



# INFORMATION SHARING SESSION

SEPTEMBER 2022



FAIRHEADS

## **Topic:** Forensic Management in the Umbrella Trust/Beneficiary Fund Environment

A practical walk through of **fraud** prevention, both **internal** and **external**. Addressing **need**, **opportunity**, and **justification**. The utilization of **polygraphing**. Fraud **detection** and **management** – is fraud just a cost to company?



# INTRODUCTION

---

- Umbrella Trust/Beneficiary Funds
- Work Force Management
- Fraud Prevention
- Polygraph utilisation
- Fraud Detection
- Fraud Management
- Cost to Company



# Fairheads Benefit Services

---

- **My background - public to private**
- **Company**
  - Southern Africa's Leading Independent Administrator And Service Provider To The Retirement And Fiduciary Industries
  - The administration of Beneficiary Funds and Umbrella Trusts has been Fairheads' core business for more than thirty years and we have evolved to include Tracing services, Unclaimed Benefits, a Legacy Umbrella Trust product and Pension-backed lending.
- **Our Value Statement**
  - We act respectfully, doing the right thing for the right reason to ensure our clients are safe with us.
  - The safe management of funds is key to our value proposition with the knowledge that we are fulfilling an important role in society in assisting members and clients to have a better life and achieve their dreams and aspirations.
- **Community demographics**



# WORK FORCE MANAGEMENT

---

- Staff onboarding
  - Problem passing
  - Moving Groups
  - Lying on CV
  - Hit and run approach
  - Managing years of service vs knowledge drain



# FRAUD PREVENTION

---

- Internal
  - Need
  - Opportunity
  - Justification
  
- External
  - Correct person
  - Correct amount
  - Correct account



# INTERNAL

---



# NEED

---

- Financial
  - Tough economic environment
    - Market related salaries
    - EAP programs
  
- Collusion – Internal
  - Polygraphing
  - Segregation of duties
  - Randomisation of task allocation
  - Automation of procedures
  - Enforced long leave
  - Staff checks





# NEED CONTINUES

---

- Collusion - External
  - Money lending
    - EAP
    - Financial assistance schemes
    - Annual declarations
  - Saving schemes
  - Vendors
  - Drugs
  - Alcohol/Tobacco
  - Community



# OPPORTUNITY

---

- Identity Theft
- Onboarding
  - Unregistered children
  - Family relationships
- Ad-hoc payment
  - Annual Allowances/ Individual Requirements
  - Guardian/Caregiver/Child-headed household
- Terminations
  - Separation anxiety



# JUSTIFICATION

---

- Embed Ethics in your corporate DNA
- Live your corporate culture
- Contribution to society
- Make it personal
- Insurance covers it so no harm done



# EXTERNAL



# CORRECT INDIVIDUAL

---

- ID
  - Clear copy
  - Latest issue
  - ID checklist
  - System checks
  - External verification
- Identifiers
  - Signature
  - Geographic comparatives
  - Contact details
- Security Check
  - System Data
  - Randomisation
  - False questions



# CORRECT AMOUNT

---

- Within annual allowances
- Reasonable
- Legitimate
  - Non-fee paying schools
  - Fraudulent invoices



# CORRECT ACCOUNT

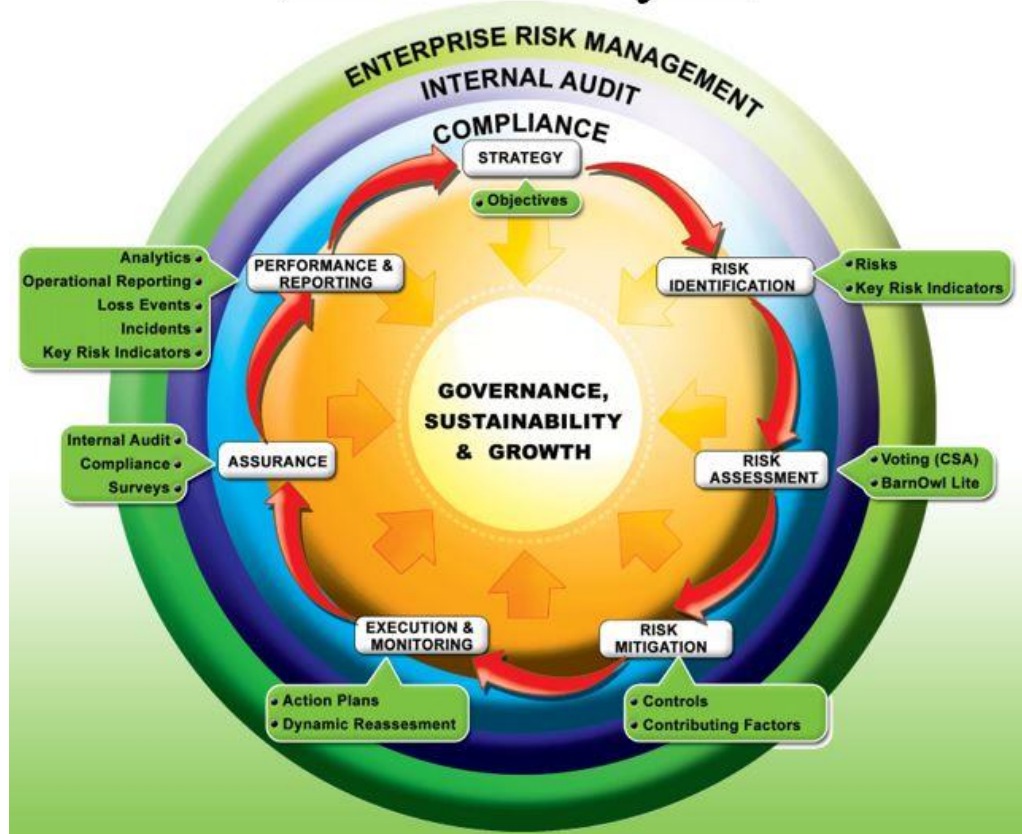
---

- 3<sup>rd</sup> party confirmation
- Payee identified
- Bank verification
- Account access



# Process Design

## ERM Life Cycle





# POLYGRAPH UTILISATION

---

- Staffing
  - Onboarding
  - Promotions
- Forensics
  - Correct client
  - Family relations
  - Forensic interviews
- Risk Management
  - WFH
  - High risk Areas
  - Rolling Strategy
  - Legal opinion and part of employment contract



# FRAUD DETECTION

---

- Whistle-blowing
- Transactional testing
- Procedural controls
- Data base checks



# FRAUD MANAGEMENT

---

- Claimant
- Loss suffered
- Preliminary investigation
- Control adequacy/effectiveness
- Fraud committee
- Full investigation
- Case registration
- Prosecution



# COST TO COMPANY

---

- Prevented vs perpetrated
- Recovery
- Prosecution
- Zero tolerance?





I am learning



I am free



I am confident



My future is bright

# Thank you

## Regulatory Information

This presentation has been compiled to provide factual information on the product offered and does not constitute advice. A copy of this presentation is available from Fairheads upon request.

Fairheads is a Financial Services Provider authorised under the Financial Advisory and Intermediary Services Act 37 of 2002 (FSP 18428) and a section 13 B Administration licence under the Pension Funds Act No 24 of 1956.

### Business Address:

15<sup>th</sup> Floor, 2 Long Street, Cape Town, 8001 | PO Box 4392, Cape Town, 8000

Tel: +27 21 410-7800 | E-mail: [benefitservices@fairheads.com](mailto:benefitservices@fairheads.com) | Website: [www.fairheads.com](http://www.fairheads.com)



**FAIRHEADS**