



**SPECIAL INVESTIGATING UNIT**

**ANNUAL REPORT**

**2017/18**



## **Special Investigating Unit**

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POISED TO STRIKE  
against corruption

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*"When our people see corruption, it means there is corruption. When our people see that their resources are being stolen by certain people, it means this is happening, and we should listen."*

- PRESIDENT CYRIL RAMAPHOSA -

2018

# GENERAL INFORMATION

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## ACRONYMS

<b>AA</b>	Accounting Authority
<b>ACTT</b>	Anti- Corruption Task Team
<b>AFS</b>	Annual Financial Statement
<b>CARA</b>	Criminal Asset Recovery Account
<b>CARC</b>	Criminal Asset Recovery Committee
<b>DOJ&amp;CD</b>	Department of Justice and Constitutional Development
<b>DPSA</b>	Department of Public Service and Administration
<b>GCIS</b>	Government Communications and Informations System
<b>NACS</b>	National Anti-Corruption Strategy
<b>NPA</b>	National Prosecuting Authority
<b>POCA</b>	Prevention of Organised Crime Act
<b>SADC</b>	Southern African Development Community
<b>SIU</b>	Special Investigating Unit
<b>SOE</b>	State Owned Entity



# FOREWORD BY

## MINISTER OF JUSTICE AND CONSTITUTIONAL DEVELOPMENT

**TM MASUTHA, MP (ADV):** As a schedule 3A entity, the Special Investigating Unit (SIU) remains one of the key law enforcement agencies under the Department of Justice and Constitutional Development (DOJ&CD). It therefore gives me great pleasure to reflect on the contribution that the SIU has made in their 2017/18 financial year.

The SIU plays a critical role in rooting out maladministration and enforcing anti-corruption initiatives to facilitate adherence to good governance practices within the state.

The functions of the SIU as stipulated in section 4 of the Special Investigating Unit and Special Tribunals Act 74 of 1996 (the Act), is to investigate allegations and to

collect evidence regarding acts or omissions relevant to the investigations.

As such, for the 2017/18 financial year the SIU concluded 15 comprehensive investigations and submitted reports to the Presidency as required by the SIU Act. These reports detailed findings and recommendations in various State Institutions and entities. This achievement resulted in the SIU exceeding its target of completed investigations by 88%. As such, SIU Management remains committed to ensuring that investigation turnaround times and the completion and submission of reports to Presidency continue to improve.

Part of the functions of the SIU as further stipulated in its Act is to institute and conduct civil proceedings in a Special

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I would like to take this opportunity to thank Advocate Mothibi and his Management team on the efforts undertaken during this financial year in meeting targets and in receiving a clean audit. I would also like to call on all South Africans to work with the SIU towards ensuring that it remains poised to strike against corruption.

”

Tribunal or any court of law seeking relief for the State Institution concerned, relevant to the investigation or relief that is in the interests of the SIU. Section 2 of the Act specifically calls for the establishment of one or more Special Tribunals to adjudicate upon civil proceedings emanating from SIU investigations.

In order to execute on this aspect of its mandate, the SIU referred civil matters to the local and provincial divisions of the respective High Courts in the country. However, to ensure that the full impact of the mandate of the SIU is felt by all, in the financial year under review, SIU Management identified the need to re-establish a Special Tribunal centrally located in Gauteng Province. Work is under way to ensure that the Special Tribunal is fully

operational in the 2018/19 financial year with a sufficient budget for the required infrastructure. This will ensure compliance with section 7 of the SIU Act.

The re-establishment of the Special Tribunal will require for the SIU to identify matters that can immediately be heard to act speedily against offenders of maladministration or perpetrators of malpractice in a specialized court.

The year under review also saw further strengthened collaboration between the SIU and the National Prosecuting Authority (NPA), with 148 matters being referred for criminal prosecution, ensuring that the SIU exceeded its target to refer criminal matters by 97%.



In order to improve the SIU's efficiency and effectiveness in tackling corruption and convict perpetrators, the SIU Management also had to review the Unit's operating model and organizational structure. These changes in the operating model and value chain are intended to optimize the functionality of the organization to significantly improve the conversion rate of allegations to proclamations.

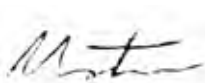
Since its 16 years of existence the SIU has averaged seven new proclamations per year while the new operating model and value chain through improved resource allocation towards the capacitation of the Unit through the acquisition of skills, knowledge and expertise in specific areas envisages to significantly increase proclamations per year. This improvement should further position the SIU to respond to the National Development Plan's outcome of building a capable state.

The SIU has made a compelling case for change, which will result in SIU becoming a high performing Unit, enabled to become the preferred forensic investigative and civil litigation professional service provider that combats corruption and prevents maladministration across all spheres of government and is trusted by the public.

As SIU moves towards this transformative journey, its strategic objectives have been revised and a programme identified, relating to Market Data Analytics and Prevention. This will ensure that corruption is tackled by the SIU on three fronts, Deterrence, Prevention and Education and that there is collaboration and coordination with other agencies with a similar mandate.

As a member of the Anti-Corruption Task Team (ACTT) the SIU is given the responsibility by the Anti-Corruption Inter-Ministerial Committee to develop a national anti-corruption strategy. In addition, a citizenry respectful of the rule of law, with zero tolerance of corruption in any sphere of activity and substantially reduced levels of corruption.

As we look forward to cabinet's approval of the National Anti-Corruption strategy (NACS), I would like to take this opportunity to thank Advocate Mothibi and his Management team on the efforts undertaken during this financial year in meeting targets and in receiving a clean audit. I would also like to call on all South Africans to work with the SIU towards ensuring that it remains poised to strike against corruption.



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**TM Masutha, MP (Adv)**  
**Minister of Justice and Constitutional Development**  
31 July 2018





TO STRIKE  
*corruption*

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# REPORT OF THE ACCOUNTING AUTHORITY

“The primary mandate of the SIU, is to recover and prevent financial losses to the State due to various acts of corruption, fraud and maladministration and thus, has powers of investigation and litigation.”



## FOREWORD

The Special Investigating Unit (SIU) also referred to as the 'Unit', is a schedule 3A national public entity, set up by the President in terms of the Special Investigating Units and Special Tribunal Act, No 74 of 1996 (SIU Act). The primary mandate of the SIU, is to recover and prevent financial losses to the State due to various acts of corruption, fraud and maladministration and thus, has powers of investigation and litigation. Once a Presidential proclamation is issued and published in the Government Gazette, the SIU has powers to subpoena, search, seize and interrogate witnesses under oath.




In terms of section (4)(1)(h) of the SIU Act, the Unit is also required to submit reports to Parliament on its investigations, activities, composition and expenditure, at least twice a year. As such, the SIU Management is proud to present this Annual Report which will be followed by an Interim Report

at the end of the second quarter of the 2018/19 financial year.

The results presented in this Annual Report indicate that the Unit continues to be a catalyst for fighting corruption in South Africa. This is evidenced by the SIU consecutively for the second year, receiving a clean, unqualified audit report by the Auditor General South Africa. The SIU Management has always prided itself in maintaining effective and efficient financial processes, systems, internal controls and policies to manage risks.

## FINANCIAL OVERVIEW

The SIU received a government grant from the Department of Justice and Constitutional Development for the 2017/18 financial year amounting to R346 million, to enable it to discharge on the three following objectives:

- Objective  Conduct Effective and Efficient Forensic Investigations;
- Objective  Facilitate or initiate appropriate remedial action; and
- Objective  Collaborate effectively with other role players.

As the convener of Programme 4 of the Anti-Corruption Task Team (ACTT), the SIU also received Criminal Assets Recovery Account (CARA) funds to support the anti-corruption activities of government.

In terms of section 68 of the Prevention of Organised Crime Act, 1998 (Act No 121 of 1998) (POCA), Cabinet approved on 18 October 2017, the recommendation of the Criminal Asset Recovery Committee (CARC) to allocate an amount of R42 million to the SIU, to support the Anti-Corruption Task Team (ACTT). The bids breakdown was as follows:

- R23 million for Communication Strategy activities by Government Communication and Information Systems (GCIS) in line with the Anti-Corruption Strategy.
- R8,2 million to develop a National Anti-Corruption Strategy for South Africa, including the activities of the National Anti-Corruption Forum (R3, 75m).
- R5,8 million for ethics training of Government officials through the Department of Public Service and Administration (DPSA) and the National School of Government.
- R5 million for the establishment of the Special Tribunal under the SIU Act.** The Committee recommended that a proposal be submitted for the establishment of the Special Tribunal in terms of the SIU Act due to the importance of this structure. The amount of R5 million was conditionally recommended to the project.

In March 2018, an amount of R6,2 million was received from DOJ & CD, in lieu of the 2017 and 2018 financial years. The portion allocations for these respective years is articulated in the notes section of the Annual Financial Statements (AFS) and Section E of the Report. Funding will be transferred on an annual basis, in line with cash flow projections.

The outlined activities will also allow for SIU to pro-actively influence the systemic and behavioural root causes of maladministration and corruption, with the strategic objective of increasing public awareness about targeted anti-corruption behaviour. As such, increased public awareness has been identified as a key strategic objective in the 2018/19 financial year. The SIU will also re-establish the Special Tribunal as per section 2(1)(b) of the SIU Act, allowing for the adjudication of civil proceedings emanating from SIU investigations.

The composition, powers and functions of the Tribunal will be in keeping with sections 7 and 8 of the SIU Act.

In addition to the above sources of income, the SIU also submitted invoices for forensic services rendered to State Institutions, as per proclamations signed by the President. Whilst recovery has been slow, the SIU continues to remind State Institutions that it is legislated to recover costs incurred in rendering such services.

## REVENUE COLLECTION

Revenue Collection remains a serious challenge for the SIU, with only R310,406,073 (2017: R144,168,724) being generated in cash from the recovery of debt for the 2017/18 financial year, bringing the total outstanding debt (before impairment of debt) as at 31 March 2018, to R397,910,343 (2017: R418,258,679). The SIU will continue to escalate the issue of outstanding debt to all Accounting Officers and authorities, and if necessary, to the executive authorities. Furthermore, the SIU will also engage National Treasury further, as it has been doing, on cases where the State Institutions have requested exemption from payment of the SIU debt in terms of the SIU Act.

In the longer term, the SIU has taken up the current composition of the funding model of the SIU with its executive authority, and with National Treasury, with a view of revising it so that the debt recovery risks can be mitigated in the longer term. This might require changes to the current SIU Act.

The following table summarizes the Revenue and Expenditure:

Sources of Revenue	2017/18			2016/17		
	Budget	Actuals	Variance	Budget	Actuals	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Transfer Received	346 177	346 177	-	316 732	316 732	-
CARA Funds	-	3 323	( 3 323)	427	3 303	( 2 876)
Revenue from Services Rendered	211 187	285 815	(74 628)	163 322	181 676	(18 354)
Interest Received	16 832	16 883	(51)	14 129	15 079	(950)
Other Income	5 371	5 648	(277)	-	5 390	(5 390)
<b>Total Revenue</b>	<b>579 567</b>	<b>657 846</b>	<b>( 78 279)</b>	<b>494 610</b>	<b>522 180</b>	<b>(27 570)</b>
<b>Less Expenses</b>	<b>(579 567)</b>	<b>(536 909)</b>	<b>(42 658)</b>	<b>(494 610)</b>	<b>(479 651)</b>	<b>(14 959)</b>
<b>Surplus (Deficit)</b>	<b>-</b>	<b>120 937</b>	<b>120 937</b>	<b>-</b>	<b>42 529</b>	<b>42 529</b>



Programme Name	2017/18			2016/17		
	Final Budget	Actual Expenditure	(Over)/Under Expenditure	Final Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	284 180	234 704	49 476	180 384	205 302	(24 918)
Operations	295 387	302 206	( 6 819)	314 226	274 349	39 877
<b>Totals</b>	<b>579 567</b>	<b>536 910</b>	<b>42 657</b>	<b>494 610</b>	<b>479 651</b>	<b>14 959</b>

## OVERVIEW OF SIU PERFORMANCE

In relation to the performance of the SIU, which is reported against the three objectives listed on page 9 of this report, the following was achieved.

SIU Business Operations Core Mandate Combating Corruption Key Performance Indicator		AUDITED PERFORMANCE			
		Actuals	2017/18 Annual Target	Variation	Deviation %
1	The number of investigations closed out under a published proclamation	1,556	1,000	556	56%
2	The number of reports submitted to the Presidency	15	8	7	88%
3	The value of money and/or assets potentially recoverable	R 299 million	R 200 million	R 99 million	49%
4	The actual value of money and/or assets recovered	R 34 million	R 120 million	(R 86 million)	-72%
5	The value of potential loss prevented	R 407 million	R 21 million	R386 million	1837%
6	The value of contracts and/or administrative decisions/directions set aside or deemed invalid	R797 million	R660 million	R137 million	21%
7	The value of matters in respect of which evidence was referred for the institution or enforcement of civil proceedings (including arbitrations or similar civil proceedings)	R 2,7 billion	R 1,3 billion	R1,4 billion	106%
8	The number of referrals made to the relevant Prosecuting Authority	148	75	73	97%
9	The number of referrals made for disciplinary, executive and/or administrative action	319	75	244	325%

The Unit achieved eight of its nine operational targets, failing to meet only one target in relation to “the actual value of money and/or assets recovered.” This target is linked to the strategic objective of **“facilitating appropriate remedial action.”** In order to address this deviation, there have been a number of investigations, which have been identified in respect of which actual recoveries still have to be determined, and meetings have been held with the State Institutions concerned for them to conduct a full reconciliation and confirm the final amounts that have been recovered.

In order to ensure that the SIU improves on its performance and organizational framework, an assessment was also undertaken during the 2017/18 financial year, of the internal and external operating environment.

Following this organizational review project dubbed “Project Siyakha” and also addressed in Section D of this Report under the Human Resources Section, the Unit’s strategic goals were revised and the value chain and operating model redesigned and presented in the 2018/19 Annual Performance Plan.

As such, this revision of the goals and objectives will ensure an alignment with the Unit’s strategic focus and the new value chain and operating model. The new financial year will therefore result in the implementation of Project Siyakha, improving SIU’s capacity to fight corruption in State Institutions and aligned to the required resources, which will enable the Unit to achieve on its mandate.

Once again, I would like to thank all our key stakeholders including the Presidency, Department of Justice and Constitutional Development, Management and Members of the Unit for their continued support in ensuring that the Unit remains steadfast in its mission and in obtaining a clean unqualified audit report.



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**Adv. Andy Mothibi**  
**Accounting Authority**  
31 July 2018

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“ In order to ensure that the SIU improves on its performance and organizational framework, an assessment was also undertaken during the 2017/18 financial year, of the internal and external operating environment. ”

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# STATEMENT OF RESPONSIBILITY AND CONFIRMATION

## OF ACCURACY FOR THE ANNUAL REPORT

### TO THE BEST OF MY KNOWLEDGE AND BELIEF, I CONFIRM THE FOLLOWING:

All information and amounts disclosed throughout the annual report are consistent. The annual report is complete, accurate and is free from any omissions. The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Section E) have been prepared in accordance with Generally Recognised Accounting Practice and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements 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 are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2018.

Yours faithfully



**Adv. Andy Mothibi**  
**Accounting Authority**  
**31 July 2018**

# STRATEGIC OVERVIEW

## VISION

"The State's preferred and trusted forensic investigation and litigation agency."

## THE MISSION

"We are the State's preferred provider of forensic investigating and litigating services working together with other agencies in the fight to eradicate corruption, malpractice and maladministration from society."



## SIU CORE VALUES

Value	Description
<b>Integrity</b>	Doing the right thing even when no one is watching.
<b>Co-operation</b>	Support and enable all stakeholders in the fight against corruption.
<b>Teamwork</b>	Fostering synergy in a multi-disciplinary and diverse environment.
<b>Professionalism</b>	Develop and maintain the highest standards.
<b>Efficiency</b>	Doing the right thing in a timely and cost-effective manner.
<b>Independence</b>	Acting without fear, favour or prejudice.
<b>Drive and Passion</b>	Ensuring that all tasks are performed with the requisite drive and passion.

# LEGISLATIVE AND OTHER MANDATES

## 5.1 Constitutional Mandate

The SIU carries out its work having due regard to the fundamental rights as contained in the Constitution of the Republic of South Africa (the Constitution). Specifically, the SIU has a direct impact on Sections 32, 33 and 34 of the Constitution, under the Bill of Rights section.

Section 195(1) states that Public administration must be governed by the democratic values and principles enshrined in the Constitution.

### Constitutional Mandate



Scan the QR code to obtain the full South African Constitutional Mandate as summarised here



## 5.2 Legislation

The work of the SIU is governed by a legislative framework including legislation as set out below:

<b>Municipal Finance Management Act (No. 56 of 2003)</b>  Covers local government and also outlines the responsibilities of "accounting officers". It introduces risk management and fraud prevention as statutory requirements in local authorities.	<b>Protected Disclosures Act (No. 26 of 2000)</b>  To provide for the protection of employees who make a disclosure which is protected in terms of this Act.	<b>Promotion of Administrative Justice Act (No. 3 of 2000)</b>  Aims to make the administration effective and accountable to people for its actions.	<b>Promotion of Access to Information Act (No. 2 of 2000)</b>  Gives effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights.	<b>Prevention &amp; Combating Activities Act (No. 12 of 2004)</b>  Is the primary law governing the Anti Bribery and corruption prevention management and enforcement in South Africa and for companies doing business in South Africa.
<b>Public Finance Management Act (No. 1 of 1999)</b>  Covers national and provincial departments and public entities and SOEs' outlines the responsibilities of AAs' requires government departments to develop and implement a Fraud Prevention Plan.	<b>Public Service Act Proclamation 103 (Published in Government Gazette 15791 of 3 June 1994)</b>  To provide for the organisation and administration of the public service of the state.	<b>Public Audit Act (No. 25 of 2004)</b>  To give effect to the provisions of the Constitution establishing and assigning functions to an Auditor-General; to provide for the auditing of state funds.	<b>Public Service Commission Act (No. 46 of 1997)</b>  To provide for the regulation of the Public Service Commission and for matters connected therewith.	<b>South African Revenue Act (No 34 of 1997)</b>  To make provision for the efficient and effective administration of the revenue collecting system with South Africa.

<b>Financial Intelligence Centre Act (No. 38 of 2001) FIC Act</b> <p>To establish a Financial Intelligence Centre and a Counter' Money Laundering advisory Council in order to combat money laundering activities and financing of terrorist and related activities.</p>	<b>National Prosecuting Authority Act (No. 32 of 1998)</b> <p>Assign powers, duties and functions assigned to the Special Director of Public Prosecution.</p>	<b>South African Police Service Act (No. 68 of 1995)</b> <p>To provide for the establishment, organisation, regulation and control of the South African Police Service.</p>	<b>International Cooperation in Criminal Matters Act (No. 75 of 1996)</b> <p>To facilitate the provision of evidence and the execution of sentences in criminal cases and the confiscation and transfer of the proceeds of crime between the Public and foreign States</p>	<b>Prevention of Organised Crime Act (No. 121 of 1998)</b> <p>To enabling legislation for the Asset Forfeiture unit</p> <p>To Introduce measures to combat organised crime, money laundering and criminal gang activities; to prohibit certain activities relating to such.</p>
<b>Public Administration Management Act (No. 11 of 2014) and Promotion of administrative Justice Act (PAJA) (Act No. 3 of 2000)</b> <p>Established the Public Administration Ethics, integrity and disciplinary Technical Assistance unit.</p>	<b>The Protected Disclosures Act (No. 26 of 2000)</b> <p>Intended to protect whistle blowers in an organisational setting who uncover illegal dangerous activities.</p>	<b>The Witness Protection Act (No. 112 of 1998)</b> <p>Establishes the structures, rules and procedures for the protection of people who have to testify in court.</p>	<b>Criminal Procedure Act (No. 68 of 1995)</b> <p>To make provision for procedures and related matters in criminal proceedings.</p>	<b>Promotion of Access to Information Act (PAIA) (Act No. 2 of 2000)</b> <p>The Act gives effect to provisions in the constitution providing for access to information.</p>

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“The SIU conducts its mandate in accordance with Section 4 of the Special Investigating Units and Special Tribunals Act,”

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## 5.3 Legislative Mandate

- (1) The SIU derives its mandate from Act 74 of 1996, in particular Section 4 of the Special Investigating Units and Special Tribunals Act. The functions of the SIU are within the framework of its terms of reference as set out in the Proclamation referred to in section 2(1):
  - (a) To investigate all allegations regarding the matter concerned;
  - (b) To collect evidence regarding acts or omissions which are relevant to its investigation;
  - (c) To institute and conduct civil proceedings in a Special Tribunal or any court of law for-
    - i) any relief to which the state institution concerned is entitled, including the recovery of any damages or losses and the prevention of potential damages or losses which may be suffered by such a State institution;
    - ii) any relief relevant to any investigation; or
    - iii) any relief relevant to the interests of a Special Investigating Unit;
  - (d) To refer evidence regarding or which points to the commission of an offence to the relevant prosecuting authority;
  - (e) To perform such functions which are not in conflict with the provisions of this Act, as the President may from time to time request;
  - (f) From time to time as directed by the President to report on the progress made in the investigation and matters brought before the Special Tribunal concerned or any court of law;
  - (g) Upon the conclusion of the investigation, to submit a final report to the President; and
  - (h) To at least twice a year submit a report to Parliament on the investigations by and the activities, composition and expenditure of such Unit.
- (2) A Special Investigating Unit must, as soon as practicable after it has obtained evidence referred to in sub-section (1)(d), inform the relevant prosecuting authority thereof, whereupon such evidence must be dealt with in the manner which best serves the interests of the public.

The SIU conducts its mandate in accordance with Section 4 of the **Special Investigating Units and Special Tribunals Act** and in accordance with the imperatives of the Constitution and the Promotion of Administrative Justice Act No. 3 of 2000 (PAJA).

# SIU LEADERSHIP TEAM FOR 2017/18



**Adv. Andy Mothibi**  
Head of the Unit



**Ms Caroline Mampuru**  
Deputy Head of the Unit



**Mr André Gernandt**  
Chief Financial Officer



**Mr Leonard Lekgetho**  
Projects Director



**Mr Ziphozenkosi Mguli**  
Head of Strategy



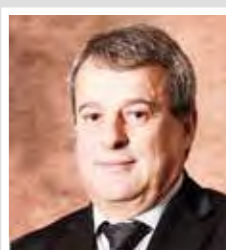
**Mr Thulani Mkhungo**  
Head of Internal Audit,  
Risk and Governance



**Ms Miseria Nyathi**  
Head of Business Support



**Ms Nazreen Pandor**  
Head of Communications  
and Stakeholder  
Management



**Adv. Gerhard Visagie**  
Corporate Legal Council

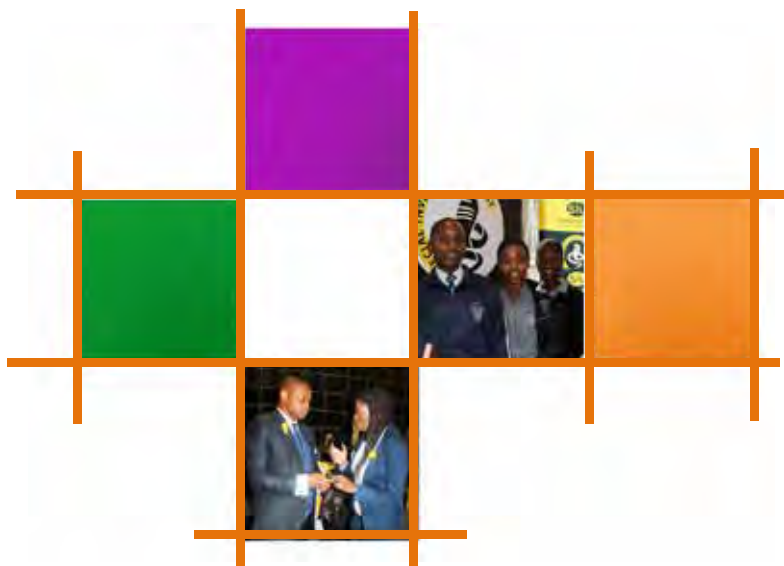


**Dr Jerome Wells**  
Corporate Lawyer

*\*In Absentia*  
**Ms Moloetsana Lecheko**  
Head of Internal Integrity Unit



# PERFORMANCE INFORMATION



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# ACRONYMS

<b>AFU</b>	Asset Forfeiture Unit
<b>AGRISETA</b>	Agriculture Sector Education and Training Authority
<b>ANDM</b>	Alfred Nzo District Municipality
<b>AOD</b>	Acknowledgement of Debt
<b>AOL</b>	Acknowledgement of Liability
<b>APP</b>	Annual Performance Plan
<b>B-BBEE</b>	Broad Based Black Economic Empowerment
<b>BBLM</b>	Bushbuckridge Local Municipality
<b>BCMM</b>	Buffalo City Metro Municipality
<b>CEO</b>	Chief Executive Officer
<b>CIDB</b>	Construction Industry Development Board
<b>COGTA</b>	National Department of Co-operative Governance and Traditional Affairs
<b>CVD</b>	Centurion Vision Development
<b>DBE</b>	Department of Basic Education
<b>DCS</b>	Department of Correctional Services
<b>DEFS</b>	Department of Education Free State
<b>DM</b>	District Municipality
<b>DOC</b>	Department of Communications
<b>DOT</b>	Department of Transport
<b>DPW</b>	Department of Public Works
<b>DRDLR</b>	Department of Rural Development and Land Reform
<b>DSD</b>	Department of Social Development
<b>DWA</b>	Department of Water Affairs
<b>ECDOE</b>	Eastern Cape Department of Education
<b>EMLM</b>	Elias Motsoaledi Local Municipality
<b>eNaTIS</b>	Electronic National Traffic Information System
<b>ESS</b>	Engineering System Solutions
<b>FIC</b>	Financial Information Centre
<b>FICA</b>	Financial Intelligence Centre Act
<b>GDHS</b>	Gauteng Department of Human Settlements
<b>GDOH</b>	Gauteng Provincial Department of Health
<b>GIAMA</b>	Government Immovable Asset Management Act
<b>GSDM</b>	Greater Sekhukhune District Municipality
<b>GTLM</b>	Greater Tubatse Local Municipality
<b>HoU</b>	Head of the Unit
<b>IAU</b>	Internal Audit Unit
<b>IBM</b>	International Business Machines Corporation
<b>ICT</b>	Information Communication Technology
<b>IDT</b>	Independent Development Trust
<b>IEDU</b>	Infrastructure Economic Development Unit
<b>KZN</b>	KwaZulu-Natal
<b>LNW</b>	Lepelle Northern Water
<b>MFMA</b>	Municipal Finance Management Act
<b>MIG</b>	Municipal Infrastructure Grant
<b>MoA</b>	Memorandum of Agreement
<b>MSA</b>	Municipal Systems Act

<b>MSW</b>	Masetloaka Scott Wilson
<b>NIA</b>	National Intelligence Agency
<b>NPA</b>	National Prosecuting Authority
<b>NRTA</b>	National Road Traffic Act
<b>NW</b>	North West
<b>NW DPWRT</b>	North West Department of Public Works, Road and Transport
<b>NWM</b>	North West Province Municipality
<b>NWP</b>	North West Province
<b>PAJA</b>	Promotion of Administrative Justice Act
<b>PFMA</b>	Public Finance Management Act
<b>POCA</b>	Prevention of Organised Crime Act
<b>PRECCA</b>	Prevention and Combating of Corrupt Activities Act
<b>PSETA</b>	Public Service Sector Education and Training Authority
<b>PSIRA</b>	Private Security Industry Regulatory Authority
<b>SABC</b>	South African Broadcasting Corporation
<b>SANACO</b>	South African National Apex Tertiary Co-operative Ltd
<b>SAPO</b>	South African Post Office (SOC) Limited
<b>SAPS</b>	South African Police Service
<b>SARS</b>	South African Revenue Service
<b>SASSA</b>	South African Social Security Agency
<b>SCM</b>	Supply Chain Management
<b>SITA</b>	State Information Technology Agency
<b>SIU</b>	Special Investigating Unit
<b>SOE</b>	State Owned Entity
<b>SSA</b>	State Security Agency
<b>TCC</b>	Tax Clearance Certificate
<b>TMM</b>	Tshwane Metropolitan Municipality
<b>USAASA</b>	Universal Service and Access Agency of South Africa
<b>VAT</b>	Value Added Tax

# KEY PERFORMANCE INFORMATION

Refer to page 112 for the Auditor General South Africa's Report on Annual Performance.



**Eighteen Proclamations were issued during the 2017/18 financial year.** Furthermore, the SIU exceeded eight of its nine targets during the 2017/18 financial year.

## 1.1 Summary of Performance Information

SIU Business Operations Core Mandate Combating Corruption Key Performance Indicator		AUDITED PERFORMANCE			
		Actuals	2017/18 Annual Target	Variation	Deviation %
1	The number of investigations closed out/utter a published proclamation	1,556	1,000	556	56%
2	The number of reports submitted to the Presidency	15	8	7	88%
3	The value of money and/or assets potentially recoverable	R 299 million	R 200 million	R 99 million	49%
4	The actual value of money and/or assets recovered	R 34 million	R 120 million	(R 86 million)	-72%
5	The value of potential loss prevented	R 407 million	R 21 million	R 386 million	1837%
6	The value of corrected and/or administrative decisions/actions set aside or deemed invalid	R 797 million	R 660 million	R 137 million	21%
7	The value of matters in respect of which expenses was referred for the institution of delinquent/opposition of civil proceedings (including arbitration or counter civil proceedings)	R 2,7 billion	R 1,3 billion	R 1,4 billion	106%
8	The number of referrals made to the relevant Prosecuting Authority	148	75	73	97%
9	The number of referrals made for disciplinary, executive and/or administrative action	319	75	244	325%

## 1.2 Performance Information

The SIU comprises **two programmes**, which are set out below:

### 1. Programme 1: Administration

- a) **Purpose:** Provide strategic leadership to the SIU to ensure the successful implementation of its legislative mandate through flexible, efficient and sustainable resource solutions and supporting services.
- b) **Description of sub-programmes**
  - I. **The Office of the HoU** – provides strategic direction and oversight to the operations of the SIU.
  - II. **Financial Management** – provides support to the SIU with respect to forecasting, budgeting, financial resource allocation, oversight and management.
  - III. **Human Resources** – provides support to the SIU to ensure that the right people are available at the right time with the right competencies to ensure that the SIU is able to execute on its mandate while ensuring the safety and wellness of its employees.
  - IV. **ICT** – provides support to the SIU to ensure that the appropriate technology architecture, electronic communications channels and other associated information resources and services are available to ensure that the SIU is able to operate efficiently and in a secure manner.
  - V. **Communications** – facilitates greater awareness of the SIU's mandate and ensures that there are regular, structured opportunities for engagement with key stakeholders. This ensures that the SIU operates in an environment where all internal and external stakeholders are well informed and in which the activities of stakeholders may be effectively aligned to those of the SIU.

## Performance indicators and performance targets per programme: Administration

Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Performance Against Target		Deviation from planned target to Actual Achievement	Comment on deviations
			Planned Target 2017/18	Actual Achievement 2017/18		
Strategic Outcome Oriented Goal: To ensure effective and efficient Organisational Management						
Co-operation and partnership between stakeholders.	Number of structured engagements with external stakeholders including events, structured meetings and joint forums.		9	9		
Final feasibility study report on possible acquisition of a finance system.	Achievement of milestones in the development of a feasibility report – approved by HoU.		Final feasibility report with recommendations.	<p>A decision was taken for a feasibility study to be done during the 2017/18 financial year on the possibility of the SIU acquiring a new finance system. The reason for this was because the system the SIU was using was outdated and no longer had any support.</p> <p>During the course of the year, a needs analysis was done to determine whether the system in use would be able to cater for the needs of the organisation in the short to medium term thereby eliminating a need to change the system altogether thereby saving time and costs.</p> <p>It was found the new version of the finance system currently in use would cater for all the needs of the SIU.</p>		<p>A decision was taken to upgrade the current system rather than recommend any new system with costs savings being considered.</p> <p>The system was upgraded to the latest version during the 3<sup>rd</sup> quarter of the financial year and comes with full support.</p>
New Performance Management system.	Percentage of assessments conducted on Managers based on New PM System.		Implementation of new Performance Management system.	Draft Performance management guidelines.	New Performance Management system not implemented.	Protracted consultations with Labour delayed the implementation.

## 2. Programme 2: Operations (Forensic Investigations and Civil Proceedings)

- a) Purpose: This component is primarily responsible for conducting results-driven and class specific forensic investigations and civil proceedings in line with the provisions of the SIU Act. It is directly responsible for delivery of outputs that contribute to attaining the strategic outcome-oriented goals. It supports the following strategic objectives:
- Conduct effective and efficient forensic investigations;
  - Facilitate or initiate appropriate remedial action; and
  - Collaborate effectively with other role-players

### Performance indicators and performance targets per programme: Operations (Forensic Investigations and Civil Proceedings)

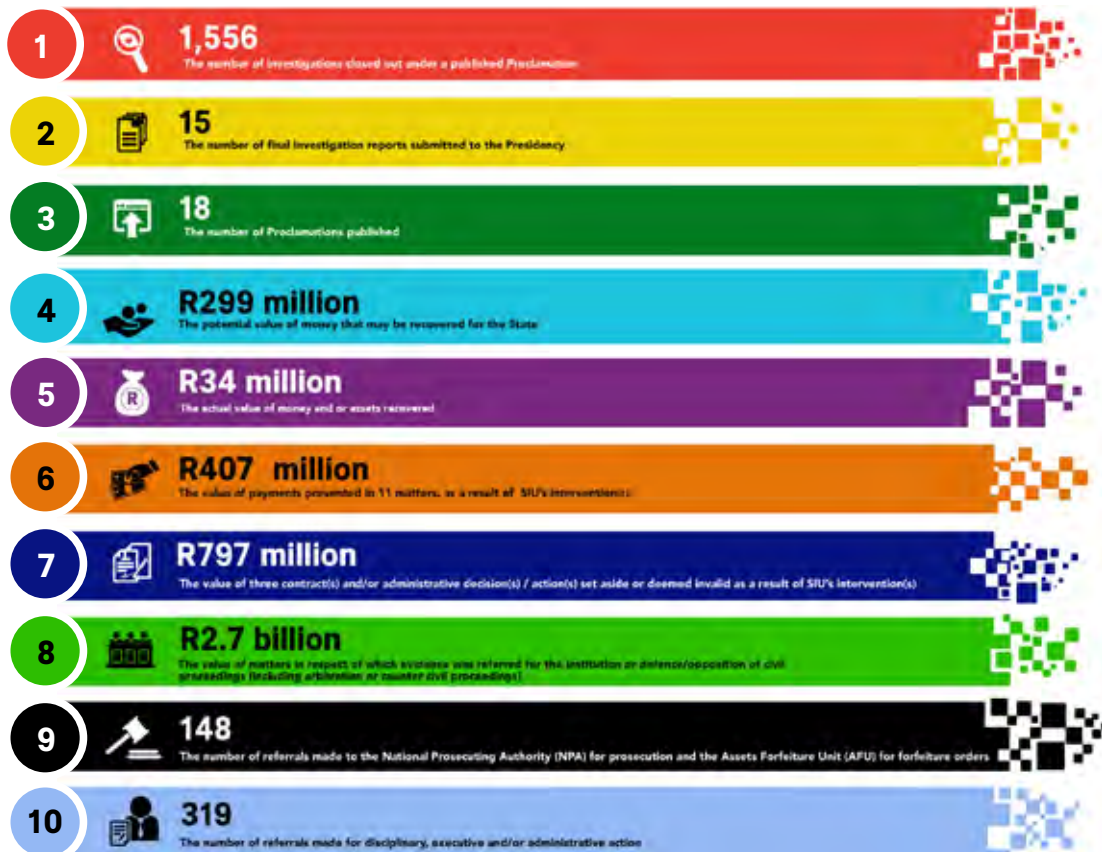
Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Performance Against Target		Deviation from planned target to Actual Achievement	Comment on deviations
			Planned Target 2018/19	Actual Achievement 2017/18		
Strategic Outcome Oriented Goal: To investigate corruption, malpractice and maladministration and facilitate or initiate appropriate remedial action						
Conduct Effective and Efficient Forensic Investigations	The number of investigations closed out under a published proclamation.	1,186	1,000	1,556	56%	In one investigation a specific focus area is being finalised which resulted in a large number of investigations being closed.
	The number of reports submitted to the Presidency.	6	8	15	88%	A concerted effort was made to finalise and submit the final reports for some long running investigations.
Facilitate or initiate appropriate remedial action	The value of money and/ or assets potentially recoverable.	R127 million	R200 million	R299 million	49%	In one investigation overpayments were identified in respect of parking bays, lettable space or a shortage of space. In only nine matters the value of the overpayments identified was R150 million. The total value of the contribution from this investigation was R232 million.



Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Performance Against Target		Deviation from planned target to Actual Achievement	Comment on deviations
			Planned Target 2018/19	Actual Achievement 2017/18		
	The actual value of money and/or assets recovered.	R44 million	R120 million	R34 million	-72%	There were a number of matters where potential recoveries were identified which we had hoped would be recovered during this financial year. Meetings have been held with the Departments concerned and they are doing a full reconciliation of all the matters referred to them. Also, the amounts that need to be recovered are usually recovered per month over the period of a lease for example as an agreed set of terms. We expect to see an increase in the number of recoveries in the 2018/2019 financial year.
	The value of contract(s) and/or administrative decision(s)/ action(s) set aside or deemed invalid.	R4 billion	R660 million	R797 million	21%	One of the contracts that was set aside was as a result of civil proceedings that were instituted in 2016. The civil proceedings are still ongoing but the lease was cancelled by the parties.
	The value of potential loss prevented.	R107 million	R21 million	R407 million	1837%	Both of the significant contributions to this target were as a result of contracts being set aside. It is very difficult to determine when a contract will be set aside because this is usually only as a result of civil proceedings which can take years to finalise.

Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Performance against Target		Deviation from planned target to Actual Achievement	Comment on deviations
			Planned Target 2018/19	Actual Achievement 2017/18		
	The value of matters in respect of which evidence was referred for the institution or defence/ opposition of civil proceedings (including arbitration or counter civil proceedings)	R3.8 billion	R1.3 billion	R2.7 billion	106%	In one matter the value of the litigation was R1.3 billion which contributed to us significantly exceeding the target.
Collaborate effectively with other role-players	The number of referrals made to the Relevant Prosecuting Authority	108	75	148	97%	Some investigations were finished during the year under review and final reports submitted so all referrals had to be finalised.
	The number of referrals made for disciplinary, executive and/ or administrative action	137	75	319	325%	In one matter a number of disciplinary matters were finalised because the final report is being drafted.

## SIU Performance Highlights



# DETAILED PERFORMANCE INFORMATION

Strategic Objective



Conduct Effective and Efficient Forensic Investigations

## SIU ANNUAL PERFORMANCE INFORMATION FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018

Performance measure		2016/17	2017/18
1. The number of investigations closed out	Target	800	1 000
	Actual	1 186	1 556

Narrative

*This is the number of investigations that are closed out under a published proclamation.*

NO OF CLOSE OUT REPORTS	PROCLAMATION NO	DEPARTMENT/STATE INSTITUTION
1	R22 of 2016	Department of Human Settlement, Gauteng Province and Lepelle Northern Water
1	R10 of 2017	Harry Gwala District Municipality
1	R49 of 2014	KwaZulu-Natal Provincial Treasury
2	R16 of 2015	National Department of Rural Development and Land Reform
2	R8 of 2011	Buffalo City Metropolitan Municipality
2	R40 of 2015	Department Water Affairs (formerly the Department of Water Affairs and Forestry)
2	R54 of 2012	South African Broadcasting Corporation Limited
5	R29 of 2017	Amahlathi Local Municipality
5	R31 of 2016	National Department of Public Works
11	R54 of 2014	National Department of Rural Development and Land Restitution

**Strategic Objective 1 : Conduct Effective and Efficient Forensic Investigations  
(continued)**

NO OF CLOSE OUT REPORTS	PROCLAMATION NO	DEPARTMENT/STATE INSTITUTION
18	R7 of 2014 R599 of 2015	Department of Rural Development and Land Reform (formerly known as the Department of Land Affairs) in its national department, its provincial departments, its trading entities and their respective agencies (herein referred to as the DRDLR) and the State Information Technology Agency (PTY) Ltd (herein referred to as SITA)
25	R5 of 2005	National Department of Transport; Provincial Departments of Transport Municipal Structures; South African Police Services
41	R17 of 2016	Eastern Cape Department of Education
74	R23 of 2016	KwaZulu-Natal Provincial Department Of Transport
103	R19 of 2016	Construction Industry Development Board (CIDB)
248	R59 of 2014	National Department of Public works
1 015	R44 of 2015	National Department of Public Works

**The total number of investigations closed out was 1 556. This means that the target for the year was exceeded by 56%.**

## Strategic Objective 1 : Conduct Effective and Efficient Forensic Investigations (continued)

SIU Annual Performance Information for the period 1 April 2017 to 31 March 2018			
Performance measure		2016/17	2017/18
<b>2. The number of reports submitted to the Presidency</b>	<b>Target</b>	5	<b>8</b>
	<b>Actual</b>	6	<b>15</b>
Narrative			
This is the number of investigation reports, interim and final, that are submitted to the Presidency.			
15 reports were finalised and submitted between 1 April 2017 and 31 March 2018. Reports were submitted in respect of the following Proclamations and are discussed further under Part 4:			
<ol style="list-style-type: none"> <li><b>R49 of 2014 amended by R16 of 2015: KwaZulu-Natal Provincial Treasury;</b></li> <li><b>R2 of 2012: Eskom Holdings Limited (Eskom);</b></li> <li><b>R31 of 2016: Amahlathi Local Municipality;</b></li> <li><b>R59 of 2014: National Department of Public Works;</b></li> <li><b>R6 of 2014: National Department of Co-operative Governance and Traditional Affairs;</b></li> <li><b>R23 of 2016: KwaZulu-Natal Provincial Department of Transport;</b></li> <li><b>R32 of 2016: Independent Development Trust the Department of Basic Education and Department of Education Free State;</b></li> <li><b>R21 of 2012: The Provincial Treasury, the Department of Health and Social Development, the Department of Roads and Transport, the Department of Education and the Department of Public works of the Limpopo Province;</b></li> <li><b>R10 of 2014: Department of Communications (Media Corner);</b></li> <li><b>R18 of 2005 extended by R5 of 2007 extended by R27 of 2010: National and all Provincial Departments of Social Development;</b></li> <li><b>R72 of 2009: Municipalities of the North West Province;</b></li> <li><b>R57 of 2014: National Department of Transport;</b></li> <li><b>R8 of 2014: Bushbuckridge Local Municipality;</b></li> <li><b>R40 of 2015: Buffalo City Metropolitan Municipality; and</b></li> <li><b>R8 of 2011: National Department of Rural Development of Land Reform.</b></li> </ol>			
The target for the year was exceeded by 88%.			



## SIU Annual Performance Information for the period 1 April 2017 to 31 March 2018

Performance measure		2016/17	2017/18
<b>3. The value of money and/or assets potentially recoverable</b>	<b>Target</b>	R240 million	<b>R200 million</b>
	<b>Actual</b>	R126.9 million	<b>R299 million</b>

## Narrative

This is an indicator of the value of money and/or assets that may potentially be recovered for the State and/or relevant third parties (e.g. as envisaged in section 2(2)(g) of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996).

**1. R59 of 2014: National Department of Public Works**

This investigation contributed **R233 125 484** to this indicator. The contributions were in respect of overpayments that had been identified for parking bays, rental not due, lettable space not being provided and electricity and water.

A false tax clearance certificate was submitted to ensure the continuation of a lease and VAT was charged to the Department but the landlord was not registered for VAT.

**2. R23 of 2016: KwaZulu-Natal Provincial Department of Transport**

102 Acknowledgment of Liability (AOL) were signed as a result of the SIU's investigation into debtors who had not paid their vehicle arrear licence fees and penalties. The value of the debt owed in respect of these matters is **R1 088 886**.

12 Acknowledgment of debt (AOD) were signed to the value of **R1 809 385** during the period under review.

**3. R31 of 2016: Amahlathi Local Municipality**

The SIU referred one matter to SARS as there may be a loss as a result of the non-declaration or non-payment of VAT which could potentially amount to **R12 948 206**.

**4. R17 of 2017: Eastern Cape Department of Social Development of the Eastern Cape Province**

The SIU referred a matter to SARS as there might be a loss as a result of non-declaration or non payment of VAT which could potentially amount to **R13 859 685**.

**5. R19 of 2017: Alfred Nzo District Municipality**

Two matters were referred to SARS as there might be a loss as a result of the non-declaration or non-payment of VAT could potentially amount to **R25 875 275**.

**6. R36 of 2017: Alfred Nzo District Municipality**

The SIU referred a matter to SARS as there might be a loss as a result of the non-declaration or non-payment of VAT which could potentially amount to **R9 973 944**.

The overall target for the year was set at **R200 million**. The value of money and/or assets that may potentially be recovered for the State and/or relevant third parties for this financial year is **R298 680 864**.

**The target for the year was met and exceeded by 49%.**



## Strategic Objective 2 : Facilitate or Initiate Appropriate Remedial Action (continued)

SIU Annual Performance Information for the period 1 April 2017 to 31 March 2018			
Performance measure		2016/17	2017/18
<b>4. The value of potential loss prevented (R')</b>	<b>Target</b>	R18 million	<b>R21 million</b>
	<b>Actual</b>	R106.5 million	<b>R407 million</b>
Narrative			
The prevention of potential loss generated as a result of SIU action or through the use of SIU evidence.			
<p><b>1. R5 of 2014 extended by Proclamation R56 of 2014: South African Post Office (SOC Limited)</b> The value of the potential loss prevented is <b>R149 964 917</b>.</p> <p><b>2. R10 of 2014: Department of Communications</b> The value of the potential saving or a prevention of potential future loss is <b>R 34 068 032</b>.</p> <p><b>3. R59 of 2014: National Department of Public Works</b> The total prevention of future loss as a result of the SIU investigation was <b>R201 890</b>.</p> <p><b>4. R27 of 2015: National Department of Public Works</b> The total value of the potential loss prevented as a result of the SIU's evidence is <b>R82 319</b>.</p> <p><b>5. R18 of 2016: Department of Correctional Services</b> The value of the potential saving and/or potential loss is <b>R221 012 792</b>.</p> <p><b>6. R19 of 2017: Alfred Nzo District Municipality (the Municipality)</b> The value of the potential loss prevented as a result of the SIU's evidence is <b>R1 368 855</b>.</p> <p>The target for the year was set at <b>R21 million</b>. The value of the prevention of potential loss generated as a result of SIU action or through the use of SIU evidence for the financial year is <b>R407 000 000</b>.</p> <p><b>The target for the year was exceeded by 1837%.</b></p>			

## Strategic Objective 2 : Facilitate or Initiate Appropriate Remedial Action (continued)

SIU Annual Performance Information for the period 1 April 2017 to 31 March 2018			
Performance measure		2016/17	2017/18
<b>5. The actual value of money and/or assets recovered (R')</b>	<b>Target</b>	R140 million	<b>R120 million</b>
	<b>Actual</b>	R44 million	<b>R34 million</b>
Narrative			
This is an indicator of the actual value of money and/or assets that has been recovered for the State and/or relevant third parties (e.g. as envisaged in section 2(2)(g) of the SIU Act).			
<p><b>1. R59 of 2014: National Department of Public Works</b></p> <p>Proof of payment was submitted to the SIU confirming that overpayments for rental in respect of lease agreements and/or parking bays and/or a shortage of lettable area to the value of <b>R24 309 393</b> were repaid to the Department.</p> <p><b>2. R23 of 2016: KwaZulu Natal Department of Transport</b></p> <p>Proof of payment was submitted to the SIU to the value of <b>R478 937</b> that relating to outstanding licence fees, which were paid upon identification by the liable owners.</p> <p><b>3. Acknowledgment of Debt (AoD) Recoveries</b></p> <p>The AoD Enforcement Department collected payments from debtors to the value of <b>R8 729 145</b> between 1 April 2017 to 31 March 2018. These recoveries are monies that have been paid by debtors who signed AoDs and/or who have made deposits into the SIU Trust Account. These monies are collected by the SIU and paid over to the State Institutions on whose behalf the debt was collected.</p> <p>The overall target for the year was set at <b>R120 million</b>. The value of money and/or assets that were recovered by the State and/or relevant third parties for this financial year is <b>R33 517 475</b>.</p> <p><b>The target for the year was not met.</b></p>			

## Strategic Objective 2 : Facilitate or Initiate Appropriate Remedial Action (continued)

SIU Annual Performance Information for the period 1 April 2017 to 31 March 2018			
Performance measure		2016/17	2017/18
<b>6. The value of contract(s) and/or administrative decision(s) / action(s) set aside or deemed invalid</b>	<b>Target</b>	R600 million	R660 million
	<b>Actual</b>	R4 billion	R797 million
Narrative			
The value of contract(s) and/or administrative decision(s)/action(s) (e.g. tender awards or appointments etc.) set aside, deemed invalid, terminated or prevented, as a result of SIU action or through the use of SIU evidence.			
<p><b>1. R5 of 2014 amended by R56 of 2014: South African Post Office (SOC) Limited</b></p> <p>The value of the lease contract was <b>R493 005 161</b>.</p> <p><b>2. R18 of 2016: Department of Correctional Services</b></p> <p>The value of the contract was <b>R301 611 772</b>.</p> <p><b>3. R19 of 2017: Alfred Nzo District Municipality</b></p> <p>The value of the contract was <b>R2 517 120</b>.</p> <p>The target for the year was set at <b>R660 million</b>. The value of the contracts and/or administrative decisions/actions set aside or deemed invalid for the financial year in respect of <b>three contracts</b> is <b>R797 134 053</b>.</p> <p><b>The target for the year has been met and exceeded by 21%.</b></p>			

## Strategic Objective 2 : Facilitate or Initiate Appropriate Remedial Action (continued)

SIU Annual Performance Information for the period 1 April 2017 to 31 March 2018			
Performance measure		2016/17	2017/18
<b>7. The value of matters in respect of which evidence was referred for the institution or defence/ opposition of civil proceedings (including arbitration or counter civil proceedings)</b>	<b>Target</b>	R1.2 billion	<b>R1.3 billion</b>
	<b>Actual</b>	R3.8 billion	<b>R2.7 billion</b>
Narrative			
Value of matters in respect of which the SIU instituted or facilitated civil proceedings or where civil proceedings (including Arbitration or counter civil proceedings) were instituted or opposed/defended by means of SIU evidence.			
<p><b>1. R8 of 2011: National Department of Rural Development and Land Reform</b></p> <p>The value of the litigation is <b>R6 323 940</b>.</p> <p>The value of the litigation is <b>R3 190 578</b>.</p> <p><b>2. R54 of 2012: Department of Water Affairs (formerly the Department of Water Affairs and Forestry)</b></p> <p>The value of the litigation is <b>R140 703 378</b>.</p> <p><b>3. R52 of 2014: Greater Tubatse Local Municipality</b></p> <p>The value of the litigation is <b>R326 496 722</b>.</p> <p><b>4. R59 of 2014: Department of Public Works</b></p> <p>The value of the litigation is <b>R88 135 609</b>.</p> <p><b>5. R20 of 2016: Departments of Correctional Services</b></p> <p>The value of the litigation is <b>R1 334 849 541</b>.</p> <p><b>6. R21 of 2016: Msunduzi Local Municipality</b></p> <p>The value of the litigation is <b>R554 857 594</b>.</p> <p><b>7. R22 of 2016: Department of Human Settlements, Gauteng Province and Lepelle Northern Water</b></p> <p>The value of the litigation is <b>R108 300 000</b>.</p> <p><b>8. R31 of 2016: Amahlathi Local Municipality</b></p> <p>The value of the litigation is <b>R92 487 183</b>.</p> <p><b>9. R29 of 2017: South African Broadcasting Corporation Limited</b></p> <p>The value of the litigation is <b>R21 744 002</b>.</p> <p>The overall target for the year was set at <b>R1.3 billion</b>. The value of the matters referred for the institution or defence/opposition of civil proceedings for the financial year is <b>R2 677 088 547</b>.</p> <p><b>The target for the year was met and significantly exceeded by 106%.</b></p>			

## Strategic Objective



## Collaborate Effectively with Other Role-Players

### SIU Annual Performance Information for the period 1 April 2017 to 31 March 2018

Performance measure		2016/17	2017/18
<b>8. The number of referrals made to the relevant Prosecuting Authority</b>	<b>Target</b>	60	<b>75</b>
	<b>Actual</b>	108	<b>148</b>

#### Narrative

*Referral of evidence pointing to the commission of offences to the relevant Prosecuting Authority (e.g., the NPA or foreign prosecuting authorities etc.). This includes evidence referred to the AFU (which forms part of the NPA).*

The nature of the offences include:

1. Fraud, alternatively forgery and uttering;
2. Gross financial misconduct;
3. Contravention of section 10 of the Prevention and Combating of Corrupt Activities Act (PRECCA) of 2004;
4. Contravention of section 34(1)(b) of PRECCA;
5. Contravention of section 28(b) of the FIC Act, 38 of 2001 read with regulation 22(b) of the Money Laundering and Terrorist Financing Control Regulations;
6. Contravention of CIDB Regulations;
7. Contravention of the Municipal Finance Management Act (MFMA);
8. Section 38(1)(c)(ii) of the Public Finance Management (PFMA) Act 1 of 1999; and
9. Contravention of the Prevention of Organised Crime Act 2002 (POCA).

The overall target for the year was set at **75 referrals**. The number of matters referred to the NPA and/or AFU for this financial year is **148 referrals**.

**The target for the year was met and exceeded by 97%.**

### Strategic Objective 3 : Collaborate Effectively with Other Role-Players (continued)

SIU Annual Performance Information for the period 1 April 2017 to 31 March 2018			
Performance measure		2016/17	2017/18
<b>9. The number of referrals made for disciplinary, executive and/or administrative action</b>	<b>Target</b>	75	<b>75</b>
	<b>Actual</b>	137	<b>319</b>
Narrative			
<p><i>Referral of SIU evidence pointing to misconduct or irregular conduct on the part of:</i></p> <p>(a) <i>Employees of State Institutions;</i></p> <p>(b) <i>Board members or directors of State institutions (including State Owned Enterprises);</i></p> <p>(c) <i>Councillors of State institutions (e.g., Municipalities);</i></p> <p>(d) <i>Vendors, Contractors, Suppliers and/or Service Providers of State institutions (e.g., for black-listing purposes etc.); and/or</i></p> <p><i>Members subject to Regulatory Authorities (e.g., Estate Agents, Engineers, Security service providers, Counsel, Attorneys or Accountants, etc).</i></p>			
<p>The overall target for the year was set at <b>75 referrals</b>. The number of matters referred for disciplinary action for the financial year is <b>319 referrals</b>.</p> <p>The nature of the offences include:</p> <ol style="list-style-type: none"> <li>Administrative action in terms of the Promotion of Administrative Justice Act (PAJA) of 2000;</li> <li>Contravention of the Public Service Code of conduct;</li> <li>Improper and fraudulent conduct;</li> <li>Recommendation to place a service provider on the National Treasury's database of restricted suppliers;</li> <li>Unprofessional or dishonourable or unworthy conduct;</li> <li>Contravention of Section 45(b), (c) and/or (e) of the Public Finance Management Act of 1999;</li> <li>Fraud alternatively theft;</li> <li>Contravention of Construction Industry Development Board Regulations;</li> <li>Contravention of Financial Intelligence Centre Act 38 Of 2001; Deeds Registries Act 47 of 1937 and Commissioners of Oaths Act 16 of 1963;</li> <li>Gross negligence, alternatively failure to ensure compliance with specific prescripts;</li> <li>Contravention of Annexure A of the Disciplinary Code and Procedures for the Public Service.</li> </ol>			

### Strategic Objective 3 : Collaborate Effectively with Other Role-Players (continued)

#### SIU Annual Performance Information for the period 1 April 2017 to 31 March 2018

Performance measure		2016/17	2017/18
The number of referrals made for disciplinary, executive and/or administrative action (continued)	Target	75	75
	Actual	137	319

12. Possible misconduct;
13. Contravention of Section 30(1) of the Public Service Act of 1994;
14. Contravention of National Treasury practice note 8 of 2007/2008;
15. Contravention of Section 57(c) of the Public Finance Management Act;
15. Gross dishonesty;
17. Contravention of Sections 78(1)(a) and (b) of the Municipal Finance Management Act;
18. Contravention of Clause 2(b) and (d) of Schedule 2 of the Code of Good Conduct for Municipal Staff Members;
19. Contravention of Section 217(1) of the Constitution;
20. Contravention of Section 16(4) of the Construction Industry Development Board Act 38 of 2000;
21. Contravention of Municipal Supply Chain Management (SCM) Regulations; and
22. Contravention of SARS Regulations.

**The target for the year was met and exceeded by 325%.**

# PROCLAMATIONS

## Proclamations issued during the period under review

### Proclamation R17 of 2017

**Dated 25 April 2017**

**Government Gazette No. 40810**

#### **Eastern Cape Department of Social Development**

The SIU is mandated to investigate:

The procurement of, and contracting for goods, works or services by or on behalf of the Department and payments which were made in respect thereof and any unrelated unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department or the State in relation to the awarding of contracts, the renewal of contracts or the extension of contracts for the provision or management of residential care facilities in the Nelson Mandela Metro for 240 frail, aged or mentally or physically disabled persons; and the provision of internal audit services. Maladministration in the affairs of the Department and any losses or prejudice suffered by the Department or the State as a result of such maladministration. Any unlawful or improper conduct by officials or employees of the Department or the applicable contractors, suppliers or service providers or any other person or entity in relation to the allegations.

1





## Proclamation R18 of 2017

**Dated 25 April 2017**

**Government Gazette No. 40810**

### **Thabazimbi Local Municipality**

The SIU is mandated to investigate:

The procurement of, and contracting for goods, works or services by or on behalf of the Municipality and payments made in respect thereof and any unrelated unauthorised, irregular or fruitless and wasteful expenditure incurred by the Municipality in relation to fleet related goods or services; auctioneering or asset disposal related services; the drafting or implementation of an asset disposal policy; waste management services for the Northam landfill site; the provision of office equipment; the conversion of conventional prepaid meters to smart meters; human resources related goods or services; the provision of meter reading related services; the provision of debt collection related services; the provision of credit control related services; the drafting or implementation of a credit control management policy and the management of such a policy.

Maladministration in the affairs of the Municipality in respect of employees' tax deductions and the payment of such deductions to SARS and any losses, prejudice or fruitless and wasteful expenditure incurred by the Municipality as a result of the non-payment or late payment of such deductions to SARS , including the causes of such maladministration. The failure or refusal by the Municipality to timeously act upon conclusions or findings which were made; or implement recommendations contained in a final report entitled "Possible Abuse of Office: Forensic Investigation" dated 29/10/2014. Any unlawful or irregular conduct by councillors, officials or employees of the Municipality or the applicable contractors, suppliers or service providers or any other person or entity in relation to the allegations.

2

## **Proclamation R19 of 2017**

**Dated 25 April 2017**

**Government Gazette No. 40810**

### **Alfred Nzo District Municipality**

The SIU is mandated to investigate:

The procurement of, and contracting for goods, works or services by or on behalf of the Municipality and payments made in respect thereof and any unrelated unauthorised, irregular or fruitless and wasteful expenditure incurred by the Municipality in respect of the supply, delivery, installation or commissioning of water storage facilities or tanks or contract number ANDM/IDMS-WSP/05/20/03; the Matatiele Ward 7 Water Supply Project or Tender Number ANDM/IDMS-PMU/300/25/03/14; and a revenue and billing management solution or Tender Number: ANDM/IDMS-WSP/165/19/11/14.

Maladministration in the affairs of the Municipality in any losses or prejudice suffered by the Municipality as a result of such maladministration in relation to the above and payments made in respect thereof, including the causes of such maladministration and related unauthorised, irregular or fruitless and wasteful expenditure incurred. Any unlawful or irregular conduct by councillors, officials or employees of the Municipality or the applicable contractors, suppliers or service providers or any other person or entity in relation to the allegations.

**3**

## Proclamation R23 of 2017

Dated 24 July 2017

Government Gazette No. 41000

### Gauteng Provincial Department of Health

4

The SIU is mandated to investigate:

The procurement of, or contracting by or on behalf of the Department of the services from 28 entities in whose care mental health care users were entrusted and payments made in respect thereof and related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department of the State. Any unlawful or improper act or omission by officials of the Department; or the owner of, a person in control of, or the staff of, an entity referred to above, which caused or may have caused serious harm to mental health care users who were entrusted into the care of an entity.

## Proclamation R24 of 2017

Dated 24 July 2017

Government Gazette No. 41000

### Department of Rural Development and Land Reform

5

The SIU is mandated to investigate:

The acquisition by the Department of the Bekendvlei, Nirwanda, Wonderhoek, Mont Piquet and Appelkloof farms, Mikes Chicken (Pty) Ltd, immovable assets and animals for Project Harmonie, Project Uitkyk and Project Dipalemo in terms of the Department's Proactive Land Acquisition Strategy, and the identification, selection and appointment of strategic partners and beneficiaries for such farms and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department. Misappropriation of recapitalisation funds in terms of the Recapitalisation and Development Programme of the Department relating to the allegations referred to above. Corruption, irregularities, malpractices or maladministration in the affairs of the Department relating to the allegations in the schedule, including the causes of such corruption, irregularities, malpractices or maladministration and any losses, damages or actual or potential prejudice which the Department may have suffered.

## **Proclamation R25 of 2017**

**Dated 24 July 2017**

**Government Gazette No. 41000**

### **Lesedi Local Municipality**

The SIU is mandated to investigate:

The procurement of, or contracting by or on behalf of the Municipality and payments made in respect thereof and any related irregular or fruitless and wasteful expenditure incurred by, or losses suffered by the Municipality or the State in respect of an automated time and attendance system; organisational re-engineering related services; the supply and delivery of fuel; refuse removal services and accounting related services. The failure by the Municipality to pay or to pay timeously the debts of the Municipality or government debtor accounts and related fruitless and wasteful expenditure incurred by, or losses suffered by the Municipality or the State.

The failure or refusal by the Performance Audit Committee of the Municipality to submit prescribed Audit Reports to the Municipal Council. Any unlawful or improper conduct by councillors, officials or employees of the Municipality; contractors, suppliers or service providers of the Municipality; or any other person or entity, relating to the allegations in the schedule.

**6**

## Proclamation R28 of 2017

**Dated 18 August 2017**

**Government Gazette No. 41055**

### **Department of Correctional Services (DCS) and the Independent Development Trust (IDT)**

The SIU is mandated to investigate:

The procurement of, or contracting for goods, works or services by or on behalf of the State Institutions in terms of Bid Number DCSSF02 and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by State Institutions.

Malperformance or no performance by service providers and professional consultants appointed by the State Institutions in terms of the abovementioned bid.

Any improper or unlawful conduct by officials or employees of the State Institutions, service providers or professional consultants or any other person or entity, in relation to the allegations set out in the schedule

The appointment of the Trust, by the Department, as agent for the implementation of the abovementioned bid and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department.

The appointment of professional consultants by the Trust for in relation to the abovementioned bid and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by State Institutions.

7

## Proclamation R29 of 2017

**Dated 1 September 2017**

**Government Gazette No. 41086**

### **South African Broadcasting Corporation Limited**

The SIU is mandated to investigate:

The procurement of, or contracting for goods, works or services by or on behalf of the SABC from Lornavision (Pty) Ltd, Vision View Productions CC, Sekela Xabiso CA Incorporated, Lezaf Consulting CC, Gekkonomix (Pty) Ltd (trading as Infonomix), Asante Sana (Pty) Ltd, Foxton Communicating (Pty) Ltd and Mott Macdonald (Pty) Ltd and payments made in respect thereof.

Maladministration in the affairs of the SABC and any losses or prejudice suffered by the SABC or the State as a result of such maladministration in relation to the mismanagement of the finances, rights, assets or liabilities of the SABC; the selling of assets or rights which were owned by the SABC which was not to the advantage of the SABC; business transactions that were concluded by or on behalf of the SABC and which were not viable or to the advantage of the SABC; the irregular appointment and promotion of staff; or the payment of salaries, increases, bonuses and other forms of remuneration that were not due, owing or payable or were made in a manner that was contrary to applicable legislation; or manuals, policies, procedures, directives, instructions or practices of or applicable to the SABC, including the causes of such maladministration and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the SABC or the State.

Any undisclosed or unauthorised interest that certain members of the personnel of the SABC may have had with regard to contractors, suppliers or service providers who bid for work or did business with the SABC; or contracts awarded by or on behalf of the SABC.

## Proclamation R30 of 2017

**Dated 1 September 2017**

**Government Gazette No. 41086**

### **KwaZulu-Natal Provincial Treasury**

The SIU is mandated to investigate:

The appointment by the Treasury of service providers to render consultancy services to the Internal Audit Unit (IAU) and Infrastructure and Economic Development Unit (IEDU) of the Treasury.

Any unauthorised, irregular or fruitless and wasteful expenditure incurred by the Treasury or the State in respect of the appointment of the service providers to render consultancy services to the IAU and IEDU of the Treasury.

Fraud, corruption, irregularities, malpractices or maladministration regarding the affairs of the Treasury in relation to the appointment of the service providers; selective investigation of matters reported to the IAU of the Treasury; administration of the Municipal Finance Support Programme, including the causes of such fraud, corruption, irregularities, malpractices or maladministration and any losses, damage or actual or potential prejudice suffered by the Treasury or the State.

Any improper or unlawful conduct by the employees or officials of the Treasury, the service providers or any other person or entity, in relation to the allegations set out the schedule.



## Proclamation R32 of 2017

**Dated 6 October 2017**

**Government Gazette No.41165**

**Department of Rural Development and Land Reform (formerly known as the Department of Land Affairs) in its National department, its Provincial departments, its trading entities and their respective agencies (herein referred to as the DRDLR) and the State Information Technology Agency (Pty) Ltd (herein referred to as SITA)**

This Proclamation amends Proclamation R7 of 2014 and Proclamation R599 of 2015. It includes the further extension of the period of the Proclamation to the date of publication of this Proclamation; and the substitution for paragraph 2 of the Schedule to the Proclamation of the following paragraph:

“...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, Johannesburg, Cape Town, Vryburg and Bloemfontein Deeds Registries or in the processes of requesting for or the giving-out of deeds information, 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.”

10

## Proclamation R35 of 2017

**Dated 10 November 2017**

**Government Gazette No.41236**

**Public Service Sector Education and Training Authority (PSETA)**

The SIU is mandated to investigate:

Maladministration in the affairs of the PSETA, in relation to the allocation, for the 2015/16 financial year, of discretionary grants in terms of the Discretionary Grants Policy and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the PSETA.

Any unlawful or irregular conduct by employees of the PSETA; or any other person or entity, relating to the allegations referred to in the schedule

11

## Proclamation R36 of 2017

**Dated 10 November 2017**  
**Government Gazette No.41236**

### **Alfred Nzo District Municipality**

The SIU is mandated to investigate:

The procurement of, or contracting for, six trucks, six sprinkler water tankers and three jet vacuum tankers, by or on behalf of the District Municipality (DM) and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the DM or the State. Any improper or unlawful conduct by the councillors, officials or employees of the DM or the applicable contractors, suppliers or service providers or any other person or entity, in relation to the allegations in the schedule.

12

## Proclamation R37 of 2017

**Dated 24 November 2017**  
**Government Gazette No.41271**

### **National Department of Transport, Provincial Departments of Transport, local authorities and entities that perform functions in terms of the National Road Traffic Act**

The SIU is mandated to investigate:

Unlawful or improper conduct by employees, officials or agents of the institutions or any other person which relates to the registration and licensing of motor vehicles; registration of motor vehicle ownership or licensing details; issuing of driving licences, learner's licences or professional driving permits; conversion of foreign driving licences and military driving licences to driving licences; issuing of roadworthy certificates; or issuing of operator fitness cards.

The entering of, changing, tampering with, or manipulation of, data or information on the electronic National Traffic Information System in a manner that was contrary to applicable legislation, manuals, policies, procedures, prescripts, instructions or practices of, or applicable to the Institutions; or resulted or could potentially result in the circumvention of the payment of licensing fees, penalties or any other outstanding monies due to the Institutions or the State.

13

## Proclamation R2 of 2018

**Dated 19 January 2018**

**Government Gazette No.41387**

### **North West Department of Public Works, Roads and Transport**

The SIU is mandated to investigate:

The procurement of or contracting for goods, works or services by or on behalf of the Department and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department or the State in relation to the following tenders: Scholar Transport Tender Number: PWRT 029/10; Grass cutting Tender Number: PWRT 02/11; Road D52 and Road D53 Tender Number: NWRT 58/08A; Road D542 Tender Number: NWRT 59/08C; Road D1169 Tender Number: NWRT 61/08A; and Road D614 Tender Number: NWRT 58/08B.

Non-performance or malperformance by the contractors, suppliers and service providers that were appointed in terms of the tenders above, to render goods, works or services to the Department.

Maladministration in the affairs of the Department in relation to payments that were made by the Department to beneficiaries of the Expanded Public Works Programme. Any unlawful or improper conduct by officials or employees of the Department, the applicable contractors, suppliers or service providers or any of the above person or entity, in relation to the allegations set out in the schedule.

The failure of officials or employees of the Department to declare their interests in companies or close corporations.

14

## Proclamation R4 of 2018

**Dated 9 February 2018**

**Government Gazette No.41433**

### **Agriculture Sector Education and Training Authority (AGRISETA/ the Authority)**

The SIU is mandated to investigate:

The expenditure of Discretionary Grant funding by or on behalf of the Authority in relation to Project Number NSFSP-064; a donation made to the Food and Allied Workers Union in respect of its 2016 National Congress; projects not included in the Annual Performance Plan of the Authority for the 2014/2015, 2015/2016 and 2016/2017 financial years; and the allocation or reallocation of surplus discretionary funds in respect of the 2015/2016 financial year, and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Authority or the State.

The procurement of, or contracting for training related services, audit related services and legal services by or on behalf of the Authority and payments made in relation thereto and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Authority or the State.

Maladministration relating to bursaries granted to officials or employees of the Authority; and the appointment of a firm of attorneys to represent the Chief Executive Officer (CEO) of the Authority during grievance proceedings, and any losses or prejudice suffered by the Authority or the State as a result of such maladministration.

Any unlawful or improper conduct by board members, employees or officials of the Authority or any other person or entity, in relation to the allegations set out in the schedule.

15

## **Proclamation R5 of 2018**

**Dated 9 February 2018**

**Government Gazette No.41433**

### **Tshwane South Technical and Vocational Education and Training College**

The SIU is mandated to investigate:

The procurement of, or contracting for goods, works or services by or on behalf of the College and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the College or the State. "Goods, works or services" means the rendering of security services at the Centurion, Odi, Pretoria-West and Atteridgeville Campuses of the College; the rendering of cleaning services at the Centurion and Odi Campuses of the College; the supply and installation of security access control at the Atteridgeville and Odi Campuses of the College; the supply of golf shirts; the planning, design and construction of a resource centre, library and internet cafe; training related services; the supply and installation of electrical cabling at the Atteridgeville Campus in terms of Tender TSC2008/9/02; event management services for the 2014 Spring-day celebration; the extension of a contract of a service provider to provide auditing services to the College; and the appointment of two service providers to render unspecified services to the College.

Any unlawful or improper conduct by employees of the College; contractors, suppliers or service providers of the College; or any other person or entity, relating to the allegations referred to in the schedule.

## **Proclamation R6 of 2018**

**Dated 9 February 2018**

**Government Gazette No.41433**

### **Raymond Mhlaba Local Municipality**

The SIU is mandated to investigate:

The procurement of, or contracting for motor vehicles by or on behalf of the Local Municipality in terms of a hire purchase agreement dated 7 February 2014 and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Local Municipality.

Any improper or unlawful conduct by the councillors, officials or employees of the Local Municipality; or the service provider of the directors, employees or agents of the service provider, in relation to the allegations set out in the schedule.

**16**

**17**

## Proclamation R7 of 2018

**Dated 9 February 2018**

**Government Gazette No.41433**

### **Elias Motsoaledi Local Municipality**

This Proclamation extends Proclamation R59 of 2016. It includes the substitution for paragraph 2 of the Schedule to the Proclamation of the following paragraph:

“2. The procurement of and contracting for goods, works or services by or on behalf of the Elias Motsoaledi Local Municipality and payments made and any related irregular or fruitless and wasteful expenditure incurred by the Elias Motsoaledi Local Municipality or the State.”;

and the addition of the following paragraphs after paragraph 3 of the Schedule to the Proclamation:

“4. Any undisclosed or unauthorized interests that councillors, officials or employees of the Elias Motsoaledi Local Municipality may have had with regard to contractors, suppliers or service providers who bid for work or did business with the Elias Motsoaledi Local Municipality; or contracts awarded by or on behalf of the Elias Motsoaledi Local Municipality. Maladministration in the affairs of the Elias Motsoaledi Local Municipality in relation to the mismanagement of the finances; the mismanagement of contracts; the failure to comply with the provisions of section 74(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003); and the appointment and promotion of, councillors, officials or employees, and the payment of salaries, allowances, increases, bonuses and other forms of remuneration that were not due, owing or payable, and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Elias Motsoaledi Local Municipality, including the causes of such maladministration; and losses or prejudice suffered by the Elias Motsoaledi Local Municipality or the State as a result of such maladministration. Any improper or unlawful conduct by councillors, officials or employees of the Elias Motsoaledi Local Municipality; contractors, suppliers or service providers of the Elias Motsoaledi Local Municipality; or any other person or entity relating to the allegations referred to, in so far as the allegations are applicable to the Elias Motsoaledi Local Municipality.”

# COMPLETED PROCLAMATIONS

## Presidential reports submitted in the 2017/18 financial year

Submitted Presidential Reports				
NO	PROCLAMATION NO	DEPARTMENT/ STATE INSTITUTION	SCOPE	DATE REPORT SUBMITTED
1	Proc R49 of 2014 amended by R16 of 2015	KwaZulu-Natal Provincial Treasury	<p>The appointment, by Treasury, of a service provider to the "Municipal Infrastructure Crack Team" of Treasury to provide services for the Municipal Infrastructure Intervention Programme of the Treasury and payments made to the service provider and related irregular or fruitless and wasteful expenditure incurred by the Treasury;</p> <p>The unauthorised, irregular or fruitless and wasteful expenditure incurred by the Treasury in respect of the funding of the "Commemorating Prisoners of War - St Helena" event; Durban International North Sea Jazz Festival; and KwaZulu-Natal Sharks Board.</p>	11/05/2017
2	Proc R2 of 2012	Eskom Holdings Limited	<p>The procurement of coal supplies and coal transport by or on behalf of Eskom and related irregular or fruitless and wasteful expenditure incurred in a manner that was not fair, competitive, transparent, equitable or cost-effective and which was contrary to applicable legislation or internal policies and procedures governing Eskom;</p> <p>The procurement of helicopter services for the Eastern Cape region by or on behalf of Eskom and related irregular or fruitless and wasteful expenditure incurred;</p>	12/07/2017



## Presidential reports submitted in the 2017/18 financial year (continued)

Submitted Presidential Reports				
NO	PROCLAMATION NO	DEPARTMENT/ STATE INSTITUTION	SCOPE	DATE REPORT SUBMITTED
			<p>Any undisclosed or unauthorised interests which by board members, officials or employees of Eskom may have had in contractors, suppliers or service providers of Eskom and the extent of benefits so derived by such persons;</p> <p>Maladministration in the affairs of Eskom in relation to the incorrect blending of different grades of coal to fuel its coal burning power stations;</p> <p>The payment for or acceptance by Eskom of coal of inferior quality to that contracted for;</p> <p>The procurement and contracting for work, goods or services for fencing in excess of the need therefore;</p> <p>The failure to safeguard fencing materials belonging to Eskom or in respect of which Eskom carried the risk for loss or damage; or payments made for the blending of coal, for coal or for fencing that were not due or payable, and any related losses that Eskom suffered.</p>	
3	Proc R31 of 2016	Amahlathi Local Municipality	<p>The procurement of goods, works or services by or on behalf of the Municipality from or with the intervention of Laman Financial Services (Pty) Ltd and payments which were made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Municipality;</p> <p>Any unlawful or irregular conduct by the Municipality, councillors, officials or employees of the Municipality; or Laman Financial Services (Pty) Ltd, its directors, employees or agents relating to any of the allegations set out in the schedule.</p>	18/08/2017

## Presidential reports submitted in the 2017/18 financial year (continued)

Submitted Presidential Reports				
NO	PROCLAMATION NO	DEPARTMENT/ STATE INSTITUTION	SCOPE	DATE REPORT SUBMITTED
4	Proc R59 of 2014	National Department of Public Works	<p>The procurement and administration of leases by the Department for itself or other National Departments and organs of state for whose accommodation needs the Department is responsible and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department;</p> <p>Theft, fraud, corruption, irregularities, malpractices or maladministration in the affairs of the Department in relation to the procurement and administration of leases by the Department for itself or other National Departments and organs of state for whose accommodation needs the Department is responsible, including the causes of any such theft, fraud, corruption, irregularities, malpractices or maladministration and any loss, damage or prejudice actually or potentially suffered by the Department or the State.</p>	21/08/2017
5	Proc R6 of 2014	National Department of Co-operative Governance and Traditional Affairs (COGTA)	<p>The appointment of the South African National Apex Tertiary Co-operative Limited 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;</p> <p>Payments which were made by the Department in respect of the Ward Based Co-operatives Programme of the Department and related unauthorised, irregular, fruitless and wasteful expenditure or loss of the Department's funds.</p>	12/09/2017
6	Proc R23 of 2016	KwaZulu-Natal Provincial Department of Transport	Any conduct by officials or agents of the Department or any other person which relates to the registration or motor vehicle ownership and/or licensing details; or entering of, or changes made to, or tampering with, or manipulation of data and/or information, on the eNatis system of the Department in a manner which was contrary to applicable legislation, manuals, policies, procedures, prescripts, instructions or practices of or applicable to the Department; resulted or could potentially result in the circumvention of the payment of licensing fees, any penalties or any other outstanding monies to the Department; or was otherwise irregular or unlawful.	12/09/2017

## Presidential reports submitted in the 2017/18 financial year (continued)

Submitted Presidential Reports				
NO	PROCLAMATION NUMBER	DEPARTMENT/ STATE INSTITUTION	SCOPE	DATE REPORT SUBMITTED
7	Proc R32 of 2016	Independent Development Trust (IDT), the Department of Basic Education (DBE) and the Department of Education for the Free State (DEFS)	<p>The procurement of, or, contracting for goods, works or services by or on behalf of the IDT, DBE or DEFS and payments which were made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the IDT, DBE or DEFS in relation to 10 defined projects;</p> <p>Maladministration and/or irregular, improper or unlawful conduct in respect of the affairs of the IDT, DBE or DEFS relating to the outsourcing of the bid evaluation functions performed in respect of the procurement or supply chain management processes; or contract and performance management, including any failure to act timeously against contractors, suppliers or service providers for any non-performance, poor performance, defective performance or late performance in respect of goods, works or services delivered, performed or rendered, in terms of the 10 projects, including the causes of such maladministration and/or irregular, improper or unlawful conduct;</p> <p>Any non-performance, poor performance, defective performance or late performance by contractors, suppliers or service providers of goods, works or services delivered, performed or rendered in respect of the 10 projects and any losses or damages suffered by the IDT, DBE or DEFS as a result thereof;</p> <p>Any unlawful, improper or irregular conduct on the part of the IDT, DBE or DEFS, their officials or employees; or the contractors, suppliers or service providers, their directors, employees, contractors, sub-contractors or agents, relating to any one of more of the allegations set out in the schedule.</p>	25/10/2017

Submitted Presidential Reports				
NO	PROCLAMATION NO	DEPARTMENT/ STATE INSTITUTION	SCOPE	DATE REPORT SUBMITTED
8	Proc R21 of 2012	The Provincial Treasury, the Department of Health and Social Development, the Department of Roads and Transport, the Department of Education and the Department of Public Works of the Limpopo Province	<p>Maladministration of the affairs of the Department(s) in relation to their:</p> <ul style="list-style-type: none"> <li>a) Cash Management;</li> <li>b) Supply Chain Management;</li> <li>c) Contract Management; and</li> <li>d) Budget preparation and implementation,</li> </ul> <p>Including the causes of such maladministration.</p>	11/12/2017
9	Proc R10 of 2014	Department of Communications	<p>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) Limited and any related unauthorised, irregular, fruitless and wasteful expenditure incurred by the Department;</p> <p>The validity of the MoA concluded between the Department and Media Corner (Pty) Ltd on 29 October 2012;</p> <p>The validity of the implementation of the MoA referred to above and any payments made in terms of the agreement.</p>	19/01/2018

Submitted Presidential Reports				
NO	PROCLAMATION NO	DEPARTMENT/ STATE INSTITUTION	SCOPE	DATE REPORT SUBMITTED
10	Proc R18 of 2005 extended by R5 of 2007 extended by R27 of 2010	National and all Provincial Department(s) of Social Development	Investigation into the administration of the social grants benefits as a result of concerns of fraud, corruption and maladministration by government officials and/or agents responsible.	22/02/2018

## Presidential reports submitted in the 2017/18 financial year (continued)

Submitted Presidential Reports				
NO	PROCLAMATION NO	DEPARTMENT/ STATE INSTITUTION	SCOPE	DATE REPORT SUBMITTED
11	R72 of 2009	North West Province Municipalities	<p>The appointment, extension of appointment, and promotion of municipal staff contrary to the prescripts of applicable laws, 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.</p> <p>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.</p> <p>The procurement and alienation of goods and services contrary to the provisions of the Local Government: MFMA, 2003 (Act No. 56 of 2003) and other applicable laws as well as municipal policy and procedures, including</p> <ul style="list-style-type: none"> <li>(a) the failure to procure and alienate according to a system that is fair, competitive, equitable, transparent and cost effective;</li> <li>(b) the external influence over and manipulation of procurement and alienation processes;</li> <li>(c) undue preference to and favouring of certain parties in the awarding of contracts;</li> <li>(d) the impairment of the independence and integrity of bid structures and processes; and</li> </ul>	22/02/2018

## Presidential reports submitted in the 2017/18 financial year (continued)

Submitted Presidential Reports				
NO	PROCLAMATION NO	DEPARTMENT/ STATE INSTITUTION	SCOPE	DATE REPORT SUBMITTED
			<p>(e) the unnecessary procurement of services of external service providers to perform municipal services.</p> <p>The alienation of municipal land contrary to the provisions of section 14 of the Local Government: MFMA Act, 2003 (Act No. 56 of 2003) and not by way of a fair, competitive, equitable, transparent and cost effective process.</p> <p>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) and the Local Government: MFMA, 2003 (Act No. 56 of 2003).</p> <p>The misuse and misappropriation of funds deriving from the Municipal Infrastructure Grant.</p> <p>The misuse of municipal resources for private benefit.</p>	



## Presidential reports submitted in the 2017/18 financial year (continued)

Submitted Presidential Reports				
NO	PROCLAMATION NO	DEPARTMENT/ STATE INSTITUTION	SCOPE	DATE REPORT SUBMITTED
12	R57 of 2014	National Department of Transport (the Department)	<p>The extensions by the Department of the Driving Licence Card Contract RT (G) 6969 SA, and the National Traffic Information System Contract RT1194KA and related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department;</p> <p>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.</p>	22/02/2018
13	R8 of 2014	Bushbuckridge Local Municipality	<p>The procurement of goods, works or services by or on behalf of the Municipality;</p> <p>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;</p> <p>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;</p> <p>The irregular issuing of motor vehicle licences and registration certificates by the personnel of the Municipality.</p>	28/03/2018

## Presidential reports submitted in the 2017/18 financial year (continued)

Submitted Presidential Reports				
NO	PROCLAMATION NO	DEPARTMENT/ STATE INSTITUTION	SCOPE	DATE REPORT SUBMITTED
14	R40 of 2015	Buffalo City Metropolitan Municipality	The procurement of goods, works or services by or on behalf of the Municipality and payments which were made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Municipality in relation to the contracts awarded to Masiqhambe Trading 520 CC, for the supply and delivery of black refuse bags to the Municipality from 1 February 2012; and Imvusa Trading 337 CC for the construction of 150 top structures in respect of the Potsdam Unit P Stage 2 Housing Project.	28/03/2018
15	R8 of 2011	National Department of Rural Development and Land Reform	<p>The application for and awarding of grants, the transfer of land or the payment of funds to beneficiaries and the administration thereof by the Department, under the Department's Land Reform Programme;</p> <p>The incurrence of irregular expenditure; fruitless and wasteful expenditure; or expenditure not due, owing and payable, in relation to payments made, land transferred or grants awarded to beneficiaries, suppliers, contractors or service providers, in or relating to the Department's Land Reform Programme.</p>	28/03/2018

## VISION

"The State's preferred and trusted forensic investigation and litigation agency."

## THE MISSION

"We are the State's preferred provider of forensic investigating and litigating services working together with other agencies in the fight to eradicate corruption, malpractice and maladministration from society."



## SIU CORE VALUES

Value	Description
<b>Integrity</b>	Doing the right thing even when no one is watching.
<b>Co-operation</b>	Support and enable all stakeholders in the fight against corruption.
<b>Teamwork</b>	Fostering synergy in a multi-disciplinary and diverse environment.
<b>Professionalism</b>	Develop and maintain the highest standards.
<b>Efficiency</b>	Doing the right thing in a timely and cost effective manner.
<b>Independence</b>	Acting without fear, favour or prejudice.
<b>Drive and passion</b>	Ensuring that all tasks are performed with the requisite drive and passion.

# ONGOING INVESTIGATIONS

## 5.1 National Proclamations

ONGOING PROCLAMATIONS			
NO	PROCLAMATION NO	DEPARTMENT/STATE INSTITUTION	GAZETTED DATE & NO
1	R27 of 2015	National Department of Public Works	2015/07/20 No. 39005
2	R18 of 2016	Department of Correctional Services	2016/04/15 No. 39935
3	R19 of 2016	Construction Industry Development Board	2016/04/15 No. 39935
4	R20 of 2016	Department of Correctional Services	2016/04/15 No. 39935
5	R24 of 2017	Department of Rural Development and Land Reform	2017/07/24 No. 41000
6	R28 of 2017	Department of Correctional Services and Independent Development Trust	2017/08/18 No. 41055
7	R37 of 2017	National Department of Transport, Provincial Department of Transport, local authorities and entities that perform functions in terms of the National Road Traffic Act	2017/11/24 No. 41271
8	R32 of 2017	Department of Rural Development and Land Reform (formerly known as the Department of Land Affairs) in its National department, its Provincial departments, its trading entities and their respective agencies (herein referred to as the DRDLR) and the State Information Technology Agency (PTY) Ltd (herein referred to as SITA)	2017/10/06 No. 41165

## 5.1 National Proclamations (continued)

ONGOING PROCLAMATIONS			
NO	PROCLAMATION NO	DEPARTMENT/STATE INSTITUTION	GAZETTED DATE & NO
9	R27 of 2010	South African Social Security Agency	2010/06/08 No. 33279
10	R42 of 2010	South African Police Service (SAPS)	2010/08/10 No. 33451
11	R53 of 2012	National Department of Rural Development and Land Reform and its agents	2012/09/21 No. 35691
12	R54 of 2012	Department of Water Affairs (Formerly the Department of Water Affairs and Forestry)	2012/09/21 No. 35691
13	R20 of 2014	Universal Services and Access Agency of South Africa	2014/03/28 No. 37496
14	R55 of 2014	Department of Labour and the Compensation Fund	2014/08/01 No. 39488

## 5.2 Provincial Proclamations

ONGOING PROCLAMATIONS			
NO	PROCLAMATION NO	DEPARTMENT/STATE INSTITUTION	GAZETTED DATE & NO
1	R22 of 2016	Department of Human Settlements, Gauteng Province and Lepelle Northern Water	2016/04/15 No. 39935
2	R23 of 2016	KwaZulu-Natal Provincial Department of Transport	2016/04/15 No. 39935
3	R32 of 2016	Independent Development Trust, the Department of Basic Education and the Department of Education Free State	2016/05/20 No. 40004
4	R9 of 2017	KwaZulu-Natal Provincial Department of Agriculture and Rural Development and Mjindi Farming (Pty) Ltd	2017/02/03 No. 40594
5	R17 of 2017	Department of Social Development of the Eastern Cape Province	2017/04/25 No. 40810
6	R23 of 2017	Gauteng Provincial Department of Health.	2017/07/24 No. 41000
7	R30 of 2017	KwaZulu-Natal Provincial Treasury	2017/09/01 No. 41086
8	R35 of 2017	Public Services Sector Education and Training Authority	2017/11/10 No. 41236
9	R2 of 2018	North West Department of Public Works, Roads and Transport	2018/01/19 No. 41387
10	R4 of 2018	Agriculture Sector Education and Training Authority (AGRISETA)	2018/02/09 No.41433
11	R5 of 2018	Tshwane South Technical and Vocational Education and Training College	2018/02/09 No.41433

## 5.2 Provincial Proclamations (continued)

ONGOING PROCLAMATIONS			
NO	PROCLAMATION NO	DEPARTMENT/STATE INSTITUTION	GAZETTED DATE & NO
12	R49 of 2012	Kwa-Zulu Natal Department of Public Works for the KwaZulu-Natal Province	2012/09/07 No. 35649



## 5.3 Local Government Investigations

ONGOING PROCLAMATIONS			
NO	PROCLAMATION NO	DEPARTMENT/STATE INSTITUTION	GAZETTED DATE & NO
1	R21 of 2016	Msunduzi Local Municipality	2016/04/15 No. 39935
2	R8 of 2017	Mopani District Municipality	2017/02/03 No. 40594
3	R10 of 2017	Harry Gwala District Municipality	2017/02/03 No. 40594
4	R18 of 2017	Thabazimbi Local Municipality	2017/04/25 No. 40810
5	R19 of 2017	Alfred Nzo District Municipality	2017/04/25 No. 40810
6	R25 of 2017	Lesedi Local Municipality	2017/07/24 No. 41000
7	R36 of 2017	Alfred Nzo District Municipality	2017/11/10 No. 41236
8	R6 of 2018	Raymond Mhlaba Local Municipality	2018/02/09 No. 41433
9	R7 of 2018	Greater Sekhukhune District Municipality and the Elias Motsoaledi Local Municipality	2018/02/18 No. 41433



## 5.3 Local Government Investigations (continued)

ONGOING PROCLAMATIONS			
NO	PROCLAMATION NO	DEPARTMENT/STATE INSTITUTION	GAZETTED DATE & NO
10	R62 of 2010	Tshwane Metropolitan Municipality (TMM): Gauteng Province	2010/11/08 No. 33744
11	R51 of 2014	Vhembe District Municipality	2014/08/01 No. 37884
12	R52 of 2014	Greater Tubatse Local Municipality	2014/08/01 No. 37884

## 5.4 State Owned Entities

ONGOING PROCLAMATIONS			
NO	PROCLAMATION	DEPARTMENT/STATE INSTITUTION	GAZETTED DATE & NO
1	R29 of 2017	South African Broadcasting Corporation Limited	2017/09/01 No. 41086
2	R15 of 2015	SITA (Pty)Ltd	2015/03/ 17 No. 38579



# SUMMARY OF CIVIL LITIGATION MATTERS

UPDATE ON CIVIL LITIGATION				
NO.	PROCLAMATION NO	DEPARTMENT/STATE INSTITUTION	RELIEF	VALUE
1	R38 of 2010	National Department of Public Works	Declaration of invalidity and just and equitable relief.	R11 679 940
2	R38 of 2010	National Department of Public Works	Declaration of invalidity and just and equitable relief.	R1 993 000 000
3	R38 of 2010	National Department of Public Works	Declaration of invalidity and just and equitable relief.	R609 000 000
4	R38 of 2010	National Department of Public Works	Declaration of invalidity and just and equitable relief.	R50 800 000
5	R8 of 2011	National Department of Rural Development and Land Reform	Review of administrative decision and claim for restitution.	R4 700 000
6	R8 of 2011	National Department of Rural Development and Land Reform	Review of administrative decision and claim for restitution.	R 2 900 000
7	R33 of 2011	Midvaal Local Municipality: Gauteng Province	Action for recovery of losses.	R2 615 000
8	R21 of 2012	The Provincial Treasury, the Department of Health and Social Development, the Department of Roads and Transport, the Department of Education and the Department of Public works of the Limpopo Province	Declaration of invalidity and just and equitable relief.	R120 000 000

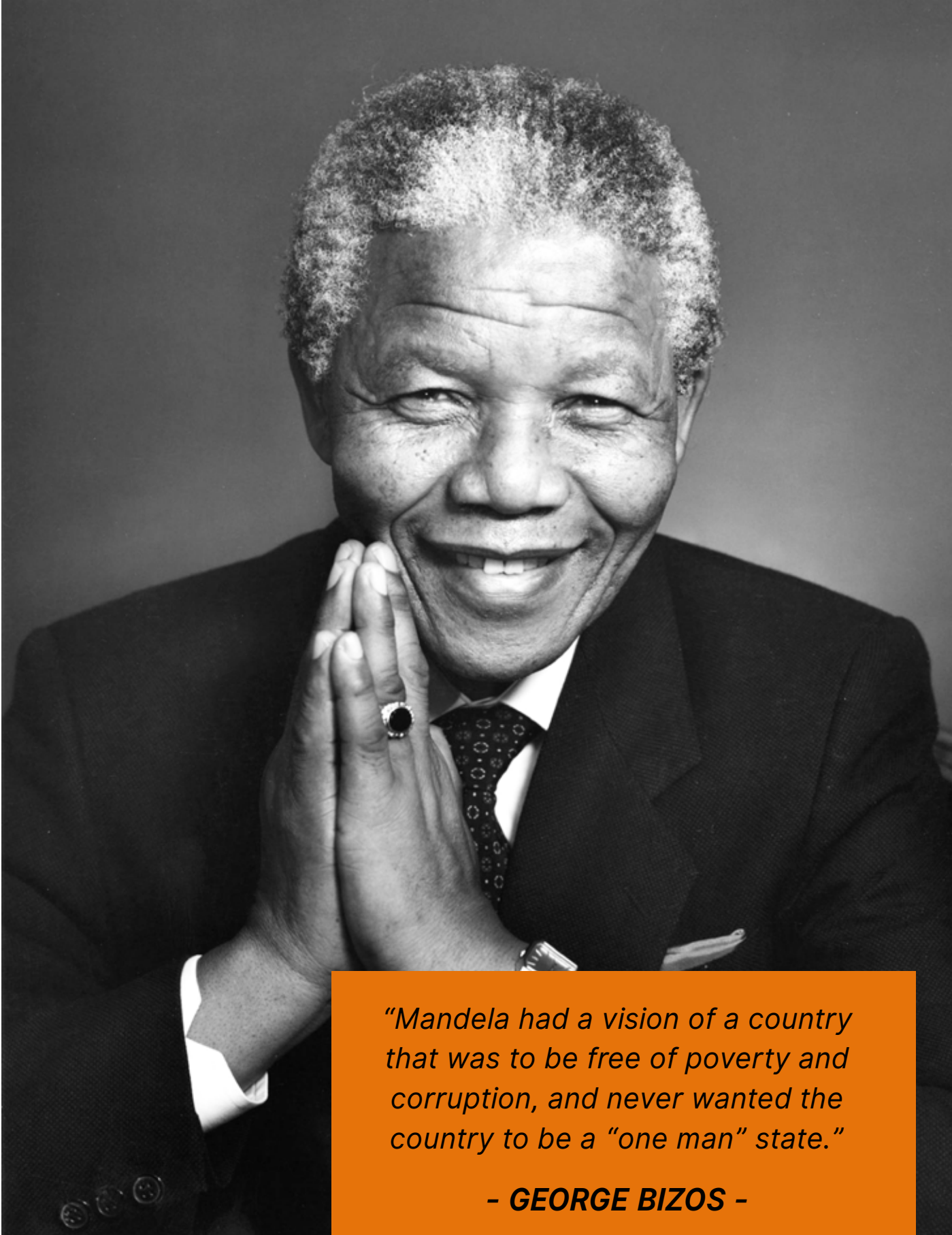
## UPDATE ON CIVIL LITIGATION

NO.	PROCLAMATION NO	DEPARTMENT/STATE INSTITUTION	RELIEF	VALUE
9	R54 of 2012	National Department of Water Affairs (formerly the Department of Water Affairs and Forestry)	Declaration of invalidity and just and equitable relief.	R140 703 377
10	R59 of 2013	National Department of Public Works: Prestige Project situated at Nkandla Kwazulu-Natal	Declaration of invalidity and just and equitable relief.	R155 324 516
11	R5 of 2014	South African Post Office (SAPO)	Declaration of invalidity and just and equitable relief.	R493 000 000
12	R7 of 2014	National Department of Rural Development and Land Department of Rural Development and Land Reform and the State Information Technology Agency (PTY) Ltd (herein referred to as SITA)	Action for just and equitable relief.	R364 910 166
13	R10 of 2014	National Department of Communications	Claim lodged with liquidator.	R752 000 000
14	R52 of 2014	Greater Tubatse Local Municipality	Declaration of invalidity and just and equitable relief.	R 72 000 000
15	R59 of 2014	National Department of Public Works	Action proceedings for recovery of losses.	R37 617 958
16	R59 of 2014	National Department of Public Works	Action proceedings for recovery of losses.	R2 297 838

### UPDATE ON CIVIL LITIGATION

NO.	PROCLAMATION NO	DEPARTMENT/STATE INSTITUTION	RELIEF	VALUE
17	R59 of 2014	National Department of Public Works	Declaration of invalidity and just and equitable relief	R9 792 403
18	R59 of 2014	National Department of Public Works	Declaration of invalidity and just and equitable relief	R 88 135 609
19	R59 of 2014	National Department of Public Works	Declaration of invalidity and just and equitable relief	R6 382 128
20	R62 of 2014	National Department of Communications	Action proceedings for recovery of losses.	R604 549
21	R598 of 2015	Eastern Cape Department of Education	Action proceedings for recovery of losses.	R12 578 703
22	R18 of 2016	National Department of Correctional Services	Declaration of invalidity and just and equitable relief.	R301 000 000
23	R20 of 2016	National Department of Correctional Services	Declaration of invalidity and just and equitable relief.	R1 111 000 000
24	R21 of 2016	Msunduzi Local Municipality	Declaration of invalidity and just and equitable relief.	R554 000 000
25	R31 of 2016	Amahlathi Local Municipality	Action proceedings for recovery of losses.	R92 487 183
26	R29 of 2017	South African Broadcasting Corporation (SABC)	Action proceedings for recovery of losses.	R21 744 002

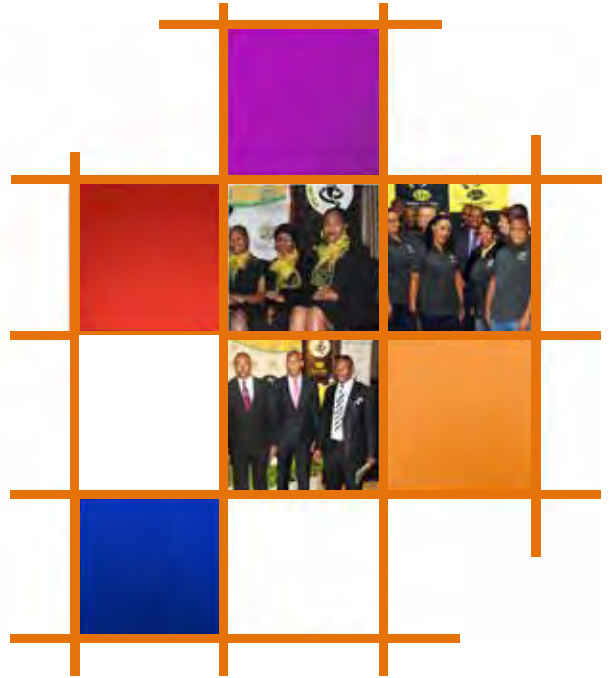




*"Mandela had a vision of a country that was to be free of poverty and corruption, and never wanted the country to be a "one man" state."*

**- GEORGE BIZOS -**

# GOVERNANCE



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# ACRONYMS

<b>ACTT</b>	Anti-Corruption Task Team
<b>AGSA</b>	Auditor General of South Africa
<b>APP</b>	Annual Performance Plan
<b>CRMP</b>	Compliance Risk Management Plan
<b>DC</b>	Disciplinary Committee
<b>ERM</b>	Enterprise Risk Management
<b>EXCO</b>	Executive Committee
<b>HoU</b>	Head of the Unit
<b>HR</b>	Human Resources
<b>HSACF</b>	Health Sector Anti-Corruption Forum
<b>IIU</b>	Internal Integrity Unit
<b>MISS</b>	Minimum Information Security Standards
<b>PC</b>	Portfolio Committee
<b>PFMA</b>	Public Finance Management Act
<b>SABC</b>	South African Broadcasting Corporation
<b>SAPS</b>	South African Police Service
<b>SCM</b>	Supply Chain Management
<b>SCOPA</b>	Standing Committee on Public Accounts
<b>SIU</b>	Special Investigating Unit
<b>SOE</b>	State Owned Entity
<b>SSA</b>	State Security Agency



# INTRODUCTION

The SIU operates by adhering to good governance principles and reports functionally to the Portfolio Committee (PC) on Justice and Constitutional Development and to the Presidency, while it reports administratively to the Department Justice and Constitutional Development. For the year 2017/18 the Unit had an established and functional Executive Committee (EXCO), led by the Head of the Unit. The SIU is a schedule 3A entity without a board and the Head of the Unit fulfils the full responsibility of the board as the Accounting Authority, assisted by the Executive Committee members as per the PFMA Section 49 (2) (b).

## PORTFOLIO COMMITTEE

**The SIU has appeared before the Portfolio Committee on Justice and Correctional Services, other Portfolio Committees as well as before SCOPA, on the dates below:**

- PC on Justice and Correctional Services (29 March 2017): Presenting the Budget and the Annual Performance Plan for 2017/18;
- PC on Justice and Correctional Services (11 October 2017): Presenting Annual Report 2016/17;
- PC on Water & Sanitation (1 November 2017): Briefing the PC on Water and Sanitation;
- PC on Communications (13 February 2018): Update on the proclamations on the SABC Investigation;and
- **SCOPA:** Presenting Investigations referred to the SIU (06 September 2017): Investigation.

# COMPLIANCE WITH LAWS AND REGULATIONS

The SIU developed and approved a new structure incorporating a Compliance Function. A fully-fledged Compliance Unit will be established during the 2018/19 financial year which will enable the SIU to manage regulatory risks efficiently. Although the SIU did not have a fully-fledged Unit, the Compliance Monitoring Plan was shared with the Risk Committee on the planned activities, to ensure that the SIU complies with all applicable regulatory requirements and the Risk Committee noted that a fully-fledged Compliance Unit has been proposed in the new structure. The recruitment to fill the positions as per the structure will commence in the 2018/19 financial year. A draft SIU Compliance Universe has also been developed. However, the EXCO session will be convened to engage and adopt the draft Compliance Universe in the new financial year and the Compliance Risk Management Plans (CRMPs) will also be developed, to ensure that Compliance Monitoring focuses on those high-risk compliance requirements.

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“ A fully-fledged Compliance Unit will be established during the 2018/19 financial year which will enable the SIU to manage regulatory risks efficiently. ”

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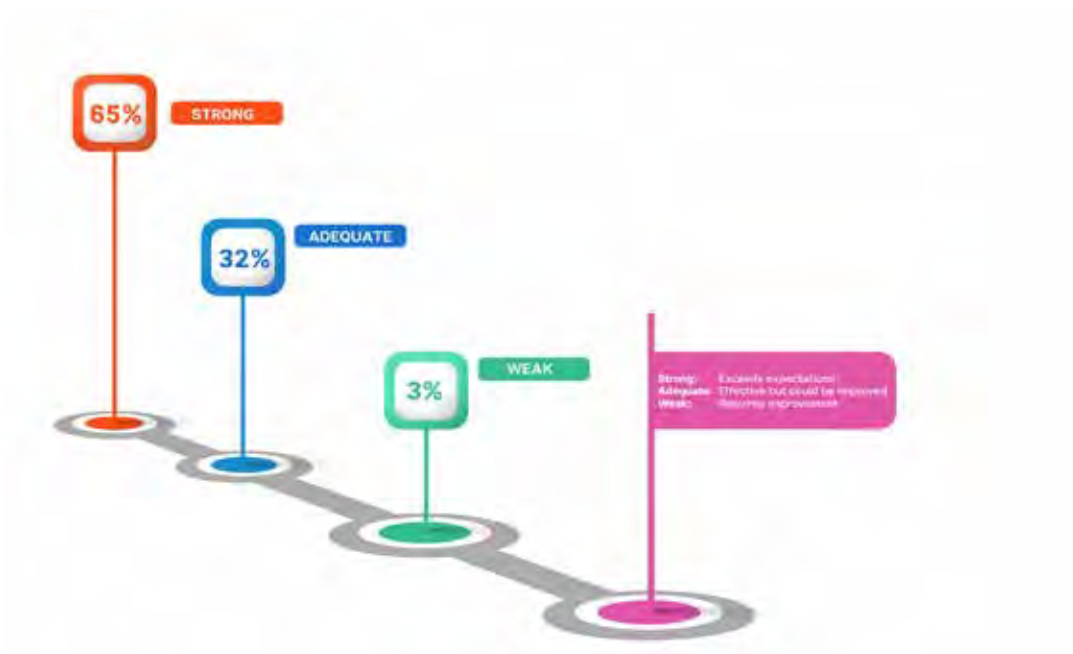
# RISK MANAGEMENT

## 4.1 Risk Governance

The SIU has an approved Enterprise Risk Management (ERM) Policy Framework and Standard that are implemented across the organisation. The ERM Plan has been approved and the Risk Committee monitors the implementation on a quarterly basis. A fully-fledged Risk Committee with approved Terms of Reference is in place and is led by an independent Chairperson.

As part of good governance practice enshrined in the King IV on Corporate Governance, the Risk Committee Evaluation was conducted in the 2017/18 financial year. The purpose of the evaluation was to gauge the effectiveness and performance of the Risk Committee in line with the approved Terms of Reference and determine areas of improvement that are required.

The below graph depicts the results of the Risk Committee Evaluation:



## 4.2 Strategic Risks

The table below depicts the Top 10 SIU Strategic Risks that were closely monitored in the 2017/18 financial year. Strong oversight and effective management of the Strategic Risks contributed immensely to the SIU achieving majority of its strategic objectives and clean unqualified audit

No	Risk Title	Status	Rating
1.	Non-implementation of SIU remedial actions by State Institutions	⬆️	I
2.	Inability to achieve set targets as per the APP and Strategic Plan	⬇️	II
3.	Inability to co-operate with other Law Enforcement Agencies	⬇️	II
4.	Pro-longed engagement to get proclamations authorized and gazetted	⬇️	II
5.	Lengthy civil litigation process which delays conclusion of matters	⬅️	II
6.	Inability to collect revenue (high debtors book)	⬆️	II
7.	Inability to maintain SIU corporate image and identity	⬅️	II
8.	Insufficient work for SIU due to a lack of published and gazetted proclamations	⬇️	II
9.	Unauthorized disclosure of SIU information	⬆️	II
10.	Non-compliance with applicable legislations or regulatory requirements	⬅️	III



Risk exposure increasing



Risk exposure unchanged



Risk exposure decreasing

## 4.3 SIU Risk Management Maturity

SIU envisage becoming a “Risk Intelligent” Entity that is a leader in public service risk management whereby risk management and internal controls are fully entrenched and embedded in all business processes and activities. In this regard, risk management is not only viewed as an enabler but a key driver to business performance.

Therefore, it is vitally important for SIU to periodically undertake a risk maturity assessment to gauge the risk management maturity levels, to identify and analyse the requirements for a step change and to map the implementation plan of becoming a risk intelligent organization.

SIU is planning to conduct Risk Maturity Assessment in 2018/19 financial year, and below are the key risk maturity principles that will be considered when undertaking the maturity assessment to determine how well risk management is embedded in SIU’s business process and activities.



# INTERNAL INTEGRITY UNIT

## 5.1 Screenings

Screenings are conducted before a candidate is employed. This serves as a method to detect risk factors that would be unacceptable for the SIU from an integrity perspective. During the year under review, pre-employment screenings were performed on **11** candidates.

Screenings were also performed on consultants involved with Project Siyakha, as well as Audit Committee Members and the Chairperson of the Risk Committee. 13.3% of the candidates were not recommended, which is consistent with statistics that have been gathered annually since 2006.

## 5.2 Physical and Information Security

Threat Risk Assessments were performed at **5** offices. Through these assessments, the vulnerable areas were determined and a priority list compiled in order to focus resources optimally. Security committees in all the regions met quarterly. The State Security Agency is responsible for the security vetting of SIU employees. During the period under review, **6** Top Secret clearances were issued.

“ SIU members can report allegations of fraud and unethical behavior through various channels, including the email address [ethics@siu.org.za](mailto:ethics@siu.org.za), or directly to the IIU, their line managers or any other applicable department.”

## 5.3 Ethics Advocacy and Awareness

Procurement of the whistleblower hotline is in process. In the meantime members of the public and SIU members can report allegations of fraud and unethical behavior through various channels, including the email address [ethics@siu.org.za](mailto:ethics@siu.org.za), or directly to the IIU, their line managers or any other applicable department. As part of the awareness campaign on anti-corruption and ethics issues, presentations were held in all the regions to sensitise members about these topics.

## 5.4 Internal Investigations

During the period under review, no serious internal matters were investigated by the IIU and no disciplinary actions resulting from internal investigations took place.

## 5.5 Fraud and Corruption

The Fraud Prevention Plan of the SIU defines fraud and explains what should be done when fraud is suspected. Progress was made in implementing the fraud prevention plan. Fraud risk identification was completed and included in the Fraud Risk Register. Fraud prevention oversight was established through the Risk Management Committee. Communication and awareness regarding fraud prevention took place in all the regions.

“Communication and awareness regarding fraud prevention took place in all the regions.”

## 5.6 Minimizing Conflict of Interest

SIU members are required to request permission for outside remuneration from the Head of the Unit (HoU). No business may be performed outside the SIU without the knowledge and consent of the HoU. During the year under review, a total of 18 applications were submitted of which seven were approved and 11 are still under review.

All SIU members are required to declare their assets and interests on an annual basis. In the year under review, 516 employees were expected to submit their declarations. The return rate was 97.5%. Consequence management was implemented for the remaining 2.5% that did not comply.



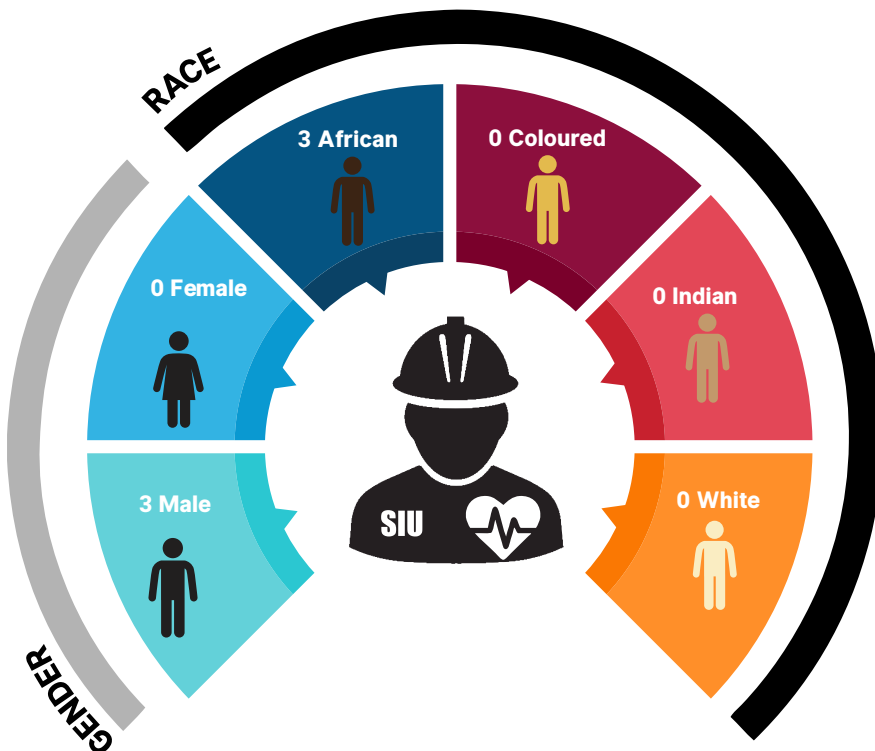
“Members are required to complete gift registers where all gifts received in the work environment are declared. The receiving of gifts is discouraged and it should always be considered whether it might cause a potential conflict of interest.”

## 5.7 Code of Conduct

A Code of Conduct has been developed to regulate the conduct of SIU employees and other stakeholders. The Code describes the values and standards for ethical conduct that is expected of SIU employees.

## 5.8 Health, Safety and Environment Issues

The Unit has experienced three incidents of injuries on duty for the period under review. The affected employees have received medical attention and continue to get the necessary support.



# AUDIT COMMITTEE REPORT

## 6.1 Report of the Audit Committee for the SIU

We present our report for the financial year ended 31 March 2018.

### Introduction

The SIU has an Audit Committee which consists of five independent Audit Committee members, which is supported by two sub-governance committees: **Risk Management Committee and Human Resource Management Committee.**

## 6.2 Audit Committee Responsibility

### The Audit Committee reports that it has:

- complied with its responsibilities arising from section 51 (1) (a) (ii) of the PFMA and Treasury Regulation 3.1.13;
- adopted appropriate formal Terms of Reference as its Charter, and regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein;
- adopted appropriate formal Terms of Reference as its Charter;
- regulated its affairs in compliance with this charter/terms of reference; and
- discharged all its responsibilities as contained therein and the related accounting policies and practices.



---

“ The Audit and Risk Committee is satisfied that there is reasonably effective monitoring over the system of internal controls in place to mitigate risks as reported by Internal Audit to an acceptable level. ”

---

## **Stakeholder Engagements**

The committee, as part of assurance provision, has been able to engage with the following stakeholders:

- Internal Audit and Risk and Governance (SIU);
- Office of the Auditor-General of South Africa (AGSA); and
- Minister of Justice and Constitutional Development.

## **Audit Committee Skills Development**

A high level introductory session on the organisational review project called Project Siyakha was held during the second quarter of the financial year, to assist the Audit Committee members to better understand the new SIU Value Chain, Business Model and proposed structure.

## **6.3 Internal Audit**

The Audit and Risk Committee has evaluated the internal control environment and based on the information provided and assessed, the internal controls were considered adequate and always effective to mitigate related risks. However, the review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the SIU, revealed that some improvement is required relating to eliminating delays in concluding individual performance contracts to measure the performance of employees. As a result, the Audit Committee will continue to monitor management's action plan in response to strengthen such controls. The Audit and Risk Committee is satisfied that there is reasonably effective monitoring over the system of internal controls in place to mitigate risks as reported by Internal Audit to an acceptable level. In line with the PFMA, the internal audit coverage plan was informed by the risk management process.

Due to the delay in the appointment of the new service provider for Internal Audit services, the Internal Audit plan below was reviewed and approved by the Audit Committee.

No	Audit Area	No.	Audit Area
i.	Performance Objectives (Referrals)	vii.	Training and development audit
ii.	Performance Information	viii.	Compliance audit
iii.	Stakeholder engagement audit	ix.	Fleet Management
iv.	Information Technology audit	x.	Adhoc audits
v.	Human Resource audit	xi.	Follow-Up Reviews
vi.	Capital projects audit		

## 6.4 Risk Management

The SIU has appointed an independent Risk Management Committee Chair from 01 October 2017. It is vital however, to point out that there is a risk assessment process in place as well as the resultant strategic and operational risk registers. The risk management framework and standards were also developed and approved for the Unit. The top ten risks (as illustrated on page 83) are monitored by the Risk Management Committee and ratified by the Audit Committee on a quarterly basis; with special attention paid to remedial actions and residual risk exposures.

The Audit Committee also noted and welcomed that the risk management is firmly embedded in SIU business day to day operations. The SIU is planning to conduct Risk Maturity Assessment in 2018/19 financial year using an approved National Treasury Risk Maturity Model. The results of the assessment will indicate that the value-add of risk management is in place and the aggregated risk management information is circulated to relevant officials and oversight structures as a matter of routine.

## 6.5 In-Year Management and Monthly/Quarterly Report

The SIU has reported monthly and quarterly to the National Treasury as required by the PFMA. In addition, at all Audit Committee meetings, the SIU has presented quarterly

## 6.6 Evaluation of Financial Statements

The Audit Committee reviewed the Annual Financial Statements prepared by the SIU at the Audit Committee meeting held on 28 May 2018 and were recommended for audit by the AGSA.

## 6.7 Evaluation of Performance Information

At the same Audit Committee meeting, the performance information tables were evaluated and recommended for audit after further refinement by management.

## 6.8 Auditor General's Report

The Audit Committee has reviewed the SIU implementation plan for audit matters raised in the previous year and is satisfied that the matters have been adequately resolved.

Finally, the Audit Committee notes with great joy the Auditor-General Clean Audit Opinion on the Annual Financial Statements, performance information, compliance to key legislation and effective internal control measures. The Committee has also reviewed the performance information as included in the Auditor General report together with the management letter and has congratulated the Accounting Authority and challenged him to develop a strategy to maintain this excellent performance that has been shown in two conservative years.



Ms B Ngunjiri  
Chairperson of the Audit Committee  
**31 July 2018**

# HUMAN RESOURCES



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# HUMAN RESOURCES ACRONYMS

<b>CCMA</b>	Commission for Conciliation, Mediation and Arbitration
<b>HR</b>	Human Resources
<b>PSETA</b>	Public Service Education and Training Authority
<b>SETA</b>	Sector Education and Training Authority

# INTRODUCTION

The flagship project this financial year for the Unit led by the Human Resources Department was the organisational review, which was named by members of the Unit as "Project Siyakha."

The key deliverables for Project Siyakha were:

- the development of the five year organisational strategy and the organisation structure to support this strategy;
- the development of job profiles for all positions and the grading thereof; and
- the development of a remuneration strategy and policy, that will redefine the remuneration dispensation for the organisation going forward.

“The flagship project this financial year for the Unit led by the Human Resources Department was the organisational review, which was named by members of the Unit as “Project Siyakha.””

In order to ensure the successful delivery of this project tasks teams comprising of representatives from Management, staff, Human Resources and labour were established. The key outputs that were developed during this financial year included the:

- SIU organisational strategy;
- A new value chain;
- Organisation structure;
- Job profiles for new positions and grades; and
- Remuneration strategy and policy.

The key deliverables are currently being reviewed and will follow the approval processes as per the SIU governance structures. This will be followed by implementation which is envisaged to be in a phased approach.

# OVERVIEW OF HUMAN RESOURCES

## Key Achievements:

Appointments of the following vacancies:

- Deputy Head of the Unit;
- Strategy Manager;
- Four Senior Forensic Lawyers; and
- Manager: Supply Chain Management.

The following HR policies were approved and implemented - The Overtime policy; Travel Inconvenience policy and the Retirement policy.

## Training and Development

- 185 employees attended a training programme on Planning and Conducting Investigations and analyzing financial evidence;
- 20 employees were successfully trained as “Train-the-Trainer” and Assessors for the Cyber Forensic First Responder Programme and are now certified and accredited as Trainers and Assessors by the ETDP-SETA. 28 employees were trained on this programme during the year and more training is planned for next year;
- A total of 120 bursaries were offered to employees at various levels of study in the fields of Forensic Investigations, Forensic Accounting and Law;
- The Employee Wellness Programme hosted amongst other initiative Successful Men and Women’s Health awareness days;
- An annual training plan and annual training report was prepared and submitted to the PSETA; and
- An Employment Equity plan was prepared and submitted to the Department of Labour.

# HUMAN RESOURCES OVERSIGHT STATISTICS

## 3.1 Personnel related expenditure

### 3.1.1 Personnel cost by programme

Programme	Personnel expenditure (R'000)	Employee count for the period	Average personnel cost per employee (R'000)
Operations	283 802	402	706
Administration	63 345	120	528
<b>Total</b>	<b>347 147</b>	<b>522</b>	<b>665</b>

**Note:** Employee related costs are as per the Payroll system and does not include leave pay accrual and other provisions included in the total employee related costs in the Annual Financial Statement section of this report.

### 3.1.2 Personnel costs by occupational level

Occupational level	Personnel expenditure (R'000)	% of personnel exp. to total personnel exp.	Employee count for the period	Average per-sonnel cost per employee (R'000)
Top Management	2 318	5%	1	2 318
Senior Management	40 537	8%	33	1 228
Professional Qualified	169 244	49%	172	984
Skilled	102 164	28%	177	577
Semi-skilled	31 153	9%	127	245
Unskilled	1 731	1%	12	144
<b>Total</b>	<b>347 147</b>	<b>100%</b>	<b>522</b>	<b>665</b>



## 3.2 Employment and Vacancies

### 3.2.1 Employment and vacancies by Programme

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate
Operations	461	399	13%
Administration	168	117	30%
<b>Total</b>	<b>629</b>	<b>516</b>	<b>18%</b>

### 3.2.2 Employment and vacancies by occupational level

Occupational level	Number of posts on approved establishment	Number of posts filled	Vacancy Rate
Top Management	1	1	0%
Senior Management	43	33	23%
Professional Qualified	213	171	20%
Skilled	224	174	22%
Semi-skilled	136	126	7%
Unskilled	12	11	9%
<b>Total</b>	<b>629</b>	<b>516</b>	<b>18%</b>

## 3.3. Employment Changes

### 3.3.1 Annual turnover rates by occupational level

Occupational level	No of employees at beginning of period-1 April 2017	Appoint-ments	Termina-tions	31 March 2018	Turnover rate
Top Management	1	0	0	1	0%
Senior Management	28	6	1	33	3%
Professional Qualified	175	1	5	171	3%
Skilled	178	0	4	174	2%
Semi-skilled	129	0	3	126	2%
Unskilled	12	0	1	11	8%
<b>Total</b>	<b>523</b>	<b>7</b>	<b>14</b>	<b>516</b>	<b>3%</b>

### 3.3.2 Reasons for staff leaving

Termination Type	Number	% of Total Exits
Resignation	8	57%
Expiry of contract	2	14%
Dismissal – misconduct	1	7%
Retirement	3	21%
<b>Total</b>	<b>14</b>	<b>100%</b>
<b>Total number of employees who left as a % of total employment</b>		<b>3%</b>

## 3.4 Employment Equity

### 3.4.1 Total number of employees (including employees with disabilities) in each of the following occupational levels

Occupational level	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	9	2	2	11	6	1	1	3	35
Professional Qualified	48	14	16	37	20	1	4	28	168
Skilled	75	7	11	3	36	5	13	25	175
Semi-skilled	27	0	0	3	77	4	7	8	126
Unskilled	0	0	0	0	11	0	0	0	11
<b>Total</b>	<b>160</b>	<b>23</b>	<b>29</b>	<b>54</b>	<b>150</b>	<b>11</b>	<b>25</b>	<b>64</b>	<b>516</b>
<b>Employees with disabilities</b>	0	0	0	0	0	0	0	0	0

### 3.4.2 Recruitment for the period

Occupational level	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	4	0	0	0	2	0	0	0	6
Professional Qualified	1	0	0	0	0	0	0	0	1
Skilled	0	0	0	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
<b>Employees with disabilities</b>	0	0	0	0	0	0	0	0	0

### 3.4.3 Promotions for the period (Internal recruitment)

Occupational level	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professional Qualified	0	0	0	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Employees with disabilities</b>	0	0	0	0	0	0	0	0	0

### 3.4.4 Terminations for the period

Occupational level	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	1	0	1
Professional Qualified	1	0	0	3	1	0	0	0	5
Skilled	0	1	0	0	1	0	0	2	4
Semi-skilled	1	0	0	0	1	0	0	1	3
Unskilled	0	0	0	0	1	0	0	0	1
<b>Total</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>14</b>
<b>Employees with Disabilities</b>	0	0	0	0	0	0	0	0	0

### 3.4.5 Disciplinary action instituted for the period

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Misconduct	3	0	0	0	0	0	2	0	5
Total	3	0	0	0	0	0	2	0	5

## 3.5 Performance Rewards

### 3.5.1 Performance Rewards by occupational level

Occupational Level	Performance rewards (R'000)
Top Management	478
Senior Management	1 052
Professional Qualified	14 121
Skilled	4 952
Semi-skilled	1 963
Unskilled	186
<b>Total</b>	<b>22 752</b>

## 3.6 Labour Relations

### 3.6.1 Misconduct and disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	% of total
Verbal warning	1	50%
Dismissal	1	50%
<b>Total</b>	<b>2</b>	<b>100%</b>

### 3.6.2 Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Dishonesty and unauthorised absence from workplace while on duty	1	50%
Absence from work without approval by line manager	1	50%
<b>Total</b>	<b>2</b>	<b>100%</b>

### 3.6.3 Grievances lodged

Grievances	Number	% of Total
Number of grievances resolved	7	54%
Number of grievances not resolved	6	46%
<b>Total number of grievances lodged</b>	<b>13</b>	<b>100%</b>

### 3.6.4 Disputes referred to CCMA

Disputes	Number	% of Total
Number of disputes upheld	1	9%
Number of disputes dismissed	10	91%
<b>Total number of disputes referred</b>	<b>11</b>	<b>100%</b>

## 3.7 Skills development

### 3.7.1 Training needs identified for the period

Occupational level	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Skills Programmes	Other short course	Other forms of training	Total
Top Management	Female	4	0	0	0	0
	Male	5	0	0	0	0
Senior Management	Female	6	0	0	2	2
	Male	16	0	0	1	1
Professional Qualified	Female	54	0	4	2	6
	Male	118	0	6	0	6
Skilled	Female	81	0	76	39	115
	Male	98	0	11	37	48
Semi-skilled	Female	98	0	81	33	114
	Male	31	0	12	0	12
Unskilled	Female	12	0	6	0	6
	Male	0	0	0	0	0
Sub Total	Female	255	0	167	76	243
	Male	268	0	29	38	67
<b>Total</b>		<b>523</b>	<b>0</b>	<b>196</b>	<b>114</b>	<b>310</b>

### 3.7.2 Training provided for the period

Occupational level	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Skills Programmes	Other short courses	Other forms of training	Total
Top Management	Female	4	0	3	0	3
	Male	5	5	1	0	6
Senior Management	Female	6	0	0	2	2
	Male	16	2	1	2	5
Professional Qualified	Female	54	3	2	2	7
	Male	118	12	9	3	24
Skilled	Female	81	59	26	21	106
	Male	98	129	24	27	180
Semi-skilled	Female	98	0	24	22	46
	Male	31	0	7	0	7
Unskilled	Female	12	0	0	1	1
	Male	0	0	0	0	0
Sub Total	Female	255	62	55	48	165
	Male	268	148	42	32	222
<b>Total</b>		<b>523</b>	<b>210</b>	<b>97</b>	<b>80</b>	<b>387</b>



## 3.8 Injury on duty

### 3.8.1 Injury on duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	3	3
<b>Total</b>	<b>3</b>	<b>3</b>

(Refer to Section C, Part 5 on the Health, Safety and Environment Issues)

*"When the spider webs combine they can even tie up a lion. Together we have tied up many lions, apartheid, state capture and we now need to tie up against corruption, bad governance and everything that undermines our beautiful democracy".*

*- Adv. Thuli Madonsela -*



# ANNUAL FINANCIAL STATEMENTS

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# ACRONYMS

<b>ACTT</b>	Anti corruption task team
<b>AOD</b>	Acknowledgement of Debt
<b>CARA</b>	Criminal Asset Recovery Account
<b>DOJ &amp; CD</b>	Department of Justice and Constitutional Development
<b>DPW</b>	Department Public Works
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IT</b>	Information Technology
<b>ISA</b>	International Standard of Auditing
<b>MFMA</b>	Municipal Finance Management Act
<b>NPA</b>	National Prosecuting Authority
<b>PAA</b>	Public Audit Act
<b>PFMA</b>	Public Finance Management Act
<b>SARS</b>	South African Revenue services
<b>UIF</b>	Unemployment Insurance Fund

## 1. Accounting Authority's Responsibilities and Approval

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The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are during this period engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Accounting Authority is primarily responsible for the financial affairs of the entity, he is supported by the entity's management and internal auditors.

The external auditors are responsible for auditing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 110.

The Annual Financial Statements set out on pages 116 to 173, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July, 2018 and were signed on:



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**Adv Andy Mothibi**  
**Accounting Authority**  
**31 July 2018**

## 2. Report of the Auditor - General to Parliament on the Special Investigating Unit

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### Report on the Audit of the annual performance report

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#### Opinion

1. I have audited the financial statements of the Special Investigating Unit set out on pages 116 to 173, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Special Investigating Unit as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified opinion.

### **Responsibilities of the accounting authority for the financial statements**

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised accounting Practice (SA Standards of GRAP) and the requirements of the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the Special Investigating Unit's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.



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## Report on the audit of the annual performance report

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### Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2018:

Programme	Pages in the Annual Report
Programme 2 – Operations (Forensic Investigations and Civil Proceedings)	page 28 – 30

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programme:

- Programme 2 - Operations ( Forensic Investigations and Civil Proceedings)

### Other matter

15. I draw attention to the matter below.

### Achievement of planned targets

16. Refer to the annual performance report on pages 31 to 41 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a significant number of targets.

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## Report on the audit of compliance with legislation

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### Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

18. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

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## Other information

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19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.

20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
22. After I receive and read the other information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

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### **Internal control deficiencies**

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23. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Pretoria  
31 July 2018



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## Annexure – Auditor-General’s responsibility for the audit

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1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for the selected programme and on the entity’s compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit 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.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accounting Authority.
  - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence

obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Special Investigating Unit ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause the entity to cease continuing as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### 3. Statement of Financial Position as at 31 March 2018

Figures in Rand	Note(s)	2018 R	2017 Restated R
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	5	58,885,074	133,945,658
Bank balance - Recoveries	4	32,652,455	25,059,827
Cash and cash equivalents	3	513,987,790	293,021,334
		<b>605,525,319</b>	<b>452,026,819</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	42,534,909	45,346,405
Intangible assets	7	2,741,007	2,913,843
		<b>45,275,916</b>	<b>48,260,248</b>
<b>Total Assets</b>		<b>650,801,235</b>	<b>500,287,067</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	10	545,538	398,538
Operating lease liability	11	1,345,079	726,640
Payables from exchange transactions	8	36,410,507	24,709,443
Provisions	9	33,352,314	23,834,116
Payables - Recoveries	4	32,652,455	25,059,827
<b>Total Liabilities</b>		<b>104,305,893</b>	<b>74,728,564</b>
<b>Net Assets</b>		<b>546,495,342</b>	<b>425,558,503</b>
<b>Accumulated surplus</b>		<b>546,495,342</b>	<b>425,558,503</b>

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### 4. Statement of Financial Performance

Figures in Rand	Note(s)	2018 R	2017 Restated R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rendering of services	12	285,814,803	181,675,671
Interest received	12	16,870,377	15,051,512
Other income	12	13,118	27,605
<b>Total revenue from exchange transactions</b>		<b>302,698,298</b>	<b>196,754,788</b>
<b>Revenue from nonexchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	13	346,177,000	316,732,000
CARA funds	14	3,323,334	3,303,405
Rental of premises paid on behalf of the SIU	15	5,647,916	5,389,951
<b>Total revenue from nonexchange transactions</b>		<b>355,148,250</b>	<b>325,425,356</b>
<b>Total revenue</b>	12	<b>657,846,548</b>	<b>522,180,144</b>
<b>Expenditure</b>			
Employee related costs	16	(362,085,226)	(322,683,382)
Depreciation and amortisation	6&7	(6,964,126)	(5,929,160)
Debt impairment	30	(51,417,334)	(55,309,869)
Lease rentals on operating lease	18	(36,173,079)	(38,634,536)
Professional services		(535,374)	(480,174)
Loss on disposal of assets and liabilities		(20,545)	(74,900)
General expenses	17	(79,714,024)	(56,539,099)
<b>Total expenditure</b>		<b>(536,909,708)</b>	<b>(479,651,120)</b>
<b>Surplus for the year</b>		<b>120,936,840</b>	<b>42,529,024</b>

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### 5. Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus R	Total net assets R
<b>Balance at 1 April 2016</b>	<b>383,029,479</b>	<b>383,029,479</b>
Changes in net assets		
Surplus for the year	42,529,024	42,529,024
<b>Total changes</b>	<b>42,529,024</b>	<b>42,529,024</b>
<b>Restated* Balance at 1 April 2017</b>	<b>425,558,502</b>	<b>425,558,502</b>
Changes in net assets		
Surplus for the year	120,936,840	120,936,840
<b>Total changes</b>	<b>120,936,840</b>	<b>120,936,840</b>
<b>Balance at 31 March 2018</b>	<b>546,495,342</b>	<b>546,495,342</b>

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### 6. Cash Flow Statement

Figures in Rand	Note(s)	2018 R	2017 Restated R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		310,406,073	144,168,724
Government Grant		346,177,000	316,732,000
Interest income		16,870,377	15,051,512
Other receipts		13,118	27,605
		<u>673,466,568</u>	<u>475,979,841</u>
<b>Payments</b>			
Employee costs		(362,787,933)	(322,683,382)
Suppliers		(85,711,845)	(88,305,575)
		<u>(448,499,778)</u>	<u>(410,988,957)</u>
<b>Net cash flows from operating activities</b>	20	<u><b>224,966,790</b></u>	<u><b>64,990,884</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(4,389,110)	(14,194,218)
Proceeds from sale of property, plant and equipment	6	388,776	-
<b>Net cash flows from investing activities</b>		<u><b>(4,000,334)</b></u>	<u><b>(14,194,218)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>220,966,456</b></u>	<u><b>50,796,666</b></u>
Cash and cash equivalents at the beginning of the year		293,021,334	242,224,668
<b>Cash and cash equivalents at the end of the year</b>	3	<u><b>513,987,790</b></u>	<u><b>293,021,334</b></u>



## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### 7. Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Rendering of services	200,908,000	10,279,000	<b>211,187,000</b>	285,814,803	<b>74,627,803</b>	29.1
Interest received	15,005,000	1,827,000	<b>16,832,000</b>	16,870,377	<b>38,377</b>	
Other income	-	-	-	13,118	<b>13,118</b>	
<b>Total revenue from exchange transactions</b>	<b>215,913,000</b>	<b>12,106,000</b>	<b>228,019,000</b>	<b>302,698,298</b>	<b>74,679,298</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	346,177,000	-	<b>346,177,000</b>	346,177,000	-	
CARA Funds	-	-	-	3,323,334	<b>3,323,334</b>	29.2
Rental of premises paid on behalf of SIU	-	5,371,000	<b>5,371,000</b>	5,647,916	<b>276,916</b>	
<b>Total revenue from non-exchange transactions</b>	<b>346,177,000</b>	<b>5,371,000</b>	<b>351,548,000</b>	<b>355,148,250</b>	<b>3,600,250</b>	
<b>Total revenue</b>	<b>562,090,000</b>	<b>17,477,000</b>	<b>579,567,000</b>	<b>657,846,548</b>	<b>78,279,548</b>	

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### 7. Statement of Comparison of Budget and Actual Amounts (continued)

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Expenditure</b>						
Employee related costs	(417,841,033)	3,722,000	<b>(414,119,033)</b>	(362,085,226)	<b>52,033,807</b>	29.3
Depreciation and amortisation	(8,224,000)	1,240,198	<b>(6,983,802)</b>	(6,964,126)	<b>19,676</b>	
Lease rentals on operating lease	(44,303,250)	6,794,690	<b>(37,508,560)</b>	(36,173,079)	<b>1,335,481</b>	
Debt Impairment	(19,696,750)	(20,556,826)	<b>(40,253,576)</b>	(51,417,334)	<b>(11,163,758)</b>	29.4
Professional services	(670,750)	-	<b>(670,750)</b>	(535,374)	<b>135,376</b>	
Loss on disposal of assets	-	-	-	(20,545)	<b>(20,545)</b>	
General expense	(71,354,217)	(8,677,062)	<b>(80,031,279)</b>	(79,714,024)	<b>317,255</b>	
<b>Total expenditure</b>	<b>(562,090,000)</b>	<b>(17,477,000)</b>	<b>(579,567,000)</b>	<b>(536,909,708)</b>	<b>42,657,293</b>	
<b>Surplus before taxation</b>	-	-	-	<b>120,936,840</b>	<b>120,936,841</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	-	-	-	<b>120,936,840</b>	<b>120,936,841</b>	

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### 8. Accounting Policies

#### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures are rounded to the nearest Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

##### 1.1 Presentation currency

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

##### 1.2 Going concern assumption

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

##### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

#### Receivables

The entity assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

The impairment for receivables is calculated on a portfolio basis. For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

#### Impairment testing

Value in use of non-cash generating assets

The entity reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions.

#### Contingent liabilities

Contingent liabilities are recognised in the notes to the financial statements when there is a possible obligation that arises from past events and whose existence will be confirmed at the occurrence or non-occurrence of one or more uncertain future events beyond the control of the entity or where there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation where there is a liability that cannot be recognised because it cannot be measured reliably.

#### Useful lives of property, plant and equipment and other assets

The entity's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimate is based on industry norms and on the pattern in which an asset's future economic benefit or service potential is expected to be consumed by the entity. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease depreciation charge where useful lives are more than previously estimated useful lives.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

#### Effective interest rate

The entity uses the prime interest rate to discount future cash flows.

#### Allowance for impairment of financial assets

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when: it is probable that future economic benefits or service potential associated with the item will flow to the entity; and the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment 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 was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement part is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated over their expected useful lives to their estimated residual value. The depreciation charge for each period is recognised in surplus or deficit.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fittings	Straight line	20 years
IT equipment	Straight line	10 years
Leasehold improvements	Straight line	Over the lifespan of the asset
Motor vehicles	Straight line	8 years
Office equipment	Straight line	15 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate in terms of the Standard of GRAP on Accounting Policies, Changes in Estimates and Errors.

The depreciation charge for each period is recognised in surplus or deficit.

Assets of the property, plant 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 from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 6).

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

### 1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised 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 measured at cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets to their residual values. The amortisation charge for each period is recognised in surplus or deficit.

The useful lives of items of intangible assets have been assessed as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	25 years
Intangible assets are derecognised:		
<ul style="list-style-type: none"><li>• on disposal; or</li><li>• when no future economic benefits or service potential are expected from its use or disposal.</li></ul>		



## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

The gain or loss arising from the derecognition of an intangible asset are included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

#### 1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

##### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost

##### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### 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.

#### Impairment and uncollectibility of financial assets

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.

#### Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in the carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

### Derecognition

#### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognises the asset; and
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

#### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### 1.7 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

#### Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non cash generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non cash generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non cash generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non cash generating asset is adjusted in future periods to allocate the non cash generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

#### Prepaid expenditure

Prepaid expenditure is expenditure that has been paid for in the current reporting period, but for which the economic benefits will not be consumed until a future period. The prepaid expenditure is reported as current asset as the future economic benefits will be consumed within one year.

#### 1.8 Payments received in advance

Payments received in advance, is revenue received in advance but which is not yet earned. Payments received in advance are reported as a current liability if they will be earned within one year.

#### 1.9 Employee benefits

##### Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short term employee benefits include:

- wages, salaries and social security contributions;
- short term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short term employee benefits expected to be paid in exchange for that service:

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### **Post employment benefits: Defined contribution plans**

Defined contribution plans are post employment benefit plans under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

#### 1.10 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.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.



## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

#### **Provisions are not recognised for future operating surplus (deficit).**

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

#### **1.11 Accumulated surplus**

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited / debited against accumulated surplus / deficit. Prior year adjustments, relating to income and expenditure, are credited / debited against accumulated surplus when retrospective adjustments are made.

#### **1.12 Revenue from exchange transactions**

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

#### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### **Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

#### Interest

Interest is recognised, in surplus or deficit, using the effective interest rate method.

#### 1.13 Revenue from non exchange transactions

Non exchange transactions are transactions that are not exchange transactions. In a non exchange transaction, the entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

#### Recognition

An inflow of resources from a non exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

#### Measurement

Revenue from a non exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Services in kind

The entity recognise services in kind that are significant to its operations and/or service delivery objectives as assets / liability and recognise the related revenue / expense when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in kind received during the reporting period.

#### 1.14 Investment income

Investment income is recognised on a time proportion basis using the effective interest method.

#### 1.15 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

#### Operating leases lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight line basis.

Any contingent rents are expensed in the period in which they are incurred.

#### 1.16 Comparative figures

Where necessary, comparative figures have been adjusted to account for prior year adjustments. Refer to note 31.

#### 1.17 Commitments

Items are classified as commitments when the entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

#### 1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefore are provided in the note.

#### 1.20 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 Apr 17 to 31 Mar 18.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

#### 1.21 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs 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 are within the normal operating parameters established by that reporting entity's legal mandate.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Accounting Policies (continued)

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

#### 1.22 Events after reporting date

Events after 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 (non adjusting events after the reporting date).

The entity adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity discloses 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.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### 9. Notes to the Annual Financial Statements

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## 2. New standards and interpretations

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### 2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April, 2018 or later periods:

#### **GRAP 20: Related parties**

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.



## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Notes to the Annual Financial Statements (continued)

#### 2. New standards and interpretations (continued)

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Notes to the Annual Financial Statements (continued)

#### 2. New standards and interpretations (continued)

- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

#### **GRAP 108: Statutory Receivables**

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Notes to the Annual Financial Statements (continued)

#### 2. New standards and interpretations (continued)

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

#### **GRAP 17 (as amended 2016): Property, Plant and Equipment**

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non monetary asset or assets, or a combination of monetary and non monetary assets.
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term specialist military equipment in IPSAS 17 was replaced with the term weapon systems and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

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### Notes to the Annual Financial Statements (continued)

#### 2. New standards and interpretations (continued)

The effective date of the amendment is for years beginning on or after 1 April, 2018.

The entity does not envisage the adoption of the amendment until such time as it becomes applicable to the entity's operations.

It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

##### **GRAP 31 (as amended 2016): Intangible Assets**

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSAS's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: To add the treatment of transaction costs and other costs incurred on assets acquired in non exchange transactions to be in line with the principle in GRAP 23 (paragraph 12); and To clarify the measurement principle when assets may be acquired in exchange for a non monetary asset or assets, or a combination of monetary and non monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and to clarify acceptable methods of depreciating assets

The effective date of the amendment is for years beginning on or after 1 April, 2018.

The entity does not envisage the adoption of the amendment until such time as it becomes applicable to the entity's operations.

It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
3. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash on hand		64,000	59,240
Bank balances		513,923,790	292,962,094
<b>Total payables - recoveries</b>		<b>513,987,790</b>	<b>293,021,334</b>

Included in the above bank balance of R 513,923,790 (2017: R 292,962,094) is an employee saving scheme of R 545,538 (2017: R 398,538). Deductions are made from employees net salaries and are saved by the SIU. This is done on a voluntary basis and are paid upon request. Refer to note 10 for further details.

In terms of section 53(3) of the PFMA, the SIU as a public 3A entity may not accumulate a surplus without prior written approval of National Treasury has been obtained. In order to give guidance to public entities and to operationalise this section of the PFMA, National Treasury had issued Instruction note no. 6 of 2017/18 on 25 May 2017, that indicates that a public entity must declare all surpluses to the relevant treasury from 31 May to 30 September in each year, after the financial yearend. The SIU has submitted a draft declaration and request to retain all of its surpluses to National Treasury on 29 June 2018, with the final submission to be made in August once the Annual Financial Statements has been audited and approved finally by the end of July 2018.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
<b>4. Bank balance Recoveries</b>			
<b>Bank balance recoveries</b>			
Opening balance		25,059,827	30,238,829
Net collections*		8,729,145	11,900,266
Payments during the period		(581,234)	(19,222,849)
Net movement in interest*		(555,283)	2,143,581
<b>Closing cash balances recoveries</b>		<b>32,652,455</b>	<b>25,059,827</b>

\* During the previous financial year, net movement in interest was included in movement in net collections. The movements in the net collections and net movement in interest have now been disclosed separately for the current and previous financial years. Refer to note 31.2

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
<b>4. Bank balance Recoveries (continued)</b>			
Payables - recoveries		31,038,040	22,890,336
Accrued interest payable to National Treasury		1,614,415	2,169,491
<b>Total payables - recoveries</b>		<b>32,652,455</b>	<b>25,059,827</b>

The SIU has several agreements with State institutions to recover funds from recipients who received assistance that they were not entitled to or committed acts of fraud / corruption and that originated as a result of SIU investigations. The funds are recovered through the SIU AOD (Acknowledgement of Debt) section within finance and kept in Trust Accounts. The SIU periodically prepares reconciliations of what has been recovered and pays over these funds to relevant institutions. Funds not yet paid over to such entities at financial year end are disclosed as "Payable - Recoveries" on the face of the Statement of Financial Position.

### 5. Receivables from exchange transactions

Trade debtors	58,011,623	129,777,293
Prepaid expenses	514,050	944,651
Study loans	182,762	180,764
Deposits	70,733	58,781
Staff debt	38,890	66,561
Other receivables *	67,016	2,917,608
	<b>58,885,074</b>	<b>133,945,658</b>

\* Income that relates to CARA funding for the ACTT IT infrastructure & accommodation for the period 1 May 2017 to 31 March 2018 that was previously received for the financial years 2012 to April 2017, was not accrued for in the 2017 financial year, as at that stage it was uncertain whether there were any funding left in the CARA funds that is administered by the Department of Justice. The SIU followed up during the 2017/18 financial year, and applied for additional funding for the said periods. In March 2018, an amount of R6,2 million was received in lieu of the 2017 and 2018 financial years. The portion that relates to the 2016/17 financial year is R2,876,666 and is now included in "other receivables" for the 2016/17 financial year.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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None of the trade and other receivables were pledged as security.

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates.

#### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2018 R 13,689,982 (2017: R 82,491,886) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	-	46,898
2 months and more past due	13,689,982	82,444,988

#### Trade and other receivables impaired

As of 31 March 2018, trade and other receivables of R 397,910,343 (2017: R 418,258,679) were impaired and provided for.

The amount of the provision was R 339,898,720 as of 31 March, 2018 (2017: R 288,481,386).

#### Reconciliation of provision for impairment of trade and other receivables

Opening balance	288,481,386	233,480,262
Provision for impairment	51,417,334	55,001,124
	<u>339,898,720</u>	<u>288,481,386</u>



## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 6. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	7,573,814	(5,951,133)	1,622,681	6,403,419	(6,154,101)	249,318
Furniture and fixtures	2,471,631	(942,301)	1,529,330	2,420,600	(852,070)	1,568,530
Motor vehicles	19,422,925	(3,950,227)	15,472,698	19,850,544	(2,218,238)	17,632,306
Office equipment	8,941,529	(4,461,381)	4,480,148	8,741,111	(3,929,137)	4,811,974
IT equipment	43,363,258	(23,933,206)	19,430,052	41,036,737	(19,952,460)	21,084,277
<b>Total</b>	<b>81,773,157</b>	<b>(39,238,248)</b>	<b>42,534,909</b>	<b>78,452,411</b>	<b>(33,106,006)</b>	<b>45,346,405</b>

#### Reconciliation of property, plant and equipment - 31 March 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property	249,318	1,600,369	(10,602)	(216,404)	1,622,681
Furniture and fixtures	1,568,530	117,136	(460)	(155,876)	1,529,330
Motor vehicles	17,632,306	-	(357,095)	(1,802,513)	15,472,698
Office equipment	4,811,974	296,610	(13,167)	(615,269)	4,480,148
IT equipment	21,084,277	2,374,211	(27,992)	(4,000,444)	19,430,052
	<b>45,346,405</b>	<b>4,388,326</b>	<b>(409,316)</b>	<b>(6,790,506)</b>	<b>42,534,909</b>

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

#### 6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2017					
Leasehold property	208,574	290,501	-	(249,757)	249,318
Furniture and fixtures	935,153	749,368	-	(115,991)	1,568,530
Motor vehicles	7,238,860	11,205,927	-	(812,481)	17,632,306
Office equipment	3,510,030	1,921,288	(27,151)	(592,193)	4,811,974
IT equipment	25,097,833	27,134	(47,747)	(3,992,943)	21,084,277
	<b>36,990,450</b>	<b>14,194,218</b>	<b>(74,898)</b>	<b>(5,763,365)</b>	<b>45,346,405</b>

#### Pledged as security

None of the above property, plant and equipment have been pledged as security.

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Repairs and maintenance	408,197	398,777
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## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 7. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4,845,335	(2,104,328)	2,741,007	4,857,419	(1,943,576)	2,913,843

#### Reconciliation of intangible assets - 31 March 2018

	Opening balance	Additions	Amortisation	Total
Computer software	2,913,843	784	(173,620)	2,741,007

#### Reconciliation of intangible assets - 31 March 2017

	Opening balance	Amortisation	Total
Computer software	3,079,642	(165,799)	2,913,843

#### Pledged as security

None of the above intangible assets have been pledged as security.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
<b>8. Payables from exchange transactions</b>			
Trade payables		10,010,220	10,164,662
Payments received in advance		152,685	-
Accrued leave pay		16,798,626	10,588,894
Accrued administrative expenses *		9,448,976	3,955,887
		<b>36,410,507</b>	<b>24,709,443</b>

\* The high increase in the balance is due mainly to outstanding payments for legal costs to DoJ & CD and for travel and related costs due to the Travel Management Company.

### 9. Provisions

#### Reconciliation of provisions - 31 March 2018

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus	23,834,116	32,270,587	(22,752,389)	33,352,314

#### Reconciliation of provisions - 31 March 2017

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus	17,653,005	23,834,116	(17,653,005)	23,834,116

In terms of the SIU's current performance appraisal policy, all employees are assessed once a year based on their work output. Based on the outcome of the prescribed performance assessment process, employees are entitled to a permanent performance related increase in salary with effect from a certain date, which is usually 1 April. In instances where the specified salary increase will increase the employees salary beyond the top of their salary band or where the employee is already at the top or above the top of their salary band, their salary will not be increased beyond the top of the salary band. An amount in cash will be paid instead of any increase not granted. This amount will be equal to twice the annual value of the salary increase not granted in lieu of the fact that in the following year the employee will not receive a salary increase on top of the previous years performance related increase.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 9. Provisions (continued)

The nett effect of the above policy is that all employees that qualify for a performance related increase in terms of the policy receives it either in the following 12 month period from increase date, or as a once off cash amount, which is then provided for at the end of the financial year, as per the stated amounts above.

The reason for the material increase from 2017 to 2018 is that 86 additional employees have reached the ceiling of their scales when comparing 2017 to 2018 and are therefore now entitled to the once off cash bonus as per the policy as explained above.

#### 10. Other financial liabilities

##### At amortised cost

Employee saving scheme	545,538	398,538
Refer to note 3 for additional details		

##### Current liabilities

At amortised cost	545,538	398,538
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#### 11. Operating lease liability

Current liabilities	1,345,079	726,640
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#### 12. Revenue

Rendering of investigation services	285,814,803	181,675,671
Interest received	16,870,377	15,051,512
Other income	13,118	27,605
Government grants & subsidies	346,177,000	316,732,000
CARA funds	3,323,334	3,303,405
Rental of premises paid on behalf of the SIU	5,647,916	5,389,951
	<b>657,846,548</b>	<b>522,180,144</b>

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 12. Revenue (Continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services		285,814,803	181,675,671
Interest received		16,870,377	15,051,512
Other income		13,118	27,605
		<b>302,698,298</b>	<b>196,754,788</b>

The amount included in revenue arising from non-exchange transactions is as follows:

##### Transfer revenue

Government grants & subsidies		346,177,000	316,732,000
CARA funds		3,323,334	3,303,405
Rental of premises paid on behalf of the SIU		5,647,916	5,389,951
		<b>355,148,250</b>	<b>325,425,356</b>

#### 13. Government grants and subsidies

##### Operating grants

Government grant		346,177,000	316,732,000
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#### 14. CARA funds

CARA Funds		3,323,334	3,303,405
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Income that relates to CARA funding for the ACTT IT infrastructure & accommodation for the period 1 May 2017 to 31 March 2018 that was previously received for the financial years 2012 to April 2017, was not accrued for in the 2017 financial year, as at that stage it was uncertain whether there was any funding left in the CARA funds administered by the DoJ & CD. The SIU followed up during the 2017/18 financial year and applied for additional funding for the said periods. In March 2018, an amount of R6,2 million was received in lieu of the 2017 and 2018 financial years. The portion that relates to the 2016/17 financial year is R2,876,666. See note 31.1.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 15. Rental of premises paid on behalf of the SIU

##### Rental

Rental payment by Department of Public Works (DPW)		5,647,916	5,389,951
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The amount represents rental payments by the DPW on behalf of the SIU for the regional office in East London and the SIU satellite office in Mthatha.

#### 16. Employee related costs

Basic salary	320,873,329	289,983,601
Provident fund	30,922,863	27,505,338
Leave pay accrual charge	6,263,620	1,272,298
Travel, motor car, accommodation, subsistence and other allowances	1,813,839	1,657,699
Unemployment insurance fund contribution	1,388,826	1,412,994
Acting allowances	652,382	677,746
Medical aid - company contributions	114,099	116,853
Funeral benefits	56,268	56,853
	<b>362,085,226</b>	<b>322,683,382</b>

The SIU remunerates employees on a "Total Cost to Company" basis, and the individual structuring can therefore be decided on by the individual employee, subject to the policies of the SIU as well as SARS directives in this regard.

##### Remuneration of Executive Management

##### Remuneration of Adv. JL Mothibi (Head of Unit)

Annual remuneration	2,018,448	1,754,764
Contributions to UIF, medical and pension funds	299,984	260,740
	<b>2,318,432</b>	<b>2,015,504</b>

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 16. Employee related costs (continued)

##### Remuneration of Adv. GW Visagie (Corporate Legal Counsel)

Annual remuneration	1,380,443	1,244,251
Performance bonus	103,346	292,609
Contributions to UIF, medical and pension funds	275,182	246,962
	<b>1,758,971</b>	<b>1,783,822</b>

##### Remuneration of Ms MK Nyathi (Head: Business Support)

Annual remuneration	1,652,049	1,445,765
Car allowance	92,322	163,800
Performance bonus	170,665	354,593
Contributions to UIF, medical and pension funds	195,201	180,058
	<b>2,110,237</b>	<b>2,144,216</b>

##### Remuneration of Mr A Gernandt (Chief Financial Officer)

Annual remuneration	1,622,555	705,558
Performance bonus	124,422	-
Contributions to UIF, medical and pension funds	1,893	946
	<b>1,748,870</b>	<b>706,504</b>

##### Remuneration of Mr MT Mkhungo (Head: Internal Audit, Risk and Governance)

Annual remuneration	1,035,425	903,958
Car allowance	94,584	88,020
Contributions to UIF, medical and pension funds	126,414	111,018
	<b>1,256,423</b>	<b>1,102,996</b>



## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 16. Employee related costs (continued)

##### Remuneration of Ms ME Lecheko (Head: Internal Integrity Unit)

Annual remuneration	1,112,124	993,495
Contributions to UIF, medical and pension funds	125,391	111,693
	<b>1,237,515</b>	<b>1,105,188</b>

##### Remuneration of Mr LG Lekgetho (Projects Director)

Annual remuneration	1,357,153	1,341,527
Car allowance	14,688	14,004
Performance bonus	-	173,219
Contributions to UIF, medical and pension funds	156,973	48,664
	<b>1,528,814</b>	<b>1,577,414</b>

Mr LG Lekgetho was in an acting position and appointed permanently in January 2017.

##### Remuneration of Dr JO Wells (Corporate Lawyer (Senior Forensic Lawyer))

Annual remuneration	1,098,634	969,917
Performance bonus	80,035	200,324
Contributions to UIF, medical and pension funds	213,541	191,686
	<b>1,392,210</b>	<b>1,361,927</b>

##### Remuneration of Ms NS Pandor (Head: Communication and Stakeholder Management)

Annual remuneration	1,187,255	260,204
Contributions to UIF, medical and pension funds	133,342	31,622
	<b>1,320,597</b>	<b>291,826</b>

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 16. Employee related costs (continued)

##### Remuneration of Mr ZL Mguli - Head: Strategy (from 15 May 2017)

Annual Remuneration	887,944	-
Contributions to UIF, Medical and Pension Funds	90,712	-
	<b>978,656</b>	<b>-</b>

##### Remuneration of Ms NC Mampuru - Deputy Head of Unit (from 01 September 2017)

Annual Remuneration	972,380	-
Contributions to UIF, Medical and Pension Funds	83,062	-
	<b>1,055,442</b>	<b>-</b>

#### 17. General expenses

Consulting and professional fees *	21,358,472	7,578,090
Travel - local **	18,167,035	12,928,018
Telephone and fax	7,353,533	6,859,966
Levies	6,525,516	6,181,313
Electricity	5,866,352	4,469,101
Auditors remuneration	2,965,138	3,120,891
Printing and stationery	2,240,389	2,167,040
Training	2,220,103	1,511,503
Placement fees	1,526,398	714,896
Cleaning	1,464,912	1,485,775
Consumables	1,196,845	757,434
Office expenses	1,133,217	779,636
Insurance	1,091,425	861,149
Bursaries	1,029,021	960,427
Official functions and meetings	959,837	1,214,977
Promotional items	755,073	521,578

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
<b>17. General expenses (continued)</b>			
Staff welfare		410,320	689,457
Repairs and maintenance		408,197	398,777
Storage fees		382,633	377,737
Magazines, books and periodicals		326,918	123,317
Travel - overseas		315,800	129,231
Relocation costs		258,539	139,709
Advertising		255,589	329,886
Conferences and seminars		255,270	50,244
Vehicle licences		254,529	388,102
Bank charges		238,075	286,379
Courier costs		194,261	265,313
Security		174,921	423,587
Postage		142,348	240,736
Data scanning, traces and deed searches		130,927	119,120
Membership fees and subscriptions		110,274	465,424
Fines and penalties		2,157	286
		<b>79,714,024</b>	<b>56,539,099</b>

\* Consulting and professional fees are mainly made up of legal costs incurred in the course of carrying out investigation and ensuring civil litigations. A substantial portion was also incurred during the year under review on a contract that was entered into with a service provider that was appointed on the organisational review project through an open tender process.

\*\* Local travel costs are mostly incurred when the SIU's investigators travel in the normal course of business whilst carrying out investigations. During the year under review, a number of new proclamations were issued and this has led to a substantial increase in the cost of travel.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
<b>18. Lease rentals on operating lease</b>			
Rentals - premises		35,639,323	37,662,236
Lease rentals on operating lease		-	60,674
Rentals - equipment		533,756	911,626
		<b>36,173,079</b>	<b>38,634,536</b>
<b>19. Repairs and maintenance</b>			
Buildings		102,708	123,785
IT equipment		7,592	11,221
Vehicles		236,859	218,036
Other		61,038	45,735
		<b>408,197</b>	<b>398,777</b>
<b>20. Cash generated from operations</b>			
Surplus		120,936,840	42,529,024
<b>Adjustments for:</b>			
Depreciation and amortisation		6,964,126	5,929,160
Loss on disposal of assets		20,545	74,900
Increase in debt impairment		51,417,334	55,001,125
Increase in provisions		9,518,198	6,181,111
Increase / (Decrease) in income received in advance		152,685	(426,737)
<b>Changes in working capital:</b>			
Increase/ (Decrease) in receivables from exchange transactions *		23,212,647	(46,507,396)
Increase in prepayments		430,601	593,725
Payables from exchange transactions		12,313,814	1,615,972
		<b>224,966,790</b>	<b>64,990,884</b>

\* The increase in the movement for receivables from exchange transactions were restated with an amount of R 2,876,666. See note 31.1 for more information.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
<b>21. Commitments</b>			
<b>Operating leases - as lessee (expense)</b>			
<b>Minimum lease payments due</b>			
- within one year		29,948,606	21,946,284
- in second to fifth year inclusive		39,151,984	16,927,522
		<b>69,100,590</b>	<b>38,873,806</b>

Operating lease payments represent rentals payable by the entity for some of its office properties. Leases are negotiated for an average term ranging between one and five with an average escalation rate of between 7 and 8.25%. No contingent rent is payable. The prior year lease payment due within one year has been adjusted by an amount of R 16,654,119. This is due to a lease agreement that was signed by the SIU for the Gauteng regional office for an additional period of 12 months and for the Western Cape regional office, for a period of 5 years, of which 8 months is related to the 2017/18 financial year. Refer to note 31.3

### 22. Contingencies

#### Contingent liabilities

Botha - claim for services rendered	-	341,000
Complaints against SIU employees - several labour disputes	7,919,300	31,660,340
AJ Basson - PAIA related	-	150,000
	<b>7,919,300</b>	<b>32,151,340</b>

The contingency liabilities disclosed for the current financial year relates to several claims laid by employees of the SIU against the entity. The claims include unfair labour disputes, unfair dismissal and other labour relations matters. The SIU is disputing the claims and management is of the view that there is little probability of the employees winning the claims instituted by the employees. A contingency liability note is disclosed and the amount is based on the worst possible costs that can be suffered by the SIU.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
<b>23. Related parties</b>			
Relationships			
Controlling entity	Department of Justice and Constitutional Development		
Entities with the same portfolio	NPA Legal Aid South Africa (Legal Aid SA) Public Protector South Africa South African Human Rights Commission Justice Modernisation President's Fund Guardian's Fund Criminal Asset Recovery Account (CARA) Office of the Chief Justice Department of Justice and Constitutional Development Council of Debt Collectors Rules Board for Courts Law South African Board of Sheriffs South African Law Reform Commission (SALRC)		
Members of key management	Adv JL Mothibi Ms NC Mampuru Adv GW Visagie Ms MK Nyathi Mr A Gernandt Mr MT Mkhungo Ms ME Lecheko Mr LG Lekgetho Dr JO Wells Ms NS Pandor Mr ZL Mguli		
Refer to Note 16 for remuneration of key management			
CRIMINAL ASSET RECOVERY ACCOUNT (CARA)			

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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The SIU is one of the three primary members of the ACTT, together with the Directorate for Priority Crime Investigations and the NPA. The SIU, at its Head Office, houses members of the ACTT on its premises and also delivers IT infrastructure services to the ACTT members, including printing/copying services, local area network connection, office applications and desktop support services. The value of the services that the SIU delivered to the ACTT members for which it did not receive any additional funding from the CARA through the DOJ & CD is reflected below;

#### Related party balances

Rental of Premises	972,531	-
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## 24. Risk management

### Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

### Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal the carrying balances as the impact of discounting is not significant.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 24. Risk management (continued)

At 31 March 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	(545,538)	-	-	-
Payables from exchange transactions	(36,410,507)	-	-	-
At 31 March, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	(398,538)	-	-	-
Payables from exchange transactions	(24,709,443)	-	-	-

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise of other departments in terms of partnership agreements. Management evaluated credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Additional text

Financial instrument

Receivables from exchange transactions	58,885,074	133,945,658
Cash and cash equivalents	513,987,790	293,021,334

#### Market risk

#### Interest rate risk



## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 24. Risk management (continued)

The SIU's only significant interest-bearing assets, are cash and cash equivalents where interest is earned at market rates. The accounts are held with reputable financial institutions that comply fully with the PFMA. Any market changes would not significantly affect the entity's income and operating cash flows.

#### 25. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the management continue to procure funding for the ongoing operations for the entity.

#### 26. Events after the reporting date

In terms of section 53(3) of the PFMA, the SIU as a public 3A entity may not accumulate a surplus without prior written approval of National Treasury being obtained. In order to give guidance to public entities and to operationalise this section of the PFMA, National Treasury had issued Instruction note no. 6 of 2017/18 on 25 May 2017, that indicates that a public entity must declare all surpluses to the relevant treasury from 31 May to 30 September in each year, after the financial year end. The SIU has submitted a draft declaration and request to retain all of its surpluses to National Treasury on 29 June 2018, with the final submission to be made in August once the Annual Financial Statements has been audited and approved finally by the end of July 2018.

No other significant events occurred after the reporting date.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 27. Fruitless and wasteful expenditure

Opening balance		9,286	8,780
Incurred in the current year		-	506
		<b>9,286</b>	<b>9,286</b>

No fruitless and wasteful expenditure were incurred during the current financial year.

#### Analysis of expenditure

Payment of traffic fines incurred by employees	-	506
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#### 28. Irregular expenditure

Opening balance	8,436,342	11,246,255
Add: Irregular expenditure - current year	1,515,304	1,799,023
Less: Amounts condoned	(453,679)	(4,608,936)
	<b>9,497,967</b>	<b>8,436,342</b>

#### Details of irregular expenditure in current year

Incident 1 Service Provider used without following proper SCM process (insurance - arising from historic contract)	1,073,523
Incident 2 Service Provider used without following proper SCM process (courier services - arising from historic contract). A new service provider was appointed during the year under review through the National Treasury transversal contract.	78,642
Incident 3 Evaluation criteria used during evaluation process not consistent with tender valuation criteria (Travel Management - arising from historic contract)	363,139
	<b>1,515,304</b>

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
<b>Details of irregular expenditure - previous year</b>			
Incident 1 - Fully condoned Service Provider used without following proper SCM process (insurance - arising from historic contract)			842,890
Incident 2 Service provider used without following proper SCM processes (Reference checks)			41,285
Incident 3 Service Provider used without following proper SCM process (courier services - arising from historic contract).			307,329
Incident 4 Valuation criteria used during evaluation process not consistent with tender valuation criteria (Travel Management - arising from historic contract)			392,287
Incident 5 Services of legal counsel procured without following SCM processes			215,232
			<b>1,799,023</b>

#### Analysis of expenditure awaiting condonation per age classification - current year

Current year	1,515,304
Prior years	7,982,663
	<b>9,497,967</b>

Irregular expenditure to the value of R 6,260,687 of the balance above is still under investigation to determine if there was any wrongdoing by any of the SIU's employees or service providers. Once the investigations have been completed, a decision will be taken on whether to apply for condonation to the relevant authority and for any action against any individual(s) to be taken.

The balance of R 3,237,280 is in the process of being condoned.

#### Analysis of expenditure awaiting condonation per age classification - prior year

Current year	956,133
Prior years	7,480,209
	<b>8,436,342</b>

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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## 29. Budget differences

### Material differences between budget and actual amounts

#### 29.1 Rendering of services

Revenue from rendering of services is based on investigations conducted by the SIU on behalf of State Institutions through Proclamations from the Presidency. The budget projection is based on active Proclamations and anticipated Proclamations. The over-recovery in revenue is to the 18 Proclamations that were published during the year under review some of which were not anticipated.

#### 29.2 CARA Funds

No funds were budgeted for funding of the ACTT for the 2017/18 financial year however the funds were applied for by the SIU and received during the year under review.

#### 29.3 Employee related costs

The underspending in employee costs is related due to the fact that recruitment was placed on hold during the 2017/18 financial year as the SIU is going through an organisational review process.

#### 29.4 Debt impairment

Although the SIU has improved its drive to collect debts from State Institutions being investigated, the number of accounts that had to be provided for was higher than anticipated. This is due to several reasons including increase in the number of Proclamations, increase in quantity & value of invoices being issued and State Institution that are being investigated not being able to settle the invoices due to financial constraints.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 30. Impairment of assets

##### Impairments

Trade and other receivables		51,417,334	55,309,869
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Management made an assessment of outstanding debtors balances at year end and a provision was raised on accounts that are considered to be doubtful for recovery.

#### 31. Prior-year adjustments

##### 31.1. CARA Funds Revenue

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments:

Income that relates to CARA funding for the ACTT IT infrastructure & accommodation for the period 1 May 2017 to 31 March 2018 that was previously received for the financial years 2012 to April 2017, was not accrued for in the 2017 financial year, as at that stage it was uncertain whether there were any funding left in the CARA funds that is administered by the Department of Justice. The SIU followed up during the 2017/18 financial year, and applied for additional funding for the said periods. In March 2018, an amount of R6,2 million was received in lieu of the 2017 and 2018 financial years. The portion that relates to the 2016/17 financial year is R2,876,666 and is now included in "other receivables" for the 2016/17 financial year.

##### 31.2 Bank balances recoveries

During the previous financial year, net movement in interest was included in 'movement in collections'. The movements in the net collections and net movement in interest have now been disclosed separately for the current and previous financial years. Refer to note 4.

##### 31.3 Commitments - Operating leases

The commitment due within one year for an amount of R 5,292,165 that was disclosed for the 2017 financial year was restated to an amount of R 21,946,284. This is due to a lease agreement that was signed by the SIU for the Gauteng regional office for an additional period of 12 months, and for the Cape Town office for a period of 5 years, of which 8 months is related to the 2017/18 financial year.

##### 31.4 Services in Kind

The SIU operates a satellite office in Mthatha and occupies an office that is paid for by the Department of Public Works (DPW). During the 2016/17 financial year, an amount of R 518,042 in rent paid for by DPW was not recognised in the records of the SIU as per the requirements of GRAP. The income statement (income and expenses) have now been adjusted to account for this rental.

## Special Investigating Unit

Annual Financial Statements for the year ended 31 March, 2018

### Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2018 R	2017 Restated R
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#### 31. Prior-year adjustments (continued)

##### Statement of financial position

##### 2017

	Note	As previously reported	Restatement of 2017	Restated
Receivables from non-exchange transactions		131,068,992	2,876,666	133,945,658

##### 2018

##### Statement of financial performance

##### Statement of financial position

##### 2017

	Note	As previously reported	Restatement of 2017	Restated
CARA funds		426,739	2,876,666	3,303,405
Rental of premises paid on behalf of the SIU/Revenue		4,871,910	518,041	5,389,952
Rent of Premises		38,116,495	518,041	38,634,536
		<u>43,415,144</u>	<u>3,912,748</u>	<u>47,327,893</u>



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