

## Embezzlement

Embezzlement is a form of white-collar crime wherein a person or entity misappropriates the assets entrusted to him or her. In this type of fraud the assets are attained lawfully and the embezzler has the right to possess them, but the assets are then used for unintended purposes. Embezzlement is a breach of the fiduciary responsibilities placed upon a person.

Embezzlement = White Collar Crime

### MISAPPROPRIATE ASSETS

- Entrusted to him/her
- Assets attained lawfully
- Right to possess
- Assets used for unintended purposes



### PROBLEM

- Complaint from learner
- Transaction part of deviation report
- Confirmation of bank account
- Financial controller off sick
- IRP 5 of Fiancé = account number of transaction on deviation report
- Management report - R1,6 million

### SYSTEMATIC INVESTIGATION METHODOLOGY FOLLOWED

#### Payroll System

Parallel SAP Systems **NOT** Integrated

- Salary Advice Payments
- Available Deviation and MI Reports

#### Financial Information System

- Ad-hoc payments
  - Student payments
  - Claims from estate
  - Overtime payments
- No Deviation and MI Reports
- Vendor Profiles

Embezzlement

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Breach of Fiduciary Responsibilities

- First Recorded Transaction in February 2015
- R2,8 million Stolen
- Fiancé not Employed by Mining Group
- Confession of Guilt

### CLASSIC WARNING SIGNS:

- Initial financial difficulties
- Cocaine and recreational drugs
- No valuable assets
- Fiancé unaware



### SIMPLE APPROACH FOLLOWED

Vendor bank details changed before supervisor released payment  
**OR**  
 Before finance department effected payment

### Action Points (XTND)

- Criminal docket
- Directorate of Priority Crime Investigation, POCA Act 12 of 2004
- Integrity screening via Expose IT
- Data analytics via Expose IT EIA

### BE ON THE LOOK-OUT FOR:

- Refusal of vacation
- Excessive overtime
- Taking work home
- Excessive personal spending
- Close relationship with vendors
- Extravagant expenses for employee travel
- Rapidly disappearing office supplies