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REQUEST FOR PROPOSAL FOR THE SUPPLY/PROVISION OF A LIFESTYLE AUDIT SERVICE FOR TRANSNET EMPLOYEES LEVEL D TO F.

We hereby invite proposals from strong dynamic result-orientated service providers, who have the capability and capacity to conduct phased lifestyle audits for Transnet Employees Grade levels D to F.

OBJECTIVES OF THE LIFESTYLE AUDIT

1. The following are the objectives of the lifestyle auditing requirement:
 - 1.1 To conduct life style audits on a total of approximately 5500 levels D-F employees to establish which employee's lifestyles do not commensurate with their income.
 - 1.2 During the initial implementation phase, and as per the policy, Lifestyle Audits will be conducted on all employees on grade levels A to F, thereafter Lifestyle Audits may be conducted as and when required, based on high risk occupational categories or levels of authority in Transnet, or could be triggered by an event that requires Transnet to investigate misconduct in the workplace.
 - 1.3 To establish whether declared assets are consistent with the income of the employee.
 - 1.4 To identify employees who might pose risk's to Transnet business.
 - 1.5 To populate a database that will provide information that can assist in identifying potential fraud risk trends and patterns across different grade levels, job descriptions and Operational Divisions.
 - 1.6 To establish mechanisms detecting conflicts of interest where employees or related entities are potentially operating businesses in conflict with Transnet's business.
 - 1.7 To detect employees who fail to declare business interests with Transnet service providers.

SCOPE OF THE LIFESTYLE AUDIT EXERCISE:

2. The service provider is expected to have a secure Electronic front and back end capacity to allow for employees to electronically submit their submissions and supporting

documents whilst allowing the service provider to perform Phase 1 and 2 Audits based on internal, external and employee provided sources of information. To have a Business Intelligence capacity which will allow for the conducting of bulk data analysis to ultimately provide reports in a secure manner, which informs conformity to income and lifestyle in a singular and aggregated basis across Transnet employees on identified grades/levels.

3. The service provider will have a Business Intelligence capacity to conduct risk analysis on bulk data and must also have the commensurate IT personnel that is capable and skilled for that purpose.
4. The service provider will also have forensic personnel who are skilled and capacitated to analyse, evaluate and interpret the information provided against the purposes of the lifestyle audit.
5. In the event that an employee is subjected to a lifestyle audit, the employee may be asked to provide the following information and the service provider should be able to receive the information, conduct analysis and provide a report indicating whether the profile of the employee is commensurate with their lifestyle:
 - 5.1. **Biographical Information** i.e. Name and surname, Date and place of birth, Nationality, identity number passport number, residential address, Postal address, Email address, Telephone numbers, Education, Criminal record and insolvency records; Family Relationships, i.e. Names, Maiden names, Dates and place of birth, Marriages of children, Addresses, Contact numbers, Occupation and business interests and present personal intimate relationships;
 - 5.2. **Business Relationships**, i.e. Declaration of Business interests and relationships, Related party disclosures, Co members, Partners, fellow shareholding, Joint ventures, Lawyers, Accountants, Auditors, Bankers, insurances, Directorships co-members, trusteeships and Stockbroker's;
 - 5.3. **Professional Licences**, i.e. Medical, Dental, insurance, Stockbrokers, Real Estate, Lawyers, Chartered Accountants, and Drive/s license;
 - 5.4. **Financial information** ,i.e. Bank Account details (including foreign bank accounts), Bank statements, Safety deposit box details {including content and insurance value, Assets, Liabilities, income, investments, donations and Expenses; and
 - 5.5. **Probate and death records** i.e. inheritances, Wills, Administrators, Guardians and Leads to Beneficiaries.

6. The scope of service will require following phases of the Lifestyle Audit Project

- 6.1. Phase 1: A standardised Lifestyle desk top review of all employees Graded level D-F
- 6.2. Phase 2: An in depth life style audit of an employee graded level D-F only where predetermined risk factors trigger the execution of a more detailed in depth review.

7. Phase 1: Lifestyle Desk Top Review

- 7.1. The service provider will through the amalgamation of records from a variety of databases (internal and external), provide Transnet with an assessment report into certain aspects of the life of an employee. The information as mentioned will be compared to the remuneration of an employee, an assessment will be made to judge if the employee's lifestyle is commensurate with his/her income. Thus, it serves as a tool to understand the financial profile of an employee, regarding legitimate declared income versus known and observed assets.
- 7.2. This will include reviewing available internal (e.g. Declaration of Interest ("DOI") Information, Human Capital Management ("HCM") information, Supplier Database Information etc.) and external sources of information (e.g. CIPC records, Credit records, Criminal records etc.) which may reveal whether an employee and their lifestyle is commensurate with their income. The service provider will compile a financial profile of an employee where the legitimate declared income matches known and observed assets. Should this not be the case will result in the commencement of a phase two process pertaining to the identified employee.

8. Phase 2: In Depth Life Style Audit

- 8.1. Phase two is to be conducted where phase one has shown indications that the employee's expenditures constantly exceed his/her income, thus unexplained wealth, further engagements will commence.
- 8.2. This phase will be undertaken to establish the truth and as with phase one will employ legally sound methods to independently corroborate information through the collection of additional evidence.
- 8.3. The service provider will endeavour to identify undeclared sources of income (such as performance of other remunerative work, acceptance of gifts, etc.) and to determine whether a person is living beyond their means, by identifying debt, assets, income, criminal records, trusts, hidden assets and undeclared income.

- 8.4. Where proof is received on unexplained wealth, this phase will aim to identify assets which could potentially be the proceeds of activities which might be against Transnet Policies or may be the proceeds the crime. This may include identifying unethical conduct, which may lead to disciplinary action instituted against an employee, such as for performing other remunerative work without permission, accepting unauthorised gifts, etc.
- 8.5. This means an employee will be required to provide additional information to the service provider on an "as and when" basis, including being formally interviewed. This entails further assessing the following:
 - 8.5.1. Assets of the employee (including property, vehicles, collectables, bank accounts, jewellery, cash on hand etc.);
 - 8.5.2. Large and or significant income against the employee's expenditure transactions.
 - 8.5.3. Personal investments (including shares and bonds);
 - 8.5.4. Employee's liabilities (including loans, credit cards, mortgage and notarial bonds etc.);
 - 8.5.5. Declaration of any assets transferred to any family member, friends trust and
 - 8.5.6. Any other assessment required to complete the lifestyle audit.

9. Legal Requirement

- 9.1. To ensure employee's right are protected, the following standards of professional conduct shall be maintained when lifestyle audits are conducted:
 - 9.1.1. Confidentiality
 - 9.1.2. Fairness
 - 9.1.3. Independence
 - 9.1.4. Due care
 - 9.1.5. Professionalism
- 9.2. The service provider will receive and manage information provided and will draft and distribute reports in accordance with the relevant legislation and policies which are associated with the conduct of lifestyle audits.
- 9.3. All reports generated from Phase 1 and Phase 2 of the Lifestyle Audit must comply with the Internal Audit Standards, ISO standards (e.g. ISO 31000 etc.) on the conduct of Forensic Investigations and standards maintained by forensic professional bodies (e.g. ACFE and ICFP).

- 9.4. All employees of the service provider will be required to sign a Non-Disclosure Agreement/oath of secrecy as part of ensuring confidentiality of the process.
- 9.5. The reports are to make a recommendation for the type of Consequence management that is to ensue from the conduct of the Lifestyle Audit.

10. System Requirements and Reporting

10.1. The service provider's systems should enable reporting as follows:

- 10.1.1. Reporting must be the result of an automated accurate process.
- 10.1.2. Reports on audits for example: aging of audits, audits per risk rating, in progress audits, audits completed, feedback requests and added information per the categorization.
- 10.1.3. Reports must provide findings against clearly defined criteria.
- 10.1.4. All reports should be extractable in a secure manner.
- 10.1.5. A dashboard showing of audits completed, in progress, founded and unfounded matters.
- 10.1.6. The system must have a feedback loop for consequence management purposes.
- 10.1.7. A system with built in reporting capabilities and Visual Dashboard Management per audit, per grade and turnover time.
- 10.1.8. Built in workflows from audit start to end and proper aging of audits.
- 10.1.9. Ability to identify patterns and risk indicators. This feature is enhanced by auditors at the end of the process capturing lifestyle risk areas, control weaknesses and other pertinent information necessary for strategic decision making.
- 10.1.10. The system must allow for individual employee registration and login for purposes of directed transmission of documentation and follow-up engagement as required for the lifestyle audit process.
- 10.1.11. The systems must meet all ICT security standards in order to protect the entire process. Such ICT security standards are determined and audited by Transnet's IT department.

11. System Capacity and Capability

- 11.1. The service providers system is required to have the capacity to hold large volumes of data.

- 11.2. The appointed service provider will be required to demonstrate the service offering and provide proof of its good track record in providing a confidential service.

12. Additional Reporting and Consequence Management

12.1. Other Stakeholder Reporting (e.g. Chief Legal Officer, HR AND ER)

- 12.1.1. Escalation of high risk founded matters must be system driven to ER for outcome updates e.g.: sanctions, details of employees, OD's, etc.
- 12.1.2. The system should be restricted to the Chief Legal Officer, HR GM's office to provide feedback on the legal and the HR aspect.