

UNIVERSITY OF KWAZULU-NATAL
FRAUD POLICY AND RESPONSE PLAN

1. BACKGROUND

- 1.1 This policy is intended to set down the stance of the University of KwaZulu-Natal ("UKZN") to "fraud", as referred to in paragraph 2.2 below, as well as to reinforce existing systems, policies, procedures, rules and regulations of UKZN aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud of whatever nature or source.
- 1.2 Furthermore, the purpose and spirit of this document is to confirm that UKZN supports and fosters a culture of zero tolerance to fraud in all its manifestations.
- 1.3 UKZN recognises the fact that acts of fraud by its employees and students seriously deplete the resources available to UKZN in fulfilling its mandate.
- 1.4 UKZN also recognises that the debilitating effect of fraud extends beyond the loss of cash and other assets which has severe negative repercussions on the ability of UKZN to achieve its objectives.
- 1.5 Although difficult to quantify, such acts, if left unchecked, seriously impact on:
- (a) the quality and effectiveness of service delivery;
 - (b) the strength of business relations with external stakeholders (donor's etc.), suppliers and the public;
 - (c) employee morale; and
 - (d) reputation and image of UKZN.

2. SCOPE OF THE POLICY

Persons to whom the policy applies

- 2.1 This policy applies to all employees and students of UKZN and relates to all attempts and incidents of fraud impacting or having the potential to impact on UKZN and its activities.
- 2.2 **Actions constituting fraud**
- (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, financial transactions or other assets;
 - (d) making a profit from insider knowledge;
 - (e) disclosing confidential or proprietary information to outside parties for financial or other advantage;
 - (f) requesting or accepting anything of material value (free of charge or at a lesser price) from contractors, suppliers or other persons providing goods or services to UKZN, without proper disclosure in writing to the relevant line manager at deputy director level or above.
 - (g) irregular destruction, removal or abuse of records and equipment;

- (h) deliberately omitting or refusing to report or act upon reports of any such irregular or dishonest conduct;
- (i) bribery, blackmail, secret commissions and or extortion involving UKZN employees in the performance of her or his duties;
- (j) abuse of UKZN facilities; and
- (k) any similar or related irregularity.

3. THE POLICY

- 3.1 UKZN will not tolerate fraud within the institution and will apply appropriate prevention and detection controls. In addition, all fraud will be investigated and followed up by the application of all remedies available within the full extent of the law. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies, procedures, rules and regulations of UKZN.
- 3.2 It is the responsibility of all employees and students of UKZN to report all incidents of fraud to her/his superior or to the Vice-Chancellor, or to the facility offered in terms of the Protected Disclosures Act.
- 3.3 All employees and students within UKZN are responsible for the prevention and detection of fraud.

4. REPORTING PROCEDURES AND RESOLUTION OF REPORTED INCIDENTS

What should employees or students do if they suspect fraud?

- 4.1 It is the responsibility of all employees or students to immediately report all allegations or incidents of fraud to their immediate superior or, if the employee has reason to believe that his/her immediate superior is involved, to the next level of management. All superiors must report all incidents and allegations of fraud to the Vice-Chancellor or the designated representative.
- 4.2 Should employees wish to report allegations of fraud anonymously, they can contact the Fraud Hotline on the toll free number 0800203285 .

What should a member of the public do if they suspect fraud impacting UKZN?

- 4.3 UKZN encourages members of the public who suspect fraud impacting it to contact any of the parties and or utilise the mechanism listed in paragraph 4.2 above.

How will allegations of fraud be dealt with by UKZN?

- 4.4 The action taken by UKZN will depend on the nature of the concern. The matters raised may be referred to the:
 - (a) Internal Audit department which will initiate an investigation into the matter;
 - (b) external forensic investigators for detailed investigation; or,
 - (c) South African Police Services.

The Vice-Chancellor may determine whether, in line with University policy, the staff member or student should be suspended

- 4.5 Any fraud committed by an employee or student of UKZN will be pursued by thorough investigation and to the full extent of the law, including consideration of the following:
- (a) taking disciplinary action;
 - (b) instituting recovery of financial losses, including formal civil action;
 - (c) initiating criminal prosecution by reporting the matter to SAPS or any other relevant law enforcement agency; and/or
 - (d) any other appropriate and legal remedy available.
- 4.6 The Vice-Chancellor and the respective managers are also required to ensure that losses or damages suffered by UKZN as a result of all reported acts of fraud committed or omitted by an employee or any other person, are recovered from such an employee or other person if he or she is found to be liable.
- 4.7 The Vice-Chancellor or her/his delegated representative will, upon receiving a report of fraud from an external person, write to the person (unless the report has been made anonymously) making the report:
- (a) acknowledging that the report has been received; and
 - (b) informing her or him whether any further investigations will take place, and if not, the reason therefore.
- 4.8 UKZN accepts that those people, including employees who reported the alleged fraud need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, information about outcomes of any investigation will be disseminated to them.
- 4.9 The Audit and Risk Committee will review, biannually, the matters reported and actions taken.

5. CONFIDENTIALITY

- 5.1 All information relating to fraud that is received and investigated will be treated confidentially. The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any person(s) other than those who have a legitimate right to such information. This is important to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct.
- 5.2 No person is authorised to supply any information with regard to allegations or incidents of fraud to the media without the express permission of the Vice-Chancellor and knowledge of those accused.

6 PUBLICATION OF SANCTIONS

- 6.1 The Vice-Chancellor will decide, in consultation with appropriate senior managers, whether any information relating to corrective actions taken or sanctions imposed regarding incidents of fraud should be brought to the direct attention of any person or made public through any means.

7. PROTECTION OF WHISTLE BLOWERS

- 7.1 The Whistle Blowing Policy is intended to encourage employees to raise concerns relating to specific matters (including fraud), without fear of victimisation.
- 7.2 No person will suffer any penalty or retribution for reporting in good faith, any suspected or actual incident of fraud.
- 7.3 Managers should discourage employees or other parties from making allegations which are false and made with malicious intentions. Where such allegations are discovered, the person who made the allegations will be subjected to firm disciplinary or other appropriate action.

8. APPLICATION OF PREVENTION CONTROLS AND DETECTION MECHANISMS

- 8.1 In respect of all reported incidents of fraud, managers are required to immediately review, and where possible, improve the effectiveness of the controls which have been breached in order to prevent similar irregularities from taking place in future.

9. CREATING AWARENESS

- 9.1 It is the responsibility of all managers and the overall responsibility of the Vice-Chancellor to ensure that all employees are made aware of and receive appropriate training and education with regard to this policy.

10. ADMINISTRATION

- 10.1 The custodian of this policy is the Vice-Chancellor, who is supported in its implementation by all managers within UKZN.
- 10.2 The Audit and Risk Committee, supported by the Vice-Chancellor and all managers of UKZN, is responsible for the administration and revision of this policy. This policy will be reviewed annually and appropriate changes will be made, should these be required.

Approved by Council on 15 February 2008