Griffiths Reid

RISK MANAGEMENT SURVEY

DONE AT

EEK
(PTY) LTD
SPRINGFIELD, JOHANNESBURG

INDEX

EXECUTIVE SUMMARY

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The contracted security service is not of an acceptable standard. They are generally not trained for the service required and their numbers are insufficient to exercise adequate control the areas they cover.

They have no site and operation procedures and are under utilised.

They have no means of communication or raising the alarm in the event of an emergency.

Guards leave their posts unattended.

No searching is done.

The in-house security officers are of a better standard, but exercise too much control. They have full control of keys, alarms and access control which allows for the opportunity of large scale collusion and theft.

Supervision and control of the guards was found to be inadequate.

Inadequate records are kept of incidents.

No integrity checks are carried out on security staff.

There is no control over the movement of people in and out of the receiving yard, the receiving bays or the receiving warehouses.

Superficial searching is done by the in-house security officers when leaving the main warehouse.

Vehicles are not searched on entry or departure.

The checking of employees exiting via the receiving bays is inadequate.

Delivery crews have free access to the receiving warehouses.

There is no vacuum receiving system or separation of newly received stock from or old received stock in the main warehouse which creates the opportunity for large scale losses.

The housekeeping in the warehouses is not of an acceptable standard.

There is little control over staff movement within the warehouses.

There is no control over parcels, bags etc. brought into the warehouse by employees.

The perimeter of the warehouse allows for merchandise to be removed undetected.

The after hours perimeter protection on the east side and roof of the stores allows for merchandise to be removed undetected.

The intruder detection system is inadequate and not fully operational.

The CCTV system is under utilised and not secure.

Staff time keeping and productivity is not adequately controlled.

Security should not have full control of all keys.

Although the cash office is secure, the procedures for the movement of cash from the tills and the change float office expose employees to a risk of robbery.

Sensitive information is not secure.

The compliance with the requirements of the Occupational Health and Safety Act is low.

1. INTRODUCTION

The report will reflect the security and *Risk Management Survey done at EEK (Pty) Ltd located in Johannesburg.

The survey was conducted on 5 August 2008 by Andy McLetchie and Lionel Strong of Griffiths Reid.

The survey has been compiled in a Risk Management Report format that will include the findings and recommendations with respect to Security Systems, Health and Safety, Fire and Environmental Issues.

The findings are further based upon sound Risk Management Principles that are successfully applied in various companies in Africa where we provide Risk Management Services.

We would like to extend our gratitude for the hospitality and assistance rendered during the survey.

The survey will include comprehensive observations in all the Risk Management disciplines and will include applicable recommendations to indicate what actions need to be taken to remove or bring the situations mentioned under control.

The EEK distribution warehouse employs approximately 270 full time employees including 13 in-house security officers.

Casual workers are sometimes used to load containers.

A contract security compliment of approximately 8 security officers are deployed at the warehouse on a 24-hour basis.

A vast variety of hardware tool and equipment line items are kept at the warehouse for distribution to EEK outlets and customers.

An average of 12 trucks is dispatched from the warehouse on a daily base. EEK has a fleet of leased trucks and uses 10 different courier services.

The warehouse operates from 08:00 normal trading hours. Outside trading hours only the security personnel are on site.

Orders are prepared during the previous day and are loaded early in the morning for dispatching to the EEK outlets and for collection by clients.

*** "Risk" is defined as exposure to any hazardous circumstances - "a source of, or exposure to danger or loss"*

2. SUMMARY OF RISKS

RISK AREA	RESULT UNLESS CONTROLLED
Theft of / fraudulent activities involving:	• Various line products • Pilferage of products • Motor vehicles • Fuel • Oil • Components and spare parts • General Store items such as paint, safety shoes, overalls, etc. • Tools • Computer Equipment • Office Equipment • Cash
Fire and Explosion	• A fire or explosion caused by the flammable liquids (flammable liquids such as fuel oil, diesel, thinners, and motor oil) stored in large quantities on the premises can cause severe damage to the warehouse and facilities. This can cause disruption of production and high expenses to rebuilt/replace buildings and equipment. • Loss of lives and property through explosion or fire could have serious consequences.
Contamination of Product	• Through poor controls, bad housekeeping, defective and unsafe machinery, etc., the products can become contaminated or damaged and cause financial loss.
Health and Safety	• A Health and Safety System is implemented however, the minimum requirements of a Health and Safety system are not properly applied.
Environmental Protection	• No bad practices as far as environmental protection is concerned were noticed.
Robbery / High-jacking of:	• Trucks transporting / delivering products. • Trucks and other company vehicles. • Cash transported on vehicles and cash kept on the premises. • Cash.

3. GUARDING PERSONNEL

Findings;

Security Personnel Deployed

- The Company employs an outsourced security company to provide security personnel for perimeter protection.
- An in-house manager is responsible for the management of security functions and personnel.
- A contract security compliment of 8 SHYSTER guards is deployed at the warehouse on a 24 hour basis, 2 on day shift and 6 at night.

Security Procedures and Performance of Security Personnel

- In-house security guards are deployed one at the main receiving gate at the north side of the warehouse to control vehicle access, one at the exit from the counter sales department to check goods removed against the sales invoice, one at the staff entrance to the warehouse, one at the entrance to the Hitachi warehouse, one at the main door of the Off Site Warehouse to control movement of goods being received and dispatched, three inside the warehouse receiving to exercise control over staff movements and gate control between the internal stores and one at the entrance to the admin offices. The rest of the guards control the drawing of warehouse stock on order for dispatch by truck.
- When observed from nearby the three guards inside the receiving area were diligent in their searching and assertive. When observed from concealment on the mezzanine they were not as diligent and walked up and down socialising with the employees.
- The guard at the Off Site Warehouse is responsible for controlling the stock loaded from containers and stacked in the yard. This is difficult with the volume of pedestrian and vehicle traffic moving through the premises of waste processing plant from which the warehouse is rented. He is also open to intimidation and collusion.
- The guard at the staff entrance uses a hand-held metal detector to check people leaving for hidden items. The doors are electronically controlled to prevent any-one slipping past him.
- The guard at the Hitachi warehouse door does very little control and is often absent from his post. There is little control over movement of people in and out this door from the warehouse.
- The guard at the counter purchases exit door virtually glances at the documentation before letting customers out with their goods. He does not look under or open boxes packed in trolleys or do a count of smaller items. It would be easy for stock to be removed this way in collusion between customer crews and counter staff.
- It seems that security personnel do not often rotate between posts, thus a security person deployed at a certain position will work there continuously and will only know the duties and responsibilities pertaining to that post.

- Although a form of site procedure is implemented at the warehouse many loopholes were identified during the survey.

    - No two way radios were seen during the survey.

    - The deployment of security personnel need to be reconsidered as it is obvious that the current number of security officers deployed is inadequate to effectively control all risk areas on the site.

    - No Security Control Room was seen on the site where fire alarms, intrusion alarms, CCTV transmissions and radio transmissions are monitored.

    - Site specific training needs, with regard to the warehousing process, were identified during the survey.

    - Security checks performed at the gates have been evaluated as insufficient.

    - Internal security personnel deployed on the site are not effectively managed. Although they are provided with specific instructions, training and guidelines with regard to the various functions of the warehousing process, they seem to have leeway to make their own decisions on who does what.

    - Recording of occurrences at the posts have been evaluated as insufficient.

    - No formal recordings of incidents and security reports were seen.

    - The neatness of uniforms does not receive the required attention. The contract security guards wear parts of uniform and are not readily identifiable as guards.

    - The in-house security guards wear no uniform or identifying marks.

    - The in-house guards are open to intimidation and collusion.

    - No formal patrols are performed, although it is claimed that foot-patrols are executed at several posts, this is not formalised. Limited records of the patrol routes and possible findings during such patrols are available.

    - No patrol reports are submitted.

    - Poor records are kept of any occurrences at the posts.

    - It appears as if guard supervision is done very superficially. The maintenance manager has to supervise the contract security guards who had a bad attitude after being queried.

    - They spent the best part of the day of the assessment sitting at the food vendors outside the main gate in Blue St. and socialising with customers there.

    - When the contract guards have been found at their positions, it appears as if they have only been placed without any specific instructions to guard (what), patrol (where), stop and search (who and when), etc. They claimed that their functions were to guard the cars inside the EEK parking lot and parked in Blue St.

    - At night the guards are contracted in pairs to guard the receiving gate in Blue St., the Off Site Warehouse gate across Blue St. and the EEK main gate in Happy Rd. A night visit to the site was not done as part of the assessment.

- No tests; for example search tests, observation tests, honesty tests, site procedure knowledge tests etc. are carried out by the security company on the security guards to ensure that they remain vigilant and up to date with procedures.

Recommendations:

SHYSTER Security:

- From the observations made during this survey and the non-conformances observed it is recommended that a security audit is performed on the contracted security company's performance of security tasks and duties.

- This service is under utilised and the guards on site have no function to be measured by. Hence they become bored and wander around outside. It is recommended that the compliment of contract security be increased and that they be given additional tasks to perform, such as booking vehicles in on a vehicle register, controlling the movement of people around the front of the OSW store, and escorting the open truck between the OSW store and the main store receiving. This would take some of the onus off the in-house guard while he is checking loads from delivery vehicles

- A serious lack in security guard training was identified; specific training needs insofar as warehousing and dispatching functions are concerned were also identified.

- It is clear that guard supervision and training is done very superfluously and more emphasis should be placed on these important aspects of security.

- It is recommended that site specific security instructions are drawn up by EEK and key performance indicators are brought into the security guarding function to ensure that the security company employed to guard the premises perform their duties effectively.

- In view of the location of the premises it is recommended that two of the night shift contract security guards are armed and carry a form of communication with their control room and panic buttons.

- The patrol monitoring system should be serviced and weekly patrol reports supplied to the client.

- A decision should be taken based on the observations made in this report whether to keep the current guarding company.

In-house Security

- These guards have better training and understanding of the operation of the business.

- It is recommended that the compliment at the customer purchases area be increased by one guard to avoid congestion and customer dissatisfaction.

- These guards would then be able to effectively check what is being removed against the document and reduce the opportunity for collusion here.

- It is recommended that an additional guard, in-house or external, be posted at the main store receiving door to control the movement of people in and out of this area and to search with a metal detector all persons going out. It is also

recommended that the forklift truck also be searched each time it goes out for items concealed under the engine cover.

- It is recommended that full written post procedures be drawn up for each post and be available for guards to refer to.

- It is recommended that a central guard office be utilised near the gate where records are kept, the alarms, radios as well as personnel movements and absenteeism are monitored. A grade B site supervisor should be engaged for this.

- It is recommended that all guarding personnel undergo regular integrity checks.

4. DISCUSSION OF CERTAIN HIGH RISK SECURITY TASKS AND DUTIES

4.1 Main Gate

Entrance of vehicles

- Two security men are deployed at the main entrance gate to perform guarding function of parked vehicles.

- The main entrance gate leads off Happy Rd. and the following observations were made at this entrance:

  - Employees are authorized to park their vehicles on the premises. This parking is shared with visitors and customers which creates the opportunity for staff to collude with counter customers and to put fraudulently obtained goods in their cars.

  - Potential job seekers congregate at the gate waiting to be called for casual labour. There are also two food hawkers just outside the gate where by-passers congregate. This allows for potential robbers and hi-jackers to observe the premises.

  - There is no control over access by pedestrians or vehicles through this gate and small groups of people stand and talk in the parking area which again allows potential robbers, hi-jackers and car thieves to operate unhindered.

  - It is clear that guards do not check the ID cards of staff members before granting them access to the premises.

  - Dispatch delivery vehicles also use this gate. They are not checked for what is inside before being admitted.

  - All dispatch delivery vehicles leaving the premises are not searched before departure.

  - No vehicle release note is given to these drivers to show at the gate.

Recommendations:

- At least two trained security guards should exercise a gate control function with a boom.

- The guards should complete a standard vehicle control register and account for the number of persons on the vehicle.

- The guards should check that the same number of people leave with the vehicle as it leaves.

- The guards should check the cab and load compartment of dispatch delivery vehicles on arrival and list any stock that is on the truck and any items being returned. This is to ensure that additional stock loaded onto the vehicle can be determined and not claimed to have been brought in. The guard must endorse the seal numbers of any seals on the doors of trucks arriving.

- On departure from the dispatch loading bay an exit permit should be given to the driver by the loading supervisor detailing the seal numbers on the truck and any loose items in the cab.

- The trucks should be properly searched on the way out, including the chassis.

- It is recommended that an additional guard be utilised to patrol the parking areas inside and outside to watch the staff and customer cars. This guard should carry a two-way radio or cell-phone and a remote panic button which will alert the armed response and the guard gate house.

4.2 Receiving gate - Main Warehouse

Findings;

- The gate here is controlled by an in-house security guard.

- On arrival of a truck the guard confirms that the delivery is for EEK and completes an entry register upon which the driver is directed to the receiving office. The truck is not searched.

- At the receiving office the papers are checked and the goods unloaded.

- It was noted that drivers of trucks and their assistants are admitted to the warehouse where they converse with the EEK staff.

- There is a “staff facility” inside the receiving warehouse in a dark corner against the east wall where staff gather and chat.

- After the driver has completed his unloading, he receives his documentation from the receiving controller. He then leaves by the same gate as which he entered. The vehicle is not searched by the security guard. This creates opportunity for stock to be removed from the receiving area with or with the knowledge of the receiving staff.

4.3 Counter sales

Findings

- Customers phone in or fax orders to a central office.

- Picking slips are generated and the stock drawn and placed in collection bays.

- When the customer and/or his agent arrives the merchandise is collected and handed over by the sales counter staff.

- Some customers may arrive with hand delivered orders and wait for the stock to be drawn.

- The sales counter is not open to the public and only registered customers are allowed to purchase there.

- Some sales are paid by cash.

- Having received the order the customer then places it on a trolley or trolleys and removes it via the exit door to his vehicle in the parking lot.

- The goods are checked on exit by an in-house security end controller. This is done in a very casual manner and any value of undocumented merchandise could go past this point undetected.

- The sales area is congested and noisy and the risk of collusion between picking staff, sales counter staff and customers employees is high.

Recommendations:

- The guard complement deployed at the door should be increased to two with a reserve readily available to assist at peak times or to relieve at tea/lunch/toilet breaks.

- The guards should have good product knowledge and be able to identify stock against the invoices.

- Any cases that have been opened and are not under supplier seal should be opened and checked for content switching or extra goods.

- Signs should be displayed advising that open cases will be checked.

- It is recommended that an undercover agent be placed in this area to determine the extent of collusion and fraud.

4.4 Waste removal

Findings

- Waste material is taken out by cleaners, searched by in-house security at exit points and taken to the parking area where it is placed in a compactor after dry waste has been removed and placed in a separate container bin. The system seems secure.

5. PHYSICAL SECURITY MEASURES

Security Lighting

Findings

- A night survey was not conducted to determine the effectiveness of security lights but some observations were made.
- The lights noted seem adequate if all are working. The west and south perimeters of the site are adjacent to two main thoroughfares and the streets on the perimeter should be well illuminated during night time.
- The main entrance gate seems to be well illuminated.
- The east wall on Blue St does did not seem to have adequate lighting but would possibly be lit from the waste processing plant across the road.
- It was noticed that some warehouse areas are under illuminated, (even during day-time) which could cause fork lift accidents, injury to employees and accidental breakages of products.
- The main entrance gate seems to be well illuminated.

Recommendations

- A study, using a light intensity meter, should be done to determine the correct lighting required for each area. The international illumination standard for workplaces should be used during this exercise. See an example from this standard inserted below.

Extracts from the International Illumination Standard

ABLUTIONS	LUX
Washrooms, toilets and changing rooms	100 (at floor level)
WAREHOUSES AND WORKING AREAS	
General working areas	100
Warehouses.....	300
Dispatch areas	300
BUILDING & CONSTRUCTION	
Industrialized building warehouses	200
Concrete outlets	150
General working areas	20
Walkways and access	5 (at floor level)

6. PERIMETER BARRIER

Findings

- The east perimeter on Blue St. is the outer wall of the office block and warehouse. There are some places where it would not be difficult to access the roof. The Dunnard wire has not been maintained and electrified fencing would be easily cut or bypassed by a ladder placed against the roof.
- The west perimeter on la Rochelle Rd is a combination of steel palisade and electric fence which should be an effective barrier in view of the exposure to lights and the busy thoroughfare.
- The perimeter at the back (north) of the warehouse is also steel palisade which adjoins the railway line. This has the additional protection of Dunnard razor wire and electrified fencing.
- The south perimeter in Happy Rd is brick which includes the main gate.
- The main gate is a high metal gate which is a secure barrier when closed.
- The east wall includes windows and a roller shutter door that would be readily subject to burglary. The poor lighting in this area would attract the attention of criminal elements.

Recommendations

- The perimeter fence inside and the outer wall on Blue St. should be patrolled according a set pattern and all patrols should be recorded.
- Unserviceable security lights should be repaired.
- If the roller shutter door onto Blue St is not used it is recommended that an expanded metal screen be welded over the inside to foil casual burglars.
- It is recommended that the windows facing onto Blue St. be covered with expanded metal mesh on the inside to deter petty burglary.

7. ELECTRONIC SECURITY EQUIPMENT

Findings:

- An automatic fire sprinkler system has been installed. This is serviced and up to standard.
- The fire fighting equipment is serviced according to a schedule and up to standard.
- A Quick intruder detection system has been installed. This does not adequately protect the premises.

  The system seems to have been recently upgraded with the installation of external movement sensors outside the perimeter of the warehouse**.**
  Active infra-red sensors have also been installed in some areas inside the walls.
  The racking in main warehouse and despatch areas can be accessed from the roof without activating the alarm. Movement along the roof beams and tops of the racks would not be detected.
  The mezzanine storage outside store 3 is protected by one old 360 degree passive infra-red sensor. This is inadequate for the value of tools there and for the layout of the racks.
  Store room 3 has alarm protection only on the east and west walls and no coverage for the mezzanine level.
  Roller shutter door on west wall of Hitachi store is not connected.
  Two security guards have remote panic buttons.
  There are no panic buttons on site for the receptionist, sales desk, cashiers or admin manager.
  The welder and compressor store room on the south side of the Hitachi building has no alarm protection. This store can be accessed undetected from the yard through a wooden door secured with a cheap 2-lever mortise lock.

  The electric fence is not connected to the intruder detection system.

- A closed circuit television system was in the final process of installation at the time of the survey.
- Hand held metal detectors are used at the employee entrance gate.

Comments:

It is realized that there are several limitations with regard to the implementation of electronic security systems, such as the unreliability of electricity and maintenance of such systems.

However, counteracting these limitations is possible if an international Security Company is involved who is able to install and maintain such systems.

The ability of the present security personnel to monitor these systems is questioned.

Electronic systems eliminate the human factor problem. Electronic security systems have greatly enhanced the level of security protection.

Recommendations:

Closed Circuit Television System (CCTV)

CCTV systems are very helpful and create the opportunity that fewer Security Personnel can continuously monitor large and remote areas. The records obtained through the recorded camera images serves as powerful evidence in internal industrial and criminal cases.

Security obtains advance information about criminal activities or persons entering the premises and can take immediate action, rather than to act after the criminal deed has already taken place.

Closed Circuit Television Cameras (CCTV) can assist EEK management to control several of their activities such as at the delivery and dispatch of produce, access control to the premises and warehouse, shrinkage problems such as damages by forklift drivers and pilferage by employees within the warehouse.

It is recommended that the CCTV be monitored in a secure and dedicated CCTV control room by professional operators with controlled access allowed only to top management and the operators.

Although five members of management will be able to monitor the cameras on their desk-top computers, this will be purely at random and they draw up a monitoring schedule between them, they will not be able to spend the time to concentrate on movement and identify irregularities then pursue the matter.

The current set-up of the monitors on the general manager's desk in an open plan work place is not ideal as an organised internal syndicate will know exactly when the system is being monitored and when it is safe to steal.

Due to the circumstances at the time of the assessment it was not feasible for the surveyor to assess the practicality of the camera locations.

A further recommendation would be to have at least 3 covert cameras that are operated from their own power supply back up on their own chip or feed wireless to the Camera Control room. These cameras can be moved from time to time as the need requires.

All outside cameras should be day/night or low light cameras.

All Perimeter fences cameras should have lenses that can be changed to suit the distance that these cameras can cover.

Intruder Detection System

- It is recommended that additional passive infra-red sensors be installed in the mezzanine areas inside the warehouse.
- It is recommended that additional 360 degree passive infra-red sensors be installed inside the roof of the warehouse and the dispatch area.
- It is recommended that the welder/compressor store have two PIR's installed and magnetic door contacts on the inside of each door. This store should be partitioned as a single zone on the panel.
- Static panic alarm buttons should be installed at the reception, inside the stairwell where the safe is kept, in the admin office, the Hitachi store reception and at the cashier on the first floor of the office block.
- It is further recommended that the admin manager, the five managers who have viewing access to the CCTV and the in-house guards at the main receiving gate and the counter sales exit each have a remote panic button. These buttons should also activate an alarm at the main gate and the contract security service provider's office as well as Quick Control. This would alert the recommended gate control guards to close the gate and wait outside for the emergency services to arrive.

- The electric fences should be connected to the Quick alarm system as well as have their own siren.
- Quick Armed Response should be instructed in writing to be admitted to the premises on response to an alarm activation to do their own visual check on what is happening, and not to accept the guards' version of all in order.
- Activation log history should be supplied to the security manager on a regular basis by the Quick control room.

Handheld Metal Detectors

- Any articles that are not allowed in the premises must be kept safe at the gate.
- A number of cabinets should be provided in which private belongings can be locked.
- The receiving gate guard should be provided with a metal detector to scan delivery crews on arrival and again on departure.
- Staff members exiting the warehouse through the receiving entrance should also be subject to the scanning.
- If any further items have been detected on the person once he has handed all metal items over, the person should be requested to check his pockets again and be re-scanned. If something is still being detected, a full body search should be conducted.
- In-house security using the detectors should be trained in the correct procedures to follow and to recognise the different signals of the wand. Although the efficiency of the wands were not tested in the survey the passing of the wand over the chest and waist and not round the back or ankles would not detect a multitude of items concealed in socks, shoes or the seat of the trousers.

Electrified fencing:

- It is recommended that the voltage on the fences be checked as the overall appearance of the fences indicates that they may not be effective. On test the off-site warehouse fence activated the siren. The fence on the main building was not tested.
- Vegetation should be kept cleared from the wires. These tend to reduce the voltage in the wires and create false alarms.
- Objects hanging on or plants growing over the electrified fence should form part of the guards daily patrol reports.
- It is recommended that the siren for the OSW be replaced with a stronger one as the current one would not awake a sleeping guard at night.

8. ACCESS CONTROL AND TIME KEEPING

Findings

- There is no access control at the main front gate.
- The access to the office block is controlled by an in-house security officer and a receptionist.
- Senior personnel are allowed to see visitors in their offices.
- These visitors are escorted to the office of the official to be seen after confirmation is made with that person and collecting a visitor's card at the reception area.
- Few employees display an identity card, nor was any person seen requested to produce his card at an entrance gate.
- An electronic access control system has been installed at the staff entrance gate to the warehouse. A turnstile has also been installed at this point.
- Employees are supposed to tag in at the time and attendance reader at the turnstile.

- However, many employees were seen without ID cards or tags. The security personnel positioned at the gate opens the magnetically controlled side gate next to the turnstile with his remote control to allow the person to enter or exit the premises.
- When the surveyors questioned the guards about this they were told that the security guards “know” all employees working in the facility.
- Written procedures to regulate the access of persons to the warehouse have not been formulated.
- No specific additional access control system is used for contractors. They are treated as visitors and are not escorted on the premises.
- Contract personnel do not display an identity card that identifies them as contractors.
- No proper communication system exists between the Personnel Department and the Security Company to inform of staff changes.
- Some areas in the warehouse have been designated as controlled areas to which authorised personnel may enter.
- Procedures to be followed in the case of loss or damage to identification cards have not been formulated.
- Employees take their cards (if any) home at the end of the day.
- Temporary employees employed for a period of three (3) months should be issued with a proper identity cards and the identity card should identify them as temporary workers. Contractor workers are not specifically identified.
- Casual labourers drawn from outside the main gate have no means of identification.
- Access to the warehouse is controlled at the five doors (including all receiving but not dispatch bays), provide access to the warehouse itself by in-house security guards. The dispatch doors are secured and no entry permitted there.
- Doors providing access to the warehouse are left open at all times during the day.
- Some doors providing access to the warehouse are now monitored by CCTV cameras.

<u>Employee time worked recording</u>

- As few ID cards and tags were seen during the survey it appears as if the present time and attendance system is not accurately applied to reflect the time actually worked.
- This could lead to significant losses to the company and could have an adverse effect on productivity.

Recommendations:

- It is recommended the installed electronic time and attendance system is upgraded so that it could be effectively used to control access of employees. This system should be installed at the main entrance gate. The card readers should be coupled with the turnstile through which all employees must enter.
- It should be made compulsory for all employees enter the premises through the main access gate. If this is not possible, additional turnstiles should be installed at other gates used for this purpose.
- The system should be linked to time readers. If an employee has clocked in at the turnstile his card will be accepted by the time reader. If not, the card will be rejected. If the employee wants to leave the premises and he/she has not clocked off duty at the time reader, the turnstile reader will not accept the card.
- This will compel employees to clock in and out and eliminate the possibility of time theft.
- However, unless a Security Company is employed who can enforce such measures consistently; the system will be allowed to be abused as employees may be allowed to by-pass the turnstile and walk through the vehicle gate, as is done at present.

- Casuals and contractors should be issued with identity cards showing their status.

It is recommended that different coloured overalls be issued to employees for different controlled areas in which they work to make the movement of workers more noticeable and to assist the in-house security in control of staff in secured areas.

9. RECEIVING, WAREHOUSING AND DISPATCHING OF MERCHANDISE

91. Description of the physical attributes of the warehouse and security risks.

Findings:

- The warehouse receiving, warehousing and dispatch areas are located under one roof. They are separated by either brick walls or by chain link wire or dry wall partitioning.
- The building comprises of a mixture of brick and IBR sheet cladding.
- The roof is manufactured of IBR sheeting on the warehouse and corrugated iron on other roofs.
- Merchandise is received from suppliers or transferred from an off site warehouse receiving bays located at the eastern side of the building. The receiving area and warehouse is located in one building without any physical demarcation.
- Access is freely available from the main receiving entrance.
- Apart from the doors mentioned above, two emergency exit doors were seen, one of which is locked without keys available. None of these entrance/exit doors have been protected by CCTV surveillance nor has adequate alarm protection been brought onto them.
- A number of offices used by warehouse personnel are located in the warehouse on an upper level; these offices are accessible from the outside as well as from the inside of the warehouse. It is also possible for a perpetrator to enter the warehouse through one entrance, move through the warehouse, enter the offices at another entrance and exit the building from yet another entrance. No searches are carried out on employees leaving through the receiving door or the Hitachi store door.
- The layout of the warehouse and offices as well as access routes to and from the warehouse provides ample opportunity to perpetrators to remove produce from the warehouse.
- Small items such as drill bit packs and flat tools can be dropped through the gap between the cladding and the top of the brick wall from the mezzanine above the receiving area.

9.2. Receiving Control

Remarks will be passed based on observations made while visiting the following areas:

- Control at the point where the produce is delivered at the receiving bays into the warehouse.
- Warehousing of products.
- Picking of orders.
- Checking of orders and loading.
- Procedures followed at the exit gate.

Findings- both for OSW and Main Warehouse

Control at the point where the produce is delivered at the receiving bays into the warehouse:

- The roller shutter doors to the receiving bays are not controlled by security personnel.
- The OSW receives whole crates and cases and does not open them.
- At the OSW merchandise received at the receiving bay is placed haphazardly anywhere on the ground where a space can be found, where it is checked by receiving checkers before being moved to the warehouse.
- Some times the deliveries are checked out of the containers before being loaded onto the ground for moving into the warehouse.
- This haphazard way of stacking the received goods may cause confusion when checking functions are to be performed.
- The in-house security guard performs a second check on the goods and watches over the goods till they are moved into the warehouse.
- Goods awaiting transfer to the main warehouse are also packed on the ground outside the receiving door.
- When questioned, the security guard told the surveyor that they recheck the stock into the warehouse and there is little opportunity for any cartons to be stolen.
- If the security guard therefore collaborates with the labourers it seems possible to remove goods which were signed for as taken into stock.
- During this process of unloading and checking of goods received the roller shutter door of the warehouse is left open, truck drivers and their assistants and who-ever can enter the warehouse and wander around at will through these open doors as no physical demarcation restricts their movement to the receiving area only.
- The warehouse is located in the eastern side of the premises of Hotshot, a waste disposal company, which has visitors and employees moving past the goods stacked in the yard. It would not be difficult for a carton to be moved out of sight into one of the piles of rubbish/waste materials nearby.
- Two families of Hotshot personnel are resident on the premises near the OSW. Hotshot also have a camera which monitors the area in front of the OSW.
- There is a second roller shutter door on the north side of the warehouse which is kept locked and sealed.

Recommendations

- It is recommended that the north roller shutter door is used for despatch and the south door for receiving. This would give a one way flow of goods and there would not be the possibility of confusion resulting from dispatch and received stock being mixed. This would also eliminate the possibility of received and checked stock finding its way onto the delivery vehicle going to the main warehouse and being offloaded en route.
- Only one container should be unloaded at a time to reduce congestion in the yard.
- Once all the goods have been unloaded from the supplier vehicle these goods should be checked after confirmation by the driver and security checker that the quantities are correct.
- The consignment should immediately be stored in the warehouse.

Main Warehouse receiving.

- At the main warehouse the delivery vehicle is parked under the canopy and the goods offloaded onto the ground in the entrance to the warehouse where it is checked by various people.
- The goods are moved by forklift into various parts of the warehouse.
- The forklift truck move freely from one department to the next and no search is done on the driver of the vehicle itself.

- The delivery crews have free access into the warehouse area and are not searched on exit.
- On the racks in the poorly lit area on the east side of the receiving warehouse loose packs of small tools were found on the shelf.
- This area cannot be observed from the offices, security guards patrol area or from any cameras. Staff members sit around there behind the racking and chat.
- When asked about the four packs of small screwdriver drill bit sets lying on the shelf at the back in-house security officers advised be that it was right for them to be there as they would be the residue from a full case which had been unpacked for a part order. These parts can easily be removed from the shelf by a delivery crew member and placed in his pocket or concealed under his clothing and taken out.
- These items could also be dropped through the gaps between the cladding and the top of the brick wall from the mezzanine above the receiving area.
- Loose small items of merchandise were also found lying on top of crates in store 3 near the roller shutter in the west wall. These items could be passed under the steel (emergency exit?) door next to the roller shutter door or out between the wall and the damaged frame of the roller shutter door to be collected by an accomplice waiting in Blue St.

Recommendations:

- It is recommended that a vacuum receiving system be introduced at this door, where by the merchandise is loaded into a chain link wire or expanded metal cage, the outer door closed, the goods checked by the driver and receiver, signed for, the driver departs, the inner door is opened, the goods checked out by the in-house security and taken for storage.
- This way none of the delivery crew will have access to the warehouse and there is a reduced possibility of collusion.
- Warehouse staff will also not be able to exit the premises through the receiving area and so remove goods.
- When stock is drawn for dispatch or sale at the counter the full cases should be removed from the storage area and taken to one of the secure areas behind the sales counter and dispatch area where the cases are opened and the balance of the stock can be secured.
- It is further recommended that an undercover agent be placed in this area to determine the degree of collusion and loss here.

9.3. Picking of orders

Findings:

- Orders are sent to the OSW on computer and print out as picking lists.
- The stock is then drawn from the racks and stacked outside in the yard to be loaded onto a truck.
- The stock is then transferred on an open truck to the main warehouse receiving about 300 meters away across Blue St.

- At the main warehouse employees receive a picking slip from the dispatch office after which they proceed with picking products for the consignment.
- A specific load is made up from the picking list and placed in a pre-determined bay.
- After the load has been made up the employee moves on to the next picking slip.
- Loads are left standing in the dispatch bays for extended periods of time unprotected. During this time it would be possible for a perpetrator to add items to the load.

- CCTV cameras are installed in the warehouse to monitor these picking and loading operations.

Recommendations - Picking Operations

It is recommended that an under cover agent be placed in this area to determine the degree of collusion and losses here.

9.4 Checking of orders and loading:

- Before going into the dispatch bay for loading the consignment is checked by an in-house security officer who will lock the inner gate to the cage. The consignment is then checked by the driver and loaded.

Recommendations

- Once a truck is ready to be loaded a security guard should be stationed at the load to ensure that nothing else is loaded onto the truck apart from the prepared load and that the full load goes into the truck.
- After completing the loading of the truck the security guard should ensure that the truck is properly sealed wit the correct seal number. The seal should be supplied by EEK and the seal placed on the door by the guard, who will then write the number of the seal onto the gate release slip and the delivery note from the seal. This will reduce the risk of the seal number endorsed on the documents being in the pocket of the driver for use after the additional goods have been removed from the truck.

9.5. Procedures followed at the exit gate

Findings

- Once the truck has finished loading, the driver departs. There is no check done at the main gate. The security guard positioned at the west gate checks the delivery note to ensure that the seal number is correct and allows the driver to exit the premises.
- No search of the vehicle is conducted at this gate. Many items may be hidden in the cab of the truck, in the toll box or in other likely spaces which would go undetected.
- As the security checker has prior knowledge of the seal number (written on delivery note), he does not even have to check the seal physically, only needs to sign the documentation.

Recommendations;

- It is recommended that a vehicle dispatch register is created where the registration number of each of the delivery trucks are completed next to the seal number of loads.
- This register should be sent to the security control room mentioned earlier in the report.
- On arrival of a EEK delivery truck at the main gate the security guard will call the control room and relay the registration number of the truck as well as the seal number, if all corresponds the rest of the truck should be searched by the security guard and all detail recorded on a vehicle gate exit register.
- Only if all details correspond, should the truck be allowed to exit the premises.
- This will undoubtedly minimize the risk of collusion with regard to seal numbers.

9.6. Goods returned controls.

Findings;

- The procedures for goods returned given to me were hazy.
- It is clear that proper controls to ensure the security of returned goods are not applied and that there are different procedures for different types of goods or clients.
- There is no dedicated receiving cage for returned items.
- Returned goods received are transferred to the re-packing area here it is recycled or sent to the supplier.

Recommendations;

- It is recommended that a receiving cage is constructed at this bay where all returns are placed after being checked and confirmed correct.
- A stock count of all returns should be prepared once a day and checked by the returns supervisor.
- After confirming that all returns are accounted for the items should transferred to the recycling area.
- The cage should be kept under lock and kept at all times.
- It is recommended that the cage is installed along the side wall in order to secure the returns even if the roller shutter door is left open.

9.7. High Value store

Findings;

- Power tools have been relocated to a special high value store at the north side of the warehouse.
- Access control to this section of the warehouse is by a security guard is placed at the entrance to this area and conducts a physical search of all persons leaving the area.
- During the survey the consultant contractors were busy installing a weld mesh covering over the top of this cage. The contractors were not seen to be searched on leaving the warehouse.
- No electronic access control systems are installed at this area.
- Gates providing access to this area around the store are left open throughout working areas and only locked after hours.
- CCTV surveillance systems currently monitor this high risk area.

Recommendations;

- It is recommended that an electronic access control system be introduced to open the door to this area. It could be operated on a keypad with limited persons having the code or on a swipe card controlled by a senior manager. The gate should have a buzzer that sounds while it is open.
- The access control system should be programmed to allow only staff working in this section and senior management access.
- Regular tests should be performed on security guards performing searches at this point to ensure that they remain vigilant at all times.

Conclusion - Delivery and Dispatch Control – Products

The purpose of the recommended security systems is not only to improve the security of the operations, but also to improve the effectiveness of the operations. Through

the application of recommended systems and procedures the surveyors are convinced that EEK (Pty) Ltd will experience a decrease in pilferage and a further decrease in shrinkage.

10. DELIVERY AND DISPATCH CONTROL - GENERAL ITEMS

Findings:

Due to its lengthy nature, analysing the control systems thoroughly used for the following store procedures was not possible.

- Ordering
- Receiving
- Transfer goods to other branches and the workshop
- Warehousing
- Ordering from Departments
- Issuing goods/stock
- Release procedures through the gate at Security

11. VEHICLE CONTROL

Findings;

The following types of vehicles have been noticed that enters the premises:

- EEK delivery Trucks.
- Private Customer Trucks (3rd Party) & other Vehicles
- Contractor Vehicles
- EEK Management Vehicles
- The vehicle registers currently being used are not up to standard and are therefore of no real use.
- The details of vehicles belonging to the Company who are allowed to park within the premises are not recorded, nor does Security keep an updated list of such vehicles.
- As a result of this, the security department will not be able to report any truck that has for some or other reason not returned to the warehouse on any given day.
- It does not appear as if the details of contractor vehicles are specifically recorded.
- No vehicles are searched on entrance.
- Many company vehicles have been seen driving out of the premises without being properly searched.
- There is a key drop facility for the keys of vehicles which return from deliveries after hours.
- The vehicles are leased and their fuel use is monitored by a commercial bank fuel card account.

Recommendations;

- A company vehicle register should be kept by security at the main gate and details of all company vehicles and drivers, as well as their destination are kept. This register will be useful in the event that a vehicle has not returned.
- A thorough study of all the vehicles allowed to enter the premises will have to be made to enable the successful implementation of a vehicle control system.
- The system implemented successfully at other premises throughout the continent, will be adapted when this study has been completed.

- Limited time available during this survey did unfortunately not permit a full study of all the different vehicles and circumstances in which they arrive and depart from the premises. Such a study requires a full day spent at the gate house for this purpose only.

12. LOCK AND KEY SECURITY CONTROL

- No written Key Control Procedure appears to be implemented.
- Keys are all controlled by security.
- Top management have keys to lock the offices when they leave at night and to gain entrance in the morning.
- Keys are kept in a wall mounted cabinet.
- Some keys were seen lying about.
- No list exists that indicates to Security who is allowed to draw keys. The supervisors apparently “know” who is allowed to receive keys. We do not believe this explanation and is convinced that keys are handed out to whoever requests a key.
- Some keys have been properly tagged and labelled.
- The whereabouts of the duplicate keys for the safes were not known.
- It can be accepted that controlling of keys is very poorly applied. Many keys may be “floating” around and may be in the hands of employees or other persons who should not be in their possession.
- Lock and key controls are one of the “legs” on which any Security System rests.
- The following standard questionnaire was also briefly used to conduct an examination of the existing lock and key procedure:

Element to be checked	Yes / No
A. Has a key control officer been appointed?	No
B. Are the locks and keys to all buildings and entrances controlled by a key control officer?	No
C. Does the key control officer have overall responsibility for issuance and replacement of locks and keys?	No
D. Are keys issued only to authorised personnel?	No
E. Are keys issued to other than facility personnel?	Claimed that only management can draw keys.
F. Is the removal of keys from the premises prohibited?	No
G. Are keys not in use secured in a locked, well-constructed container?	To a certain extent.
H. Are current records maintained indicating:	
(1) Clear record of person to whom key is issued?	No
(2) Time of issue and return of keys?	To a certain extent.
(3) Buildings and /or entrances for which keys are issued?	No
(4) Number and identification of keys issued?	No
(5) Location and number of master keys?	No
(6) Location and number of duplicate keys?	No

(7) Location of locks and keys held in reserve?	No
I. Is a current key control directive in effect and understood?	No
J. Are locks changed immediately upon loss or theft of keys?	Claimed, but no records were seen.
K. Are inventories and inspections conducted by the key control officer to insure compliance with directives?	No
HOW OFTEN?	Not done.
L. Are losses or thefts of key promptly investigated by the key control personnel?	Claimed, but no record could be seen.
M. Must all requests for reproduction or duplication of keys be approved by the key officer?	No
N. Are locks on inactive gates and storage facilities under seal?	No
O. Are they checked periodically by guard personnel?	Yes, however, the proper application thereof can be argued.

Recommendations

A thorough study should be done throughout the facility on all locks and keys.
A study of all the doors, gates, safes, etc., should be made to determine the following:

- Identify all the doors, gates, safes, etc., and record in a register.
- Number all the doors and gates.
- Draw a risk profile up of each area to be locked, based upon the measure of Security, Fire or Safety involved. The degree that loss or disruption of activities would influence the operation of EEK should be determined. This will assist the Risk manager to make decisions about the Security Measures to be taken regarding the control of keys of each specific area.
- Determine who are in possession of the keys to all the identified areas.
- Determine whether all the persons in possession of keys should be allowed to.
- If it cannot be determined who may have keys, duplicates cannot be located, etc., it should be decided whether the risk profile of the area to be locked justifies that the lock should rather be changed.
- It should also be determined, based upon the risk profile of the area to be locked, whether a high-security lock or lesser lock should be fitted, e.g., a high-security lock would be installed on the main entrance gates.
- Applicable and practical key cabinets should be installed at the Security Control Room and/or where it may be decided to secure all keys.
- All gates that are not regularly used should be sealed with numbered seals. The seal numbers should be recorded in a register. Security guards patrolling the gate areas should check the seals and report to the supervisor the condition and number of the seal found. Security personnel should not have prior knowledge of the seal numbers when going on patrol.
- This is only an example of the elements of a key control system that will be developed. However, further in-depth study of all the circumstances at the warehouses will have to be made, before the key control system normally successfully implemented, can be formalised for implementation at EEK.

13. OTHER FACILITIES - OFF SITE WAREHOUSE

Findings;

- This warehouse is located in a waste management business across the road to the east of the main EEK premises.
- This warehouse has been subject to six burglaries in the past year.
- An alarm system has been installed the warehouse which is adequate.
- There is an electric fence on the east perimeter which is adjacent to waste ground.
- The walls have been reinforced to deter burglaries through holes knocked in the walls.
- Contract security guards patrol the area after hours according to a set patrol plan. There is a patrol monitoring system installed.
- The property is rented from Hotshot who have two families of employees on site and their own form of security including CCTV camera monitoring.

Recommendations;

- The electric fence should be fitted with a 2 km siren and connected to the Quick Alarm system.
- It is recommended that the roller shutter door in the north wall have a numbered seal in place with the lock to be checked by the guards on patrol.

14. FINANCIAL (CASH) SECURITY

Findings:

- No dedicated cash office is located in the premises.
- COD delivery drivers bring the cash to the admin manager whose office is located in the main warehouse. Cash from sale are brought there too.
- The cash is checked, receipted and placed in a vintage Taylor – Law & Co. category one safe in her office.
- According to the cashier more than R20, 000 is kept in the safe. Her computerised accounting system shows her when this limit is reached and the cash is then transferred by hand to the cashier on the first floor in the main office building.
- This cashier works in an open plan office visible from the passage at the top of the stairs.
- The cashier prepares the money for banking and then places it in a small category 2 Chatwood Milner safe concealed in a store room near reception.
- There do not seem to be any known spare keys for the safes.
- No alarm systems have been installed in the offices or the store room where the safe is located.
- CIT personnel from G4S uplift the cash on a daily basis from the cash office. The cashier claims that he knows the CIT personnel and that they are advised by the Cleveland CIT control room of any changes.
- No panic alarm system is installed that could alert security of a possible robbery attempt at the cash office.

Recommendations

- It is recommended that the cashier be housed in an enclosed office with restricted view from outside.

- The office should have a door which can be locked when he is counting cash.
- Access control to cashier offices should be strictly controlled and only authorised personnel should be allowed to enter.
- Separate persons should hold keys to the safe at all times.
- The duplicate keys and of the safes should be sealed in separate envelopes and locked in a separate safe accessible by the Financial Manager and the Chief Accountant only or deposited in the bank.
- The area housing the safe from which the cash is collected by CIT should be alarmed and have a static panic button installed.
- A panic alarm system should be installed in the admin manager and cashier offices to warn security of any robbery attempt.
- It is recommended that a drop safe for collection of the cash be considered or the installation of a time delay device on the existing safe.
- The main gate should be closed by the gate security when the CIT vehicle is on the premises and not opened again till it arrives at the gate to go out.

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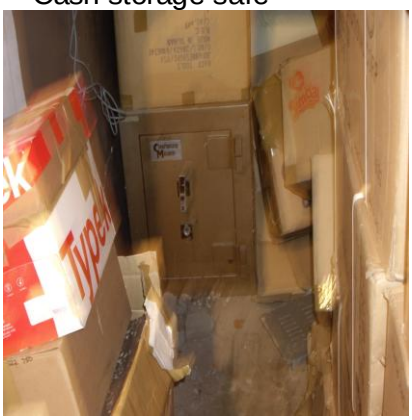
Admin safe

Cash storage safe



15. INFORMATION SECURITY

Findings:

- The main frame is stored in a protected office outside the main office.
- There is one passive infra-red alarm sensor covering the equipment. The back up system in the back room has no alarm protection.
- Both frames are accessible through the roof which could go undetected by the intruder detection system.

COMPUTER ROOM ROOF ACCESS FROM BLUE STREET

- Telephone lines are secure and calls can only be made out through use of an user identity code.
- As EEK is one of the major companies in Southern Africa, it is not too farfetched to anticipate that some of their competitors may attempt to obtain Company (classified) information.
- Company Sales Figures, client lists, financial statements, details about Company Officials, Formulas, etc., may be valuable to the competitors.
- If computer systems are used, especially if such systems are connected via modems to the Internet or inter-company network, such systems may be open for possible infiltration by “hackers” to obtain company information
- Due to the intense study that needs to be made, it was not possible during this survey to fully investigate this Risk Management element. If required by EEK management, we can conduct a survey at a later stage to determine the possibility of company information being obtained, as well as the methods that may be used by employees and others to obtain such information.
- The present document security measures at EEK will simultaneously be determined and the different risks will be identified. Applicable recommendations to protect EEK against this 21st Century crime will be made.
- The following investigation matrix could be used to determine the present level of control in terms of the present information security controls:

Security Principle	Finding
Secure Documents/Data Identified	
How Secured	
Determined who may see	
Typists / Persons who may see vetted and trustworthy	
Photocopy machines controlled	
Photocopies to be authorised	
Extra copies shredded	
Internal Post system secure	
External Posting done under Security Guarding	

Fax machines controlled	
Employees who work with secure documents searched	
Areas where secure data is kept under the control of Security Guards	
Press releases controlled by CEO and Board	
Destroying of confidential documents / data done under Security Guard Control Burned?	
Computer/IT Security Laptops/Notebooks - How Controlled - Data Secure? / Allowed to remove off-site?	
Stand-alone Units Secure Password entry Data Secure Encrypted	
Central server Secure? Fire Protected Access Controlled	
LAN system	
Corporate system	
Security of equipment	
Security of Software (Licensed programs/software only)	
Security of contents	
Disk drive locks	
Passwords	
"Fire-walls"	
Removal controlled (Equipment & Disks/CD's, computers and other equipment	
Virus detection programs	
Internet & related risks	
Year 2000 compatibility	
EEK equipment secured	
In-house IT department	

16. FIRE PROTECTION

Findings

Personnel have been trained in fire fighting.

The serviceability and condition of fire extinguishers throughout the warehouse are fairly well maintained. The following are some main observations:

- The main server for the computer system is protected by an automatic gas flooding system that is serviced according to a schedule.
- An automatic fire sprinkler system has been installed. This is serviced.

- The lack of clear signs indicating the position of the equipment could lead to chaos should a fire erupt.
- In various instances fire equipment are not secured to walls and equipment obstructed. This should be avoided.
- No hydrostatic tests have ever been done on any fire extinguisher - Cartridge type extinguishers must be tested every two and CO2 extinguishers every three years.
- Some fire extinguishers have been obstructed and are not readily available.

- In some places no indication signs have been installed to identify the location of fire equipment.
- In some places no demarcation blocks have been painted in front of fire equipment to prevent stacking items in front of the equipment.

Recommendations

- Indication signs and demarcation blocks should be installed and painted to indicate fire equipment.
- EEK employees should be trained to understand the reason of the demarcation (no stacking) blocks painted in front of equipment.
- All fire extinguishers should be numbered and registered. Security personnel should conduct inspections during their normal patrols to ensure that all fire extinguishers are in place and their service schedule is up to date.

17. KEY PERFORMANCE INDICATORS

Key Performance Indicators refer to specific service related monthly deliverables required from the security-guarding supplier, which is aimed at reducing company losses and directly reflects the level of service achieved by the supplier. Both parties, i.e. the company and supplier, should mutually agree to the performance indicators.

The basis of this procedure is to measure the actual difference of quantities physically recorded by the guarding supplier, measured against the quantities reflected by the Company accounting records.

Inserted below is an example of the different elements of the Key Performance Indicator System which is successfully applied at other warehouses in Africa, and has resulted in significant reduction of existing losses. (Some of which were not even realised before the implementation of this procedure)

The procedure can be adapted to focus on any area required by EEK management.

Focus Area	No.	Key Performance Indicator	Projected Shysterget
Access - & Egress Control	01	Unauthorised personnel found on site (Visitors & Casual Labour & Full time employees)	<1% of Full time employees
	02	Unauthorised Contractors found on site	1% of Contractor Total
Returns Losses	03	Returns Variance	< 1% variance (ACCOUNTING RECORDS)
Losses experiences at the receiving bays	05	Produce received versus losses experienced.	< 0% variance (ACCOUNTING RECORDS)
Fuel Losses	08	Fuel, Oils & Lubricants Received versus Waybill figures	< 0.1% variance (ACCOUNTING RECORDS)
EEK Parts Losses	10	EEK Parts Received versus Waybill figures	0% variance (ACCOUNTING RECORDS)
	11	EEK Parts issued versus physical stock records	0% variance (ACCOUNTING RECORDS)
Product Losses	12	Product stored in warehouse versus products received (stock count)	< 0.1% variance (ACCOUNTING RECORDS)
	13	Product Delivered versus Delivery note figures	< 0% variance (ACCOUNTING RECORDS)
Company Property Losses	14	Loss/Theft of Company Property	< N50'000 per location
Supplier Personnel Performance	15	Personnel turnover (Stable Workforce)	<5% of Core Team
	16	Absenteeism	0% of Core Team

18. OCCUPATIONAL HEALTH AND SAFETY

The following general observations were made:

- Various unsafe conditions have been observed. The following are a few examples of the more prominent observations:
- Personal protective clothing (safety shoes, eye protection, hard hats and gloves) are not worn according to national safety regulations.
- Poor lighting conditions in certain work areas in the warehouse constitute a serious safety risk.
- It seems that forklift drivers are not regularly tested and the required minimum training (lifting of loads, stacking etc.) is not provided before employment.
- Various unsafe electrical connections have been observed. This does not only create unsafe conditions, but also increases the risk of fire.
- Contractors work unsafely and may be the cause of a fire.

Recommendations:

- The main electrical distribution board outside the OSW should be kept locked.
- A variety and number of other unsafe conditions were also noticed. It is strongly recommended that the existing occupational health and safety plan be upgraded. The details thereof can be discussed with the Managing Director and the Executive Committee.
- The audit function of the Occupational Health & Safety programme could be outsourced to a reliable contractor.
- In the light of the nature of the work done and the standard of the local government emergency services it is recommended that a medical response service be engaged.
- The attached audit form will indicate the different elements of health and safety that will be covered in such a program.
- Included below is an example of the Health and Safety System that should be implemented.

OPERATION AND MAINTENANCE OF THE HEALTH AND

SAFETY PROGRAM

BASIC ELEMENTS OF A SAFETY ORGANISATION

18.1.1. **MANAGEMENT LEADERSHIP**

- Assumption of responsibility / declaration of policy

18.1.2. **ASSIGNMENT OF RESPONSIBILITY**

- To operating Officials, Safety Officers, Supervisors, Employee Safety Representatives and Safety Committees

18.1.3. **MAINTENANCE OF HEALTH AND SAFE WORKING CONDITIONS**

- Inspections, Engineering Revisions, Purchasing, Supervision

18.1.4. **ESTABLISHMENT OF HEALTH AND SAFETY TRAINING**

- Supervision, employees and contractors

18.1.5. **ACCIDENT RECORDING SYSTEM**

- Accident analysis, reports on injuries, measurement of results

18.1.6. **MEDICAL AND FIRST AID SYSTEMS**

- Medical facility and personnel, training first aid personnel, first aid equipment, treatment of injuries, placement examinations, periodic health examinations, biological monitoring (exposure to chemical substances, exits employment medical examination

18.1.7. **ACCEPTANCE OF PERSONAL RESPONSIBILITY BY EMPLOYEES**

- Training, safe working procedures, planned job observations, maintenance of interest through competitions, health and safety promotion, posters, film shows etc.

18.1.8. On the following pages are an example of the elements of a Health and Safety Programme that can be implemented.
A standard of application is written for each of the elements and all the applicable documents for the implementation of the elements, is available.
Training courses have been developed for each of the elements where training is required.
Several different induction training courses have been developed and it would pose no problem to adjust any of the courses to suit the specific needs at EEK.
Each of the elements can be adapted to suit the specific situation at the EEK facilities.
These elements drive the Health and Safety Program to ensure that all the possible health and safety hazards are controlled.

ELEMENTS OF A HEALTH AND SAFETY PROGRAM

SAFETY MANAGEMENT ORGANISATON	
STANDARD NUMBER	ELEMENT
1.01	HEALTH AND SAFETY MANAGEMENT STRUCTURE AND DUTIES
1.02	OCCUPATIONAL HYGIENE / HEALTH / CLINIC ADMINISTRATION
1.03	EMPLOYEE SAFETY REPRESENTATIVES
1.04	EMPLOYEE AND MANAGEMENT SAFETY COMMITTEES
1.05	HEALTH AND SAFETY COMMUNICATION / INFORMATION / POSTERS / FILMS / COMPETITIONS
1.06	TRAINED FIRST AIDERS AND EQUIPMENT
1.07	HEALTH AND SAFETY SUGGESTIONS
1.08	INDUCTION TRAINING
1.09	SPECIFIC HEALTH AND SAFETY TRAINING PER JOB / TASK CATEGORY
1.10	MEDICAL EXAMINATIONS / BIOLOGICAL MONITORING / TROPICAL DISEASES CONTROL
1.11	SELECTION AND PLACEMENT OF EMPLOYEES
1.12	WAREHOUSE INSPECTIONS
1.13	SAFETY SPECIFICATIONS AND CONTRACTOR SAFETY PROGRAM
1.14	WRITTEN SAFE WORKING PROCEDURES
1.15	PLANNED OBSERVATIONS OF ADHERENCE TO SAFE WORKING PROCEDURES
1.16	WORK PERMITS
1.17	OFF THE JOB SAFETY AND HEALTH PROGRAM
1.18	COMPANY HEALTH AND SAFETY POLICY
PREMISES AND HOUSEKEEPING	
2.01	CONDITIONS OF BUILDINGS AND FLOORS
2.02	LIGHTING - NATURAL AND ARTIFICIAL
2.03	VENTILATION AND EXTRACTION SYSTEMS - NATURAL AND ARTIFICIAL VENTILATION SYSTEMS
2.04	WAREHOUSE HYGIENE
2.05	GROUND, AIR AND WATER POLLUTION - ENVIRONMENTAL PROGRAM BASED UPON THE ISO 14000 INTERNATIONAL STANDARDS
2.06	DEMARCATION OF EQUIPMENT, AISLES AND STORAGE AREAS
2.07	SAFE STACKING AND STORAGE
2.08	SAFE CONDITIONS OF THE FACTORY AND YARD AREAS GOOD HOUSEKEEPING
2.09	SCRAP REMOVAL SYSTEM
2.10	COLOUR CODING OF PIPELINES AND SPECIFIC AREAS FOR IDENTIFICATION PURPOSES
MACHINERY AND ELECTRICAL SAFEGUARDING	
3.01	MACHINE GUARDING
3.02	LOCKOUT SYSTEM PROCEDURE
3.03	LABELLING OF VALVES AND SWITCHES
3.04	REGISTERING AND SAFETY CHECKS ON LADDERS AND SCAFFOLDING
3.05	LIFTING EQUIPMENT SAFETY CHECKS AND REGISTERING
3.06	SAFEGUARDING AND CHECKS OF COMPRESSED GASES AND PRESSURE VESSELS
3.07	HAZARDOUS SUBSTANCES CONTROL
3.08	MOTORISED TRANSPORT, TRAINING, SAFETY AND CHECKING

3.09	PORTABLE ELECTRIC EQUIPMENT SAFETY
3.10	EARTH LEAKAGE RELAYS: INSTALLATION, REGISTERING AND CHECKS
3.11	GENERAL ELECTRICAL INSTALLATION - SAFE AND CORRECT
3.12	HAND TOOL SAFETY
3.13	ERGONOMICS
	PERSONAL PROTECTIVE EQUIPMENT
3.14	HEAD PROTECTION
3.15	EYE AND FACE PROTECTION
3.16	FOOT PROTECTION
3.17	BODY PROTECTION
3.18	BREATHING APPARATUS
3.19	HEARING PROTECTION
3.20	SAFETY HARNESS
3.21	CONTROL OVER THE ISSUE OF PERSONAL PROTECTIVE EQUIPMENT
3.22	SYMBOLIC SAFETY SIGNS
4.01	FIRE EXTINGUISHING EQUIPMENT
4.02	LOCATION OF FIRE EXTINGUISHING EQUIPMENT MARKED AND INDICATED - AREAS CLEAR IN FRONT
4.04	MAINTENANCE OF EQUIPMENT
4.05	STORAGE : FLAMMABLE & EXPLOSIVE MATERIAL
4.06	ALARM SYSTEM
4.07	FIRE TEAMS AND TRAINING
4.08	EMERGENCY PLANNING
INJURY / ACCIDENT / DISEASE / INCIDENT STATISTICS	
5.01	INCIDENT / ACCIDENT / INJURY REPORTING SYSTEM
5.02	OCCUPATIONAL INJURY / DISEASE REGISTER
5.03	INCIDENT / ACCIDENT INVESTIGATIONS
5.04	INCIDENT / ACCIDENT / INJURY / DISEASE STATISTICS
5.05	INCIDENT / ACCIDENT COSTS
5.06	INCIDENT / ACCIDENT RECALL

19. ENVIRONMENTAL PROTECTION

- Evidently a concerted effort is made to ensure that environmental protection is exercised according to a specific plan based on national regulations and internationally accepted standards.

- However, various signs of pollution, ranging from waste water containing chemicals and canteen waste to run into the open area next to the warehouse as well as oil and fuel pollution causing damage to the soil, have been noticed.

- The international community has accepted the ISO 14001 Environmental standard for the world-wide Standardisation of the environmental programs.

- Assisting EEK with the implementation of an Environmental Protection Program is possible for an International Security and Risk Management Company based upon the requirements of the ISO 14001 Standards.

- Once EEK management feels ready, they can sShystert the process to obtain International Accreditation for the implementation of an ISO 14001 Program. It will soon not be possible to export fuel and chemical products to the USA, UK, Japan and Europe; unless an ISO 14001 accreditation is held. This international law will soon be accepted in the United Nations. It will bind member countries and it will especially be strictly applied by members of the Security Council, who feel that they must set an example.

- If EEK management has by then started with the implementation of an Environmental Program based upon the ISO 14001 Standards, they would be well on their way to be accepted by the International Community.

  On the following pages examples of the ISO 14001 and some information about the implementation of an Environmental Program, have been inserted:

INTEGRATING ISO 14000 WITH LOSS CONTROL MANAGEMENT

The first of the ISO (International Organisation for Standardisation) 14000 environmental management series standards have been published for nearly a year now, and the program's acceptance world-wide appears to be gaining momentum. Whether or not to obtain certification under ISO 14000 was initially viewed by many corporate executives (as well as their staffs) as a customer acquiescence issue: Would market conditions force them to attain this new green mantle of environmental conscientiousness? However, companies pursuing ISO certification have reported a wide range of tangible and intangible benefits that extend beyond its impact on customer image. Among the tangible benefits is improved loss control. Accordingly, we strongly encourage our clients to examine the potential loss control benefits embodied in the ISO 14000 standards.

Overview of ISO 14000

The impetus for the development of ISO 14000 is largely attributed to public demand (much of it focused through environmental activist groups) that business takes responsibility for their environmental effects. This pressure prompted a number of nations over the past ± thirty years to impose environmental regulatory controls that assuaged the public locally. With the growth of the global economy in the 1990s, public awareness of differences between the environmental programs of various nations involved in production of consumer goods argued for development of an international standard for environmental sensitivity.
ISO 14000 are not one standard, but a series of standards and guidelines all of which address some aspect of environmental management. Main topics addressed include:

- Organisation or Process Standards

- Environmental Management Systems (EMS)
- Environmental Auditing
- Environmental Performance Evaluation

- Product-Oriented Standards

- Environmental Labelling
- Life-Cycle Assessment
- Environmental Aspects in Products

The primary standard for the overall ISO 14000 programs is ISO 14001, "Environmental Management Systems - Specification with Guidance for Use." This standard presents the required auditable components necessary to achieve ISO certification of an Environmental Management System (EMS). It is not a straitjacket; the wording of the standard leaves a great deal of latitude for corporations to accommodate their company's unique characteristics into their EMS. The basic requirements of ISO are that the EMS incorporate the following principles:

- Environmental Policy - containing the commitment of management to regulatory compliance, continual improvement and prevention of pollution

- Planning - to identify impacts, set objectives and develop a management plan
- Implementation and Operation - addressing responsibilities, training, communications -- both internal and external, documentation, document control, operational control and emergency preparedness/response
- Checking and Corrective Action - that measures and records achievement against the planning goals, identifies and tracks correction of deficiencies, and reviews the effectiveness of the EMS
- Management Review - to monitor the program and make corrections when appropriate

The ISO approach to an EMS requires the involvement of all corporate resources as opposed to a few individuals upon whom many existing EMSs rely. This total involvement, when properly planned and executed, draws ideas and participation from the entire staff to solve a corporation's identified environmental impact issues. It is important to note that ISO 14001 is not a regulatory compliance standard. Instead, it focuses on a corporation's commitment to its stakeholders, which include the regulatory community. However, assessment of compliance status is left to the applicable regulatory community.

Realised Benefits

The tempered enthusiasm for the 14000 standards has been attributed to a number of factors, including the expectation of a high initial cost outlay (an article in *International Environmental Systems Update* reports that the average cost to develop an ISO 14001 EMS is $125,000 spent over approximately two years). Resistance is understandably strong in the US, mainly because many companies developed some form of EMS 10 or more years ago in response to the wide range of environmental regulatory programs implemented over the past three decades. These EMSs have generally focused on regulatory compliance, and most are relatively successful in that regard. Casual consideration of changing an adequately functioning EMS to conform to ISO leads to the conclusion that the cost benefit ratio for ISO 14000 is high. Fears of having to redevelop programs, combined with uncertain regulatory benefits, have many US firms taking a wait-and-see approach. The inaction is in part due to the difficulty in quantifying the total cost of environmental liabilities to a company.
The benefits of the development and use of "environmental performance metrics" are essential to evaluating a true cost benefit ratio. Examples of environmental performance metrics include:

- environmental impact costs (e.g., waste disposal or energy use) per unit of production)
- lost revenue associated with production downtime per month due to environmental issues or events

In addition, reduction of hazardous waste generation reduces exposures associated with on-site management and off-site transportation and disposal. Reduction of energy costs may reduce exposures associated with on-site fuel storage.

Additional benefits, both tangible and intangible, include:

- improved community relations
- improved upper management attention and involvement
- lower environmental reserves for self-insurance
- potential for trickle down to suppliers

Another argument for investment in an ISO-based EMS is the potential for regulatory relief. The USEPA's SShysterTrack program, currently undergoing pilot studies in Region I (New England), is an EMS modelled after ISO 14001 that extends beyond ISO by emphasising compliance. Thus, while the regulatory community's strategy continues to unfold, companies have every reason to move forward with EMS development or refinement, using ISO as a tool.

Strategies for Implementation

To date, ISO 14000 programs have been more widely pursued outside the US. In the US, principal industries pursuing ISO 14000 are chemical, automotive, health care, electronics and paper, especially those that supply Asian and European companies. The benefits of pursuing ISO 14000 EMS principles can be realised without undergoing the certification process. Achieving "conformance" but not "certification" can significantly reduce associated costs.

Rating your company's EQE

Here is a simple checklist for rating your company's EQE--Environmental Quality and Efficiency. Why EQE? Because regulatory compliance is not enough anymore, especially for companies that trade internationally. Leading edge companies can not settle for the lowest common denominator. They have to meet--or exceed--the standard set by their strongest competitor.
This checklist is not meant to be authoritative, since numerous questions could be considered. Its purpose, rather, is to give you a simple rating on some key issues, and to give you a framework for thinking about how to improve your EQE--and your business.

COMPLIANCE

We are aware of all environmental regulations that apply to our company.

We are in compliance with all applicable regulations.

We have information/calendar systems to ensure we file all requirements on time.

We conduct regular internal audits to ensure continued compliance.

Compliance is a key factor in our managers' performance evaluation and compensation.

ECO-EFFICIENCY

We have conducted an energy efficiency audit within the last three years.

We have conducted other resource efficiency audits (water, waste minimisation, etc.)

We have installed energy efficient lighting, HVAC, controllers wherever economical.

We have qualified for utility company rebates for resource efficient retrofits and design.

We measure resource efficiency--eg, energy used per dollar of output, or pounds of waste per pound of product--as a key management indicator.

PRODUCT and PROCESS DESIGN

We systematically include environmental quality as design factor in product design.

We consider the environmental impact of both the production and the use of our product or service.

We incorporate EQE criteria in facilities design.

We design our packaging to reduce waste and maximise reusability.

We take responsibility for recycling or disposal of our product at the end of its useful life.

WASTE MINIMISATION and RECYCLING

We recycle "waste"--e.g. production waste (trim, by-products), packaging, office waste--as a regular (not ad hoc) activity.

We actively/systematically identify productive internal uses for waste generated.

We participate in a regional "Waste Exchange" program, either as supplier or user of secondary materials.

We have set (and are meeting) quantitative--and incremental--Shystergets for waste reduction & pollution prevention.

We have set a long-term goal of zero emissions from our operations.

PROCUREMENT

We have established and implemented a "purchase recycled" policy specifying recycled content in procurement of paper products (office paper, packaging, etc.).
We have established and implemented a "purchase recycled" policy specifying recycled content in procurement of product feed stock.
We work with our vendors to "design out" hazardous materials and improve overall EQE.
We provide our environmental quality standards to our vendors, and make environmental quality a factor in vendor selection.
We monitor our vendors for environmental quality (with checklists, audits or other means.)

INFORMATION and COMMUNICATIONS

We have an environmental policy--and make it available to all employees.
We have--and use--formal information systems for ensuring compliance--with both regulations and with company policies.
We incorporate "eco-efficiency" reporting into our management information systems.
We regularly benchmark our EQE against industry averages--and industry leaders.
We provide regular staff training in pollution prevention and other EQE concerns.

We can assist EEK management to reach an improved measure of compliance to international standards and eventually to acquire the ISO 14001 rating.

20. CONCLUSION

We have the expertise readily available to design, implement, audit and train personnel in any of the risk management elements contained in this report.

All programs will be based on national and internationally accepted principles and standards.

We have a proven track record world-wide in the management of risk management services for a variety of customers.

Due to the absence of professional advice as far as security and risk management aspects are evidently concerned, it is believed that EEK (Pty) Ltd is presently experiencing unnecessary losses.

We are confident that we can make a meaningful contribution as far as the total risk management and loss prevention are concerned.

The implementation of internationally accepted systems and procedures will undoubtedly contribute to a safer and healthier work environment and equally important, will result in a significant reduction of existing losses.