Fraud Reporting Procedures (SOP)

Document number	RA001
Custodian	Director: Risk and Assurance
Responsible department	Risk and Assurance

Related documents	
UJ Documents	Other
(e.g. policies, regulations, guidelines and contracts) • UJ Statute • UJ Vision and Mission • UJ Strategic Plan • UJ Operational Plan	• Fraud Prevention Policy
Stakeholders affected by this document (units and departments that should be familiar with it):	• Executive directors and directors • Heads of departments • All UJ employees
Website address of this document:	UJ Intranet

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1. Preamble

i. This procedure manual has been established to provide guidance to staff and students around the process of reporting fraud and misconduct within the University.
ii. It is designed to support the Fraud Prevention Policy and ensure that any acts of misconduct, dishonesty, fraud and corruption are identified and investigated.
iii. This procedure applies to staff within the University of Johannesburg, as well as students and other stakeholders who notice any unethical behaviour or potential fraudulent activities.

2. Legislation, Regulations and Policies

The **UJ Fraud Prevention Policy** will be guiding the procedure for the reporting, review and investigation of potential fraudulent activities and University policies which provide input to the University ethics and conduct (as mentioned in the Fraud Prevention Policy) must be taken into account.

3. Updating the procedure

This procedure is founded on the policies as mentioned in paragraph 2. Therefore, this procedure needs to be updated whenever there is a change in these documents that has an impact on this procedure or if the procedure requires amendment.

4. Roles players

i. Financial Governance and Revenue
ii. All other support and academic departments
iii. Independent Auditors

From a responsibility perspective, this procedure is relevant to all departmental officials.

5. Scope

i. The Risk and Assurance division within Financial Governance and Revenue provides oversight over the fraud reporting process, in conjunction with the independent service provider who manages the UJ Ethics line
ii. All reports of potential fraudulent incidents are treated with utmost confidentiality and are reviewed on a case by case basis in terms of the appropriate action
iii. The objective of the fraud reporting procedures is to ensure that the following is consistently applied:
   a. Prevention of fraud and corruption
   b. Detection of fraud and corruption

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       c.   Investigation
       d.   Implementation of controls and mitigating measures

6.   Areas of Responsibility

The responsibility of fraud and reporting lies with all stakeholders of the University. However, the defined Management roles have been indicated in the Fraud Prevention Policy.

7.   Identification of Fraud

7.1   Fraud Detection

Fraud detection is key to ensure the mitigation of potential risks, the minimization of losses and avoidance of similar future events. Detection may highlight ongoing fraud that is taking place or offences that have already happened. Sufficient segregation of duties and oversight processes plays a key role in the detection of fraud. The most important aspect of fraud detection is that it allows for the improvement of internal systems and controls. Through detection of fraud, controls can be tightened making it more difficult for potential perpetrators to act.

7.2   Fraud Reporting

One of the tools used by the University to detect and identify fraud is the UJ Ethics Hotline. This facility is managed by an Independent Service provider and allows for the anonymous reporting of suspected unethical behaviour and/or misconduct.

The UJ Ethics Hotline guarantees anonymity and provides the following reporting tools that are available to anyone who wishes to report irregularities 24 hours per day and 365 days per year:

Toll free call centre – 0800 872 846
E-mail facility - uj@tip-offs.com
Call log facility on the UJ Ethics Website - www.tip-offs.com

A link to the above tools is available on the University Internet and Intranet sites.

Operators will interview callers, probing for specific facts so as to record as much information and in an effort to understand the complaint as clearly as possible.

The call centre has report analysts on site who 'sanitise' every call, which means that they strip out any information that could lead to the identity of the caller, so that, only a factual report of the alleged wrong-doing with no additional information, is received.

Anonymous reports or each incident are sent to selected, authorised executive members of the University for review.

A summarised tracking report of incidents reported is presented to the Risk Management Committee and Audit and Risk Committee of Council (ARCC) on a quarterly basis.

7.3 Internal Audit

The Audit and Risk Committee of Council (ARCC) approves a rolling three-year audit plan, which provides the opportunity for an Independent Service provider to review the business processes, controls and risks of various departments and faculties within the University. Such audits assist Management with the prevention and detection of potential fraud and the identification of potential risks.

Internal audit findings are presented to the ARCC on completion of the audits. Findings are tracked until resolved and relevant controls put in place to mitigate the potential weaknesses found in the processes.

7.4 Fraud Risk Reporting

The Risk and Assurance Division works alongside Executive Leadership Group members of the Departments and Faculties of the University to compile detailed Fraud Risk Registers in order to highlight any potential areas of fraud, identify and review the existing mitigating controls, evaluate the effectiveness thereof and list action plans to improve the processes.

The fraud risk registers are aligned with Internal Audit findings to ensure that any potential weaknesses within the relevant processes or controls are recognized and improved.

Fraud Risk Registers are presented to the Risk Management Committee of Council (RMC) on a quarterly basis for review.

8. Fraud Investigation

8.1 Preliminary Investigations

In the event that fraud or corruption is detected or suspected, preliminary investigations will be initiated. Anonymous reports may warrant a preliminary investigation before any decision to implement an independent investigation is taken.

Should the preliminary investigation not uncover any fraudulent or corrupt activities, the process will be stopped and no further action will take place, unless additional substantive information is provided.

8.2 Independent investigation

In cases where the preliminary review reveals the need for further investigation, an independent forensic investigator will be appointed to investigate the matter. UJ has appointed a panel of investigators as approved by the ARCC, who would fulfill this role.

The Director: Risk and Assurance will provide oversight over the progress of such investigations and provide regular feedback to the CFO. Any investigation initiated must be concluded by the issue of a report by the person/s appointed to conduct

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such investigations. Such reports will only be disseminated to those persons required to have access thereto in order to implement whatever action is deemed appropriate as a result of the investigation.

8.3   Reporting to CFO / ELG / MEC

The Director: Risk and Assurance will be responsible for the of reporting fraud, as well as the outcome of investigations to the relevant MEC member, Chief Financial Officer and the ARCC.

The CFO and MEC member will take a decision as to further action, depending on the recommendation included in the investigator's report. This decision could include disciplinary action (referred to HR - Employee Relations) or referral of an allegation of fraud to the police for investigation (where there is sufficient evidence to justify making such a report).

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

8.4   Corrective Action

Following a proven incident of fraud, various corrective remedies will be implemented. This could include:

- Institution of claim processes to recover costs
- Internal review of current policies, process, systems and controls, and identification of possible weaknesses
- Request of Internal Audit review of current processes
- Inclusion in the Fraud Risk Register
- Implementation of corrective measures / controls to mitigate future occurrences of similar fraud

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