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Assistant Manager: Risk Management

### **OBJECTIVE**

To investigate all cases or suspicious fraud or unethical practices within the Compensation Fund and enforce compliance.

### **ETHICAL BUSINESS CONDUCT**

The Compensation Fund office is committed to the highest standard of ethical conduct in all its action decisions. The staff is continuously alerted to the risk of unethical behaviour and the consequences thereof.

In its effort to combat corruption and dishonesty, the Compensation Fund joined forces with KPMG's Ethics Line to set up a hotline that staff and members of the public can report fraud or any unethical behaviour being committed by fellow colleagues or members of the public.

The Acting Commissioner is committed to combating unethical behaviour, irregularities by encouraging anybody who is aware of such behaviour whether employee, Service provider, supplier or any other stakeholder to report these through newly launched confidential toll free crime line: **0800 20 4974.**



## **GOOD GOVERNANCE**

The management team has attended the Good Governance training, facilitated by the Governance Institute during the Risk Assessment workshop.

Managements was encouraged to govern the Compensation Fund with integrity by setting the example of adhering to the strictest code of ethics and morality.

Staff members and Management were informed that acceptance of Gifts and benefits must not become habitual practice. Gifts or prizes of nominal value above R50.00 must be declared.

## **FRAUD PREVENTION**

- Staff members were trained on risk awareness so that they can positively identify suspicious fraud claims.
- On-going monitoring claims processing is done which resulted in a number of claims being withdrawn due to fraudulent activities.
- Copies of fraudulent ID's were circulated to all staff to be alert for possible claim submission which resulted in detecting 5 fraudulent claims being identified.
- Tracing of pensioners for their arrears pension to prevent cheque loss.

## **INVESTIGATION**

- Several cases have been investigated which resulted in the arrest of 5 people for cheque fraud all from outside Compensation Office.
- Two of the above mentioned cases have been finalised and sentence of 18 months and six years respectively.
- One internal staff member was dismissed for colluding with the external party defrauding the pension claims
- Two outstanding internal cases will be finalised soon
- The total loss through intercepted cheques amount to R 1 214 856.40. The total loss through false claim amount to R293 828.76. The total recovered amount is R 182 822.40.

Compensation Fund has suffered a major loss through intercepted cheques. The decision was taken to mitigate this risk by encouraging pensioners to provide their banking details to the Fund so that their payment can be made electronically.

## **CHALLENGES**

- ❖ Capacity building for the Risk Management unit
- ❖ Implementation of Enterprise Risk Management
- ❖ Security Screening and Vetting of key personnel