



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

FRAUD PREVENTION PLAN

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UNIT RESPONSIBLE	Special Investigations Directorate (SID)
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POLICY MAKERS & IMPLEMENTOR(S)	
<p>National Department of Human Settlements</p> <p>Internal</p> <ul style="list-style-type: none"> • DG • DDG'S • CD: INTERNAL AUDIT, RISK MANAGEMENT & SPECIAL INVESTIGATIONS • CD: LEGAL ADVISORY SERVICES • CD: FINANCIAL MANAGEMENT SERVICES • CD: POLICY AND RESEARCH • CD: HUMAN RESOURCES MANAGEMENT <p>External</p> <ul style="list-style-type: none"> • Law Enforcement(SAPS, SIU, ETC) • NPA (National prosecuting Authority) • Judiciary 	2012/ 2013

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	Frequency	Responsible Person
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	Quarterly	Human Resources
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 reference not checked ○ Conduct a minimum of the 3 reference checks using referees provided by the employee ○ Solicit reference from the HR department of the previous employer 	# of employees	Once – before offer of employment is made to the successful candidate	Human Resources

		<ul style="list-style-type: none"> ○ Compare the result of the reference checks with information provided on the employee’s job application ○ Consult with labour relations in cases of discrepancies ○ <u>Action</u> <p>Where reference checks have not been done, HR will be required to provide a detailed report (to Internal Audit/ Special Investigations) on why reference checking was not done, present an action plan to ensure that function is performed and introduce intervention mechanisms to avert recurrence.</p> <p><u>Useful sources of information:</u> DPSC performs reference checks</p>			
Background checks	Criminal records	<p><u>Checklist</u></p> <ul style="list-style-type: none"> ○ Employee(s) criminal status confirmed prior to commencing employment ○ Employee(s) criminal status confirmed after commencing employment ○ Employee(s) criminal status not confirmed ○ Compare the information on the application form of the employee with information held by the criminal records center 	# of employees	Once – before offer of employment is made to the successful candidate	Security

		<ul style="list-style-type: none"> ○ In cases of discrepancies consult with the labour relations department <p><u>Action</u></p> <p>Where criminal status has not been confirmed, HR will be required to provide a detailed report (to Internal Audit/ Special Investigations) on why the criminal status of the employee was not checked, present action plan to ensure that function is performed and introduce intervention mechanisms avert recurrence.</p> <p><u>Useful sources of information: SAPS</u></p>			
Background checks (cont)	Civil records	<p><u>Checklist</u></p> <ul style="list-style-type: none"> ○ Employee(s) credit status confirmed prior to commencing employment ○ Employee(s) credit status confirmed after commencing employment ○ Employee(s) credit status not confirmed ○ Compare the information on the application form of the employee with information held by the credit bureau centre ○ In cases of discrepancies consult with the labour relations department ○ Credit information can be verified 	# of employees	Once – before offer of employment is made to the successful candidate	Human Resources

		<p>through 5 different credit bureau system</p> <p><u>Action</u></p> <p>Where credit status has not been confirmed, HR will be required to provide a detailed report (to Internal Audit/ Special Investigations) on why the credit status of the employee was not checked, present action plan to ensure that function is performed and introduce intervention mechanisms to avert recurrence.</p> <p><u>Useful sources of information:</u> Trans Union, ITC, EXPERIAN</p>			
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 ○ 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) 	# of employees	Once – before offer of employment is made to the successful candidate	Human Resources

		<ul style="list-style-type: none"> ○ In case of discrepancies consult with the labour relations department ○ <u>Action</u> <p>Where disciplinary records have not been verified, HR will be required to provide a detailed report (to Internal Audit/ Special Investigations) on why the disciplinary records of the employee were not verified, present action plan to ensure that function is performed and introduce intervention mechanisms to avert recurrence.</p> <p><u>Useful sources of information: DPSA</u></p>			
Background checks(cont)	Employee Business Interest	<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 interest not disclosed <p><u>Action</u></p> <p>Where business and other interest have been disclosed, the Internal Audit or Special Investigations Directorate needs to verify whether it is partial or full disclosure:</p> <ul style="list-style-type: none"> ○ Special Provision is made for the 	# of employees	Quarterly	Human Resources, Internal Audit and/ or Special Investigations

		<p>verification of business interest of senior management</p> <ul style="list-style-type: none"> ○ Business interest of all other employees can be verified without such provision <p><u>Useful source of information:</u> CIPRO, Credit Bureau System</p>			
Background Checks(cont)	Qualifications	<p><u>Checklist</u></p> <ul style="list-style-type: none"> ○ Employee(s) qualifications confirmed prior to employment ○ Employment(s) qualifications confirmed during employment ○ Employee(s) qualifications not confirmed ○ Compare the information on the application form of the employee with the information held by Umalusi and the respective tertiary institutions ○ In case of discrepancies consult with the labour relations department ○ Extra verification is needed for foreign qualifications(for both previous and current employees) <p><u>Action</u></p> <p>Where qualifications have not been verified, HR will be required to provide a detailed report (to Internal Audit/ Special Investigations) on why the qualification of the employee were not</p>	# of employees	Once – before offer of employment is made to the successful candidate	Human Resources

		<p>verified, present action plan to ensure that function is performed and introduce intervention mechanisms to avert recurrence.</p> <p><u>Useful sources of information:</u> Umalusi, Tertiary Institutions</p>			
National Database	Public Servants	<p><u>Checklist</u></p> <ul style="list-style-type: none"> ○ DPSA has a database of all blacklisted public servants ○ Information on current or former public servants who were found guilty of misconduct, including fraud and/ or corruption can be obtained from DPSA ○ HR should forward information/ records of current/ former employees of DHS who were found guilty of misconduct, including fraud and/ or corruption to DPSA ○ HR should, before confirming appointment of a new employee, confirm the conduct/ record of a prospective employee. <p><u>Action</u></p> <p>Where the conduct/ record of an employee was not been verified, HR will be required to provide a detailed report (to Internal Audit/ Special Investigations) on why the qualification</p>	# of employees	Quarterly & as and when it is required	Human Resources Management, DHS Security Unit

		<p>of the employee were not verified, present action plan to ensure that function is performed and introduce intervention mechanisms to avert recurrence.</p> <p><u>Useful sources of information:</u> DPSA and Previous Employer</p>			
	<p>Service Providers/ Suppliers</p>	<p>A blacklist is provided for by the National Treasury but not utilized</p> <ul style="list-style-type: none"> ○ DHS should consult National Treasury (database) before registering/ conducting business with any/ a new service provider ○ DHS should forward their request for blacklisting a service provider to National Treasury (database) - before blacklisting a service provider ○ Names contained on the blacklisting database of the DHS should be registered on the database of the national Treasury Department <p><u>Action</u></p> <p>Where the conduct/ record of an employee was not been verified, HR will be required to provide a detailed report (to Internal Audit/ Special Investigations) on why the qualification of the employee were not verified,</p>	<p>Compliance and # of service providers</p>	<p>Quarterly</p>	<p>Chief Directorate: Financial Management Services</p>

		<p>present action plan to ensure that function is performed and introduce intervention mechanisms to avert recurrence.</p> <p><u>Useful sources of information:</u> National Treasury, SARS</p>			
Anti-Fraud & Corruption Awareness Workshops	General anti-fraud training	<p>Annual training must be provided on general anti-fraud and corruption measures to minimize fraud and corruption within the human settlements sector.</p> <ul style="list-style-type: none"> ○ General anti-fraud & corruption workshops should be used to increase/ promote awareness of fraud/ corruption and the reporting thereof ○ The workshops should be directed towards general staff and management ○ The workshops should focus on highlighting the risk of fraud and corruption within the NDHS ○ The purpose of workshops should be to enable employees and management to recognize fraud/ corruption at the early stages and to prevent the occurrence, increase or spread of fraud/ corruption 	Compliance	Annually	Chief Directorate: IA, RM & SI & Capacity Development
	Specific anti-fraud and corruption	Specific training interventions should be provided to individual departmental units	Compliance	Annually	Chief Directorate: IA, RM & SI &

	training	<ul style="list-style-type: none"> ○ Specialized anti-fraud and corruption training should be used for individuals in high risk areas ○ For example, staff in procurement units should receive different anti-fraud and corruption training from that given to staff in the HR department 			Capacity Development
Surprise Audits/ Surprise Forensic Reviews	Prevention and detection	<p>Should be executed and planned well in advance</p> <ul style="list-style-type: none"> ○ Provides a pro-active means of uncovering fraud and corruption ○ Acts as a deterrent to potential fraudsters ○ Reduces reliance on reactive measures, which frees members of the Special Investigations Directorate to conduct new full investigations <p><u>Action</u></p> <ul style="list-style-type: none"> ○ Business Units (Procurement & Facilities Management) that are perceived as high risk should be subjected to surprise audits to maintain a fraud/ corruption-free environment ○ A surprise preventative audit can include submitting a database containing employee names to CIPRO to detect undisclosed business interests 	Monitoring Compliance	Quarterly/ as and when a need arise	Chief Directorate: IA, RM & SI and SARS

		<ul style="list-style-type: none"> ○ The database containing the names of suppliers can be submitted to SARS to check basic compliance to legal requirements(e.g. tax clearance certificates) ○ Random sampling of orders and/ or contracts handled by individual members of the procurement unit 			
Review of access right to LOGIS, PERSAL, etc	Detection & Reduction of abuse & fraudulent transactions	<ul style="list-style-type: none"> ○ Discourage the sharing of passwords/ pin numbers ○ Early detection of corrupt and fraudulent practices ○ Identify bad elements within employees of Supply Chain Management 	Monitoring & enforcing compliance	Monthly/ Quarterly	Information Technology Risk Officers & Chief Directorate: IA, RM & SI

