

MPUMALANGA DEPARTMENT OF EDUCATION



FRAUD PREVENTION POLICY

January 2011

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Executive summary

In terms of Treasury Regulations (Paragraph 3.2.1), guidelines are provided for the drafting of a fraud prevention strategy 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 strategy. The strategy must be used to direct internal audit activity and priority and to determine the skills required to manage these risks.”

As prescribed in the Public Finance Management Act, Act 1 of 1999, the Department of Education must have a Fraud Prevention Strategy to be effectively used to manage the fraud risk to which it is exposed.

These strategies will be treated as a “live document” and will be subjected to constant re-assessment and maintenance.

The political and administrative leaders of the Mpumalanga Department of Education recognize that fraud and other acts of dishonesty undermine our commitment to the community. As a Department of Education, it is important that we take these values seriously and ensure that the Department of Education does not permit activities that are not aligned with acceptable norms and standards. It is imperative that all employees be intolerant of this behaviour and to report such findings. As such, the Member of Executive Council and the Head of Department irrevocably commit themselves to a Zero Tolerance Policy to all forms of fraud and corruption. To this end, defrauding the Department of Education will not be tolerated and those parties found to be in violation of this policy will be prosecuted.

1. INTRODUCTION

- 1.1 The purpose of this policy is to develop and foster a climate within the Mpumalanga Department of Education (“*the Department of Education*”) where all employees strive for the ultimate eradication of fraud, corruption, theft and maladministration by means of the application of the full spectrum of both pro-active and re-active measures at their disposal.
- 1.2 This policy also sets down the stance of the Department of Education to fraud as well as reinforcing existing regulations aimed at preventing, reacting to and reducing the impact of fraud, corruption, theft and maladministration where these dishonest acts subsist. This policy is to be read in conjunction with all other Department of Education policies.
- 1.3 The Department of Education requires all staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. Fraud is an ever present threat to these resources and must be a concern for all members of staff. The Department will not tolerate any level of

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fraud or corruption; consequently, Departmental policy is to thoroughly investigate all suspected cases of fraud and allegations (anonymous or otherwise) and where appropriate, refer to the police at the earliest juncture. The Department is also committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.

Definition of fraud

Dishonest activity causing actual or potential financial loss to any person or the Department of Education including theft of moneys or other property by employees or persons external to the Department of Education and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position.

Definition of corruption

Dishonest activity in which a executive manager, senior manager, middle manager, employee or contractor of an institution acts contrary to the interests of the Department of Education and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or institution.

2. SCOPE OF THE POLICY

- 2.1 This policy applies to all fraud, corruption, theft, maladministration or suspected irregularities of this nature involving the following persons or entities:
- a) All employees of the Department of Education;
 - b) Consultants, suppliers, contractors and other providers of goods or services to the Department of Education; and
 - c) Non-Governmental Institutions and other parties receiving benefits from the Department of Education

3. POLICY

- 3.1 The Mpumalanga Department of Education shall not tolerate acts of fraud, corruption, theft, maladministration or any other dishonest activities of a similar nature shall not tolerate. All reported cases shall be investigated and followed up by the application of all remedies available within the full extent of the law.
- 3.2 Appropriate prevention and detection controls shall be applied. These include the existing controls and checking mechanisms as prescribed in existing policies, procedures and other relevant prescripts to the activities of the Department of Education and systems of internal control.
- 3.3 All employees have responsibility of employees of the Department of Education to report all incidents of fraud, corruption, theft, maladministration or any other dishonest activities of a similar nature to their Manager. If the

employees are not comfortable reporting such matters to the Manager, he/she should report the matter to his/her Manager's superior, with final recourse to the Accounting Officer. Employees may also report incidents by using the Provincial or National hot-line reporting facility, if they wish to remain anonymous or for any other reason.

- 3.4 All Managers are responsible for the detection, prevention and investigation of fraud, corruption, theft, maladministration or any dishonest activities of a similar nature, within their areas of responsibility.
- 3.5 The Department of Education shall take appropriate legal recourse to recover losses or damages arising from fraud, corruption, theft or maladministration.
- 3.6 The efficient application of Treasury Regulations issued in terms of the Public Finance Management Act, Act 1 of 1999, instructions contained in the codes, circulars, procedures and manuals of the National/Provincial Department of Education, Educators Employments Act of 1998 and the Public Service Act of 1994, is one of the most important duties of every employee/employees in the execution of their daily tasks and under no circumstances may there be a relaxation of the prescribed controls.

4. ACTIONS CONSTITUTING FRAUD, CORRUPTION, THEFT AND MALADMINISTRATION

- 4.1 The term fraud, corruption, theft and maladministration refer to, but are not limited to:
 - a) Any dishonest, fraudulent or corrupt act;
 - b) Theft of funds, supplies, or other assets;
 - c) Maladministration or financial misconduct in handling or reporting of money or financial transactions;
 - d) Making a profit from insider knowledge;
 - e) Disclosing confidential or proprietary information to outside parties;
 - f) Irregularly accepting or requesting anything of a material value from contractors, suppliers, or other persons providing services/goods to the Department of Education;
 - g) Irregularly offering or giving anything of a material value to contractors, suppliers, or other persons providing services/goods to the Department of Education;
 - h) Destruction, removal, or abuse of records, furniture, and equipment;
 - i) Deliberately omitting to report or act upon reports of any such irregular or dishonest conduct;
 - j) Acts of financial misconduct contemplated in terms of sections 81 to 85 of the Public Finance Management Act of 1999;
 - k) Incidents of unauthorized, irregular or fruitless and wasteful expenditure as defined in the Public Finance Management Act of 1999; and
 - l) Any similar or related irregularity.

5. RESPONSIBILITY TO CONDUCT INVESTIGATIONS

- 5.1 The responsibility to conduct investigations relating to the actions listed in this policy resides with the Senior Managers within the Department of Education who have the advisory and supporting assistance from units / departments which include the following:
- a) Internal Investigating Units;
 - b) State Attorney;
 - c) External investigating agencies, for example the South African Police Services, where matters fall within their mandate;
 - d) External consultants, for example Forensic Accounting consultants;
 - e) Office of the National Director of Public Prosecutions;
 - f) Special Investigating Units established under any law;
 - g) The Public Protector.

6. CONFIDENTIALITY

- 6.1 All information relating to irregularities that is received and investigated by Managers will be treated confidentially. The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any other person(s) other than those who have a legitimate right to such information. This is important in order to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct.
- 6.2 No person is authorized to supply any information with regard to the issues covered within this policy to the media without the express permission of the Accounting Officer.

7. REPORTING PROCEDURES AND RESOLUTION OF REPORTED INCIDENTS

- 7.1 It is the responsibility of all employee/employees of the Department of Education to report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to his/her Manager. If the employees/employee is not comfortable reporting such matters to his/her Manager, he/she should report the matter to his/her Manager's superior, with final recourse to the Chief Financial Officer or Accounting Officer.
- 7.2 It is the responsibility of the Managers to cooperate with all law enforcement agencies and report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to the Accounting Officer and Chief Financial Officer. This reporting must take place as follows:
- a) Telephonically immediately after discovery of such an incident;
 - b) This telephonic report must be followed by a detailed written report to be submitted within 24 hours of the discovery of such an incident.
- 7.3 It is the responsibility of the Accounting Officer to immediately report all incidents of fraud, corruption, theft, maladministration and other suspected

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- 11.1 It is the responsibility of all Managers to ensure that all employees receive appropriate training and education with regard to this policy.
- 11.2 The Department shall provide fraud awareness information (including a copy of this policy) to all personnel upon commencement of employment with the Department, or as soon as practicable thereafter.

12. ADMINISTRATION

- 12.1 The custodian of this policy is the Accounting Officer who is supported in its implementation by the Risk and Ethic Management Committee.
- 12.2 The Department Risk and Ethics Management Committee is responsible for the administration, revision, interpretation, and application of this policy. It will be reviewed annually, and revised as required.

13. 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 these aims.

This policy is implemented with effect from 01 February 2011

HEAD OF DEPARTMENT: Mhlabane DATE: 26/01/2011

SIGNATURE MOC Mhlabane