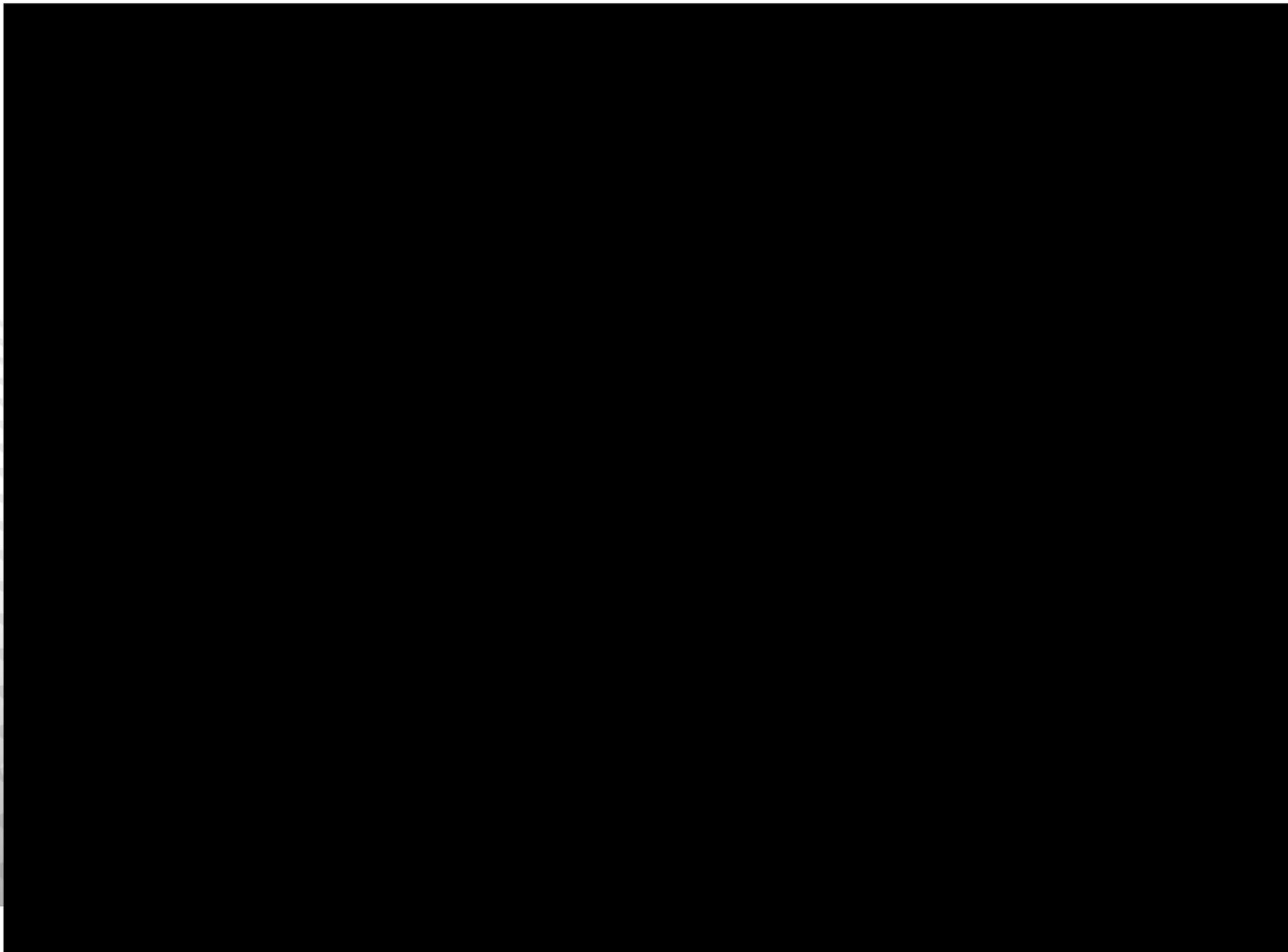


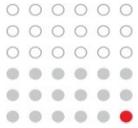
SAPA National Conference
6 September 2012

**Business
Connexion**
Connective Intelligence™

Risk Management and Payroll Professionals

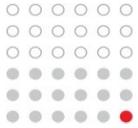






What is Risk Management?

- “The process of analyzing exposure to risk and determining how to best handle such exposure”.
- “A systematic approach to minimize an organization’s exposure to risk.”
- “A risk management system includes various policies, procedures and practices to identify, analyze, evaluate, address and monitor risk.”

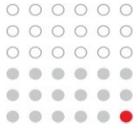


The Olympics as a Story of Risk Management



- 26 sports represented.
 - 21 sports represented in the Paralympic Games.
- More than 10,500 athletes partaking.
 - More than 4,000 athletes partaking in the Paralympic Games.
- 20,000 journalists covering the event.
- 205 countries represented.
- 63,000 people involved in staging the games.
- 500,000 spectators were anticipated. On the busiest day it was estimated that 800,000 people will use public transport to travel to events.
- 9 million tickets expected to be sold.
- Original budget was **£2.4 billion** – increased to +/- **£9.3 billion** in 2007.

www.olympic-2012-london.co.uk, www.morethangold.org.uk

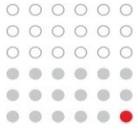


The Olympics as a Story of Risk Management – cont.

- Risk Management now at the heart of the governance model for the Olympic Games.
 - Time horizon: up to 20 years from a host city's bid to the conclusion of the actual event.
 - Security risks.
 - Health risks.
 - Ecology risks.
 - Technology risks.
 - Economic risks – London 2012 private developers withdrew due to the global financial crisis and a refinancing package backed by government was required.
- Financial risks – since 9/11 insurance cover has been taken out against event cancellation due to either terrorism or natural disaster.



Will Jennings, 13 August 2012, Harvard Business Review Blog Network

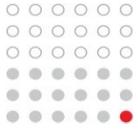


The Olympics as a Story of Risk Management – cont.

- Processes implemented:
 - Bids are presented on a standardized template.
 - Formalized learning between events by way of the Olympic Games Knowledge Management Program.
 - Best practice implemented from the business worlds' growing understanding of risk management

***Will Jennings, 13 August 2012, Harvard Business Review
Blog Network***





HR Risks during the 2012 Olympic Games

- Increase in annual leave requests.
- High levels of absence.
- Transport services.
- Loss of productivity.
- Volunteers.



www.thebci.org

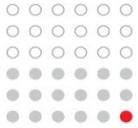
www.cabinetoffice.gov.uk/resource-library/national-risk-register

www.businesslink.gov.uk

www.londonprepared.gov.uk

www.managers.org.uk/bcm2011

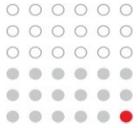
www.nactso.gov.uk/ManageRisk.aspx



Payroll Risk – Fraud ...

- Payroll fraud tops cash-in-transit heists:
 - *Single payroll administrators.*
 - *Chances of retrieving money is limited.*
 - *Evolving tax and labour laws.*
 - *Outsourcing cited as a solution.*
 - *Payroll administration is becoming a "hot potato".*
 - *Increasingly more functions managed by payroll administrators.*

22 February 2011, Alexander Forbes

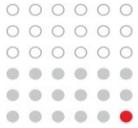


Payroll Risk – Causes of Fraud

- Trust – “for an employee to steal from you, you must trust them”.
- Small workforce.
- Failure to delegate.
- Unclear job responsibilities.
- Controls not a priority.

“Curbing a Global Phenomenon”
(www.accountancysa.org.za)

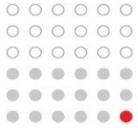
PricewaterhouseCoopers Global Economic Crime Survey



Typical Payroll Risks

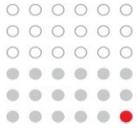
- Incorrect processing and calculation of salaries.
- Payroll payments.
- Inaccurate taxation.
- Payroll Accounting / Reconciliation Processes.
- Manual processes / documentation.
- Record retention.
- Data privacy.

Alina Demeter's Blog, 3 April 2012



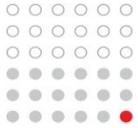
How to minimize Payroll Risk

- Implement a reputable payroll solution.
- Conduct frequent risk management consultations and training.
- Conduct frequent risk and process assessments -
 - Major fraud threats in the payroll environment arise from a lack of processes and segregation of duties and ineffective checking and reconciliation.
- Ensure proper audit trails and system-generated reports –
 - Variance analysis.
 - Checking banking details.
 - Reconciling employment contracts and actual employee details loaded on the system.
- Continuous training.
- Integration of skills, i.e. accounting / auditing / legal and investigative.
- Ensure good tax knowledge.



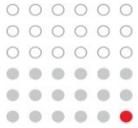
Outsourcing a Solution?

- Business Connexion's experience –
 - Lack of knowledge and skills.
 - Focus on strategic processes and activities.
 - Risk appetite.
 - Increase in audits required.
 - Increase in Payroll Process Consulting.
 - Increase in requests for Training and Workshops.
 - Accsys Intern Programme.
 - Increase in requests for Forums to discuss payroll matters with other clients.

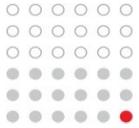


Outsourcing a Solution?

- Our clients –
 - 40+ years experience.
 - 420 Outsource Clients.
 - More than R350million paid out monthly.
 - Various industries – Financial, Insurance, Education, Health, Motor, Retail, NGO's, Manufacturing, Hospitality.
 - From 1 to thousands of payslips processed –
 - SME's.
 - Executive / Director's Payroll.
 - Client tenure high.
 - Clients are increasing the processes and activities outsourced.
 - Cost awareness.



***Payroll Risk is not a
dream, it is a reality!
Deal with it and
ask for help!***



Thank You...

Daleen Meinhardt
General Manager

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083 625 6718