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# Quarterly. Forensics news letter Autumn 2021

2020 is finally over! For most people, 2020 is a year that we would prefer to not remember, but it's most probably one we will never forget.

At least we are starting 2021 off with some exciting news! Exactech (Pty) Ltd has merged with SizweNtsalubaGobodo Grant Thornton (SNG Grant Thornton). If you missed our press release, here are comments from each company's CEOs:



**Victor Sekese**  
Chief Executive of  
SNG Grant Thornton

"We are delighted to welcome Exactech as part of SNG Grant Thornton. This merger will significantly enhance our capabilities addressing clients' challenges and emerging risks in the digital space. We are thus well positioned to offer greater and even more significant value to our clients."



**Dr. Antonio Poore**  
Founder and CEO  
of Exactech (Pty) Ltd.  
(Newly appointed Director  
and Head of Forensics)

"Our relationship with SNG Grant Thornton goes back about six years when we partnered with the Cape Town office. Since then, we realised the immense value we can deliver to our clients through being part of the international Grant Thornton network. This merger is therefore a realization of a dream, and we are excited to see the fruits of our labours".

"This merger will significantly enhance our capabilities addressing clients' challenges and emerging risks in the digital space."

# Sub-Saharan Africa Fraud Survey.



At the end of 2020, we invited key people to respond to our first Sub-Saharan Africa fraud survey.

The aim was to gather information on how the Covid-19 pandemic, and related uncertainties, are affecting the state of fraud and corruption in Sub-Saharan Africa. You may be wondering why 2020 was such a devastating year for fraud. Well, this quote from Bruce Dorris, the President & CEO for the ACFE sums it up perfectly:

“As organisations make cuts in the attempt to operate with a leaner staff, they can find themselves caught in a perfect storm for fraud: pressures motivating employee fraud are high at the same time that defences intended to safeguard against fraud have been weakened”.

The recipe for this perfect storm included **3 things that converged together.**

**Pressure** – The lockdowns lead to an increase in short term debt, health needs, increased family needs, housing needs and other financial needs.

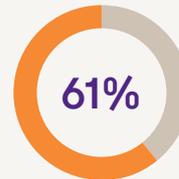
**Opportunity** – WFH (work from home) led to control overrides, reduced transparency, reduced segregation of duties, ineffective fraud detection systems and basically a lack of good corporate governance.

**Rationalisation** – Reduced employee rewards, job losses. Lack of employer empathy and low employee morale led to ‘survival ethics’ where it was easy for many people (employees, vendors and clients) to justify their frauds.

The above three factors have rarely occurred as significantly as they did in 2020 and are still very much present in 2021! Hence, our research questions were grouped in three categories: 1) what happened during the past year, 2) what the current situation looks like and 3) what is predicted for the future.

Here is a high-level summary of the results:

## 1. What happened during the past year?



Respondents experienced fraud during 2020.

- 37% prosecuted the perpetrators and 5% are still investigating the incidents.
- **42%** of the frauds were detected by whistle-blowers / tips, which correlates with the ACFE’s 2020 global fraud survey.
- **42%** of respondents cited ‘distracted employees’ as the primary cause driving fraud risks in 2020.

## 2. What the current situation looks like.



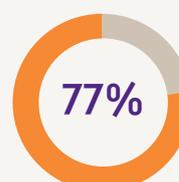
Respondents said that employees are the current biggest fraud threat to their businesses.

- Of the top five anti-fraud controls being implemented, three are passive controls with two, fraud awareness training and internal audit department, being potentially active or passive. Do you see why fraudsters seem to be winning the battle?!

1. 60% - Code of conduct/ethics
2. 52% - Hotline
3. 38% - Internal audit department
4. 38% - Anti-fraud policy
5. 37% - Fraud training for employees

Of the top five anti-fraud controls being implemented, four are passive controls with one, fraud awareness training, being potentially active or passive. Do you see why fraudsters seem to be winning the battle?!

## 3. What is predicted for the future?



Respondents said that they expect an increase in fraud and corruption during 2021

## Sub-Saharan Africa Fraud Survey (cont.)

- Even though most respondents feel that fraud will increase in 2021, the majority (**41%**) expect that their anti-fraud budgets will see **no change**.

In summary, 2020 saw fraud incidents rise dramatically, with the majority of respondents having been victims. The current situation is also not good, as most respondents' internal controls are passive and it's critical to have a mix of passive and active controls to prevent and detect fraud.

Looking at 2021, 77% of respondents predicted an increase of fraud incidents yet 52% of respondents expect that their anti-fraud budgets will see no change or will decrease during 2021.

The results of this survey do not paint a pretty picture for the future, and 2021 could see even more frauds being perpetrated than 2020 – unless organisations start taking the fraud and corruption threat seriously.

### So, how are your fraud prevention and detection defenses looking?

Now is the time to understand just how prepared you are. A high-level fraud risk assessment would be the first step to find out how strong your anti-fraud defences are and what steps you can take today to combat fraud in the future.

Please click [here](#) to download a copy of the survey.



## Employees who resign in the face of disciplinary charges

When clients hire us to investigate alleged fraud and theft, they are often faced with the situation of the suspect employee/s resigning with immediate effect to avoid disciplinary action and /or dismissal.

Many companies then want to halt disciplinary action but our advice to them is to proceed with both criminal and civil actions but some are still reluctant to do so. Well, confirming our advice is the latest Labour Appeal Court decision handed down, which has ruled that this termination by an employee **does not** absolve the employee from his/her misconduct and in terms of the BCEA the employer is entitled to pursue disciplinary charges against the employee.

### Here is a summary of the case:

**IN THE LABOUR APPEAL COURT OF SOUTH AFRICA, JOHANNESBURG - Standard Bank vs Chiloane, Case no: JA 85/18, Heard: 05 November 2020**

The Labour Court was confronted with the issue of whether an employee can by a letter of resignation immediately end his/her relationship with his/her employer irrespective of the contractual or statutory provisions which provide for notice to be given before termination can take effect. This judgment like the others on this issue raises the rights of employers and employees in respect of discipline where an employee resigns in the face of disciplinary charges.

**Summary: Discipline**—Right of employer to discipline an employee for misconduct within the employee's notice period—Resignation with immediate effect having no effect when the disciplinary hearing takes place within the notice period.

## Employees who resign in the face of disciplinary charges (cont.)

**Resignation**—Resignation with immediate effect not terminating employment relationship when contract stipulates a notice period unless the other parties waive or do not seek to enforce it.

**Resignation**—In the absence of contractual stipulation of a notice period, Basic Condition of Employment Act taking effect.

Source: [allardyce.co.za](https://www.allardyce.co.za), <https://www.allardyce.co.za/wish-to-resign-with-immediate-effect/> where you can download a copy of the judgment.

## POPIA and why we need to talk

by André Naudé

You have undoubtedly been bombarded with news articles, broadcasts, marketing campaigns, advertising banners and more, regarding the looming deadline that brings to an end the 12-month grace period for the Protection of Personal Information Act (POPI Act) compliance **that came into effect on 1 July 2020**. And if you haven't paid much attention to it, perhaps it is time you do, because it will almost certainly affect you and your organization.

Billed as the local equivalent of the European Union's General Data Protection Regulation (GDPR) that mandates the protection of data about people living in the EU regardless of where that organization is located around the world, so too has the POPI Act set out to mandate how the personal information of data subjects is handled.

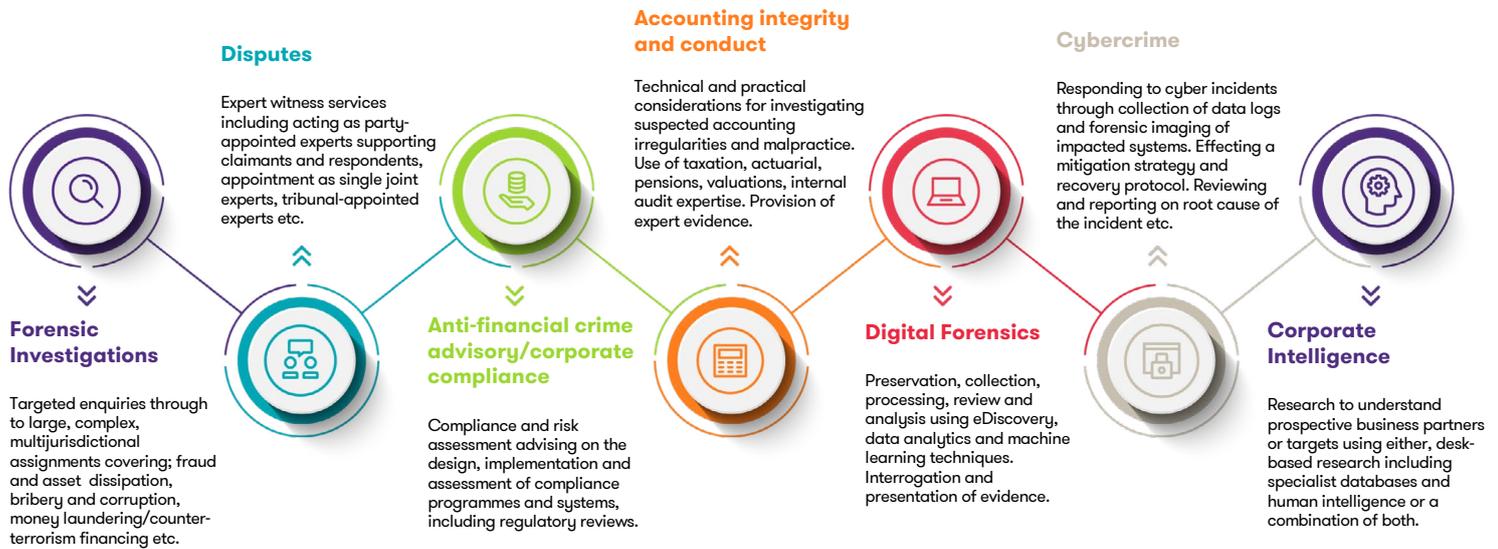
One thing that the enforcement of the POPI Act has brought along with it, is the abundance of advice from all sectors on offer, on how to become compliant and what to do if you are not. What does seem to be missing, as one navigates the thousands of online resources relating to this topic, is how to actually get it done. In other words, a real plan backed by real experience in this domain, that will help you answer how you are going to locate, collect and process personal information through your organization and how you will not only continuously do so, but how you are going to demonstrate it when the Regulator comes knocking on your door.

Backed by a global team that has already been actively assisting organizations reach and maintain GDPR compliance for the past few years, we want to engage with you to discuss how to meet the new standard of data processing set out by the POPI Act, how to minimize the amount of personal data processed, what to do with that data when it is no longer required and how to remediate any non-compliance with a proven real-life approach that is being practically used on a daily basis throughout our global Grant Thornton network.

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# Forensic advisory services



## Contact us

We provide pragmatic, independent and expert advice. Contact us for further information.



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