

Special Investigating Unit Annual Report 2014/15





Special Investigating Unit

Annual Report 2014/15



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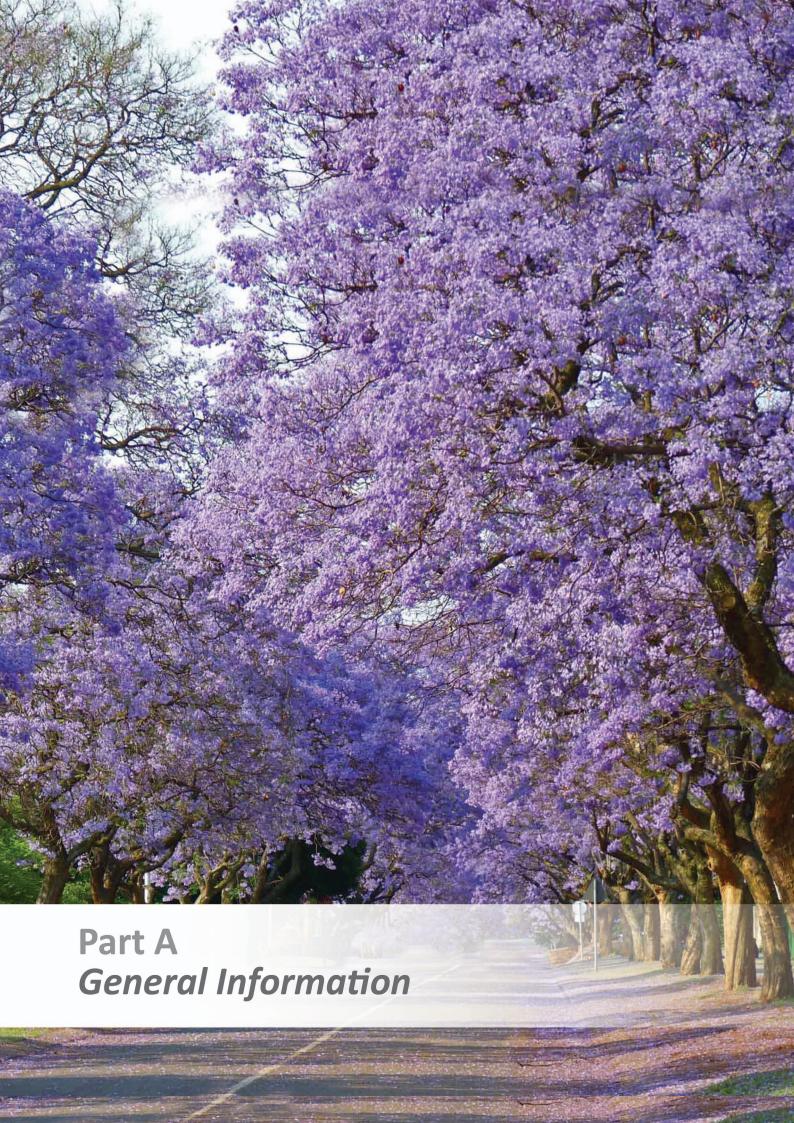
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1.1 List of abbreviations

ACTT Anti-Corruption Task Team

ACWG Anti-Corruption Working Group

Adv Advocate

AFU Asset Forfeiture Unit

AGSA Auditor-General of South Africa

AOD Acknowledgement of Debt

APP Annual Performance Plan

CARA Criminal Assets Recovery Account

CCMA Commission for Conciliation, Mediation and Arbitration

CEO Chief Executive Officer

CFO Chief Financial Officer

CGO Central Government Office

CIDB Construction Industry Development Board

CIPC Companies and Intellectual Property Commission

COID Compensation for Occupational Injuries and Diseases

CoGTA Department of Cooperative Governance and Traditional Affairs

DCS Department of Correctional Services

DHA Department of Home Affairs

DoAFF Department of Agriculture, Forestry and Fisheries

DoJ&CD Department of Justice and Constitutional Development

DoJ&CS Department of Justice and Correctional Services

DOTS Deeds Office Tracking System

DPCI Directorate for Priority Crimes Investigation (the Hawks)

DPW Department of Public Works

DPSA Department of Public Service and Administration

DRDLR Department of Rural Development and Land Reform

DRS Deeds Registration System

EMM Ekurhuleni Metropolitan Municipality

eNaTiS Electronic National Traffic Information System

FMPPI Framework for Managing Programme Performance Information

GEPF Government Employee Pension Fund

GDoH Gauteng Department of Health

GF Guardian's Fund

GID Gauteng Infrastructure Development

GKM Great Kei Local Municipality

GRAP Generally Recognised Accounting Practice

GTLM Greater Taung Local Municipality

HR Human Resources

IBM International Business Machines

ICT Information and Communications Technology

IFMS Integrated Financial Management System

IIU Internal Integrity Unit

JCPS Justice, Crime Prevention and Security

KZN KwaZulu-Natal

LCU Live Capturing Unit

MFMA Municipal Finance Management Act

MIG Municipal Infrastructure Grant

MKLM Moses Kotane Local Municipality

MLM Midvaal Local Municipality

MoA Memorandum of Agreement

MPC Mvela Phanda Construction

MSA Municipal Systems Act

NDHS National Department of Human Settlements

NDoBE National Department of Basic Education

NDoH National Department of Health

NHC National Housing Code

NPA National Prosecuting Authority

NWM North West Province Municipalities

PFMA Public Finance Management Act

POCA Prevention of Organised Crime Act

PPPFA Preferential Procurement Policy Framework Act

PRECCA Prevention and Combatting of Corrupt Activities Act

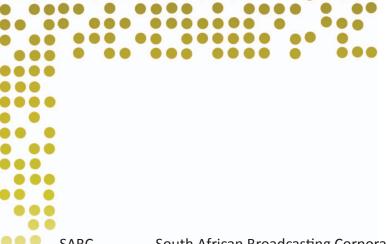
PSIRA Private Security Industry Regulatory Authority

R/D Return to Drawer

RFP Request for Proposals

RLM Rustenburg Local Municipality





SABC South African Broadcasting Corporation

South African National Apex Tertiary Co-operative Ltd **SANACO**

SAPO South African Post Office

SAPS South African Police Service

South African Revenue Service SARS

SCM Supply Chain Management

SITA State Information Technology Agency

SIU Special Investigating Unit

SIU Act Special Investigating Units and Special Tribunal Act

SLA Service Level Agreement

SMS Senior Management Service

Social Pensions System Socpen SSA State Security Agency

Tshwane Metropolitan Municipality **TMM**

UIF **Unemployment Insurance Fund**

USAASA Universal Service and Access Agency of South Africa

VAT Value Added Tax

VLM Ventersdorp Local Municipality

1.2 Strategic Overview

Mission Statement

The primary tasks of the Special Investigating Unit (SIU) are to uncover corruption, maladministration and malpractices in the State institutions it is authorised to investigate and to ensure that perpetrators of such nefarious acts are made to pay by being dismissed, prosecuted or made to part with their ill-gotten gains. Should it fulfil its tasks dutifully, diligently and efficiently, the SIU will contribute significantly to the reduction of such actions and reverse the climate of impunity that has become evident among those with the power to allocate state resources, whether in the form of jobs or contracts.

The mission of the SIU is to use its unique forensic investigation and legal skills in the valiant war on corruption, by conducting forensic investigations into State Institutions, seeking positive results through litigation and gathering evidence for disciplinary hearings and criminal prosecutions and by lending necessary assistance to other anti-corruption agencies.

Vision

To provide timely professional forensic investigations into maladministration and malpractice in order to protect the public interest and reverse the scourge of corruption in our society.

Values

The war on corruption cannot be won by agencies that have in their midst corrupt elements. Indeed, only fit and proper persons may be engaged by the SIU. As a result, SIU staff members are required to maintain the highest standards of proper conduct and integrity at all times. In attempting to ensure that there is no doubt as to what is required, the SIU has developed a set of core values. They are set out in the table immediately hereunder.





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1.1 Value	1.2 Value Statement
Integrity	Cultivating and constantly ensuring proper conduct among members of the SIU.
Co-operation	Nurturing excellent co-operation and co- ordination with other corruption-busting and law enforcement agencies.
Professionalism	Conducting investigations and litigation professionally.
Drive and passion	Ensuring that all our tasks are performed with requisite drive and passion.
Effectiveness	Aligning and improving systems and processes to convert minimum resources into maximum results.
Independence	Acting without fear, favour or prejudice.

1.3 Background to the Special Investigating Unit

The SIU is an independent statutory body that is accountable to the President and to Parliament in terms of its activities. The SIU was established by the President to investigate corruption and maladministration in government and to report on the findings of these investigations. The SIU is funded through the Department of Justice and Correctional Services (DoJ&CS).

The SIU was set up by the President in terms of the Special Investigating Units and Special Tribunal Act, Act No. 74 of 1996 (SIU Act). Its primary mandate is to recover and prevent financial losses to the State due to various acts of corruption, fraud and maladministration. The SIU also assists departments with systemic improvements that will improve service delivery.

The SIU is a public entity with powers of investigation and litigation. Following the issue of a presidential proclamation, the SIU has powers to subpoena, search, seize and interrogate witnesses under oath. The SIU can take civil action to correct any wrongdoing it uncovers in its investigations. For example, the SIU can obtain a court order to compel a person to pay back any wrongful benefit received and consequently recover the money for the state. The SIU also works with the department concerned to cancel contracts when the proper procedures were not followed and to stop transactions or other actions that were not properly authorised.

While the SIU does not have the power to arrest or prosecute offenders where criminal conduct is uncovered, it will bring the matter to the attention of the Directorate for Priority Crime Investigation (DPCI) (the Hawks) in the South African Police Service (SAPS), as well as the National Prosecuting Authority (NPA). It works closely with these two entities to ensure that there is effective investigation and prosecution. The SIU also works closely with the Asset Forfeiture Unit (AFU) in the NPA, where its powers are more appropriate or effective in recovering the proceeds of crime.

The SIU may investigate any matter as set out in section 2 of the SIU Act, including the following:

- Serious maladministration in connection with the affairs of any State institution.
- Improper or unlawful conduct by employees of any State institution.
- Unlawful appropriation or expenditure of public money or property.
- Any unlawful, irregular or unapproved acquisitive act, transaction, measure or practice that
 has a bearing on State property.
- Intentional or negligent loss of public money or damage to public property.



- Corruption in connection with the affairs of any State institution.
- Unlawful or improper conduct by any person who has caused or may cause serious harm to the interest of the public.

The SIU applies a project-based approach and concentrates on processes, people and financial losses in departments. It offers a unique and integrated service, including the following:

- Conducting forensic audits and investigations.
- Instituting legal action, such as civil, criminal and disciplinary or other remedial action.
- Recommending and facilitating the implementation of improved systems.

1.4 Foreword to the Annual Report



The SIU continues to play a key role as one of the entities participating in South Africa's multi-agency approach to the fight against corruption. The principal goal of the SIU is to reduce the level of corruption and maladministration. It seeks to achieve this goal by conducting forensic investigations and instituting civil proceedings as weapons to redress wrongdoings. The purpose is to deter parties from participating in corruption and maladministration by applying processes that are aimed at taking the profit out of such illicit activities. The results thereof are measured through the following outcomes: criminal referrals, civil litigation, disciplinary recommendations and final presidential reports.

Overview of performance

The Presidency has, since 2009, issued 54

Proclamations, which set out the terms of reference for SIU investigations. These Proclamations authorise the SIU to conduct its investigations across all three spheres of government, as well as into the affairs of state-owned entities. Twelve Proclamations were issued during the 2014/15 financial year alone. It must be emphasised that Proclamations vary significantly in their scope and ambit and usually envisage a large number of sub-investigations which are covered by one Proclamation. This can be illustrated by Proclamation R59 of 2014 that empowers the SIU to investigate procurement at the Department of Public Works (DPW) in respect of 2 162 lease contracts.

Practical constraints in setting accurate performance targets

The SIU fully endorses the accepted approach to strategy as applied in the public sector. It wishes, however, to highlight the practical difficulty it has in setting accurate targets as part of its Annual Performance Plan (APP). The final APP has to be submitted by the end of January each year. At that stage the SIU has very limited knowledge of the Proclamations that will be signed and the matters it will investigate in the financial year that starts two months later.

During the 2014/15 financial year, the SIU exceeded four of its eight annual targets. The



SIU will continue to seek accurate measures that can reflect the key role it plays in the fight against corruption and maladministration. Going forward, this will be addressed through properly reviewed performance measures aligned to the new investigation approach adopted by the SIU. Investigations conducted during the 2014/15 financial year have resulted in the following outcomes:

- 12 proclamations being issued;
- R844 million in potential value of cash and/or assets recovered;
- R145 million in actual value of cash and/or assets recovered;
- 4 civil matters instituted in court or the Special Tribunal to the value of R1.2 billion;
- 171 referrals to the NPA;
- 7 referrals to the Asset Forfeiture Unit; and
- 3 769 instances where potential disciplinary matters were brought to the attention of the relevant State Institution.

These achievements indicate that the SIU is an important tool in the fight against corruption and maladministration.

Capacity building

The October 2012 amendments to its empowering legislation resulted in the SIU bringing about a dramatic shift in its approach to achieving its desired outcomes. The SIU now has the legislative power to conduct civil litigation in its own name, or in the name of the affected State Institution. This means that the SIU can go much further than merely making recommendations and can approach the courts for appropriate relief. The main outcomes have become:

- Civil litigation (a direct SIU responsibility);
- Criminal referrals (this requires the SIU to make referrals to the NPA); and
- Disciplinary recommendations (this requires the SIU to make referrals to affected State Institutions).

These three main outcomes all have a significant legal focus and have placed a considerable additional burden on the legal capacity of the SIU. The SIU has embarked on a mentorship programme for junior lawyers already in the employ of the SIU and intends embarking on a recruitment drive in the near future to increase its own internal legal capacity.

Working with our partners in fighting corruption

The SIU continues to actively participate in multi-agency efforts to fight corruption. The SIU actively

promotes co-operation with other role players in the fight against corruption and maladministration. It realises that South Africa has adopted a multi-agency approach in this fight and that the SIU cannot win this fight by itself. The SIU has a particular role to play and this will only be effective if done in co-operation with its partners.

The SIU displays this approach in its interaction with other role players, but particularly through the significant role it plays in the activities of the Anti-Corruption Task Team (ACTT).

Expression of appreciation

The SIU expresses its gratitude to the Office of the President, Parliament (in particular the Portfolio Committee on Justice and Correctional Services), the Ministry and the DoJ&CS for their continued support. It also extends its appreciation to heads of government institutions and its partners in law enforcement and South African citizens.

I also wish to convey my deepest appreciation to all SIU members for their dedication in executing the mandate of the SIU.

Acting Head of the Special Investigating Unit

Adv Gerhard Visagie 18 May 2015





Part B
Performance Information

2.1 Proclamations

2.1.1 Proclamations issued during the period under review

- Proclamation R16 of 2015, dated 17 March 2015 (Government Gazette No. 38580) (KwaZulu-Natal Provincial Treasury). This is an amendment to Proclamation R49 of 2014. It includes allegations made in respect of the KwaZulu-Natal Provincial Treasury and the KwaZulu-Natal Provincial Government.
- Proclamation R15 of 2015, dated 17 March 2015 (Government Gazette No. 38579) (State Information Technology Agency) (SITA). This is an amendment to Proclamation R53 of 2014. It expands on the investigation into IBM SA (Pty) Ltd (IBM) and also includes an investigation into iFirm Consulting (Pty) Ltd (iFirm).
- Proclamation R62 of 2014, dated 04 September 2014 (Government Gazette No. 38579) (Department of Communications). The SIU is required to investigate the recovery of any losses suffered by the Department for the period 01 May 2009 to 05 September 2014 for the donation of R10 million by the Department towards the hosting or organisation of the Information Communication and Technology Indaba which took place from 04 to 07 June 2012; travel and accommodation expenses or other benefits which were paid by the Department in respect of a person who does not qualify

therefore; the recruitment, selection, and appointment of an employee to a position that did not exist in the Communications Unit of the Department; improper or unlawful conduct by an official of the Department which the resulted in Department purportedly breaching a contract concluded between the Department and Gitshasbaya Consulting; improper or unlawful conduct by employees or officials of the Department or third parties relating to the recruitment, selection and appointment of the Chief Financial Officer (CFO) of the South African Broadcasting Corporation (SABC) on 14 February 2012; and the procurement of goods, works or services by or on behalf of the Department and payments made in respect thereof in relation to the Nkowankowa event held in Limpopo on 21 June 2013 and World Telecommunications and Information Society Day event held in Richards Bay, KwaZulu-Natal, on 17 May 2013.

Proclamation R59 of 2014, dated 27 August 2014 (Government Gazette No. 37946) (National Department of Public Works). The SIU is required to investigate the procurement and administration of leases by the Department for the Department or other National Departments and organs of State for whose accommodation needs the Department is responsible; any related unauthorised, irregular or



fruitless and wasteful expenditure incurred by the Department; and theft, fraud, corruption, irregularities, malpractices or maladministration in the affairs of the Department in respect of these leases, including the causes of such and any loss, damage or prejudice actually or potentially suffered by the Department or the State for the period 01 June 2003 to 27 August 2014.

- Proclamation R57 of 2014, dated 01 August 2014 (Government Gazette No. 37884) (National Department of Transport). The SIU is required to investigate the extensions by the Department of the Driving Licence Card Contract and the Electronic National Traffic Information System (eNaTiS) Contract. The investigation also included any unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department in respect of payments made in terms of Change Note 47 dated 11 October 2010. The period covered by the investigation is 10 October 2005 to 01 August 2014.
- Proclamation R56 of 2014, dated 01 August 2014 (Government Gazette No. 37884) (South African Post Office) (SAPO). This was an amendment to Proclamation R5 of 2014 and included the irregular conduct by the board members of SAPO.
- Proclamation R55 of 2014, dated 01

August 2014 (Government Gazette No. 37884) (Department of Labour and the Compensation Fund). The SIU is required to investigate compensation claim payments; the conclusion of (a) a Public Private Partnership Agreement concluded with Siemens Business Services (Pty) Ltd (Siemens) on or about 01 November 2002, (b) a Termination Support Agreement concluded with EOH Managed Services Public Sector (Pty) Ltd (EOH) on or about 27 November 2012 and (c) an agreement with the Medical Services Organisation South Africa for claims adjudication and medical service provider processing services on or about 27 November 2012, alternatively 14 December 2012; the validity of the agreement concluded between Siemens; and the procurement of goods, works or services and payments made in respect thereof and in relation to (a) the Request for Proposals (RFP) for a Turnaround Strategy and (b) the RFP for a Forensic Audit. The period covered by the investigation is from 01 November 2002 to 01 August 2014.

• Proclamation R54 of 2014, dated 01 August 2014 (Government Gazette No. 37884) (National Department of Public Works: Prestige Directorate: Western Cape). The SIU is required to investigate 17 Prestige projects located in the Western Cape during the period 28 November 2007 to 01 August 2014.

- Proclamation R53 of 2014, dated 01 August 2014 (Government Gazette No. 37884) (SITA). The SIU is required to investigate payments made to IBM in terms of an agreement concluded on 30 April 2013 from 08 September 2012 to 01 August 2014.
- Proclamation R52 of 2014, dated 01 August 2014 (Government Gazette No. 37884) (Greater Tubatse Local Municipality). The SIU is required to investigate the procurement of and contracting for goods, works and services by or on behalf of the Municipality and payments made; fruitless and wasteful expenditure incurred by the Municipality through a settlement paid to Phambili Network Skills (Phambili); the award of contracts by the Municipality to suppliers and service providers in which individuals in the service of the State held interests; and the failure by the Municipality to collect money due and owing by its debtors in respect of (a) a cost order made in favour of the Municipality by the North Gauteng High Court and (b) municipal services rendered. The period under investigation is from 11 March 2004 to 01 August 2014.
- Proclamation R51 of 2014, dated 01 August 2014 (Government Gazette No. 37884) (Vhembe District Municipality). The SIU is required to investigate the procurement of and contracting for goods, works and services by or on behalf of the Municipality

- and payments made; the misappropriation of funds and the incurrence of wasteful expenditure or expenditure not due, owing or payable by the Municipality in relation to payments made to its contractors, suppliers or service providers; and the award of contracts by the Municipality to suppliers in which individuals in the service of the State held interests. The period of investigation is from 01 May 2010 to 01 August 2014.
- Proclamation R49 of 2014, dated 24 July 2014 (Government Gazette No. 37870) (KwaZulu-Natal Provincial Treasury). the period from 24 May 2012 to 24 July 2014, the SIU is required to investigate the appointment of a service provider to the "Municipal Infrastructure Crack Team" of the Treasury to provide services for the Municipal Infrastructure Intervention Programme of the Treasury and payments made to the service provider; and unauthorised, irregular or fruitless and wasteful expenditure incurred by the Treasury in respect of the funding of the (a) "Commemorating Prisoners of War -St Helena" event, (b) Durban International North Sea Jazz Festival and (c) KwaZulu-Natal Sharks Board.

2.1.2 Presidential reports submitted in the 2014/2015 financial year

Table 2.1: Completed Proclamations

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No.	Proclamation Number	Dept/State Institution	Scope	Date Report Submitted
1	R25 of 2007	Great Kei Local Municipality (GKM): Eastern Cape	The disposal of residential erven and farms belonging to the Municipality contrary to applicable legislation and the policies of the Municipality without Council approval and in a process that was not fair, competitive, transparent, equitable or cost effective; procurement of goods and services by the Municipality contrary to prescribed tender procedures and the payment of fruitless and wasteful, irregular and/or unauthorised expenditure in respect thereof; and conduct or activities that might have caused damage or loss to the Municipality.	31 May 2014
2	R38 of 2007	Metsimaholo Local Municipality: Free State	The alienation of land belonging to the Municipality in a manner and by a process that is contrary to applicable legislation and resulting in losses suffered by the Municipality.	31 May 2014
3	R59 of 2013	National Department of Public Works: Prestige Project situated at Nkandla, KwaZulu-Natal	The procurement of, and contracting for, goods, works or services by or on behalf of the Department in connection with the project.	20 August 2014

2.2 Statement of Responsibility for Performance Information

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in this Annual Report are consistent with the annual financial statements audited by the Auditor-General. The Annual Report is complete, accurate and free from any omissions. The Annual Report was prepared in accordance with the Annual Report Guide issued by National Treasury. The annual financial statements (Part D) were prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to the SIU.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgments made in this report. The accounting authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors were engaged to express an independent opinion on the annual financial statements.

In our opinion, this Annual Report fairly reflects the operations, performance information, human resources information and financial affairs of the SIU for the financial year ended 31 March 2015.

Yours faithfully,

Acting Head of the Special Investigating Unit

Gerhard Visagie

18 May 2015



2.3 Overview of the SIU's performance

Strategic objectives:

- 1. Quality forensic investigations and civil litigation; and
- 2. Strategic partner relations developed and maintained.

Table 2.2 on the next page reflects the SIU's performance for the period 01 April 2003 to 31 March 2014.

Table 2.2: SIU Past Performance Information 01 April 2011 to 31 March 2014

Performance Measure		11/12	12/13	13/14
Value of potential cash recoverable (R)	Target	30m	35m	100m
	Actual	224m	171m	261m
Actual value of cash recovered (R)	Target	0	0	32m
	Actual	38m	0	75.8m
Actual savings (R)	Target	30m	35m	65m
	Actual	15m	57m	16.7m
Prevention of future losses (R)	Target	200m	210m	0
	Actual	169m	378m	0
Value of procurement matters where irregularities were found (R)	Target	20,000m	1,000m	0
Tregularities were round (II)	Actual	5,066m	2,637m	0
Value of contracts set aside (R)	Target	0	0	400m
	Actual	0	0	27.5m
Value of contractual obligations enforced (R)	Target	0	0	30m
	Actual	0	0	0
Value of expenditure in procurement matters where financial misconduct has been identified	Target	0	0	1,000m
(R)	Actual	0	0	1,300m
Evidence prepared for use in civil litigations	Target	2,500	3,500	30
	Actual	6,412	3,570	1,338
Evidence prepared for criminal action	Target	2,000	2,000	50
	Actual	2,499	997	273
Evidence prepared for disciplinary action	Target	2,500	3,500	120
	Actual	2,731	850	326
Evidence prepared for other remedial action	Target	3,000	2,000	0
	Actual	5,431	3,454	0
No. of completed investigations contributing to Justice, Crime Prevention and Security (JCPS)	Target	20	30	0
Output 5	Actual	15	38	0



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Performance Measur	re	2014/15	Narrative			
Strategic objective 1: Quality forensic investigations and civil litigation						
Number of proclamations issued	Target	20	Twelve Proclamations were published between 01 April 2014 and 32 March 2015. Nine of these were new investigations and three were amendments to existing proclamations. The overall target for the yea was 20 proclamations but only 12 were published. This target was thus			
	Actual	12	under achieved. While we have some control in motivating for the proclamations, this is largely dependent on the nature of the allegation received and whether or not there is substantiating documents for the motivation. The SIU is working hard to ensure a pipeline of new matter which can be motivated for a proclamation, as well as streamlining the current process of receiving proclamations.			
Percentage of issued proclamations finalised	Target	66%	None of the 12 proclamations that were published between 0 April 2014 and 31 March 2015 were finalised. The majority of the proclamations were issued in the second quarter of the financial year and it was not possible to complete these investigations before 3 March 2015. Therefore, the target was not achieved. The SIU define a proclamation finalised when the final report is submitted to the Presidency and not when the investigation is completed.			
	Actual	0%	There are reports that are being drafted and therefore we expect more proclamations to be finalised in the next financial year. The method of calculation has been amended for this indicator for the 2015/2016 financial year so that the timeframes for the completion of investigations are more clearly defined. Thus, while a number of proclaimed investigations are complete, the report has not yet been submitted and they cannot be counted as finalised yet.			
Potential value of cash and/or assets recoverable (R)	Target	200m	A total of 95 Acknowledgement of Debt (AOD) documents were signe between 01 April 2014 and 31 March 2015 to the value of R7.4 million A total of four AFU preservation orders to the value of R836.6 milliowere secured for the financial year.			
	Actual	844m	The overall target for the year was set at R200 million and the potential value of cash and/or assets identified by the SIU that may be recoverable for the State amounted to R844 million. The target for the year was exceeded by 322%. Again, as the SIU refocuses it investigations to maximise impact, a far lower number of AODs were signed.			
Actual value of cash and/or assets recovered (R)	Target	100m	The AOD Enforcement Department at the SIU collected payments from debtors to the value of R22.9 million for the 2014/15 financial year. A payment was made by a debtor against an AOD that was signed wit the Department in November 2013. The total amount received wa R57,414. A total of R2.5 million was recovered in respect of monie owed to the Department for the funding of the Paterson Bulk Water Project. Seven final forfeiture orders were secured during the financial year.			
	Actual	145m	for the Department of Land Reform. Six of these were for farms i KwaZulu-Natal and one was for a farm in the Eastern Cape. The total value of these seven orders was R119.5 million.			
			The target for the year for this indicator was R100 million. The total value of the actual cash and/or assets recovered was R145 million. The target for the year was therefore exceeded by 45%.			

Performance Measur	·e	2014/15	Narrative	
Number of civil matters instituted in Court or the Special Tribunal	Target	20	 Universal Service and Access Agency of South Africa (USAASA) relief sought is for the contract of employment between Mr Nkosi and USAASA to be declared unlawful, invalid and for the contract to be set aside. Nkandla – relief is sought against the principal agent, Mr Minent Makhanya, to the value of R155 million. This matter is curren being contested in the High Court. 	
	Actual	4	 Media Corner – the relief sought is for the tender for the Broadcasting Digital Migration Process Project to be declared invalid and null and void. The value of the contract is R760 million. Department of Land Affairs (Gijima) – to set aside the award of a tender relating to the design, development and implementation of a Turnkey Solution for consolidation of data stores in preparation for the provision of an e-Cadastre for the Department of Land Affairs. The value of the contract is R364 million. The overall target for the year was 20 civil matters but only four were achieved. This target was under achieved. The nature of the proclamations, especially the age of the matters investigated, resulted in this target being unrealistic. Many of the matters were of a historic nature, which resulted in any possible claims having prescribed. The SIU now seeks to focus on current matters and foresees that more matters will result in civil litigation. Should a significant number of matters be identified for civil litigation, it may be advisable for the Special Tribunal to be revived. 	
			ns developed and maintained	
Number of referrals made to the NPA	Actual	171	The nature of the offences include: Contraventions of section 38(1) read with section 86(1) of the Public Finance Management Act (PFMA); contraventions of regulation 25(9) (a) read with regulation 30(1)(c) and 30(1)(a) of the Construction Industry Development Board (CIDB) Regulations; fraud and/or theft committed in relation to invoices that were submitted; abuse of powers by receiving unlawful gratification/bribes, collecting monies not due by creating non-qualifying beneficiaries and fraud for obtaining social grants to which they were not entitled; alleged manipulation of procurement processes, VAT fraud and fraud in respect of payments received; forgery and uttering for unlawfully and intentionally creating, submitting and receiving fraudulent quotations; fraud, forgery and uttering and offence in terms of section 173(1) of the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA); contravention of section 20(1) of the Private Security Industry Regulatory Authority (PSIRA) read with section 20(2)(b) which constitute a criminal offence under the provisions of sections 38(3)(a), (f) and/or (g) of this authority; fraud for using shell companies to submit quotations to the SAPS without these companies knowledge or consent; and fraud by construction companies which resulted in tenders being awarded by a Department. The Department would not have approved the tenders	
			if the false documentation had not been submitted; contraventions of sections 3 and/or 4 and/or 5 and/or 17(1) of the Prevention of Organised Crime Act (POCA); and misrepresentation of employment and income details in order to be registered as indigent households. The target for the year for this indicator was 50 referrals. The total number of the referrals made to the NPA was 171. The target for the year was exceeded by 242%.	



•••	Performance Measure		2014/15	Narrative
	Number of referrals made to the AFU	Target	15	Referrals were made for fraud for submitting invoices for payment for which the entities/persons were not entitled; for defrauding the Department in respect of a tender that was awarded; for manipulating procurement processes and for representing that VAT was due and payable when it was not; and an entity profited financially from contravention of section 20(1) of the PSIRA read with section 20(2)(b) which constitute a criminal offence under the provisions of sections 38(3)(a), (f) and/or (g) of this authority.
				The overall target for the year was 15 referrals but only seven were achieved. This target was thus under achieved. Referrals to the AFU
		Actual	7	are made in respect of matters where evidence which points to the commission of a criminal offence is obtained and where prescription is an issue. The approach to focus on more current matters means that the risk of prescription is mitigated.
	Number of instances	Target	100	A total of 3,769 matters for potential disciplinary action were identified. The recommendations were made against officials for acts or omissions
	where potential disciplinary matters were bought to the attention of the relevant State institution	Actual	3,769	which amount to misconduct. The target for the year for this indicator was 100 matters. This means that the target for the year was exceeded by 3,669 matters, which is due, in most part, to the number of recommendations made against Eskom Ltd officials.

Table 2.4: Update on Referrals made during 2014/15

PERFORMANCE MEASURE		2014/15	NARRATIVE	
Number of referrals made to the NPA	TARGET	50	Three matters have been referred to the Anti-Corruption Task Team (ACTT) for further investigation. 111 matters have been referred to the SAPS and dockets have been opened. further 40 matters will be handed over to the SAPS for further action shortly. In one matter, a plea agreement was reached and in three matters the NPA has declined to prosecute the suspects under investigation. One matter is going to trial and a conviction was obtained in another matter with a five-year suspended sentence and a confiscation order for R2 million	
	ACTUAL	171		
Number of referrals made to the AFU	TARGET	15	No feedback has been received in respect of any of the matters that were referred.	
	ACTUAL	7		
Number of instances where	TARGET	100	Of the 3,769 matters recommended for disciplinary action,	
potential disciplinary matters were bought to the attention of the relevant State institution	ACTUAL	3,769	67 have commenced and a further five have been finalised. Eskom has commenced with the disciplinary process in respect of the 19 officials who failed to declare their business interests while conducting business with Eskom. In respect of the 3,456 officials who failed to submit their annual declaration, no disciplinary action has commenced to date.	

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2.4 Detailed Investigations Performance

2.4.1 National

2.4.1.1. Department of Communications

Proclamation R62 of 2014, published on 04 September 2014

a) Schedule to the Proclamation

The SIU is required to investigate the recovery of any losses suffered by the Department, in relation to the following for the period 01 May 2009 to 05 September 2014:

- The donation of R10 million by the Department towards the hosting or organisation of the Information Communication and Technology Indaba which took place from 4 to 7 June 2012.
- Travel and accommodation expenses or other benefits which were paid by the Department in respect of a person who does not qualify therefore.
- The recruitment, selection, and appointment of an employee to a position that did not exist in the Communications Unit of the Department.
- Improper or unlawful conduct by an official of the Department which resulted in the Department purportedly breaching a contract concluded between the Department and Gitshasbaya Consulting.
- Improper or unlawful conduct by employees or officials of the Department or third parties

- relating to the recruitment, selection, and appointment of the CFO of the SABC on 14 February 2012.
- The procurement of goods, works or services by or on behalf of the Department and payments made in respect thereof in relation to the Nkowankowa event held in Limpopo on 21 June 2013 and World Telecommunications and Information Society Day event held in Richards Bay, KwaZulu-Natal, on 17 May 2013.

b) Proclamation Status

Ongoing.

2.4.1.2. Department of Communications

Proclamation R10 of 2014, published on 24 February 2014

a) Schedule to the Proclamation

The SIU is required to investigate the validity of the award by the Department of a tender to render services in respect of a public awareness campaign relating to the Broadcasting Digital Migration Process Project (DOC/21/2011/12/C) to Media Corner (Pty) Ltd and the validity of the Memorandum of Agreement (MoA) concluded between the Department and Media Corner on 29 October 2012. The validity of: (a) the implementation of the MoA referred to above and (b) any payments made in terms of the MoA. The period to be investigated is from 01 February 2012 to 24 February 2014.





INDICATOR	DESCRIPTION	R VALUE/NUMBER
Number of instances where potential	Recommendations were made against	7
disciplinary matters were brought to the	officials for acts or omissions which amount	
attention of the relevant State Institution	to misconduct.	
Number of civil matters instituted in Court	Application proceedings were instituted in	1
or the Special Tribunal	the High Court in Gauteng. The relief sought	
	is for the tender for the Broadcasting Digital	
	Migration Process Project to be declared	
	invalid and null and void. The value of the	
	contract is R756 million.	

c) Proclamation Status

Ongoing.

2.4.1.3. National Department of Public Works (DPW)

Proclamation R59 of 2014, published on 27 August 2014

a) Schedule to the Proclamation

The SIU is required to investigate the procurement and administration of leases by the Department for the Department or other National Departments and organs of state for whose accommodation needs the Department is responsible; any related unauthorised, irregular or fruitless and wasteful expenditure, incurred by the Department. Theft, fraud, corruption, irregularities, malpractices or maladministration in the affairs of the Department in respect of these leases, including the causes of such and any loss, damage or prejudice actually or potentially suffered by the Department or the State for the period 01 June 2003 to 27 August 2014. These are leases concluded with private landlords for and on behalf of the departments concerned.

b) Proclamation Status

Ongoing.

2.4.1.4. National Department of Public Works (DPW): Prestige Project, Nkandla, KwaZulu-Natal

Proclamation R59 of 2013, published on 20 December 2013

a) Schedule to the Proclamation

The SIU was required to investigate:

- The procurement of, and contracting for, goods, works or services by or on behalf of the Department in connection with the project;
- Payments that were made by or on behalf of the Department in relation to any acquisitive act or transaction;
- Any undisclosed or unauthorised interests
 which the Department's personnel may have
 had in the Department's suppliers bidding for
 work or doing business with the Department
 or to whom contracts were awarded by the
 Department, and the extent of any actual or

- potential benefits derived directly or indirectly by the Department's personnel from such undisclosed or unauthorised interests in relation to any acquisitive act or transaction;
- Maladministration of the affairs of the Department and any losses or prejudice suffered by the Department or the State as a result of such maladministration; and
- Improper or unlawful conduct by the Department' suppliers or other third parties in relation to any acquisitive act or transaction.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
The number of civil matters instituted in Court or the Special Tribunal	The SIU instituted action proceedings in the High Court in KwaZulu-Natal. Relief is sought against the principal agent, Mr Minenhle Makhanya, to the value of R155 million. This matter is currently being contested in the High Court.	
The number of referrals made to the NPA	Contraventions of section 38(1)(a), (b), (c)(ii) and (n) of the PFMA.	3
Number of instances where potential disciplinary matters were brought to the attention of the relevant State Institution	Recommendations were made against officials for acts or omissions which amount to misconduct.	12

c) Proclamation Status

The final report was submitted on 20 August 2014.



2.4.1.5. National Department of Public Works (DPW)

Proclamation R38 of 2010, published on 30 July 2010

a) Schedule to the Proclamation

The SIU was required to investigate the incurrence of irregular expenditure and/or fruitless and wasteful expenditure and payment of expenditure not due, owing or payable to the department for the period 01 October 2003 to 30 July 2010 focusing on specific contracts/tenders, leasing of buildings for client departments and Prestige accommodation.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
Potential value of cash and/or assets recoverable	One AOD document signed	R1.09 million

c) Proclamation Status

Ongoing.

2.4.1.6. Department of Transport

Proclamation R57 of 2014, published on 01 August 2014

a) Schedule to the Proclamation

The SIU was required to investigate allegations between 10 October 2005 and 01 August 2014 with regard to the extensions by the Department of the Driving License Card Contract RT (G) 6969 SA and the eNaTiS Contract RT1194KA as well as any unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department in respect of payments which were made in terms of Change Note 47 dated 11 October 2010.

b) Proclamation Status

Ongoing.

2.4.1.7. South African Post Office Ltd (SAPO)

Proclamation R5 of 2014, published on 06 February 2014, amended by Proclamation R56 of 2014, published on 01 August 2014

a) Schedule to the Proclamation

The SIU is required to investigate the procurement of goods, works or services by or on behalf of the SAPO and payments made in respect thereof and irregularities, malpractices or maladministration in the affairs of the SAPO in relation to: (a) the management of immovable property; (b) the implementation of the WebRiposte system; (c) loans granted to Courier and Freight Group (Pty) Ltd; and (d) the failure by officials or employees of the SAPO to take the necessary steps to prevent the SAPO from suffering financial losses or damages as a result of industrial action, Irregularities relating to the recruitment, selection and appointment of officials or employees of the SAPO, payments

which were made by the SAPO to fictitious officials or employees. Any undisclosed or unauthorised interests the officials or employees of the SAPO may have had with regard to (a) vendors, contractors, suppliers or service providers who bid for work or conducted business with the SAPO or (b) contracts awarded by or on behalf of the SAPO. The period to be investigated is from 01 January 2004 to 06 February 2014.

Proclamation R5 of 2014 is amended by (a) the further extension of the period referred to in this proclamation to the date of publication of Proclamation R56 of 2014; and (b) the addition of the following paragraph after paragraph 5 of the schedule in Proclamation R5 of 2014: "6. Irregular conduct by the Board Members of the SAPO in relation to the matters set out in the paragraphs above".

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/ NUMBER
Number of referrals made to the NPA	Contravention of section 20(1) of the PSIRA read with section 20(2)(b) which constitute a criminal offence under the provisions of sections 38(3)(a), (f) and/or (g) of this authority.	1
Number of referrals made to the AFU	An entity profited financially from contravention of section 20(1) of PSIRA read with section 20(2) (b) which constitute a criminal offence under the provisions of sections 38(3)(a), (f) and/or (g) of this authority.	1
Number of instances where potential disciplinary matters were brought to the attention of the relevant State Institution	Recommendations were made against officials for acts or omissions which amount to misconduct.	1

c) Proclamation Status

The final report is being prepared and will be submitted in the next financial year.



2.4.1.8. Department of Labour and the Compensation Fund

Proclamation R55 of 2014, published on 01 August 2014

a) Schedule to the Proclamation

The SIU was mandated to investigate the following for the period 01 November 2002 to 01 August 2014:

- Compensation claim payments which were made by the Fund and related unauthorised, irregular
 or fruitless and wasteful expenditure incurred by the Department and/or the Fund.
- The conclusion by the Department and/or the Fund of a Public Private Partnership Agreement
 concluded with Siemens Business Services (Pty) Ltd and the validity of the agreement; a
 Termination Support Agreement concluded with EOH Managed Services Public Sector (Pty) Ltd;
 and an agreement with the Medical Services Organisation South Africa for claims adjudication
 and medical service provider processing services.
- The procurement of goods, works or services by the Department and/or the Fund and payments made in respect thereof, in relation to the RFP for a Turnaround Strategy; and the RFPs for a Forensic Audit.

b) Proclamation Status

Ongoing.

2.4.1.9. Universal Service and Access Agency of South Africa (USAASA)

Proclamation R 20 of 2014, published on 28 March 2014

a) Schedule to the Proclamation

The SIU is required to investigate the maladministration of the affairs of the Agency in relation to: (a) the recruitment process which resulted in the appointment of the Chief Executive Officer (CEO) of the Agency in 2013; (b) the Agency's funding, by way of a subsidy in the amount of R500 million to a service provider for the construction and expansion of an electronic communication network for Emalahleni Local Municipality (Eastern Cape); and (c) the procurement by the Agency of services in relation to the Rapid Development of Public Access Facilities Programme and payments made in relation thereto.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
The number of civil matters	The SIU instituted application proceedings in the	1
instituted in Court or the Special	North Gauteng High Court in June 2014. The	
Tribunal	relief sought is for the contract of employment	
	between Mr ZT Nkosi and USAASA to be declared	
	unlawful, invalid and for this contract to be set	
	aside.	

2.4.1.10. Department of Rural Development and Land Reform (DRDLR) and the SITA

Proclamation R 7 of 2014, published on 14 February 2014

a) Schedule to the Proclamation

The SIU is required to investigate, for the period 1 January 2008 to 14 February 2014, any:

- Theft, fraud, corruption or maladministration in the affairs of the DRDLR in relation to the lodging and processing of deeds on the Deeds Registration System of the Pretoria, Cape Town and Bloemfontein Deeds Registries or in the processes of requesting for or the giving-out of deeds information, in a manner that was contrary to applicable (a) legislation; or (b) manuals, guidelines, policies, procedures, practice notes, instructions, prescripts or practices of or applicable to the DRDLR including the causes of such fraud, corruption or maladministration and any loss, damage or prejudice actually or potentially suffered by the DRDLR or the State.
- The procurement of and contracting for the Information and Communications Technology (ICT) systems/projects or any goods, works or services in respect of the ICT systems/projects by or on behalf of the Institutions and irregular payments.
- The incurrence of unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure or expenditure not due, owing and payable, as a result of payments which were made by the Institutions to the agents of the Institutions, the Institutions' suppliers and service providers or third parties for or in respect of the ICT systems/projects.
- Fraud, corruption or maladministration regarding the affairs of the Institutions in respect of the ICT systems/projects.

b) Investigation Outcomes





INDICATOR	DESCRIPTION	R VALUE/NUMBER
Number of civil matters instituted	Application proceedings were instituted in the	1
in Court or the Special Tribunal	High Court in Gauteng to set aside the award	
	of a tender relating to the design, development	
	and implementation of a Turnkey Solution for	
	consolidation of data stores in preparation	
	for the provision of an e-Cadastre for the	
	Department. The value of the contract is R364	
	million.	

c) Proclamation Status

Ongoing.

2.4.1.11. National Department of Rural Development and Land Reform and its agents (DRDLR)

Proclamation R 53 of 2012, published on 21 September 2012

a) Schedule to the Proclamation

The proclamation mandated the SIU to investigate allegations of irregularities in the application, awarding and administration of land restitution claims of funds under the Land Restitution Programme of the DRDLR. The above allegations include possible fraud and corruption levelled against employees of the DRDLR, as well as irregular, unauthorised and fruitless and wasteful expenditure. The period of investigation was from 01 April 2003 to 21 September 2012.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
Potential value of cash and/or	72 AOD documents were signed	R5.6 million
assets recoverable		
Number of instances where	Recommendations were made against officials	6
potential disciplinary matters	for acts or omissions which amount to	
were brought to the attention of	misconduct.	
the relevant State Institution		

c) Proclamation Status

Ongoing.

2.4.1.12. National Department of Rural Development and Land Reform

Proclamation R 8 of 2011, published on 18 February 2011

a) Schedule to the Proclamation

The proclamation mandated the SIU to investigate allegations of irregularities in the application, awarding and administration of grants and funds under the Land Reform Programme of the DRDLR. Allegations include possible fraud and corruption levelled against employees of the DRDLR, as well as irregular, unauthorised and fruitless and wasteful expenditure. The period of investigation is from 01 January 2006 to 18 February 2011.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
Potential value of cash and/or assets recoverable	An AFU preservation order was issued. The order related to Honeyville Farm which is situated in the Eastern Cape.	R8 million
Actual value of cash and/or assets recovered	Seven final forfeiture orders were secured. Six were for farms in KwaZulu-Natal and one was for a farm in the Eastern Cape.	R119.5 million
Number of instances where potential disciplinary matters were brought to the attention of the relevant State Institution	Recommendations were made against officials for acts or omissions which amount to misconduct.	7

c) Proclamation Status

Ongoing.



2.4.1.13. Department of Co-operative Governance and Traditional Affairs (COGTA)

Proclamation R 6 of 2014, published on 06 February 2014

a) Scope of the Investigation

The SIU is required to investigate the appointment of the South African National Apex Tertiary Co-operative Ltd (SANACO) by the Department to manage and to provide technical support and administration services in respect of the Ward Based Co-operative Programme of the Department and payments which were made by the Department in respect of the Ward Based Co-operatives Programme of the Department. The period to be investigated is from 26 November 2010 to 06 February 2014.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
Number of referrals made to the NPA	Contraventions of section 38(1) read with section 86(1) of the PFMA. There was also a contravention of regulation 25(9)(a) read with regulation 30(1)(c) of the CIDB Regulations.	2
Number of referrals made to the AFU	Fraud for submitting invoices for payment for which the entities/persons were not entitled.	1
Number of instances where potential disciplinary matters were brought to the attention of the relevant State Institution	Recommendations were made against officials for acts or omissions which amount to misconduct.	10

c) Proclamation Status

The final report is being prepared and will be submitted in the next financial year.

2.4.1.14. Department of Water Affairs (DWA)

Proclamation R54 of 2012, published on 21 September 2012

a) Schedule to the Proclamation

The SIU is required to investigate allegations falling within the period 01 January 2004 to 21

September 2012 with regard to the procurement of, and contracting for, goods, works or services by the DWA and payments made in relation hereto and any undisclosed or unauthorised interest the DWA's personnel may have had with regard to contractors, suppliers or service providers who bid for work or conducted business with the DWA.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
Actual value of cash and/or assets recovered	Monies were owed to the Department for the funding of the Paterson Bulk Water Project.	R2.5 million
Number of referrals made to the NPA	Alleged manipulation of procurement processes, VAT fraud and fraud in respect of payments received.	8
Number of referrals made to the AFU	Fraud for submitting invoices for payment for which the entities/persons were not entitled; defrauding the Department in respect of a tender that was awarded; fraud for manipulating procurement processes; and for representing that VAT was due and payable when it was not.	5
Number of instances where potential disciplinary matters were brought to the attention of the relevant State Institution	Recommendations were made against officials for acts or omissions which amount to misconduct.	5

c) Proclamation Status

Ongoing.

2.4.1.15. Eskom Holdings Ltd

Proclamation R 2 of 2012, published on 07 February 2012

a) Schedule to the Proclamation

The SIU was required to investigate allegations falling within the period 01 January 2006 and 07 February 2012 with regards to:

- Procurement of helicopter services in the Eastern Cape.
- · Any undisclosed or unauthorised interest which the board members, officials or employees of





- The procurement of coal supplies.
- The procurement of coal transportation services.
- The procurement of fencing in excess of the need for such work, goods or services.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
Number of referrals made to the	Contraventions in terms of regulation 30(1)(a)	2
NPA	and 30(1)(c) of the CIDB regulations	
Number of instances where	Recommendations were made against officials	3 475
potential disciplinary matters	for acts or omissions which amount to	
were brought to the attention of	misconduct.	
the relevant State Institution		

c) Proclamation Status

Ongoing.

2.4.1.16. South African Police Service (SAPS)

Proclamation R42 of 2010, published on 10 August 2010 extended by Proclamation R73 of 2011 published on 22 December 2011

a) Schedule to the Proclamation

The investigation focused on the Expert and Facility Management Services, specifically 33 SAPS building and/or renovation projects, National Police Day 2009/10 and 2010/11 and other Supply Chain Management (SCM) irregularities identified which occurred in the period January 2005 and August 2010. The period covered by the investigation was extended up to 22 December 2011 by Proclamation R7 of 22 December 2011.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
Number of referrals made to the NPA	Fraud for using shell companies to submit quotations to SAPS without these companies' knowledge or consent.	1
Number of instances where potential disciplinary matters were brought to the attention of the relevant State Institution	for acts or omissions which amount to	67

c) Proclamation Status

Ongoing.

2.4.1.17. Department of Human Settlements (Low Cost Housing Contracts) (NDHS)

Proclamation R7 of 2007, published on 25 April 2007

Proclamation R35 of 2010 extension, published on 30 July 2010

Proclamation R15 of 2012 extension, published on 5 March 2012

a) Scope of the Investigation

The SIU was required to investigate any fraud, corruption and maladministration in respect of the development and delivery of low cost housing in South Africa, by national and provincial departments, local authorities (and agents) and Housing Development Boards.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/ NUMBER
Actual value of cash and/or assets recovered	A payment was made by a debtor against an AOD that was signed with the Department in November 2013.	R57 414
The number of referrals made to the NPA	Fraud and or theft committed in relation to invoices that were submitted and one referral was for the contravention of Section 86(1) of the PFMA.	6
Number of instances where potential disciplinary matters were brought to the attention of the relevant State Institution	Recommendations were made against officials for acts or omissions which amount to misconduct.	4





c) Proclamation Status

The final report is being prepared and will be submitted in the next financial year.

2.4.2. Provincial

2.4.2.1. Kwazulu-Natal Provincial Treasury (KZN Provincial Treasury)

Proclamation R49 of 2014 published on 24 July 2014 amended by Proclamation R16 of 2015 published on 17 March 2015

a) Schedule to the Proclamation

The SIU is authorised to investigate the appointment by the KZN Provincial Treasury, the Departments and the KwaZulu-Natal Sharks Board of a service provider to the "Municipal Infrastructure Crack Team" of the Treasury, the Departments and the KwaZulu-Natal Sharks Board to provide services for Municipal Infrastructure Intervention the Programme of the Treasury and payments made to the service provider. The validity of funding provided by the Treasury in respect of the: (a) "Commemorating Prisoners of War – St Helena" event; (b) Durban International North Sea Jazz Festival; and (c) KwaZulu-Natal Sharks Board and any unauthorised, irregular or fruitless and

wasteful expenditure incurred by the Treasury in respect of the provision of such funding; any unauthorised, irregular or fruitless and wasteful expenditure incurred by the Departments and the KwaZulu-Natal Sharks Board in respect of the funding received from the Treasury. The period of investigation is from 24 May 2012 to 24 July 2014.

b) Proclamation Status

Ongoing.

2.4.2.2. Department of Public Works (DPW): Prestige Directorate, Western Cape

Proclamation R54 of 2014, published on 01
August 2014

a) Schedule to the Proclamation

The procurement of goods and services on behalf of the Department by the Department's Prestige Directorate and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department in relation to 17 Prestige Projects in the Western Cape.

b) Proclamation Status

Ongoing.

2.4.2.3. The Guardians Fund (GF) components of the KwaZulu-Natal and Gauteng offices of the Master of the High Court of the Department of Justice and Constitutional Development (DoJ&CD) Proclamation R55 of 2012, published on 21 September 2012

a) Schedule to the Proclamation

The investigation focused on allegations of fraudulent applications submitted to and payments made by the KwaZulu-Natal and Gauteng Guardian's Fund (GF) Offices. The investigation covers the period from 01 January 2001 to September 2012.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
Potential value of cash and/or	One AOD was signed	R14 713
assets recoverable		
Number of instances where	Recommendations were made against officials	74
potential disciplinary matters	for acts or omissions which amount to	
were brought to the attention of	misconduct.	
the relevant State Institution		

c) Proclamation Status

The final report is being prepared and will be submitted in the next financial year.

2.4.2.4. Department of Public Works, Kwazulu-Natal Province (KZN DPW)

Proclamation R43 of 2010, published on 27 August 2010
Proclamation R49 of 2012 extension, published on 07 September 2012

a) Scope of Investigation

The SIU was mandated to investigate allegations of fraud, corruption, financial mismanagement and other irregularities in the awarding of contracts to consultants and contractors of the KZN DPW during the period 01 January 2005 to 07 September 2012. The investigation focused on the procurement process and alleged manipulation thereof by contractors and KZN DPW officials in order to secure tenders as well as the delivery of services.

b) Investigation Outcomes





	INDICATOR	DESCRIPTION	R VALUE/NUMBER
	Number of referrals made to the	Fraud by construction companies which resulted	4
	NPA	in tenders being awarded by the Department.	
		The Department would not have approved the	
•		tenders if the false documentation had not been	
		submitted. An official also received unlawful	
		gratification/bribes.	

c) Proclamation Status

The final report is being prepared and will be submitted in the next financial year.

2.4.2.5. Department of Health: Gauteng Province (GDoH)

Proclamation R21 of 2010, published on 14 May 2010

a) Scope of the Investigation

The matter relates to alleged irregularities regarding the affairs of the GDoH in relation to the procurement of the services of various consultants and contractors. The period of investigation is from 01 January 2006 to 14 May 2010. The investigation covers the following areas:

- irregular appointment of contractors, suppliers or service providers to render services and/or deliver goods for the project;
- irregular procurement of goods, works or services in relation to the project (including cover quoting, splitting of orders and evasion of competitive bidding processes);
- undue/irregular payments made to contractors, suppliers or service providers;
- the State not having received value for money as regards the project;
- Improper or unlawful conduct by contractors, suppliers or service providers of the Department
 or other third parties in relation to the project (which would include the undue influence of
 public representatives or any other person on the project).

b) Investigation Outcomes

In July 2014, a court order was granted following an application brought in terms of the POCA relating to the rights accruing to 3P, pursuant to the procurement for the Department of Health in terms of the Service Level Agreement (SLA) concluded on 02 July 2007. The value of the order was

R413 million.

An order was also granted which related to Erf 980, situated in Bryanston, Johannesburg. R2.6 million was paid towards this Erf.

In November 2014, a court order was granted declaring forfeit to the State the rights accruing to the Baoki Consortium in terms of the agreement concluded with the Gauteng Provincial Government on 03 November 2008. The total value of the order was R413 million. This order resulted in a savings of R791 million due to payments that were not made in terms of this contract.

c) Proclamation Status

Ongoing.

2.4.3. Local

2.4.3.1. Greater Tubatse Local Municipality: Limpopo Province

Proclamation R52 of 2014, published on 01 August 2014

a) Schedule to the Proclamation

For the period 11 March 2004 to 01 August 2014, the SIU was mandated to investigate (a) the procurement of goods, works or services by or on behalf of the Municipality; (b) fruitless and wasteful expenditure incurred by the Municipality through a settlement paid to

Phambili; (c) the award of contracts by the Municipality to suppliers in which individuals in the service of the State held interests; (d) and the failure by the Municipality to collect money due and owing by its debtors in respect of a cost order made in favour of the Municipality by the North Gauteng High Court and municipal services rendered.

b) Proclamation Status

Ongoing.

2.4.3.2. Vhembe District Municipality: Limpopo Province

Proclamation R51 of 2014, published on 01 August 2014

a) Schedule to the Proclamation

The SIU was mandated to investigate for the period 01 May 2010 to 01 August 2014 (a) the procurement of goods, works or services by or on behalf of the Municipality; (b) the misappropriation of funds and the incurrence of wasteful expenditure or expenditure in relation to payments made to its contractors, suppliers or service providers; (c) and the award of contracts by the Municipality to suppliers in which individuals in the service of the State held interests.

b) Proclamation Status

Ongoing.



2.4.3.3. Bushbuckridge Local Municipality: Mpumalanga Province

Proclamation R8 of 2014, published on 14 February 2014

a) Schedule to the Proclamation

The SIU was mandated to investigate the following for the period 01 May 2010 to 14 February 2014:

- The procurement of goods, works or services by or on behalf of the Municipality in a manner that was not fair, equitable, transparent, competitive or cost-effective and contrary to applicable legislation, manuals, guidelines, practice notes, instructions, codes, policies, procedures, prescripts issued by National Treasury or the Provincial Treasury or the Municipality;
- Any undisclosed or unauthorised interests the personnel of the Municipality may have had with regard to contractors, suppliers or service providers bidding for work or doing business with the Municipality or contracts awarded by or on behalf of the Municipality;
- The misappropriation of funds and the incurrence of wasteful expenditure or expenditure not due, owing or payable by the Municipality in relation to payments made to its contractors, suppliers or service providers; and
- The irregular issuing of motor vehicle licences and registration certificates by the personnel of the Municipality.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
Potential value of cash and/or	Two AOD documents signed	R243 630
assets recoverable		

c) Proclamation Status

Ongoing.

2.4.3.4. Midvaal Local Municipality: Gauteng Province (MLM)

Proclamation R 33 of 2011, published on 20 May 2011

a) Scope of the Investigation

The SIU was mandated to investigate allegations of irregularities in the MLM which include:

- The improper, negligent or erroneous disposal of the Municipality's operating assets as being redundant assets:
- The failure to properly control the Municipality's debtors;

- The failure to properly implement the Municipality's Indigent Policy;
- The unlawful or irregular procurement of legal services by or on behalf of the Municipality, payments made in respect thereof and related irregular or fruitless and wasteful expenditure by the Municipality;
- The erroneous issuing of town planning certificates;
- The failure to record the Municipality's assets in its asset registers; and
- The appointment of staff of the Municipality at an incorrect level;
- The MLM neglected to follow up on employees' arrear municipal services accounts.

b) Proclamation Status

Ongoing.

2.4.3.5. Ekurhuleni Metropolitan Municipality (EMM): Gauteng Province

Proclamation R 63 of 2010, published on 08 November 2010

a) Schedule to the Proclamation

The SIU was mandated to investigate allegations of irregularities in the EMM which include:

- the irregular procurement of goods works or services by or on behalf of the Municipality and payments made in respect thereof; and
- the mismanagement of finances or assets of the municipality in respect of:
 - payments made for goods not supplied or works or services not rendered;
 - payments made under maintenance contracts in respect of equipment never delivered or not commissioned; or
 - duplication of payments to contractors, suppliers or service providers; and
 - the fraudulent and corrupt involvement of officials or employees of the Municipality or contactors, suppliers or service providers of the Municipality, in the making of such payments.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
Number of referrals made to the	Forgery and uttering for unlawfully and	3
NPA	intentionally creating, submitting and receiving	
	fraudulent quotations.	
Number of instances where	Recommendations were made against	1
potential disciplinary matters	officials for acts or omissions which amount to	
were brought to the attention of	misconduct.	
the relevant State Institution		





Ongoing.

2.4.3.6. Tshwane Metropolitan Municipality (TMM): Gauteng Province

Proclamation R 62 of 2010, published on 08 November 2010

a) Schedule to the Proclamation

The SIU was mandated to investigate allegations of irregularities at the TMM which include:

- The recruitment, selection and appointment of staff into positions that they are not qualified for or otherwise best suited for;
- Mismanagement of funds and of the affairs of municipal entities of the Municipality;
- Fruitless and wasteful expenditure incurred by the Municipality;
- The irregular procurement of goods or services by or on behalf of the Municipality or its municipal entities;
- The mismanagement of the finances, assets or other resources of the Municipality; and
- Alleged interference by the City Manager in pending disciplinary proceedings against employees.

b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
Potential value of cash and/or assets recoverable	16 AOD documents signed	R302 033
Number of referrals made to the NPA	Fraudulently invoicing and receiving payments. Misrepresentation of employment and income details in order to be registered as an Indigent Household.	60
Number of instances where potential disciplinary matters were brought to the attention of the relevant State Institution	Recommendations were made against officials for acts or omissions which amount to misconduct.	59

c) Proclamation Status

Ongoing.

2.4.3.7. North West Province Municipalities (NWM)

Proclamation R 72 of 2009, published on 10 November 2009

a) Schedule to the Proclamation

The SIU was mandated to investigate allegations of irregularities in the NWM which include:

- The appointment, extension of appointment, and promotion of municipal staff contrary to the prescripts of applicable law and municipal policies and procedures;
- The external manipulation of, and undue preference in the appointment and promotion of municipal staff;
- The disproportionate appointment and excessive remuneration of municipal staff;
- The appointment and disproportionate remuneration of under-qualified and unsuitable candidates in municipal staff establishments;
- The remuneration of non-performing and underperforming municipal staff without taking appropriate disciplinary steps against such staff;
- Losses of municipal funds due to theft, fraud and misallocation;
- Disproportionate, wasteful and irregular expenditure of municipal funds;

- Mismanagement of expenditure of municipal funds and resources, and the accumulation of municipal debt;
- Losses to municipalities caused by inadequate management of, and control over, municipal contracts and resources;
- The procurement and alienation of goods and services contrary to the provisions of the MFMA and other applicable laws, as well as municipal policy and procedures;
- The alienation of municipal land contrary to the provisions of section 14 of the MFMA and not by way of a fair, competitive, equitable, transparent and cost-effective process;
- Interference by councillors in the administration of municipal affairs in contravention of the applicable provisions of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) and the MFMA;
- The misuse and misappropriation of funds deriving from the Municipal Infrastructure Grant (MIG); and
- The misuse of municipal resources for private benefit.



b) Investigation Outcomes

INDICATOR	DESCRIPTION	R VALUE/NUMBER
Number of referrals made to the	Fraud, forgery and uttering and offence in terms	1
NPA	of section 173(1) of the MFMA.	

c) Proclamation Status

Ongoing.

2.4.4. State Owned Entities

2.4.4.1. The State Information Technology Agency (Pty) Ltd (SITA)

Proclamation R53 of 2014, published on 01 August 2014, amended by Proclamation R15 of 2015, published on 17 March 2015

a) Schedule to the Proclamation

The initial proclamation determined the period of investigation to commence on 08 September 2012 and end on 01 August 2014 and included payments which were made by the SITA to IBM in terms of an agreement dated 30 April 2013. The 2015 proclamation amends the period of investigation to 03 August 2012 until 17 March 2015. The schedule was also amended to include any reference to:

- A "contract", which means any: (i) Integrated Supply Agreement, (ii) Strategic Relationship Document of Understanding, (iii) Enterprise Licence Agreement, (iv) Enterprise Software Solution Offering, (v) Enterprise Software and Services Option or (vi) Service Level Agreement.
- "Contracting", which includes, but is not limited to, any negotiation processes involving a
 contract, the conclusion and signing of a contract and any novation, renewal, variation, extension,
 amendment, cancellation or termination of a contract.
- "IBM", which refers to the International Business Machines Corporation and Subsidiary Companies, including IBM SA (Pty) Ltd (Registration No. 1952/000308/07).
- "iFirm", which refers to iFirm Consulting (Pty) Ltd (Registration No.: 2012/226990/07.
- "iFirm contracts", which refers to the agreements between the SITA and iFirm dated 04 April 2014 and 21 May 2014.
- "Personnel of a State Institution", which includes any member of a board, director, official, officer, employee, member, agent, vendor, contractor or sub-contractor, supplier or service provider of a State Institution.
- "Personnel of IBM", which includes any member of the board, director, employee, member,

agent, vendor, contractor, sub-contractor, supplier or service provider of IBM.

- "Personnel of iFirm", which includes any member of the board, director, employee, member, agent, vendor, contractor, subcontractor, supplier or service provider of iFirm.
- "Personnel of the SITA", which includes any member of the board, director, official, officer, employee, member, agent, vendor, contractor, sub-contractor, supplier or service provider of the SITA.
- "Solution", which refers to: (i) the provision of any cloud infrastructure services solution, (ii) the provision of any goods, works or services, as envisaged in Tender RFB 989/2012 or (iii) any integrated procurement model for any Government Department or State Institution.
- "State Institution", which means any department for whom the SITA is responsible to procure goods, works or services on behalf of the public body, as envisaged in the SITA Act, Act No. 88 of 1998.

b) Investigation Highlights

The investigation into the awarding of a tender to IBM which exceeded board approval by R85 million and the investigation into the appointment and awarding of contracts of R10 million and R265 million to iFirm has commenced.

The SIU will investigate the procurement of

goods and services by SITA, for itself or for and on behalf of the Departments for whose procurement SITA is responsible; as well as the binding of SITA, the Departments or Public Bodies concerned to incur, irregular, unauthorised or fruitless and expenditure; and the SIU will review current matters with a view to identifying noncompliance with the provisions of the PFMA and associated Treasury Regulations, Preferential Procurement Policy Framework Act, Act No. 5 of 2000 (PPPFA) and associated Regulations and contravention of the Companies Act, Act No. 71 of 2008, in respect of the IBM tender and the iFirm contract.

c) Proclamation Status

Ongoing.

2.4.4.2. The State Information Technology Agency (Pty) Ltd (SITA)

Proclamation R48 of 2012, published on 07 September 2012

a) Schedule to the Proclamation

The SIU is required to investigate the procurement of goods, works or services by SITA for itself or for and on behalf of Departments for whose procurement SITA is responsible, as envisaged in the SITA Act, 1998, or on behalf of public bodies which so requested SITA and the failure to collect monies due, owing and payable to SITA. The period of investigation is from 07 October 2003 to 07 September 2012.

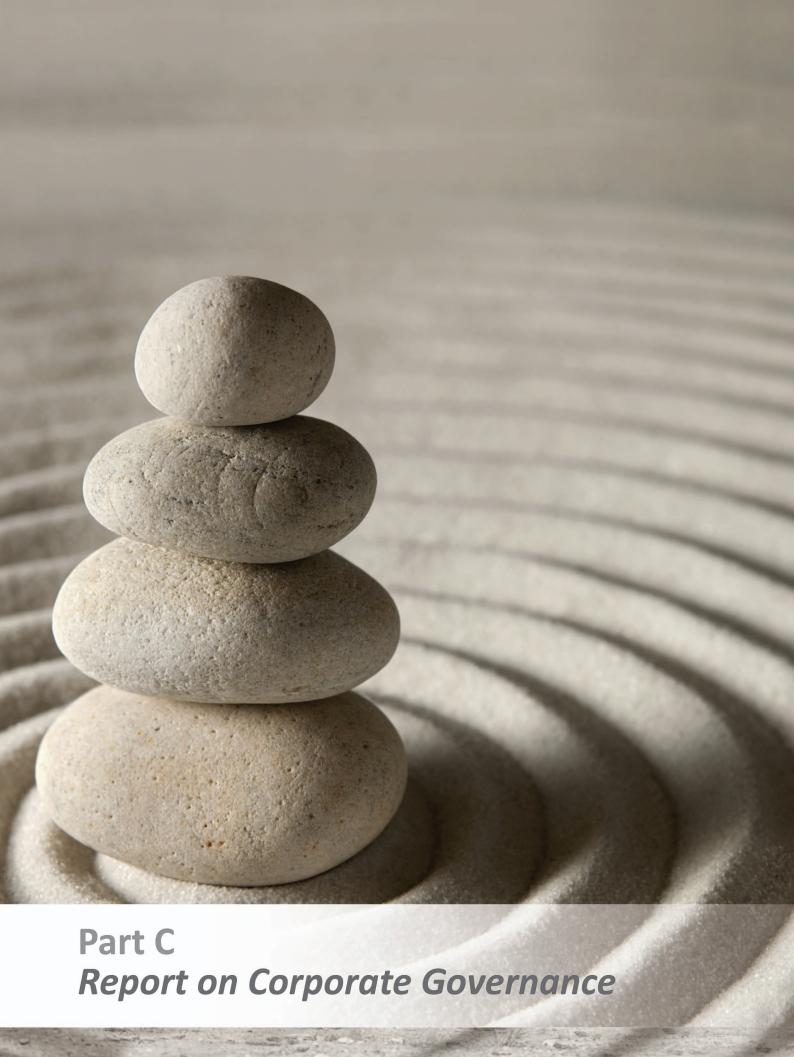




INDICATOR	DESCRIPTION	R VALUE/NUMBER
Number of instances where	Recommendations were made against	8
potential disciplinary matters	officials for acts or omissions which amount to	
were brought to the attention of	misconduct.	
the relevant State Institution		
Actual savings	Recommendations were made that the IFMS	R130 million
	tender be stopped as fraud was identified.	

c) Proclamation Status

The final report is being prepared and will be submitted in the next financial year.





This section covers the fraud prevention plans and the progress made in implementing the fraud prevention plan. The anti-corruption plan is divided into four parts: prevention, detection, investigation and resolution. The Internal Integrity Unit (IIU) is involved in all four areas.

Prevention

Pre-employment screening is done on any prospective candidate before joining the SIU. Re-screenings are done periodically. Members who come into contact with sensitive documentation or information undergo the vetting process currently performed by the State Security Agency (SSA). In this way possible fraud and corruption is prevented.

Regarding conflicts of interest, the IIU has a system whereby members need to declare their assets on an annual basis. If they receive external remuneration, they have to apply for permission which is approved or declined by the Head of the Unit. No SIU member may accept any gift from a service provider. Other gifts have to be declared in the gift registers that are present in all the regions and signed off by the member's manager or the regional head.

Detection

Instances of possible fraud and corruption have been detected through re-screenings, which resulted in investigations. In many cases members report to the IIU when they become aware of colleagues who are involved in adverse activities.

Investigation

The IIU has the capacity to conduct internal investigations upon receiving a mandate from the Head of the Unit.

Resolution

The IIU's complaint affidavit initialises the disciplinary process. The internal integrity officer who investigates a matter will testify in the disciplinary hearing. IIU members also serve other members with suspension letters and in recovering unit property such as laptops etc. If the matter is of a criminal nature (such as fraud), the IIU will report it to the SAPS on instruction of from the Head of the Unit.

Mechanisms are in place to report on fraud and corruption. In cases of whistle blowing, officials make confidential disclosure about suspected fraud and corruption. An internal fraud hotline has been approved by the Head of the Unit and will be implemented soon. Members can report wrong doing to any IIU member who will report the matter to the Head of the IIU. In many cases, reports have been made anonymously, through e-mails, telephone calls and notes.

All serious disciplinary matters involving fraud, corruption, theft etc. is reported to the Anti-Corruption Working Group (ACWG) of the JCPS

on a monthly basis. A disciplinary investigation takes place and the disciplinary committee then decides whether to proceed with disciplinary action or not. Criminal matters are reported to the SAPS on instruction from the Head of the Unit.

3.2. Minimising Conflict of Interest

SIU members have to declare their assets on an annual basis. This includes directorships, companies, outside remuneration, property etc. The IIU verifies whether all companies and directorships have been declared using WinDeed reports supplied by the Companies and Intellectual Property Commission (CIPC) and will follow up if discrepancies are discovered. Before a member can start earning outside remuneration, he or she needs to request permission, which is granted by the Head of the Unit. The Head of the IIU will make recommendations and point out if the is any actual or potential conflict of interest or risk involved. An instruction regarding the receiving of gifts supplements the SIU Gift Policy and clearly states that no gifts may be accepted from service providers. Other gifts need to be declared in the gift register and signed off by the member's manager or the Regional Head. If a conflict of interest is identified, the member will be questioned on the matter. Depending on the nature and seriousness of the matter, the member may need to undergo a disciplinary process.

3.3. Code of Conduct

Our values are the key principles that guide our conduct and relationships. They define the type of institution that the SIU aspires to be and must be visible in the way we conduct ourselves, how we engage with each other and other agencies and how we deliver value. Our values create the moral and ethical compass that guides us as we pursue our mandate with integrity and honesty. The SIU currently has a signed code of conduct. However, a new code has been drafted to align the SIU to best practices in the changing world.

When there is a contravention of the code of conduct, members can report wrong doing to any IIU member who will report the matter to the Head of the IIU. The Head of the Unit will then sign a mandate to investigate. Members can report wrong doing to their line manager who will deal with the matter and/or report it to the Human Resources (HR) department. The matter is assigned to an investigator who must conduct an investigation. A report on the contravention of the code of conduct is sent to the Head of the IIU who will assess the matter and make recommendations to the Head of the Unit. The matter will then be referred to the Disciplinary Committee (DC) to deal with according to the prescripts of the internal disciplinary policy. All serious disciplinary matters involving fraud, corruption, theft etc. are reported to the ACWG of the JCPS on a monthly basis.

3.4. Health, Safety and Environmental Issues

During the year under review, all Occupational Health and Safety Representatives in the SIU offices received a refresher course. The course included the newly appointed representatives. All office representatives have begun with their duties. First aid and firefighting training was provided for members in the respective offices. All SIU offices have also been provided with first aid boxes.

There have been nine incidents reported during the year under review as detailed in Table 3.1 below. The incidents are reported to and registered with the Department of Labour and necessary investigations have been conducted by the Occupational Health and Safety Representatives to ensure that the causes of the problems were identified and eliminated where possible.

Table 3.1: Number Of Reported Injuries On Duty According To Demographic Group

GENDER	NO. OF INJURIES REPORTED
MALE	5
FEMALE	4
TOTAL	9

RACIAL GROUP	NO. OF INJURIES REPORTED
AFRICAN	1
COLOURED	4
INDIAN	1
WHITE	3
TOTAL	9

3.5. Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2015.

Audit Committee members and attendance

The Audit Committee consists of the members listed hereunder. During the current year, four meetings were held.

Table 3.2: Audit Committee Members And Meeting Attendance

NAME OF MEMBER	NO. OF MEETINGS ATTENDED
Prof H de Jager – Chairperson	4
Mr M Maliehe	4
Mr H Hlomane	4
Mr M Ntumba	3

The Auditor-General of South Africa (AGSA) and representatives of the firms to whom the internal function was co-sourced were invited and attended all the meetings. The Head of the SIU and other senior staff members were also invited and attended the meetings.

Audit Committee responsibility

The Audit Committee reports that it has complied with the responsibilities arising from section 77 of the PFMA and section 27.1.1-13 of the Treasury Regulations. The Audit Committee also reports that it has adopted appropriate formal terms of reference, which are contained in its Audit Committee Charter, has regulated its affairs in compliance with this Charter and discharged all its responsibilities as contained therein.



The effectiveness of internal control

The SIU's systems of internal control are designed to provide assurances that, inter alia, assets are safeguarded and liabilities and working capital are managed effectively and efficiently. From the various reports submitted by the internal auditors and the AGSA, the Committee concluded that there are weaknesses in several of the components of the SIU. Where shortcomings were identified, management is in the process of attending to them. Urgent follow-up by the internal auditors is needed.

Internal Audit

During the review period the internal auditors continued to provide the Audit Committee and management with independent information and assurances of the effectiveness of the internal controls for those areas examined in terms of the Internal Audit Plan based on the risk assessment. The internal audit function was co-sourced during the year.

Financial statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements and the Annual Performance Report included in this Annual Report with management and the AGSA;
- Taken note of the changes to the annual financial statements after having been submitted to the AGSA; and
- Reviewed and discussed the AGSA management report and responses of management thereto.

Management reports

The Audit Committee is satisfied with the content and quality of the management reports prepared and issued by the SIU for the period under review.

Risk management

There are certain shortcomings in the risk management strategy of the SIU, management has been made aware of them and is currently attending to these shortcomings.

Report of the AGSA

The Audit Committee concurs and accepts the unqualified opinion of the AGSA on the annual financial statements of the SIU for the year ended 31 March 2015.

The Audit Committee urged management to give attention to the different matters raised by the AGSA in its management letter and audit report and to ensure the appropriate corrective actions are taken to prevent recurrence in the future.

Auditor General of South Africa

The Audit Committee has met with the AGSA to ensure that there are no unresolved issues as at 31 March 2015.

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Chairperson of the Audit Committee

Prof. H de Jager 31 July 2015



Part D Human Resource Management

4.1 Introduction

Employees remain our most vital and valuable asset. It is through their dedication that the SIU's successes have been sustained throughout the years. During the year under review, we introduced some changes to operational processes and procedures. In response to these changes, our HR department had to refocus its processes to be able to attract, develop and retain high-calibre employees. The alignment of the workforce plan and identification of training needs for the changing business requirements were some of the critical projects undertaken during the year.

4.2 Key achievements

The following were some of the key HR achievements:

The appointment of the Head of Internal Integrity, Head of HR and the CFO. For the first time in five years these positions are occupied by permanent employees.

- A workforce plan identifying the needs of a changing operational environment was developed and aligned to the business needs.
- A project to automate the recruitment and selection process was undertaken to ensure efficiency and transparency in the process. This project will be completed at the end of 2015.
- A comprehensive skills audit of all employees was undertaken. The audit identified critical skills required for the organisation and a comprehensive training plan has been developed in line with changing business requirements.
- A total of 93 bursaries were offered to employees at various levels of study in the fields of forensic accounting, criminal justice, forensic investigations and anti-corruption, among others.
- Metropolitan was appointed as the new service provider of the Employee Wellness Programme.
 The service offering has been launched and was very well received by SIU staff.
- Several wellness days and events were held during the period dealing with men's health and stress and employees were encouraged to donate blood during critical periods of need.
- In order to provide employees with a wider variety of benefits, the Government Employee Pension Fund (GEPF) was implemented as an alternative to the SIU Provident Fund.
- An automated leave management system has been implemented, which enables employees to apply for leave electronically.

4.3 Human Resources Oversight Statistics

4.3.1 Personnel cost by programme

Table 4.1: Personnel costs by programme

CATEGORY	PERSONNEL EXPENDITURE (R'000)	AVERAGE EMPLOYEE COUNT FOR THE PERIOD	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Business Management	13 352	24	556
Business Operations	230 361	455	506
Business Support	31 000	104	298
TOTAL	274 713	583	471

Note: Personnel expenditure in the audited annual financial statements amounts to R275 739 137 while the HR Report amount is R274 713 379. The difference of R1 025 758 is made up of training costs and accrual for leave pay, which are not processed through the payroll.

4.3.2 Personnel cost by salary band

Table 4.2: Below details personnel costs in terms of salary band

OCCUPATIONAL LEVELS	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST (R'000)	AVERAGE EMPLOYEE COUNT FOR THE PERIOD	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	1 852	0.67	1	1 852
Senior Management	31 091	11.32	26	1 195
Professional qualified	139 057	50.61	201	691
Skilled	77 467	28.2	202	383
Semi-skilled	24 013	8.75	141	170
Unskilled	1 232	0.45	12	102
TOTAL	274 713	100	583	471



4.3.3 Performance rewards

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Table 4.3 : Personnel performance rewards

OCCUPATIONAL LEVELS	PERFORMANCE REWARDS (R'000)	PERSONNEL EXPENDITURE (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	1 852	0
Senior Management	2 618	31 091	0.96
Professional qualified	6 790	139 057	2.48
Skilled	975	77 467	0.36
Semi-skilled	777	24 013	0.29
Unskilled	50	1 232	0.02
TOTAL	11 213	274 713	4.11

4.3.4 Training costs

Table 4.4: Employee training costs

CATEGORY	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST.	NO. OF EMPLOYEES TRAINED	AVG TRAINING COST PER EMPLOYEE (R'000)
Business Management	13 352	34	0.3	7	5
Business Operations	230 361	578	0.2	264	2
Business Support	31 000	111	0.4	37	3
TOTAL	274 713	723	0.2	308	2

4.3.5 Employment and vacancies

Table 4.5: Employment and vacancies according to occupational level

CATEGORY	2013/14 NO. OF EMPLOYEES	2014/15 APPROVED POSTS	NO. OF EMPLOYEES MARCH 2015	2014/15 VACANCIES	2014/15 % OF VACANCIES
Operations	463	450	430	20	4%
Support	99	130	116	14	10%
TOTAL	562	580	546	34	5%

Table 4.6: Employment and vacancies according to skills level

OCCUPATIONAL LEVELS	2013/14 NO. OF EMPLOYEES	2014/15 APPROVED POSTS	NO. OF EMPLOYEES MARCH 2015	2014/15 VACANCIES	2014/15 % OF VACANCIES
Top Management	1	1	0	1	100%
Executive/Senior Management	24	28	26	2	7%
Professional qualified	195	194	179	15	8%
Skilled	207	206	199	7	3%
Semi-skilled	140	139	132	7	5%
Unskilled	12	12	12	0	0
TOTAL	562	580	546	34	5%

4.3.6 Employment changes

Table 4.7: Employment appointments and terminations

OCCUPATIONAL LEVELS	APPOINTMENTS 2014/15	TERMINATIONS 2014/15
Top Management	0	1
Executive/Senior Management	5	5
Professional qualified	14	15
Skilled	1	9
Semi-skilled	1	7
Unskilled	0	0
TOTAL	21	37

Note: Senior Management Appointments: CFO, Head: IIU, Senior Forensic Lawyer (2), Head: HR

Terminations: Head of Unit, CFO, Programme Manager (2) and Senior Forensic Lawyer (2)

4.3.7. Reasons for staff leaving

Table 4.8: Reasons for staff attrition

CATEGORIES	NUMBER	PERCENTAGE OF TOTAL NO. OF STAFF LEAVING
Death	2	5%
Resignation	23	62%
Dismissal	0	0%
Retirement	0	0%
III health	0	0%
Expiry of contract	12	33%
Other	0	0%
TOTAL	37	100%

4.3.8 Labour relations: Misconduct and disciplinary action

Table 4.9: Disciplinary action data

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	0
Written Warning	3
Final Written Warning	2
Dismissal	0
TOTAL	5

4.3.9 Equity target and employment equity status

Table 4.10: Employment equity targets and status for male employees

OCCUPATIONAL LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	1	0	1
Senior Management	4	3	2	2	3	3	9	9
Professional qualified	47	50	14	15	17	19	46	44
Skilled	84	90	8	7	11	12	5	5
Semi-skilled	28	29	0	0	0	1	3	4
Unskilled	0	0	0	0	0	0	0	0
TOTAL	163	173	24	24	31	36	63	63

Table 4.11: Employment equity targets and status for female employees

OCCUPATIONAL LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	0	0	0
Senior Management	4	3	0	1	2	2	2	2
Professional qualified	20	28	1	1	4	5	31	32
Skilled	38	42	5	6	14	15	29	29
Semi-skilled	81	83	5	5	7	7	10	10
Unskilled	12	12	0	0	0	0	0	0
TOTAL	155	169	11	13	27	29	72	73

Table 4.12: SIU employees with disabilities

	DISABLED STAFF						
OCCUPATIONAL LEVELS	MA	ALE	FEMALE				
	Current	Target	Current	Target			
Top Management	0	0	0	0			
Senior Management	0	0	0	0			
Professional qualified	0	0	0	1			
Skilled	0	0	0	0			
Semi-skilled	0	0	0	2			
Unskilled	0	0	0	0			
TOTAL	0	0	0	3			



Part E
Financial Information

5.1 Statement of Responsibility for the Financial Statements

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by the Auditor-General. The annual financial statements are complete, accurate and free from any omissions. The financial statements were prepared in accordance with the Annual Report Guide as issued by National Treasury. The annual financial statements were prepared in accordance with the Standards of GRAP applicable to the SIU.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgments made in this information. The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors were engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual financial statements fairly reflect the financial affairs of the entity for the financial year ended 31 March 2015.

Chief Financial Officer

Ntombi Mothibeli CA (SA)

Acting Head of Special Investigating Unit

Adv Gerhard Visagie

5.2 Report of the Auditor-General

Report on the financial statements

Introduction

I have audited the financial statements of the Special Investigating Unit set out on pages 71 to 110, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of budget comparison for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Special Investigating Unit as at





Emphasis of matter

I draw attention to the matter below. My opinion is not modified in respect of this matter. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of an error discovered during the period under review in the financial statements of the Special Investigating Unit at, and for the year ended, 31 March 2014.

Report on other legal and regulatory requirements

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004), and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the Annual Performance Report, non-compliance with legislation and internal control. The objective of my tests is to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined Objectives

I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the Annual Performance Report of the entity for the year ended 31 March 2015:

- Objective 1: Quality forensic investigations and civil litigation on pages 24 to 25
- Objective 2: Strategic partner relations developed and maintained on pages 25 to 26

evaluated the reported performance information against the overall criteria of usefulness and reliability. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPI). I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- Objective 1: Quality forensic investigations and civil litigation
- Objective 2: Strategic partner relations developed and maintained

Additional matters

Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Achievement of planned targets

Refer to the Annual Performance Report on page 24 to 26 for information on the achievement of the planned targets for the year.

Compliance with legislation

I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the Public Audit Act, are as follows.

Annual financial statements

The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA.

Material misstatements in the statement of budget comparison, current liabilities and non-current assets identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulation 16A6.1. In some instances, deviations were approved by the accounting authority, even though it was not impractical to invite competitive bids, in contravention of Treasury Regulation 16A6.4.

Internal control

I considered internal control relevant to my audit of the financial statements, Annual Performance Report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Leadership

Leadership did not adequately exercise oversight responsibility with regards to some aspects of financial reporting and compliance and related internal controls.





Management did not adequately implement effective controls to ensure accurate and complete financial statements.

Auditor-General

Pretoria

31 July 2015



Auditing to build public confidence

5.3 Annual Financial Statements

SPECIAL INVESTIGATING UNIT

Established in terms of Act 74/1996 (Proclamation 118/2001)

Statement of Financial Position

For the year ended 31 March 2015

		2015	Restated 2014
	Notes	R	R
Assets			
Current assets		351 791 394	297 965 153
Cash and cash equivalents	10	121 307 051	75 296 784
Bank balances – recoveries	5	21 345 189	22 383 162
Prepayments	9	1 989 936	2 589 050
Trade and other receivables from exchange transactions	7	204 397 206	196 835 019
Trade and other receivables from non-exchange transactions	8	626 048	776 846
Consumables on hand	6	61 685	84 292
Assets held for sale	4	2 064 279	-
Non-current assets		33 923 471	36 454 744
Property and equipment	2	30 071 479	32 384 865
Intangible assets	3	3 851 992	4 069 879
Total assets		385 714 865	334 419 897
Liabilities			
Current liabilities		52 603 829	73 066 838
Trade and other payables from exchange transactions	11	5 143 611	8 796 262
Trade and other payables from non-exchange transactions	12	143 116	43 823
Provisions	15	21 397 152	21 128 211
Income received in advance	14	4 574 761	20 715 380
Payables – recoveries	13	21 345 189	22 383 162
Total liabilities		52 603 829	73 066 838
Net assets			
Accumulated surplus		333 111 036	261 353 059
Total net assets and liabilities		385 714 865	334 419 897

Statement of Financial Performance

For the year ended 31 March 2015

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•			2015	Restated 2014
•		Notes	R	R
	Revenue			
	Revenue from non-exchange transactions	16	301 949 049	305 646 011
	Government grant		296 813 000	295 859 000
	CARA funds		5 136 049	9 787 011
	Revenue from exchange transactions		232 066 579	220 395 302
	Services rendered	16	226 911 547	216 254 221
	Interest earned – call accounts	19	5 140 791	4 127 396
	Other income	18	14 241	13 685
	Total Revenue		534 015 628	526 041 313
	Expenses			
	Employees costs	17	(275 747 637)	(259 127 369)
	Travel and accommodation		(8 649 183)	(15 580 804)
	Depreciation	2	(6 493 944)	(8 481 427)
	Amortisation costs	3	(195 439)	(195 617)
	Impairment loss	4	(255 588)	-
	Other operating expenses	20	(64 404 118)	(66 991 139)
	Debt impairment	7	(106 511 742)	(31 799 032)
	Total expenses		(462 257 651)	(382 175 388)
	Surplus for the year		71 757 977	143 865 925

Statement of Changes in Net Assets

For the year ended 31 March 2015

		Accumulated Surplus	Total
	Notes	R	R
Balance at 31 March 2013		117 487 133	117 487 133
Surplus for the year as previously reported		121 851 078	121 851 078
Correction of prior period error	33	22 014 847	22 014 847
Total changes		143 865 925	143 865 925
Balance at 31 March 2014 restated		261 353 059	261 353 059
Surplus for the year		71 757 977	71 757 977
Balance at 31 March 2015		333 111 036	333 111 036

Statement of Cash flows

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For the year ended 31 March 2015

		2015	Restated 2014
	Notes	R	R
Cash flows from operating activities			
Receipts			
Grants Received		296 813 000	295 859 000
Cash received from services rendered		118 723 579	58 365 559
Other receipts		14 241	13 685
Interest income		5 140 791	4 127 396
		420 691 611	358 365 640
Payments			
Compensation of employees		(275 747 637)	(259 127 370)
Cash paid for goods and services		(85 947 439)	(101 579 881)
		(361 695 076)	(360 707 251)
Cash generated/(utilised) from operations	25	58 996 535	(2 341 611)
Cash flows from investing activities			
Purchase of assets	2	(12 986 268)	(3 541 189)
Proceeds from sale of assets		-	11 958
Cash movement on recoveries	13	(1 037 973)	542 701
Net cash outflows from investing activities		(14 024 241)	(2 986 530)
Cash flows from financing activities			
Movement in payables on recoveries		1 037 973	(542 701)
Net increase/(decrease) in cash and cash equivalents		46 010 267	(5 870 842)
Cash and cash equivalents at the beginning of the year		75 296 784	81 167 626
Cash and cash equivalents at the end of the year	10	121 307 051	75 296 784

Statement of Budget Comparison

For the year ended 31 March 2015

	Actual Total	Approved Budget	Adjustments	Final Budget	Difference: Final Budget and Actual
	R	R	R	R	R
Income	534 015 628	510 269 000	(97 615 546)	412 653 454	121 362 174
Government grant	296 813 000	296 813 000	-	296 813 000	-
CARA funds	5 136 049	-	-	-	5 136 049
Projects income	226 911 547	209 642 004	(97 942 004)	111 700 000	115 211 547
Interest earned	5 140 791	3 813 996	326 458	4 140 454	1 000 337
Other Income	14 241	-	-	-	14 241
Expenses	(462 257 651)	(510 269 000)	(97 615 546)	(412 653 454)	(49 604 197)
Direct cost: Salaries	(275 747 637)	(298 594 248)	(38 494 248)	(260 100 000)	(15 647 637)
Direct cost: Consultants	(553 379)	(8 094 374)	(7 400 001)	(694 373)	140 994
Direct cost: Travel and accommodation	(8 649 183)	(12 723 567)	(2 529 017)	(10 194 550)	1 545 367
Direct operational costs	(3 308 471)	(8 895 508)	(5 310 000)	(3 585 508)	277 037
Project administration cost	(12 479 860)	(23 541 584)	(10 516 000)	(13 025 584)	545 724
Administration costs	(154 829 738)	(145 017 303)	(27 565 900)	(117 451 403)	(37 378 335)
Depreciation	(6 689 383)	(13 402 416)	(5 800 380)	(7 602 036)	912 653
Surplus for the year	71 757 977	-	-	-	71 757 977
Assets	12 994 690	18 500 000	(1 500 000)	17 000 000	4 005 310

Refer to note 37 for detailed commentary on the difference between the final budget and actual total





Accounting policies

For the year ended 31 March 2015

The annual financial statements are prepared in accordance with the South African Standards of GRAP as issued by the Accounting Standards Board in accordance with Section 91(1) of the PFMA.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

A summary of the significant accounting policies, which are consistently applied, are disclosed below.

Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

Going concern

These annual financial statements were prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

Comparative information

When the presentation or classification of

items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

Standards, amendments to standards and interpretations issued but not yet effective

The following Standards of GRAP and/or amendments thereto have been issued by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5.

GRAP 18 Segment reporting

The standard requires the identification and aggregation of the operating segments of the entity into reportable segments. For each of the reportable segments identified details of the financial performance and financial position will be disclosed. The precise impact of this on the financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not have an effective date yet.

GRAP 5 Borrowing costs

The accounting standard is still being assessed but it is expected that this will not have any impact on the entity since it currently does not have any borrowing costs.

GRAP 100 (revised) Discontinued Operations

The precise impact of this on the financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not have an effective date yet.

GRAP 32 Service concession agreements grator

The precise impact of this on the financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not

have an effective date yet.

GRAP 108 Statutory receivables

The precise impact of this on the financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not have an effective date yet.

GRAP 17 Service concession arrangements: where grantor controls a significant residual interest in an asset

The precise impact of this on the financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not have an effective date yet.

GRAP 16 Intangible assets – website costs

The precise impact of this on the financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not have an effective date yet.

Significant judgments and estimates

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgments, estimates and assumptions affect the amounts presented in the annual financial statements.



Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Depreciation and amortisation

Depreciation and amortisation recognised on property and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, and expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment

on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgments.

Property and equipment

Initial recognition and measurement

Property and equipment are tangible noncurrent assets that are expected to be used during more than one year.

Items of property and equipment are recognised as assets when it is probable that future economic benefits will flow to the entity and the cost of the item can be measured reliably. Items of property and equipment are initially recognised as assets on the acquisition date and recorded at cost where acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non-exchange transactions, those items are initially measured at their fair value as at the date of acquisition.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised.

Property and equipment with a cost value of less than R5 000 are not capitalised, but expensed

immediately.

Subsequent measurement

Subsequent to initial recognition, items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets' residual value, where applicable.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

The annual depreciation rates are based on the following estimated asset useful lives.

ITEM	AVERAGE USEFUL LIFE
Leasehold improvements	Over the lifespan of the lease
Office equipment	15 years
Furniture	20 years
Motor vehicles	8 years
Computer hardware	10 years

Impairments

The entity tests for impairment where there is

an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

Items of property and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.



Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Where an intangible asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.

The cost of an intangible asset is amortised over

the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually.

Amortisation and impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

The annual amortisation rates are based on the following estimated average asset lives:

ITEM	USEFUL LIFE
Computer Software	25 years

Impairments

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial

Performance.

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial measurement

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

Financial instruments at fair value

- Derivatives.
- Compound instruments that are designated at fair value i.e. an instrument that includes a derivative and a non-derivative host contract.
- Instruments held for trading.
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value





at initial recognition and

 An investment in a residual interest for which fair value can be measured reliably.

Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial instruments at amortised cost

Non-derivative financial assets or nonderivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition or are held for trading.

Financial instruments at cost

Investments in residual interests, which do not have quoted market prices and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Derecognition

A financial asset is derecognised at trade date, when:

The cash flows from the asset expire, are settled or waived;

- a) Significant risks and rewards are transferred to another party; or
- b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

Offsetting

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Policies relating to specific financial instruments

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and

other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

Income received in advance

Initially measured at cost and subsequently measured at cost if the fair value cannot be reliably determined.

Non-current assets held for sale

Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management



must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

Derecognition

Non-current assets and disposal groups held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains/losses that result from the derecognition of non-current assets or disposal groups held for sale are recognised in surplus/deficit in the period of the derecognition.

Leases as lessee

Recognition

Leases are classified as finance leases where

substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

Measurement

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and/or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

Derecognition

The operating lease liability is derecognised

when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

Consumables on hand

Consumables on hand are initially measured at cost except where consumables are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently consumables on hand are measured at cost until they are consumed.

Current replacement cost is the cost the entity

incurs to acquire the asset on the reporting date.

Employee benefits

Short-term employee benefits

Short-term employee benefits encompass all those benefits that become payable in the short-term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, paid vacation leave, sick leave and bonuses.

Short-term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their

undiscounted costs in the period the employee renders the related service or the specific event occurs.

Post-employment benefits

The entity provides post-employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

Provisions and contingencies

Provisions are recognised when:

the entity has a present obligation as a





result of a past event;

- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

 The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

Interest earned is recognised as income using the effective interest rate method.

Accounting for non-exchange transactions and disclosure of financial assistance

Government grants are recognised when it is probable that the future economic benefits will flow to the organisation and when the amount of the grant can be reliable measured.

Government grant is recognised as revenue to an extent that there's no further obligation arising from the receipt of the transfer payment. A liability is recognised to an extent that the grant is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Non-exchange transactions are recognised when there is reasonable assurance that:

- the entity will comply with the conditions attaching to them; and
- the grants will be received.

Non-exchange transactions are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A non-exchange transactions that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Related parties

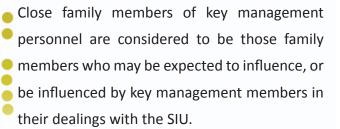
The entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the entity and any one or more related parties, and those transactions were not within:

- normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- terms and conditions within the normal operating parameters established by the reporting entity's legal mandate;

The SIU operates in South Africa together with other entities directly or indirectly owned by the South African government. As a result of the broad scope of the SIU's activities, any of the afore-mentioned entities are considered to be potential related parties. Senior (key) management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals from the level of executive management up to the Head of the Unit are regarded as key management per the definition of the relevant GRAP Standard.



Other related party transactions are also disclosed in terms of the requirements of the standard.

Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Irregular and fruitless and wasteful expenditure

Irregular expenditure

Irregular expenditure is expenditure that is contrary to the PFMA or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered,

it is subsequently accounted for as revenue in the Statement of Financial Performance.

Recovery of irregular, fruitless and wasteful expenditure

The recovery of irregular and fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of irregular and fruitless and wasteful expenditure is treated as other income.

Post-reporting date events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (nonadjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event has occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a

statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Finance cost

Finance cost comprises interest expense on finance leases and impairment of financial liabilities, carried at amortised cost, using the effective interest rate.

Budget Comparison Basis for preparation

The Special Investigating Unit prepares its annual budget on an accrual basis in terms of the PFMA and the National Treasury's Medium Term Expenditure Framework guidelines issued annually. The Statement of Financial Performance is also prepared on an accrual basis.

Recoveries

Recoveries are collections done on behalf of Departments and paid over on regular intervals. The money is collected into a bank account and remains in the bank account until paid out to the relevant Department.

Surplus or deficit

Gains and losses

Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement

of Financial Performance.

Income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in net assets is specifically allowed or required by a Standard of GRAP.





2. Property and Equipment

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2015	Cost/ Valuation R	Accumulated amortisation and accumulated impairment R	Carrying value R
Furniture and fixtures	1 671 232	(652 545)	1 018 687
Motor vehicles	8 464 212	(363 038)	8 101 174
Office equipment	6 238 180	(3 015 215)	3 222 965
IT equipment	30 205 551	(13 053 929)	17 151 623
Leasehold improvements	6 122 503	(5 545 473)	577 030
Total	52 701 679	(22 630 200)	30 071 479

2014			
Furniture and fixtures	8 621 461	(2 567 180)	6 054 281
Motor vehicles	8 606 925	(4 936 412)	3 670 513
Office equipment	8 206 720	(3 114 662)	5 092 058
IT equipment	26 766 870	(10 556 068)	16 210 802
Leasehold improvements	6 192 603	(4 835 392)	1 357 211
Total	58 394 580	(26 009 715)	32 384 865

Reconciliation of Property and Equipment - 2015

	Opening balance	Addition	Disposal/ Written-off	Assets held for sale	Depreciation	Total
	R	R	R	R	R	R
Furniture and fixtures	6 054 281	134 791	(4 609 627)	-	(560 758)	1 018 687
Motor vehicles	3 670 513	8 464 212	-	(2 319 867)	(1 713 685)	8 101 174
Office equipment	5 092 058	185 114	(1 508 643)	-	(545 564)	3 222 964
IT equipment	16 210 802	4 202 151	(363 073)	-	(2 898 258)	17 151 623
Leasehold improvement	1 357 211	-	(4 502)	-	(775 679)	577 030
Total	32 384 865	12 986 268	(6 485 844)	(2 319 867)	(6 493 944)	30 071 479

2. Property and Equipment (cont.)

Reconciliation of Property and Equipment - 2014

	Opening balance	Additions	Disposal/ Written-off	Depreciation	Total
	R	R	R	R	R
Furniture and fixtures	6 491 806	860 257	(372 843)	(924 939)	6 054 281
Motor vehicles	4 409 635	-	(6)	(739 116)	3 670 513
Office equipment	5 641 081	1 037 368	(33 442)	(1 552 949)	5 092 058
IT equipment	18 887 488	863 742	(59 612)	(3 480 816)	16 210 802
Leasehold improvements	2 361 185	779 822	(189)	(1 783 607)	1 357 211
Books and law reports	37	-	(37)	-	
Total	37 791 232	3 541 189	(466 129)	(8 481 427)	32 384 865

3. Intangible Assets

	Cost/ Valuation	Accumulated amortisation and Accumulated impairment	Carrying value
	R	R	R
2015			
Computer software	4 857 419	(1 005 427)	3 851 992
2014			
Computer software	4 890 460	(820 581)	4 069 879

Reconciliation of Intangible Assets

	Opening balance	Additions	Disposal/ Written-off	Amortisation	Total
	R	R	R	R	R
2015					
Computer software	4 069 879	-	(22 448)	(195 439)	3 851 992
2014					
Computer software	4 265 495	-	-	(195 616)	4 069 879

4. Assets held for sale

The management of SIU has committed to a plan to sell an old vehicle fleet because the fleet is no longer performing at the level required by the SIU. An active programme to locate a buyer has been put in place as the entity has started with the SCM process to procure the services of an auctioneer who will auction the vehicles for SIU. The disposal of the entire vehicles fleet through auction is expected to be completed by end of the second quarter in the upcoming financial year. The carrying amount of the assets held for sale has been assessed is lower than the fair value less cost to sell the vehicle fleet through auction, therefore there is no loss on reclassification.

	2015 R	2014 R
Opening balance	-	-
Reclassification from non-current assets (property and equipment)	2 319 867	-
Less: Impairment loss	(255 588)	-
Closing balance	2 064 279	-

5. Trust account bank balances - recoveries

Bank balances	21 345 189	22 383 162
Payables - Recoveries	21 320 988	22 359 360
Accrued interest payable to National Treasury	24 201	23 802
Total payable	21 345 189	22 383 162

The recoveries amount is collected on behalf of Departments and is identified either through signed acknowledgement of debts (AODs) or court orders issued by the Special Tribunal. Amounts are collected in trust accounts and remain in the trust account until paid over to the relevant department at least once a year. The cash amounts are held in trust accounts and are not available for use by the Unit.

6. Consumables on hand

	2015 R	2014 R
Opening balance	84 291	145 780
Purchases during the year	1 985 507	2 225 268
Used/expensed during the year	(2 008 113)	(2 455 340)
Closing balance	61 685	84 292

Statonery comprises stock on hand at various regions.

7. Trade and other receivables from exchange transactions

	2015	2014
	R	R
Total D	ebtors 374 963 777	260 889 847

Less Provision for impairment losses

The Unit's trade receivables are stated after provision for impairment losses based on management's assessment of their recoverability. An analysis of the allowance follows.

Charged to Statement of Financial Performance Balance at the end of the year	106 511 743 170 566 571	31 799 032 64 054 828
Net Trade debtors	204 397 206	196 835 019

8. Trade and other receivables from non-exchange transactions

Other receivables*	12 393	12 393
Other receivables*	12 393	12 393

The carrying amounts of trade and other receivables approximate their fair value.

9. Prepayments

6		
Prepaid expenses	1 989 936	2 589 050
·	_ 555 555	_ 000 000

Prepaid expenses consist mainly of payments related to annual software licence renewals to the amount of R1.3 million.

10. Cash and cash equivalents

Current account	121 307 051	75 296 784
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^{*}The other receivable amount is owed by a service provider who had incorrectly charged SIU VAT while he is not VAT registered. This amount represents the VAT portion that he was not entitled to. The amount has been fully provided for as doubtful debt amount.

Cash and cash equivalents comprise bank deposits that are available on demand. Included in the cash balances of R121.3 million at 31 March 2015 are amounts earmarked for the funding of expenditure for the Anti-Corruption Task Team (ACTT) amounting to R4.6 million

11. Trade and other payables from exchange transactions

	2015 R	2014 R
Trade payables	3 632 839	6 717 784
Accrued Expense: Operating Lease	1 277 109	1 868 293
Employee costs - deductions	233 663	210 185
Total	5 143 611	8 796 262

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The leave pay accrual is the employees' entitlement to annual leave, recognised when it accrues to employees. A provision is made for the estimated liability for annual leave due as a result of services rendered by employees up to the date of the Statement of Financial Position. Employees cost deductions comprise statutory salary deductions to be paid over to the relevant authorities. The accrued expense relating to operating leases comprise the aggregate of all operating leases amortised on a straight line basis over the periods of the individual leases.

12. Trade and other payables from non-exchange transactions

2014	2015
R	R
Other 143 116	43 823

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The amount comprises money that needs to be paid for compassionate related expenses and the fleet management card.

13. Payables - Recoveries

2015 R	2014 R
Payables - recoveries 21 345 189	22 383 162

For further details see Note 5 on money collected on behalf of Departments that still needs to be paid over.

14. Income received in advance

	2015 R	2014 R
Opening balance	20 715 380	21 502 391
Received from Criminal Assets Recovery Account Funds	-	9 000 000
Recognised as Revenue during the year	(5 136 049)	(9 787 011)
Paid back to Department of Justice (CARA Funds)	(11 004 570)	-
Closing balance	4 574 761	20 715 380

15. Provisions

	Bonuses R	Leave Pay R	Total R
Balance – March 2013	11 855 845	9 421 587	21 277 432
Provision raised for the year	12 105 823	8 140 669	20 246 492
Provision utilised during the year	(11 855 845)	(8 539 868)	(20 395 713)
Balance – March 2014	12 105 823	9 022 388	21 128 211
Provision raised for the year	12 100 000	9 190 763	21 290 763
Provision utilised during the year	(12 105 823)	(8 915 999)	(21 021 822)
Balance – March 2015	12 100 000	9 297 152	21 397 152

16. Revenue

	2015 R	2014 R
Revenue arising from non-exchange transactions	301 949 049	305 646 011
Grant from DoJ&CS	296 813 000	295 859 000
Criminal Asset Recovery Account Fund	5 136 049	9 787 011
Revenue arising from exchange transactions	226 911 547	216 254 221
Cost recovery charged to Government departments	226 911 547	216 254 221
Total	528 860 596	521 900 232



	2015 R	2014 R
Salaries and wages	251 154 380	234 964 016
Provident and funeral fund contributions	21 264 076	20 229 632
Medical aid contributions	200 520	176 838
Training	723 190	1 072 389
Relocation cost	145 538	655 492
Unemployment Insurance Fund (UIF), COID and RSC levies	1 957 365	1 921 229
Accrual for leave pay	302 568	107 773
Total	275 747 637	259 127 369

18. Other operating income from exchange transactions

Total	14 241	13 685
Department of Labour: COID refunds	_	1 292
Sundry income	6 141	12 393
TFI Contract Recoveries	8 100	-

19. Finance income

20. Other operating expenses

	2015 R	2014 R
Internal audit fees	977 271	1 102 803
External auditors fees	2 540 747	2 282 780
Bank charges	255 526	340 951
Conferences and seminars	-	603 805
Consulting and professional fees*	553 380	5 097 831
Consumables	26 523	75 394
Courier services	309 136	375 896
Data scanning, traces and deed searches	173 529	318 934
Donations	-	108 300
Staff and meetings refreshments	11 749	321 077
Equipment-consignment amounts	1 451 991	1 512 408
Insurance	661 067	761 734
Internal Integrity screening expenses	474 334	956 227
Legal fees**	1 612 732	490 179
Late payment charge	64 836	18 546
Scrapping loss***	6 508 293	454 169
Magazines, books and periodicals	133 746	362 139
Media and promotions	527 325	643 068
Fleet management expenses	1 581 911	2 590 438
Office expenses	6 341 204	6 296 707
Other expenses	-	66 819
Printing, fax and posting expenses	6 917 635	7 184 928
Relocation and recruitment cost	77 576	75 463
Rent paid	22 331 600	21 811 962
Repairs and maintenance	48 483	184 362
Security	449 941	414 296
Software licenses	4 801 107	5 291 780
Specialist Services****	3 009 210	4 283 071
Stationery	2 008 113	2 455 340
Subscriptions and membership fees	345 252	288 459
Transcription Fees	209 901	107 829
Total	64 404 118	66 991 139

- * The reduction in consulting and professional fees was due to terminating the procurement of the
 forensic consultants for the ACTT
 - ** Included in the legal cost expense of R1.6 million above, is R1.2 million relating proclamations and this amount have been recovered from the relevant department being investigated.
 - *** The increase in the scrapping loss was due to the high number of assets with a cost price less than R5 000 that were scrapped during the current year
 - **** Included in Specialist services expense of R3 million above, is R1.5 million relating to proclamations and this amount has been recovered from the relevant department being investigated.

21. Irregular expenditure

	2015 R	2014 R
Details of irregular expenditure are set out below		
Opening balance	59 948 916	45 658 767
Irregular expenditure condoned	590 422	-
Irregular expenditure awaiting condonation	4 909 987	14 290 149
Total	65 449 325	59 948 916
Analysis of expenditure awaiting condonation per age classification		
Current year	4 909 987	14 290 149
Prior year	51 092 458	45 658 767
Total	56 002 445	59 948 916

Details of irregular expenditure - current year

	Condoned by (condoning authority)		
Incident 1: Consultation work was completed without SCM approval.	Not Condoned	-	19 380
Incident 2: Service provider used without proper documentation and following proper SCM procedures.	Not Condoned	2 589 830	7 240 198
Incident 3: Report editing services by Janine Smit occurred without following SCM process.	Not Condoned	-	3 352
Incident 4: Expenditure on temporary employees procured through recruitment agencies without following the SCM processes and procedures.	Not Condoned	-	155 446
Incident 5: Not following proper SCM processes when extending the existing contracts that lapse.	Not Condoned	1 149 987	1 199 543
Incident 6: Purchases not approved by delegated officials.	Not Condoned	-	9 500
Incident 7: Incorrect awarding of points to bidders based on old regulation and SCM policy.	Not Condoned	716 491	941 356
Incident 8: No proper deviations in place for deviating from normal SCM processes.	Not Condoned	-	4 721 374
Incident 9: Service provider offering specialist services on a project continued to work on the project beyond the contracted amount without prior authorisation	Condoned	590 422	-
Incident 10: Service provider offering specialist services on a project continued to work on the project beyond the contracted amount without prior authorisation	Not Condoned	93 336	-
Incident 11: No proper deviations in place for deviating from normal SCM processes for the travel agency services	Not Condoned	360 343	394 124
Total		5 500 409	14 290 149

Incident 1: A fixed price has been negotiated beforehand with places for accommodation. The normal SCM process was not followed to obtain three quotations. These expenses have not been condoned.

Incident 2: Service provider used without proper documentation and following proper SCM procedures regarding costs relating to the booking of flights via a travel agent as well as hiring of cars for travel purposes.

An employee was disciplined for this irregular expenditure and a final warning was issued to this employee.

Incident 3: Report editing services by Janine Smit occurred without following SCM process.

Incident 4: The SIU has utilized the services of temporary employees procured through recruitment agencies for a number of years. Although the annual cost of company of the individual temporary employees has not and does not exceed R500 000 in any instance and despite the short term nature



of the appointments, the aggregate annual expenditure on all temporary employees is the proper (and only) financial criterion on which a decision on whether to embark on a competitive bidding process (tender process) should be based.

Some of these expenses were condoned by the previous Acting Head of SIU (Adv N Mokhatla).

Incident 5: Not following proper SCM processes when extending the existing contracts that lapse. Included in this amount is the rental for the SIU Nelspruit branch.

This irregular expenditure is currently under investigation with the aim of submitting it to National Treasury for condonement.

Incident 6: Purchases not approved by delegated officials. Delegation of authority does not make provision for the relevant employees to sign the documentation.

Incident 7: Incorrect awarding of points to bidders. Incorrect awarding of points, calculation was based on old regulation and SCM policy

Incident 8: No deviations in place for deviating from normal SCM processes. These amounts include amounts for consultants appointed to help with forensic investigations to the value of R4 083 526.

This irregular expenditure is currently under investigation with the aim of submitting it to National Treasury for condonement.

Incident 9: Service provider offering specialist services on a project continued to work on the project beyond the contracted amount without prior authorisation. The Head of the Unit then condoned the additional work performed before the payment to the supplier was made.

Incident 10: Service provider offering specialist services on a project continued to work on the project beyond the contracted amount without prior authorisation. The condonement of this irregular expenditure by the Acting Head of SIU is in the process of being finalised.

Incident 11: No proper deviations in place for deviating from normal SCM processes for travel agency services. These amounts include amounts paid to Rennies for services rendered. A new travel tender is now in place.

22. Related parties

Controlling entity

Department of Justice and Constitutional Affairs

Entities within the same portfolio:

National Prosecuting Authority

Legal Aid Board South Africa

Public Protector of South Africa

South African Human Rights Commission
Justice Modernisation
President's Fund
Guardian's Fund
Criminal Asset Recovery Account

Other related party transactions

	2015 R	2014 R
Rental paid by Department of Public Works – not included in expenditure as SIU does not pay the rent expense	3 994 131	3 338 206

23. Operating lease

Total of future minimum lease payment under non-cancellable operating leases for the following periods

Rental comm	nitments in respect of properties and copiers	9 113 288	9 581 228
Later than o	ne year and not later than five years	3 790 874	4 630 888
Not later tha	an one year	5 322 414	4 950 340

24. Member's emoluments

The following table records the emoluments paid to members of the Executive Committee.

	Salary R	Medical Pension R	Other benefits R	Bonus R	Total R
Adv V Soni	1 849 994	-	1 636	-	1 851 630
Adv G Visagie	1 106 977	221 434	1 888	141 055	1 471 354
P Letwaba	103 419	-	297	-	103 716
M Nyathi	1 482 826	164 758	1 888	187 048	1 836 520
L Lekgetho	1 299 023	38 262	1 888	100 865	1 440 038
F Davids	15 515	-	149	-	15 664
N Mothibeli	823 948	26 250	1 574	-	851 772
Total	6 681 702	450 704	9 320	428 968	7 570 694

- Adv V Soni resigned on 28 February 2015
- Mr F Davids resigned in December 2013 but received a final payment in April 2014
- Mr P Letwaba resigned in April 2014
- Mrs N Mothibeli joined the SIU as CFO in June 2014

Executive Management 2014

	Salary R	Medical Pension R	Other benefits R	Bonus R	Total R
Adv V Soni	1 009 087	-	892	-	1 009 979
Adv N Mokhatla	-	-	-	-	-
F Davids	806 929	89 659	1 259	136 526	1 034 372
M Nyathi	1 387 351	155 874	1 888	15 510	1 560 623
C Kwant	966 442	-	1 888	166 565	1 134 895
P Letwaba	262 150	-	446	-	262 597
T Cronje	803 035	89 226	1 888	105 449	999 598
B Chitwa	857 839	128 664	1 888	148 710	1 137 101
G Visagie	1 040 384	207 528	1 888	233 984	1 483 784
J Wells	869 798	96 644	1 888	186 699	1 155 029
L Lekgetho	878 190	35 690	1 888	136 880	1 052 649
P Modipa	976 413	35 690	1 888	188 760	1 202 751
T Njozela	673 223	-	1 565	-	674 788
Total	10 530 841	838 975	19 266	1 319 083	12 708 165

- Adv N Mokhatla's contract ended in September 2013
- Adv V Soni was appointed Head of the Unit in October 2013
- Mr F Davids resigned in December 2013
- Mr Letwaba was appointed as CFO in December 2013
- Mrs T Njozela's contract terminated on 31 December 2013
- Mr L Lekgetho has been the Acting Projects Director since 7 October 2013
- Mr Chitwa was the Acting Head of the IIU from 1 October 2012 to June 2014
- Mr Modipa acted as Projects Director until 30 September 2013
- Mrs M Nyathi was reinstated in June 2012 and received additional back pay in the amount of R15 510

24. Member's emoluments (cont.)

	2015	2014
	R	R
Remuneration (incl. disbursements) of Audit Committee members		
H De Jager (Chairman)	84 000	84 000
M Maliehe	50 000	50 000
H Hlomane	50 000	80 220
M Ntumba	40 000	54 088
Total	224 000	268 308
Remuneration (incl. disbursements) of Remuneration Committee		
members		
J Chabani	-	72 000
	-	72 000

25. Cash generated from operations

Surplus	71 757 977	143 865 925
Adjustments for:		
Depreciation	6 493 944	8 481 427
Amortisation	195 439	195 618
Impairment loss	255 588	-
Debt impairment	106 511 743	31 799 032
Loss on disposal of property and equipment	6 508 293	454 169
Changes in working capital:		
Inventories	22 605	61 489
Prepayments	599 113	(2 138 962)
Increase in receivables	(113 923 131)	(165 536 713)
Decrease in payables	(3 284 417)	(18 721 582)
Income received in advance*	(16 140 619)	(802 013)
	58 996 535	(2 341 610)

^{*} The R16 million movement in the CARA Fund is made up of the R11 million paid back to the Department of Justice and R5 million that was recognised as revenue in the current year. Refer to note 14 above.



26. Risk management

Financial risk management

The SIU's risk management committee monitors and manages the financial risks relating to the operations of the Unit through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continual basis and regularly reported to the audit committee.

The SIU does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Liquidity risk

The SIU manages liquidity by monitoring forecast and accrual cash flows and matching the maturity profiles of financial assets and liabilities.

All financial asset and liabilities have a maturity profile of less than 12 months.

Interest rate risk

Deposits attract interest at a rate that varies with prime. The SIU policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit/(loss).

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at the reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increase or decrease, as detailed in the table below, and this was determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in cash balances. A negative number indicates a decrease in cash balances

The sensitivity analysis shows a reasonable possible change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite percentage adjustment to the interest rate would result in an equal but opposite effect on cash balances and therefore has not been separately disclosed below. This disclosure only indicates the effect of the change in interest rate on unaccummulated cash balances.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

	2015 R	2014 R
Estimated rate increases	100	100
Estimated increase in basis points	1 208 463	752 968
Effect on cash balances	1 208 563	753 068

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks that have high quality credit standing and also limits its exposure to any single counter-party.

Trade receivables comprise other departments in terms of partnership agreements to carry out specific engagements accounted for on the accrual basis. Management evaluated credit risk relating to customers on an on-going basis.

The carrying amount of financial assets in the financial statements, is the net of impairment losses, and represents the maximum exposure of the SIU to credit risk.

Total	204 397 206	196 835 018
Impairment	of receivables (170 566 571)	(64 054 829)
Subtotal	374 963 777	260 889 847
> 90 days	216 811 897	145 222 736
90 days	25 796 036	9 763 055
60 days	38 451 763	19 825 071
Current	93 904 081	86 078 985

Debtors past due but not impaired

Total	110 493 125	110 756 033
> 90 c	ays 46 245 326	81 167 907
90 da	ys 25 796 036	9 763 055
60 da	ys 38 451 763	19 825 071



Categories of financial instruments

Financial assets measured at amortised cost

2015 R	2014 R
Trade and other receivables 207 074 876	200 285 799

Financial assets measured at amortised cost

Trade and other navables	F2 C02 020	72 071 020
Trade and other payables	52 603 830	12 911 928
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All amounts are short-term and the carrying values are considered to be a reasonable approximation of the fair value.

27. Taxation

The SIU is not a registered vendor for VAT purposes, as no taxable goods or services are delivered. No provision for normal income tax is made, as the Unit is a public enterprise and funded by government grants.

28. Guarantees

The SIU has a guarantee in place with First National Bank in favour of Atlas Properties Ltd to the value of R231,817. The guarantee is for the Unit's offices in Cape Town and the expiry date is 29 October 2017.

29. Capital commitments

Authorised capital expenditure already contracted for:	
Property and Equipment	2 018 174

30. Contingent liabilities

Several legal actions and applications are pending involving the SIU. These are given out in the table below.

Plaintiff	Nature of claim	Amount (R)
H Lubita	Unfair labour practice dispute	500 000
S Subramoney	Claiming back pay from the SIU	96 000
R du Preez	Unfair labour practice	150 000
V Dlani	Unfair labour practice	240 000
C Plaatjie	Claim to be promoted	120 000
B Nkila	Unfair labour practice	120 000
T Gclitshana	Unfair discrimination	150 000
M Nyathi	Defamation claim by M Nyathi against the SIU	2 150 000
M Botha	Claims for services rendered	316 000

31. Post-reporting date events

The SIU received approval from Treasury for the rollover of funds at the end of 2014/15 financial year amounting to R121 million. The approval was received on 10 June 2015.

The unfair labour practice dispute by 49 forensic investigators was finalised through a settlement agreement and all legal fees and damages paid in full in July 2015.

32. Standards of GRAP approved but not yet effective

The standards of GRAP listed below have been approved but are not yet effective and have not been implemented by the SIU. These standards will be implemented in the financial year that they become effective. It is not expected that the initial application of these standards of GRAP will have a significant impact on the Unit's financial statements.

GRAP 5 Borrowing costs

GRAP 16 Intangible assets – Website costs

GRAP 17 Service concession arrangements: Where grantor controls a significant residual interest in an asset

GRAP 18 Segment Reporting

GRAP 32 Service concession arrangements (Grantor)

GRAP 100 (revised) Discontinued operations

GRAP 108 Statutory Receivables

33. Prior period errors

33.1 During the 2014/15 year the SIU received an invoice late relating to work done in 2014 which was not provided for. There is no effect on taxation from this error as the Unit is a public entity and does not pay income tax.

The correction of the error(s) results in adjustments as follows:

	2014 R
Statement of Financial Position	
Trade creditors	(307 646)
Statement of Financial Performance	
Internal audit fees	113 446
Travel expenditure on a project	194 200
Total	307 646
Decrease in profit for the period	307 646

33.2 During the 2014/15 financial year, it was recognised that not all expenses were accounted for in previous years against the money received for CARA. There is no effect on taxation as a result of this error as the Unit is a public entity and does not pay income tax

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	
Income received in advance	418 765
Statement of Financial Performance	
Revenue from non-exchange transactions	(418 765)
Increase in profit for the period	(418 765)

33.3 During the 2014/15 financial year, it was discovered that there was an invoice to the Department of Rural Development that should have been raised as it was work done during the 2013/14 financial year. There is no effect on taxation due to this error as the Unit is a public entity and does not pay income tax.

The correction of the error(s) results in adjustments as follows:

	2014 R
Debtors	21 903 728
Statement of Financial Performance	
Revenue from exchange transactions	(21 903 728)
Increase in profit for the period	(21 903 728)

34. Recoveries of previous fruitless and wasteful expenditure

	2015	2014
	R	R
Misuse of funds	-	414

35. Losses due to criminal conduct

	2015 R	2014 R
Loss of computer equipment (Laptops and Port replicator)	54 588	46 598

Four different members lost their computer equipment (laptops and port replicators) through theft. Two laptops were stolen from members' cars, one laptop was stolen from their homes and one port replicator was stolen from their home. Two different employees left the employment of SIU without giving proper notice and this resulted in one laptop and one port replicator not being recovered from them.

36. Fruitless and wasteful expenditure

	2015 R	2014 R
ı	Late payment charge 64 836	-

The COID premium was paid late which resulted in penalties being charged and payable to them.





Basis of preparation

The Special Investigating Unit (SIU) prepares its annual budget on an accrual basis in terms of the PFMA and the National Treasury's Medium Term Expenditure Framework guidelines issued annually. The Statement of Financial Performance is prepared on an accrual basis.

Revenue

The over-recovery in income is due to the following:

The actual income is based on all active projects, subsequent to the amendments to the SIU Act, which allows the Unit to charge and recover for services rendered. It is difficult for the SIU to budget accurately for the project income without knowing the proclamations that may be issued while completing the budget.

The project income was based on active proclamation during the budgeting period. However, during the 2014/15 financial year, 12 new Proclamations were published, three of which were amendments. This contributed to the increase in the actual project income.

Expenditure

The over-spending under expenditure is due to the following:

The actual provision for doubtful debt (amounting to R106.5 million) is more than the budgeted amount because the entity cannot accurately determine the amount to be provided for. The salary cost also includes a provision for performance bonuses which was not provided for. There was also about R3 million back paid for the 2013/14 performance appraisal following a CCMA ruling on the matter.

Capital Expenditure

The under spending in capital expenditure is due to the inclusion of ICT cabling for the new Pretoria office accommodation which has been delayed and will only happen during the 2015/16 financial year.

Adjustments to the original budget

The following adjustments were effected to the Approved Budget:

- An analysis of vacant positions was performed and an adjustment made in salaries costs was made in relation to the results of the needs analysis.
- Forensic Specialists budget which related to ACTT matters was adjusted out.
- All other expenses and project income were adjusted in line with expected proclamations and the actual investigative work being completed.

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GENERAL INFORMATION

PERFORMANCE

REPORT ON DRPORATE GOVERNANCE

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