

# ATNS FRAUD PREVENTION PLAN

## 1. INTRODUCTION

As part of ATNS's plan to comply with Treasury Regulations and the PFMA, it has developed the Fraud Prevention Plan. This should be read together with the ATNS Fraud Management Policy, Whistle-Blowing Policy, Supply Chain Management Policy and the ATNS Management Directive on Conflict of Interest Directive.

The Plan takes into account the risks of fraud as identified in risk assessments initiated by ATNS. The Plan addresses strategic fraud and corruption risks that must be addressed and which could jeopardise the successful implementation of each component of the Plan.

The Plan is dynamic and it will continuously evolve as ATNS makes changes and improvements in its drive to promote ethics, as well as to fight fraud and corruption.

The Fraud Prevention Plan provides for, amongst others, the mechanisms for:

- Early detection of fraud;
- The investigation of fraud in order to minimise its negative impact; and
- Special initiatives that need to be undertaken to prevent fraud.

## 2. OBJECTIVES

The objectives of the Plan could be summarised as follows:

- Encouraging a culture within ATNS where all employees, the public and other stakeholders continuously behave ethically in their dealings with, or on behalf of ATNS;
- Improving accountability, efficiency and effective administration within ATNS;
- Improving the application of systems, policies, procedures and regulations;
- Changing aspects of ATNS which could facilitate fraud and corruption and allow these to go unnoticed or unreported; and
- Encouraging all employees and other stakeholders to strive towards the prevention and detection of fraud and corruption impacting or having the potential to impact ATNS.

The above objectives are not intended to detract from the premise that all the components are equally essential for the successful realisation of the Plan. The Plan is structured to address the prevention, detection and reporting and investigation of fraudulent activities.

## 3. DEFINITION OF TERMS

Fraud is commonly defined as the unlawful and intentional making of a misrepresentation which causes actual prejudice or which is potentially prejudicial to another.

The term "fraud" is used expansively, and is intended to include all aspects of economic crime and acts of dishonesty.

Actions constituting corruption, fraud, theft and maladministration collectively include, but are not limited to:

- Any dishonest, fraudulent or corruptive act;
- Misappropriation/theft of funds, supplies, or other assets;
- Maladministration or financial misconduct in handling or reporting of financial transactions or other assets;
- Making a profit from insider knowledge;
- Transgression of ATNS confidentiality clause as contained in letters of employment;
- The irregular acceptance, requesting, offering or giving anything of material value to or from contractors, suppliers, or other persons providing services/goods to ATNS;
- Abuse of ATNS resources;
- Irregular and/or unauthorised destruction of records of ATNS;
- Deliberately omitting or refusing to report or act upon any irregular or dishonest conduct;
- Knowingly or negligently making or permitting an unauthorised or irregular or a fruitless and wasteful expenditure.

Other improprieties concerning an employee's moral, ethical or behavioural conduct shall be dealt with in accordance with the ATNS Human Capital Policy provisions.

Although this is not an exhaustive list of fraud risks, it serves to highlight the importance of performing a comprehensive fraud risk assessment.

#### **4. OWNERSHIP**

The prevention and detection of fraud risk is the responsibility of all Line Managers who manage people, processes and/or systems within the ATNS; as well as any employee or supplier of the ATNS who may be able to assist in eradicating fraud risk within the ATNS.

#### **5. ASSUMPTIONS**

A fundamental assumption is that the various stakeholders within the ATNS will support the objective to eradicate fraud risk and, where appropriate, assist in the implementation of this plan.

#### **6. FRAMEWORK**

The Fraud Prevention Plan provides for the process in terms of which the ATNS will mitigate, control and reduce the risk of fraud. The Fraud Prevention Plan also provides for, amongst others, the mechanisms for the early detection of fraud and for the professional investigation of fraud offences so as to minimize the negative effects of fraud.

The ATNS's Fraud Prevention Plan will focus on addressing the root causes of fraud. This document is not all-encompassing and should not be seen as the only process relevant to the ATNS's fraud prevention initiatives. It will be reviewed on an ongoing basis. Specific initiatives to be undertaken to prevent fraud are listed below and thereafter discussed in greater detail:

- Comprehensive Fraud Risk Register for ATNS
- Training and Awareness
- Whistle blowing hotline
- Recognition
- Pre-Employment Vetting
- Expediting Disciplinary Processes
- Lessons Learnt
- Proactive Fraud Detection

Over and above these specific initiatives, which are designed to be a deterrent and to contribute to a "fraud adverse" environment, effective internal controls are, and will always remain, the best protection against fraud. Internal controls are, by nature, designed to protect the ATNS against fraudulent activities. The Fraud Prevention Plan accordingly relies on an effective Risk and Compliance function that utilises the risk-based approach to its work and ensures that compliance to internal controls is achieved, so as to minimize opportunities for fraud.

#### 6.1. Comprehensive Fraud Risk Register

Acknowledging the fact that it faces diverse business risks from both internal and external sources and in order to comply with the requirements of the Treasury Regulations to the PFMA, ATNS will conduct its fraud risk assessment and develop a risk register. This information will be used to assist management with the following:

- Prioritising areas for attention and subsequently developing appropriate controls to limit the material risks identified; and
- To enable management to continually assess and update the risk profile (incorporating fraud and corruption risk) of ATNS.

Presentations to employees of ATNS will be conducted in order to ensure that they have a more detailed understanding of the fraud and corruption risks facing ATNS and the areas wherein these risks exist, thus enhancing the prospect of detecting irregularities earlier.

#### 6.2. Training and Awareness

The ATNS will provide a fraud training programme to highlight the risk of fraud in the ATNS, empower employees to recognise fraud in its infancy and to guide the fraud prevention team in developing the most optimum processes in combating fraud.

Training is vital for every fraud prevention plan, as this is the process through which employees are empowered to become actively involved in fraud prevention and detection.

### 6.3. Fraud Hotline (Whistle blowing Hotline)

Through this service, all stakeholders can report suspected fraud. This service is a useful tool through which the momentum and interest in the fraud prevention initiatives can be maintained.

Internal Audit shall identify and report to the Social and Ethics Committee cases involving:

- Hoax calls;
- Allegations of a criminal nature;
- Allegations which could potentially justify disciplinary action; and
- Other reported issues and/or alleged irregularities (i.e. Human resources disputes, personality clashes, political or racial grievances, sexual harassment, xenophobia, etc.).

Specific cases requiring further investigation also be reported and followed up through Internal Audit. Awareness of the Whistle blowing Hotline is crucial to its success. As a result the promotion of awareness thereof shall form part of the communication strategy for the Fraud Prevention Plan.

The primary function of the Internal Audit is to assist ATNS in improving the efficiency and effectiveness of operations, risk management, control and governance. This is further intended to promote good corporate governance (including promoting ethical conduct and the prevention, detection and reporting of fraud) within ATNS.

### 6.4. Recognition

Due to the sensitivity of whistle blowing, it may be advisable in some cases not to publicly recognise employees who pass on information leading to fraud detection, so as to avoid threats of intimidation or reprisal. In such instances private recognition is the preferred option, in which case, the Executive may write a personal letter of commendation, which will be placed in the employee's file.

### 6.5. Supplier and Trading Partner Awareness

ATNS shall endeavour to obtain all relevant information about its trading partners to limit its exposure to potentially unsavoury business associates and, also to incorporate these trading partners into the fraud prevention initiatives. ATNS is significantly exposed to supplier fraud risk and will therefore, amongst other measures:

- Initiate "Get to Know your Supplier" programmes;
- Set suitable ground rules for all interactions between trading partners and ATNS's employees;
- Set clear guidelines on "unacceptable gifts";
- Make attempted extortion a reportable offence;
- Commit trading partners to a Client-Supplier Code of Conduct;
- Ensure that ATNS knows exactly with whom it is dealing. This can be achieved by asking for all relevant information directly from the supplier; and
- Encourage trading partners to become actively involved in fraud prevention and early reporting thereof.

#### 6.5.1 Client – Supplier Code of Conduct

Just as the ATNS binds its employees to abide by the ATNS's Code of Ethics so, too, its trading partners will be expected to conform to an agreed set of norms and standards for good business practice. The Client-Supplier Code of Conduct shall endeavour to provide for an undertaking by trading partners to adhere to the ATNS's policies, including related principles, essential to establish a healthy trading partnership. Such a document requires formal and written acceptance by the respective trading partners and serves to achieve a contractual obligation between the parties. The Client-Supplier Code of Conduct shall, inter alia, make provision for:

- The maintenance of open and honest communication;
- Undertakings to report all attempted, suspected or actual fraudulent activities;
- Undertakings to co-operate / participate with any investigation / enquiry initiated by or on behalf of the ATNS; and
- Suppliers consent to the disciplinary jurisdiction of ATNS, without limiting the ATNS's right to any other legal recourse, including the blacklisting of suppliers.

#### 6.5.2 Approved Supplier Database

As part of the ATNS's fraud prevention strategy, all suppliers are required to actively assist in eradicating fraud from the institution. Suppliers are required to register for inclusion in the approved supplier list. The existing supplier database will be updated from time to time with accurate information.

#### 6.5.3 Report Fraud

All suppliers will be required to report any incident where any ATNS employee attempts to solicit favours, gifts, kickbacks or donations from suppliers of whatever nature and/or amount. Under no circumstances may the supplier consent to any such requests or demands from any employee.

#### 6.5.4 Disclose Gifts

To reduce possible fraud or corruption by suppliers and ATNS staff, all gifts offered by suppliers to ATNS officials must be formally disclosed in the Gift Register as per the Conflict of Interest Directive. Gifts of a potentially significant monetary value should not be accepted, and any such offer must be disclosed to the employee's line manager, from whom guidance should be sought if in any doubt as to whether or not the offer of a gift is regarded as of significant value.

A gift declaration register must be maintained and updated on an ongoing basis by ATNS.

Seasonal, congratulatory, or promotional gifts may only be offered to ATNS' employees on strictly appropriate occasions, and when there is no reason to doubt the bona fides of the donor or recipient. Where a seasonal, congratulatory or promotional gift has been accepted, details of the gift, that is, a description of the gift, who gave it, the circumstances in which the gift was given and its rand value shall be entered in the Register of Gifts.

Notwithstanding the above, a Supply Chain Management specialist shall not accept gifts from suppliers.

## 6.6 Pre-employment Vetting

To ensure that the ATNS limits its exposure to hiring potential fraudsters, the Human Resources Division must ensure that all relevant details about prospective employees are acquired prior to their employment. The screening process will typically include a review of:

- References;
- Criminal records;
- Civil claims records;
- Disciplinary records;
- Insolvency or credit history;
- Other businesses;
- Qualifications – CV audit.

## 6.7 Expediting Disciplinary Processes

The benefits of an aggressive response to fraud are often negated by slow and inefficient disciplinary processes, which could drag on for extended periods. ATNS will actively address this issue by assessing the case load of disciplinary processes in progress and seek possible solutions to facilitate their prompt finalisation in terms of the applicable disciplinary processes. Initiatives under consideration include:

- Outsourcing the investigations where necessary
- Completing investigations before suspending officials (where practical)
- Finalising the hearings within the shortest period of time

## 6.8 Lessons Learnt

A review of past cases shall be undertaken in detail to facilitate the learning process, thereby addressing past weaknesses to prevent a repeat of such offences. The ATNS commits its Risk and Compliance Division to assess all major fraud cases from the following perspective:

- Internal controls that were either inefficient or non-existent to facilitate the detection of the fraud.
- Internal controls that did not identify the fraud at an earlier stage.
- Warning signs that were not recognised.

An assessment of the responses to the above shall be undertaken to prevent a recurrence of the fraud and to ensure that identified weaknesses are addressed or that additional training is provided.

## 6.9 Proactive Fraud Detection

In order to seek evidence of fraudulent transactions, identify fraud-prone environments and address the underlying causes of fraud, proactive fraud detection will be undertaken. Through this process, a visible presence will be maintained that will act as a major deterrent to would-be fraudsters.

Apart from the normal internal auditing process, a risk assessment may highlight unacceptably high levels of risk in certain Divisions which may justify the ongoing assessments in certain areas of ATNS.

## 7. ONGOING MAINTENANCE AND REVIEW

- 7.1 In order to ensure that the process of ongoing development and implementation of the Plan is consultative and viewed as such by all stakeholders. The Audit and Risk Committee meet quarterly and the committee is responsible for the ongoing maintenance and review of the Plan.

The Social and Ethics Committee amongst others is responsible for:

- Evaluating reports of fraud and highlight areas of risk within ATNS;
- Considering fraud threats to ATNS and monitoring action taken to implement recommendations relating to incidents of fraud;

The Plan will be reviewed on an annual basis.

- 7.2. The Senior Manager Risk, Security and Quality will be responsible for:

- Steering and taking responsibility for the Plan;
- Reviewing and making appropriate amendments to the Fraud Management Policy and the Fraud Prevention Plan;
- Amending the awareness programme as necessary, and implementing the changes; and
- Ensuring that ongoing communication and implementation strategies are developed and implemented.

## 8. REPORTING

The following are steps should used for reporting fraud and corruption:

- All allegations of fraud and corruption should be reported by employees to their immediate managers and/or the Chief Executive Officer;
- If there is a concern that the immediate manager is involved, the report must be made to the Executive of the Division or the Chief Executive Officer;
- All allegations should be reported to the Chief Executive Officer who will initiate an investigation; and
- Should an employee wish to make a report anonymously, such a report may be made through the Fraud Hotline. The Fraud Hotline number is 0800 220 917.
- All fraud allegations should be reported to the Social and Ethics Committee.

## 9. FRAUD PREVENTION IMPLEMENTATION PLAN

INITIATIVE	OBJECTIVE	RESPONSIBILITY	IMPLEMENTATION	DATE
Comprehensive Fraud Risk Assessments	Prioritise areas for attention.	Senior Manager: Risk, Security and Quality	Review a Fraud Risk Register	31 July 2015
Training and Awareness	Develop and provide a formalised training and awareness to assist in highlighting the risks of fraud; thereby empowering employees to recognize fraud in its infancy.	Senior Manager; Risk, Security and Quality	<ul style="list-style-type: none"> <li>• Compile a training plan;</li> <li>• Rollout training workshops as per plan.</li> </ul>	Ongoing
Fraud Hotline “Tip-Off Anonymous”	Implement a communication strategy for whistle blowing awareness in ATNS.	Senior Manager: Risk, Security and Quality	Continuously Communicate the numbers for the Fraud Hotline on the portal and Plasmas.	Ongoing
		Senior Manager: Internal Audit	Facilitate the investigation of fraud cases reported through the hotline.	Ongoing
Recognition	Recognise persons who provide information which results in action being successfully taken against offenders.	Executives	Implement a recognition programme within ATNS.	Ongoing
Supplier and Trading Partner Awareness Pre-Employment Vetting	Implement supplier and trading partner awareness programmes to limit the supplier’s exposure to, and participation in unethical business practices.	Senior Manager: Supply Chain Management	Compile a supplier code of conduct.	December 2015
Pre-Employment Vetting	Establish whether staff vetting processes, which limit exposure to hiring potential fraudsters, are in place.	Senior Manager: Risk, Security and Quality Executive Human Capital	<ul style="list-style-type: none"> <li>• An adequate process is in place for the vetting of prospective employees and staff;</li> <li>• Staff vetting procedure is continuously assessed to determine its effectiveness.</li> </ul>	Ongoing





Expediting Disciplinary Processes	Ensure prompt finalization of matters in terms of the applicable disciplinary processes.	Executive Human Capital	Assist line managers to effectively deal with the disciplinary process.	Ongoing
Lessons Learnt	To look at past incidents and identify the lessons learnt from previous matters with relevant stakeholders.	Internal Audit and Risk, Security and Quality	Arrange workshops with relevant stakeholders such as Finance, HR and Operations with a view to creating fraud risk awareness and learning from previous matters.	Quarterly

## ADOPTION OF THE PLAN

\_\_\_\_\_  
Chairperson of the Audit and Risk Committee  
ATNS

\_\_\_\_\_  
Chief Executive Officer  
ATNS