


<b>UNIVERSITY OF THE WESTERN CAPE</b>			
 <p><b>UNIVERSITY of the WESTERN CAPE</b></p>	<b>Fraud and Corruption Prevention Policy</b>	Document Type	Policy
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# Fraud and Corruption Prevention Policy

C2023/03 – 22 June 2023

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# **1 Policy statement, objective, application and relationship with other policies**

## ***Background***

The aim of this policy is to confirm the University of the Western Cape's (UWC) stance against fraudulent and corrupt activity and to reinforce existing systems, policies, procedures, rules, and regulations of UWC aimed at deterring, preventing, detecting, reacting to, and reducing the impact of fraud, corruption, theft, and misconduct.

The purpose and spirit of this document is to confirm that UWC supports and fosters a culture of zero tolerance to fraud, corruption, theft and misconduct of any form or nature in all its activities.

## ***Objective***

The objective of this Policy is to foster a climate at UWC where all stakeholders strive for the ultimate eradication of fraud, corruption, theft and misconduct within the framework provided.

This Policy provides guidance on:

- What constitutes fraud, corruption theft and misconduct;
- How to report incidents relating to fraud, corruption, theft and misconduct utilising the UWC whistle-blowing mechanism and reporting channels available;
- The protection afforded to those who report instances of fraud, corruption, theft and misconduct; and
- Fraud risk management initiatives implemented by UWC to manage fraud, corruption, theft and misconduct.

## ***Applicability of the policy***

This policy is applicable to all UWC employees, students, and third parties affiliated with UWC.

***Relationship with other UWC policies, procedures, and codes.***

This Policy must be read in conjunction with:

- The UWC Statute;
- UWC Code of Conduct for Council and Members of Council;
- UWC Code of Conduct;
- UWC Student Disciplinary Rules. This document makes reference to “Academic dishonesty” where it is listed as an offence;
- UWC Disciplinary Policy and Procedure;
- UWC Procurement Policy. Specific reference to the following sections should be made;
  - Section 46 “conflicts of interest”. This section of the policy includes principles and procedures relating to the disclosure of interest.
  - Section 49 “gifts and gratuities”. This section of the policy details the procedures for all employees to declare and inform the Procurement Department of every instance where a supplier has offered an employee a gift with a value in excess of R500.
- Standard operating procedure: whistle-blowing process;
- UWC investigation methodology and / or standard operating procedure; and
- Other applicable policies / procedures / guidelines and / codes.

Each of the above-mentioned policies are available on the UWC intranet.

## **2 UWC's commitment to the prevention of fraud and corruption**

UWC is committed to upholding its reputation as a leading higher education institution. We aim to protect our reputation with our stakeholders in the local and international community through the effective prevention, detection, and response to fraud, corruption, theft and misconduct.

The University's ethos is to foster relationships of openness and trust and require that all parties endeavour to execute their responsibilities with integrity and transparency. UWC advocates integrity, ethics, and values aimed at promoting a culture of:

1. Accountability;
2. Respect and honesty for ourselves and others;
3. High level of integrity which is uncompromised;
4. Conducting oneself in a professional manner always;
5. Trust; and
6. Establishing and acting on accurate information.

### 3 Definitions

Definitions, descriptions and explanations of terms relevant to this policy are listed below for clarity and ease of reference:

- “**Academic Dishonesty**” is defined in the UWC Student rules as plagiarism, and collusion, cheating in tests, examinations, assignments, theses and research papers, or any other such conduct that results in a breach or prejudicial effect on the University’s academic integrity.
- “**Code of Conduct**” means the Code of Conduct that details examples of misconduct for employees.
- “**Contractor**” means any vendor to the University whether in terms of a formal agreement or other arrangement for the supply of goods and services.
- “**Corruption**” 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.
- “**The PRECCA Act**” means the Prevention and Combating of Corrupt Activities Act No. 12 of 2004.
- “**Council**” means the Council of the University of the Western Cape as appointed in terms of section 27(1) of the Higher Education Act to govern the University. Council is the University’s highest decision-making body with an overarching responsibility in terms of the University’s governance and conducts its business with the assistance of a number of sub-committees.
- “**Disciplinary Code**” means the Disciplinary Code and Procedure for Employees of the University of the Western Cape.
- “**Employee**” shall mean any person who works for the University excluding an independent Contractor, and who receives, or is entitled to receive, any remuneration from the University, whatever his/her position (academic, research, administrative, support staff or otherwise), and will include persons employed on a permanent, fixed term or part time basis.
- “**Executive management**” refers to following group: UWC Vice-Chancellor, UWC Deputy Vice-Chancellors, UWC Registrar and UWC Executive Directors.

- **“Fraud”** is a Common Law offence in South Africa and is defined as “the unlawful and intentional making of a misrepresentation which causes actual and or potential prejudice to another”.
- **“Office of the Executive Director: Finance and Services”** means the Person responsible for the management and administration of the financial affairs of the University and all Services required by the University, as employed by the University in the Finance Department, from time to time or his successor-in-title.
- **“Gift/s”** means any gift, gratuity (including gratification as defined in the Corrupt Activities Act), form of benefit or service given, issued or offered by a current or potential Supplier to an Employee/s, member of Management or Committee members that is intended for the personal benefit of and/or use by such Employee/s or member of Management, where the current or potential Supplier does not expect or require the recipient of the Gift to pay for such Gift.
- **“Higher Education Act”** means the Higher Education Act No. 101 of 1997 as amended.
- **“Internal Irregularities”** Defined for the purposes of this Policy as any act or omission of a material nature that may lead to the diminishing of stakeholder value, where the act or omission is committed within the framework of employee/s:
  - General duty to act in the best interests of the employer;
  - Employment contract;
  - Job description;
  - Performance contract;
  - UWC’s existing policy framework; or
  - The Higher Education Act 101 of 1997, as amended or other applicable legislation.
- **“Misconduct”** is defined in the UWC Disciplinary Policy and Procedure as “unacceptable behaviour that occurs when a rule is broken or some other unacceptable or inappropriate behaviour occurs”.
- **“UWCEU”** refers to the UWC Employees Union.
- **“Person”** shall mean any natural person, company, close corporation, trust,

partnership or other entity whether or not having separate legal personality, as the context may require.

- “**Policy**” means the Policy set out in this document and includes all appendices hereto.
- “**Senior Management**” refers to the UWC Executive Management group (i.e., UWC Vice-Chancellor, UWC Deputy Vice-Chancellors, UWC Registrar and UWC Executive Directors) and the Deans of UWC.
- “**Service provider**” shall mean any third party that renders any service to UWC in terms of any type of service provider agreement with UWC (verbal or in writing);
- “**Student**” shall mean any person registered with UWC for an under-graduate or post- graduate qualification and any post-doctoral fellow of UWC.
- “**Theft**” means when a person unlawfully and intentionally appropriates moveable, corporeal or intangible property which belongs to and is in the possession of another.
- “**University**” shall mean the University of the Western Cape, a public higher educational institution, deemed to be established in terms of the Higher Education Act 101 of 1997, as amended.
- “**University Council**” shall mean the highest decision-making body of the University as contemplated in the Higher Education Act 101 of 1997, as amended;
- “**Whistle-blower**” means any party that reports an allegation of fraud, corruption, theft or misconduct to UWC via any approved UWC reporting channel (for example via the Fraud Hotline or directly to management).



## 4 Reporting breaches (UWC Whistle-blowing process)

### Introduction

UWC requires all its stakeholders (employees, students and third parties) to act honestly and with integrity at all times, and to safeguard all UWC's resources. Employees, students and third parties are responsible for reporting all incidents of fraud, corruption, theft or misconduct as set out in this Policy. Any stakeholders who are unclear as to what may constitute an act of fraud, corruption, theft or misconduct, should seek further guidance from the office of the Office of the Executive Director: Finance and Services or Director: Legal Services.

### Examples of fraud, corruption, theft or misconduct / examples of reportable offences

The following list includes examples of allegations that should be reported to UWC (note that this list is not a restrictive indication of the only types of fraud, corruption, theft or misconduct that can arise at UWC – they are examples):

- Academic dishonesty including plagiarism or cheating in examinations, assignments, research papers, etc., (refer to the UWC Student rules for detailed explanations in this regard for the terms mentioned);
- Intentionally creating ghost employees or vendors on the UWC employee or vendor master files for fraudulent means;
- Theft and / or misuse of UWC data and / or intellectual property;
- Non-compliance with UWC data privacy requirements and / or related legislation;
- Bursary fraud i.e., collusion between companies / employees and students;
- Intentional failure to comply with conditions of grant funding and / or lack of controls relating to the grant funding cycle;
- Intentional failure to disclose a conflict of interest (refer to the UWC Procurement Policy for more details on the required procedures when declaring interest);
- Receiving bribes or kickbacks from suppliers in return for awarding work to them or favouring them;
- Collusion between suppliers and UWC employees by suppliers inflating invoices or the submission of fictitious invoices;
- Payment to supplier for goods and / or services not rendered;
- Recruitment and selection irregularities, including but not limited to favouritism of

applicants, conflicted recruitment panel members, failure to validate applicant credentials, etc.;

- Abuse of authority;
- Theft and / or misuse of UWC assets;
- Not disclosing gifts received from suppliers that may be perceived as a bribe and / or kickback (refer to the UWC Procurement Policy for more details on the required procedures when declaring gifts);
- Applicant fraud: including but not limited to issuing fictitious academic history, identify theft, fictitious references, etc;
- Non-compliance with approved policies and procedures approved by UWC; and
- Other.

### **How do you report an allegation?**

In the event you suspect someone of committing fraud, corruption, theft and / or misconduct, you should:

1. Report the matter to your line manager. If an employee is not comfortable reporting such matters to his / her immediate superior, the matter could be reported through channels 2 and 3 (as detailed below);
2. Report the matter to the Office of the Executive Director: Finance and Services; or
3. Report the matter to the UWC Fraud Hotline via the following:
  - Dial the toll-free hotline 080 131 3014;
  - Free Post Address: BNT 371 PO Box 14671 Sinoville, 0129;
  - Email: [fraud@kpmg.co.za](mailto:fraud@kpmg.co.za) and [hotline@kpmg.co.za](mailto:hotline@kpmg.co.za); and
  - Fax number: 080 0200796.

### **How the UWC Fraud Hotline works**

The UWC Fraud Hotline call centre is active 24 hours a day, 365 days a year. Experienced call centre operators field calls in all 11 official languages. When you call the toll-free number (080 131 3014), you will speak to an operator who will ask you questions which may include the following:

- Who was involved or doing what? What happened?
- How was it done and how often? Where was it done?

- When was the incident observed?
- What monetary values are involved?

You will have an option to be anonymous and not provide your personal details.

A secret reference number will be provided to you by the operator. Keep this number confidential as you will need it should you wish to make a follow-up call to add to your original report or to provide feedback.

The call will be provided to the UWC Anti-fraud working group whereby it will be assessed and assigned to an appropriate party for investigation. All matters are kept confidential.

### **Roles and responsibilities relating to the whistle-blowing process**

All reported instances of fraud, corruption, theft and misconduct (including non-reportable matters) will be co-ordinated by the UWC Anti-fraud Working Group (this Group will report directly to the UWC Audit and Risk Committee). Reported instances of fraud, corruption, theft and misconduct include allegations received by all UWC whistle-blowing reporting channels which include the UWC Fraud Hotline and reports received directly by management). The members and composition of the Anti-fraud Working Group include:

- Representative of Human Resources - Manager: Employee Relations;
- Director: Legal Services (Chairperson of the Anti-fraud Working Group);
- A Professor, Associate or Senior Lecturer from the Faculty of Law designated by Council; and
- Representative from Internal Audit.

Roles and responsibilities for members of the Anti-fraud Working Group will be documented in a formal term of reference.

Co-ordination of the whistle-blowing process (by the Anti-fraud Working Group) will include:

- Screening, assessment and allocation of reports received to appropriate parties for investigation (either internally or externally). The Anti-fraud Working Group, may make use of matrices / frameworks that detail procedures for screening, assessment and allocation to ensure consistency for all reports received;
- Tracking the progress made in the investigation of allegations;
- Providing oversight over investigations that are being performed;
- Compilation of governance committee related documentation for all whistle-

blowing cases received and investigated;

- Rolling out awareness around the whistle-blowing mechanism (and process); and
- Providing feedback to the whistle-blowers on the management of allegations (as and when appropriate).

Should it be suspected that a member of senior management may be involved in an allegation, the allegation should be submitted to the Vice-Chancellor or the Chairperson of the Audit and Risk Committee. Should it be suspected or reported that the Vice-Chancellor may be involved in an allegation, the allegation should be submitted to the Chairperson of Council and the Chairperson of the Audit and Risk Committee. A specific escalation process will be applied in this regard (as detailed within the whistle-blowing process standard operating procedure).

The Anti-fraud Working Group will have ultimate responsibility to assess all reported instances of fraud, corruption, theft and misconduct (including complaints that are perceived to be ‘non fraud related’). All complaints logged / recorded will be reported to governance committees that oversee the management of the whistle-blowing process i.e. the Audit and Risk Committee (this is inclusive of the allegations received directly by management). Reporting of matters to governance committee’s includes reports received from all whistle-blowing channels (i.e., Fraud hotline and directly received by management). Reporting of matters to the respective governance committees should include trend analysis’ for UWC to understand areas of risk, ageing of investigations and outcomes of investigations performed. Ongoing analyses of whistle-blowing related trends are to assess evolving risks in the organisation.

On a periodic basis, UWC will ensure that the whistle-blowing process and associated mechanisms and activities are evaluated independently with a focus on privacy, security of data and effectiveness of the process.

### **Investigation**

In line with the UWC whistle-blowing standard operating procedure and investigation methodology all matters reported to UWC will be screened and evaluated by the Anti-fraud Working Group and depending on the nature thereof, the matter will be redirected to an appropriate party for investigation (i.e. Human Resources or Procurement) or the allegation will be noted as a “non reportable” item.

Where appropriate, matters will be referred to management for appropriate remedial action, this may *inter alia* include consideration of the following:

- In the case of employees, taking disciplinary action within a reasonable period of time after the incident;
- Instituting civil action to recover any loss;
- Initiating criminal prosecution by reporting the matter to the South African Police Service or any other relevant law enforcement agency. Section 34 of the Prevention and Combatting of Corrupt Practices Act ('PRECCA') states that a person in a position of authority who knew of or suspected another person committed corruption or offences of theft, fraud, forgery involving R100 000 or more must report such a suspicion. UWC therefore has an obligation to report suspicions that meet these requirements of PRECCA; and/or
- Any other appropriate legal remedy available.

As part of investigations and where appropriate, corrective action will include the identification of weaknesses in controls.

### **Confidentiality**

All information relating to fraud, corruption, theft, misconduct or internal irregularities received and investigated will be treated confidentially. The progress of investigations will be handled in a confidential manner and will not be disclosed or discussed with any other person(s) other than those who have a legitimate right to such information. This is important in order to avoid damaging the reputation of a suspected person who is subsequently found to be innocent of wrongful conduct.

### **Feedback to whistle-blowers**

UWC, upon receiving a report of fraud and corruption from an external person, will communicate in writing with the person submitting the report. In such communication it will be acknowledged that the concern has been received and will indicate where necessary the way in which it will be dealt with and whether any initial enquiries have been made.

UWC accepts that stakeholders who reported the alleged fraud and corruption need to be assured that the matter had been properly addressed. Thus, subject to legal constraints,

information about the outcome of any investigation may be disseminated on a “need to know” basis.

### **Protection of the whistle-blower**

The whistle-blower will be protected in terms of this Policy and the Protected Disclosures Act, No. 26 of 2000 as amended (“PDA”), provided that the provisions of the PDA are applied and adhered to.

UWC respects the students, employees, contractors, consultants and service providers’ right to remain anonymous when reporting fraud, corruption, theft, misconduct or internal irregularities. Stakeholders (as defined in the PDA), who report suspected fraud, theft, corruption or internal irregularities are in terms of the PDA protected against dismissal or occupational prejudice where a disclosure has been made to UWC in good faith and in accordance with this Policy.

UWC also has a positive obligation to protect that person’s identity. The details and identity of reporters will be restricted, and all individuals involved in the whistle-blowing and investigation processes will be trained on the handling of reports with an emphasis on confidentiality.

For the purposes of the PDA the definition of employee means:

- *“Any person, excluding an independent contractor, who works for another person or for the State and who receives, or is entitled to receive, any remuneration; and*
- *Any other person who in any manner assists in carrying on or conducting the business of the employer.”*

### **False accusations**

UWC encourages stakeholders to report a violation or suspected violation in good faith. Malicious or intentionally false allegations may be subject to a disciplinary process and could lead to dismissal. It is a serious offense to make a false allegation maliciously or intentionally.

## 5 Roles and responsibilities of fraud risk management within UWC

The Office of the Executive Director: Finance and Services with the support of Executive Management is responsible for the design and implementation of the UWC Fraud and Corruption Prevention Plan (“the FCPP”) to prevent, detect and respond to fraud and corruption.

The FCPP includes but is not limited to the following fraud risk management principle areas with examples of fraud risk management activities relevant to UWC:

### 1. Principle 1: Fraud risk governance

- The UWC fraud and corruption policy details UWC’s stance against fraudulent and corrupt activity and the activities and mechanisms in place to manage fraud and corruption risk.
- The UWC code of conduct details examples of misconduct and advises employees that if employees are found guilty, they will be dealt with in accordance with the provision of the code of conduct rules.

### 2. Principle 2: Fraud risk assessment

- A fraud risk assessment is a proactive activity that is performed to identify fraud risks across UWC and determine what controls are in place to mitigate the fraud risk. The fraud risk assessment enables UWC to assess where high fraud risk areas are, and if necessary, implement additional activities within its FCPP to assist in mitigating the risks. Fraud risk assessments are performed on an annual basis.
- Fraud risks specific to the university (as identified from the fraud risk assessment) are incorporated into fraud awareness, communication and training.

### 3. Principle 3: Fraud prevention and detection control activities

- UWC has whistle-blowing mechanism and process that enables UWC stakeholders to report and detect instances of fraud, corruption, theft and misconduct.
- Fraud awareness and communication relating to the whistle-blowing process (detailing what and how to report, protection afforded to whistle-blowers, fraud trends and red flags) is regularly rolled out to all UWC stakeholders.

- In addition to awareness and communication initiatives, formal fraud awareness training is performed for all employees.
- Internal audit is involved in the testing and recommendation of additional controls in relation to fraud risk management (where applicable in the Internal Audit Plan).

#### 4. Principle 4: Fraud investigations and corrective action

- Investigations are performed at UWC when allegations are received that relate to fraud, corruption, theft and misconduct.
- The investigation of allegations is governed by a standard operating procedure and investigation methodology.

#### 5. Principle 5: Fraud monitoring

- Identified / reported instances of fraud, corruption, theft and misconduct are reported to the UWC governance structures, external statutory bodies and enforcement agencies (where applicable).
- Feedback relating to the implementation of fraud risk management activities as detailed within the UWC FCPP is provided to the required governance committees.

Oversight of the FCPP is provided by the UWC Audit and Risk Committee. The UWC FCPP and its related activities and initiatives are documented, tracked and monitored by UWC management. The FCPP is a working document, updated on an annual basis that details the following:

- Fraud risk management activities rolled out at UWC along with their objectives;
- Responsibility of process owners for each of the activities;
- Indicators that relate to the status of each activity; and
- Timelines detailing start and end dates for each of the activities.



## **6 Policy administration**

The custodian of this Policy is the Audit and Risk Committee who will be responsible for the administration, revision, and interpretation of the Policy.

The Office of the Executive Director: Finance and Services with the support of Executive Management is accountable for the implementation of this Policy. Executive Management will be responsible for ensuring that all employees under their control are made aware of the relevant policy documentation.

The Office of the Executive Director: Finance and Services will review this Policy from time to time taking into account any changes in local legislation, UWC policies and procedures and international best practices relating to prevention of fraud and corruption.

Any stakeholder with questions, comment or suggestions relating to the content of this Policy, can direct these to the office of the Office of the Executive Director: Finance and Services.

This Policy may be amended or cancelled at any time and without notice, at UWC's discretion, provided that amendments are communicated by the Office of the Executive Director: Finance and Services to all stakeholders in a manner deemed appropriate by the Executive Management Committee.

The effective date of this Policy is 23 June 2023.

This Policy remains effective until it is repealed or amended or replaced by another policy. The review period for this policy is every 5 years.

## Version history

Version	Date	Summary of changes	Date of next review
Amendment 1	22/06/2023	<p><b>Page 3:</b> Reference to academic dishonesty (within the Student Disciplinary Rules).</p> <p><b>Pages 10, 11:</b> committee amended to “Anti-fraud Working Group” and reference that this Group reports to the Audit and Risk Committee.</p> <p><b>Page 10:</b> inclusion of members to the Anti-fraud Working Group and their role.</p> <p><b>Page 13:</b> additional statement relating to the protection of whistle-blowers. The “<b>Confidentiality</b>” paragraph on <b>page 2</b> also details how investigations are handled in a confidential manner and will not be disclosed other than those who have the right to such information.</p>	June 2028