



FRAUD PREVENTION POLICY

Policy Owner	Chief Financial Officer
Responsible Division	Financial Governance: Risk and Assurance Unit
Approved by	Council 25 November 2021
Date of Initial Approval	October 2021
Review Date	NA
Next Review Date	October 2026
Platform to be published on	University Intranet

Related documents

<p style="text-align: center;">Other documents: (e.g. Legislation, DoE and HEQC directives and guidelines)</p> <ul style="list-style-type: none"> • Higher Education Act 101 of 1997 • Constitution of the South Africa Act 108 of 1996 • Protection of Personal Information Act 4 of 2013 (POPI) • Electronic Communications Act 36 of 2005 • Electronic Communications and Transactions Act 25 of 2002 (ECTA) • The Regulation of Interception of Communications and Provision of Communication Related Information Act 70 of 2002 • The Labour Relations Act (Act 66 of 1995 as amended) Labour relations Amendment Act of 2018 • Prevention and Combatting of Corrupt Activities Act (Act 12 of 2004) • Criminal Law (forensic procedures) Amendment Act 6 of 2010 Criminal Law forensic procedures amendment Act 37 of 2013 Prevention of Organised Crime Act 121 of 1998 • All legislation pertaining to Labour, Finance and Taxation of the Republic of South Africa. • Intimidation Act 72 of 1982 	<p style="text-align: center;">UJ Documents</p> <ul style="list-style-type: none"> • UJ Policy: Risk Management • UJ Financial Policy • UJ Vision, Mission and Values • UJ Electronic Communications Policy • UJ Statute • UJ Conditions of Services • UJ Policy on Disciplinary Procedure • UJ Procurement Policy • UJ Student Regulations • UJ Regulations for Student Discipline • UJ Code of Academic and Research Ethics • UJ Academic Regulations • Policy on Plagiarism • Sexual Harassment Policy • Policy Electronic Evidence • SOP – Fraud Reporting
Stakeholders affected by this	<ul style="list-style-type: none"> • All University Employees • All University Students

document (units and Divisions who should be familiar with it):	<ul style="list-style-type: none">• Vendors / Suppliers and Service Providers /• Contractors to the University• All Agents acting on behalf of the University
Website address of this document:	www.uj.ac.za Intranet

CONTENTS

1	POLICY STATEMENT	4
2	PURPOSE	5
4	LEGISLATIVE COMPLIANCE.....	7
5	SCOPE OF POLICY	8
6	CONFIDENTIALITY	8
7	ROLES AND RESPONSIBILITIES	9
8	FRAUD PREVENTION PROCEDURE.....	11
9	REVIEW.....	11

1 POLICY STATEMENT

The University of Johannesburg (UJ) considers itself as a respected and responsible corporate citizen. Together with its employees, students, prospective students and external stakeholders, they are ethically and legally bound to the principle of public accountability. Consequently, all parties have a legal and moral obligation to respect, protect, promote and fulfil all the rights enshrined in the Constitution of South Africa and to eradicate fraud, corruption and related acts of dishonesty or misconduct that may endanger the stability and security of the institution and that may contribute to the erosion and deterioration of legal, moral and ethical values.

In pursuit of its vision of being an international university of choice, anchored in Africa, UJ adopts a zero-tolerance approach to any form of fraud, corruption and related acts of dishonesty or misconduct amongst its employees, students, prospective students and external stakeholders. UJ is committed to compliance with the law as provided for in the Constitution of South Africa. It adopts and applies policies and procedures to give effect to the law within the UJ context.

This policy governs the prevention, detection, investigation of and reporting on suspected fraud, corruption and related acts of dishonesty or misconduct. In particular, the policy seeks to give effect to the provisions of the *Protected Disclosures Act, 26 of 2000* (as amended) and the *Prevention and Combatting of Corrupt Activities Act 12 of 2001* (as amended) and related rules and principles of the common law.

An anti-fraud culture, aligned with heightened awareness of internal controls and indicators of suspected fraud, corruption and related acts of dishonesty or misconduct helps ensure that the University continues to protect its assets and its disbursements of public funds.

This policy should be read with and applied in conjunction with related Human Resources, Finance and Student Services policies and procedures, and with the *Fraud Prevention Procedure*.

2 PURPOSE

2.1 The purpose of this policy is to establish rules, principles and procedures for the prevention, detection and investigation of and reporting on suspected fraud, corruption and related acts of dishonesty or misconduct of employees, students, prospective students and external stakeholders of UJ

2.2 The aims of the policy are therefore as follows:

- (i) To formalise the University's zero-tolerance approach to fraud, corruption and related acts of dishonesty or misconduct;
- (ii) To encourage the maintenance of the highest standards of ethical and professional conduct and responsibility by employees, students, prospective students and external stakeholders;
- (iii) To achieve the highest levels of business integrity through sound corporate governance, internal controls and transparency;
- (iv) To reduce the University's (and its employees') exposure to:
 - Financial loss;
 - Litigation;
 - Reputational damage;
- (v) To reinforce existing systems, policies and procedures aimed at deterring and preventing fraud, corruption and related acts of dishonesty or misconduct;
- (vi) To provide assurance those employees, students, prospective students and external stakeholders are protected against reprisal or victimisation for disclosing suspected fraud, corruption and related acts of dishonesty or misconduct in good faith.
- (vii) To implement principle of prevention, detection, investigation of, reporting on fraud, corruption, and related acts of dishonesty or misconduct provides a sound foundation for the protection of innocent parties.

- (viii) The process includes taking appropriate action against offenders, the referral of persons to law enforcement agencies for possible criminal prosecution and the recovery of assets.

3 DEFINITIONS

The following definitions apply to terms used in this policy:

“corruption”, as provided for in section 3(3) of the *Prevention and Combatting of Corrupt Activities Act 12 of 2004* (“PRECCA”), occurs when a person accepts a gratification from another or gives a gratification to another with the intention to influence the receiver to act in such a way as to amount to an unlawful exercise of duties.

“disclosure”, in accordance with section 1(l) of the *Protected Disclosures Act 26 of 2000* and for purposes of this Policy, means the disclosure by an employee, student or external stakeholder of the University of Johannesburg of any information about the actions of the University or of an employee of the University, which the employee, student or external stakeholder reasonably believes directly concerns:

- (i) the commission, or potential commission, of an offence; or
- (ii) the failure, or potential failure, to comply with a legal obligation; or
- (iii) an actual or potential miscarriage of justice,

Unless such disclosure is a criminal offence.

“Employee” means a person appointed by the University of Johannesburg on a full-or part-time or permanent or temporary basis, whether for remuneration or otherwise.

“external stakeholder” means any person who is an independent contractor, agent, client, postdoctoral fellow or emeritus professor or alumnus of or consultant for the University of Johannesburg or who otherwise serves in an advisory capacity, whether for gain or not, to or who has a business relationship with the University of Johannesburg.

“Fraud” means the unlawful making of a misrepresentation with the intention to defraud to the actual or potential prejudice of another person(s), and **“fraudulent”** has a similar meaning.

“gratification”, as provided for in section 1 “gratification” of PRECCA, means any financial or other benefit with a financial value, or the prevention of a

financial loss or other benefit with a financial value, or any employment or contract of services, or any status or honour, or any other favour or benefit or aid with a financial value.

“occupational detriment”, as provided for in section 1 “occupational detriment”, means disciplinary action, suspension, harassment, intimidation, transfer against an employee’s will, refusal to transfer or promote, disadvantageous change to terms of employment, denial of appointment, refusal of a reference or provision of an adverse reference, or the threat of any such actions.

“related acts of dishonesty” means any unlawful acts that are not fraud or corruption, but are committed by a person in a manner intended to deceive another or the University to that person’s financial or other benefit or to another’s or the University’s financial or other loss, and includes:

- (i) crimes such as extortion, forgery, uttering, theft and theft by false pretences;
- (ii) violations of the University’s Conditions of service;
- (iii) misappropriation of the assets of the University and of external stakeholders;
- (iv) profiteering based on inside knowledge of the University’s activities;
- (v) providing confidential information of the University to others;

“Related acts of misconduct” means unlawful acts committed by a person which causes that person financial benefit or causes another or the University financial loss and which, though not committed with the intention to deceive, are committed in a grossly negligent manner.

“Student” means any person registered as a student at the University of Johannesburg and **“prospective student”** means any person who actively seeks to be registered as a student at the University of Johannesburg.

4 LEGISLATIVE COMPLIANCE

4.1 In accordance with the intent and provisions of Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA), the University is committing itself to:

- (i) Promotes the eradication of criminal and other unlawful conduct;

- (ii) Provides a consistent approach to the prevention, detection and investigation of and reporting on fraud, corruption and related acts of dishonesty or misconduct;
- (iii) Constantly improves its ability to identify criminal activities, including syndicated/organised criminal activity targeting the University; and
- (iv) Promotes a fraud prevention culture through regular training, awareness campaigns and communication to employees, students and its external stakeholders.

4.2 In accordance with the intent and provisions of the Protected Disclosures Act 26 of 2000, the University:

- (i) promotes a culture of responsible disclosure by employees, students and external stakeholders of information related to suspected fraud, corruption and related acts of dishonesty or misconduct without fear of reprisal;
- (ii) protects employees, students and external stakeholders who disclose suspected fraud, corruption and related acts of dishonesty or misconduct against occupational detriment;
- (iii) Provides procedures for employees, students and external stakeholders to disclose information on suspected fraud, corruption and related acts of dishonesty or misconduct in a responsible manner.

5 SCOPE OF POLICY

5.1 This policy applies to employees, students and external stakeholders of the University.

5.2 The Vice-Chancellor, in consultation with the Management Executive Committee of the University, retains the right to determine whether a matter disclosed in terms of this policy warrants an investigation and, if so, what the scope and nature of the investigation will be.

6 CONFIDENTIALITY

6.1 All information pertaining to fraud, corruption and related acts of dishonesty or misconduct is confidential.

6.2 Investigations conducted in terms of this policy are conducted in a confidential manner. Information made available in the course of such an investigation will only be disclosed to persons who have a right to such information.

- 6.3** No-one may provide information on suspected fraud, corruption and related acts of dishonesty or misconduct to the printed media, electronic media, whether social or traditional, or broadcast media without the express permission of the Vice-Chancellor and with the knowledge of implicated in an investigation in terms of this policy.

7 ROLES AND RESPONSIBILITIES

- 7.1** The UJ Council is overall accountable for fraud risk management. This responsibility is delegated to the Council's Audit and Risk Committee. The Audit and Risk Committee executes this function based on reports submitted by the Management Executive Committee and independent reviews submitted by internal and forensic auditors.

- 7.2** *Council* exercises governance over fraud risks by:

- (i) Setting an appropriate "tone at the top",
- (ii) Obtaining a clear understanding of existing fraud exposures,
- (iii) Maintain oversight of Fraud Risk Management,
- (iv) Approve the Policy and subsequent changes to it;
- (v) Oversee the internal control systems are in place and functioning optimally.

- 7.3** The *Audit and Risk Committee* of Council shall:

.Exercises its management of fraud risk by the following means:

- (i) approving a Fraud Prevention Policy and Procedure;
- (ii) monitors compliance with the policy and procedure;
- (iii) ensures that appropriate mitigation strategies are in place;
- (iv) confirms to Council the execution of fraud risk management in terms of the policy and procedure;
- (v) Reports to Council on unmitigated fraud risks and inadequate control systems.

- 7.4** The *Management Executive Committee* reports to the Audit and Risk Committee of Council on fraud risks. It exercises its functions in respect of fraud risks as follows:

- (i) It provides assurances to the Audit and Risk Committee as it determines that the University has appropriate fraud risk management processes in place;

- (ii) it monitors and oversees fraud risk management in the University as determined by the Audit and Risk Committee; and
- (iii) Ensures that the evaluation of and reporting on fraud risks in the University is consistently applied to facilitate comparability within the University.

7.5 The *Risk Management Committee* assists the Management Executive Committee with fraud risk management in the University. It exercises its responsibilities as follows:

- (i) It develops and regularly reviews a fraud prevention strategy and accompanying policies and procedures for the University;
- (ii) oversees the implementation of a fraud prevention strategy in the University;
- (iii) proactively mitigates fraud risks;
- (iv) coordinates, through the Office of the Chief Financial Officer, all risk management functions and responsibilities, including disclosures in terms of this policy;
- (v) deliberates on any matter that, in the opinion of the chairperson and other committee members, should be considered by this committee before being submitted to another committee for decision-making;
- (vi) deals with matters referred to it by the Audit and Risk Committee of Council or by the Management Executive Committee; and
- (vii) Monitors the effectiveness and efficiency of fraud risk management in the University.

7.6 *Senior executives and line managers* in each faculty and division are accountable for fraud risk management in the work environments for which they are responsible. This includes responsibility for implementing and monitoring fraud prevention procedures and integrating within the operational management of their line function responsibilities. They manage fraud risk as follows:

- (i) Acting with propriety in the use of University funds and other resources, including third-stream income funds and external private or public funds received, be it in the handling of cash or other payment systems, the issuing of receipts or in financial dealings with students and external stakeholders; and
- (ii) Being alert to unusual events or transactions that may be indicators of suspected fraud, corruption and related acts of dishonesty or misconduct.

7.7 *Employees manage fraud risk as follows:*

- (i) Act responsibly within the framework of internal controls;
- (ii) maintain a basic understanding of fraud and of indicators of suspected fraudulent, corrupt or related dishonest actions or misconduct;
- (iii) actively participate in creating and maintaining a strong control environment and implementing and monitoring fraud prevention procedures;
- (iv) cooperate with an investigation in terms of this policy;
- (v) act with propriety in the use of University resources;
- (vi) immediately report suspected fraudulent, corrupt and related dishonest actions or misconduct;
- (vii) refrain from confrontation of those suspected of fraud, corruption and related acts of dishonesty and misconduct or of discussion with anyone of such suspected actions, unless required to do so by an investigator or law enforcement official;

7.8 *Internal and external auditors appointed by the Audit and Risk Committee of Council. Responsibility for the prevention, detection and investigation of and reporting on fraud, corruption and related acts of dishonesty or misconduct ultimately rests with the Management Executive Committee. Internal and external auditors assist in the exercise of this responsibility by:*

- (i) providing assurance that effective internal controls exist and that they are being complied with; and
- (ii) ongoing review by internal auditors of fraud risk management and fraud prevention procedures; and
- (iii) Identifying and implementing improvements to fraud risk management and fraud prevention.

8 FRAUD PREVENTION PROCEDURE

The procedure to prevent, detect, investigate, and report on suspected fraud, corruption and related acts of dishonesty or misconduct is captured in the Fraud Prevention Procedure.

9 REVIEW

This policy is reviewed every five years or earlier if an urgent need arises as determined by the Chief Financial Officer in consultation with the Vice-Chancellor.