

**National Sea Rescue Institute of South Africa “NPC”**

**Registration No 1967/013618/08**

**“the Institute”**

**Fraud Prevention Plan**

**Approved: 2018**



**NSRI**

**Fraud Prevention Plan**

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**Introduction**

1. The NSRI recognises such acts by employees and third parties could seriously **deplete already scarce resources** available in fulfilling its mandate.

2. This document encompasses the Fraud Prevention Plan (FPP) for the NSRI. The **purpose** of the plan is:
- to set down the **stance** of the NSRI to fraud, corruption and theft,
  - to support a **culture** within the NSRI where all employees and other stakeholders continuously behave ethically in their dealings with, or on behalf of the NSRI,
  - to improve the **systems**, policies, procedures and regulations, and
  - to facilitate the **response** to incidents of fraud.
3. The NSRI has two main mechanisms to prevent fraud. The first is internal controls. To ensure that internal controls are effective, the NSRI will perform internal audits and internal assessments. The second is the ethics of its staff. To strengthen ethical standards the creation of awareness is an important strategy in this plan. This includes awareness of the zero-tolerance stance of the NSRI towards fraud and corruption, and the code of conduct.

Should fraud and corruption occur, the NSRI also has two main strategies to detect such instances. The first is audits and assessments, and the second is whistle blowing. Once fraud or corruption has been detected, such instances will be investigated by the External Auditors and the NSRI will institute disciplinary action. The Risk Management Committee will oversee the implementation of this plan.

**Glossary of Terms**

4. Throughout this document, unless otherwise indicated, the words in the first column below have the meanings indicated opposite them in the second column (and similar expressions shall bear corresponding meanings):

TERM / ACRONYM	MEANING
CEO/AO	Chief Executive Officer/Accounting Officer
CFO	Chief Financial Officer
Corruption	The offering or accepting of gratification as an inducement or reward for certain improper actions. A detailed definition is provided below.
NSRI	National Sea Rescue Institute
Disciplinary Code and Procedures for the NSRI	Disciplinary Code and Procedures for the NSRI
Fraud	The crime of intentionally and unlawfully making a misrepresentation to the actual or potential prejudice of another person. A detailed definition is provided below.

CEO	Head of NSRI
IA	Internal Audit
Chairman	Chairman of the Board of Directors
Companies Act	Companies Act 71 of 2008
PCCA	Prevention and Combating of Corrupt Activities Act, No 12 of 2004
PDA	Protected Disclosures Act, No. 26 of 2000
SAPS	South African Police Services
Theft	The unlawful, intentional appropriation of property with the intention to permanently deprive the rightful owner of such property. A detailed definition is provided below.

**Background**

5. The Fraud Prevention Plan (FPP) sets out the NSRI’s planned actions in the fight against fraud, corruption and theft.
6. The FPP is a **dynamic document** which will be reviewed from time to time to ensure that the planned activities contained in it remain relevant to the environment in which the NSRI operates.
7. The FPP supports the NSRI’s **core values**:
8. The NSRI’s FPP is aligned to the Code of Conduct and the Disciplinary Code and Procedures for the NSRI as well as relevant pieces of **legislation** (and regulations) which include:
  - Constitution of the Republic of South Africa, 1996
  - The Companies Act 71 of 2008
  - Prevention and Combating of Corrupt Activities Act, No 12 of 2004 (PCCA)
  - Protected Disclosures Act, No. 26 of 2000 (PDA)
9. The FPP applies to all components of the NSRI.
10. The FPP **applies to** any form of fraud or suspected fraud, including corruption, theft, financial misconduct, dishonesty and any other contravention of any Act or regulation involving persons employed by the NSRI which includes officials and volunteers, whether they are employed on a permanent, temporary, volunteer or contract basis.

## **The concept of Fraud**

### **Theft**

11. Theft is the unlawful, intentional appropriation of property with the intention to permanently deprive the rightful owner of such property. Theft may accordingly involve the theft of movable assets such as cash or equipment or the theft of intangible assets such as internet network bandwidth.

### **Fraud**

12. Fraud is the unlawful and intentional making of a misrepresentation which causes actual prejudice or which is potentially prejudicial to another. The use of the term in its widest possible meaning and is intended to include all aspects of economic crime and acts of dishonesty. The elements of fraud are as follows:

#### **Misrepresentation**

The essence of fraud is the deceiving and misleading of the victim. This is done through misrepresentation (i.e. an incorrect statement) of fact or law made by one person to another. Misrepresentation can take the form of words, actions/conduct or both.

#### **Intention**

Intention requires that the person making the representation had an intention to deceive and to defraud the victim. In other words, the representation must have been made knowing or foreseeing that it might be false.

#### **Prejudice**

Prejudice requires that the action must have caused some harm or potential harm to the victim. In other words, it must be shown that by committing the act, person X intended for person Y to be deceived and for such deceit to cause person Y harm whether or not the harm was actually caused.

#### **Unlawfulness**

Not all forms of misrepresentation are necessarily unlawful. By way of example, a company that advertises its product as "*the best in the world*" will not be guilty of making an unlawful statement as "*the best in the world*" is a subjective criterion.

13. Examples of fraudulent acts include authorising false or inflated expenditure and identity theft.

## Corruption

14. Corruption can be understood generally as the giving or receiving of a benefit (gratification) which is not lawfully due either for doing something that you should not be doing or for not doing something that you should be doing. An example could be the receiving of gifts or money from a supplier in return for awarding work to that supplier. Corruption can take the form of the misuse of material or information, abusing a position of authority or a breach of trust or a violation of a duty.

15. The offence of corruption is criminalised under the Prevention and Combatting of Corrupt Activities Act, No. 12 of 2004. Section 3 of the Act states that:

- *any person who, directly or indirectly:*  
*accepts or agrees or offers to accept any gratification from any other person, whether for the benefit of himself or herself or for the benefit of another person; or*  
*gives or agrees or offers to give to any other person any gratification, whether for the benefit of that other person or for the benefit of another person,*  
*in order to act, personally or by influencing another person so to act, in a manner*
  - i. that amounts to the:*
    - aa) illegal, dishonest, unauthorised, incomplete, or biased; or*
    - bb) misuse or selling of information or material acquired in the course of the exercise, carrying out or performance of any powers, duties or functions arising out of a constitutional, statutory, contractual or any other legal obligation:*
  - ii. that amounts to the:*
    - aa) the abuse of a position of authority;*
    - bb) a breach of trust; or*
    - cc) the violation of a legal duty or a set of rules*
  - iii. designed to achieve an unjust result; or*
  - iv. that amounts to any other unauthorised or improper inducement to do or not to do anything*

*is guilty of the offence of corruption.*

16. **Corruption** is therefore a broader concept than fraud and takes various forms, for examples:

- **Bribery** involves the promise, offering or giving of a benefit that inappropriately affects the actions or decisions of officials.
- **Embezzlement** involves the theft of resources by persons entrusted with the authority and control of such resources.
- **Extortion** involves coercing a person or entity to provide a benefit to an official, another person or an entity in exchange for acting in a particular manner.
- **Abuse of power** involves vested authority to improperly benefit or disadvantage another person or entity.

- **Conflict of interest** involves an official acting or failing to act on a matter where the official has an interest or another person or entity that stands in a relationship with the official has an interest.
- **Abuse of privileged information** and knowledge that an official possesses as a result of his or her office to provide unfair advantage to another person or entity to obtain a benefit, or to accrue a benefit to him/ herself.
- **Favoritism** involves the provision of services or resources according to personal affiliation (for example ethnic or religious) of the official.
- **Nepotism** involves an official ensuring that family members are appointed to the NSRI positions or that family members receive contracts from the NSRI.

### Statement of Commitment

17. The NSRI maintains a **zero-tolerance** stance towards fraud, corruption and theft. All allegations will be investigated and resolved by applying the remedies available to the full extent of the law. Preventive and detective controls will be applied rigorously. Such controls include existing financial and other controls and procedures as prescribed by the NSRI's policies and procedures.
18. The **responsibility** to fight fraud, corruption and theft is shared by **all employees** of the NSRI regardless of rank or position. Every employee has a duty to report all suspected or alleged instances of fraud, corruption and theft *via* the prescribed reporting channels.

### Code of Conduct

19. The Code of Conduct for the NSRI (Code of Conduct) provides clear guidance to employees regarding an employee's relationship with the Board, the public, fellow employees, the performance of duties and an employee's personal conduct and private interest.
20. This code is important in guiding the behaviour of officials and health care workers and is therefore important in the prevention and detection of fraud, corruption and theft. The code describes the employer's expectations of its employees with regard to behaving ethically.

### Internal Control

21. The NSRI's internal controls are **designed to** ensure that reporting can be relied upon, that policies and regulations are complied with and that all processes in the NSRI are operating effectively and efficiently. This includes the prevention and detection of fraud, corruption and theft.
22. These controls may be **categorised** as follows:
- Preventive controls
  - Detective controls

23. The controls may also be categorised into Authorisation, Physical, Accounting, Supervisory controls, Management Information, Segregation of Duties and various other control categories. If these controls are adequate and properly implemented, the risk of fraud and corruption is significantly reduced. Internal controls are therefore the most significant barrier to fraud and corruption.

24. For internal control **to be effective** the prescribed controls must be both:

- adequate and
- implemented

25. To determine **whether prescribed controls are adequate**, the NSRI will:

- Implement monthly assessments
- Evaluate the findings of internal and external audit
- Perform fraud risk assessments as deemed required.
- Where an incident of fraud, corruption and theft is reported, the NSRI will review the effectiveness of the controls which failed to prevent the incident and make the necessary improvements to ensure that the controls are effective going forward.

26. To ensure that internal controls **are implemented effectively** the NSRI will:

- Ensure that all employees are trained in the application of the controls, systems, policies and procedures relevant to their employment, duties and responsibilities.
- Develop and implement a CMI (Compliance Monitoring Instrument), requiring managers to confirm compliance to policies and procedures.
- Test these controls for effectiveness and efficiency on a regular basis via Internal Audit and via “Internal Assessments”
- Develop a system by which the performance of entities are also appraised by taking into account the extent of non-compliance found and the consequent risk to the NSRI as a result of the internal control deficiency identified.

27. Internal controls that focus specifically on fraud and corruption **include**:

- Gifts, donations and sponsorship policies that adequately address both the acceptance and offering of business courtesies by employees.
- Systems for:
  - Declaring private business interests and
  - Actual or potential conflicts of interest by all employees.
  - Transparent and merit based recruitment and promotion practices, to reduce the risk of nepotism and favouritism

28. The NSRI will regularly re-emphasise to all supervisors that consistent compliance by employees with internal control is one of the fundamental controls in place to prevent fraud. Supervisors will be expected to recognise that instances of non-compliance to prescribed internal controls discovered during audits are, in many instances, purely symptoms and that they should strive to identify and address the causes of these internal control weaknesses.

### **Internal Audit**

29. Risks, including fraud risks, must be used to direct Internal Audit's effort and priority. For this purpose, the NSRI will develop and maintain a set of financial risks, including fraud risks.
30. The NSRI will monitor that an agreed Internal Audit Charter and Plan addressing the NSRI's specific needs is agreed to and executed for each financial year.

### **Internal Assessments**

31. In addition to Internal Audit, the NSRI will manage a process of "internal assessments" to evaluate compliance to the basic internal controls. This involves independent checking of a substantial percentage of the NSRI's transactions by head office staff.
32. Similar to Internal Audit, a risk based approach will be followed. A set of risks will therefore be determined, and samples and tests will be derived from the risks. Since fraud and corruption will be included in the risks, the Internal Assessments will also address fraud risks.

### **Enterprise Risk Management**

33. The NSRI acknowledge that it faces diverse business risks from both internal and external sources. The NSRI will conduct strategic and operational risk assessment workshops in accordance with the approved Risk Assessment Plan. These sessions will result in the identified risks, evaluations of the severity of these risks as well as risk mitigation strategies. A comprehensive NSRI Risk Register (risk profile) is also maintained by the CFO. The implementation of the Risk Mitigation Strategies will be monitored via the quarterly Monitoring and Evaluation Meetings (M&E).

### **Awareness**

34. A communication strategy specifically developed for the fight against fraud, corruption and theft, and to communicate the FPP to all employees, will be developed. The objective of the communication strategy is to create awareness of the FPP amongst employees in order to facilitate an environment in which all employees strive to contribute towards a zero-

tolerance culture. The enhancement of the deterrence factor will increase the likelihood of fraud, corruption and theft being prevented and detected.

35. Awareness which will focus among others, on:

- The Code of Conduct for Officials
- NSRI values which includes integrity
- Prevention of Fraud is Everyone's business at all levels and sections of the NSRI
- The role of internal control and the value it can add to prevent fraud and corruption. HR & Finance; consistent compliance by employees with internal control is one of the fundamental controls in place to prevent fraud.
- The NSRI's applicable systems, policies, procedures and acts and regulations, including:
  - Existing and new systems, policies and procedures
  - Gifts, donations and sponsorships
  - Conflicts of interest.
- The NSRI's physical and information security policies, including e-mail and internet usage, as well as the importance of password security.
- The fraud risks associated with:
  - Information security, the utilization of computer resources and access controls. To this end the contents of the POPI Act is to be included in awareness sessions.
  - Poor utilization and management of the payroll system.
- The prescripts of:
  - The Companies Act as far as fraud, corruption and theft are concerned
  - The Disciplinary Code and Procedures for the NSRI
  - Legislation impacting on the fight against fraud, corruption and theft
  - The Disciplinary Code and Procedures, the responsibility of supervisors for maintaining discipline, the standards of discipline expected, the procedure for the application of disciplinary measures;
- Indicators and red flags for fraud, corruption and theft
- The function of the Audit Committee and Risk Committee
- With respect to reporting:
  - The duty to report acts of fraud, theft and corruption;
  - The mechanisms and processes which promote and enable the reporting instances and/or suspicions of fraud, theft and corruption.

- Supports for an Anti-Corruption Hotline and to encourage employees to supply information of fraud to the Fraud Line.
- The best channel is the supervisor
- The rights and obligations of employees' in respect of whistle blowing
- Publication of statistics regarding disciplinary proceedings, outcomes and criminal cases registered in respect of acts of fraud, theft and corruption (taking privacy, confidentiality and legal issues into account).
- Fraud surveys to gauge the fraud health of the NSRI. These surveys may be benchmarked against data available from other companies, as well as against the NSRI's own data over time, which will provide insight into the improvements made or areas where specific proactive measures may be required.
- Non-compliance to prescribed internal controls discovered during audits are, in many instances, purely symptoms. The causes of these internal control weaknesses need to be addressed.

36. The communication strategy, which is the responsibility of management, will include:

- Training sessions;
- The issue of policies;
- Circulation of:
  - Extracts from the Code of Conduct;
  - Appropriate sections of the Plan;
  - "**Lessons learned**" from investigations into allegations.
  - **Successes** related to the Plan and fraud modus operandi;
- Inclusion of the Code of Conduct for Officials in induction packs for new employees;
- Regular email communiqués forwarded to employees pointing out the policy on e-mail and Internet usage and the implications of abusing these.
- Presentations on the Fraud Prevention Policy
- Placing **notices** or other communiqués related to the Plan in areas accessible to employees and the donors;
- Giving copies of the Plan (FPP) to **suppliers**;

### **Deterrence**

37. Some individuals have a moral framework that prevents them from committing fraud. In others the propensity to be involved in acts of fraud, theft and corruption is often related to his or her perception of the likelihood of being caught. Therefore, the deterrence factor is for many people the predominant reason why they do not chose to become involved in

crime. The NSRI will therefore publicise and communicate appropriate levels of detail of sanctions meted out to offenders who have been brought to book. Information regarding the incident (but still with regard to the confidentiality and any pending legal issues) will be provided to the employees in order to increase the effectiveness of the deterrence factor.

## Investigation

38. The NSRI, through management, undertakes to **react promptly** when acts of fraud, theft and corruption are detected. This will include taking appropriate disciplinary and/or criminal action against perpetrators of such acts. Reaction to these acts will remain consistent regardless of the nature of the crime or the profile of the alleged perpetrator.

## Reporting

39. The **duty to report** acts of fraud, theft and corruption is highlighted through various legislative prescripts which also dictate that failure to report such acts can be sanctioned through criminal or disciplinary action:

- The Companies Act
- The Prevention and Combating of Corrupt Activities Act, (PCCA)

40. The legislative reporting requirements apply to knowledge **or suspicion** of criminal conduct and are not limited to the conduct of an employee.

41. The requirement to report is emphasised through the requirement that a person in a position of authority (which is set out in section 34 the PCCA) who knows or reasonably **ought to know** or suspect that any other person has committed the offences of theft, fraud, extortion, forgery or uttering of a forged document involving an amount of R100 000 or more, must report such knowledge or suspicion or cause such knowledge or suspicion to be reported to any police official. Should this requirement not be adhered to, the person who failed to report such knowledge or suspicion will be guilty of an offence.

42. The NSRI is committed to the PCCA as an important legislative tool in the fight against corruption. Whilst it is the NSRI's policy to report all matters of a criminal nature to the South Africa Police Service (SAPS) regardless of amount, should it be found that a NSRI employee in a position of authority **failed to report** an offence stipulated in the PCCA, this non-adherence to the legislation will be reported to the SAPS and the employee concerned will be subjected to disciplinary proceeding with a recommendation for dismissal of such employee.

43. It is the **duty of every employee** regardless of rank or position to report instances and/or suspicions of fraud, theft and corruption immediately upon becoming aware thereof. The importance of reporting these instances and/or suspicions resides in the fact that any actual

or potential financial loss or reputational impact may be prevented or minimised if detected in a timely manner.

44. In order to promote and facilitate effective, varied and anonymous mechanisms to report instances, the following **methods of reporting** are available to employees:

Should an employee wish to report a suspicion or knowledge of an incident of fraud, theft, corruption or dishonesty then this report can be made to his or her **supervisor** or to the head of NSRI (CEO). The supervisor or CEO will then be required to notify the Auditors and provide all relevant information regarding the reporting of the incident.

Every employee has the right to report suspicion or knowledge of an incident of fraud, theft, corruption or dishonesty in confidence **directly to the Auditor**. No employee wishing to make a report directly to the Auditor may be prejudiced in any way for choosing to report directly.

### **Protection of the whistle blower**

45. Employees who blow the whistle on suspicions of fraud, corruption and theft are protected through the provisions of the Protected Disclosures Act, No: 26 of 2000 (PDA) if the disclosure is a protected disclosure as set out in this act.
46. A disclosure made by an employee in good faith and in accordance with the reporting procedures prescribed by the NSRI can be considered to be a protected disclosure. Should any employee make such a protected disclosure, they will be protected from any form of occupational detriment resulting from such a protected disclosure.
47. It should be highlighted that the opportunity to remain **anonymous** is afforded to all employees, NSRI governance structures, consultants, contractors and service providers (and their employees) to the NSRI.
48. Furthermore, should any person come forward in person to report acts of fraud, theft and corruption directly either to management or to the Auditor, they will be afforded the opportunity to do so **confidentially** and for their identities to be kept confidential by the person to whom they are reporting.
49. Blowing the whistle of fraud, theft and corruption is an integral part of combatting economic crime and it remains the responsibility of all employees to report such activities without delay *via* one of the prescribed mechanisms. All information received as part of a protected disclosure will be treated as confidential and the information associated with such a report will only be discussed with those persons who have a legitimate right to such information.
50. Whilst the contents of the protected disclosure are kept confidential, this process of maintaining confidentiality also ensures the reputation of the individual(s) against whom allegations are made is protected from unnecessary reputational damage should it be found

that there is no substance to the allegation or if the suspected perpetrator is cleared of the alleged conduct.

### **The Auditors and their mandate**

51. The purpose of the External Auditors is to ensure the prevention, detection and investigation of economic crime such as fraud, theft and corruption within or against the NSRI.
52. Matters involving the **CEO of NSRI** may only be investigated after instructions to do so have been issued by the Chairman of the Board.
53. There are specific requirements before the NSRI may refer a matter to the Auditors for investigation:
  - The issue must relate to an alleged financial misconduct, non-compliance or a criminal matter.
  - The NSRI must first investigate this allegation internally.
  - Only if the NSRI's findings indicate a reason to suspect fraud, theft or corruption can it be referred to the Auditors.
54. Should there be doubt regarding a potential referral to the Auditors, the NSRI will consult the Auditors to clarify the matter and document such discussions for future reference and audit purposes.
55. The Auditors will be responsible for responding to and investigating of information and will maintain proper records of all allegations relating to the NSRI.
56. The Auditors will ensure that employees are made aware of and receive appropriate training on matters regarding fraud, corruption and theft.

### **Disciplinary Action**

57. In terms of the Disciplinary Procedures of the NSRI the accounting officer for a NSRI must take effective and appropriate disciplinary steps against any official in the service of the NSRI who -
  - commits an act which undermines the financial management and internal control system of the NSRI; or
  - makes or permits an unauthorized expenditure, irregular expenditure or fruitless and wasteful expenditure.
58. The NSRI recognises that the consistent and efficient application of disciplinary measures is a key factor for the success of this Plan. The NSRI will develop a system to facilitate the

consistent application of disciplinary measures, e.g. a monitoring system that includes proper record keeping of all disciplinary action taken.

59. Where employees are found to be involved in such acts, the steps outlined in the Disciplinary Code and Procedures will be applied to deal with or resolve disciplinary matters.

### **Recommended sanction**

60. Should it be found that an employee participated in acts involving fraud, theft or corruption, they will be subjected to a disciplinary hearing. In all such instances, the NSRI's representative initiating the disciplinary proceedings will be required to recommend dismissal of the employee concerned.
61. The same principles will apply to employees who fail to report such acts of fraud, theft and corruption. Should it be determined through *prima facie* evidence that an employee became aware of, suspected or received information regarding an alleged act of fraud, theft or corruption and failed to report such, the employee concerned will be subjected to a disciplinary hearing with a recommended sanction of dismissal.
62. The disciplinary action referred to here is in accordance with the Disciplinary Code and Procedures. Should there be *prima facie* evidence of acts of fraud, theft or corruption, the NSRI will be required to lay criminal charges and take appropriate steps for the recovery of incurred losses.

### **The role of the Accounting Officer**

63. Whilst many functions are delegated to ensure effective service delivery, the accountability and role of the Accounting Officer remains the same. The Accounting Officer is ultimately responsible for the prevention and detection of fraud, theft and corruption. The Accounting Officer will need to ensure that the appropriate resources and monitoring mechanisms are in place to enable management and employees under his control to effectively discharge their duties in respect of fraud prevention and detection.
- The importance of the Accounting Officer's role in the prevention of criminal acts is further highlighted through specific legislative requirements.
  - Must ensure that the NSRI has and maintains effective, efficient and transparent systems of:
    - financial management,
    - risk management,
    - internal control,

- internal audit under the control and direction of an audit committee,
- procurement and provisioning,
- Is responsible for the effective, efficient, economical and transparent use of the resources of the NSRI
- must—
  - take effective and appropriate steps to collect all money due to the NSRI;
  - implement processes to prevent and detect unauthorised, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct; and
- is responsible for the management, safe-guarding and the maintenance of the assets
- When an official discovers unauthorised, irregular or fruitless and wasteful expenditure, that official must immediately report such expenditure to the accounting officer.
- When an accounting officer determines the appropriateness of disciplinary steps against an official, the accounting officer must take into account—
  - (a) the circumstances of the transgression;
  - (b) the extent of the expenditure involved; and
  - (c) the nature and seriousness of the transgression.
- The amount of the unauthorised, irregular, fruitless and wasteful expenditure must be disclosed as a note to the annual financial statements of the institution.

### **The role of Management**

64. Management is ultimately responsible for ensuring that effective fraud risk management processes are implemented, monitored and assessed within NSRI on an ongoing basis, including:

- Establishing and maintaining a culture in the NSRI or areas of accountability which embraces, promotes and rewards ethical standards that are beyond reproach;
- Compliance to policies and procedures;
- Drafting, review and implementation of policies, strategies, processes and procedures to prevent possible fraud theft and corruption within their areas of accountability.
- Ensuring that there are effective controls in place to ensure compliance with these *policies*, strategies, processes and procedures and that all employees under their management are trained and are fully conversant with the provisions contained therein.
- Regular assessment of the risks of fraud and corruption in their areas of *accountability* and appropriate implementation of the relevant mitigation strategies.
- Swift and consistent action in response to fraud, theft and corruption.
- Civil recovery of incurred losses as a result of criminal activity

- Blacklisting of suppliers who:
  - participate in or fail to report acts of fraud, theft and corruption perpetrated against or within the NSRI
  - fail to declare conflicts of interest or gifts provided
- Defined formal fraud awareness and education initiatives
- Ensuring that the Accounting Officer is immediately notified of any shortcomings regarding *the* above and that all resourcing requirements or inadequacies are brought to his or her attention.

65. A zero-tolerance culture is the responsibility of management who are required to establish, maintain and promote such a culture.

### **The role of Employees**

66. Every employee has a duty to report suspicions and allegations involving fraud, theft and corruption *via* one of the reporting mechanisms detailed in this document, in order to:

- Create a culture of reporting
- Ensure that the NSRI remains resistant to fraud, theft and corruption
- Minimise the risk of fraud, theft and corruption going undetected for some time
- Promote transparency in the workplace
- Reinforce an attitude of non-tolerance to dishonesty and criminal activity
- Adhere to legislative requirements such as the PCCA, where applicable

### **Fraud prevention champion**

67. The NSRI will identify an employee who will be appointed as the fraud champion. The fraud champion is an employee who is given the responsibility of fulfilling the role of key liaison between the NSRI and the Auditors. This person will not be responsible for investigation, but will be the “go to person” for employees within the NSRI regarding potential referrals to the Auditors. This person will be made aware of the identified fraud risks within the NSRI and the most appropriate response with regard to referrals to the Auditors. The fraud champion will also be responsible for reviewing of the fraud plan, collating statistics and monitoring indicators with respect to incidences of fraud and mitigation strategies.

### **Administration and Maintenance of the Fraud Prevention Plan**

68. The custodian of the FPP is the Accounting Officer who is supported in its implementation by management.

69. The Risk Management Committee acts as advisory committee to the Board with respect to the administration, revision and interpretation of the FPP. The FPP and related underlying policies and strategies will be reviewed annually.

70. The Risk Management Committee will determine requirement for quarterly reporting to itself with respect to the implementation of the FPP, and will report progress to the Board on a quarterly basis.

**Approval of the Fraud Prevention Plan**

Supported:

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\_\_\_\_\_

Date

(member of Risk Committee)

Supported:

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Date

(member of Risk Committee)

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Date

(member of Risk Committee)

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Date

Supported:

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Date

Approved:

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(Chairman of the Board of NSRI)

Date: