

**PROVINCE OF THE EASTERN CAPE  
DEPARTMENT OF EDUCATION**



**FRAUD & CORRUPTION INVESTIGATION  
ESCALATION POLICY**

*Effective from: 2020*

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**ECDOE FRAUD & CORRUPTION INVESTIGATION  
ESCALATION POLICY**

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# ECDOE FRAUD & CORRUPTION INVESTIGATION ESCALATION POLICY

## 1. POLICY STATEMENT

Fraud represents a significant potential risk to the **Eastern Cape Department of Education** (ECDOE) assets, service delivery efficiency and reputation. The Institution will not tolerate corrupt or fraudulent activities, whether internal or external to the Institution, and will vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.

## 2. PURPOSE

The purpose of this document is to outline the Eastern Cape Department of Education (ECDOE) approach on the escalation of investigations of fraud and corruption cases within departments to ensure a similar approach in the handling of the reported cases.

## 3. BACKGROUND

The fraud and corruption investigation escalation policy, hereinafter referred to as the Escalation Policy, is established to provide guidelines as to how to respond should instances of fraud and corruption be identified. The policy guides focus on reporting, investigation and prosecution of fraudulent and corrupt activities.

## 4. POLICY STATEMENT

Fraud represents a significant potential risk to the ECDOE assets, service delivery efficiency and reputation. The ECDOE will not tolerate corrupt or fraudulent activities and will vigorously pursue and prosecute any parties, by all legal means available, which engage or attempt to engage in such practices

## 5. INVESTIGATION PROCEDURE

In the event that fraud or corruption is detected or suspected, investigations will be initiated, and if warranted, disciplinary proceedings, prosecution or action aimed at



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the recovery of losses will be initiated. The following procedure has been adopted by the ECDOE as a process to be followed in the investigation of fraud and related incidents.

**5.1.1. REPORTING OF SUSPICIOUS ACTIVITIES**

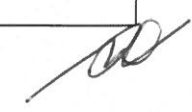
It is the responsibility of every employee to report all incidents of fraud and corruption that may come to his / her attention to his / her supervisor. Alternatively, such reports can be made by way of submitting a report to the Risk Management Unit. A complaint can also be lodged to the National Anti-Corruption Hotline.

The conditions leading to reporting crime may differ from one instance to another, but employees are encouraged to use the internal channels. When offences are reported, the requirements of the PFMA should be taken into account.

All reports received will be treated with the requisite confidentiality and will not be disclosed or discussed with parties other than those charged with investigation into such reports.

**5.1.2. CONTACT DETAILS FOR REPORTING ALLEGATIONS**

<b>INSTITUTION</b>	<b>CONTACT NUMBER</b>
National Fraud Reporting Hotline	0800 601 011
Provincial Anti-Corruption Hotline (Eastern Cape Office of the Premier)	0800 701 701
SAPS Crime Stop number	08600 10111
Provincial Commander: Commercial Branch South African Police	040-608 8413/8414



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Special Investigating Unit	043-7046000 012 843 0000
Office of the Public Protector	040-635 1286/7/1145/1126 086 579 1858/ 0800 11 20 40

**5.2. PRELIMINARY INVESTIGATION**

All Managers are responsible for the detection, prevention and investigation of fraud and corruption, within their areas of responsibility. A preliminary investigation could be conducted by other sections e.g. Pre-Audit where financial processes have been transgressed, IT Section for IT transgression and Security Management where security breaches have occurred as these could amount or lead to fraud and/or corruption. All suspected fraudulent activities should then be escalated to the Risk Management Unit which will assess the incident and allocate it to the responsible practitioner for full investigation.

**5.3. FULL INVESTIGATION**

The nature of reports of incidents of fraud and / or corruption will determine action to be taken. Other incidents will warrant a preliminary investigation, as mentioned in paragraph 5.2 above, before any decision to implement full blown independent investigation is taken.

Criminal Investigations will be undertaken by appropriately qualified and experienced persons who are independent of the departments, external consultants or a law enforcement agency. All investigations performed and evidence obtained will be in accordance with acceptable practices and legal requirements. Independence and objectivity of investigations are paramount.

Investigation in terms of security breaches which could pose a security risk will be undertaken by the State Security Agency (SSA).



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Any investigation initiated must be concluded by the issue of a report by the person/s appointed to conduct 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.

ECDOE employees are encouraged to assist in the investigation process as may be required.

### **5.4. RESOLUTION**

The **ECDOE** will perform the following activities after the discovery of fraudulent or corrupt activities:

#### **5.4.1. DISCIPLINARY PROCEEDINGS**

If fraud is found to constitute maladministration or improper conduct, it will be dealt with in accordance with the disciplinary regulations. The ultimate outcome of disciplinary proceedings may involve a person(s) receiving written warnings or the termination of their services. All disciplinary proceedings will take place in accordance with the procedures as set out in the Labour Relations Act.

#### **5.4.2. PROSECUTION**

Should investigations uncover evidence of fraud or corruption in respect of an allegation or series of allegations, departments will review the facts at hand to determine whether the matter is one that ought to be reported to the relevant law enforcement agency for investigation and possible prosecution. Such reports must be submitted to the South African Police Service in accordance with the requirements of all applicable acts. The departments will give their full co-operation to any such law enforcement agency including the provision of reports compiled in respect of investigations conducted.



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**5.4.3. RECOVERY ACTION**

Where there is clear evidence of fraud or corruption and there has been a financial loss to the department, recovery action (criminal, civil or administrative), will be instituted to recover any such losses. In respect of civil recoveries, costs involved will be determined to ensure that the cost of recovery is financially beneficial. (Requirements of the PFMA should be taken into account).

**5.4.4. INTERNAL CONTROL REVIEW AFTER DISCOVERY OF FRAUD**

In each instance where fraud is detected, Management will re-assess the adequacy of the current internal control systems (particularly those controls directly impacting on the fraud incident) to consider the need for improvements. The responsibility for ensuring that the internal control systems are re-assessed and for ensuring that the recommendations arising out of this assessment are implemented will lie with the Management of the department / section concerned.

**6. ESCALATION OF CASES**

In terms of the fraud and corruption cases the policy aims at specifying values of fraud or specific types of corruption incidents that will be escalated to the Head of the Department (HOD), Law Enforcement Agencies and/or to the Office of the Premier.

- 6.1. Fraud of more than R1million has to be escalated to the HOD,
- 6.2. Fraud of more than R5million has to be escalated to the Commercial Crimes Unit and to the Office of the Director-General.
- 6.3. All investigations where senior officials from Chief Director or higher positions are involved should be escalated to Law Enforcement Agencies.
- 6.4. All investigations where HODs are involved should be escalated to the Office of the Public Service Commission



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6.5. All investigations where MECs, Premier and MPLs are involved should be escalated to Office of the Public Protector in terms of “Section 3(1) and 4 of the Executive Members Ethics Act 82 of 1998 which requires the Public Protector to investigate any alleged breach of the code of ethics on receipt of a complaint.”

**FRAUD RISK - IMPACT TABLE**

CLASS	DESCRIPTION	FINANCIAL IMPACT	ACTION	SANCTION
A	CATASTROPHIC	R100 000 > R1M	INTERNAL & CRIMINAL INVESTIGATION	DISMISSAL & PROSECUTION
B	MAJOR	R10 000 – R100 000	INTERNAL & CRIMINAL INVESTIGATION	DISMISSAL & PROSECUTION
C	MINOR	R1000 – R10 000	INTERNAL & CRIMINAL INVESTIGATION	DISMISSAL & PROSECUTION

The policy stipulates that OTP must be informed about cases for effective monitoring of such cases.

The provisions of this policy will ensure that matters are dealt with at a sufficiently senior level to prevent interference with investigations and prevent greater risk to the organisation.

**7. LEGAL FRAMEWORK**

The policy is developed in line with the Constitution of the country and has taken into consideration, among other, the provisions of the following legislations:

- Criminal Procedure Act of 1977
- The Prevention and Combating of Corrupt Activities Act, No 12 of 2004







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- Labour Relations Act 66/1995;
- Promotion of Access to Information Act 2/2000;
- Promotion of Administrative Justice Act 3/2000;
- Public Finance Management Act 29/1999;
- Provincial Whistle Blowing Policy

### **8. APPLICATION**

This policy is applicable to all employees of the ECDOE. Suspicious activities referred to in the escalation policy include acts of external parties, i.e. suppliers, contractors, consultants, etc. Contravention of the provisions of the policy will be dealt with as per disciplinary procedures set out in paragraph 5.4 above. The person charged with the ownership of this policy is expected to fairly communicate and ensure that all employees in the ECDOE are aware of its existence and application. The policy cannot be applied, under any circumstance, in contravention of any of the legislations of the country or in a manner that constitute abuse of human rights.

### **9. OWNERSHIP**

The Director Risk Management is charged with the ultimate ownership of the policy.

### **10. REVISION**

The policy will be reviewed as follows:

- Annually or as it is deemed necessary;
- Any time to reflect any material changes in the Fraud Prevention Plan;
- Any time to reflect any material changes resulting from incidents investigated; and
- Any time to reflect relevant changes in the legislation of the country.



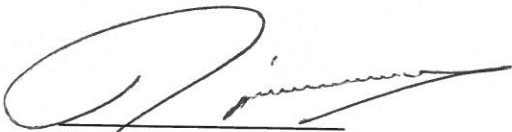
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**11. EFFECTIVE DATE**

This policy is effective from 1 April 2020.

Compiled by:  
S. Govind

Reviewed by:

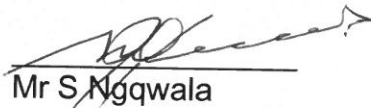


Mr L Njobe  
Acting Director: Enterprise Risk And Integrity Management

2020.06.15

Date

Recommended by:

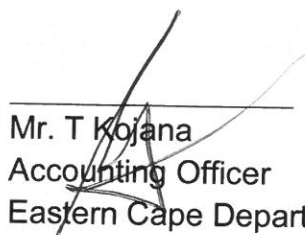


Mr S Ngqwala  
Chairperson Risk Committee

2020.06.19

Date

Approved by:



Mr. T Kojana  
Accounting Officer  
Eastern Cape Department of Education

19/06/2020  
Date