage or any other benefit by deception,
- iii. causing a loss, or avoiding or creating a liability by deception,
- iv. providing false or misleading information to the Department, or failing to provide information where there is an obligation to do so,
- v. making, using or possessing forged or falsified documents,

- vi. bribery, corruption or abuse of office mandates,
- vii. unlawful use of Departments' computers, vehicles, telephones and other property or services for own gain or profit, and
- viii. any offences of a like nature to those listed above.

The benefits referred to can be either tangible or intangible. Examples include:

- i. hacking into, or interfering with the Department computer system,
- ii. using forged or falsified documents to effect a transaction,
- iii. using Departments' systems to gain access to other systems without authority,
- iv. charging the Department for goods or services that are incomplete or not delivered,
- v. theft, or improper disposal of assets, and
- vi. theft of revenue that is due to the Department.

4. Roles and Accountabilities

All levels of management are accountable for setting the appropriate tone of intolerance for fraudulent and corrupt acts by displaying the proper attitude towards complying with laws, rules, regulations and policies, including the Department Code of Ethics and general responsibilities of employee's policies. In addition, managers should be cognisant of the risks and exposures inherent in their area of responsibility, and should establish and maintain proper internal controls that will provide for the security and accountability of the resources entrusted to them. Responsibilities of management and employees (with examples of the various management levels of directorates and regions equivalents as noted) are detailed below.

4.1 Member of the Executive Council and Head of Department

The Executive Authority takes an oversight responsibility for Fraud Management to the extent necessary to obtain comfort that properly established and functioning systems of fraud prevention are in place to protect the Department against significant fraud risks.

4.2 Protected Disclosure Co-ordinator

All correspondence, phone calls and emails from internal or external whistleblowers will be referred to the protected disclosure co-ordinator

(refer to the Whistleblowers Act (The Protected Disclosures Act (Act No. 26 of 2000) (PDA))).

4.2 Deputy Director Generals

- i. Determine the appropriate course of action for an incident with regard to communication (including determining the appropriate timing and extent of any communication to the Executive Committee) and investigation.
- ii. Seeks advice from the Risk Manager, Director Internal Audit and/or other personnel as appropriate.

4.4 All Chief Directors

- i. Ensures that any disciplinary action is taken against employees with respect to fraud or corruption is in line with the Department's industrial relations instruments (*PSCBC*) and including the Senior Manager's *Service Handbook*.
- ii. Ensures that acts of suspected "criminal" misconduct are reported to the Risk Manager /or Internal Audit.

4.5 All Managers (Senior and Middle Management)

- i. Report instances of general misconduct by employees involving fraud or other financial loss or irregularities, as defined in this document to the Risk Manager to keep records and update the fraud register.
- ii. Are responsible for the prevention and detection of acts of misconduct, fraud and corruption within their areas of responsibility.
- iii. Ensure that there are sufficient internal controls that minimize and detect such activities within their areas of responsibility.
- iv. Remain vigilant to fraudulent and corrupt activity and report suspected acts to the Risk Manager and assist with investigations as required.
- v. May perform initial enquiries.
- vi. Promote staff awareness of ethical principles subscribed to by the Department including the Public Service Code of Ethics.
- vii. Educate staff about fraud prevention and detection.
- viii. Promote a positive and appropriate attitude towards compliance with laws, rules and regulations.
- ix. Ensure awareness of common indicators and symptoms of fraud, corruption or other wrongful acts and respond to those indicators as appropriate.
- x. Assist with any enquiries and investigations pertaining to fraud, corruption or misconduct

- xi. Cooperate with any fraud investigation and grant access to relevant persons and documentation as required.
- xii. Comply with internal control requirements, policies and procedures
- xiii. Human resources management to ensure that new employees are inducted into the new posts they occupy in the Department.

4.6 Ethics Manager

- i. The Ethics Manager is the Fraud Control Officer and is primarily responsible for the maintenance of the Fraud Control Plan of the Department and its controlled entities (e.g.) Districts and Circuits, including assessing whether the fraud controls per this Plan are in place.
- ii. Conducts preliminary investigations into "criminal" misconduct within the Department.
- iii. Conducts preliminary investigations into "HR" misconduct within the Department.

4.7 Chief Risk Office

Point of contact between the Department and the South African Police Service for Criminal Investigations Unit with regard to criminal investigations related to fraud.

4.8 Employees

- i. Detect signs of acts of misconduct, fraud and corruption.
- ii. Report suspected acts of fraud, corruption and misconduct to their supervisor and/or management (i.e. relevant head of directorates).
- iii. Implement control measures put in place in order to avoid apparent fraud taking place.

5 Fraud Implementation Plan

This section outlines and describes the key fraud control strategies that have been established by the Mpumalanga Department of Education.

5.1 Pre-Employment Screening

The Mpumalanga Department of Education will conduct pre-employment screening for all new employees. Screening checks undertaken prior to employment of a permanent member of staff include:

- a. Verification of identity (birth certificate, drivers' license)
- b. At least two reference checks
- c. Verification of formal qualifications claimed

For prospective employees being considered for sensitive positions (e.g. where position includes a significant financial delegation), Police background checks *may* also be performed (at the discretion of senior managers and/or the operating unit involved).

5.2 Fraud Awareness

This process requires that all new Employees read and acknowledge the requirements of key Department policies. These include the Code of Ethics, Conflict of Interest Policy, Gifts Policy, and Outside Interests Policy, which together set out the key requirements with regard to the protection of the Department's assets, interests and reputation. Any misbehavior that involves an act of fraud and/or corruption breach shall constitute one or more of these policies.

Employees awareness programmes will be developed and undertaken periodically by Mpumalanga Department of Education to raise awareness and ensure that all employees understand their roles and responsibilities and that employees are aware of how they might report potential fraud and corruption. Awareness programmes will include employee surveys. These programmes will continue to be run periodically and the results will be analysed to assess the improvement in the level of awareness over time.

5.3 MDoE Procedures for Receiving and Investigating Allegations of Fraud and Corruption

5.3.1 Department's Whistleblowers Protection Act Procedures

The Department's procedures have been established for the protection of people who make disclosures that reveal conduct that is corrupt, involves substantial mismanagement of the Department's resources, or involves a substantial risk to public health and safety or the environment from any detrimental action in reprisal for making the disclosure in accordance with the objectives of the Whistleblowers Protection Act.

The procedures will be that the Head of Department nominate the co-ordinator of the protected disclosure and communication of an outline process for a complainant to register an allegation.

5.3.2 Fraud Response and Investigation Procedure

The Department procedures have been established to guide the response and investigation into a suspected or alleged incidence of fraud. These procedures, which are outlined in section 4 of this plan, are supported by:

- a. surprise audits providing a pro-active forum to uncover fraud, provision of deterrent to potential fraudsters,
- b. reactive measure which can be used at the commencement of a new investigation to gather and safeguard evidence,
- c. network for expert resources that can be called upon to conduct or assist with investigations as necessary or pursue the prosecution of persons found to have conducted fraudulent or corrupt activity, and
- d. Integrity Management personnel that have received specialised training in fraud investigation and forensic accounting techniques.

5.4 Risk Management and Assurance

5.4.1 Fraud Management

Fraud Risk Management is an integrated part of the Department's overall risk assessment framework. Additionally, focused fraud risk assessments are periodically undertaken within areas of concern and in areas that have been previously assessed to ensure that mitigation procedures are working effectively.

The Department's focus areas are subject to a fraud risk assessment selected based on previously identified fraud or corruption incidents or trends (either within the Department, within the education sector or by expert data), results of the enterprise risk assessment process or Audit & Risk Management Committee/Executive/Management request.

Treatment actions that result from a fraud risk assessment are monitored and reported to the Risk Management Committee in the same way as for other enterprise risks. Agreed management actions and delivery timeframes are documented in a risk register, and progress with regard to outstanding actions are followed up with management by Risk Management Unit on a quarterly basis.

5.4.2 Strategic Internal Audit Plan

The Department Strategic Internal Audit Plan is a critical element in the allocation of Internal Audit effort to auditable areas based on an assessment of underlying risks. Areas of risk, including fraud risk, are prioritised according to the following criteria; business objectives, business continuity, materiality, change, image/reputation impact and external stakeholder focus (including the Auditor General).

(For further information on the Department Strategic Internal Audit Plan, please contact the Director Internal Audit).

5.4.3 Fraud Detection

Strategic computer analysis systems have been established by the National Treasury for Provincial Department's to enable post-transaction review and monitoring to identify suspicious transactions and/or instances of fraud or corruption by analysing and matching invoice numbers that are repeated into the system for both Logis and Bas.

These systems increase the level of monitoring and control over transactions, thereby reducing the likelihood of fraudulent and corrupt activities.

5.5 Periodic Review of Fraud Control Strategies

The Risk Management Unit will conduct an annual review of the fraud control arrangements (including an assessment of the Department's fraud policy, procedures and plans) in consultation with the Internal Audit, Audit Committee and Risk Management Committee and implement improvements as necessary.

6 Fraud Responses and Investigation Procedure

The Department's Fraud Response and Investigation Procedure is summarised below. Further detailed guidance is provided in the subsequent sections.

6.1 Receive Allegations

6.1.1 Department's Whistleblowers Protection Act 2000 Procedures

MDoE protects complainant who notify management of suspected fraudulent or corrupt activity through the Department's Whistleblowers Protection Act 2000 Procedures.

Suspected improper conduct involving fraud or corruption should be disclosed to the Department's protected disclosure co-ordinator.

The role of the protected disclosure co-ordinator is to:

- a. Be a contact point for any member of management, employees or the public to make a disclosure, either orally or in writing, about improper conduct (including conduct involving suspected fraud or corruption)
- b. Make arrangements for a disclosure to be made privately and discreetly and, if necessary, away from the workplace
- c. Take all necessary steps to ensure the identity of the whistleblower and the person who is the subject of the disclosure are kept confidential
- d. Persons calling the Hotline are also able to leave their details if they would like to be informed of the outcomes of any investigation. Thus need another place to be found for it has nothing to do with the Protected Disclosure Coordinator.

Should an allegation be received by another member of employees, they should immediately notify the protected disclosure co-ordinator who will determine whether the notification is subject to the Department's Whistleblowers procedures and take appropriate action.

6.1.2 Documenting the Allegation(s)

The particulars of the allegation should be documented by the person receiving the allegation on the "Receiving Allegations Form" and submitted in a confidential manner to the protected disclosure co-ordinator.

Upon conclusion of an appropriate course of action, the complainant will be notified of the outcome of any investigation or decisions made.

6.2 On Day Response Procedure

6.2.1 Immediate Notification

1. Matters of a "serious" nature should be reported to the Head of Department. As a guide, a serious matter would include one or more of the following attributes:
 - i. The potential for criminal charges or litigation where the cash amount is greater than R..... or assets greater than R....., or
 - ii. The potential for reputation or public interest impact (i.e. Fraud on Public Examinations).
 - iii. The relevant directorate's area(s) should be briefed on the nature of the allegation and provided with appropriate details.
 - iv. The Department Solicitor – matters with potential for litigation, particularly those that may impact on the Department's reputation
2. Where suspected or actual criminality is identified, the Director Internal Audit & Risk Management will determine in conjunction with the Head of Department and the Department's Solicitor when and how the police and/or other relevant authorities are contacted and engaged.

6.2.2 Establishment of a Case Management Team

The Internal Audit & Risk Management Units are responsible for investigation of fraud in the MDoE. A Case Management Team (CMT) will be established to oversee the formal investigations by the Office of Internal Audit, Security and Risk Management (IASRM).

The composition of the CMT is dependently upon the nature of the allegation made and the position of the person against whom the allegation has been made, but would generally include a minimum of 2 members.

6.2.3 Investigation Approach

Upon review of the particulars of the alleged fraudulent or corrupt activity, both IASRM will in consultation with the CMT, determine the appropriate form of any investigation.

The investigation strategy and plan should be documented, including the proposed scope and approach of the investigation, the nature, timing and circulation of reporting required during the conduct of the investigation and identification of the appropriate internal and/or external resources necessary to undertake the investigation. The

investigation strategy should take account of any related investigation being conducted by either the police or another external authority and be endorsed by the CMT or Head of Department for serious matters.

6.3 Conduct of Investigation

6.3.1 Investigative Resources

The issues involved in investigating "criminal" misconduct within the Department are complex. The investigator needs to be aware of:

- a. their rights to undertake investigations and the limitations on those rights
- b. the principles governing the conduct of investigations, and
- c. the legal and procedural aspects of conducting investigations.

Failure to do so may compromise the investigation.

Guidance will be developed and be enhanced by obtaining professional advice on relevant matters or engaging external investigative resources in circumstances where specialist investigative skills are required, or internal investigative resources need to be supplemented to undertake the investigation activity.

6.3.2 Internal Control Review following Discovery of Fraud

Should fraud or corruption be discovered and substantiated by appropriate investigation, Internal Audit & Risk Management will conduct a review of the relevant controls associated with the fraud or corruption. The review will determine where the system of internal control broke down, and whether remedial action is necessary.

6.3.3 Documentation of the results of the investigation

For documentary evidence and for exhibits it is important that the item is safely stored at all times, and that any time that possession of the item is given to anyone else the transfer is carefully recorded using the Continuity of Possession Register.

Investigation documentation and evidence will be held securely per normal Internal Audit procedures.

6.4 Assess Results

6.4.1 Sanctions

Upon completion of the investigation and enquiries by the CMT, the Labour Directorates will consider and recommend appropriate action in relation to persons found to have participated in fraudulent or corrupt acts. This may include:

- a. disciplinary action pursuant to MDoE policies and procedures as they relate to employees
- b. possible termination of relationship with the Department, and
- c. legal action.

The police may separately pursue criminal charges against persons found to have participated in criminal acts.

5.4.2 Recovery of the proceeds of fraudulent conduct

Mpumalanga Department of Education's policy ensures the recovery of assets lost, and seeks criminal or civil restitution wherever possible.

6.5 Reporting and Record Keeping Requirements

6.5.1 Fraud Register

The Risk Management Unit will maintain a Fraud Register, which will be used as a basis for reporting incidents of suspected or actual fraud and outcomes of investigations undertaken into suspected fraud to the Department's management and other stakeholders as required.

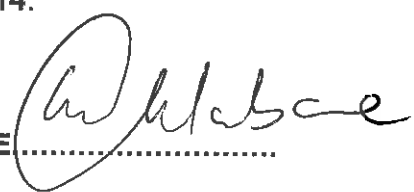
6.5.2 Fraud Reporting

The Internal Audit & Risk Management shall communicate the results of completed investigations to the Department's Audit and Risk Management Committees and the Executive Management of the affected area.

7. ADOPTION OF THE POLICY

Every employee has a part to play in this important endeavour and we look forward to working with you in achieving the anti-corruption approach.

This plan has been revised with changes as from 01 August 2014.

HEAD OF DEPARTMENT: MOC Mkhabela SIGNATURE: 

DATE: 12/9/14

now

Appendix 1 – Receiving Allegations Form

Please complete this form and return to the Protected Disclosure Co-ordinator/Risk Management and/or Internal Audit Unit, Building 5, Government Complex, Riverside Park, Nelspruit. All correspondence will be kept confidential. Employees should note that the Protected Disclosure Co-ordinator/Risk Management and/or Internal Audit Unit complies with the Whistleblowers Protection Act of 2000 and has appropriate procedures in place.

Details of suspected fraud, corruption or serious and substantial waste

Name and details of people involved:
(Includes people both within and external to the organisation)

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.....

Description of suspected fraud, corrupt conduct, maladministration or serious and substantial waste:

(Includes: What happened? Where did it happen? When did it happen? How did it happen?)

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Filled in by: Date:

Details about evidence:

(Includes what evidence exists? Where is the evidence? Does the caller have any evidence? Who else has any evidence?)

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Details of others who may have information:

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Details of person making allegation (optional)

(If the person making the allegation would like to be contacted upon resolution of this matter, their contact details must be included in this section.)

Name:

Position and Location:

Address:

Telephone (Home): (Work): (Cell).....

How did the person become aware of the reported conduct or incident?

.....
.....

Date and Time of Call:

Filled in by: **Date:**

Appendix 2

Register of Notifications required under the Public Financial Management Act 1999 Date of Notification or Identification	Nature of the Instance	Estimated or Actual Value	Details of Investigation Undertaken	Outcome of Investigation	Date of Reporting to Audit Committee

GLOSSARY

The **Fraud Policy** is the short and concise policy statement issued by the MEC and by the Head of Department. This sets the framework, which commits the Department to actively address the fraud risk.

The **Fraud Prevention Policy** represents the conceptual principles, which will be communicated to all stakeholders both internal and external to the Department. Communication of this message is important, as it will seek to involve all parties to assist in the fight against fraud.

Fraud Prevention Strategy what is applicable and binding to all stakeholders, which includes management of all levels, employees, contractors, business partners and suppliers.

Fraud Prevention Plan lists and discusses several fraud prevention initiatives, which the Department will initiate in the process of managing and reducing fraud and corruption within the Department.

Fraud Risk Assessment lists a number of fraud risks to which the Department in its various divisions has exposure. This listing represents a summary compiled by Responsibility Managers. It is not exhaustive and it will be re-assessed and revised on an ongoing basis. The official risk assessments undertaken by the Department will also be incorporated into the Plan.

Fraud Response Plan attached to this document is generic and will be used as a guideline whilst the Department tailor makes a response plan of its own unique requirements.

Code of Conduct provides the conceptual framework to which the Plan will aspire.