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Welcome to our October edition of our Quality Edge



In this month's edition we carry the second feature article by one of our SAQI platinum members Jaco Roets of Aveng Grinaker-LTA who writes about Quality in the construction industry. This second article will look at management in this sector.

This is followed by a tribute to World Standards day by one of our international colleagues Dr. Annabelle Palladas. We have extracted an article from one of our international associates

in the UK Peter Fraser who takes a critical look at ISO 9001:2015 and explains his understanding of the process approach.

Bill Coetzee talks about Health and Safety in the construction industry. We carry Terry Booysen's regular governance article with a view on “Lifestyle audits in order to curb errant behavior. Richard Hayward takes up our SAQI National Quality Week theme and talks about improving a child's Quality of Life.

We take the opportunity to launch our training schedule for 2017

As we approach November we would like to hear from our members and associates on their plans to celebrate next month's 2016 National Quality Week theme “Improving the Quality of Life”.

Paul Harding

SAQI MD



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Quality:
helping South Africans live,
learn and work better



Construction Quality - Success Factors - Part 2 – Management Involvement

By Jaco Roets

Last month we had a look at the first of the seven critical factors affecting Construction Quality in the South African demographic. This month, we will have a look at the effect poor management, especially Site Management has on project success.

I feel that I need to start off with a disclaimer. Please note that the articles in this series are focussed on the concerns within the industry, and in most cases will not highlight good practice in place at some sites / firms. The purpose of this series is to open the reader's mind to the factors that affect Quality negatively. I will at a later stage be writing an article on the successful improvement projects I have come across and best practice proposals.

When we look at the South African Construction Industry, we can easily perceive a trend within the Management Structures of the various companies, on various levels of the project ladder. We can see how the management positions are leaning toward the employees with a vast experience base in the construction industry. We also see that quite a number of these managers hold little to no formal management education, but have climbed the ranks based on their abilities to lead.

The aforementioned is in no way a bad thing, but unfortunately, as with any natural selection process, there are those who go through the ranks, but do not have the attributes to make them an effective leader, and without correct training they remain dictatorial and rigid in their approach to management, a practice that has been documented to lead to ineffective team performance.

So what does bad management look like in construction? We all know the buzz-words related to good management practice, and have seen the push internationally to create leaders instead of generals. However, very few articles actually go deeper, identifying the attributes that make management on construction projects sub-standard.

Some of the primary indicators you may find in a poorly managed construction site would be unsupervised work teams, late completion of jobs in relation to the schedule, ineffective change management, clients continuously threatening to take legal action, or impose contractual penalties, an ever increasing backlog, a lack of supporting managerial resources and tendering without taking all the requirements into account.

I do at this point feel I need to warn you to not summarily dismiss the management team as incompetent based on the afore mentioned, as in certain instances some of these items may be evident due to external factors out of the management team's control.

The attributes mentioned are the primary indicators of management failure, and would serve as a red flag that there is a serious problem

within the management of the project, be it internally or externally originated.

But how does this affect the quality of work, and what recourse should be taken? Should employees knowingly sit back and watch the ship head for disaster? Should senior management intervene and remove management resources blindly, or perhaps scrap the project entirely once these flaws are identified?

The questions posed above seem fairly easy to answer, if we look at the problem narrow-mindedly, but in essence, these questions become a labyrinth of pitfalls which could have a devastating effect on the bottom line of the company involved, and needs careful investigation and proper research to determine the root cause.

Let's delve into some of the root causes for a minute.

In the construction industry there is a big push for the correct implementation of Processes, Procedures and Practices that align with the strategic outlook of the company concerned, but how often are

management staff members taken through these procedures to ensure they actually know what the strategic objectives of the firm is? Is it not general practice for any level employee to be issued with a list of documents that he/she needs to read through on a server somewhere when he/she has the time?

This is where our first root cause shows its existence, in the form of unrealistic assumptions. This normally occurs as a result of employees (on all levels) being issued with contract specifications, which are left to gather dust on a shelf, rather than scrutinised to determine the client requirements, and to identify items where the client's expectations

may not be achievable, leading to works being rejected by the client at a later stage, or legal action being taken by the client to get some of the contract value.

This is a very easily preventable item, which with proper management could be prevented in totality, but as a result of pressure to get the job started, and in some cases sheer ignorance, these specifications and requirements are left by the way side. Do yourself a favour, and take a segment of the SANS or Client specifications applicable to a section that a Foreman or even Site Engineer is responsible for and test the knowledge base, I assure you that you will be left in utter shock.

Again, this is not in all instances the case, as some firms have control on the review of specifications, and some managers do take the time to ensure that everyone knows the objectives of the company and the project.

The next root cause of poor management is the failure to manage risk.



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Risk is often perceived as something that has squarely to do with the Safety Department, and risk assessments in general, are focussed only on the Health, Safety and Environmental (HSE) factors that impact the project, largely because the protection of life has been at the forefront of all companies' focus. An admirable move indeed. Unfortunately it has an extremely negative impact on the identification of risks to commercial, quality, human resource management, operational control, schedule and scope related processes.



When last did a manager call a team meeting to discuss the commercial impact a skew column could have on the project, or the impact it will have on scope, time, quality, reputation? It has been left to assumption in most cases, with employees not knowing what impact their day-to-day actions have on the overall performance of the project and the company, especially if poor quality work is provided.

That brings me to the next item; a lack of proper planning. This has always been an interesting one to me, as the vast majority of sites require a project plan to be submitted and updated to track the project progress, yet in many instances that program is never known at ground level.

I do agree that there is certain information that employees do not need to see, and that there might be added 'fat' in a program to buffer setbacks occurred.

What I do not understand is why we are developing a plan, and not fully utilising it, as work teams continue with their work as they see fit, not honouring the planned schedule dates. In some instances the employees would not even know what the milestone dates are that they should be achieving to stay on schedule. How can we then expect our employees to have focus, when we won't show them the target they are aiming for?

This invariably leads to rush jobs being done, as a crew suddenly gets instruction from their line manager that a certain item needs to be done by a certain date. This is where a large majority of defects originate. Employees are so focussed on getting the job done in the specified time, that they do not adhere to the requirements, resulting in rework once the job has been "completed".

Which brings me to the last root cause I will discuss in this article, the inability to differentiate between a completed activity and a finished activity.

A lot of managers make the mistake of pushing production to achieve progress targets, and even exceed these targets, without ensuring that teams are actually finishing the work off and complying with the requirements, resulting in snag lists of several pages being issued at the end of the project or section, as a result of poor workmanship.

These snag lists in many instances stretch the project duration far over the intended project completion date, or in some instances the client is "forced" to accept a sub-standard structure, as the amount of rework required would hamper the operational needs of the client.

The latter is very dangerous to the reputation and the continuity of any firm, as a client that is not satisfied with the work provided will think twice before utilising the same contractor to perform work for him / her again. This relationship counts for sub-contractors to principle contractors as well, even though there are some instances where principal contractors choose to look the other way due to cost implications. A sin on its own.

I can continue analysing the root causes of management failure, and the effect on quality for quite a while, but I believe that I have brought the point across sufficiently. Poor management will have a direct impact on the quality of work provided on the job site, and a lasting effect on the host firm.

I close this article off, again with a quote for thought, "No great manager or leader ever fell from heaven, it is learned, not inherited" Tom Northup (CEO, Leadership Management Group)

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Jaco Roets is employed as Quality Manager for the Building Business Unit of Aveng Grinaker-LTA.

He holds a Master of Science (MSc) in Project Management from the University of Liverpool, UK, as well as several quality related qualifications, and trade related qualifications.

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A tribute to World Standards Day (Oct. 14th)

By Dr. Annabelle Palladas

Each year on October 14th, the members of the World Standards Cooperation (WSC), along with many national standardization organizations celebrate World Standards Day. WSC, consists of the International Electrotechnical Commission (IEC), the International Standardization Organization (ISO) and the International Telecommunication Union (ITU), which is the United Nations specialized agency for information and communication technologies.

World Standards Day (WSD) pays tribute to the thousands of men and women all over the world who develop voluntary standards for the advancement and welfare of societies. It also provides the perfect opportunity to reflect on the benefits that standards bring to every aspect of our everyday lives, from our existence and well-being, to the smooth running of public affairs.

WSD was initially launched in 1970, and is now recognized and celebrated by nations around the globe. U.S. activities are organized annually by a planning committee consisting of representatives from the standards and conformity assessment community. ASTM (American Society for Testing and Materials) International serves as the event's 2016 administrating organization. The event is co-chaired each year by the American National Standards Institute (ANSI) and the National Institute of Standards and Technology (NIST).

According to ISO, “standards connect us with reliable modes of communication, codes of practice and trusted frameworks for cooperation. Introducing common interpretations on reciprocal sides of a communication or transaction, standards are essential to mutually beneficial trade and resource efficient international commerce. Social interaction relies on common respect for fundamental sets of norms, concepts or meanings – international standards codify these norms to ensure that they are accessible to all. A product or service conforming to an international standard is imbued with a trusted symbol of quality, safety or compatibility. Standards speak to the diversity of our interconnected world, introducing uniformity at the interfaces where we need to be certain that we are speaking on the same terms”.

Imagine a world without standards and standardization – it would be a nightmare, if not total chaos. Everything from tech gadgets and the products we rely on in our offices and homes, to services that fuel the global economy and ensure health and safety, relies upon standards and conformance to ensure safety, dependability and interoperability. A product or service conforming to an international standard represents a trusted symbol of quality, safety, and compatibility. Most of all, standards (developed through a process that is balanced, open, and transparent) help engender trust among the people, businesses, and governments that have placed their confidence in the standardization process.

This year, the WSD motto is: “Standards build Trust”. According to ANSI, (https://www.ansi.org/meetings_events/wsw16/wsd.aspx).



ISO WSD 2016 Poster



U.S. WSD 2016 Celebration Poster by ANSI

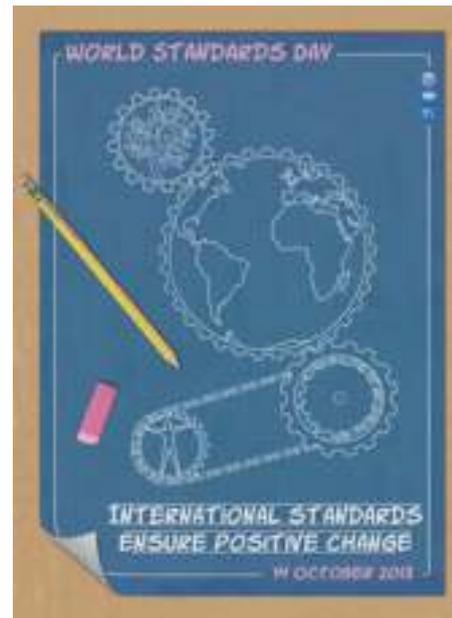
This theme was chosen due to the fact that “reliability and trust are fundamental components of any process, business, or service. Behind the scenes, standards and conformity assessment ensure this reliability and trust. In short, standards make everyday life work”.

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Compiled below is a panorama of the mottos and posters, created and diffused by WSC, in celebration of World Standards Day, during the past 4 years.



2015 – “Standards - the world's common language”



2013 – “International standards ensure positive change”



2014 – “Standards level the playing field”



2012 – “Less waste, better results - Standards increase efficiency”

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The Importance of a well-designed QMS

By Bill Coetzee

Statistics give us different views of construction health and safety culture.

Some indicators of the state of safety in industry could be lopsided. For example, in January of 2015, Minister Ngoako Ramathlodi noted that mining fatalities were the lowest ever at 84 per year, down from 615 in 1994. However a dip in production and employment is difficult to factor into data of low frequency events.

In July last year, the Department of Labour announced that construction health and safety compliance was less than 50%, not surprising to the public who read in the news about collapsing malls, houses, bridges, and a restaurant roof on a bridge on the N1 highway.

Something must be seriously wrong when one sector performs apparently better, and another apparently worse. Much has been said about the need for a culture change in construction (Construction Charter, Safebuild, Buildsafe, NMMU studies, CIDB studies, SACPCMP skills policies), but the likes of the DMR mining pilot projects are few and far between.

When will construction health and safety culture, and statistics, and public opinion, take a turn for the better?

Construction statistics apples and pears

Perhaps one of the answers lie in the system of reporting and processing of incidents and accidents in the construction sector.

According to a report by the Construction Industry Development Board (CIDB), the Department of Labour (DOL) collects construction health and safety statistics from the provinces.

The DOL collates the information and publish it according to a set of parameters. However The CIDB had found it significantly difficult to access and compare some of these construction health and safety statistics, due to differences in collection and interpretation. For example:

- The most recent publicly available H&S statistics from the Compensation Commissioner are for 1999.
- The statutory construction insurer FEMA, and the Compensation Commissioner, include construction related motor vehicle accidents in their statistics (which can be extracted).
- DoL statistics are not included by the insurers, since they are reported to the Police Service (SAPS).
- DoL H&S statistics are collated from provinces, but instances of gross under-reporting are suspected.

Calibrating construction health and safety tools

With the lack of historical information, and different formats, and some under-reporting, how should the state, and industry, identify and fix the problems?

Perhaps by simply focussing on the present, and the quality of the management of the ream of legal and corporate requirements, and on what leading indicators may reveal about the future.

Perhaps we should regularly revisit the basics, and fine-tune our *management systems* to ensure the quality of incident reporting, targeted interventions, and a true, contemporary picture of the state of health and safety.

Perhaps become dissatisfied with the general current culture, and set examples of a new construction health and safety culture.

Business need not do all of this alone, The DoL and organised labour were instrumental in better performance in the mining sector, even with limited resources.

Construction business (including clients), the state, and labour, will have to find more effective measures to safeguard the lives of construction workers, and the public, and to reduce the impact of major incidents on investment and jobs.

All the relevant professions, skills, legislation, research, best practice, and quality management, should take a close look at the leading and lagging indicators of injuries and loss, including the overall construction health and safety culture.

Any industry could get caught in the trap of rising risk tolerance, when incidents become accepted as inevitable, and part of the budget.

Loss statistics always indicate additional, hidden, and 'collateral damage' costs, that could spiral out of management control.

Without invoking the available formulas for calculating that cost, we should simply accept that they are higher than the health, safety, environment, and quality budget cuts that are part of the multiple causes of loss incidents.

This is a good example of how things can go wrong when the correct systems are not in place. Systems alone would not ensure an improved H&S statistic, but it would certainly improve the managing of H&S in the construction sector which in turn would certainly have a positive effect on the Construction sector H&S statistics

- Bill Coetzee is the Principal Consultant for Cygma Sheq Gauteng.

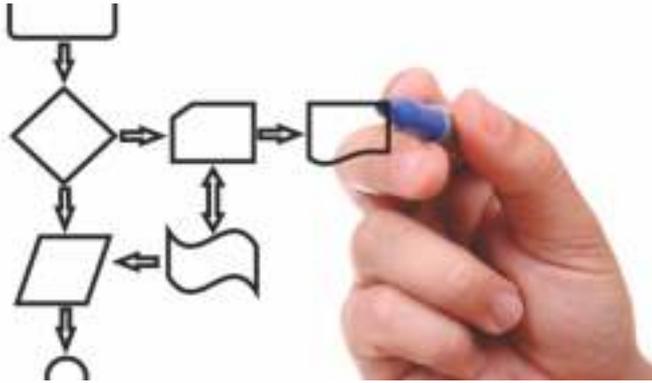
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“Design Model for an Organisation's Business Management System”

“How the Organisation operates and is managed”

By Peter Fraser

This article attempts to explain the underlying principles of business process management, and how they apply from the top level development of a business strategy down to individual processes and specific tasks.



Background

Our “Design Model for an Organisation's Business Management System” provides the basis for defining and communicating how an Organisation operates and is managed. It has been developed in response to the widespread misunderstanding of business processes and management systems design, due in part to the wording and interpretation of the ISO9000 series of standards. A process is “how work gets done”, “how objectives are met”, “how you respond to a (trigger) event”. (See **Glossary** page 8)

The “Design Model” document and this Guidance have been designed to assist any organisation which seeks to describe how it is managed and how it operates. Importantly, the principles apply just as much to an **individual task** as to a **specific process** and “**running the Organisation**”. A single task exhibits the same characteristics which need to be recognised and managed. What you do to achieve an objective, how you do it and the outcomes will all depend on a range of factors which, at the very least, you need to be aware of. You need to balance the immediate objective for the task with other (possibly competing or contradictory) goals. Any action is likely to trigger other actions and to have an impact on resources. “Making a statement” shares very similar characteristics to “recruiting staff”, “running a business” and even “running a country”.

The provision of adequate resources, and the recognition and management of the (many) factors which can influence success, are two other essential elements in planning and managing **activities at every level** within the Organisation.

The Process Approach (Managing by Process)

Business objectives can be achieved more effectively and efficiently

at any level if the work to achieve them is managed across an organization regardless of the functions or levels of those carrying out the work.

The key requirements are to establish and clarify:

- what the organisation exists to do (what goods and/or services it aims to provide, to which customers, in which sectors and geographical areas); The context of the organization
- how it will achieve this (structure, organisation, relationships, resources, activities);
- how it intends to grow and develop;
- what policies and values it intends to follow;
- what other factors may influence success.

The “process approach” (promoted, but not well explained, by ISO9001:2015) means appreciating all the elements involved in implementing and managing a process (“how work is done”, “how an objective is achieved”).

Process Understanding

An organization which follows a “process approach” applies that understanding so that its people:

- are aware of the processes (and their inter-relationship) that deliver the organization's outputs, in which processes they work and how their work contributes to the quality of these outputs;
- know the objectives they have to achieve and the process(es) that will enable them to achieve them;
- have clear responsibility, authority and accountability for achieving the objectives;
- know what resources, behaviours, information and competences are required to achieve the objectives.

Process Management

If it does it well, then its people also:

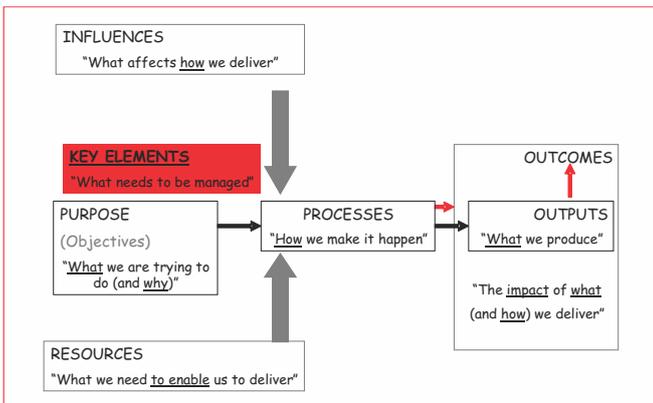
- perform only those activities that are necessary to achieve these objectives;
- assess risks to success and put in place measures that eliminate, reduce or control these risks;
- know what measures will indicate whether the objectives have been achieved;
- know whether a process is achieving its objectives as measured;
- find better ways of achieving the process objectives and of improving process efficiency;
- regularly confirm that the process objectives including the measures and targets remain relevant to the needs of an organization.

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Figure 1: An organization and its operating system



Figure 2: Key elements



Glossary

Many of these terms are defined, interpreted and used in a variety of (sometimes illogical and contradictory) ways. The following definitions are designed to be relevant for and applicable to all types of organisation, which is not always achieved by international standards such as ISO9001.

Customer

An organisation or person that receives a product from the Organisation.

(Business) **Management System** (strictly speaking, a “Management and Operational System”)

The structure processes and resources needed to establish the Organisation's policies and objectives and to achieve those objectives.

Note a “System” is more than the sum of its parts. The interactions amongst the parts are part of the system, and a system has attributes which do not belong to individual parts.

Management System Description

A (printed or electronic) description of the Organisation's (Business) Management System.

Note a “Management System Description” is not a “Management System”.

Outcome

Any result of (an instance of) a process or task, including, but not limited to, the intended Output, and in some cases required by higher level objective(s).

Note could include (eg) environmental impact, learning, enhanced or damaged reputation.

Output (from a process)

The “deliverable(s)” generated by the actions that constitute the process, and in many cases defined by its objective(s).

People (in the Organisation)

Management, other Staff and Contractors as appropriate.

Policy

The intentions and principles which provide a framework and guidance for what the Organisation wants to achieve and how it will operate (often specific to a particular aspect of its existence and operations).

Process

A set of related actions triggered by an event and intended to achieve an objective.

Note 1 The “trigger” event can be an action / a thought / a decision / a diary date - so a process can be reactive (responsive) or proactive.

Note 2 It normally uses resources and is subject to influences.

Note 3 There are perhaps five general types of business process:

- **Mechanistic** (as in a production line) – where you want to minimise variation in a physical sequence of tasks
- **Transactional** (in response to a generic event such as receiving a customer enquiry) – where there is a known set of tasks to be completed but you need to be responsive to the particular circumstances of each instance of the process
- **Developmental** (where you choose to initiate action to create an outcome which is different / better than the last time you did it, such as business planning) – where you must do certain tasks, but the sequence may not be relevant
- **Reactive** (as in treating a casualty in A&E) – where you know your objective, but may not know the tasks or their sequence in advance
- **Ongoing** (as in implementing a policy or monitoring progress) – where the process affects other processes as they are implemented on an ongoing basis.

They range from the most rigorously defined and controlled on the one hand to those subject to the greatest individual interpretation and choice.

Their objectives can be to minimise variation (and increase profit, minimise cost) at one extreme through satisfying variable customer demand, “adding value” and making a positive contribution to society, to dealing with a unique situation where change is essential.

Process Management

The planning, direction, resourcing and control of process performance.

Note: this requires management (and therefore an understanding) of the key elements of a process (see above).

Process Owner

An individual or role accountable for the successful performance of a process.

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Product

Goods or services provided by the Organisation and intended for another organisation or person for a consideration.

Note: a product is an “output” of the Organisation, and processes are “the means by which the output is created”.

Quality Management System

Those aspects of an Organisation's management system which impact on the Organisation's capability to deliver outputs that produce satisfied stakeholders.

(if we include stakeholders rather than “mere” customers).

Note: there may be an advantage in avoiding the term “quality <management system>” and thinking instead of the collection of elements required, such as “communicating policies”, “ensuring responsibilities are clear”, “allocating resources”, “measuring performance”, “seeking improvements” – some or all of which may be missing from some management systems.

Service

A process performed for or on behalf of a customer that does not necessarily involve the transfer of goods or of ownership.

Stakeholder

An organisation, group or person which has a beneficial interest in the successful performance of the Organisation.

Task

A discrete activity or piece of work. The smallest essential part of a job.

What needs to be managed?

These principles apply at all levels: at the strategic and operational levels in “running the organisation”, at the level of an individual process and of a single task within a process. The following figures indicate the various relationships.

Figure 3: An organization and its management system



Figure 4: Key Elements

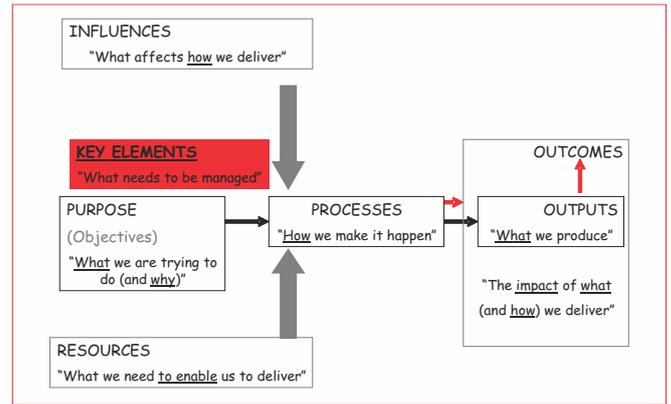


Figure 5: Interacting processes

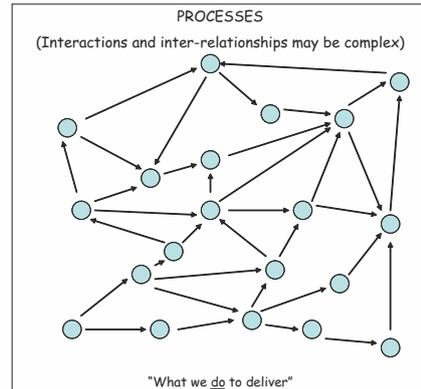
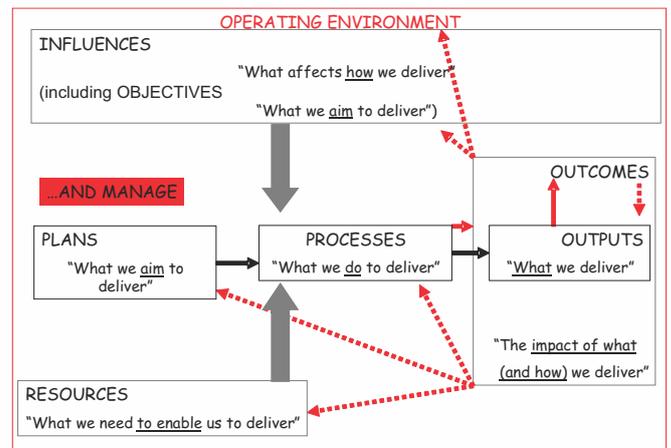


Figure 6: What we need to manage



Conclusion

The "process approach" means appreciating all the elements involved in implementing and managing a process. I hope I have been able to explain how an organization should operate and be managed in a less verbose manner than what ISO 9001:2015 standard is trying to put across.

Editor's note. This article has been reduced from its original form for brevity. The full article may be obtained from the author detailed below.

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National Quality Week Reminder

SAQI's current Mission is indicated below.

- SAQI will play a leading role in establishing and sustaining a National Quality Infrastructure that enhances the competitiveness of the South African economy.
- Create a National awareness of Quality to help improve the **Quality of life** of all South Africans
- Unify the Quality profession into a Body of Knowledge that is recognised as the national benchmark of Quality in all fields of human endeavour;
- Representing SA Quality abroad and help with the improvement of Africa's Quality Infrastructure.

In line with its mission we would remind you of our theme for 2016 National Quality Week to run from the 7th to the 11th November as:-



Improving the Quality of Life © SAQI 2016

This theme and logo may not be used unless it is accompanied by the SAQI logo for members and copyright is acknowledged.

When SAQI member organizations sign their pledge to quality as a mandatory requirement to join SAQI they commit, as part of their approach to Quality, to improving the quality of life. The SAQI certificate says:- **“We strive to improve the quality of life in the workplace, in our own families, societies in general and especially in the communities we serve.”**

This year's SAQI National Quality Week theme will focus on doing just that. So we call on all our members and associates to make a special effort to support this year's program.

SAQI will be happy to publish the plans and any events that our members will put together to celebrate our National Quality Week activities. We look forward to hearing from you all.

Send your NQW details to vanessa@saqi.co.za

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Lifestyle Audits Curb Errant Behaviour

By Terrance M. Booyen and reviewed by Megan Grindell (Director: Carter DGF Risk Management)

In today's heightened times of public scrutiny and calls for ethical leaders, it's not surprising that many concerned citizens have become far more demanding for good governance and transparency. Social media has been a major contributor to this call, such that a person's privacy -- including matters such as their social pleasures and behaviour -- are broadcasted in seconds to almost any corner of the world. For example, if a work colleague is an avid user of Facebook or Twitter, it's not too difficult finding out what that person's likes and dislikes are, what gyms or sport clubs they attend and how often, right down to discovering their dream car or accommodation.

Many people have become habituated to sharing their and other individual's personal details, and the information they openly disclose on public networks and other environments may become their greatest downfall. Besides the internet security risks amongst others, they may also have inadvertently alerted a number of parties, including the tax authorities of their lifestyle which may be at odds with the manner in which they initially led them to believe. So, in a workplace environment for example, if a colleague is on a low paygrade and there is no reasonable explanation regarding their sudden (or gradual) noticeable wealth, then this 'new status' could trigger a number of questions from envious co-workers, and possibly even the receiver of revenue and similar regulatory bodies.

"Lifestyle audits are an excellent barometer of the extent of the fraud risk within an organisation, and that companies should make use of this proactive anti-fraud mechanism to protect themselves before they fall victim to fraud and, in some instances, to identify fraud which is happening right under their nose!" - Powell (2011:4)

Source: The best practices applied

Whilst a lifestyle audit is typically initiated by an official from the government's revenue or tax departments, there are also legitimate reasons for an organisation to question their employee regarding a mismatch of their earnings as compared to the employee's lifestyle.

Expectedly, an organisation should be concerned if say a low paygrade employee were to be arriving at work every day in a Lamborghini, and they were fully kitted with a R35,000 Kiton suit and Panerai watch. Indeed the extravagance depicted in this example may be a lot more subtle, such where the employee may not have wanted to attract unnecessary attention and they may then have quietly disbursed their illicit gains amongst their related beneficiaries.

Of course there could be a plausible reason that an employee's income is unaligned to their new-found assets. But it is rare that these vast differences between income and assets are legitimately supported by a passing relative who left their massive fortunes to a remaining family member or friend. Besides the obvious questions that will be asked regarding the manner in which an individual acquired their unusual mismatched wealth of assets and lifestyle; the government authorities will most certainly be triggered into action to determine whether or not the individual acquired their assets on a legitimate basis, including the associated taxes that should have been paid on the individual's earnings in such a position.



In relation to conducting a lifestyle audit; it is often used as a tool by government authorities to investigate claims and or suspicion of individuals who are evading their tax obligations. Quite different to tax avoidance, evading the payment of personal taxes is often categorised as a form of white-collar crime and employers have a responsibility to alert the authorities if they reasonably suspect this type of behaviour from their employees.

Whilst an employer does not have the legal grounds to conduct a lifestyle audit on their employees in the same fashion as the government authorities, it may be prudent to understand the mechanisms that will spark such an investigation. Given a government's authority and extended legal reach, such an investigation is completely within their jurisdiction and powers. This having been said, increasingly tax and regulatory authorities across the world are uniting their efforts in order to apprehend individuals who evade their personal tax obligations.

In respect of employers making use of a lifestyle audit; employers do have the means -- whilst following proper procedures -- to make use of a lifestyle audit as a proactive way to determine the manner in

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which an employee's lifestyle differs as compared to their financial means. This is even more so if a prima facie case has been established and where the organisation has suffered a loss as a result of an implicated employee and their errant actions.

Indeed such an investigation, undertaken by the employer, will generally require the consent of their employee being investigated. Obviously, with or without the employee's consent, a lot of information will in all likelihood already be in the public domain for the employer to collect. Notwithstanding, it is imperative that the privacy rights of the employee -- or for that matter any person subject to a lifestyle audit -- are observed and protected.

Tax evasion as a white-collar crime is costing governments billions each year as perpetrators inflate their annual deductible personal expenses whilst not declaring all their income sources. Misrepresentation of this nature, such where the individual intentionally behaves in a manner to deceive the authorities and evade the payment of their personal taxes, falls within the category of occupational fraud and it is growing at an alarming rate.

Whilst tax evasion may not necessarily fall within the scope of the 2016 Report to the *Nations on Occupational Fraud and Abuse* ('Report') -- which has been produced annually since 1996 by the Association of Certified Fraud Examiners ('ACFE') -- the point is made that occupational fraud is a growing international threat and trying to prevent and detect it, remains a formidable task. Whilst organisations surveyed in the ACFE Report estimate annual losses of 5% revenue due to general fraud, the fact that perpetrators go to great lengths to conceal their fraudulent activities, makes it nearly impossible to determine the actual losses associated with individuals under-reporting their income and assets. This being the case, the ACFE Report confirmed that the more senior an individual is within an organisation and who have fraudulent tendencies, the greater the size of the fraud.

Interestingly, the biggest behavioural 'red flag' to occupational fraud, was found to be individuals who are living beyond their means, and this was followed by other warning signs such as individuals experiencing financial difficulties or those with excessive control issues amongst other factors. Although it may be debateable as to whether or not an organisation will accept that tax evasion on the part of their employees is an occupational fraud warranting their investigation or attention, an incongruent lifestyle on the part of an employee could be an indication of a potential fraud from within the organisation. But in addition, it could also form part of a reportable irregularity whereby the organisation has a duty to report such notable lifestyle differences to the government and regulatory authorities.

If an organisation operating in South Africa fails to report on such incongruence attached to an employee, this may well offset some form of vicarious liability as set out in legislation such as the Public Finance Management Act'99, the Municipal Finance Management Act'03, the Prevention of Organised Crime Act'98, the Prevention and Combatting of Corrupt Activities Act'04 and the Financial Intelligence Centre Act'01 (irrespective of whether or not the organisation has suffered a loss).

Given the many South African public personalities who have been implicated in rather dubious financial gains in recent times and which have been splashed over the media headlines, one wonders

why there aren't more lifestyle audits being conducted and bringing the perpetrators to book.

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About CGF Research Institute (Pty) Ltd: Services

As an Exempt Micro Enterprise (EME), CGF is a Level 4 B-BBEE, Proudly South African complaint company that specialises in conducting desktop research on Governance, Risk and Compliance (GRC) related topics, amongst other related company secretariat, regulatory and compliance consulting services.

The company has developed numerous products that cover GRC reports designed to create a high-level awareness and understanding of issues impacting a CEO through to all employees of the organisation.

Through CGF's Lead Independent Consultants, our capabilities include the aggregation of local and international best of breed governance reporting services and extend to;

- strategic management consulting, business re-structuring, executive placements, executive coaching, board assessments and evaluation, out-sourced company secretarial functions, facilitation of Corporate Governance Awareness workshops, IT governance through to Enterprise Risk Management (ERM) consulting.

All CGF's services cater for large corporates, small and medium sized businesses and state owned organisations. To find out more about CGF, its Lead Independent Consultants and Patrons access www.cgf.co.za or www.corporate-governance.co.za

About Megan Grindell

Megan Grindell is a specialist in the areas of fraud and ethics risk management, corporate governance and labour relations. She has in excess of 20 years business experience in both large multinationals and consulting organisations. Megan is a Certified Ethics Officer and a Certified Fraud Examiner, and holds qualifications in the HR field, labour law and business analysis. She is a seasoned trainer and research practitioner. She has presented on various fraud, labour relations and ethics topics at a number of industry forums. Megan has worked extensively in 12 countries: across Sub-Saharan Africa, Middle East and Indian Ocean. Her ability to work across various jurisdictions and cultures has ensured her ability to develop and maintain astute and adaptive ethics, governance, labour relations and investigative policies and methodologies.



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Quality in Schools

Many of our readers are parents themselves or interact often with children. We have asked our education editor, a retired headmaster, to share thoughts on how to get Quality principles and practices instilled in young people.



Improving a child's quality of life

Richard Hayward

What does every caring parent or teacher wish most for a child? Many would answer that the wish is for the child to be happy. A happy child enjoys life and brings joy into the lives of others. Usually such a child has been given a head-start for their whole life. What can we do to make that happen?

Happy children have been given a gift whatever their home backgrounds. That gift is a set of values which have been instilled into them from family members, parents, teachers and others. Those folk have – consciously or unconsciously – helped the children to achieve and enjoy life. Values are the keys to opening doors to quality lives.

What values are the most important ones to be taught to children? TIME magazine (18 September 2014) published the answer to that question which was asked of 3000 parents across the United States. In descending order, they identified these values:

POLL RESULTS: VALUES PARENTS WANT TO TEACH CHILDREN

- 1.) Responsibility
- 2.) Work hard
- 3.) Helping others
- 4.) Good manners
- 5.) Independence
- 6.) Creativity
- 7.) Empathy for others
- 8.) Tolerance
- 9.) Persistence
- 10.) Curiosity
- 11.) Obedience
- 12.) Religious faith

Whatever the educational and socio-economic background of the parents, 1 (Responsibility) and 2 (Work hard) topped the list. Depending on the parents' backgrounds, the position of the other values varied. So, for example, "Religious faith" might have been a high priority for certain parents. "Curiosity" was often a high-ranked value for a number of parents who had studied at a tertiary institution.

However, you might have values that you think are just as important as the above poll results or even more so. That's fine. There's no such thing as the absolute or definitive list of values. Other values could be compassion, forgiveness, generosity, gratitude and love. Every family and every society will have its preferences. In South Africa, the value of "Ubuntu" is a highly regarded one but does not feature in the Americas and Western Europe.

A child with core values is helped to withstand peer pressures. Think of the child who has no sense of independence and

personal responsibility. That young person's life could be damaged through drugging or binge drinking. Another form of pressure is giving in to consumer culture demands. Advertisers hone in the need for people to be part of the "in-crowd".

Next time you see on TV or in a newspaper an advertisement for a mobile or restaurant, note the subtle selling that is directed at the young. There's the bright-eyed girl skilfully playing games on the latest model cell phone or the little boy gulping down a cream-topped strawberry milkshake. The girl and the boy might not have the money but mom and dad do. If the parent's resistance breaks down to the whining child's request, a valued lesson has been lost.

How can we instil values in children? Walk the talk. Be the role model. If we want the child to be well-mannered, let him hear your oft-repeated friendly, "Please" and "Thank yous" to the garage attendant and the waitress. Secondly, be consistent. If the car has to be washed before the pocket money is doled out, stick to that agreement.

Nobody is able to live perfectly to a set of values. That's where the third aspect of instilling values is used. Be human and accept mistakes. No verbal put-downs or shouting should be allowed. Ease up and avoid being eagle-eyed about correct behaviour. Chill-out. Empathise over slip-ups and as the old song goes, ask the question: "Where did we go wrong?" Help the child to get back on track down the value road.

The SAQI 2016 theme of "Improving the Quality of Life" is celebrated for five days in November. Yet the theme is of lifelong importance. If children can be guided today to live according to sound values, their future quality of life will be a happy one.

Free downloads of Richard Hayward's quarterly newsletter, Quality Education News, are available. Go to either www.saqi.co.za (click on Quality Education) or www.MySchool.co.za (click on Beneficiaries).



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SAQI Training Programme for 2017

All courses offered by the South African Quality Institute are presented in association with other course providers and are available to all organisations and individuals. SAQI can assist with the training of a company's workforce and all training packages can be run in-house at cheaper rates. A special discount applies to SAQI members. For more information or to register contact Vanessa du Toit at (012) 349 5006 or vanessa@saqi.co.za

1. Each course listed on the training schedule can be completed individually or form part of the overall three levels of certification.
2. SAQI reserves the right to change details of the programme without prior notice. Click on the course code for a synopsis or [click here](#) for all course synopsis.
3. The courses listed below form part of a specific Certificate and all modules should be successfully completed to qualify for the Certificate.
4. Delegates are advised to start on Level 2 before moving on to Level 3.
5. All courses completed previously will receive credit when proof of successful completion is received.

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Code	Course	Days	Cost	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
L2	SAQI Certificate in Quality Control*	10	R 18,874												
B41	Introduction to Quality Control	2	R 4,277		6-7			22-23		24-25		18-19	16-17		
B90	Introduction to Statistical Techniques	3	R 5,160		8-10			24-26		26-28		20-22	18-20		
B91	Introduction to Statistical Process Control (SPC)	3	R 5,160		27-28				19-21		14-16		2-4	13-15	
B79	A3 Problem Solving	2	R 4,277			1-3			22-23		17-18		5-6	16-17	
L3	SAQI Certificate in Quality Assurance*	13	R 24,034												
B48	ISO Requirements 9001:2015	3	R 5,160			27-29						4-6			
B24	Procedure writing	2	R 4,277			30-31						7-8			
B16	Internal Quality Auditing	3	R 5,160				10-12					27-29			
B92	Advanced Statistical Techniques	3	R 5,160					8-10					30-1		
B77	Advanced Product Quality Planning (APQP)	2	R 4,277					11-12						2-3	
L4	SAQI Certificate in Quality Management*	15	R 31,706												
B38	Development of a QMS	5	R 10,693						5-9						
B01	Cost of Quality	2	R 4,277						29-30						
B58	New SA Quality Excellence Model	2	R 4,277							13-14					
B74/B76	Lean for Manufacturing/Service Industries	4	R 8,182								1-4				
B93	Policy Deployment (Hoshin Kanri)	2	R 4,277							11-12					

* Must successfully complete all modules listed to qualify for the certificate.

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- Production Planning and Scheduling (B85)
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- Supply Chain Management (B84)
- IT Process Improvement courses



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