

# SPECIAL INVESTIGATING UNIT INTERIM REPORT

2018

# SPECIAL INVESTIGATING UNIT INTERIM REPORT

**April – September 2018**



**POISED TO STRIKE**  
*against corruption*

Integrity | Co-operation | Teamwork | Professionalism | Efficiency  
Independence | Drive and Passion

# CONTENTS

## **PART A** GENERAL INFORMATION

LIST OF ACRONYMS	4
FOREWORD	6
STRATEGIC OVERVIEW	8
THE LEADERSHIP TEAM	11
SIU CORE VALUES	12
VALUE CHAIN	13

## **PART B** PERFORMANCE INFORMATION

PROCLAMATIONS	18
PROCLAMATIONS ISSUED DURING THE PERIOD UNDER REVIEW	18
COMPLETED PROCLAMATIONS	32
PRESIDENTIAL REPORTS SUBMITTED 1 APRIL 2018 TO 30 SEPTEMBER 2018	32
ONGOING PROCLAMATIONS	41
NATIONAL PROCLAMATIONS	41
PROVINCIAL PROCLAMATIONS	43
LOCAL GOVERNMENT PROCLAMATIONS	44
STATE OWNED ENTITIES	45
CIVIL LITIGATION MATTERS	46

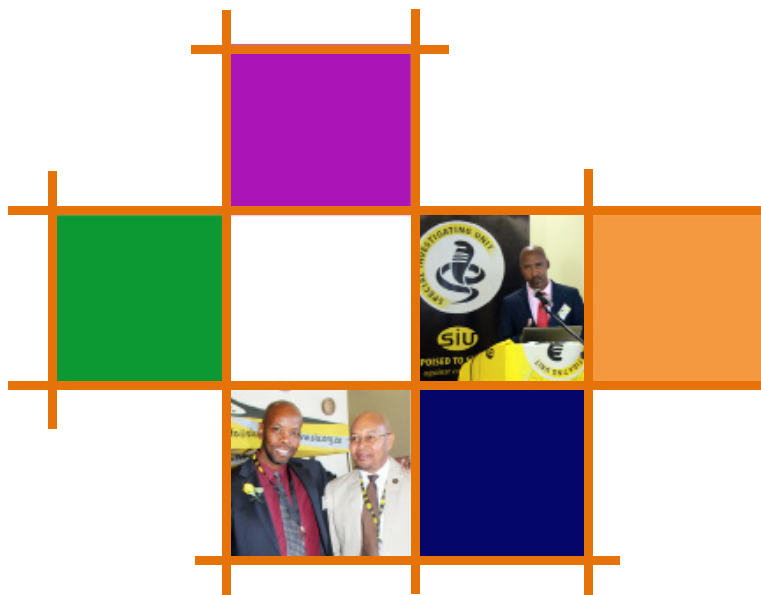
## **PART C** GOVERNANCE

GOVERNANCE	50
INTERNAL AUDIT	50
RISK MANAGEMENT	51
GOVERNANCE COMMITTEE	51
INTERNAL INTEGRITY UNIT	52
INTERNAL INVESTIGATIONS	52
SECURITY SERVICES	53
HUMAN CAPITAL	54
COMMUNICATIONS AND STAKEHOLDER RELATIONS	59
STRATEGY, MONITORING AND REPORTING	61

## **PART D** INTERIM FINANCIAL STATEMENTS

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL	64
STATEMENT OF FINANCIAL POSITION	66
STATEMENT OF FINANCIAL PERFORMANCE	67
STATEMENT OF CHANGES IN NET ASSETS	68
CASH FLOW STATEMENT	69
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	70
NOTES ON DIFFERENCE BETWEEN BUDGET AND ACTUAL AMOUNTS	72

# GENERAL INFORMATION



1. LIST OF ACRONYMS	4
2. FOREWORD	6
3. STRATEGIC OVERVIEW	8
4. THE LEADERSHIP TEAM	11
5. SIU CORE VALUES	12
6. VALUE CHAIN	13

# LIST OF ACRONYMS

<b>ACTT</b>	Anti-Corruption Task Team
<b>AOL</b>	Acknowledgement of Liability
<b>AFU</b>	Asset Forfeiture Unit
<b>ALM</b>	Amahlathi Local Municipality
<b>ANDM</b>	Alfred Nzo District Municipality
<b>AOD</b>	Acknowledgement of Debt
<b>AGRISETA</b>	Agriculture Sector Education and Training Authority
<b>BCM</b>	Buffalo City Metropolitan 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>DBE</b>	Department of Basic Education
<b>DEFS</b>	Department of Education for the Free State
<b>DCS</b>	Department of Correctional Services
<b>DOA</b>	Department of Agriculture
<b>DoJ&amp;CD</b>	Department of Justice and Constitutional Development
<b>DOT</b>	Department of Transport
<b>DM</b>	District Municipality
<b>DPCI</b>	Directorate for Priority Crimes Investigation (the Hawks)
<b>DPW</b>	Department of Public Works
<b>DRDLR</b>	Department of Rural Development and Land Reform
<b>DSD</b>	National Department of Social Development
<b>DWA</b>	Department of Water Affairs
<b>EC</b>	Eastern Cape
<b>EC DSD</b>	Eastern Cape Department of Social Development
<b>EMLM</b>	Elias Motsoaledi Local Municipality
<b>EMM</b>	Ekurhuleni Metropolitan Municipality
<b>eNaTIS</b>	Electronic National Traffic Information System
<b>ENE</b>	Estimate of National Expenditure
<b>EXCO</b>	Executive Committee
<b>FS</b>	Free State
<b>GDoH</b>	Department of Health: Gauteng Province
<b>GSDM</b>	Greater Sekhukhune District Municipality

<b>HGDM</b>	Harry Gwala District Municipality
<b>HR</b>	Human Resources
<b>IAU</b>	Internal Audit Unit
<b>IIU</b>	Internal Integrity Unit
<b>IBM</b>	International Business Machines
<b>ICT</b>	Information and Communications Technology
<b>IDT</b>	Independent Development Trust
<b>IEDU</b>	Infrastructure and Economic Development Unit
<b>KZN</b>	KwaZulu-Natal
<b>LMM</b>	Lesedi Local Municipality
<b>LNW</b>	Lepelle Northern Water
<b>MIG</b>	Municipal Infrastructure Grant
<b>MICT SETA</b>	Media, Information and Communications Technologies Sector Education and Training Authority
<b>MLM</b>	Msunduzi Local Municipality
<b>MDM</b>	Mopani District Municipality
<b>MOA</b>	Memorandum of Agreement
<b>MSA</b>	Municipal Systems Act
<b>MTEF</b>	Medium Term Expenditure Framework
<b>NdoHS</b>	National Department of Human Settlements
<b>NPA</b>	National Prosecuting Authority
<b>NT</b>	National Treasury
<b>NWM</b>	North West Province Municipalities
<b>PAJA</b>	Promotion of Administrative and Justice Act
<b>PRECCA</b>	Prevention and Combating of Corrupt Activities Act
<b>PFMA</b>	Public Finance Management Act
<b>POCA</b>	Prevention of Organised Crime Act
<b>SABC</b>	South African Broadcasting Corporation
<b>SANACO</b>	South African National Apex Tertiary Co-operative Ltd
<b>SAPS</b>	South African Police 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>TMM</b>	Tshwane Metropolitan Municipality
<b>TLM</b>	Thabazimbi Local Municipality
<b>USAASA</b>	Universal Service and Access Agency of South Africa
<b>VAT</b>	Value Added Tax

# FOREWORD BY

## THE ACCOUNTING AUTHORITY



The Special Investigating Unit is proud to present our Interim Report for 2018, in accordance with the Special Investigating Units and Special Tribunal Act, No 74 of 1996 (SIU Act) section (4)(1)(h) which requires that at least twice a year we submit a report to Parliament on investigations, activities, composition and expenditure of the Unit.

This Interim Report therefore follows on from our Annual Report of the 2017/2018 Financial Year and covers the period of April –September 2018.

During this period, the Presidency issued 15 proclamations which will look into matters affecting the following entities/state institutions:

- Mbhashe Local Municipality;
- Department of Correctional Services;
- Eskom Holdings SOC and Transnet SOC Ltd;
- Roads Agency Limpopo Ltd;
- Eastern Cape Institutions (Nelson Mandela Funeral);
- Kwazulu-Natal Provincial Department of Transport (Alienation of Land);

- Mopani District Municipality (MDM);
- Media, Information and Communications Technologies Sector Education and Training Authority (MICT SETA);
- South African Broadcasting Corporation (SABC);
- Department of Public Works (DPW);
- Department of Justice and Constitutional Development (Office of the State Attorney);
- Amendment to the MICT SETA Proclamation;
- eThekweni Metropolitan Municipality;
- National Department of Water Sanitation; and
- Ekurhuleni Metropolitan Municipality.

The Unit also completed and submitted 12 reports to Presidency relating to the following entities/state institutions:

- Universal Service and Access Agency of South Africa (USAASA) - Final;
- Vhembe District Municipality - Final;
- South African Social Security Agency (SASSA);
- Department of Correctional Services (DCS);

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“ Once again, I would like to thank all our key stakeholders including 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. ”

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- National Department of Public Works - One report was final and another was an Interim;
- Eastern Cape Department of Education - Final;
- Gauteng Provincial Department of Health (Mental Health Care Facilities) - Interim;
- KZN Provincial Department of Agriculture and Rural Development and Mjindi Farming - interim;
- Department of Public Work KZN - Interim;
- Department of Human Settlements Gauteng Province and Lepelle Northern Water - Interim; and
- South African Broadcasting Corporation - Interim

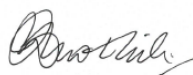
The Unit is also focusing on completing a number of investigations in National, Provincial and Local Government entities as well as state owned entities.

As part of the mandate of the SIU is to also do civil recoveries, there are currently 9 matters wherein civil litigation has commenced to either set aside contracts

or to reclaim irregular payments that were made.

The SIU continues to improve its delivery model and in 2017 embarked on an organizational review, to ensure that it is aligned to industry best practice and to find appropriate strategies and models that will stabilize the operating environment and enhance governance and accountability. This process should conclude by the end of the 2018/2019 financial year, resulting in a redesigned organisational structure.

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.



**Adv. Andy Mothibi**  
**Accounting Authority**  
September 2018

# STRATEGIC OVERVIEW

## Legislation and Mandate

As an independent statutory body established by the President to investigate and report on government corruption, malpractice and maladministration, the SIU reports directly to the President and Parliament in terms of its activities. The SIU is funded through the DoJ & CS.

It was set up by the President in terms of the SIU Act – the Special Investigating Units and Special Tribunal Act, No. 74 of 1996, with the primary mandate to recover and prevent financial losses to the State due to activities of corruption, malpractice, fraud and maladministration. The SIU also supports departments to implement systemic improvements that will advance service delivery.

The SIU is a public entity with powers of investigation and litigation. In accordance with a Presidential Proclamation, it has the authority to subpoena, search, seize and interrogate witnesses under oath. Civil action can be taken to correct any wrongdoing uncovered during investigations for example, the SIU can recover money for the State by obtaining

a court order which compels a person to reimburse any wrongful benefit received.

Where the SIU does not have the power to arrest or prosecute offenders for criminal conduct, it will report matters to the attention of the Directorate for Priority Crime Investigation (DPCI; the Hawks), the South African Police Service (SAPS), as well as the National Prosecuting Authority (NPA).

The SIU also works closely with the Asset Forfeiture Unit (AFU) in the NPA, where its powers are more appropriate or effective in recovering the proceeds of crime.

Any matter as set out in section 2 of the SIU Act may be investigated by the SIU. This includes the following:

- Serious maladministration in connection with the affairs of any State institution.
- Improper or unlawful conduct by employees of any State institution.
- Unlawful appropriation or expenditure of public money or property.

Any unlawful, irregular or unapproved acquisitive act, transaction, measure or practice that has a bearing on State property.

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

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

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



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

# THE LEADERSHIP TEAM



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



**Adv. Caroline Mampuru**  
Deputy Head of the Unit

The SIU Executive Committee is a top management committee responsible for making decisions on strategic and operational matters in terms of the SIU and the Special Tribunal Act No. 74 of 1996. The committee constitutes all the executive managers and the Head of the Unit as chairperson of the committee.



**Mr André Gernandt**  
Chief Financial Officer



**Adv. Mahlodi Muofhe**  
Chief Governance Officer



**Ms Miseria Nyathi**  
Head of Business Support



**Adv. Gerhard Visagie**  
Civil Litigation



**Mr Leonard Lekgetho**  
Chief National Investigations  
Officer



**Mr Thulani Mkhungo**  
Chief Risk Officer



**Dr Jerome Wells**  
Chief Legal Council



**Mr Pranesh Maharaj**  
Chief Programme  
Portfolio Officer



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



**Mr Zipho Mguli**  
Head of Strategy,  
Monitoring & Evaluation

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

# FIVE

# SIU CORE VALUES



## INTEGRITY

Doing the right thing even when no one is watching



## CO-OPERATION

Supporting and enabling all stakeholders in the fight against corruption



## TEAMWORK

Fostering synergy in a multi-disciplinary and diverse environment



## PROFESSIONALISM

Developing and maintaining the highest standards



## EFFICIENCY

Doing the right thing in a timely and cost effective manner



## INDEPENDENCE

Acting without fear, favour or prejudice



## DRIVE AND PASSION

Ensuring that all tasks are preformed with the requisite drive and passion



# VALUE CHAIN

A value chain is a set of activities that the SIU performs in order to deliver a valuable service in the market. It explains the high-level process flow of core activities and is a useful way of understanding of how the organization works as a whole.

The SIU Value Chain introduces several “new” areas that include, amongst others:

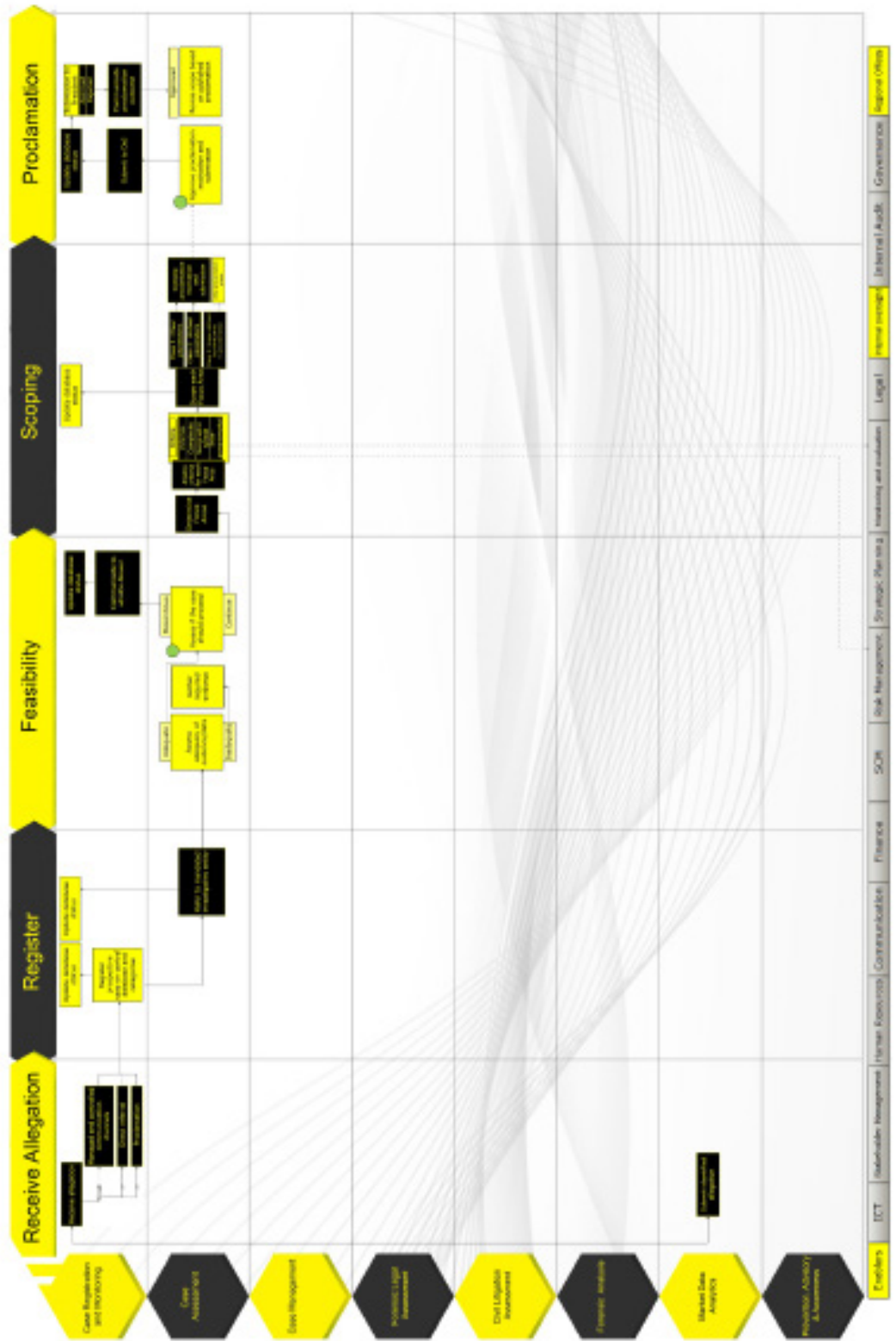
- central allegation and case registration, tracking and transparent reporting;
- ring-fencing of case assessment activities;
- standardised scoping that is conducted prior to the proclamation including timeframes, budget and per focus area;
- Applications of:
  - A case strategy and approach;
  - Market data analytics to also drive prevention activities;
- introduction of SIU Advisory services that is dedicated to the prevention of the reoccurrence of cases;
- monitoring and evaluation of the impact of the SIU;
- changing role of case management;
- the following up and tracking of SIU recommendations; and
- involving the Auditor General and Executive Authorities in oversight activities.

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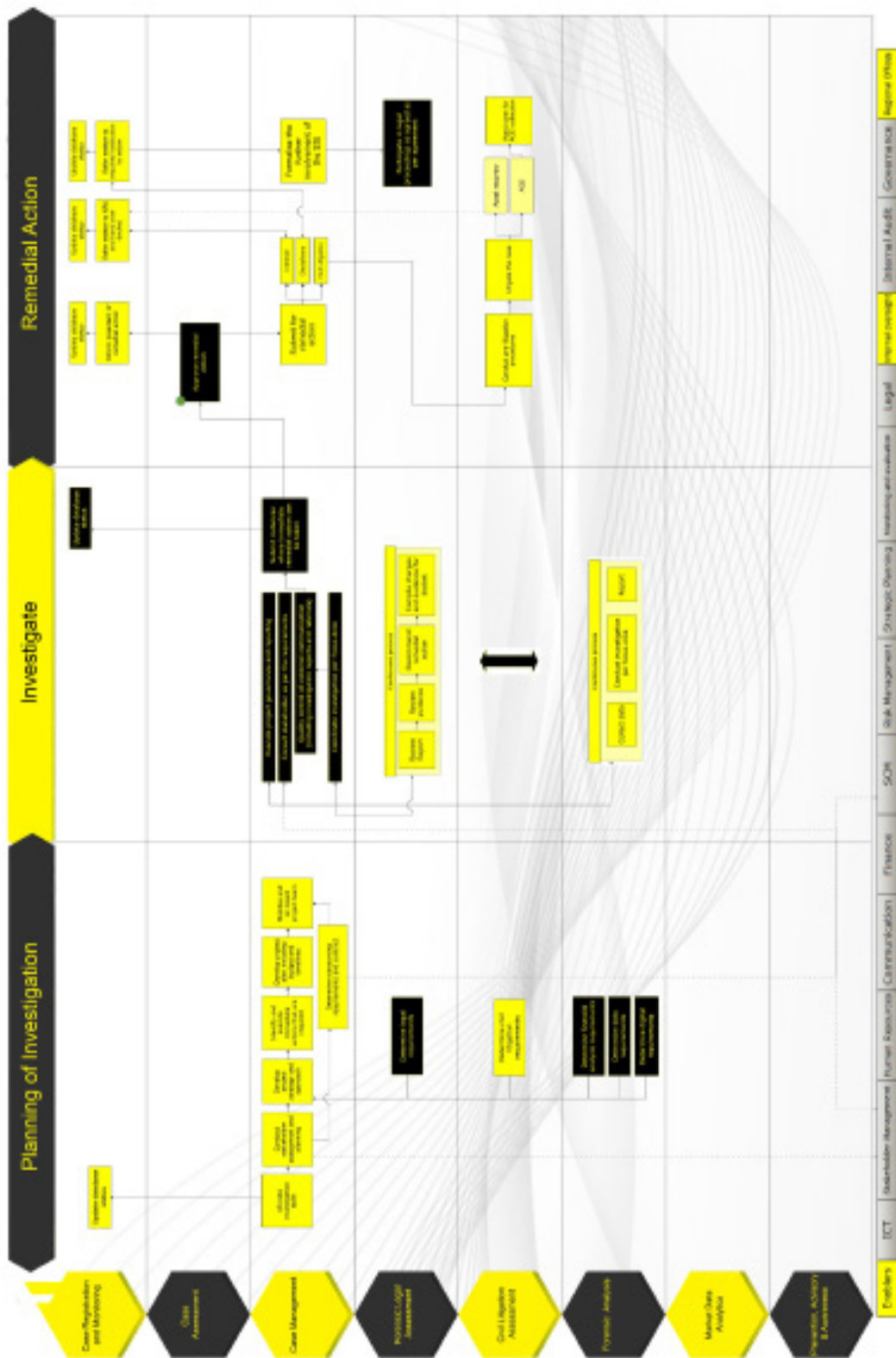
“A value chain is a set of activities that the SIU performs in order to deliver a valuable service in the market. It explains the high-level process flow of core activities and is a useful way of understanding of how the organization works as a whole.”

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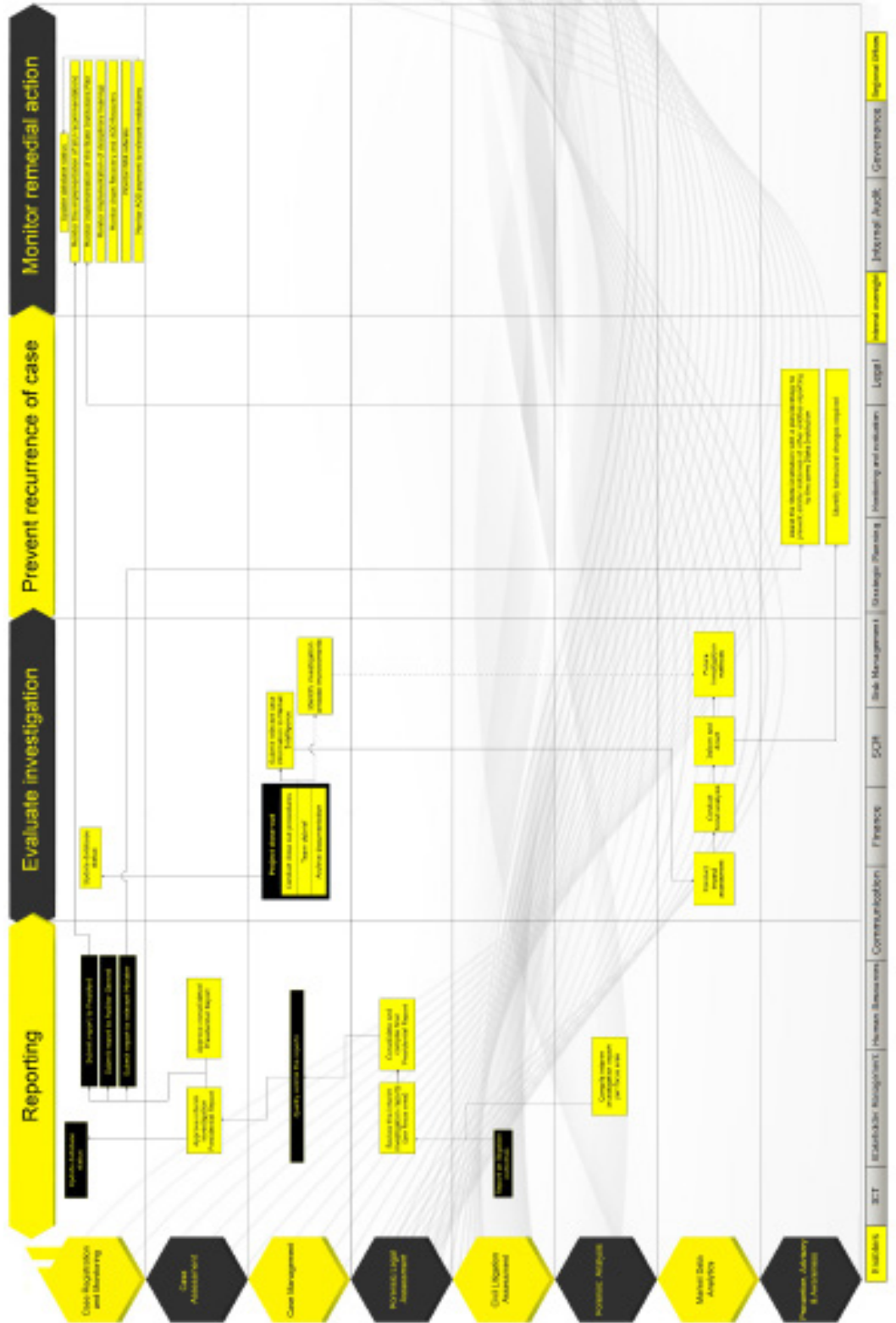
# Value Chain



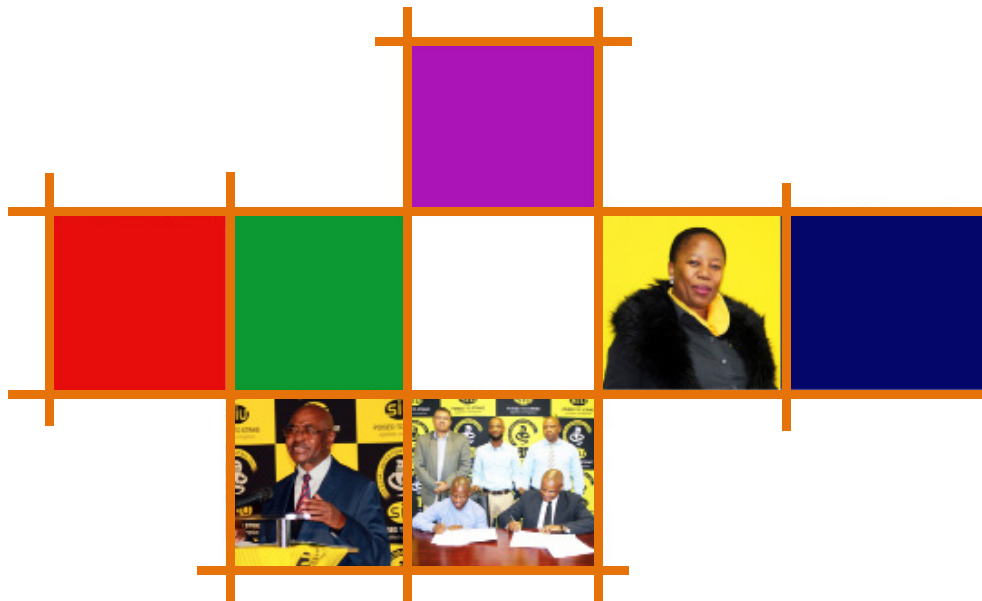
# Value Chain



# Value Chain



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6. NATIONAL PROCLAMATIONS	41
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9. STATE OWNED ENTITIES	45
10. CIVIL LITIGATION MATTERS	46

# PROCLAMATIONS

Proclamations issued during the period under review

## Proclamation R9 of 2018

Dated 6 April 2018

Government Gazette No. 41561

### Mbhashe Local Municipality

1. The contracting for or procurement of motor vehicles and equipment by or on behalf of the Municipality in terms of hire purchase agreements dated 4 March 2015 and 6 July 2015, respectively, and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Municipality or the State.
2. Any improper or unlawful conduct by the councillors, officials or employees of the Municipality or the applicable service providers or any other person or entity, in relation to the allegations set out in the Schedule to the proclamation.

## Proclamation R10 of 2018

Dated 6 April 2018

Government Gazette No. 41561

### Department of Correctional Services (DCS)

1. The procurement of or contracting for goods, works or services by or on behalf of the Department in respect of perishable provisions, food, toiletries, catering, marquee hire and coal in respect of the following tenders: KZN 6/2012 coal peas; KZN 8/2012 toilet soap and toothpaste; KZN 9/2012 maize meal and milk powder; KZN 21/2013 perishable provisions Stanger Correctional Centre; KZN 22/2013 perishable provisions Port Shepstone Correctional Centre; KZN 5/2014 bread Empangeni, Glencoe and Ncome; KZN 6/2014 bread Kokstad and Pietermaritzburg; KZN 10/2014 beef and poultry halaal Kokstad; KZN 15/2014 perishable provisions Ncome; KZN 16/2014 perishable provisions Empangeni; KZN 17/2014 perishable provisions Kokstad; KZN 19/2014 perishable provisions Pietermaritzburg; KZN 25/2014 dishwashing liquid and green soap; KZN 31/2014 perishable provisions Empangeni; KZN 32/2014 perishable provisions; KZN 17/2015 maize meal all management areas; KZN 19/2015 bread Empangeni; KZN 33/2015 perishable provisions Kokstad; KZN 38/2015 perishable provisions; catering and marquee hire in respect of the Regional Freedom Day and Farewell of AC Durban 29/04/15; Launch of 2015/16 Operational Vala 27/11/15; Long Service Recognition Ceremony 15/10/15; 4th Quarterly Security Operational Work Session 5-7/5/15; and catering for an event held on 23/6/15 - for correctional facilities located within KZN and payments made in respect thereof and any related irregular or fruitless and wasteful expenditure incurred by the Department in relation to the above.

# Proclamation R11 of 2018

Dated 6 April 2018

Government Gazette No. 41561

## **Eskom Holdings SOC Ltd and Transnet SOC Ltd (Eskom and Transnet)**

1. The contracting for or procurement of a) coal; b) coal transportation services; or c) diesel by Eskom and payments made in respect thereof and any related irregular or fruitless and wasteful expenditure incurred by Eskom or the State.
2. Maladministration in the affairs of Eskom and any losses or prejudice suffered by Eskom or the State as a result of such maladministration in relation to the a) Medupi Power Station project; b) Kusile Power Station project; c) Ingula Pumped Storage Scheme; and d) high voltage transmission projects associated with the Medupi Power Station project, Kusile Power Station project and Ingula Pumped Storage scheme, including the causes of such maladministration and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by Eskom or the State.
3. Any non-performance or defective performance by the Service Providers appointed by Eskom or the agents of such service providers in respect of 2 a,b,c and d, including the causes of such non-performance or defective performance.
4. The appointment of McKinsey, Trillian and Regiment Capital to render services to Eskom and Transnet and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by Eskom, Transnet or the State.
5. Any undisclosed or unauthorised interests which employees, officials or agents of Eskom may have had in contractors, suppliers or service providers bidding for work or doing business with Eskom or to whom contracts were awarded by Eskom and the extent of any actual or potential benefits derived directly or indirectly by such employees, officials or agents from such undisclosed or unauthorised interests.

## Continued

6. The contracting for or procurement of goods and services by Transnet and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by Transnet or the State.
7. Any undisclosed or unauthorised interests which employees, officials or agents of Transnet may have had in contractors, suppliers or service providers bidding for work or doing business with Eskom or to whom contracts were awarded by Eskom and the extent of any actual or potential benefits derived directly or indirectly by such employees, officials or agents from such undisclosed or unauthorised interests.
8. Any unlawful or improper conduct by any person or entity, in relation to the allegations in the Schedule to the proclamation.

## Proclamation R12 of 2018

**Dated 20 April 2018**

**Government Gazette No. 41581**

### **Roads Agency Limpopo Limited**

1. The procurement of or contracting for goods, works or services by or on behalf of the Agency and payments made in respect thereof and any related irregular or fruitless and wasteful expenditure incurred by Agency or the State in relation to the appointment of the following contractors, suppliers and service providers in respect of the following contract numbers: aa) Mmashibe Construction & General Trading (CN RAL/T682/2015); bb) Batlhagae Investment (CN RAL/T704/2015); cc) TTR Building Construction (CN RAL/T694/2015); dd) Batsekgadi Community Project (CN RAL/T695/2015); ee) RCE Holdings (CN RAL/T6987/2015) ff) David Diva Construction (CN RAL/T699/2015); gg) Thornburn Security (CN RAL/ACCESS CONTROL);

hh) Rethabile Marketing (CN RAL/PUBLIC RELATION); ii) 4 Arrows/Ruwacon JV (CN RAL/T652/2015); jj) Unity Construction CC (CN RAL/T653/2015); kk) Edwin Construction (Pty) Ltd (CN RAL/T349D/2015); ll) Exton Matrix Construction CC (CN RAL/T646/2015); mm) 4 Arrows/Rawucon JV (CN RAL/T657/2015); nn) Lonerock Construction (CN RAL/T535C/2015); oo) Sakela Xabisa; pp) Kago Consulting; qq) Sema Consulting; rr) Matla Consultants (Pty) Ltd (CN RAL/C824/2016); ss) Raamba Engineering Enterprises CC (CN RAL/C816/2016); tt) MGM Bluhray Engineers (Pty) Ltd (CN RAL/C539C/2016); uu) Mtema Mashao Consulting Engineers (CN RAL/C630B/2016); vv) SFC Engineers (CN RAL/C638/2016); ww) Calliper Consulting Engineers (CN RAL/C822/201); xx) Vharanani Properties (CN RAL/T757/2015); yy) King Civil Engineering (CN RAL/T758/2015); zz) Bathokwa Consolidated Projects (CN RAL/2016/PR/Communications).

2. Non-performance or malperformance of works or services or non-delivery of goods by the contractors, suppliers and service providers mentioned above.
3. Maladministration in the affairs of the Agency and any losses or prejudice suffered by the Agency or the State as a result of such maladministration in relation to the increase of the fees of the Chairperson of the Agency's Board including the causes of such maladministration and related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Agency or the State.
4. Any unlawful or improper conduct by officials or employees of the Agency, the applicable contractors, suppliers or service providers or any other person or entity, in relation to the allegations set out above.

## Proclamation R13 of 2018

**Dated 25 May 2018**

**Government Gazette No. 41650**

### **Eastern Cape Institutions (Nelson Mandela Funeral)**

1. Maladministration in the affairs of the Department of Provincial Planning and Treasury of the EC and the EC Development Corporation in relation to the allocation of funds to be used for the funeral of former President Mandela and any related unauthorised, irregular and fruitless and wasteful expenditure incurred by any of the Institutions or the State.

The procurement of, or contracting for goods, works or services by the Institutions in relation to the funeral of former President Nelson Mandela and payments made in respect thereof and related unauthorised, irregular and fruitless and wasteful expenditure incurred by any of the Institutions of the State.

## Proclamation R14 of 2018

**Dated 25 May 2018**

**Government Gazette No. 41650**

### **KwaZulu-Natal Provincial Department of Transport (Alienation of Land)**

1. The consolidation and disposal of (a) portion 56 of 36 of Erf 348 Verulam and Portion 1 of Erf 347 Verulam (Consolidated into erf 10626 Verulam); (b) Portion 1 of Erf 6673, 6672, 6671, 6670, 6669, Portion 0 of Erf 6671 Pinetown, Portion 1 of 6668 Pinetown and Portion 1 of 6255 (Extension 59) Pinetown (consolidated into Erf 30660 Pinetown); (c) Portion 79 of Farm No 937 of the Farm Zeekowgat; and (d) Portion 246 of Farm No 1570 Lot 44, eThekwinini, by the Department, which properties belonged to or were under the control of the State or the Department and any related unauthorised, irregular and fruitless and wasteful expenditure incurred by the Department.

## Continued

2. The failure by the Department to collect rent in terms of a lease agreement which was concluded between the Department and a third party in respect of the leasing of Erf 10626 Verulam.
3. Corruption, irregularities, malpractices or maladministration in the affairs of the Department relating to the matters referred to 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 or the State may have suffered.

## Proclamation R15 of 2018

**Dated 25 May 2018**

**Government Gazette No. 41650**

### **Mopani District Municipality (MDM)**

1. The procurement of, or, contracting for goods, works or services by or on behalf of the MDM and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the District Municipality (DM), the local municipalities that fall within the area of the DM or the State, in relation to the supply, construction or commissioning of Ventilated Improved Pit toilets (VIP toilets), which goods, works or services were procured in terms of the Greater Giyani Municipality - MDM 2014-004 Tender and the Greater Tzaneen Municipality or the greater area of the Tzaneen Municipality - MDM 2014-005 Tender (the tenders); or (bb) the construction, installation, repair, refurbishment, maintenance or removal of boreholes within the area of the DM by Twin Corner Constructions and Projects (Pty) Ltd, Tsireledzo Trading Enterprise CC, Rembua Trading (Pty) Ltd, Piesons Investment CC and Amadwala Trading 373 (Pty) Ltd.
2. Maladministration in the affairs of the DM and any losses or prejudice suffered by the District Municipality the relevant local municipalities that fall within the area of the DM or the State, as a result of such maladministration in relation to (a) the supply, construction or commissioning of VIP toilets, which goods, works or services

were procured in terms of the tenders; (b) the failure or refusal by the DM to refund erroneous or premature payments amounting to R304 101 000, which were received by the DM from the National Treasury (NT) or the National transferring officer, Co-operative Governance and Traditional Affairs (CoGTA); (c) the establishment or regular maintenance of a vendor database or masterfile; (d) approximately R210.4 million that the DM was required to return to NT when they did not spend the money in the 12/13 FY in respect of the MIG and Water Services Operating Grant; (e) the failure or refusal by the DM to address issues raised by, or implement recommendations of the AGSA as set out in the Annual Audit Report relating to the DM for the 13/14 FY; and (f) the construction, installation, repair, refurbishment, maintenance or removal of boreholes within the area of the DM by Twin Corner Constructions and Projects (Pty) Ltd, Tsireledzo Trading Enterprise CC, Rembua Trading (Pty) Ltd, Piesons Investment CC and Amadwala Trading 373 (Pty) Ltd. including the causes of such maladministration and related unauthorised, irregular or fruitless and wasteful expenditure incurred.

3. Any undisclosed or unauthorised interests which the personnel of the DM or their family members may have had in contractors, suppliers or service providers bidding for work or doing business with the DM or to whom contracts were awarded by the DM and the extent of any actual or potential benefits derived directly or indirectly by the personnel of the DM or their family members from such undisclosed or unauthorised interests.
4. Losses or prejudice actually or potentially suffered by the DM as a result of payments made to the applicable contractors, suppliers or service providers.
5. Any improper or unlawful conduct by the personnel of the DM or the applicable contractors, suppliers or service providers or any other person or entity in relation to the allegations set out in the Schedule to the proclamation.

## Proclamation R16 of 2018

**Dated 25 May 2018**

**Government Gazette No. 41650**

### **Media, Information and Communications Technologies Sector Education and Training Authority (MICT SETA)**

1. Maladministration in the affairs of the MICT SETA in relation to the allocation of discretionary grant funding to Lylacorp (Pty) Ltd, Network Infracore (Pty) Ltd, Bandwidth Technologies, Inforcomm (Pty) Ltd, Hallmark Technologies CC, SPL Communications CC, Centretech Broadcasting CC, Northern Lights Trading, Nashua (Pty) Ltd and Broadband College of Technology and any losses or prejudice suffered by the MICT SETA or the State as a result of such maladministration.
2. Any undisclosed or unauthorised interests which officials or employees of the MICT SETA may have had in the companies in paragraph 1 and the extent of any benefit so derived by such officials or employees of the MICT SETA.
3. Any unlawful or irregular conduct by (a) officials or employees of the MICT SETA; or (b) any other person or entity, relating to the allegations referred to in the Schedule.

## Proclamation R19 of 2018

Dated 6 July 2018

Government Gazette No. 41754

### South African Broadcasting Corporation (SABC)

1. 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 Mafoko Security Patrols (Pty) Ltd and payments made in respect thereof.
2. 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 (a) the mismanagement of the finances, rights, assets or liabilities of the SABC; (b) the selling of assets or rights which were owned by the SABC which was not to the advantage of the SABC; (c) business transactions that were concluded by or on behalf of the SABC and which were not viable or to the advantage of the SABC; (d) the irregular appointment and promotion of staff; or (e) 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 (i) legislation; or (ii) 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.
3. Any undisclosed or unauthorised interest that certain members of the personnel of the SABC may have had with regard to (a) contractors, suppliers or service providers who bid for work or did business with the SABC; or (b) contracts awarded by or on behalf of the SABC.

## Proclamation R20 of 2018

**Dated 13 July 2018**

**Government Gazette No. 41771**

### **Department of Public Works (DPW)**

This proclamation extends Proclamation R38 of 2010, which was amended by R27 of 2015. It extends the period of investigation to the date of this proclamation.

## Proclamation R21 of 2018

**Dated 13 July 2018**

**Government Gazette No. 41771**

### **Department of Justice and Constitutional Development (Office of the State Attorney)**

1. Maladministration in the affairs of the office of the State Attorney in relation to work that was performed on behalf of the State in a manner that caused serious harm to the interests of the public or the State
2. Any unlawful or irregular conduct by (a) employees or officials of the office of the State Attorney; or (b) any other person or entity, relating to the allegations referred to in this Schedule.

## Proclamation R25 of 2018

**Dated 21 September 2018**

**Government Gazette No. 41915**

### **Media, Information and Communications Technologies Sector Education and Training Authority (MICT SETA)**

This proclamation amends paragraphs 1 and 2 of R16 of 2018.

## Proclamation R26 of 2018

Dated 21 September 2018

Government Gazette No. 41915

### eThekweni Metropolitan Municipality

1. The procurement of, or contracting for, goods or services by or on behalf of the Municipality in terms of tender no WS-6656 and tender no WS-6749 and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Municipality or the State.
2. Any non-performance, incomplete performance or defective performance by the service providers appointed in terms of the tenders in paragraph 1.
3. Any unlawful or irregular conduct by employees or officials of the Municipality, the service providers or any other person, in relation to the allegations set out in paragraph 1 and 2 above.

## Proclamation R27 of 2018

Dated 21 September 2018

Government Gazette No. 41915

### National Department of Water and Sanitation

1. The procurement of, or contracting for, Information Technology related services from SAP SE (SAP) by the Department and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department or the State.
2. Any improper or unlawful conduct by the personnel of the Department or SAP or any other person or entity, in relation to the allegations set out in paragraph 1 including the causes of such improper or unlawful conduct and any losses, damage or actual or potential prejudice suffered by the Department of the State.

## Proclamation R28 of 2018

Dated 21 September 2018

Government Gazette No. 41915

### Ekurhuleni Metropolitan Municipality

1. The procurement of, or contracting for, goods or services by or on behalf of the Municipality and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Municipality or the State in relation to aa) Contract No PT 01-2014 (Construction of a new Vosloorus Hospital Public Transport Facility); and bb) Contract No. PT 03-2015 (Construction of the Bluegum View Public Transport Facility).

Any improper or unlawful conduct by the councillors, officials or employees of the Municipality or the contractors or any other person or entity, in relation to the allegations set out in paragraph 1 above, including the causes of such improper or unlawful conduct and any losses, damage or actual or potential prejudice suffered by the Municipality or the State



# PRESIDENTIAL REPORTS

## Presidential Reports submitted 1 April 2018 to 30 September 2018

Completed Proclamations					
No	Proclamation No	Department / State Institution	Scope	Type of Report	Submission Date
1	R20 of 2014	Universal Service and Access Agency of South Africa (USAASA)	<ul style="list-style-type: none"> <li>Maladministration of the affairs of the Agency in relation to the recruitment process which resulted in the appointment of the Chief Executive Officer of the Agency in 2013.</li> <li>The Agency's funding, by way of a subsidy in the amount of R500 million, to a service provider for the construction and expansion of an electronic communications network for eMalahleni Local Municipality and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Agency.</li> <li>The procurement by the Agency of services in relation to the Rapid Development of Public Access Facilities Programme and payments made in relation thereto and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Agency.</li> </ul>	Final	8 May 2018

## Presidential Reports submitted 1 April 2018 to 30 September 2018 (continued)

Completed Proclamations					
No	Proclamation No	Department / State Institution	Scope	Type of Report	Submission Date
2	R51 of 2014	Vhembe District Municipality (the Municipality)	<ul style="list-style-type: none"> <li>The procurement of goods, works or services by or on behalf of the Municipality and payments made in respect thereof and related to irregular, fruitless or wasteful expenditure by the Municipality.</li> <li>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.</li> <li>The award of contracts by the Municipality to suppliers in which individuals in the service of the State held interests.</li> </ul>	Final	8 May 2018
3	R27 of 2010	South African Social Security Agency (SASSA)	<ul style="list-style-type: none"> <li>The unlawful payment and receipt of social grants in respect of deceased or fictitious persons or by persons who do not qualify for any or all such social grants.</li> <li>Allegations that staff of SASSA have undisclosed or unauthorised conflicts of interest with service providers of SASSA.</li> <li>Failure by staff of SASSA to disclose that they have engaged in business activities for reward outside their employment with SASSA.</li> </ul>	Final	30 May 2018

## Presidential Reports submitted 1 April 2018 to 30 September 2018 (continued)

Completed Proclamations					
No	Proclamation No	Department / State Institution	Scope	Type of Report	Submission Date
4	R20 of 2016	Department of Correctional Services (DCS)	<ul style="list-style-type: none"> <li>The appointment of a service provider by the DCS to (a) render project management services relating to the renovations to the Zeerust, Brandvlei, Durban Westville, Johannesburg and St Albans correctional facilities; and (b) conduct condition assessments in terms of the Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007), in respect of 221 correctional facilities, and payments made in respect thereof.</li> <li>Any unlawful, improper or unlawful conduct by officials or employees of the DCS or the applicable service provider or any other person or entity, in relation to the allegations set out in paragraph 1 of the Schedule.</li> <li>Any unauthorised, irregular or fruitless and wasteful expenditure incurred by the DCS in relation to the allegations set out in paragraph 1 of the Schedule.</li> </ul>	Final	8 June 2018
5	R38 of 2010	National Department of Public Works	<ul style="list-style-type: none"> <li>The incurrence of irregular expenditure and/or fruitless and wasteful expenditure and payment of expenditure not due, owing or payable.</li> </ul>	Final	8 June 2018
6	R38 of 2010 extended by R27 of 2015 extended by R20 of 2018	National Department of Public Works	<ul style="list-style-type: none"> <li>The incurrence of irregular expenditure and/or fruitless and wasteful expenditure and payment of expenditure not due, owing or payable.</li> </ul>	Interim	20 June 2018

## Presidential Reports submitted 1 April 2018 to 30 September 2018 (continued)

Completed Proclamations					
No	Proclamation No	Department / State Institution	Scope	Type of Report	Submission Date
7	R598 of 2015 extended by R17 of 2016	Eastern Cape Department of Education	<ul style="list-style-type: none"> <li>The procurement of goods and services by or on behalf of the Department from Berlut Books CC; Bright Future Marketing CC; Cambridge University Press; Clever Child; Clever Kids Educational Tools; Creative Learning Publishers; Depicta Education Aids; Educanda CC; Educational Improvement and Study Help CC; First League Trading; Global MBD Publishing; Grow Learning Company; Illima Publishers CC; Inclusive Solutions CC; Lasec SA; Lectio Publishers; Macmillan SA; Maths Centre Incorporating Science; Missing Link Education CC; Modlin E-Learning Solutions; Mongile Suppliers CC; Mpower Learning and Development; Nutrend Publishers CC; Oxford University Press SA; Pearson Holdings SA; Pulse Educational Services CC; Reading Matters; RIC Publications CC; Shuter &amp; Shooter Publishers; Somerset Educational; Tower City Trading 323 CC; Via Afrika Publishers and Booksellers; Via Afrika Future; Via Afrika Stimela and Vivlia Publishers and Booksellers and payments made in respect thereof.</li> </ul>	Final	20 June 2018

## Presidential Reports submitted 1 April 2018 to 30 September 2018 (continued)

Completed Proclamations					
No	Proclamation No	Department / State Institution	Scope	Type of Report	Submission Date
8	R23 of 2017	Gauteng Provincial Department of Health (Mental health care facilities)	<ul style="list-style-type: none"> <li>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.</li> <li>Any unlawful or improper act or omission by (a) officials of the Department; or (b) the owner of, a person in control of, or the staff of, an entity referred to in paragraph 1 of this Schedule, which caused or may have caused serious harm to mental health care users who were entrusted into the care of an entity.</li> </ul>	Interim	20 June 2018

## Presidential Reports submitted 1 April 2018 to 30 September 2018 (continued)

Completed Proclamations					
No	Proclamation No	Department / State Institution	Scope	Type of Report	Submission Date
9	R9 of 2017	KZN Provincial Department of Agriculture and Rural Development and Mjindi Farming	<ul style="list-style-type: none"> <li>▪ The procurement of, and contracting for fertilizer, seeds or seed potatoes or goods, works or service relating to events or event management by or on behalf of the Department and payments made in respect thereof.</li> <li>▪ The procurement of and contracting for agricultural equipment by or on behalf of the institutions and payments made in respect thereof.</li> <li>▪ Any undisclosed or unauthorised interests the board members, directors, officials or employees of the Institutions or any of their family members that may have had with contractors, suppliers or service providers in contracts awarded by or on behalf of the institutions with regard to fertilizer, seeds, seed potatoes, agricultural equipment, agricultural input, food production packs, events or event management.</li> <li>▪ Fraud, corruption, irregularities, malpractices, maladministration in the affairs of the institutions relating to the matters in the schedule including the causes of such fraud, corruption, irregularities, malpractices, maladministration and any losses, damages or actual or potential prejudice which the institutions or the State may have suffered.</li> </ul>	Interim	12 July 2018

## Presidential Reports submitted 1 April 2018 to 30 September 2018 (continued)

Completed Proclamations					
No	Proclamation No	Department / State Institution	Scope	Type of Report	Submission Date
10	R43 of 2010 extended by R49 of 2012	Department of Public Works for the KwaZulu-Natal Province (the Department)	<ul style="list-style-type: none"> <li>Allegations that staff of the Department enjoy remuneration, income, allowances or rewards in conflict with the conditions of their employment with the Department and contrary to the Public Service Act, 1994.</li> <li>Allegations that staff of the Department have undisclosed or unauthorised conflicts of interest with service providers of the Department.</li> <li>The premature return by the Department of performance guarantees lodged by construction contractors.</li> <li>The unlawful or irregular conduct by staff of the Department, service providers to the Department and third parties relating to any of the aforementioned allegations.</li> </ul>	Final	21 September 2018

## Presidential Reports submitted 1 April 2018 to 30 September 2018 (continued)

Completed Proclamations					
No	Proclamation No	Department / State Institution	Scope	Type of Report	Submission Date
11	R22 of 2016	Department of Human Settlements, Gauteng Province and Lepelle Northern Water	<ul style="list-style-type: none"> <li>The appointment of LTE Consulting (Pty) Ltd (LTE) by the Department to render services to the Department in respect of Tender No: G05020078/1 (Tender for Sweetwaters (Kanana Park Ext 6) Reticulation Networks: The Construction of Sweetwaters Reticulation Network for Water and Sewer) and payments which were made by the Department to LTE and any unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department.</li> <li>The appointment of LTE by the Lepelle Northern Water to render services to Lepelle in respect of the Mopani Water and Waste Water Emergency Intervention which includes Giyani Water and Waste Water Schemes on a turnkey basis and payments which were made by Lepelle to LTE and any unauthorised, irregular or fruitless and wasteful expenditure incurred by Lepelle.</li> </ul>	Interim	21 September 2018

## Presidential Reports submitted 1 April 2018 to 30 September 2018 (continued)

Completed Proclamations					
No	Proclamation No	Department / State Institution	Scope	Type of Report	Submission Date
12	R29 of 2017 amended by R19 of 2018	South African Broadcasting Corporation (SABC)	<ul style="list-style-type: none"> <li>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 Mafoko Security Patrols (Pty) Ltd and payments made in respect thereof.</li> <li>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 (a) the mismanagement of the finances, rights, assets or liabilities of the SABC; (b) the selling of assets or rights which were owned by the SABC which was not to the advantage of the SABC; (c) business transactions that were concluded by or on behalf of the SABC and which were not viable or to the advantage of the SABC; (d) the irregular appointment and promotion of staff; or (e) the payment of salaries, increases, bonuses and other forms of remuneration that were not due, owing or payable or were made including the causes of such maladministration and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the SABC or the State.</li> <li>Any undisclosed or unauthorised interest that certain members of the personnel of the SABC may have had with regard to (a) contractors, suppliers or service providers who bid for work or did business with the SABC; or (b) contracts awarded by or on behalf of the SABC.</li> </ul>	Interim	21 September 2018

# ONGOING INVESTIGATIONS

## National Proclamations

Ongoing Proclamations			
No	Proclamation No	Department / State Institution	Gazetted Date and No
1	R38 of 2010  extended by R27 of 2015  extended by R20 of 2018	National Department of Public Works	30/07/2010 No 33425  20/07/2015 No 39005  30/07/2018 No 41771
2	R37 of 2017	National Department of Transport, Provincial Departments of Transport, local authorities and entities that perform functions in terms of the National Road Traffic Act	24/11/2017 No 41271
3	R7 of 2014  amended by R599 of 2015  amended by 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)  Johannesburg, Pretoria, Cape Town, Bloemfontein, Vryburg Deeds Office	14/02/2014 No 37346  10/07/2015 No 38985  06/10/2017 No 41165
4	R28 of 2017	Department of Correctional Services and the Independent Development Trust	18/08/2017 No 41055
5	R24 of 2017	Department of Rural Development and Land Reform	24/07/2017 No 41000
6	R19 of 2016	Construction Industry Board (CIDB)	15/04/2016 No 39935
7	R18 of 2016	Department of Correctional Services (DCS)	15/04/2016 No 39935

## National Proclamations (continued)

Ongoing Proclamations			
No	Proclamation No	Department / State Institution	Gazetted Date and No
8	R54 of 2014  amended by R44 of 2015	National Department of Public Works: Prestige Directorate: Western Cape	01/08/2015 No 37884  10/12/2015 No 39488
9	R59 of 2014	National Department of Public Works	27/08/2014 No 37946
10	R55 of 2014	Department of Labour and the Compensation Fund	1/08/2014 No 37884
11	R54 of 2012	Department of Water Affairs (formerly the Department of Water Affairs and Forestry) (DWA)	21/09/2012 No 35691
12	R53 of 2012	National Department of Rural Development and Land Reform and its agents (DRDLR)	21/09/2012 No 35691
13	R42 of 2010  extended by R73 of 2011	South African Police Service (SAPS)	10/08/2010 No 33451  22/12/2011 No 34896

# PROVINCIAL PROCLAMATIONS

Ongoing Proclamations			
No	Proclamation No	Department / State Institution	Gazetted Date and No
1	R5 of 2018	Tshwane South Technical and Vocational Education and Training College	9/02/2018 No 41433
2	R4 of 2018	Agriculture Sector Education and Training Authority (AGRISETA)	9/02/2018 No 41433
3	R2 of 2018	North West Department of Public Works, Roads and Transport	19/01/2018 No 41387
4	R35 of 2017	Public Service Sector Education and Training Authority (PSETA)	10/11/2017 No 41236
5	R30 of 2017	KwaZulu-Natal Provincial Treasury	1/09/2017 No 41086
6	R23 of 2017	Gauteng Provincial Department of Health (Mental health care facilities)	24/07/2017 No 41000
7	R17 of 2017	Department of Social Development of the Eastern Cape Province	25/04/2017 No 40810
8	R9 of 2017	KZN Provincial Department of Agriculture and Rural Development and Mjindi Farming	3/02/2017 No 40594
9	R32 of 2016	Independent Development Trust, the Dept of Basic Education and the Dept of Education for the Free State	20/05/2016 No 40004
10	R23 of 2016	KwaZulu-Natal Provincial Department of Transport	15/04/2016 No 39935
11	R22 of 2016	Department of Human Settlements, Gauteng Province and Lepelle Northern Water	15/04/2016 No 39935

# LOCAL GOVERNMENT PROCLAMATIONS

Ongoing Proclamations			
No	Proclamation No	Department / State Institution	Gazetted Date and No
1	R59 of 2016  amended by, R7 of 2018	Greater Sekhukhune District Municipality and the Elias Motsoaledi Local Municipality	14/10/2016 No 40348  09/02/2018 No 41433
2	R6 of 2018	Raymond Mhlaba Local Municipality	9/02/2018 No 41433
3	R36 of 2017	Alfred Nzo District Municipality	10/11/2017 No 41236
4	R25 of 2017	Lesedi Local Municipality	24/07/2017 No 41000
5	R19 of 2017	Alfred Nzo District Municipality	25/04/2017 No 40810
6	R18 of 2017	Thabazimbi Local Municipality	25/04/2017 No 40810
7	R10 of 2017	Harry Gwala District Municipality	3/02/2017 No 40594
8	R8 of 2017	Mopani District Municipality	3/02/2017 No 40594
9	R21 of 2016	Msunduzi Local Municipality	15/04/2016 No 39935
10	R52 of 2014	Greater Tubatse Local Municipality	1/08/2014 No 37884
11	R62 of 2010	Tshwane Metropolitan Municipality	8/11/2010 No 33744

## STATE OWNED ENTITIES

Ongoing Proclamations			
No	Proclamation No	Department / State Institution	Gazetted Date and No
1	R29 of 2017	South African Broadcasting Corporation (SABC)	1/09/2017 No 41086
2	R53 of 2014 amended by R15 of 2015	State Information Technology Agency (Pty) Ltd ("SITA") - IBM and iFirm	17/03/2015 No 38579

# CIVIL LITIGATION MATTERS

No	PROCLAMATION	PROVINCE	CASE DESCRIPTION	DATE INSTITUTED	VALUE	STATUS
1.	R19 of 2016 CIDB	National	Fastmove Electrical	April 2018	R 1.1 billion	An application has been brought to the High Court to set aside a contract between The National Department of Water Affairs and Fastmove and to seek just and equitable relief from the Court.
2.	R29 of 2017 SABC	National	Vision View	April 2018	R 39,38 million	An application has been brought to the High Court to set aside a contract between The SABC and Vision View and to seek just and equitable relief from the Court.
3.	R23 of 2017 GDOH (Life Esidimeni)	Gauteng	Anchor Centre for the intellectually disabled.	April 2018	R 663 275.00	The SIU issued summons to reclaim irregular payments made by the Gauteng Department of Health to Anchor Centre.
4.	R18 of 2017 Thabazimbi Municipality	Limpopo	Thabazimbi Municipality	September 2018	R 49.8 million	An application has been brought to the High Court to set aside a contract between the Thabazimbi Municipality and Powercom and to seek just and equitable relief from the Court.
5.	R10 of 2017 Harry Gwala Municipality	Kwa-Zulu Natal	Harry Gwala Municipality	September 2018	R 2 million	Civil litigation has been instituted against Cyclone Construction to recover undue payments made.

## Civil Litigation Matters

No	PROCLAMATION	PROVINCE	CASE DESCRIPTION	DATE INSTITUTED	VALUE	STATUS
6.	R 59 of 2014  DPW Leases	National	DPW Leases	September 2018	R 3.5 million	Civil litigation was instituted to recover undue payments made to Easy Does It Investments.
7.	R 29 of 2017  SABC	National	Lorna Vision	September 2018	R 20 million	An application has been brought to the High Court to set aside a contract between the SABC and Lorna Vision and to seek just and equitable relief from the Court.
8.	R 29 of 2017  SABC	National	Audrey Raphela matters	June 2018	R 62.7 million	The SIU instituted civil litigation against Audrey Raphela for the recovery of undue payments that she was responsible for in her capacity as Chief Financial Officer.

**SIU**

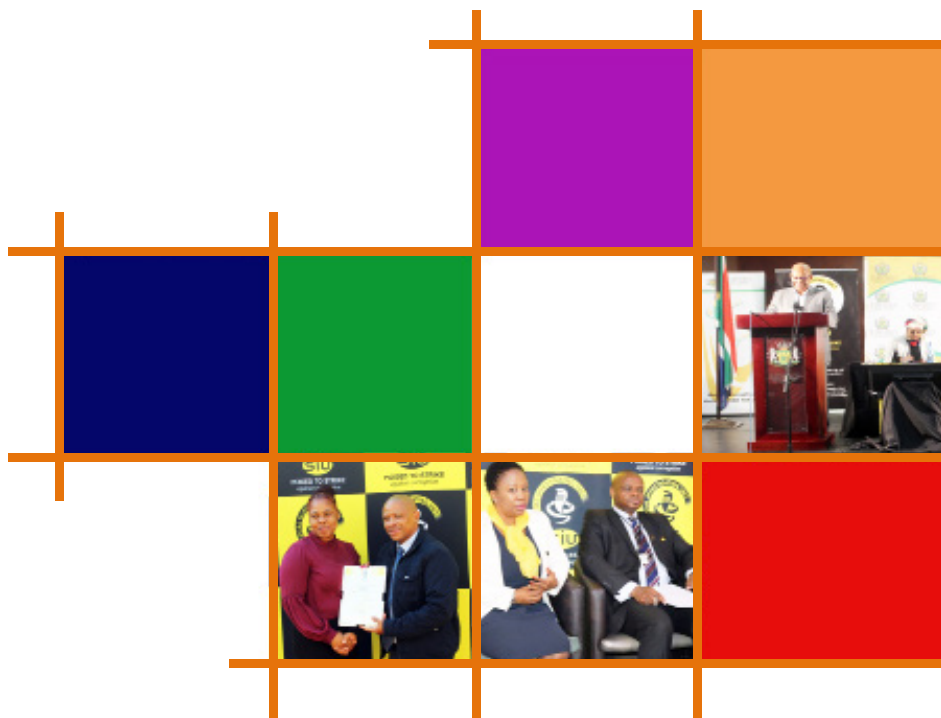
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# GOVERNANCE



1. GOVERNANCE	50
2. INTERNAL AUDIT	50
3. RISK MANAGEMENT	51
4. GOVERNANCE COMMITTEE	51
5. INTERNAL INTEGRITY UNIT	52
6. INTERNAL INVESTIGATIONS	52
7. SECURITY SERVICES	53
8. HUMAN CAPITAL	54
9. COMMUNICATIONS AND STAKEHOLDER RELATIONS	59
10. STRATEGY, MONITORING AND REPORTING	61

# GOVERNANCE

## Internal Audit

During the period under review, the internal auditors continued to provide the Audit Committee and management with independent information and assurances on the effectiveness of the internal controls.

The three year Internal Audit Rolling plan was developed through the top 10 strategic risk register. The first year of the plan was executed and we are currently executing the second year of the plan. .

The following represents Internal Audit's progress to date against the Annual Internal Audit Plan as approved:

No.	Audit Names / Project	Revised timing (as approved)		Status
		From	To	
1.	Travel Management	May 18	June 18	Completed
2.	Training & Development	May 18	June 18	Completed
3.	Performance Information	April 18	June 18	Completed
		July 18	September 18	Completed
4.	Performance Management System Review (Appraisals)	June 18	July 18	Completed
5.	Leave Management	August 18	September 18	Completed
6.	Recruitment and Selection	August 18	September 18	Completed
7.	Combined Assurance Plan	May 18	Mach 19	In progress
8.	Follow-ups	April 18	March 19	In progress
9.	Ad-hoc Assignments	April 18	March 19	Ongoing

# RISK MANAGEMENT

## Risk Management

The SIU has appointed an independent Risk Management Committee Chair who commenced 01 November 2017. The objective was to ensure that a non-conflicted party chairs the Risk Management Committee. 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 (10) risks 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.

## Governance Committee

The SIU governance committees are functional and meet as per their terms of reference:

No.	Meeting Name	No of Meetings
1	Audit Committee	2
2	Risk Management Committee	1
3	Human Resource Management Committee	2

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“ 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.”

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# INTERNAL INTEGRITY UNIT

“The IIU provided independent ethics advice to the Unit and its staff and promoted ethical awareness through presentations and newsletters.”

## Internal Investigations

Internal investigations are initiated when the SIU becomes aware of misconduct or allegations regarding members or suppliers. As such, internal investigations can be initiated for a variety of reasons.

- One investigation which was initiated before the reporting period is ongoing.
- One investigation was completed.
- One matter was reported to SAPS.
- Four new investigations were initiated and completed.
- Two were initiated but are still ongoing.
- One of the completed investigations resulted in disciplinary action.

## Ethics

The IIU provided independent ethics advice to the Unit and its staff and promoted ethical behaviour through presentations and newsletters. Training took place to empower the IIU to compile online ethics training courses and an ethics communication strategy is in draft.

The IIU was involved in the provincial Stakeholder Engagement forums in three provinces during the reporting period where many questions were asked regarding ethics and how SIU can become involved in external training and awareness. This was a contributing factor to SIU becoming a founder member of an Integrity Forum that that will be launched in 2019.

The aim of this Forum will be to educate children in schools from the lowest level on ethics and integrity.

### Annual Declarations of Assets

All SIU members, excluding those members who were medically boarded and the Head of SIU, were expected to declare their assets during the course of the year. A Directive was issued during the reporting period to guide the process. At the end of Quarter two 95% of the members who were expected to submit their asset declarations compiled and only 5% were outstanding at that stage.

## **Request for Permission for Outside Remuneration**

SIU members must apply to the Head of the SIU for permission to receive outside remuneration for any remunerative work to avoid conflicts of interest. During the reporting period, a Directive was issued to guide SIU members regarding the requests for permission for outside remuneration. Five SIU members had permission to perform outside remunerative work during the reporting period and another twenty-five requests were being processed.

## **Ethics Hotline**

The procurement of an outsourced anonymous ethics hotline was finalised.

## **Security Services**

### **Vetting**

Currently fifty-five SIU members have Top Secret Clearances, of which nine Top Secret Clearances were issued during the reporting period. Fifty-seven SIU members have Confidential Clearances.

### **Technical Surveillance Counter Measures (TSCM)**

TSCM was completed for 8 offices. This is performed to ensure that no listening devices are planted at the SIU offices.

### **Security Training and Awareness**

The IIU issues a monthly "Security Spotlight" newsletter where different topics of interests are discussed. In September 2018 a newsletter discussing Clean Desk practices was issued. Security is a standing agenda item for the Risk Committee meetings, where presentations on Security-related topics inform management. During the Risk Committee meeting that took place on 5 July 2018, a presentation was done to management on Threat Risk Assessment that were performed in the regions. Presentations on information security, vetting, physical security, electronic security and tips for members traveling abroad were given in all eight regions during the reporting period.

## **Security Managers Forum**

During the reporting period two meetings took place, of which one was National and one Provincial in Gauteng province.

## **Draft Security Policy**

The draft Security Policy was endorsed by the State Security Agency (SSA) and submitted to the Policy Committee for promulgation.

## **Reported Security Breaches**

Six

## **Threats Risk and Assessments**

Threat Risk and Assessments were completed for all the offices, excluding Mthatha which was scheduled after the reporting date of the Interim report.

## **Security Committee Meetings**

Eight Security Committee Meetings were held.

## **Procurement of Security Systems**

Specifications have been sent to IT/SCM for the re-implementation of security systems in Mafikeng and Bloemfontein after the relocation of their offices.

## **Pre-employment screening**

During the reporting period, the following pre-employment screenings were completed:

Permanent appointments: 9

Contract appointments: 34

Desktop screenings: 4

Vendor screenings: 1

Pre-interview reports: 25

Of the 48 screenings that were performed for appointment, 39 were recommended for employment and 9 were not recommended by IIU.

# HUMAN CAPITAL

## Staff Compliment as at September 2018

Occupational Level	No of employees at the beginning of April 2018	Appointments	Terminations
1 - Top Management	1	0	0
2 - Senior Management	33	5	1
3 - Professionally Qualified	170	1	2
4 - Skilled Technical	175	20	2
5 - Semi-skilled	126	1	2
5 - Unskilled	11	0	1
<b>Total</b>	<b>516</b>	<b>27</b>	<b>8</b>

## Terminations

	Male				Female				
Occupational Level	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
2 - Senior Management					1				1
3 - Professionally Qualified					1			1	2
4 - Skilled Technical	1						1		2
5 - Semi-skilled	2								2
6 - Unskilled					1				1
<b>Total</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>8</b>

Reasons for terminations	Total
Resignation	3
Retirements	2
Retrenched	1
Deceased	1
Expiry of contract	1
	<b>8</b>
	<b>Recruitment</b>

## Terminations

	Male			Female			
Occupational Level	African	Indian	White	African	Indian	White	Total
2 - Senior Management	2	1	1				5
3 - Professionally Qualified				1			1
4 - Skilled Technical	7		2	11			20
5 - Semi-skilled	1		0	0			1
<b>Total</b>	<b>10</b>	<b>1</b>	<b>3</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>27</b>

## Staff Compliment

	Male				Female				
Occupational Level	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
1 - Top Management	1								1
2 - Senior Management	9	2	2	10	5	1	1	3	33
3 - Professionally Qualified	49	14	16	38	20	1	4	27	169
4 - Skilled Technical	81	7	11	5	47	5	12	25	193
5 - Semi-skilled	26			3	77	4	7	8	125
5 - Unskilled					10				10
<b>Total</b>	<b>166</b>	<b>23</b>	<b>29</b>	<b>56</b>	<b>159</b>	<b>11</b>	<b>24</b>	<b>63</b>	<b>531</b>



# FIVE COMMUNICATIONS AND STAKEHOLDER RELATIONS

As part of the SIU's communication drive to create awareness on the mandate of the Unit, a stakeholder engagement forum was hosted on 24 April 2018 in Gauteng in conjunction with the Office of the Premier. The theme was working together towards ridding society of corruption, malpractice and maladministration and the keynote address was delivered by the Honorable Premier David Makhura.

The Head of the Unit, Advocate Andy Mothibi also addressed the audience on the mandate of the SIU. During this event, the SIU also entered into a Memorandum of Understanding (MOU) with the Office of the Premier which will result in co-operation in combating and eradicating fraud, corruption, maladministration and malpractice in the Gauteng Province.

Following the successful forum in Gauteng, the Unit also hosted a stakeholder forum in Cape Town, Western Cape on 29 May 2018. The keynote address was delivered by the Honorable Premier Hellen Zille and was well attended. Exhibitors from government departments including members of the

anti-corruption cluster also provided information to attendees.

On 17 August 2018, together with the Office of the Premier Kwa-Zulu Natal the unit hosted and live streamed a stakeholder event. The Honorable Premier Thembinkosi Willies Mchunu provided the keynote address. The forum was well attended.

In further enhancing stakeholder relations, the Unit entered into Memorandum of Understanding (MoU) with the Financial Intelligence Centre (FIC) on 21 June 2018. The purpose of which is to regulate, strengthen and formalise matters of mutual co-operation, collaboration, assistance and exchange of information.

The SIU participated in the 8th Commonwealth Conference of Heads of Anti-Corruption agencies in Abuja Nigeria from 14-18 May 2018, with the theme 'Partnering towards assets recovery and its return'. The conference was opened by the Deputy President of Nigeria and former president of South Africa Mr Thabo Mbeki gave a key note address.

“As part of the SIU's communication drive to create awareness on the mandate of the Unit, a stakeholder engagement forum was hosted on 24 April 2018 in Gauteng in conjunction with the Office of the Premier”

The SIU also launched the National Health Anti-Corruption Forum (NHACF) on 06 June 2018 to curb fraud, waste and abuse in the sector. The launch happened at the SIU head office in Pretoria.

The SIU also participated in the BRICS Anti-Corruption Working Group held on 26 June 2018 in Paris France. The focus was on collaboration and cooperation on recovery of stolen money and assets and the repatriation.

The SIU hosted and trained delegates of the Commonwealth Africa Anti-Corruption Centre (CAACC) from more than 10 commonwealth Africa countries from the 22-24 August 2018. The Commonwealth Africa Anti-Corruption Centre designed a Course on Intelligence Gathering and Analysis.

Further, the SIU Learning and Development department, in conjunction with the French Embassy and PSETA rolled out training on Cyber forensics first responder training for all SIU investigators.



# STRATEGY, MONITORING AND REPORTING

In 2017 the SIU commenced to conduct a comprehensive Organizational Assessment and Development project (Organisational Review) to review the current SIU structure and align it to industry best practice. This was necessary to ensure that any potential new structure enables the SIU to deliver on its statutory mandate in line with its long term strategy.

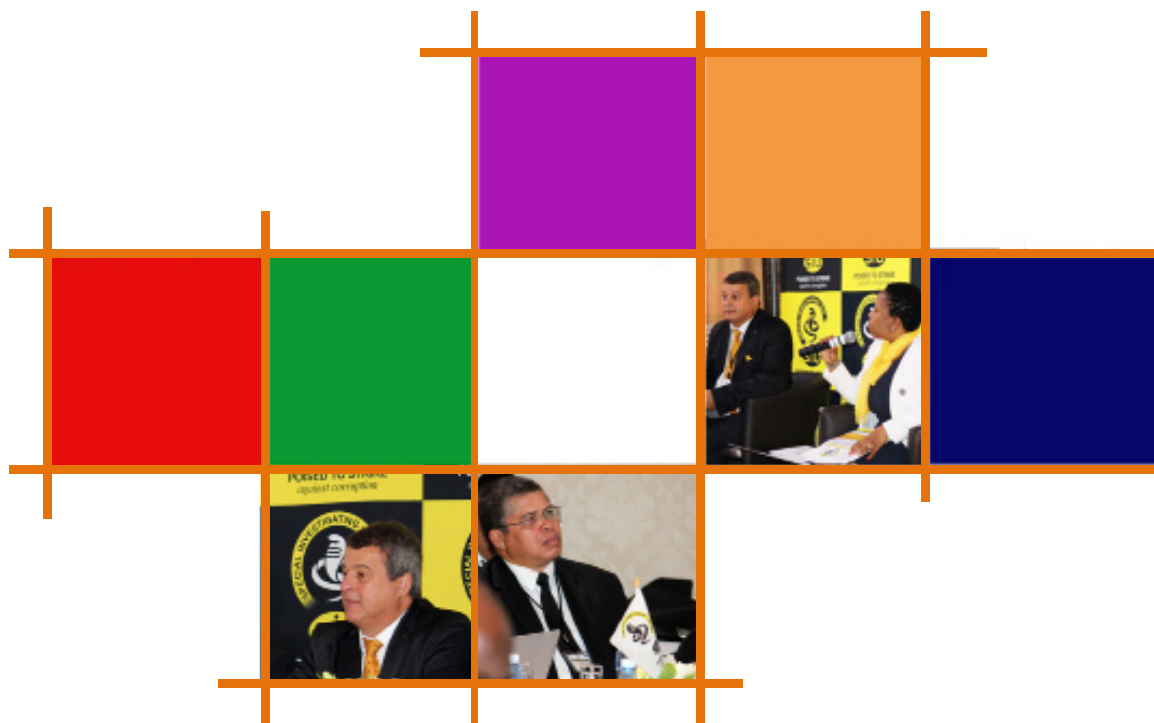
The reason management embarked on the Organisational Review was to find appropriate strategies and models that will stabilise the operating environment, enhance governance and accountability, reach growth through operational excellence and to stay relevant within a changing environment. Part of enhancing accountability included a process of formalising operational plans of all business units within the SIU, which will form a basis for the new performance management system. The Case for Change that preceded the revised strategy indicated that there are significant gaps in the operating environment, that require immediate management intervention. The re-designed organizational structure was completed and approved in 2018/19; however, it cannot be fully implemented due to financial constraints. Management has prioritized certain key positions that will be filled once funding becomes available. There is a material growth in headcount over the MTEF period in order to operationalize the newly designed value chain that has been submitted in the ENE numbers.

The SIU receives about 55% of its revenue from a Government grant and 45% from services rendered. Global benchmarks on entities with similar mandates show that these entities are typically fully (100%) funded by government.

“ The reason management embarked on the Organisational Review was to find appropriate strategies and models that will stabilise the operating environment, enhance governance and accountability, reach growth through operational excellence and to stay relevant within a changing environment.”



# INTERIM FINANCIAL STATEMENTS



ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL	64
STATEMENT OF FINANCIAL POSITION	66
STATEMENT OF FINANCIAL PERFORMANCE	67
STATEMENT OF CHANGES IN NET ASSETS	68
CASH FLOW STATEMENT	69
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	70
NOTES ON DIFFERENCE BETWEEN BUDGET AND ACTUAL AMOUNTS	72

## Special Investigating Unit

Interim Financial Statements for the 6 months ended 30 September 2018

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### 1. Accounting Authority's Responsibilities and Approval

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 Interim Financial Statements and related financial information included in this report.

It is the responsibility of the Accounting Authority to ensure that the Interim 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 Interim 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 Interim 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.

## Special Investigating Unit

Interim Financial Statements for the 6 months ended 30 September 2018

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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.



**Adv JL Mothibi**

**Head of the Special Investigating Unit**

**September 2018**

## Special Investigating Unit

Interim Financial Statements for the 6 months ended 30 September 2018

### 3. Statement of Financial Position as at 30 September 2018

Figures in Rand	Note(s)	2019	2018
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions		40,606,177	58,885,074
Bank balance - Recoveries		36,524,375	32,652,455
Cash and cash equivalents		502,470,167	513,987,790
		<b>579,600,719</b>	<b>605,525,319</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		41,160,224	42,534,909
Intangible assets		2,658,350	2,741,007
		<b>43,818,574</b>	<b>45,275,916</b>
<b>Total Assets</b>		<b>623,419,293</b>	<b>650,801,235</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities		8,345,735	545,538
Operating lease liability		1,345,079	1,345,079
Payables from exchange transactions		51,723,815	36,410,507
Provisions		18,776,849	33,352,314
Payables - Recoveries		36,524,375	32,652,455
<b>Total Liabilities</b>		<b>116,715,853</b>	<b>104,305,893</b>
<b>Net Assets</b>		<b>506,703,440</b>	<b>546,495,342</b>
<b>Accumulated surplus</b>		<b>506,703,440</b>	<b>546,495,342</b>

## Special Investigating Unit

Interim Financial Statements for the 6 months ended 30 September 2018

### 4. Statement of Financial Performance for the 6 months ended 30 September 2018

Figures in Rand	Note(s)	2019	2018
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rendering of services		108,615,350	285,814,803
Interest received		13,482,814	16,870,377
Other income		77,194	13,118
Profit / proceeds on sale of assets		83,380	-
<b>Total revenue from exchange transactions</b>		<b>122,258,738</b>	<b>302,698,298</b>
<b>Revenue from nonexchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies		178,548,000	346,177,000
CARA funds		-	3,323,334
Rental of premises paid on behalf of the SIU		3,021,949	5,647,916
<b>Total revenue from nonexchange transactions</b>		<b>181,569,949</b>	<b>355,148,250</b>
<b>Total revenue</b>		<b>303,828,687</b>	<b>657,846,548</b>
<b>Expenditure</b>			
Employee related costs		(204,720,589)	(362,085,226)
Depreciation and amortisation		(3,739,277)	(6,964,126)
Debt impairment		(76,536,770)	(51,417,334)
Lease rentals on operating lease		(16,759,171)	(36,173,079)
Professional services		(178,354)	(535,374)
Loss on disposal of assets and liabilities		-	(20,545)
General expenses		(41,686,428)	(79,714,024)
<b>Total expenditure</b>		<b>(343,620,589)</b>	<b>(536,909,708)</b>
<b>Surplus for the period</b>		<b>(39,791,902)</b>	<b>120,936,840</b>

## Special Investigating Unit

Interim Financial Statements for the 6 months ended 30 September 2018

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### 5. Statement of Changes in Net Assets for the 6 months ended 30 September 2018

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 1 April 2017</b>	<b>425,558,502</b>	<b>425,558,502</b>
Changes in net assets		
Surplus for the year	<u>120,936,840</u>	<u>120,936,840</u>
Total changes	<u>120,936,840</u>	<u>120,936,840</u>
<b>Balance at 1 April 2018</b>	<b><u>546,495,342</u></b>	<b><u>546,495,342</u></b>
Changes in net assets		
Surplus for the year	<u>(39,791,902)</u>	<u>(39,791,902)</u>
Total changes	<u>(39,791,902)</u>	<u>(39,791,902)</u>
<b>Balance at 30 September 2018</b>	<b><u>506,703,440</u></b>	<b><u>506,703,440</u></b>

## Special Investigating Unit

Interim Financial Statements for the 6 months ended 30 September 2018

### 6. Cash Flow Statement for the 6 months ended 30 September 2018

Figures in Rand	Note(s)	2019	2018
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		56,901,738	310,406,073
Grants		178,548,000	346,177,000
Interest income		13,482,814	16,870,377
Other receipts		77,194	13,118
		<u>249,009,746</u>	<u>673,466,568</u>
<b>Payments</b>			
Employee costs		(204,720,589)	(362,787,933)
Suppliers		(53,608,228)	(85,711,845)
		<u>(258,328,817)</u>	<u>(448,499,778)</u>
<b>Net cash flows from operating activities</b>		<b><u>(9,319,071)</u></b>	<b><u>224,966,790</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(3,056,761)	(4,389,110)
Proceeds from sale of property, plant and equipment		858,207	388,776
<b>Net cash flows from investing activities</b>		<b><u>(2,198,555)</u></b>	<b><u>(4,000,334)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(11,517,626)</b>	<b>220,966,456</b>
Cash and cash equivalents at the beginning of the year		<u>513,987,793</u>	<u>293,021,334</u>
<b>Cash and cash equivalents at the end of the year</b>		<b><u>502,470,167</u></b>	<b><u>513,987,790</u></b>

## Special Investigating Unit

Interim Financial Statements for the 6 months ended 30 September 2018

### 7. Statement of Comparison of Budget and Actual Amounts for the 6 months ended 30 September 2018

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	122,100,000	-	122,100,000	108,615,350	(13,484,650)	1
Interest received	8,895,500	-	8,895,500	13,482,814	4,587,314	2
Other income	-	-	-	160,574	160,574	
<b>Total revenue from exchange transactions</b>	<b>130,995,500</b>	<b>-</b>	<b>130,995,500</b>	<b>122,258,738</b>	<b>(8,736,762)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	178,548,000	-	178,548,000	178,548,000	-	
Rental of premises paid on behalf of SIU	2,904,500	-	2,904,500	3,021,949	117,449	
<b>Total revenue from non-exchange transactions</b>	<b>181,452,500</b>	<b>-</b>	<b>181,452,500</b>	<b>181,569,949</b>	<b>117,449</b>	
<b>Total revenue</b>	<b>312,448,000</b>	<b>-</b>	<b>312,448,000</b>	<b>303,828,687</b>	<b>(8,619,313)</b>	

## Special Investigating Unit

Interim Financial Statements for the 6 months ended 30 September 2018

### 7. Statement of Comparison of Budget and Actual Amounts for the 6 months ended 30 September 2018 (continued)

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	(229,374,000)	-	(229,374,000)	(204,720,589)	24,653,411	3
Depreciation and amortisation	(3,700,000)	-	(3,700,000)	(3,739,277)	(39,277)	
Lease rentals on operating lease	(18,825,857)	-	(18,825,857)	(16,759,171)	2,066,686	
Debt Impairment	(43,354,441)		(43,354,441)	(76,536,770)	(33,182,329)	4
Professional services	(234,408)	-	(234,408)	(178,354)	56,054	
General expense	(73,361,294)	-	(73,361,294)	(41,686,428)	31,674,866	5
<b>Total expenditure</b>	<b>(368,850,000)</b>	<b>-</b>	<b>(368,850,000)</b>	<b>(343,620,589)</b>	<b>(25,229,411)</b>	
<b>Surplus/Deficit</b>	<b>56,402,000</b>	<b>-</b>	<b>56,402,000</b>	<b>(343,620,589)</b>	<b>16,610,098</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(39,791,902)</b>	<b>16,610,098</b>	
<b>Reconciliation</b>						

## Special Investigating Unit

Interim Financial Statements for the 6 months ended 30 September 2018

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### Notes on difference between Budget and Actual Amounts

#### 1. Rendering of Services

Revenue from rendering services is based on investigations conducted by the Special Investigating Unit on behalf of State Institutions through Proclamations from the Presidency. The budget projection is based on the active Proclamations and anticipated new Proclamations. The reason for the negative variance is that the revenue from rendering of services is based on a higher number of new anticipated proclamations in comparison with the actual proclamations issued. Even though a number of new investigations started in the second quarter, they are still at planning phase.

#### 2. Interest Received

Positive variance in Interest Income is due to higher than expected average bank balances.

#### 3. Employee Related Costs

The under spending in compensation of employees is due to the following reason (s):

The SIU underwent an Organisational Review process, whereby a new Organisational Structure was developed. The unit intends to capacitate the new structure over the MTEF. The current placement process, through recruitment and internal placements is underway. The process of recruiting and filling of the new organisational structure has already commenced.

## Special Investigating Unit

Interim Financial Statements for the 6 months ended 30 September 2018

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### Notes on difference between Budget and Actual Amounts (continued)

#### 4. Debt impairment

The debt impairment projection was based on the efforts and processes put in place to recover outstanding debts. The anticipation was a more positive response from State institutions, through payments of outstanding debts. This led to the overspending in debt impairment, as the receipts from State Institutions were lesser than anticipated.

#### 5. General Expenses

The underspending in general expenses is due to the following reasons:

Included under general expenses is the SIU's document management system project, which is still at the planning stage. The groundwork, which involves the procurement of a service provider, is anticipated to be completed in the current financial year.

Costs relating to recruitment are also included under general expenses. These costs are expected to increase during the latter quarters of the financial year, in line with the recruitment process aimed at capacitating the new Organisational Structure.



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