

Eskom Uganda Ltd

Training ethics and integrity

Fraud & Corruption

Ethics and integrity perspective



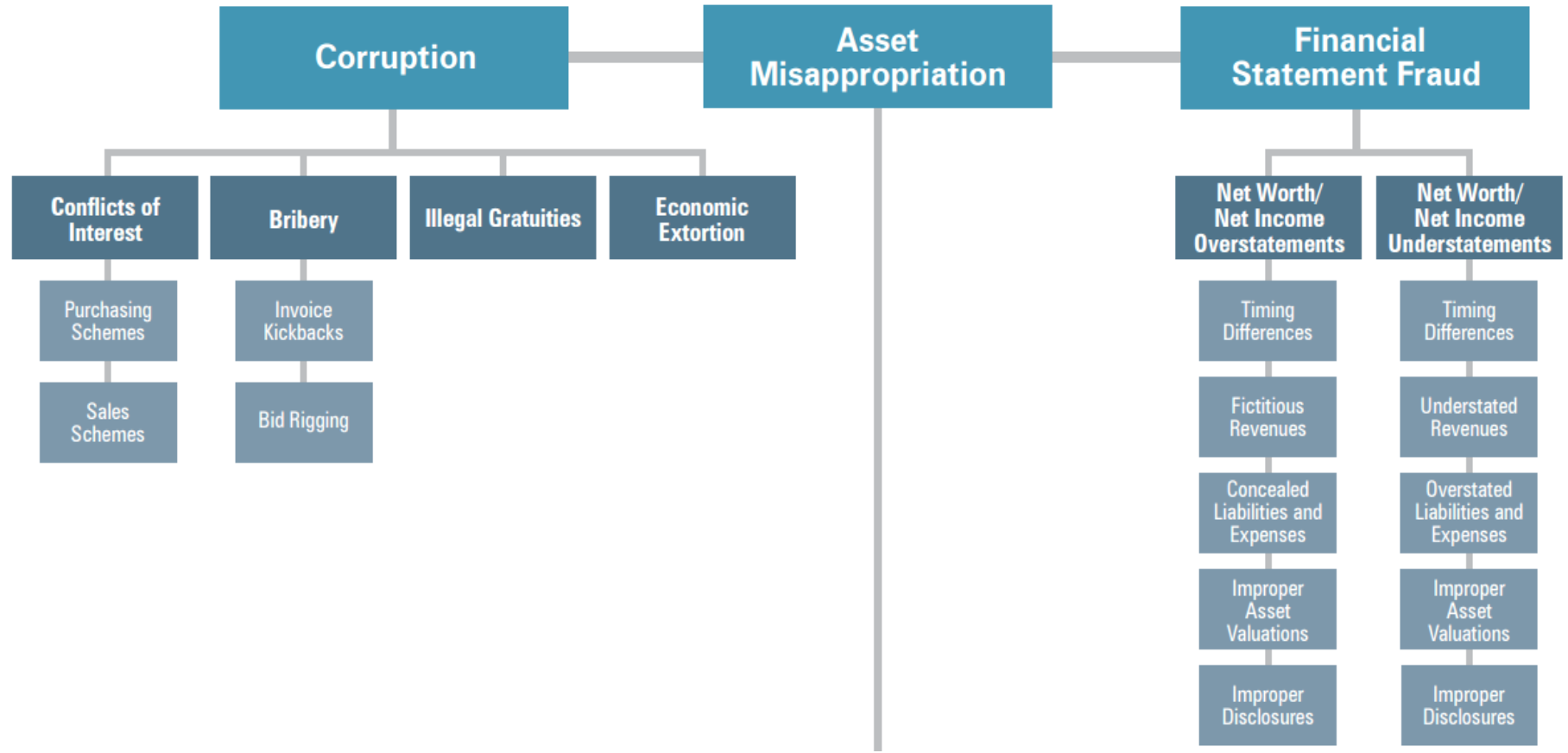
Mustapha B Mugisa, CFE

Perspective

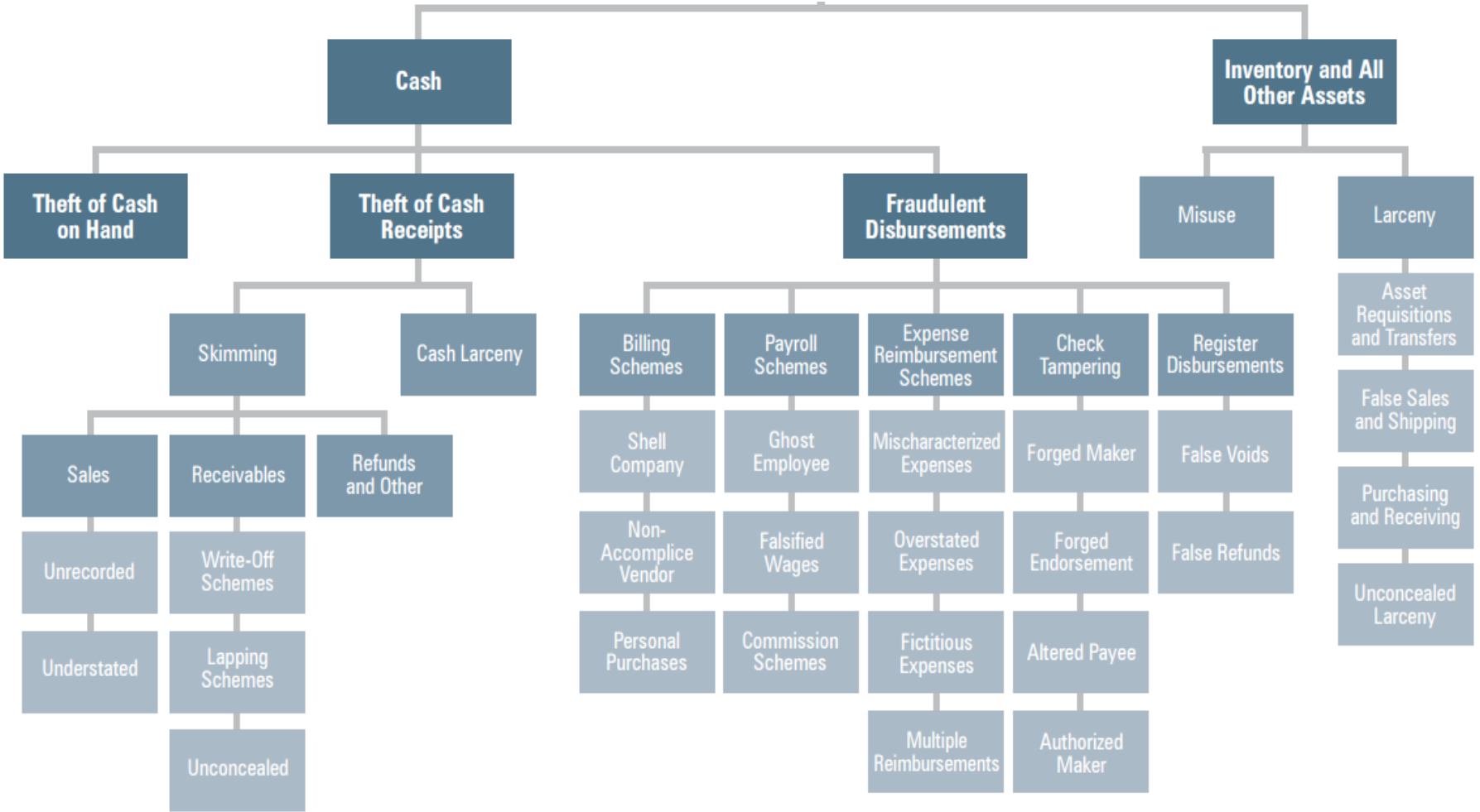
#1: How much do you estimate Eskom loses annually to fraud and corruption?

#2: What are the top 4 fraud schemes the money is lost?

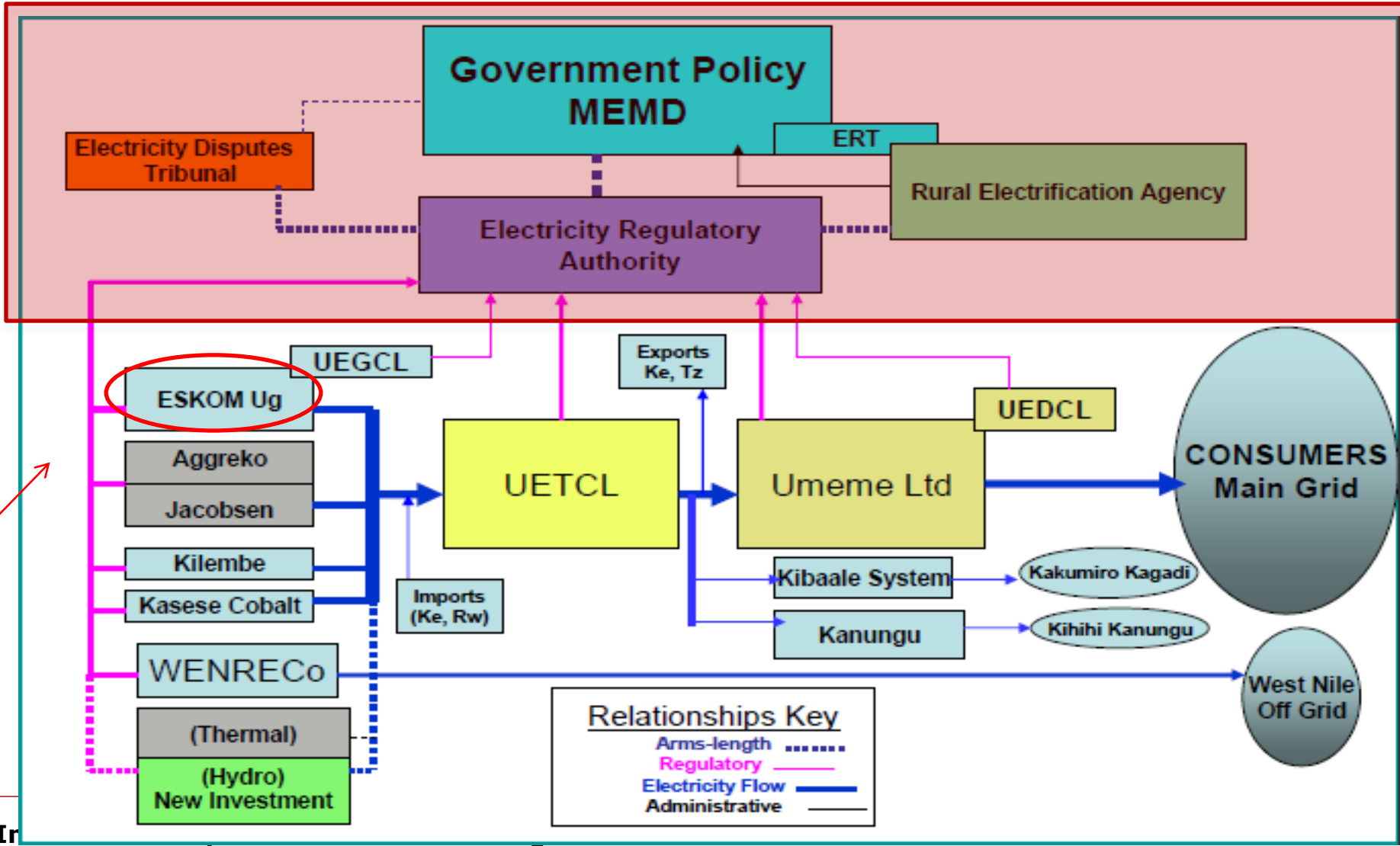
Perspective | fraud tree



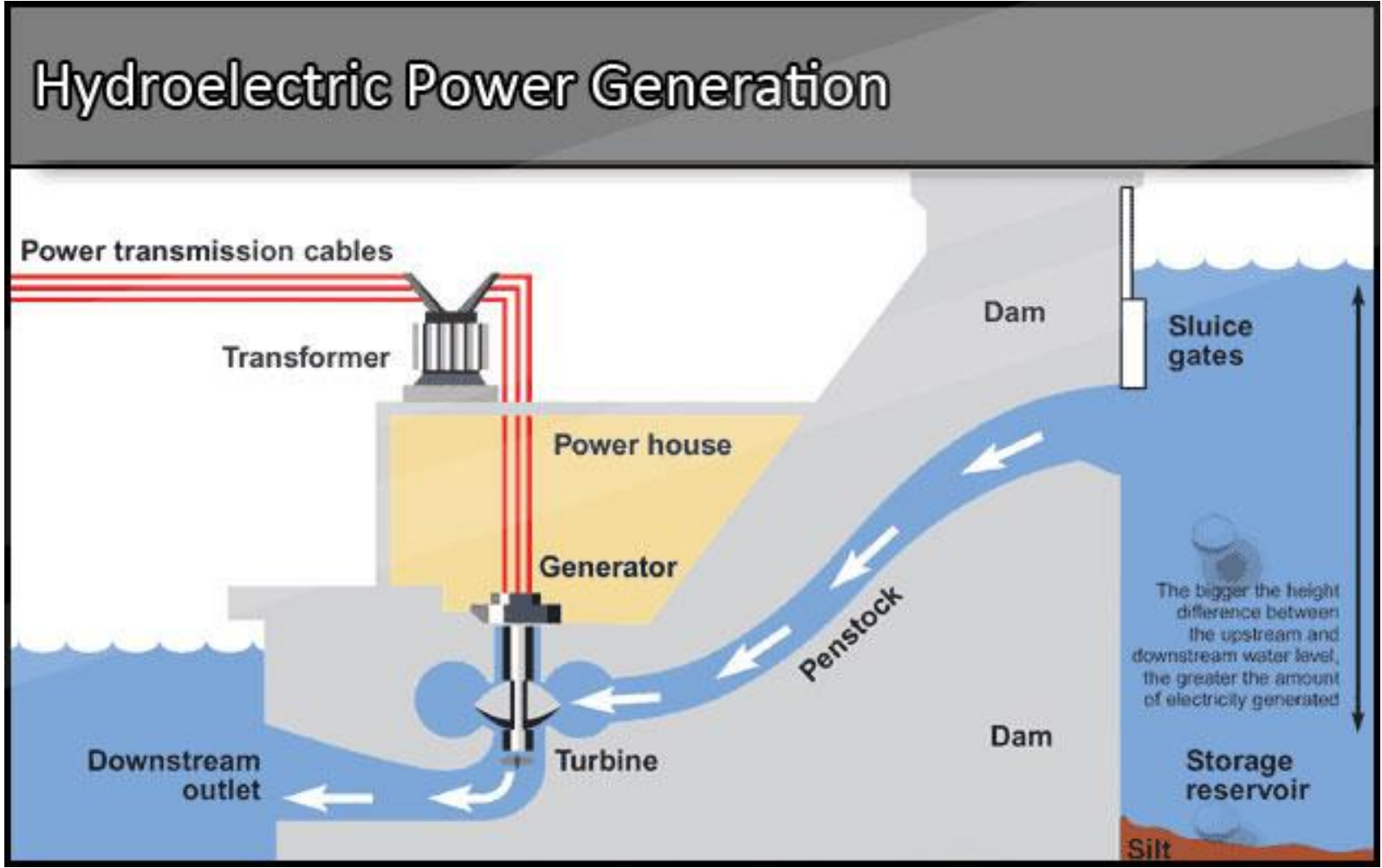
Perspective | fraud tree



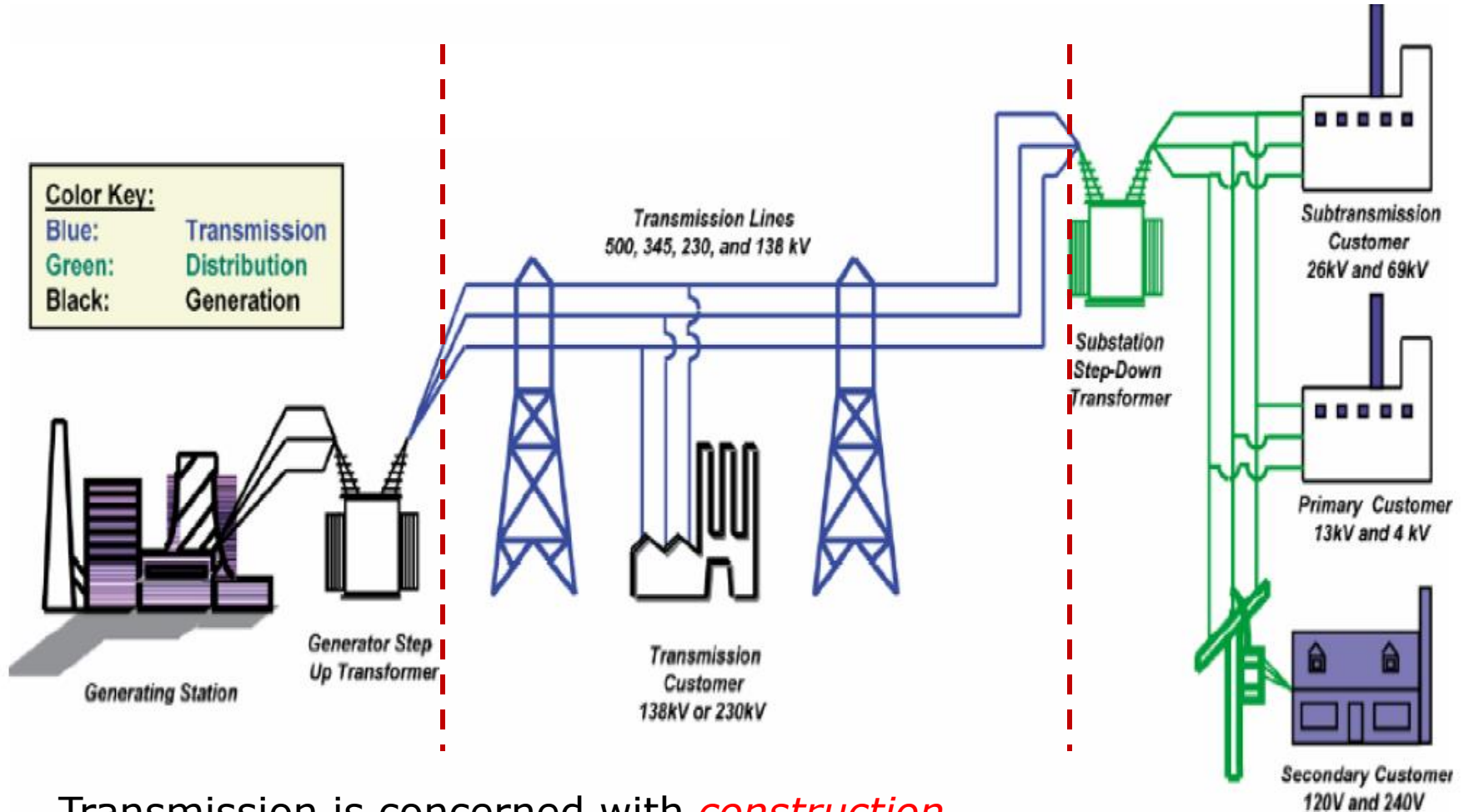
Perspective / process flow



Perspective



Hydro power transmission



Transmission is concerned with *construction, operation & maintenance* of the network.

Key areas to consider...

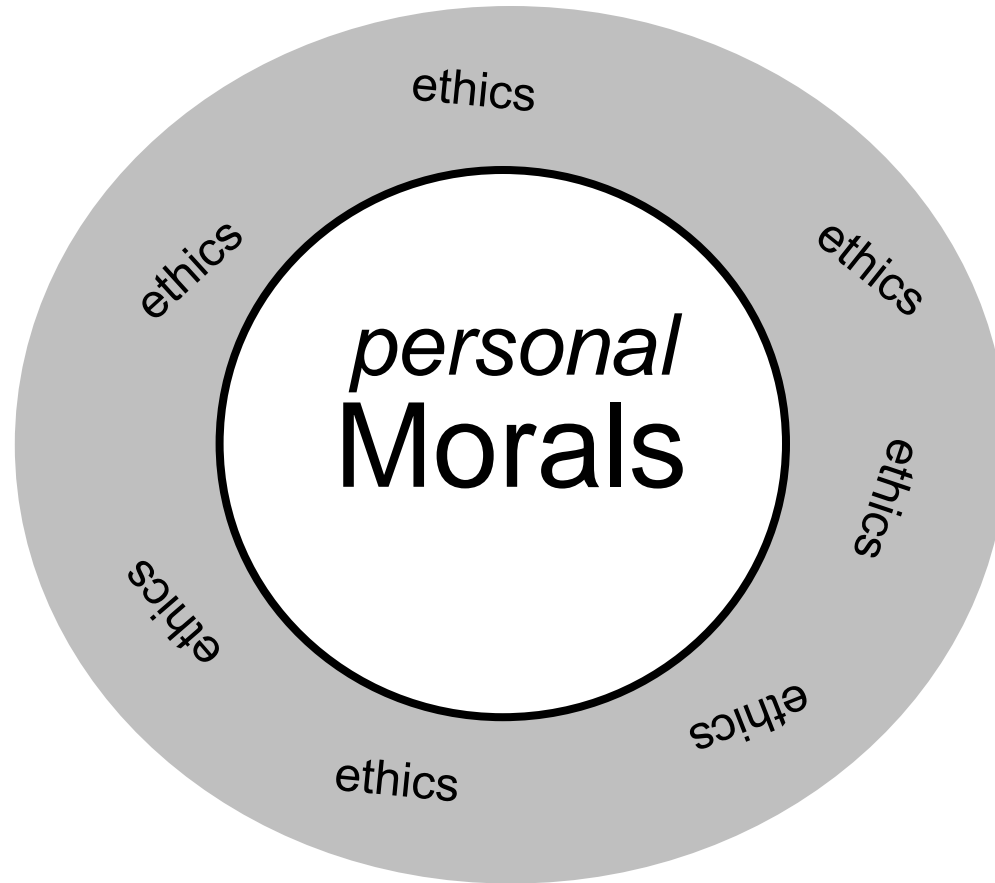
1. Eskom sales power to UETCL
(sales fraud)
2. Eskom operations are sophisticated with lots of technical processes *(these are prone to corruption)*
3. Eskom buys specialised equipment and tools *(high voltage power generation equipment international suppliers – procurement fraud.)*

Code of ethics



What does
ethics mean
to you?

Code of ethics



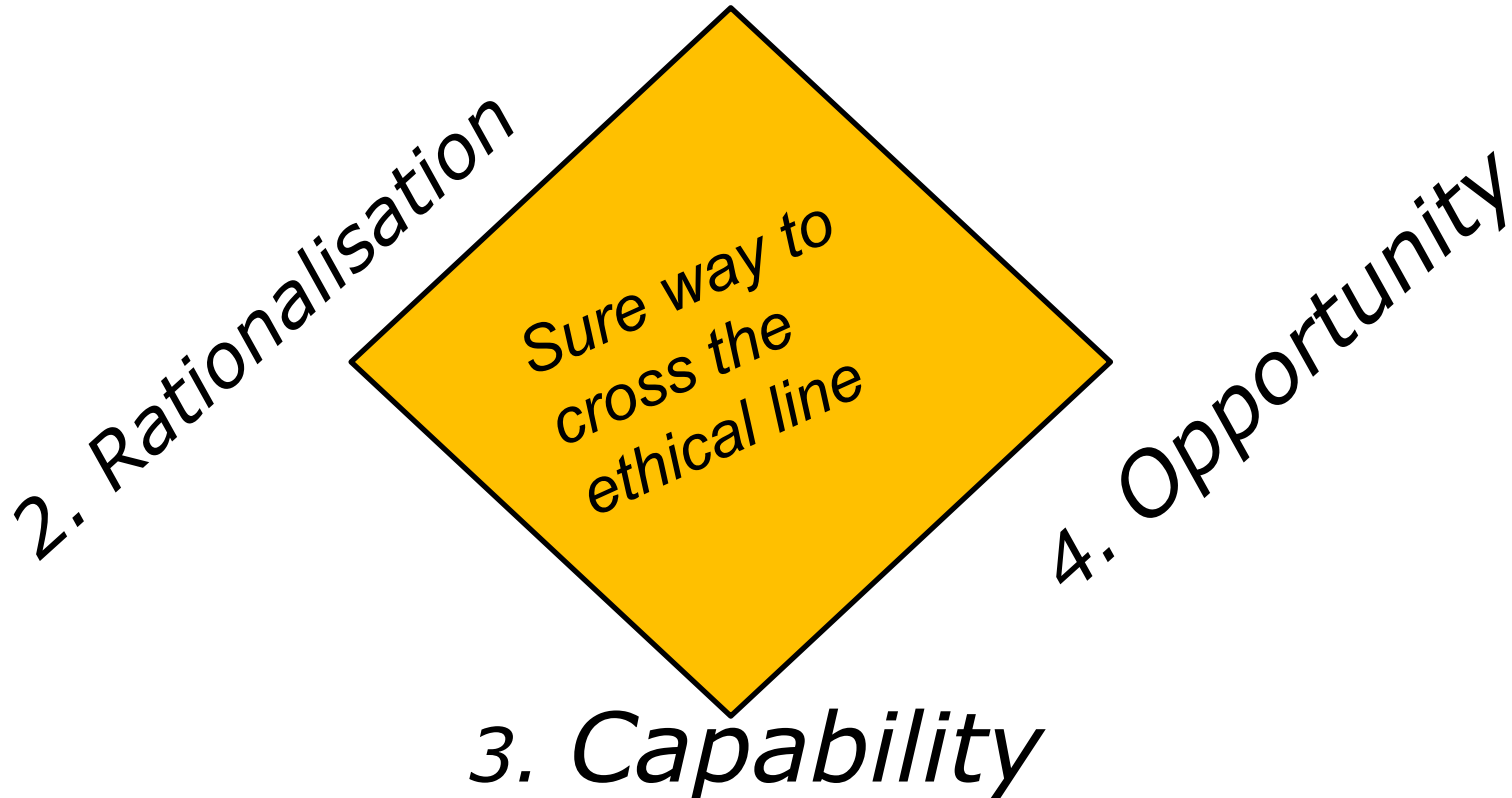
The case study...Energy Co Ltd

- Equip't replaced every two years
- In Billions of Shillings
- High cost to the economy



The fraud diamond

*1. Motive/Pressure/
Incentive*



(i) Motive/Pressure/ Incentive



Are you
living
outside
your
means?

Source: <http://www.independent.co.uk/arts-entertainment/tv/news/bbcs-most-popular-show-overseas-is-keeping-up-appearances-a6880806.html>

(2) Rationalisation



“I am taking only 2m. It wont make anyone collapse.”

(3) Capability



“We can pull this fraud off! We have the skills and means!”

(4) Opportunity



*"Luck
knocks
once! God
has heard
my
prayers..."*

Reflection...



- Is your ethics for sale?

Anti-corruption strategies

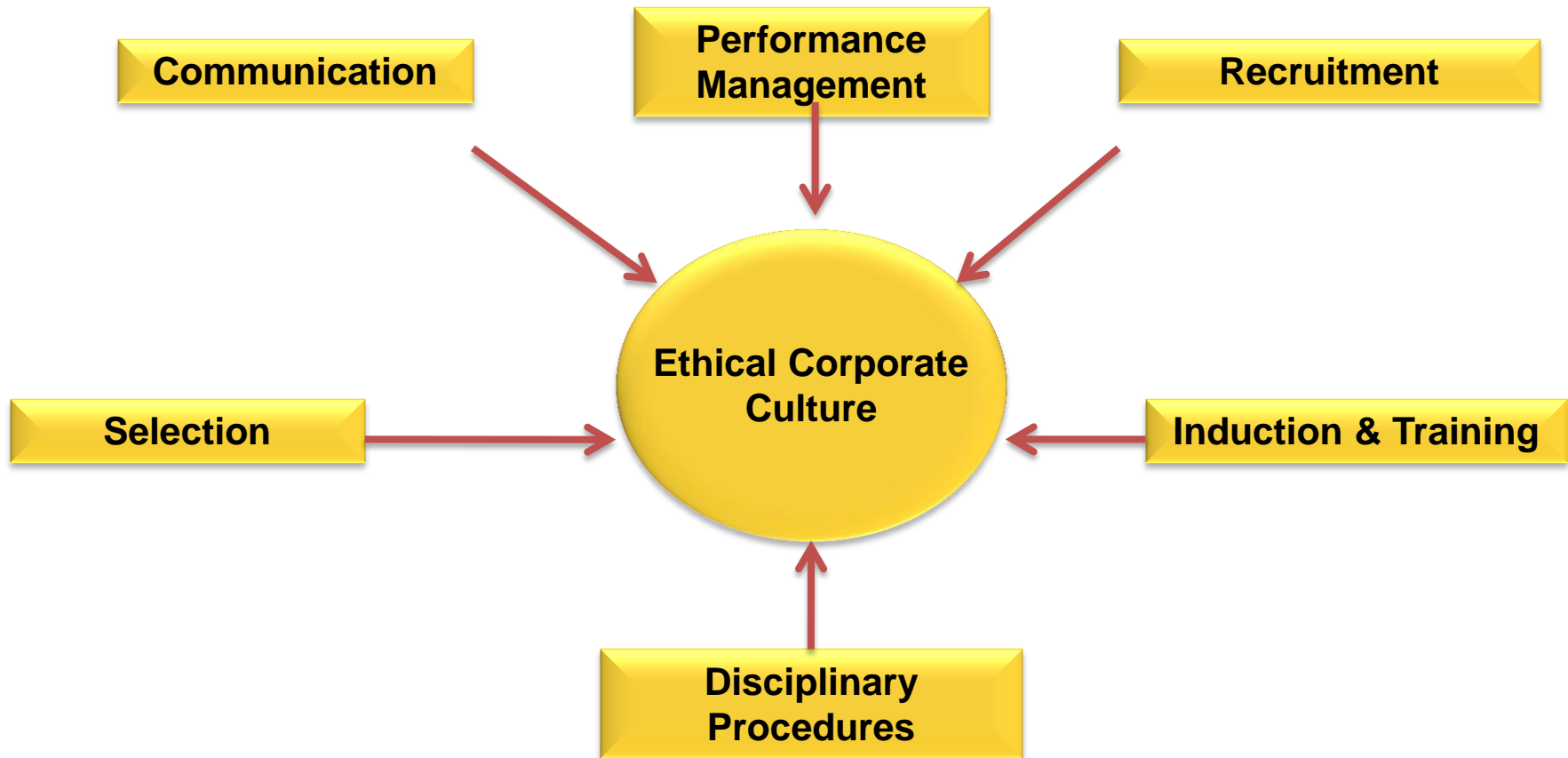
#1: Whistleblowing --> focus on anonymous

#2: Effective anti-fraud framework
– policies, procedures and implementation

#3: Stakeholder awareness & on-going training

Effective fraud prevention

Ethics as a Corporate Culture



Case Studies – do in groups

Case 1

At a function organised by your company in your company premises, shortly before the end of the function, you notice that your manager is busying putting cartons of drinks into the boot of his car. In that split of a second; he glances at you, smiles and says; ‘what the company doesn’t know wouldn’t hurt the company; erase this from your memory’. Then your supervisor says his goodbyes to everyone including you, and he drives out of the premises.

What do you do?

Case 2

A supplier overhears a conversation amongst your colleagues that today is your birthday; she quickly goes out to the shopping mall next to your office building to buy you a card and a box of chocolate. She comes back to your office, meets you at the reception, and wishes you ‘a happy birthday’ and gives you the birthday card and the box of chocolate.

What do you do?

Case 3

A supplier overhears a conversation amongst your colleagues that today is your birthday; she quickly goes out to the shopping mall next to your office building to buy you a card and a box of chocolate. She comes back to your office, meets you at the reception, and wishes you ‘a happy birthday’ and gives you the birthday card and the box of chocolate. The supplier is one of the three bidders your department is considering for a current tender. What do you do? And why?

Case 4

One of the accountants in your department has resigned and needs to be replaced. Your manager tells you that he wants to appoint John, an accountant with one of your suppliers. He tells you to nevertheless go through the motions of following procedure by advertising the post internally. You agree that John has the requisite qualification for the post. Once the applications have all been received, you realize that several more competent candidates from your subsidiary companies have applied. Your manager is however adamant that John should be appointed. What do you do? And why?

Case 5

You get a call from a recruitment company requesting a reference for a person who is your acquaintance. This person was introduced to you a week ago by a mutual friend. You cannot claim to know her so well. Describe What do you tell the caller and why?

Conclusion



All employees have a very important role in upholding Eskom's zero tolerance stance towards fraud.

Discussion



Thank you!

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*Institute of Corporate Governance of
Uganda*



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