








Fraud Prevention Plan

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1. Introduction

Fraud and corruption are a global phenomenon and as such require concentrated efforts from both the public and private sector. The Safety and Security Sector Education and Training Authority (SASSETA) recognizes five components, i.e. prevention, detection, investigation and resolution, and communication, which play an integral part in the fight against fraud and corruption.

The primary objective of the Fraud Prevention Plan "the Plan", read in conjunction with the Fraud Prevention Policy "the Policy" is to prevent fraudulent conduct before it occurs. The fundamental advantage of prevention of fraudulent conduct advances two main purposes of criminal law; deterring future criminal conduct and protecting the public sector from offenders.

The characteristics of a successful fraud enforcement is its effectiveness not only in apprehending those who have already violated the law but also in preventing others from committing acts of fraud.

SASSETA commits itself to a zero-tolerance attitude towards any form of fraud, corruption and maladministration related activities in its operations. SASSETA further commits to fully investigate, within the ambits of the law, such duly reported activities. The SETA undertakes to respect and protect the rights of all parties involved without casting aspersions against anyone involved.

Components of the Plan

The main principles of the Plan are the following:

- A Code of Conduct;
- Creating a culture which is intolerable to corruption/fraud;
- Deterrent of corruption / fraud;
- Preventing corruption / fraud which cannot be deterred;
- Sound internal controls to prevent and detect fraud and corruption;
- Detection of corruption / fraud;
- Investigating detected corruption / fraud;
- Reporting and monitoring of allegations of corruption / fraud;
- Taking decisive actions against fraudsters, i.e. disciplinary action, prosecution, registration on National Treasury's database; and
- Applying sanctions, which include redress in respect of financial losses.

The Plan further addresses strategic fraud and corruption risks that could jeopardize its successful implementation. Resounding principles that would underpin this Plan will be the maintenance of confidentiality, fairness, transparency and accountability.

1.1. Definition and Terms

Term/Acronym	Definition
SASSETA/ SETA	Safety and Security Sector Education and Training Authority.
Accounting Authority/ AA	The Administrator/ Board of SASSETA as appointed by the Minister of Higher Education, Science & Technology.
Chief Executive Officer (CEO)	The Chief Executive Officer of SASSETA.
ARC	Audit and Risk Committee of SASSETA.
CFO	Chief Financial Officer of SASSETA.
Fraud	The unlawful and intentional making of a misrepresentation which results in actual prejudice/ potential prejudice to another.
Fraud Risk Prevention/Management	A process that is adopted by the institution by putting mechanisms in place to manage the institution's vulnerability to fraud. Such mechanisms are designed to prevent, detect and deter fraud.
PFMA	Public Finance Management Act 1 of 1999, as amended.
SAPS	South African Police Services.
The Plan	SASSETA's Fraud Prevention Plan.
RMC	Risk Management Committee.

1.2. Objective

- To encourage an anti-fraud culture within SASSETA where all employees, the public and relevant stakeholders continuously behave ethically in their dealings with, or on behalf of SASSETA;
- To improve transparency, accountability, efficiency and effective administration, which will make SASSETA less vulnerable to corruption / fraud;
- To improve the application of systems, policies, procedures and regulations;
- To improve the processes that facilitate corruption / fraud to not go undetected, unnoticed or unreported; and
- To ensure that anti-fraud measures represent the strongest deterrent to those contemplating or considering perpetrating fraud.

1.3. Scope

The Plan is applicable to all staff members of SASSETA, the Accounting Authority, and all stakeholders (employers, providers, chambers).

1.4. Approach to the Development of the Plan

Several fraud risks were identified as part of the Annual Risk Assessment exercise in the 2020/21 financial period, as well as during the one-one meetings with Management and consideration of fraud risks identified from the audit reports (external, internal, forensic) received.

The fraud and corruption risks identified in the development of the Plan cannot be relied upon as an indication of the full spectrum of fraud and corruption risks facing SASSETA, but rather as an indication of the type of risks likely to be faced by the SETA.

In order to facilitate the execution of the Plan, a summary of the Plan is included as an annexure (refer to Annexure 1) comprising a matrix of tasks and responsibilities.

Whilst this plan does not guarantee that SASSETA will not be impacted by incidents such as fraud, corruption, theft, maladministration and/or any other dishonest activity, it is intended to serve as an additional measure to assist in the limitation of fraud risks, with particular focus on creating awareness and promoting ethical business conduct.

1.5. Legislative requirements

- Public Finance Management Act 1 of 1999, as amended;
Section 51 (1) (a) (i) of the PFMA No. 1 of 1999 requires that:
 - *"An Accounting Authority for a public entity must ensure that the public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

- Treasury Regulations;

Extends the above PFMA requirements by emphasizing on risk assessment, risk management strategy including the Fraud Prevention Plan and can be summarized as follows:

- The Accounting Officer must ensure that a fraud risk assessment is conducted regularly to identify emerging risks of the institution;
- A Risk Management Strategy which must include a Fraud Prevention Plan, must be used to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and manage these fraud risks;
- The strategy must be clearly communicated to all officials to ensure that the risk management strategy is incorporated into the language and culture of the institution.

The extension of the general responsibilities, in terms of **section 57 of the PFMA**, to all officials is a cornerstone in the institutionalization of risk management in the public service. It establishes accountability for risk management at all levels of the institution and does not limit the risk function to the Accounting Authority, Governance, Risk and Compliance Unit or Internal Audit.

- King IV;

The Code of good Governance "the Code" reflects on integrated reporting as an increase in the entity's business opportunities and improvement in risk management.

The principles outlined on the Code requires that:

- The risk tolerance level should be determined by top Management;
- The Audit & Risk Committee to assist Management in carrying out its risk responsibilities;
- Management to design, implement and monitor the Risk Management Implementation Plan;
- Risk assessment to be conducted on a regular basis;
- Frameworks and methodologies implemented to increase the probability of anticipating unpredictable risks;
- Management should consider and implement appropriate risk responses;
- Continuous risk monitoring by Management and assurance provided to Management regarding the effectiveness of risk management processes.

- Protected Disclosure Act;

4. Further Implementation and Maintenance

This component of the Plan comprises two approaches, namely education and communication.

4.1. Education

The creation of awareness amongst employees is intended to address the following issues:

- Informing employees on an on-going basis on what constitutes fraud and / or corruption;
- Promote SASSETA policies that must be adhered to, including the values and the Code;
- Informing employees of fraud and corruption risks to enable understanding of specific risks to which SASSETA may be exposed, thus enhancing the prospect of detecting irregularities earlier;
- Encouraging employees to blow the whistle on fraud and corruption (hotline facility No. 0800 701 701); and
- Employee awareness of the current legislative framework as it relates to fraud and corruption, and their obligations and rights should they blow the whistle on fraud and corruption, the nature of the witness protection system and the roles and responsibilities of existing anti-corruption institutions.

4.2. Communication

The objective of the communication approaches is to also create awareness amongst employees, the public and other stakeholders, of the Plan in order to facilitate a culture where all stakeholders strive to contribute toward making the Plan a success as well as for sustaining a positive, ethical culture within SASSETA.

This will increase the prospect of fraud and corruption being reported and improve SASSETA's prevention and detection ability.

Communication strategies that shall be considered by SASSETA are the following:

- Posters, newsletters, pamphlets and other publications to advertise the Code and the Fraud Prevention Policy, aimed at employees, the public and other stakeholders;
- Screensavers on computers with appropriate anti-fraud and corruption and pro-ethics messages;

- Attachments to tender invitation documents relating to SASSETA's stance to fraud and corruption, where such irregularities can be reported and the actions that will be considered;
- Prudent terms in contracts signed with providers of goods and/or services relating to offering of gifts to employees of SASSETA;
- Ensuring that ethics, fraud and corruption prevention is a fixed agenda item in meetings;
- Signing of declarations of commitment by all employees to the Plan; and
- Endorsements of correspondence directed at providers of goods and/or services and other stakeholders with anti-fraud and corruption and pro-ethics messages.

4.3. Continuous maintenance and review

The Risk Management Committee, through the Governance, Risk and Compliance Office, shall be responsible for the ongoing maintenance and review of the Plan.

This includes:

- Evaluating reports of fraud and corruption received and highlighting areas of fraud and corruption risk within SASSETA;
- Considering fraud and corruption threats to SASSETA and making recommendations to appropriate Committees or Management;
- Considering criminal activity threatening SASSETA and making fraud and corruption prevention recommendations with regards to areas that should be examined;
- Monitoring actions taken to implement recommendations relating to incidents of fraud and corruption;
- Steering and taking responsibility for the Plan;
- Reviewing and making appropriate amendments to the Code and the Fraud Prevention Policy; and other related policies.
- Amending the awareness programme as necessary, and implementing the changes; and
- Ensuring that on-going communication and implementation strategies are developed and implemented.

Progress with the implementation of the various components will be reviewed on a quarterly basis.

In the latter regard, specific priorities stemming from the Plan, actions to be taken, responsible persons and feedback dates relating to progress made will also be set for monitoring and evaluation by the Risk Management Committee.

5. Fraud Response Plan

This document sets out the procedure to be followed when information is received of an actual or alleged fraud, corruption, theft, maladministration or any dishonest activity. It identifies the role players setting out their duties and responsibilities and the action steps that should be taken.

5.1. Responsibility to conduct Investigations

The Chief Executive officer of SASSETA or his / her delegate have the responsibility to initiate investigations. The Chief Executive Officer shall decide whether to report such matters to the SAPS or other enforcement agencies, and or whether to secure the assistance of external providers of forensic or other appropriate services.

5.2. Responsibility to report suspected incidents

All employees are responsible for reporting all incidents of corruption, fraud, theft, maladministration of other illegal acts to his / her Manager, if there is a reasonable suspicion that his/her Manager may be involved then the employee shall report the matter to his/her Manager's superior, with final recourse to the Chief Executive Officer / the Audit and Risk Committee.

Where the employee reported the matter to his / her Manager and no action is taken by the Manager, then the employee shall report the matter to his/her Manager's superior, with final recourse by the employee to the Chief Executive Officer / the Audit and Risk Committee.

In terms of the Prevention and Combating of Corruption Activities act 2004 (No. 2 OF 2004), any person who holds a position of authority or who knows or should have reasonably known that another person has committed an act of corruption must report such knowledge or suspicion to any police official. Any person who fails to comply is guilty of an offence.

If the employee is not comfortable reporting such matters to his / her Manager, then the employee shall report the matter to the Manager's superior, with final recourse to the Chief Executive Officer or Audit and Risk Committee, being responsible for the review of controls and the financial statements. Employees may also report incidents by using the anti-fraud and corruption hotline reporting facility, if they wish to remain anonymous or for any other reason.

Care shall be taken to avoid mistaken allegations or alerting suspected individuals when an investigation is underway.

The reporting individual should be informed of the following:

- Not to contact the suspected individual in an effort to determine facts or demand restitution; and
- Not to discuss the case, facts, suspicion, or allegations with anyone unless specifically asked to do so by the Chief Executive Officer.

It is the responsibility of the Managers to report all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature to the Chief Executive Officer. Should the Manager not be comfortable reporting such matters to the Chief Executive Officer, he / she should report the matter to the Audit and Risk Committee.

It is the responsibility of the Audit & Risk Committee, if it is suspected that the CEO is involved in the alleged incident of fraud, corruption, theft, maladministration or any other dishonest activity, to report the incident to the Accounting Authority.

The Accounting Authority shall decide as to whether the incident will be investigated internally or whether an independent external service provider (forensic investigations) will be appointed to conduct the investigation and provide findings.

5.3. Reporting Procedures

After the incident is discovered it may be reported to the Chief Executive Officer verbally or telephonically, but a detailed written report must, thereafter, be submitted within 24 hours after the discovery of such incident to the office of the Chief Executive Officer.

It is the responsibility of the Chief Executive Officer in conjunction with the Chief Financial Officer to ensure that the required investigations are conducted, and to record all reported incidents on a database to ensure that the information is available for measurement and reporting purposes.

The Chief Executive Officer may obtain relevant support in terms of skills manpower etc. from

- Internal Audit;

- Finance;
- Human Resources; and
- External Service Providers.

The Chief Executive Officer shall submit reports in terms of incidents investigated to the Accounting Authority and the Audit and Risk Committee.

5.4. Responsibility to the Executive Authority and Stakeholders

It is the responsibility of the Accounting Authority of SASSETA to include particulars of all incidents of fraud, corruption, theft, maladministration and other suspected irregularities of this nature in the Annual Report and financial statements to the Executive Authority.

This reporting must include particulars of:

- Any significant losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;
- Any Criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure; and
- Any losses recovered or written off.

In relation to financial misconduct, it is the responsibility of the Accounting Authority of SASSETA, on an annual basis, to submit to the Executive Authority and Auditor General of South Africa, a schedule of:

- The outcome of any disciplinary hearing and or criminal charges;
- The names and designations of employees involved; and
- The sanctions and any further actions taken against these employees.

5.5. Responsibility of Clients/Service Providers/Stakeholders

SASSETA encourages providers of goods and / or services or other stakeholders who suspect fraud to contact the Chief Executive Officer or utilize the Public Service Commission's anti-corruption hotline (0800 701 701) reporting facility.

5.6. How will allegations of fraud be dealt with by SASSETA?

The action taken by SASSETA will depend on the nature of the concern. The matters raised may be:

- Investigated internally; or
- referred to the South African Police Service (SAPS) or other law enforcement agencies.

Any Fraud committed by an employee or any other person shall be pursued through investigation and to the full extent of the law, including (where appropriate) consideration of:

- In the case of employees, the Manager in conjunction with HR must institute disciplinary proceedings, within 30(thirty) days, in terms of the Disciplinary code and procedure of SASSETA;
- Instituting civil action to recover losses: Chief Executive Officer; or
- initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; Chief Executive Officer in conjunction with management.

Managers are required to ensure that losses or damages suffered by the SASSETA as a result of all reporting acts 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.

The Chief Executive officer shall determine the amount of the loss or damage and, in writing request the employee or other person implicated to pay the amount within 30 days or in reasonable installments in line with the PFMA and treasury regulations. If the employee or other person fails to comply with the request, the Chief Executive officer shall institute the necessary steps for the recovery of the loss or damages.

5.7. Evidence-gathering Process

The Chief Executive Officer and Chief Financial Officer shall be responsible for managing investigations, including interviewing witnesses and gathering any necessary evidence. However, each case shall be treated according to the particular circumstances and professional advice shall be sought where necessary.

Where there are reasonable grounds for suspicion, the police may be involved at an early stage but the Chief Executive Officer may still undertake part or all of the investigations on their behalf, as agreed between the Chief Executive Officer and the police.

Where the Chief Executive Officer is implicated, the Audit and Risk Committee and the Accounting Authority shall provide direction.

Witness statements

If a witness is prepared to give a written statement, the head of HR or the Statutory Reporting, Risk, Governance and Compliance Officer shall take a chronological record using the witness's own words. The witness shall be requested to sign the document as a true record.

Physical and electronic evidence

The Statutory Reporting, Risk, Governance and Compliance Officer shall take control of any physical evidence and maintain a record of where, when and from whom it was taken. Where the evidence consists of several items, these will be tagged with a reference number which corresponds with the written record of the investigation – preserving the chain of evidence. The Statutory Reporting, Risk, Governance and Compliance Officer shall also ensure that electronic evidence is appropriately handled. Before interviewing any suspect(s), the Chief Executive Officer shall provide a verbal or written report of the investigation to the Risk Officer. The Chief Executive Officer may consult e.g. Human Resources, the Chief Financial Officer and the police before reaching a decision on how to proceed.

6. Annexures

6.1. ANNEXURE 1: Implementation plan containing a matrix of tasks and responsibilities

Components of the Plan	CEO's Office/GCR	CFO's Office	HR	ICT	Other-Management	Internal Audit	Expected completion date
A. PREVENTING FRAUD AND CORRUPTION							
Copies to be circulated to all SASSETA staff, Fraud Prevention Plan, Fraud Response Plan, Fraud Prevention Policy, Code of Conduct for public ethics servants, Code of Ethics, SASSETA Financial Disclosure Form, Gift Declaration Forms and Disciplinary Codes and procedures.	x	x	x				31-Jul-2021
Formal meeting for all the Employees of SASSETA to create awareness of fraud and corruption and Disciplinary Codes and procedures.	x		x				30-June-2021

Coordination of Risk Assessment Processes and Risk management Strategy for SASSETA in conjunction with internal Audit	x								x	15-Nov-21
Ensure that all employees sign an annual declaration serving as an indication of their understanding of, and commitment to the values and the ethical and business conduct standards expected by SASSETA	x									15-Jul-21
Develop a formal system by which the performance of managers is appraised by taking into account the number of audit queries raised and the level of seriousness of the consequent risk	x								x	31-Mar-21
Conduct a regular detailed review of the physical security arrangements at SASSETA's offices and improve weaknesses identified	x								x	Quarterly

<p>Ensure that all employees are sensitized on a regular basis to the fraud risk associated with information security and the utilization of computer resources</p>							<p>15-Aug-2021</p>
<p>Presenting case studies which will assist in developing behavior that supports ethical conduct</p>	<p>x</p>						
<p>Conduct presentations to managers and staff to ensure that they have a more detailed understanding of the fraud risks associated with these areas, thus also enhancing the prospect of detecting irregularities earlier.</p>	<p>x</p>						
<p>Provide training to employees on management of intellectual property and confidential information</p>	<p>x</p>						<p>30-Nov-21</p>
<p>B. DETECTING AND INVESTIGATING FRAUD</p>							

6.2. ANNEXURE 2: Fraud Risk Library

Potential fraud risk per category identified in Strategic Risk Assessment report are detailed below with contributory factors. The following descriptions of potential fraud risks are an indication of the risk areas with SASSETA but cannot possibly describe all potential fraud risks. The intention is that this list is referred to by internal Audit and updated periodically by the Risk Office to capture emerging fraud related risks.

CATEGORY	FRAUD RISKS
Fraud and Corruption	Misappropriation and/or Theft
	Conflict of Interest
	Nepotism
	Subsistence and Travel Claim Fraud
	Management Override of Controls
Governance and Compliance	Non-compliance with legislation /Prescripts/ policies and procedures
	Lack of confidence by employees in the disciplinary/grievance procedure
	Negligence
	Lack of clear and consistent concrete action in instances of non-compliance
	Management override of controls
Service Delivery	Poor planning at strategic level
	Poor project management
	Unfunded mandates
	Low staff morale to help fulfill the mandate of the SETA
	Functional silos/inadequate internal integration
	Duplication of roles
	Inadequate costing of mandate for funding purposes
Human Resource Management	Unskilled personnel/lack of training or capacitation
	Skills mismatch in placement of personnel
	Unfair labour practice
	Lack of commitment/ loyalty by employees
	Lack of succession planning
Financial	Non-compliance to Financial policies
	Inadequate and inefficient internal controls to prevent fraud

	Overpayments to suppliers
	Unauthorized amendments to Payment beneficiary details
	Override of existing controls
	Processing of fraudulent claims
	Lack of isolation of responsibilities
	Lack of segregation of duties
	Inadequate staff training/continuous development
	Theft
Procurement	Unauthorized Expenditure
	Wasteful and fruitless Expenditure
	Inadequate Supplier Performance Management
	Poor contract management
	Inadequate skills mix within the Bid Adjudication Committee.
	Inadequate verification of vendor profiles to ensure legitimacy.
	Collusion between SASSETA employees and service providers/clients to receive preferential treatment.
ICT	Poor protection against viruses/malware and cyber crime
	Abuse of ICT resources
	Illegal/unlicensed software
	Obsolete ICT infrastructure
	Inadequate systems to monitor information systems access violation
	Lack of system interfaces (possibility of theft of valuable information as well as fraudulent activities as there are no boundaries in the system)