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human settlements

Department
Human Settlements
REPUBLIC OF SOUTH AFRICA

FRAUD PREVENTION PLAN

Objective: The framework provided on the following pages is intended to support improved service delivery by highlighting and combating fraud and corruption within the Department. This objective will be achieved by:

- (a) identifying and addressing areas of potential risk
- (b) detecting the existence of fraudulent activities
- (c) increasing levels of awareness about fraud
- (d) establishing effective anti-fraud practices

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Note: The person responsible for conducting the audit should record their findings in the Outcome column, and sign the last page on completion of the audit.

Strategy	Indicator	Intervention	Outcome
Employee reconciliation	Staff count	<p><u>Checklist</u></p> <ul style="list-style-type: none">○ Number of employees according to HR records○ Number of employees based on head count <p><u>Action</u></p> <p>Where employee numbers according to HR differ from actual employee numbers within the department, individual employee names and numbers need to be reconciled and the difference accounted for.</p>	# of employees
Background checks	Reference checking	<p><u>Checklist</u></p> <ul style="list-style-type: none">○ Employee references checked prior to commencing employment○ Employee references checked after commencing employment○ Employee references not checked <p><u>Action</u></p> <p>Where reference checks have not been done by HR, the forensic unit needs to conduct reference checks on those employees:</p> <ul style="list-style-type: none">○ Conduct a minimum of 3 reference checks using referees provided by the employee○ Solicit references from the HR department of the previous employer○ Compare the results of the reference checks with information provided on the employee's job application○ Consult with labour relations in cases of discrepancies <p><u>Useful sources of information:</u> DPSA performs reference checks</p>	# of employees

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<p>Background checks (cont)</p>	<p>Criminal records</p>	<p><u>Checklist</u></p> <ul style="list-style-type: none"> o Employee(s) criminal status confirmed prior to commencing employment o Employee(s) criminal status confirmed after commencing employment o Employee(s) criminal status not confirmed <p><i>Where criminal status has not been confirmed by HR, the forensic unit needs to verify the criminal status of the employee(s):</i></p> <ul style="list-style-type: none"> o Compare the information on the application form of the employee with information held by the criminal records centre o In cases of discrepancies consult with the labour relations department <p><u>Useful sources of information:</u> SAPS</p>	<p># of employees</p>
	<p>Civil records</p>	<p><u>Checklist</u></p> <ul style="list-style-type: none"> o Employee(s) credit status confirmed prior to commencing employment o Employee(s) credit status confirmed after commencing employment o Employee(s) credit status not confirmed <p><u>Action</u></p> <p><i>Where credit status has not been confirmed by HR, the forensic unit needs to verify the credit status of the employee(s):</i></p> <ul style="list-style-type: none"> o Compare the information on the application form of the employee with information held by the credit bureau centre o In cases of discrepancies consult with the labour relations department o Credit information can be verified through 5 different credit bureau systems <p><u>Useful sources of information:</u> Trans Union, ITC, EXPERIAN</p>	<p># of employees</p>

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Background checks (cont)	Disciplinary records	<p><u>Checklist</u></p> <ul style="list-style-type: none">○ Employee(s) disciplinary records confirmed prior to commencing employment○ Employee(s) disciplinary records confirmed after commencing employment○ Employee(s) disciplinary records not confirmed <p><u>Action</u></p> <p><i>Where disciplinary records have not been confirmed by HR, the forensic unit needs to verify the disciplinary records of the employee(s):</i></p> <ul style="list-style-type: none">○ Compare the information on the application form of the employee with the information held by the DPSA○ Solicit references from the HR department of the previous employer (if not already done under reference checking)○ In cases of discrepancies consult with the labour relations department <p><u>Useful sources of information:</u> DPSA</p>	# of employees
	Employee Business interests	<p><u>Checklist</u></p> <ul style="list-style-type: none">○ Employee business and other interests disclosed prior to employment○ Employee business and other interests disclosed during employment○ Employee business and other interests not disclosed <p><u>Action</u></p> <p><i>Where business and other interests have been disclosed, the forensic unit needs to verify whether it is partial or full disclosure:</i></p> <ul style="list-style-type: none">○ Special provision is made for the verification of business interests of senior management○ Business interests of all other employees can be verified without such provision <p><u>Useful sources of information:</u> CIPRO, Credit Bureau Systems</p>	# of employees

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Background checks (cont)	Qualifications	<p><u>Checklist</u></p> <ul style="list-style-type: none">○ Employee(s) qualifications confirmed prior to employment○ Employee(s) qualifications confirmed during employment○ Employee(s) qualifications not confirmed <p><u>Action</u></p> <p><i>Where qualifications have not been confirmed by HR, the forensic unit needs to verify the qualifications of the employee(s):</i></p> <ul style="list-style-type: none">○ Compare the information on the application form of the employee with the information held by Umalusi and the respective tertiary institutions○ In cases of discrepancies consult with the labour relations department○ Extra verification is needed for foreign qualifications (for both previous and current employees) <p><u>Useful sources of information:</u> Umalusi, Tertiary institutions</p>	# of employees
	Validity of curriculum vitae	<p><u>Checklist</u></p> <ul style="list-style-type: none">○ Employee(s) curriculum vitae confirmed prior to employment○ Employee(s) curriculum vitae confirmed during employment○ Employee(s) curriculum vitae not confirmed <p><u>Action</u></p> <p><i>Where curriculum vitae have not been confirmed by HR, the forensic unit needs to verify the curriculum vitae of the employee(s):</i></p> <ul style="list-style-type: none">○ Verify the employers, employment dates, and job descriptions given on the curriculum vita of the employee○ In cases of discrepancies consult with the labour relations department	# of employees

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Blacklisting	NDHS Database	<p>Checklist</p> <ul style="list-style-type: none">○ Department has a blacklisting database for employees and suppliers○ Department has a blacklisting database for employees who defraud NDHS○ Department keeps no blacklisting records <p>Action</p> <p><i>Where blacklisting records have not been kept, the forensic unit needs to ascertain the blacklist status of employees and/or suppliers:</i></p> <ul style="list-style-type: none">○ Information on fraud committed by suppliers can be obtained from the SIU○ Information on fraud committed by employees can be obtained from current HR records and the SIU○ The black list on employees and suppliers should be consulted by HR and Procurement before appointing or awarding a contract <p>Useful sources of information: SIU, current HR Records, SAPS</p>	Status
	Provincial Database	<p><i>A blacklist is provided for by the National / Provincial Treasury but not utilised</i></p> <ul style="list-style-type: none">○ Names contained on the blacklisting database of the NDHS should be registered on the database of the National / Provincial Treasury department○ The NDHS should consult the blacklisting database of National /○ Provincial Treasury in conjunction with information registered on the database of the NDHS before appointing an employee or awarding a contract to a supplier	Compliance

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National Database	<p><i>A blacklist is provided for by the national departments of treasury but not utilised</i></p> <ul style="list-style-type: none">o Names contained on the blacklisting database of the NDHS should be registered on the database of the national treasury departmento The NDHS should consult the blacklisting database of national treasury in conjunction with information registered on the database of the NDHS before appointing an employee or awarding a contract to a supplier	Compliance



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<p>Anti-Fraud Training</p>	<p>General anti-fraud training</p>	<p><i>Annual training must be provided on general anti-fraud measures to minimise fraud and corruption</i></p> <ul style="list-style-type: none"> ○ General anti-fraud training should be used to increase awareness of fraud and the reporting thereof ○ The training should be directed towards general staff and management ○ The training should focus on highlighting the risk of fraud and corruption within the NDHS ○ The purpose of the training should be to enable employees to recognise fraud at the early stages and to prevent the increase or spread of fraud 	<p>Compliance</p>
	<p>Specific anti-fraud training</p>	<p><i>Specific training interventions should be provided to individual departments</i></p> <ul style="list-style-type: none"> ○ Specialised anti-fraud training should be used for individual high risk areas ○ For example, staff in procurement departments should receive different anti-fraud training from that given to staff in the HR department 	<p>Compliance</p>
<p>Surprise Audits / Surprise Forensic Reviews</p>	<p>Prevention and detection</p>	<p><i>Should be executed weekly and planned well in advance</i></p> <ul style="list-style-type: none"> ○ Provides a pro-active means of uncovering fraud ○ Acts as a deterrent to potential fraudsters ○ Reduces reliance on reactive measures, which frees staff to conduct new full investigations <p><u>Action</u></p> <ul style="list-style-type: none"> ○ Departments that are perceived as high risk (such as procurement and HR) should be subjected to surprise audits to maintain a fraud-free environment ○ A surprise preventative audit can include submitting a database containing employee names to CIPRO to detect undisclosed interests ○ The database containing the names of suppliers can be submitted to SARS to check basic compliance to legal requirements (e.g. tax clearance certificates) 	<p>Compliance</p>

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Name and Shame campaign	Public awareness	<i>Should be executed bi-annually</i> <ul style="list-style-type: none">○ Will provide feedback to stakeholders and the community about successes achieved through fraud prevention initiatives○ Will alert employees to the dangers of fraud○ Will shame employees who have been caught and disciplined (but without disclosing identities)○ Should include information regarding policy successes and updates○ Can promote the role of the fraud hotline in contributing to successful investigations○ Can be distributed by means of newsletters, pop ups, email notifications	Compliance
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Awaiting follow-up	Notes	Date
Employee reconciliation		
Background checks		
Blacklisting		
Anti-fraud training		
Surprise audits / reviews		
Name & shame campaign		


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RESPONSIBILITIES

Responsibility	Director General
Implementation	Director: Special Investigations
Compliance	EMT
Monitoring and Evaluation	Chief Director: Internal Audit, Risk Management and Special Investigations
Development and/ or review	Director: Special Investigations
Interpretation and advice	Risk Management Committee & Audit Committee

POLICY APPROVAL

Policy No.	1
Approved/ not approved	
Date Approved	
Director General	Thabane Zulu
Signature	

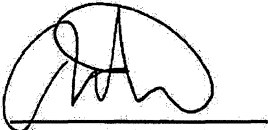


KHUMOETSILE GAESALE
CHIEF DIRECTOR: INTERNAL AUDIT,
RISK MANAGEMENT AND SPECIAL INVESTIGATIONS
DATE: 14/03/11

Date:
Department:

Fraud Prevention Plan

Approved By:



THABANE ZULU
DIRECTOR GENERAL:
NATIONAL DEPARTMENT OF HUMAN SETTLEMENT
DATE: 15/03/2011

