

PROVINCE OF THE EASTERN CAPE  
DEPARTMENT OF EDUCATION



Fraud Prevention and Anti-Corruption Policy

*Effective: 2014/2025*

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**GLOSSARY OF ABBREVIATION AND TERMS**

Abbreviation/ Term	Description
Accounting Officer	Superintendent-General of the Eastern Cape Department of Education
AFU	Assets Forfeiture Unit
Department	Eastern Cape Department of Education
ECDOE	Eastern Cape Department of Education
ECTA	Electronic Communications and Transactions Act 25 of 2002
HR	Human Resources
MEC	Member of the Executive Council
PFMA	Public Finance Management Act 1 of 1999
PSCBC	Public Service Coordinating Bargaining Council
SAPS	South African Police Service
SCM	Supply Chain Management
SG	Superintendent-General
SMS	Senior Management Service

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## **1. INTRODUCTION**

### **1.1 Foreword by the Accounting Officer**

Fraud and corruption has always been a high inherent risk that affects all Public Sector Institutions. This has been made possible by maladministration that has forever been growing in the Public Sector. With the highest budgetary allocation in the Eastern Cape Provincial Government, the Eastern Cape Department of Education ("Department or ECDoE") is susceptible to Fraud and Corruption.

Moreover, the Department is not only vulnerable, but has had many cases and/or reports on funds that have NOT been accounted for, which is evidently a case of fraudulent activities and/or pure negligent and mismanagement of funds. This then means that the risk of fraud and corruption within the Department has materialised, and should be given sufficient attention and resources to mitigate it.

The Department also encounters risks of fraud in all areas of its programs, from core business, to the transfer of files, dealing and/or colluding with contractors and suppliers, and in some cases, among departmental staff. Fraud in the Department is also suspected to be occurring greatly in the Compensation of Employees where the bulk of the Departmental budget is consumed.

The Department also realizes that the threat of fraud is becoming more complex. The instability and constant changes in the Departmental management and leadership and activities of external parties also creates gaps for fraudulent activities to manifest.

It is for this reason that all officials and stakeholders of the Department should commit to this Fraud Prevention Policy and Plan. This Policy does not only aim to reduce the incidence of fraud, but also to reduce the opportunities for Fraud.

In doing so, the Department has now committed itself to take a stand against fraud and corruption, and adopt a ZERO TOLERANCE stance as far as fraud and corruption is concerned.

The Department is therefore putting in place the Fraud Prevention Policy and Plan (Policy), to close down all "taps" on corruption, and to investigate and act on any of

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the Departmental officials and stakeholders that defraud the Department. To emphasise the seriousness of combating fraud and corruption in the Department, the Department will have a Special Unit/Function that will focus on mitigating, and to an extent, eliminating fraud and corruption within the Department.

This policy retains the core elements of the fraud control framework; the need for rigorous risk assessments and detailed fraud prevention planning to prevent fraud from occurring; and obligations to thoroughly investigate, and prosecute where appropriate, in cases where fraud is detected. More importantly, however, at the heart of the new Policy is an obligation on the Departmental Accounting Officer to build a strong fraud prevention culture within the Department.

The Department takes the fraud prevention program extremely serious and is determined that all reasonable measures are taken to ensure that public funds are spent properly and judiciously. Ultimately this benefits all stakeholders by ensuring that the ECDoE funds are used fairly, equitably, and for their intended purposes.

## **1.2 Legislative Framework**

This Fraud Prevention and Anti-Corruption Policy document has been developed as a result of the expressed commitment of Government and the department to rid the public sector of fraud and corruption. It also serves as an important contribution to the country's National Anti-Corruption Strategy and supplements the Public Service's Anti-Corruption Strategy.

The National Treasury Regulations promulgated in terms of the Public Finance Management Act 1 of 1999 (PFMA) require the Accounting Officer (Superintendent-General) of the ECDOE to develop and implement a fraud prevention plan for the Department.

The PFMA requires the Accounting Officer of a department to take effective and appropriate:

- i. Steps to prevent unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure and losses resulting from criminal conduct;

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- ii. Disciplinary steps against any official who: contravenes or fails to comply with the PFMA; commits any act which undermines the financial management and internal control system of the Department; or who makes or permits the incurring of any unauthorised, irregular or fruitless and wasteful expenditure.

The Prevention and Combating of Corrupt Activities Act 12 of 2004 places a duty upon the person in charge of an institution or department to report any offence defined as corruption in terms of the Act, as well as the offences of: fraud; theft; extortion; forgery or uttering a forged document (if the quantum of the loss or amount involved is R100 000.00 or more); to the South African Police Service.

The acts of misconduct as contained in the Disciplinary Code for public servants set out in the Public Service Co-ordinating Bargaining Council's Resolutions (including Resolution 2 of 1999), and Section 17 (read with the remainder of Chapter 5) of the Employment of Educators Act 76 of 1998 identify (amongst others) fraud, theft, bribery, corruption and the falsification of records as constituting misconduct.

Officials involved in tender and procurement processes and the members of Bid Adjudication Committees are further bound by Codes of Conduct issued by the Treasury in relation to Supply Chain functions or to the Code of Conduct for Bid Adjudication Committee members.

The main principles upon which the Fraud Prevention and Anti-Corruption Policy of the ECDOE is based are the following:

- i. Creating a culture which is ethical and intolerant to fraud and corruption;
- ii. Deterrence of fraud and/or corruption;
- iii. Preventing fraud and/or corruption which cannot be deterred;
- iv. Detection of fraud and/or corruption;
- v. Investigating detected fraud and/or corruption;
- vi. Taking appropriate action in the event of fraud and/or corruption, e.g. instituting criminal, civil or disciplinary action, and the recovery of any losses; and

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- vii. Applying sanctions that include “blacklisting” and prohibition from further employment or of doing further business with the Department.

### 1.3 Statement of the Department’s Attitude to Fraud

Fraud and corruption are recognised as pervasive problems experienced at all institutions within the public sector i.e. national, provincial and local government spheres. Fraud and corruption represent significant risks to the Eastern Cape Department of Education (“the Department or the ECDOE”). The risks of fraud or corruption have the potential of rendering severe negative impact upon the Department’s assets, service delivery, operational efficiency, accountability and reputation.

The ECDOE has adopted a “**zero tolerance**” approach to fraud and corruption and does not tolerate any corrupt or fraudulent activities, whether carried out by internal parties, external parties or a collusion of both parties. The ECDOE vigorously pursues and prosecutes any parties who engage or attempt to engage in fraudulent or corrupt activities, by all the available legal means at its disposal.

The ECDOE has committed to fulfilling its Constitutional, legislative and moral duties, obligations and roles to the people of the Eastern Cape Province and prescribes to **ethical conduct, integrity** and **honesty** whilst doing so.

### 1.4 The Public Service Anti-Corruption Strategy

During 1997, the Government initiated a national anti-corruption campaign. This led to a National Anti-Corruption Summit which was held in 1999 where all sectors of society (public and private) committed themselves to establishing sector specific anti-corruption strategies. At the same time, they also committed to being co-responsible for fighting corruption through the coordination of these strategies. In January 2002 the Public Service Anti-Corruption Strategy came into being.



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The Public Service Anti-Corruption Strategy required Departments to address:

- I. Fraud
- II. Bribery
- III. Embezzlement
- IV. Conflict of Interest
- V. Extortion
- VI. Abuse of Power
- VII. Favouritism and Nepotism
- VIII. Insider Trading or Abuse of Privileged Information.

The Public Service Anti-Corruption Strategy is aimed at combating or preventing corruption in a holistic and preventative manner. It also requires all public service departments to have a certain minimum level of anti-corruption capacity.

In addition to the Public Service Anti-Corruption Strategy a number of laws and regulations also regulate, assist or support efforts to prevent, detect, investigate or resolve corrupt activities including:

- i. The Prevention and Combating of Corrupt Activities Act 12 of 2004 – this Act widely defines corruption, reinstates bribery as a common law crime, allows for the “black listing” of persons found guilty of certain offences, and requires senior officials or persons in charge of institutions to report corrupt activities as well as certain other offences including fraud, theft, extortion and forgery.
- ii. The Promotion of Access to Information Act 2 of 2000 allows access to State information thereby promoting transparency.
- iii. The Promotion of Administrative Justice Act 3 of 2000 seeks to ensure that decisions affecting the public are made in a procedurally fair manner.
- iv. The Protected Disclosures Act 26 of 2000 offers protection to employees (whistle blowers) from being subjected to victimisation or occupational detriment if they disclose unlawful or irregular behaviour in the workplace.
- v. The Public Finance Management Act 1 of 1999 and the National Treasury’s Regulations, Circulars and Practice Notes.

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### 1.5 Definition of Fraud and Corruption

In South Africa, the Common Law offence of ***fraud*** is defined as “the unlawful and intentional making of a misrepresentation which causes actual and or potential prejudice to another”. The term “fraud” is also used in a wider sense by the general public.

In this regard, the term is used in this policy document in its widest possible meaning and is intended to include all aspects of economic crime and acts of dishonesty. In other words, fraud can be described as any conduct or behaviour of which a dishonest representation and/or appropriation forms an element.

***Fraud*** can also give rise to a ***civil claim*** as both intentional and negligent misrepresentations can form the basis of a claim for damages against the person who has made any such misrepresentation. The general requirements for civil liability for damages based upon misrepresentation arises when somebody makes an incorrect or misleading representation in a wrongful and culpable (blameworthy) manner to another person who acts on it to his/her detriment.

***Fraud*** committed by an employee or official of the ECDOE is also recognised as ***misconduct*** by the Disciplinary Code promulgated in the PSBC Resolution 2 of 1999 and Section 17 of the Employment of Educators Act 76 of 1998. Fraud is also generally regarded as ***gross dishonesty*** in a labour relations context and is recognised as a serious misconduct which can lead to dismissal even if it is a first offence.

The general offence of ***corruption*** is contained in Section 3 of The Prevention and Combating of Corrupt Activities Act 12 of 2004. This section provides that any person who gives or accepts or agrees or offers to accept / receive any gratification from another person in order to influence such other person in a manner that amounts to:

- i. The illegal or unauthorised performance of such other person’s powers, duties or functions.

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- ii. An abuse of authority, a breach of trust, or the violation of a legal duty or a set of rules.
- iii. The achievement of an unjustified result.
- iv. Any other unauthorised or improper inducement to do or not to do anything is guilty of the offence of Corruption.

**Corruption** in its wider meaning, and as referred to in this document, includes any conduct or behaviour where a person accepts, agrees or offers any gratification for him/her or for another person where the purpose is to act dishonestly or illegally. Such behaviour also includes the misuse of material or information, abuse of a position of authority or a breach of trust or violation of duty.

**Theft** is defined as the unlawful and intentional appropriation of movable, corporeal property which either:

- i. Belongs to and is in the possession of, another;
- ii. Belongs to another but is in the perpetrator's own possession; and
- iii. Belongs to the perpetrator but is in another's possession and such other person has a right to possess it which legally prevails against the perpetrator's own right of possession.

Provided that the intention to appropriate the property includes an intention to permanently deprive the person entitled to the possession of the property, of such property.

**Embezzlement** is a form of theft which involves the theft of assets or resources by persons who control such assets or resources.

#### **1.5.1 Examples and Forms of Fraud and Corruption**

Fraud and corruption take various forms in the public service and elsewhere in society. The following are examples of different types of fraud or corruption.

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**Bribery**

Bribery involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of public servants.

**Extortion**

Extortion usually entails the coercion of a person or entity to provide a benefit to a public servant, another person or an entity, in exchange for acting (or failing to act) in a particular manner. Extortion is committed when a person unlawfully and intentionally obtains some advantage, which may be of either a patrimonial or a non-patrimonial nature, from another person by subjecting the other person to pressure which induces him/her to hand over the advantage.

**Abuse of power**

The abuse of power is the use by a public servant of his or her vested authority to improperly benefit another public servant, person or entity (or using vested authority to improperly discriminate against another public servant, person or entity).

**Conflict of interest**

The failure by a public servant to act or to consciously fail to act on a matter where the public servant has an interest or another person or entity that has some form of relationship with the public servant has an interest.

**Abuse of privileged information**

This involves the use, by a public servant of privileged information and knowledge that a public servant possesses as a result of his/ her office to provide unfair advantage to another person or entity to obtain a benefit.

**Favouritism**

Favouritism is the provision of services or resources according to personal affiliation (for example cultural or religious) of a public servant.

**Nepotism**

A public servant ensuring that family members are appointed to public service positions or that family members receive contracts from the state, is regarded as

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nepotism. Family member is not defined in the Public Service Act, Public Service Regulations, PSCBC's Resolutions on misconduct, or in the PFMA. For the purposes of this Policy a family member includes an official's: wife, husband, spouse or life partner (whether recognised by way of customary, religious or civil union); parents; grandparents; children; adopted children; siblings (brothers or sisters); uncles; aunts; nephews; nieces; cousins; parents in law (i.e. the spouse's parents); siblings in law (i.e. the spouse's brothers or sisters); stepfather; stepmother; stepbrother or stepsister.

**Theft by False Pretense**

The unlawful and intentional obtaining of moveable, corporeal property belonging to another with the consent of the person from whom such property has been obtained, where such consent has been given as a result of an intentional misrepresentation made by the person committing the crime with the intent to appropriate the property.

**Forgery**

Forgery is committed by unlawfully making a false document with intent to defraud to the actual or potential prejudice of another.

**Uttering (a forged document)**

Uttering is the unlawful offering, passing off, or communicating of a forged document, with the intent to defraud, to the actual or potential prejudice of another.

**Computer Fraud, Extortion and Forgery**

The use of computers and the internet to commit offences is becoming prevalent and is generally referred to as *cybercrime*. Section 86 of the Electronic Communications and Transactions Act 25 of 2002 (ECTA) makes it a criminal offence to **access**, **intercept** or **interfere** with data. This includes:

- i. Intentionally accessing or intercepting any data without authority or permission to do so (subject to the Interception and Monitoring Prohibition Act 127 of 1992)
- ii. Intentionally interfering with data in a way that causes it to be modified, destroyed or otherwise rendered ineffective without authority to do so

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- iii. Unlawfully and intentionally producing, selling, offering to sell, procuring for use, designing, adapting for use, distributing or possessing any device, including a computer program or a component, which is designed primarily to overcome security measures for the protection of data, or performs any of those acts with regard to a password, access code or any other similar kind of data
- iv. Utilising any device, computer program or component mentioned above to overcome security measures designed to protect data or access thereto
- v. Committing any of the afore-mentioned acts with intent to interfere with access to an information system so as to constitute a denial, including a partial denial, of service to legitimate users

Section 87 of the ECTA makes specific reference to **computer-related extortion, fraud and forgery** as criminal offences. This section states:

- “(1) A person who performs or threatens to perform any of the acts described in section 86, for the purpose of obtaining any unlawful proprietary advantage by undertaking to cease or desist from such action, or by undertaking to restore any damage caused as a result of those actions, is guilty of an offence.*
- (2) A person who performs any of the acts described in section 86 for the purpose of obtaining any unlawful advantage by causing fake data to be produced with the intent that it be considered or acted upon as if it were authentic, is guilty of an offence.”*

Attempting to commit any of the offences mentioned in sections 86 and 87, or aiding and abetting another person in such commission is also a criminal offence (section 88 of the ECTA).

**Failure to Report Fraudulent or Criminal Conduct**

Failure to report offences falling under the definitions of corrupt activities in the Prevention and Combating of Corrupt Activities Act 12 of 2004 or the other specified offences if they involve amounts of R100 000 or more, or the reasonable suspicion of

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such offences having been committed, to the South African Police Service (SAPS) is a criminal offence in itself.

The Public Service Regulations (Regulation C.4.10) also require a public servant in the course of her or his official duties, to report fraud, corruption, nepotism, maladministration and any other act which constitutes an offence, or which is prejudicial to the public interest to the appropriate authorities.

From a labour relations perspective, supervisors who have not personally been involved in theft or acts of gross dishonesty, but who have been aware of their subordinates or colleagues committing such acts, have been dismissed themselves and these dismissals have been upheld by the relevant Labour Courts.

**Other Actions Constituting Fraud or Corruption**

- i. Unauthorised private use of the Department's assets, including vehicles, telephones, etc.
- ii. Falsifying travel and subsistence claims
- iii. Conspiring unfairly with others to obtain a tender;
- iv. Disclosing proprietary information relating to a tender to outside parties;
- v. Accepting inappropriate gifts from suppliers;
- vi. Employing family members or close friends;
- vii. Operating a private business during working hours;
- viii. Stealing equipment or supplies from work;
- ix. Accepting bribes or favours to process requests;
- x. Accepting bribes or favours for turning a blind eye to a service provider who does not provide an appropriate service;
- xi. Submitting or processing false invoices from contractors or other service providers; and
- xii. Misappropriating fees received from customers, and avoiding detection by not issuing receipts to those customers.

These manifestations are by no means exhaustive as corruption appears in many forms and it is virtually impossible to list all of these.

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## **2 POLICY ON FRAUD AND CORRUPTRION**

### **2.1 Background**

This policy is established to facilitate the development of controls which assist in the prevention, detection and investigation of fraud and corruption; as well as provide guidelines as to how to respond should instances of fraud and corruption be identified. This policy is also established to give effect to the various legislative instruments as described in the previous section.

### **2.2 Scope of Application of the Policy**

This policy applies to and is binding on all managers, employees, officials, stakeholders, contractors, vendors / suppliers, business partners and any other party doing business with the ECDOE.

### **2.3 Date of Adoption of the Policy**

The ECDOE has adopted this Fraud Prevention and Anti-Corruption policy with effect from 01 April 2016.

### **2.4 Policy**

It is the policy of the ECDOE that fraud, corruption, maladministration or any other dishonest activities of a similar nature is not tolerated. Such activities are investigated and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative actions and the institution of recoveries where applicable.

Prevention, detection, response and investigative strategies are designed and implemented. These include any existing controls (system controls and manual internal controls) and those currently prescribed in existing policies, procedures and other relevant prescripts to the activities of the Institution.



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All managers, employees, officials, stakeholders, contractors, vendors / suppliers, business partners and any other party doing business with the ECDOE are required to:

- i. Refrain from committing fraud, corruption and other acts of dishonesty against the ECDOE
- ii. Assist in the nurturing of an ethical and fraud free working environment
- iii. Maintain absolute integrity in all dealings with the ECDOE
- iv. Comply with internal controls
- v. Adhere to principles, prescripts and directives of the Department's Code of Conduct, policies and procedures and any applicable laws or regulations

It is the responsibility of all employees to report all incidents of fraud and corruption, as well as any irregularities, and dishonest, illegal, unlawful or unethical conduct that may come to his / her attention to his / her supervisor. Alternatively, such reports can be made by way of submitting a report through the prescribed whistle blowing mechanism or to the parties or agencies determined in the Protected Disclosures Act 26 of 2000. Reports can be made to the following agencies:

- i. The National Anti-Corruption Hotline – **0800 701 701**
- ii. The Department's fraud line – **040 608 4685**

All reports received will be treated confidentially and will not be disclosed or discussed with parties other than those tasked to investigate such reports.

All Managers are responsible for the detection, prevention and investigation of fraud and corruption, within their areas of responsibility.

Every other employee or official of the ECDOE is in terms of this policy responsible for the prevention or reporting of fraud, corruption or similar irregular or unethical conduct which he/she is aware of whether it falls within their area of responsibility or not.

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Section 45 of the PFMA furthermore requires officials of the ECDOE to take effective and appropriate steps to:

- i. Prevent, within his/her area of responsibility, the incurring of any unauthorised, irregular or fruitless and wasteful expenditure;
- ii. Safeguard the State's assets; and
- iii. Prevent losses resulting from criminal conduct.

Section 45 of the PFMA also requires ECDOE officials to:

- i. Ensure that the system of financial management and internal control in the Department is carried out within his/her area of responsibility; and
- ii. Be responsible for effective, efficient, economical and transparent use of the financial and other resources within his/her area of responsibility.

Failure by any manager, employee or official of the Department to comply with the provisions of this Policy is regarded as misconduct in terms of the Public Service Code of Conduct and the PSCBC Disciplinary Code and/or the Employment of Educators Act (and could also result in criminal liability in terms of the Prevention and Combating of Corrupt Activities Act 12 of 2004) and results in disciplinary and (where applicable) criminal action being instituted against the relevant person.

### **3 FRAUD AND CORRUPTION STRATEGIES**

The approach in controlling fraud and corruption is focused into 3 areas, namely; the structural strategies, the operational strategies and the maintenance strategies.

#### **3.1 Structural Strategies**

Structural Strategies represent the actions to be undertaken in order to address fraud and corruption at the Structural level.

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**Responsibility for the Management of Fraud and Corruption Risks**

The following section outlines the fraud and corruption risk management responsibilities associated with different roles within the ECDOE.

**Accounting Officer**

The Accounting Officer bears the ultimate responsibility for fraud and corruption risk management within the ECDOE. This includes the coordination of risk assessments, overseeing the investigation of suspected fraud and corruption, and facilitation for the reporting of such instances.

**The Risk Management Committee**

One of the roles of the Risk Management Committee (RMC) is to oversee the ECDOE's approach to fraud prevention, fraud detection strategies and response to fraud and corruption incidents reported by employees or other external parties. This committee will be chaired by one of the independent members of the Audit Committee. The various directorates or divisions of the ECDOE should have representation on this committee. The Head of Internal Audit and the Head of Risk Management shall be compulsory members.

The Risk Management Committee shall meet at least once every quarter to discuss the following issues:

- i. Progress made in respect of implementing the Anti-Fraud and Corruption Strategies and Fraud Prevention Plans;
- ii. The fraud risk register of the department and progress on the implementation of risk mitigation strategies;
- iii. Reports received by the ECDOE regarding fraud and corruption incidents with the view to making any recommendations to the Accounting Officer and Chairman of the Audit Committee;
- iv. Reports on all investigations initiated and concluded;
- v. All allegations received *via* the hotline; and

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- vi. Any other relevant matters.

This Risk Management Committee will be constituted by terms of reference as properly described in the committee charter.

### **3.1.2 An Ethical Culture**

The ECDOE is required to conduct itself in an ethical and moral way.

Ethics are concerned with human character and conduct and deal with questions of right and wrong, appropriate and inappropriate behaviour and what constitutes good or evil. Ethical conduct is based on a set of principles referred to as values or norms. The collective ethical conduct of all the individual employees of an Institution reflects the Institution's ethical conduct. In this regard, the highest standards of ethics are required by employees when fulfilling their duties.

Good governance indicates that institutions should develop codes of conduct (ethics) as part of their corporate governance frameworks. All employees are expected to abide by the Code of Conduct of the institution.

### **3.1.3 Role of Management in Maintaining Discipline**

Senior management is committed to eradicating fraud and corruption and ensuring that the ECDOE strives to be perceived as ethical in all its dealings with the public and other interested parties. In this regard, senior management, under the guidance of the Accounting Officer, will ensure that it does not become complacent in dealing with fraud and corruption and that it will ensure the ECDOE's overall anti-fraud and anti-corruption strategy is reviewed and updated regularly, but as a minimum on an annual basis. Furthermore, senior management will ensure that all employees and stakeholders are made aware of its overall anti-fraud and corruption strategies through various initiatives of awareness and training.

It is the employer's duty and function to ensure that discipline is maintained in the workplace. The direct application and enforcement of discipline is in the hands of the

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ECDOE's management; which constitutes of Deputy Directors, Directors, Chief Directors, Deputy Directors-General and the Accounting Officer (these officials perform managerial functions within the ECDOE and are referred to in this document as "line managers").

Line managers of the ECDOE are required to apply the following principles in maintaining discipline in the workplace:

- i. Discipline must be corrective in nature and not punitive; and
- ii. Discipline must be applied in a prompt, fair (materially and procedurally) consistent and progressive manner.

Line managers will also be required to ensure that disciplinary measures are carried out in compliance with the applicable legislative prescripts including:

- i. The Constitution of the Republic of South Africa (Act 108 of 1996)
- ii. The Public Service Act (Proclamation of 1994) and Regulations
- iii. The Labour Relations Act 66 of 1995
- iv. Resolutions providing for disciplinary processes issued by the PSCBC
- v. Chapter 7 of the Handbook for the SMS (where applicable)
- vi. The Treasury Regulations pertaining to Financial Misconduct proceedings
- vii. Any functional specific codes of conduct such as the Code of Conduct for Supply Chain Practitioners and the Code of Conduct for Bid Adjudication Committee Members issued by the National Treasury
- viii. The Employment of Educators Act 76 of 1998

If an employee commits misconduct that is also a criminal offence, the criminal proceedings and disciplinary proceedings will continue as separate and different proceedings. All criminal offences should be reported to the Heads of Labour Relations Unit at the ECDOE's head office, the Fraud Risk Management Unit (where the offence amounts to fraud or a crime of dishonesty) as well as to the SAPS.

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**3.1.4 Assessment of fraud and corruption risk**

The ECDOE, under the guidance of the Accounting Officer and Eastern Cape Office of the Premier, conducts annual fraud and corruption risk assessments to identify potential fraud and corruption risk exposures to the ECDOE. This process will ensure that actions to address the identified fraud and corruption risk exposures will be implemented to mitigate these exposures.

The above is formulated into a "Fraud Risk Assessment" and provides an indication of how fraud and corruption risks are manifested and, a "Fraud and Corruption Risk Register" which prioritises the fraud and corruption risks and indicate actions to mitigate these risks.

**3.1.5 Employee awareness**

The main purpose of fraud and corruption awareness workshops / training is to assist in the prevention, detection and reporting of fraud and corruption by raising the level of awareness as to how fraud and corruption is manifested in the workplace. In this regard, all employees receive training on the following:

- i. Fraud Prevention and Anti-Corruption policy
- ii. Code of Conduct for employees
- iii. Whistle blowing policy
- iv. How to respond to fraud and corruption
- v. Manifestations of fraud and corruption in the workplace
- vi. Overall management of fraud and corruption risks

The ECDOE identifies who is responsible for employee fraud prevention awareness and schedule awareness sessions throughout the year.

In addition to workshops and training, the ECDOE (subject to budget considerations and the practicality of the relevant solution) uses media and other forms of communication to raise fraud awareness within the Department.

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### **3.2 Operational Strategies**

#### **3.2.1 Internal controls**

Internal controls are the first line of defence against fraud and corruption. While internal controls may not fully protect the ECDOE against fraud and corruption, they are essential elements in the overall Anti-Fraud and Corruption Strategy.

All areas of operations require internal controls, for example:

- i. Physical controls (e.g. securing of assets)
- ii. Authorisation controls (e.g. approval of expenditure)
- iii. Supervisory controls (e.g. supervising day-to-day issues)
- iv. Analysis of data
- v. Monthly and annual financial statements
- vi. Reconciliation of bank statements, monthly
- vii. Reconciliation of vote accounts, monthly

The Department's Internal Audit component is responsible for implementing an internal audit program which will incorporate steps to evaluate adherence to internal controls.

#### **3.2.2 Prevention Strategies**

A number of combined initiatives result in an overall preventative environment in respect of fraud and corruption. These include the following:

##### **Employee awareness**

Employee awareness of the ECDOE's Fraud Prevention and Anti-Corruption Policy or Code of Conduct will be executed through scheduled workshops and other forms of communication. Whistle blowing through the National Anti-Corruption Hotline policy or through the Provincial Anti-Corruption Unit located in the Office of the Premier all

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assist in the creation of an environment which may be considered hostile to a would-be transgressor.

**Pre-employment screening**

Pre-employment screening will be carried out for all appointments, and evidence of such screening is maintained by the Human Resources Department. Consideration is be given to the following pre-employment screening:

- i. Verification of identity
- ii. Police criminal history.
- iii. Reference checks with the two most recent employers – this will normally require telephone contact.
- iv. A consideration of any gaps in employment history and the reasons for those gaps.
- v. Verification of formal qualifications claimed.
- vi. State Security Agency clearance of senior managers or officials in key positions.

The ECDOE's policy of pre-employment screening covers all new and promoted employees including those with administrative responsibilities or computer access. The screening is performed by an official(s) nominated by the Human Resources Directorate in conjunction with the Accounting Officer, to ensure that screening is consistent and appropriately resourced throughout the Department. Screening is conducted in accordance with the classification of the employee or the levels of screening outlined below.

Where an employee is promoted into a management position and has not been screened during the course of the previous three years, the applicant is re-screened. The levels of screening is based on the Eastern Cape Provincial Treasury's practice notes regarding the screening of SCM practitioners in conjunction with the SMS Handbook which also covers the screening of senior managers.



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Level 1 – All employees (including those with administrative functions or computer access)

- i. Verification of claimed educational qualifications
- ii. An independent reference check directly with two referees nominated by the applicant or previous employers
- iii. Criminal history checks (after authorisation has been obtained from the prospective employee).

Level 2 – All Managers and above, IT and Finance staff

- i. All Level 1 checks;
- ii. Employment history checks;
- iii. Directorship and membership searches; and
- iv. Insolvency/credit search.

**Recruitment procedures**

Recruitment is conducted in accordance with the requisite recruitment procedure. It is a transparent process and all appointments is confirmed only after due recommendation. Any person, involved in any decision-making process, who may have a conflict of interest, must declare such a conflict in writing to the Human Resources Department and withdraw from any further procedures.

**Internal audit plan**

A robust Internal Audit plan, which focuses on the prevalent high Fraud and Corruption risks, serves as an effective preventative measure. The Internal Audit component compiles such a plan on an annual basis, and such a plan also includes “surprise audits”.

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**Fraud Prevention and Anti-Corruption Policy**

The actions set out in this plan are all focused at mitigating the risk of fraud and corruption in the ECDOE.

**Disclosure of interests**

All senior managers of the ECDOE must disclose their specific personal assets and business interests on an annual basis. This register is kept with the Accounting Officer. This requirement is in addition to annual declarations required of SMS level officials in terms of the Public Service Regulations detailed below in section 6 of this document. All employees of the ECDOE must request and obtain permission in writing from the Head of the Department to perform any additional remunerated work. SCM Practitioners and any employees of the ECDOE serving on Bid Evaluation or Bid Adjudication Committees or performing any SCM related role must disclose any conflict of interest they may have and to recuse themselves from further participation.

**Detection strategies**

Detection of fraud and corruption may occur through:

- i. Vigilance on the part of employees, including line management
- ii. The Internal Audit function
- iii. *Ad hoc* management reviews
- iv. Anonymous whistle-blower reports
- v. The application of detection techniques

The individual identified at the Department as being responsible for Fraud Management is responsible for developing detection strategies, and works closely with line management and the Internal Audit function for this purpose.

The ECDOE embarks on a number of initiatives to detect fraud and corruption in the workplace.

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**Internal Audit**

Similar to the prevention strategies, a robust Internal Audit plan which focuses on the prevalent high Fraud and Corruption risks also serves as an effective detection measure. As part of the detection strategy, the Internal Audit plan covers the following:

- i. Surprise audits: Unplanned audits conducted on specific business processes throughout the year;
- ii. Post-transaction reviews: A review of transactions after they have been processed and completed can be effective in identifying fraudulent or corrupt activity. In addition to the possibility of detecting fraudulent transactions, such a strategy can also have a significant fraud prevention effect as the threat of detection may be enough to deter a staff member who would otherwise be motivated to engage in fraud and corruption;
- iii. Forensic data analysis: The ECDOE's computer system is an important source of information on fraudulent and sometimes corrupt conduct. Software applications will be used during internal audits, surprise audits and post-transaction reviews to assist in detecting any possible fraud and corruption; and
- iv. Management accounting reporting review: Using relatively straightforward techniques in analysing the ECDOE's management accounting reports, trends can be examined and investigated which may be indicative of fraudulent conduct. Some examples of the types of management accounting reports that can be utilised on a compare and contrasting basis are:
  - a. Budget reports for each department / section/ programme;
  - b. Reports comparing expenditure against public sector benchmarks; and
  - c. Reports highlighting unusual trends in bad or doubtful debts.

The ECDOE implements a strategy to ensure appropriate management accounting report reviews are conducted.

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**External audit**

The ECDOE recognises that the external audit function is an important control in the detection of fraud. The Chief Financial Officer, with the Auditor-General ensures that due consideration is given by the auditors; ISA 240 *“The Auditors’ Responsibility to Consider Fraud in the Audit of a Financial Statement”*.

**3.2.3 Response Strategies**

**Reporting fraud and corruption – Whistle-Blowing**

One of the key obstacles to fighting fraud and corruption is the fear by employees or other parties of being intimidated to identify or “blow the whistle” on fraudulent, corrupt or unethical practices witnessed in the work place. Those who often do “blow the whistle” end up being victimised and intimidated. For this reason, the ECDOE has adopted a Whistle Blowing Policy (see Paragraph 5 of this Policy hereunder) setting out the detailed procedure which must be followed in order to report any incidents of fraud and / or corruption. This policy is designed to comply with the provisions of the Protected Disclosures Act.

Any suspicion of fraud and corruption is treated seriously and is reviewed, analysed, and if warranted, investigated. If an employee becomes aware of a suspected fraud, corruption or any irregularity or unethical behaviour, such issues should be reported in terms of a Whistle Blowing.

**Investigating fraud and corruption**

Dealing with suspected fraud and corruption

In the event that fraud or corruption is detected or suspected, investigations is initiated, and if warranted, disciplinary proceedings, prosecution or action aimed at the recovery of losses is initiated.

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Investigations

Any reports of incidents of fraud and / or corruption is confirmed by an independent investigation. Anonymous reports may warrant a preliminary investigation before any decision to implement an independent investigation is taken.

Investigations is undertaken by appropriately qualified and experienced persons who are independent of the department / section where investigations are required. This may be a senior manager within the ECDOE itself, an external consultant or a law enforcement agency. All investigations performed and evidence obtained is in accordance with acceptable practices and legal requirements. Independence and objectivity of investigations are paramount.

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

Investigations may involve one or more of the following activities:

- i. Interviewing of relevant witnesses, internal and external; including obtaining statements where appropriate
- ii. Reviewing and collating documentary evidence
- iii. Forensic examination of computer systems
- iv. Examination of telephone records
- v. Enquiries from banks and other financial institutions (subject to the granting of appropriate approval/Court orders)
- vi. Enquiries with other third parties
- vii. Data search and seizure
- viii. Expert witness and specialist testimony
- ix. Tracing funds / assets / goods
- x. Liaison with the police or other law enforcement or regulatory agencies
- xi. Interviewing persons suspected of involvement in fraud and corruption
- xii. Report preparation

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Any investigation into improper conduct within the ECDOE is subject to an appropriate level of supervision by a responsible committee, having regard to the seriousness of the matter under investigation.

Disciplinary proceedings

The ultimate outcome of disciplinary proceedings may involve a person(s) receiving written warnings or the termination of their services. All disciplinary proceedings take place in accordance with the procedures as set out in the relevant legislation and policies dealing with disciplinary procedures.

Prosecution

Should investigations uncover evidence of fraud or corruption in respect of an allegation or series of allegations, the ECDOE will review the facts at hand to determine whether the matter is one that ought to be reported to the relevant law enforcement agency for investigation and possible prosecution. Such reports must be submitted to the South African Police Service (SAPS) in accordance with the requirements of all applicable acts. The ECDOE will give its full co-operation to any such law enforcement agency including the provision of reports compiled in respect of investigations conducted.

Recovery action

Where there is clear evidence of fraud or corruption and there has been a financial loss to the ECDOE, recovery action, criminal, civil and/or administrative, is instituted to recover any such losses. This may include the involvement of the Assets Forfeiture Unit.

In respect of civil recoveries, costs involved is determined to ensure that the cost of recovery is financially beneficial.

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Internal control review after discovery of fraud

In each instance where fraud is detected, Line Management reassesses the adequacy of the current internal control environment (particularly those controls directly impacting on the fraud incident) to consider the need for improvements.

The responsibility for ensuring that the internal control environment is re-assessed and for ensuring that the recommendations arising out of this assessment are implemented depends on Line Management of the department / section concerned.

**3.3 Maintenance and Review Strategies**

**3.3.1 Review of the Effectiveness of the Fraud Prevention and Anti-Corruption Policy**

The ECDOE conducts a review of the Fraud Prevention and Anti-Corruption Policy annually to determine the effectiveness thereof. The Accounting Officer is ultimately accountable for this review and may appoint a person to take responsibility for this.

**3.3.2 Review and Updating the Fraud Prevention and Anti-Corruption Policy**

A central part of any fraud and corruption control programme should involve an on-going review of fraud and corruption risk exposures. Fraud and Corruption risk assessments is conducted annually at the same time as the review of the Fraud Prevention and Anti-Corruption Policy. As with the review, the Accounting Officer is ultimately accountable for this and may delegate a person to take responsibility.

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#### **4 PROCEDURES FOR INVESTIGATIONS**

The ECDOE has adopted a policy of investigating all reports of fraud and corruption, or other improper conduct. The investigation of fraud and corruption can be a complex and, at times, technical process and employees should be aware of the consequences of a poorly conducted investigation, including:

- i. Denial of natural justice
- ii. Defamation
- iii. Action against an employer for wrongful dismissal
- iv. Inadmissible or poor control over the collection of evidence
- v. Destruction of physical evidence

The ECDOE also plans to have a separate Fraud Management Unit within the Governance Structure to facilitate Fraud and Corruption Prevention and Investigation as its core function.

To ensure that there is reasonable assurance that investigations are performed and reported properly, and recognising the limited resources within the ECDOE, external consultants (e.g. external auditors or forensic accountants) may be used to provide assistance to the ECDOE when a fraud is reported. The external consultant may be assisted by experienced personnel within the ECDOE who are sufficiently independent of the area or the matter under investigation. The Accounting Officer, within her delegated authority, will have the discretion to determine the appropriate external consultants and/or the ECDOE personnel to conduct investigations.

##### **4.1 Dealing with Allegations of Fraud or Corruption**

Should a Line Manager receive an allegation of fraudulent or corrupt activity, he or she has to ensure that the Accounting Officer is advised at the earliest opportunity. Depending upon the nature of the disclosure and providing that this is not contrary to the Whistle Blowing Policy or the Protected Disclosures Act 26 of 2000, referrals of allegations to the Accounting Officer should take place in writing.



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The Accounting Officer will appoint an appropriate manager (usually within the Fraud Management Unit of the Department) to conduct or co-ordinate an investigation into the allegations. The manager appointed to conduct or co-ordinate the investigation of an allegation of fraud may consult the Chairman of the Risk Management Committee (once formulated) on technical aspects of the investigation.

Upon receipt of an allegation of a suspected fraud, the immediate concern of the manager or investigating officer should be the preservation of evidence and the containment of loss.

#### **4.2 Documenting /Record Keeping of the Investigation**

The appointed investigator is to submit a written report to the Accounting Officer detailing the circumstances and recommending appropriate remedial action following the investigation.

#### **4.3 Other matters**

The Accounting Officer, in conjunction with the Chairperson of the Risk Management Committee, provides details of fraud / corruption or possible fraud / corruption to the Audit Committee.

In each instance where fraud is detected, the Department reassess the adequacy of the internal control environment (particularly those controls directly impacting on the fraud incident) and considers the need for improvements. Where improvements are required, they are implemented as soon as practicable.

#### **4.4 Reporting to South African Police Service/ Other External Parties**

The Accounting Officer is responsible for reporting to the police, in circumstances in which there is evidence of fraud involving:

- i. An employee/volunteer/intern of the ECDOE
- ii. A client of the ECDOE
- iii. A research grant recipient of the ECDOE

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iv. A supplier to the ECDOE

Reporting fraud to the police for investigation is subject to the requirements as set out in all applicable acts.

Any decision not to refer an allegation of fraud to the police for investigation (where there is sufficient evidence to justify making such a report) is referred to the Risk Committee and the Audit Committee, together with the reasons for the decision.

Responsibility for complainant statements lodged with the South African Police is assigned on a case by case basis by the Accounting Officer in consultation with the investigator.

The Prevention and Combating of Corrupt Activities Act 12 of 2004, places a duty to report to the South African Police Service, on any person who holds a position of authority and who knows or who ought to reasonably know or suspect any offence defined as corruption in terms of the Act, as well as the offences of; fraud, theft, extortion, forgery or uttering a forged document (if the quantum of the loss or amount involved is R100 000.00 or more).

This duty to report is ultimately the responsibility of the Superintendent-General as Accounting Officer but also includes senior management of the Department particularly if the irregularities concerns areas under their supervision.

#### **4.5 Recovery of Losses and Other Remedies**

The ECDOE has adopted a policy wherein it actively pursues the recovery of any money or property lost through fraud, provided there is a strong prospect of a net benefit to the Department from such action. Referral to the Assets Forfeiture Unit to effect recoveries in criminal matters is considered wherever possible.

Where it is considered appropriate that the matter not be reported to the SAPS, the ECDOE reserves its right to pursue a range of other remedies including appropriate disciplinary action. Any disciplinary action pursued is done in accordance with the disciplinary procedures.

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Exit interviews and exit checklist procedures is performed in the event of dismissal from the Institution for misconduct or fraud. This is necessary to ensure that factors contributing to misconduct and fraudulent activity by employees can be managed as a process to mitigate fraud risk.

## **5 WHISTLE BLOWING POLICY AND PROTECTED DISCLOSURES**

### **5.1 Background**

The Protected Disclosures Act 26 of 2000 was promulgated to facilitate reporting by employees (whistle blowers) of fraud, corruption or other unlawful or irregular actions by their employer(s) or co-employees without fear of any discrimination or reprisal by their employers or co-employees.

Any employee who has information of fraud, corruption or other unlawful or irregular action(s) by his/her employer(s) or co-employees can report such actions, provided that he/she has information that:

- i. A crime has been, is being, or is likely to be committed by the employer or employee(s)
- ii. The employer or employees has/have failed to comply with an obligation imposed by law
- iii. A miscarriage of justice has or will likely occur because of the employer's or employee(s) actions
- iv. The Education or safety of an individual has been, is being, or is likely to be endangered
- v. The environment has been, is being or is likely to be endangered
- vi. Unfair discrimination has been or is being practiced
- vii. Any of the above has been, is being, or is likely to be concealed

The Act prohibits the employer from:

- i. Dismissing, suspending, demoting, harassing or intimidating the employee

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- ii. Subjecting the employee to disciplinary action
- iii. Transferring the employee against his or her will
- iv. Refusing due transfer or promotion
- v. Altering the employment conditions of the employee unilaterally
- vi. Refusing the employee a reference or providing him/her with an adverse reference
- vii. Denying appointment
- viii. Threatening the employee with any of the above
- ix. Otherwise affecting the employee negatively if the disclosure is made in terms of the Act

## **5.2 Policy Statement**

The ECDOE recognises that its employees and officials are often the first ones to become aware of criminal or unethical conduct or activities that may be happening within their departments or programmes. These employees may not report such conduct or activities out of the fear of being disloyal to colleagues or because they fear harassment, victimisation or intimidation. The value of anonymous or internal tip-off reports is recognised as a significant factor in the detection of fraud and corruption in the workplace.

The ECDOE wishes to encourage staff members to report irregular, unethical or unlawful conduct confidentially without fear of recrimination, reprisal or detriment to the whistle blower's employment. The ECDOE has accordingly made provision for this policy and procedures to protect the relevant individual whilst ensuring that the matter is fully investigated.

## **5.3 Purpose and Scope of the Policy**

The purpose of this policy is to provide a means by which employees are able to raise concerns with the appropriate line management, or specifically appointed persons within the ECDOE, where they have reasonable grounds for believing that fraud and/or corruption is taking place.

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The policy is designed to deal with concerns raised in relation to issues of fraud, corruption, misconduct and malpractice within the ECDOE. The policy does not apply to personal grievances, which is dealt with under existing procedures on grievances, discipline and misconduct. Details of these procedures are available from the Directorate: Human Resources.

The policy covers all genuine concerns raised including:

- i. Financial misconduct and crimes of dishonesty (e.g. fraud, theft, breach of contract etc.)
- ii. Corruption and misconduct
- iii. Attempts to suppress or conceal any information relating to any of the above. If in the course of investigation any concern raised in relation to the above matters appears to the investigator to relate more appropriately to grievance or discipline, those procedures are evoked

#### **5.4 Definition of Whistle-Blowing**

Whistle blowing is generally used to describe the process of disclosing information relating to some kind of malpractice, unlawful conduct or mistreatment which the whistle blower may have experienced during the course of his/her work, or a reasonable suspicion thereof, which he/she feels would put the interests of the public, the Department or the government at risk.

#### **5.5 Definition of a Whistle Blower**

Any member of staff who has a reasonable belief that there is corruption, fraud or misconduct relating to any of the matters specified above may raise a concern under the procedures as detailed.

For the purposes of this policy, an employee or member of staff is someone who is:

- i. Employed on a permanent basis
- ii. On a fixed term or temporary contract of employment

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iii. On secondment to the Department

Concerns must be raised without malice, in good faith and not for personal gain and the individual must reasonably believe that the information disclosed, and any allegations contained in it, are substantially true.

The issues raised may relate to a manager, another member of staff, and a group within staff, the employee's own section or a different section/division within the Department. The perpetrator can be an outsider, an employee, a manager, a customer or an ex-employee. This may include awareness of a system or procedures in use, which may cause Departments to transgress legal obligations.

Whilst not afforded protection under the Protected Disclosures Act 26 of 2000, external parties (not employed by the ECDOE) may also wish to provide information or tip-offs to the Department. This information is dealt with confidentially and with due regard to the safety, confidentiality and other rights of the party making the disclosure.

## **5.6 Culture of Openness**

The ECDOE commits itself to encouraging a culture that promotes openness. This done by:

- i. Involving employees, listening to their concerns and encouraging the appropriate use of this policy/process on whistle-blowing promoted by Senior Management. This policy is issued to all existing employees and to each new employee.
- ii. Educating/training/informing/explaining to employees what constitutes fraud, corruption and malpractice and its effect on service delivery, promoting professional ethics, a code of conduct and establishing a common understanding of what is acceptable and what is unacceptable behaviour. This training is co-ordinated and promoted by the Office of the Premier – Ethics and Awareness Training Unit.
- iii. Encouraging unions to endorse and support this approach.
- iv. Having a policy to combat fraud.

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### **5.7 Employee Safety**

The Provincial Administration of the Eastern Cape is committed to this policy. The Administration ensures that an employee who makes a disclosure in the above mentioned circumstances is not penalised or suffer any occupational detriment for doing so.

Occupational detriment as defined by the Act includes being dismissed, suspended, demoted, transferred against his/her , harassed or intimidated, refused a reference or being provided with an adverse reference, as a result of his/her disclosure.

If a concern is raised in good faith in terms of this policy, an employee is not at risk of losing his/her job or suffering any form of retribution as a result.

This assurance is not extended to employees who maliciously raise matters they know to be untrue. An employee who does not act in good faith or who makes an allegation without having reasonable grounds for believing it to be substantially true, or who makes it maliciously or veraciously, may be subject to disciplinary proceedings.

### **5.8 Employee Confidence**

In view of the protection offered to an employee raising a *bona fide* concern, it is preferable that the individual puts his/her name to the disclosure. The ECDOE does not tolerate the harassment or victimisation of anyone raising a genuine concern.

However, an employee may nonetheless wish to raise a concern in confidence under this policy. If he/she wishes that his/her identity must not be divulged, it is not disclosed without consent. However, management expects the same confidentiality regarding the matter from employees.

If the situation arises where the matter could not be resolved without revealing an employee's identity (for example where his/her evidence is needed in court), it is discussed with him/her on how and whether it can be proceeded with.

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Accordingly, while anonymous reports is considered, this policy is not appropriate for concerns raised anonymously.

#### **5.9 Whistle Blowing Process**

Once a concern is raised, it is assessed to decide what action is taken. This may involve an internal inquiry or a more formal investigation.

An issue that is raised is acknowledged within 7 working days. If it is requested, an indication of how the matter is dealt with and a likely time scale could be provided. If the decision is made not to investigate the matter, reasons is given. The whistle-blower is informed of who is handling the matter, how to contact him/her and whether further assistance may or is needed.

When a concern is raised, the whistle-blower may be interviewed and if the whistle-blower may happen to have any personal interest in the matter, it is made recognised from the outset. If the concern falls more properly within the Grievance Procedure, he/she is informed accordingly and referred to the Directorate: Human Resources.

While the purpose of this policy is to enable the ECDOE to investigate possible malpractice and take appropriate steps to deal with it, whistle-blowers are given as much feedback as possible, full information may not always be given on the precise action taken where this could infringe a duty or confidence owed to someone else.

#### **5.10 Raising a Concern Internally**

If an employee has a concern about malpractice, it is hoped he/she is able to raise it first with his/her supervisor/manager. It could also be raised with any member of Senior Management within the Department, the Fraud Prevention Unit of the Department as well as the Directorate: Anti-Corruption at the Office of the Premier in the course of their investigations into fraud and corruption. This may be done



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verbally or in writing. It must be stated whether he/she wishes to raise the matter in confidence so that they can make appropriate arrangements.

If these channels have been followed and the employee still has concerns, or feels that the matter is so serious that it cannot be discussed with any of the above, the Anti-Corruption Unit at the Office of the Premier has been identified to deal with these matters. Members of staff should feel free to contact and raise their concerns with this Unit.

## **6 CONFLICT OF INTEREST RISK MANAGEMENT**

The risk of officials or employees of the ECDOE becoming involved in performing other work or being involved in entities seeking to provide goods and services to the ECDOE which amount to a conflict of interest is noted and identified as being potentially significant from a fraud or corruption risk management perspective. The Public Service Regulations of 2001 makes provision for the mandatory disclosure of members of the SMS' *registerable* interests. The 2001 Regulations provide:

### Kinds of Interests to be Disclosed

The following kinds of financial interests are registerable interests:

- i. Shares and other financial interests in private or public companies and other corporate entities recognised by law.
- ii. Directorships and partnerships.
- iii. Remunerated work outside the public service.
- iv. Consultancies and retainer-ships.
- v. Sponsorships.
- vi. Gifts and hospitality from a source other than a family member.
- vii. Ownership and other interests in land and property, whether inside or outside the Republic.

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Details of Registerable Interests to be Disclosed

The following details of registerable interests shall be disclosed:

- (a) Shares and other financial interests in private or public companies and other corporate entities recognised by law:
  - (i) The number, nature and nominal value of shares of any type in any public or private company and the name of the company.
  - (ii) The nature and value of any other financial interests held in a private or public company or any other corporate entity and the name of the company or other corporate entity.
- (b) Directorships, Close Corporation memberships and partnerships:
  - (i) The name, and type of business activity, of the corporate entity or partnership.
  - (ii) If applicable, the amount of any remuneration received for such directorship, membership or partnership.
- (c) Remunerated work outside the public service:
  - (i) The type of work.
  - (ii) The name, and type of business activity, of the employer.
  - (iii) The amount of the remuneration received for such work.
- (d) Consultancies and retainer-ships:
  - (i) The nature of the consultancy or retainership of any kind.
  - (ii) The name, and type of business activity, of the client concerned.
  - (iii) The value of any benefits received for such consultancy retainer-ship.
- (e) Sponsorships:
  - (i) The source and description of direct financial sponsorship or assistance.
  - (ii) The value of the sponsorship or assistance.
- (f) Gifts and hospitality from a source other than a family member:

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- (i) A description and the value and source of a gift with a value in excess of R350.
  - (ii) A description and the value of gifts from a single source which cumulatively exceed the value of R350 in the 12 month period provided for in the Public Service Regulations.
  - (iii) Hospitality intended as a gift in kind.
- (g) Ownership and other interests in land and property, whether inside or outside the Republic:
- (i) A description and extent of the land or property.
  - (ii) The area in which it is situated.
  - (iii) The value of the interest.

In terms of the Part H of the 2001 Public Service Regulations failure to disclose an interest or the wilful provision of incorrect or misleading details relating to such an interest amounts to misconduct.

**7 CONTACT DETAILS FOR REPORTING ALLEGATIONS**

<b>INSTITUTION</b>	<b>CONTACT NUMBER</b>
National Fraud Reporting Hotline	0800 701 701
Provincial Anti-Corruption Hotline (Eastern Cape Office of the Premier)	080 121 2570
SAPS Crime Stop number	08600 10111.
Provincial Commander: Commercial Branch South African Police	040-608 8413
Special Investigating Unit	043-7046000
Office of the Public Protector	(012) 366 7000 (012) 366 7112 069 470 7550

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**8 OTHER RELEVANT LEGISLATIONS AND POLICIES**

This Policy document is to be read in conjunction with any other relevant legislation and existing policy document or procedures of the ECDOE including but not limited to:

- i. The Eastern Cape Provincial Government – Provincial Fraud Prevention Plan.
- ii. Constitution of the Republic of South Africa (Act 108 of 1996).
- iii. Public Service Act 1994 and Public Service Regulations.
- iv. PFMA Act 1 of 1999 (and applicable Treasury Regulations, guidelines, circulars and practice notes).
- v. Labour Relations Act 66 of 1995.
- vi. Promotion of Access to Information Act 2 of 2000.
- vii. Promotion of Administrative Justice Act 3 of 2000.
- viii. Preferential Procurement Policy Framework Act 5 of 2000.
- ix. Protected Disclosures Act 26 of 2000.
- x. ECTA Act 25 of 200.
- xi. Prevention and Combating of Corrupt Activities Act 12 of 2004.
- xii. The Code of Conduct for the Public Service.
- xiii. The applicable Disciplinary Code as provided for by the appropriate PSCBC Resolutions.
- xiv. Criminal Procedure Act 51 of 1977.
- xv. Civil Procedure Act.
- xvi. Civil Proceedings Evidence Act 25 of 1965.
- xvii. Computer Evidence Act 57 of 1983.
- xviii. Regulation of Interception of Communications and Provision of Communication-related information Act, 70 of 2002 (and the 2008 Amendment Act).
- xix. The Employment of Educators Act 76 of 1998.
- xx. The Department's Finance Policies.
- xxi. The Department's Supply Chain Management Policies.
- xxii. The Department's Information Technology Policies.
- xxiii. The Department's Asset Management and Disposal Policies.
- xxiv. The Department's Human Resources Policies.
- xxv. Applicable annual Division of Revenue Act.

EASTERN CAPE DEPARTMENT OF EDUCATION  
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**9 CONCLUSION**

The ECDOE commits itself to dealing honestly and openly with incidents of fraud and corruption by encouraging prevention, promoting detection, and creating an environment conducive to the effective investigation of allegations and to the reporting of incidents (“whistle blowing”).

The ECDOE dedicates itself to compliance with laws, regulations and prescripts governing the administration and rendering of Education services. The ECDOE also strives to achieve the objectives of the Batho Pele principles by providing effective education services to the people of the Eastern Cape and placing the interests of those people first.

The fraud prevention and anti-corruption measures and systems implemented by the Department is monitored and subjected to regular review. Adaptations or amendments are made where necessary to ensure that the ECDOE’s Fraud Prevention & Anti-Corruption Policy remains effective and relevant. The Policy is also communicated to all officials and employees of the ECDOE to ensure that its principles are put into practice and adhered to at all time.

Guided by the principles of integrity, honesty and the provision of quality services to the public, the ECDOE continues in its quest for a clean and accountable governance.

EASTERN CAPE DEPARTMENT OF EDUCATION  
FRAUD PREVENTION AND ANTI-CORRUPTION POLICY

**10 ADOPTION OF THE POLICY**

Compiled by:  
Ms B Ndabambi

Reviewed by:



Mr S. Govind  
Acting Director: Enterprise Risk and Integrity Management

10 June 2024

Date

Recommended by:

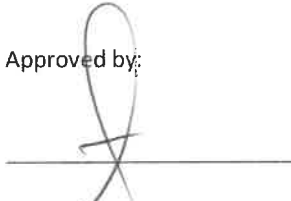


Ms FN Kobo  
Chairperson Risk Committee

12 June 2024

Date

Approved by:



Ms SA Maasdorp  
Acting Accounting Officer  
Eastern Cape Department of Education

19/06/2024

Date