



KISII NATIONAL POLYTECHNIC

FRAUD MANAGEMENT POLICY

KNP /FMP /021
2021 Edition

KISII NATIONAL POLYTECHNIC

FRAUD MANAGEMENT POLICY

Policy No.

KNP /FMP/021

Principal's Signature



Date 6/4/2021

Approval by Governing

Council

Chairman's Signature



Date 6/4/2021

Responsible Office

INTERNAL AUDIT OFFICE

FOREWARD

The Kisii National Polytechnic is a State Corporation registered in 1972 under the Education Act CAP 212 of the Laws of Kenya with the objective of providing technical education and training. KNP draws on public resources and must be transparent and accountable in its utilization of these resources.

This Fraud management policy has been developed in recognition of the need for a single, documented reference guide for fraud management in KNP in their day to day work; as well as being a source of information for other stakeholders.

This policy is a key reference guide for the practices, policies and procedures used in fraud management in KNP. The Fraud Management policy provides a standardized and official document for all KNP staff and officers on fraud prevention. It will form an invaluable guide to our staff as they go about their day to day duties as well as providing guidance and information to other KNP departments in understanding the fraud prevention policies and procedures. Additionally, the interaction of roles and responsibilities across the Fraud Management functions will be well understood as documentation of end to end processes now exist.

This policy will provide a guide that ensures uniformity and standardization in the way tasks are approached across the whole of KNP; a handy reference and training guide to assist new and existing staff to become familiar with various aspects of their work; and provide transparency and accountability in the way Fraud Management policies and procedures are undertaken in KNP.

Prof. Kisilu Kitainge

Chairman Governing Council

1.0 INTRODUCTION

Kisii National Polytechnic (KNP) recognizes that fraud management is an integral part of good governance and management practice to enhance efficient and effective service delivery. The institution has adopted a zero-tolerance stance on the vice and is committed to maintaining an institutional framework which will ensure that effective prevention of corruption is embedded in all its activities. KNP is a corruption free zone.

1.1 Historical Background

Kisii National Polytechnic was founded in 1971 as a Harambee Institute of Technology. It was registered in 1972 under the Education Act. CAP 212 of the laws of Kenya with the objective of providing technical education and training for youths. It was moved from St. Vincent Centre where it was initially housed, to the current site in 1980. The first buildings to be put up were Woodwork Technology and Mechanical Engineering workshops, Typing Pool, Hostels, Kitchen and Dining hall. The curriculum then was Secretarial and Building technology. The institute was elevated to a national polytechnic in May 2016 through Legal notice No. 93. Since then more courses have been introduced and currently Kisii National Polytechnic offers more than eighty-eight (88) courses in Certificate and Diploma levels.

Science and Technology (S&T) activities have been recognized in the institution since its inception as vital to social and economic development. There has been rapid expansion of Science and Technology since the enactment of Science and Technology Act CAP 250 of the laws of Kenya (1977).

KNP is managed by the Governing council and college administration comprising of the Principal, Deputy Principals, the Registrar, the Dean of Trainees, Heads of Departments and their Deputies. Day to day learning activities in the college is managed by the Departments.

1.2 Mandate

The mandate of Kisii National Polytechnic is to develop an institution with excellence in training scholarship entrepreneurship, research, consultancy, community service and products with emphasis on technology, its development, impact, and application within and outside Kenya.

1.3 Vision

To be the preferred training institution for technical and vocational skills development.

1.4 Mission

To develop highly qualified, globally competitive and innovative human resource by providing quality training, applied research & extension and entrepreneurship skills that are responsive to market demands.

1.5 Core Values

The Polytechnic operations are guided by the following core values:

- a) Excellence
- b) Innovativeness
- c) Teamwork
- d) Integrity
- e) Transparency

1. Purpose of Fraud Policy

The Polytechnic's Fraud Policy sets out the responsibility of employees and management in relation to reporting of fraud or suspected fraud within the Polytechnic. Though there is some overlap between this policy and the Confidential Disclosures ('Whistleblowing') Policy, it is important to note that the reportage of fraud is mandatory. However, a fraud and/or a suspected fraud can also be reported under the Confidential Disclosures ('Whistleblowing') Policy.

2. Scope of Fraud Policy

The Fraud Policy applies to any irregularity, or suspected irregularity, involving employees and where appropriate consultants, vendors, contractors, outside agencies doing business with the Polytechnic or employees of such agencies, and/or any other parties having a business relationship with KNP. For the purposes of the policy, the term 'employee' includes individuals who work within KNP.

3. Definition of Fraud

Fraud can be broadly defined as an intentional act of deceit to obtain an unjust/illegal advantage.

For the purposes of the policy, fraud shall include but is not limited to:

- Theft or misappropriation of assets owned or managed by KNP;
- Submitting false claims for payments or reimbursement;
- Accepting or offering a bribe or accepting gifts or other favors under circumstances that might lead to the inference that the gift or favor was intended to influence an employee's decision-making while serving the Polytechnic;
- Blackmail or extortion;

- 'Off the books' accounting, or making false or fictitious entries;
- Knowingly creating and/or distributing false or misleading financial reports;
- Paying of excessive prices or fees where justification thereof is not documented;
- Violation of the KNP's procedures with the aim of personal gain or to the detriment of KNP;
- Willful negligence intended to cause damage to the material interest of KNP;
- A dishonorable or reckless or deliberate act against the interests of KNP.

4. Responsibility for the Prevention and Detection of Fraud

All employees have a duty to guard against fraud. Employees are expected to identify processes and procedures that may be vulnerable to fraud and to draw such instances to the attention of management in their department.

Management have a particular responsibility to be familiar with and alert to the types of fraud that might occur in their area and to put in place effective controls to avoid such occurrences.

Management shall provide support to and work with the Internal Audit Department, other Departments involved, and law enforcement agencies in the detection, reporting and investigation of dishonest or fraudulent activity, including the prosecution of offenders. Once fraud is detected, Heads of Departments are responsible for taking appropriate corrective action to ensure adequate controls are put in place to prevent reoccurrence of improper activity. Heads of departments shall be conscious that, given the widespread use of IT systems, and the separation of controls across departments, fraud may come to light in departments other than those in which they are committed.

5. FRAUD PROCEDURE

1. Reporting a Suspected Fraud

Reporting fraud according to the following procedure is mandatory for any employee who suspects that a fraud has occurred. Persons who cover up, obstruct, or fail to report (or monitor) a fraud that they become aware of, or ought to have been aware of, may be considered to be an accessory after the fact and may be subject to the KNP's disciplinary code which could involve action up to and including dismissal. Persons who threaten retaliation against a person reporting a suspected fraud shall be subject to the disciplinary code which could include action up to and including dismissal or prosecution or both.

Great care must be taken in dealing with suspected dishonest or fraudulent activities to avoid:

- Alerting suspected individuals to an investigation underway;
- Treating employees unfairly; and
- Making statements that could lead to claims of false accusations or other charges.

Details of the incident, facts, suspicions or allegations should not be discussed with anyone inside or outside KNP unless the KNP's investigating team specifically directs this. In particular, the matter should not be discussed with the individual suspected of fraud.

Fraud can be detected at any level within KNP, and the following will apply in the reporting of suspected internal fraud:

- An employee or other person who suspects that fraudulent activity is taking place should, in the first instance, report the matter to their HOD;

- If an employee does not feel comfortable raising a matter with their HOD – due to the nature of the concern, its seriousness, or for some other reason – they can raise it immediately with the Internal Auditor and/or a member of the management team.
- In certain cases, it may be more appropriate to raise the matter with someone more senior (e.g. a member of the Audit Committee), perhaps because of the seriousness or sensitivity of the matters concerned. If an employee wishes to speak to higher grade in confidence, they should raise this with a Senior Auditor
- Concerns may be reported verbally or in writing. Where a concern is raised verbally the following steps are to be taken by the employee raising the concern to ensure that the concern raised is acknowledged by the recipient as received in the manner intended by the employee. These steps are to ensure that the recipient is clear that what is intended as a concern about suspected fraud is not construed by the recipient as a passing or casual comment.
 1. The employee raising the concern sends a written communication to the recipient. The written communication confirms:
 - a. The fact that a concern about suspected fraud was raised (details of the suspected fraud need not be included, just the fact that a concern is raised);
 - b. That a written acknowledgement from the recipient to the employee is required.
 2. The recipient responds with a written communication acknowledging receipt of the concern.
 - Once a report of suspected fraud is made to a supervisor/section head, that person is required to pass that information promptly to his/her HOD or directly to the Head of Internal Audit;

- A Head of Department, Director or member of the Audit Committee on receipt of a report of a suspected fraud are required, in turn, to report the matter promptly to the Head of Internal Audit.

2. Procedure for the Investigation of Alleged Fraud

No investigation of a suspected fraud should take place until the Head of Internal Audit has been informed. The Head of Internal Audit, in turn, will determine who best to inform i.e. the Chair Governing Council, the Chair of the Audit Committee, the Principal, Human Resources Officer, Head of department and the Head of Security. Internal Audit must investigate all instances of suspected frauds reported to them.

The Head of Internal Audit (except in any case involving his or her division) will take the lead when fraud investigations are being conducted. This will involve data collection, analysis and intervention, including the review of internal controls. In circumstances where the investigation requires the use of technical expertise, which Internal Audit may not possess, external specialists (subject to the approval of the Governing Council) may be appointed to lead (if the case involves Internal Audit) or to contribute to the investigation.

The Head of Internal Audit will conduct an initial investigation to gather factual information and reach a preliminary view as to whether further action is required. They will report the findings, conclusions and any recommendations to the Chair Governing Council, the Chair of the Audit Committee and to other interested parties such as, Human Resources Officer and the Head of Security.

Employees who are under investigation shall be entitled to have an employee or another appropriate individual present during the course of any interview that is conducted in connection with the alleged fraud or related dishonest activity, with a view to defending their case.

Each case will be considered individually in accordance with the expert advice available, and priority will be given to minimize losses (both monetary and otherwise) to the Polytechnic.

Where the Head of Internal Audit report provides reasonable grounds for suspecting an employee or employees of fraud or a dishonest activity, the Governing Council in consultation with the principal, the Head of Internal Audit, and other relevant officers, will decide if any actions are necessary to deal with the situation and/or prevent further loss. This may require the suspension with or without pay of the employee(s) (which will take place in accordance with Disciplinary Procedures) and/or a decision as to whether further investigation is required.

Where further investigation is required the Governing Council and the Chair of the Audit Committee in consultation with the Principal and Head of Internal Audit and other relevant KNP officers will determine the format and nature of the investigation.

The Audit Committee will, at an appropriate time, consider the results of the investigation and assess whether there is a weakness in the Bank's internal control, which needs to be addressed. The Audit Committee, following consultation with the relevant divisions(s), will report on the outcome to the Governing Council.

3. References for Employees Disciplined or Prosecuted for Fraud

Where there is a request for a reference for an employee who has been disciplined or prosecuted for fraud or dishonesty, the Human Resources Division shall prepare any reply to such a request having regard to KNP's policies and employment law.

4. Review of Fraud Policy

The Fraud Policy will be reviewed at least every three years by the Audit Committee.

