



**POISED TO STRIKE**  
*against corruption*

# ANNUAL REPORT

2018/19

**THIRD  
CONSECUTIVE CLEAN AUDIT**





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## ACRONYMS

<b>EXCO</b>	Executive Committee
<b>FIC</b>	Financial Intelligence Centre
<b>MOU</b>	Memorandum of Understanding
<b>PAJA</b>	Promotion of Administrative Justice Act
<b>SIU</b>	Special Investigating Unit
<b>ACTT</b>	Anti-Corruption Task Team
<b>BRICS</b>	Brazil, Russia, India, China and South Africa
<b>CPI</b>	Corruption Perception Survey
<b>CRA</b>	Corruption Risk Assessment
<b>G20</b>	Group of 20
<b>GCIS</b>	Government Communication and Information System
<b>HSACF</b>	Health Sector Anti-Corruption Forum
<b>ICT</b>	Health Sector Anti-Corruption Forum
<b>NACS</b>	National Anti-Corruption Strategy
<b>NPA</b>	National Prosecuting Authority.
<b>WAN</b>	Wide Area Network



## 1. FOREWORD BY THE MINISTER OF JUSTICE AND CORRECTIONAL SERVICES

**A**s the Minister responsible for the Special Investigating Unit, and at the beginning of a new administration, I have considered the global environment and landscape in which South Africa's law enforcement agencies are leading the fight against fraud and corruption.

The world at large is fighting corruption continuously as fraud and corruption erodes economic growth, impacts negatively on investors' outlook and severely prejudices the lives of citizens.

South Africa is not free from this world wide conundrum of fraud and corruption, and if one considers Transparency International's 2018 Corruption Perceptions Index (CPI), South Africa features with a score of 43 (where 0 is highly corrupt and 100 is clean), the same score as the 2017 year where there was no improvement from 2017 to 2018. It is therefore clear that South Africa needs to intensify its efforts to make serious inroads against corruption. Closer to home, the Government Communication and Information System (GCIS) agency surveys have also revealed that corruption remains high on the priority list of our citizens, and that Government needs to take decisive action to reduce the levels of fraud and corruption.

In Governments' arsenal in the fight against fraud and corruption, the Special Investigating Unit plays a pivotal role in having a far-reaching impact on the high levels of fraud and corruption.

### SIU'S ROLE AND MANDATE

The SIU is a Schedule 3A public entity operating as one of the key law enforcement agencies functioning under the Department of Justice and Correctional Services. It plays a vital role in fighting fraud, corruption and maladministration where State funds have been lost, as well as enforcing anti-corruption legislation and to encourage good governance practices within state institutions.

In terms of Section 4 of the Special Investigating Unit and Special Tribunals Act 74 of 1996, the functions of the SIU are to, amongst others, investigate allegations and collect evidence regarding acts of fraud, corruption and maladministration or omissions related to their investigations with a view to instituting civil proceedings for the recovery of losses suffered by the State and plays a critical role in the prevention of future losses.

Initially established in 1997, the SIU is a state investigative agency that mainly focusses on investigating maladministration, malpractice and corruption regarding the misuse of public funds.

### INTERNATIONAL ANTI-CORRUPTION WORK

The SIU continues to represent the country through active participation on anti-corruption international forums, these include amongst others G20 Anti-Corruption Working Group, BRICS Anti-Corruption Working Group, United Nations Convention against Corruption, Commonwealth Anti-Corruption Centre, and African Union Convention against Corruption, to mention just a few. The main objective of these forums is to foster collaborations amongst member countries to reduce corruption in the world as it undermines good governance, erodes the trust that people place in public institutions, distorts competition and resource allocation, and impedes economic development that may lead to social inequalities. Areas of collaboration in the fight against corruption include amongst others, asset recovery, strengthening of whistleblowing mechanisms, anti-corruption legal framework, capacity development on cyber and forensic investigations, and conflict of interest management, to mention just a few.

### THE SIU'S STRATEGIC PLAN AND OPERATING MODEL

In order to achieve its mission, the SIU's primary goals in its Strategic Plan for 2015 – 2020 were revised to reflect the legislative mandate of the Unit and focus on an outcomes based, proactive role the Unit can play which is to:

- Investigate corruption and maladministration and facilitate or initiate appropriate remedial action;
- Achieve appropriate legal outcomes against perpetrators of maladministration and corruption; and
- To make a proactive systemic and behavioural impact in the sector.

To this end, the operating model and value chain of the SIU was revised and improved, in order to enhance the efficiency of the Unit. The revised operating model and value chain inculcate awareness, outreach and advisory services to state institutions.

The SIU in line with its strategy established a specialised/ dedicated civil litigation function to ensure that appropriate remedial action is instituted based on the evidence obtained during proclaimed investigations. The SIU's effectiveness will be materially enhanced with the establishment of the Special Tribunal. The Special Tribunal will now exclusively adjudicate all civil matters instituted by the SIU and thereby contribute to increased legal outcomes.

### SIU'S ROLE IN ENSURING EFFECTIVE CONSEQUENCE MANAGEMENT

It is important for consequence management to be implemented by state institutions. To this end, the Presidency, working in conjunction with the SIU, has begun releasing the SIU's Final Reports to affected state institutions and has requested that the state institutions provide feedback to the President regarding steps taken to implement the SIU's recommendations for remedial action. Should the affected state institution not have acted upon the SIU's recommendations, that institution is required to provide the President with written reasons.

The effectiveness of the SIU can be vastly increased if the SIU referrals are effectively acted upon. If state institutions fail or be unwilling to act, the SIU should be provided with a mechanism to enforce action.

### SIU'S ROLE IN THE ANTI-CORRUPTION TASK TEAM (ACTT)

The SIU is one of the three main members of the ACTT, together with the NPA and the DPCI. As part of the activities of the ACTT, the SIU received the mandate in Program 4 of the ACTT, to identify and do fraud and corruption assessments in all sectors of the economy. To this end, the SIU has established the Health Sector Anti-Corruption Forum, where all public health sector stakeholders have been invited to the forum in order to collaborate in the fight against fraud and corruption. As a result of this initiative, a number of proclamations have already been signed off by the President for the SIU to investigate fraud and corruption in health sector state institutions.

### CLOSING

Corruption, maladministration and malpractice remain a great concern to Government and society at large. To this end the SIU and other Anti-Corruption Task Team members are in the process of finalising the National Anti-Corruption Strategy which further guides anti-corruption initiatives.

I would like to make use of this opportunity to thank Advocate Mothibi and his Management team for their efforts during the past financial year to meet their performance targets and that they were able to receive a clean audit for the third consecutive year.

Further, I would also like to call on all South Africans to assist the SIU in any way they can to eradicate corruption in state institutions.



**Mr RO Lamola, MP**  
**Minister of Justice and Correctional Service**  
 31 July 2019





## 2. REPORT OF THE ACCOUNTING AUTHORITY

The SIU Management takes pride in presenting this Annual Report.

The SIU has made strides in implementing the new strategy which places premium emphasis on the impact of the SIU work. In this regard, SIU has focussed on ensuring that the turnaround times and quality of investigations are improved. Focus has also been on ensuring legal outcomes and the implementation of SIU outcomes. The implementation of the new business process, which includes the newly defined chain and operating model, continues to show positive results.

### AMENDED MISSION AND VISION

During this past financial year the SIU mission was accordingly amended as follows: "With integrity, we investigate serious malpractices or maladministration in the administration of the state, as well as any conduct which may seriously harm the interests of the public and instituting and conducting civil proceedings in any court of law or a Special Tribunal in its own name or on behalf of State institutions." The rationale for the change is the mission was aligned to the legislative mandate of the SIU.

The SIU vision is as follows: "The State's preferred and trusted anti-corruption, forensic investigation and litigation agency". This vision was drafted carefully by SIU management taking into account the business environment within which SIU operates. SIU management understands that to achieve this vision, SIU has to deliver as expected.

### CONSEQUENCE MANAGEMENT

Implementing consequence management is a key requirement to ensuring that those responsible for maladministration, malpractice and corruption are held to account. In this regard the SIU has collaborated with the Presidency regarding the release of the SIU's Final Reports to affected state institutions.

In terms of this process, the Presidency has commenced

with requesting feedback from the state institutions regarding steps taken to implement the SIU's recommendations. Where required, the SIU has assisted state institutions with the implementation of the necessary recommendations.

This is an on-going initiative which is aimed at ensuring accountability and consequence management at affected state institutions.

### STAKEHOLDER MANAGEMENT

In ensuring that members of the public are informed of the mandate of the SIU, three stakeholder engagement forums were hosted in Gauteng, Western Cape and KwaZulu-Natal. All forums were hosted in conjunction with the Offices of the Premiers in the respective provinces. The theme for the forums was working together towards ridding society of corruption, malpractice and maladministration.

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

The SIU also undertook for the first time, a stakeholder survey distributed to stakeholders/state institutions. The survey was conducted by an independent research company and focused on current investigations as identified in the SIU Annual report 2017/18 and partner institutions that work with the SIU and with whom the SIU has an MOU.

The survey was designed to:

- Gauge stakeholders' opinions of the SIU in the fight against corruption;
- Measure the satisfaction of stakeholders in relation to SIU systems and processes when conducting investigations; and
- Provide baseline data upon which the services offered by the SIU can be improved and progress measured in the future.



The results indicate that the SIU is perceived as professional and committed to its tasks. It is seen as independent, which is vital for an organisation tasked with investigating corruption in public sector institutions. The results also showed that the SIU faces challenges in ensuring that it is effective and that its financial model is better understood. One of the recommendations is that we need to promote greater awareness of the SIU's funding model and how it contributes to the independence of the Unit, to all state institutions so that they have a better understanding of why they need to pay for services rendered by the SIU. The results of survey will also serve as a basis for a meaningful dialogue with stakeholders for the upcoming year.

### ANTI-CORRUPTION TASK TEAM

SIU plays a critical role as part of the Anti-Corruption Task Team (ACTT). The ACTT is an important structure of government which ensures that all the law enforcement agencies and other members of the ACTT collaborate effectively.

The SIU has convened the Anti-Corruption Task Team (ACTT) programme 4 exercise to conduct Corruption Risks Assessments (CRAs) in a number of vulnerable sectors. The CRA focussed on those industries, sectors and/or institutions with a high risk of fraud and corrupt practices taking place. These sectors included health, construction, transport, mining and the financial sector.

Through the CRA, the health sector was also identified as one of the most vulnerable sectors requiring immediate attention, due to its high exposure to fraud and corrupt activities.

Part of the key mitigation plan was the formation of the Health Sector Anti-Corruption Forum (HSACF) which is a multi-sector collaboration. The main objective of the HSACF is to collaborate with various stakeholders in the fight against fraud and corruption, identify areas of cooperation to enhance prevention, detection and prosecution of fraud and corruption in the health system.

### SIU VALUE CHAIN

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

The SIU's revised operating model and value chain inculcates awareness, outreach and advisory services to state institutions as well as civil society. The initiative is aimed at taking a proactive, co-ordinated approach to the

prevention of corruption and maladministration, and it also addresses the obligations imposed by the (draft) National Anti-Corruption Strategy (NACS).

### INFORMATION COMMUNICATION TECHNOLOGY (ICT) ENVIRONMENT

The SIU's new strategy incorporates ICT as a key business enablement.

The SIU is committed to overhauling its ICT environment both from a Hardware and Software perspective to enable business operations to function with increased efficiency. Technologies are the pathway to enabling efficiency as well as transforming business into a digital business which has to constantly be aligned with its operations and environment.

In the past few months ICT has implemented enhancements to solutions that enable business to capture cases (proclamations) electronically, as well track progress through the value chain on those cases until completion thus shortening the time it takes for presidential reports to be issued to the President.

ICT has also ensured that business is able to securely access our internal systems from mobile devices thus increasing the business anywhere culture which is at the heart of any high-performance organisation.

Our internal communication has also evolved with the introduction of a Digital Communication platform keeping the organisation informed at all times. Social media platforms like Twitter and Instagram were also established allowing members of the public to interact with the Unit and be informed.

We are currently upgrading our wide area network (WAN) infrastructure to increase and improve our current bandwidth, and this will further transform our operations into the world of data analytics, big data and machine learning tools at the fingertips of our members.

We are excited by the prospects of what the fourth industrial revolution brings into our quest to fight corruption for the future of SA.

### THE SIU'S ROLE IN ASSISTING GOVERNMENT IN ITS INTERNATIONAL ENDEAVOURS AGAINST FRAUD AND CORRUPTION

South Africa is a signatory and has also ratified, the following agreements amongst others

- a) The African Union (AU) Convention on Preventing and Combating Corruption, adopted by the 2nd Ordinary

session of the Assembly of the Union in Maputo, on 11 July 2003. South Africa signed on 16 March 2014 and ratified on 11 November 2019

- b) United Nations Convention Against Crime (UNCAC), South Africa signed on 09 December 2003 and ratified 22 November 2004.
- c) Southern African Development Community Protocol Against Corruption, signed by South Africa at Blantyre, Malawi, on 14 August 2001

The AU convention under its preamble highlights the concern about the negative effects of corruption and impunity on political economic, social and cultural stability of African States and its devastating effects on the economic and social development of African peoples. It recognises the need to address the root causes of corruption on the continent. The convention expresses the Member States determination to build partnerships between governments and all segments of civil society in particular, women, youth, media and the private sector in order to fight the scourge of corruption.

Article 2 of the AU convention outlines under Objectives the commitment to coordinate and harmonise the policies and legislation between State Parties for the purposes of prevention, detection, punishment and eradication of corruption in the continent.

Article 18 (4) of the AU convention deals with Cooperation and Mutual Legal Assistance, that State Parties shall cooperate among themselves, where possible, in providing any available technical assistance in drawing up programmes codes of ethics or organizing necessary, and for the benefit of their personnel joint training courses involving one or several states in the area of combating corruption and related offenses.

Article 19 (2) states that in the spirit of international cooperation, State Parties shall foster regional, continental and international cooperation to prevent corruption practises in international trade transactions.

The SIU is actively involved in all the abovementioned forums, to ensure that South Africa fulfils its international obligations in this regard.

The SIU is also a key partner of the network of Heads of Anti-Corruption Agencies (ACAs) in Commonwealth Africa that is aimed at enabling South-South collaboration and learning. The network focuses on brokering the exchange of ideas and good practices among Commonwealth African countries and to encourage the sharing of experience in areas of comparative advantage.

Through the Commonwealth Africa Anti-Corruption Centre (CAACC) that has been established in Botswana as the prime vehicle for improving coordination and strengthening the capacity of Anti-Corruption agencies in Commonwealth Africa. The SIU demonstrated its commitment to support Commonwealth Members anti-corruption efforts by hosting in partnership with the Asset forfeiture Unit and the State Security Agency 13 Commonwealth Africa Agencies over a 2 week period during August 2018 and March 2019. These countries included Botswana, Swaziland, Mauritius, Kenya, Seychelles, Sierra Leone, Rwanda amongst others through a training program that capacitated them on the following areas, Cyber Forensics, Intelligence Gathering and Analysis, Asset Tracing and Forfeiture, Forensic Investigations, Financial Statement Analysis.

#### FUNDING MODEL

The SIU is funded partially through a grant by the Department of Justice and Constitutional Development and partially through the SIU invoicing the State Institutions for investigative services rendered. In the longer term this is not ideal as the recovery of debt resulting from the invoicing remains a challenge. The SIU plans to engage with the National Treasury as well as the Department of Justice and Constitutional Development with a view to increasing the cashflow and administrative efficiency of the funding model during the medium to longer term.

#### EXPRESSION OF GRATITUDE

I would like to conclude by expressing my gratitude to our management and staff for the sterling work that they put in during the past financial year. Without their input, we would not have achieved what we succeeded in achieving. We are also grateful for the leadership and support of our Minister, our Deputy Minister and Presidency. We would like to extend our appreciation to the Chairpersons and members of our Portfolio Committee on Justice and Correctional Services and Select Committee on Security and Justice, and all members of both committees for the continued support they have provided for our work.



**Adv. Andy Mothibi**  
**Accounting Authority**

31 July 2019

### 3. 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 (Part E) have been prepared in accordance with the 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.

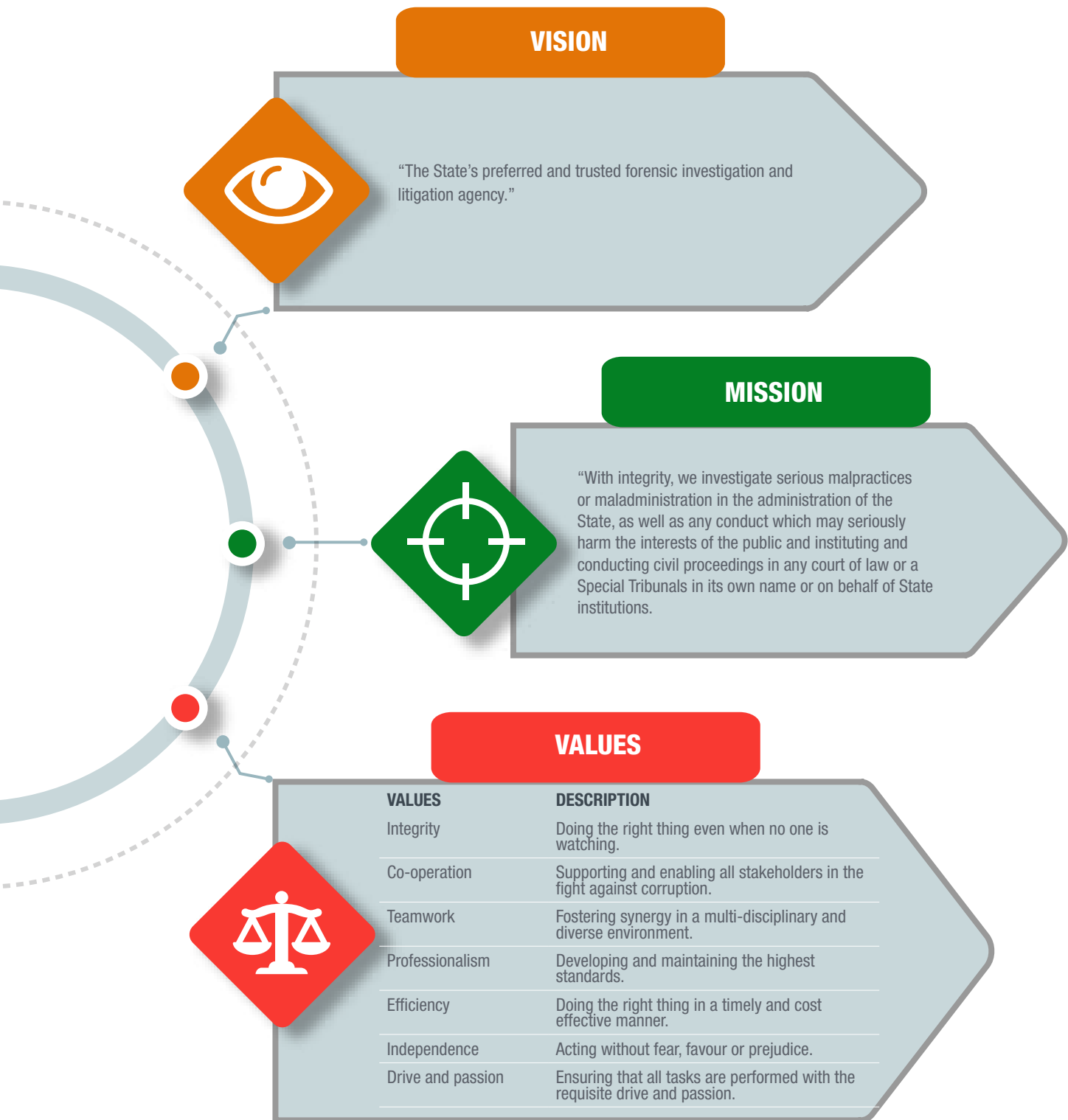
In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2019.

Yours faithfully



**Adv. Andy Mothibi**  
**Accounting Authority**  
31 July 2019

## 4. STRATEGIC OVERVIEW



## 5. 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.

### 5.2 LEGISLATIVE MANDATE

The work of the SIU is governed by the legislation as set out in tables 1 and 2.

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;

Table 1: Constitutional Mandate

CONSTITUTION	
Section 32	<b>Access to Information</b> (1) Everyone has the right of access to <ul style="list-style-type: none"> <li>a) any information held by the state; and</li> <li>b) any information that is held by another person and that is required for the exercise or protection of any rights.</li> </ul> (2) National legislation must be enacted to give effect to this right, and may provide for reasonable measures to alleviate the administrative and financial burden on the state.
Section 33	<b>Just administrative action</b> (1) Everyone has the right to administrative action that is lawful, reasonable and procedurally fair. (2) Everyone whose rights have been adversely affected by administrative action has the right to be given written reasons. (3) National legislation must be enacted to give effect to these rights, and must <ul style="list-style-type: none"> <li>a) Provide for the review of administrative action by a court, or, where appropriate, an independent and impartial tribunal;</li> <li>b) Impose a duty on the state to give effect to the rights in subsections (1) and (2); and</li> <li>c) Promote an efficient administration.</li> </ul>
Section 34	<b>Access to Courts</b> Everyone has the right to have any dispute that can be managed and adjudicated by the application of law decided in a fair public hearing before a court; or where appropriate, another independent and impartial tribunal or forum.

Table 2: Legislative Mandate

NAME OF ACT	PURPOSE
Special Investigating Units and Special Tribunals Act, 1996 (Act 74 of 1996)	To provide for the establishment of Special Investigating Units for the purpose of investigating serious malpractices or maladministration in connection with the administration of State institutions, State assets and public money as well as any conduct which may seriously harm the interests of the public and of instituting and conducting civil proceedings in any court of law or a Special Tribunal in its own name or on behalf of State institutions; to provide for the revenue and expenditure of Special Investigating Units; to provide for the establishment of Special Tribunals so as to adjudicate upon civil matters emanating from investigations by Special Investigating Units; and to provide for matters incidental thereto.
Criminal Procedure Act, 51 of 1977 (Act 51 of 1977)	To make provision for procedures and related matters in criminal proceedings.
Prevention and Combating of Corrupt Activities Act 12 of 2004	To provide for the strengthening of measures to prevent and combat corruption and corrupt activities; to provide for investigative measures in respect of corruption and related corrupt activities; to provide for the establishment and endorsement of a register in order to place certain restrictions on persons and enterprises convicted of corrupt activities relating to tenders and contracts; to place duty on certain persons holding a position of authority to report certain corrupt transactions; to provide for extraterritorial jurisdiction in respect of the offence of corruption and offences relating to corrupt activities; and to provide for matters connected therewith.

(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.

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).



## 6. SIU LEADERSHIP TEAM



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



**Caroline Manguru**  
Deputy Head of the Unit



**Andre Gerandt**  
Chief Financial Officer



**Tumelo Zwane**  
Chief Information Officer



**Dr Jerome Wells**  
Chief Legal Counsel



**Pranesh Maharaj**  
Chief Programme Portfolio Officer



**Leonard Lekgetho**  
Chief National Investigations Officer



**Neptune Mashogo**  
Chief Human Capital Officer



**Thulani Mkhungu**  
Chief Risk Officer



**Boeratwa Leshope**  
Chief Audit Executive



**Adv. Mahledi Murothe**  
Chief Governance Officer



**Ziphoxenkosi Mguli**  
Head of Strategy, Monitoring and  
Reporting



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

# PART B

## 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>DWAF</b>	Department of Water Affairs and Forestry
<b>EC-DSD</b>	DSD-Eastern Cape Department of Social Development
<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 Intelligence Centre
<b>FICA</b>	Financial Intelligence Centre Act
<b>GDHS</b>	Gauteng Department of Human Settlements
<b>GDOH</b>	Gauteng 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>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 and Economic Development Unit
<b>KZN</b>	Kwa-Zulu 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 DPW R&amp;T</b>	North West Department of Public Works, Road and Transport
<b>NWM</b>	North West Province Municipality
<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
<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>SOE</b>	State Owned Entities
<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



# 1. STRATEGIC GOALS AND OBJECTIVES

## STRATEGIC GOALS AND STRATEGIC OBJECTIVES

The SIU's Strategic Goals were derived from an extensive assessment of the macro-environment within which the SIU operates; its internal strengths and weaknesses, as well as its external opportunities and threats (challenges). Critical challenges and opportunities facing the SIU were reviewed, refined and reshaped to define critical areas of focus for the SIU over the next five years.

The following Strategic Goals and objectives were pursued by the SIU over the period 2015 - 2020 and received a clear focus in the 2018/19 Annual Performance Plan. They are aligned to detailed and measurable objectives, which provide a way to commit resources and accountabilities to a particular course of action. The strategic objectives are supported by performance indicators projects and/or activities which are detailed in the APP as well as in the operational plans of the organisation.

The below table sets out the alignment between the SIU's Strategic Goals and the Strategic Objectives:

Table 3: Strategic Goals and Strategic objectives

STRATEGIC GOALS	STRATEGIC OBJECTIVES
To enable core services to perform optimally	<ul style="list-style-type: none"> <li>To provide compliant and sustainable financial services in accordance with service delivery standards</li> <li>To attract a skilled workforce that is managed within a performance driven environment</li> <li>To provide appropriate ICT services in accordance with set standards</li> <li>To collaborate with stakeholders in support of enhanced service delivery and core business objectives</li> <li>To provide support for strategic and organisational performance management</li> <li>To protect the SIU from potential legal risks</li> <li>To protect the SIU integrity from internal and external threats</li> <li>To assess internal controls through internal audits</li> <li>To enable the unit to become risk intelligent</li> </ul>
To achieve appropriate legal outcomes against perpetrators of maladministration and corruption	<ul style="list-style-type: none"> <li>To ensure that each case is centrally reported and monitored</li> <li>To ensure that each allegation is assessed in accordance with standardised criteria</li> <li>To conduct forensic investigations according to predetermined standards</li> <li>To initiate the implementation of legal recommendations</li> <li>To increase legal outcomes based on civil and other proceedings</li> </ul>
To influence proactively the systemic and behavioural root causes of maladministration and corruption	<ul style="list-style-type: none"> <li>To direct internal and influence external strategic decision-making processes through data analysis</li> <li>To assist State institutions with the prevention of the re-occurrence of reported cases</li> <li>To increase public awareness about targeted anti-corruption behaviour</li> </ul>

## 2. PERFORMANCE INFORMATION

Refer to page 76 for the Auditor General's opinion on Annual Performance Report.

### 2.1 SIU BUDGET PROGRAMME STRUCTURE

The SIU budget programme structure comprises three programmes as set below:

- Programme 1: Administration
- Programme 2: Investigation and Legal Counsel
- Programme 3: Market Data Analytics and Prevention

**Programme 1 comprises the following sub-programmes:**

- Financial Management: Financial management, asset management, facilities and supply chain management services
- Human Resources: Human resource planning and provisioning services
- Information and Communication Technology: Provision of information communication and technology management services
- Enablement Services: Stakeholder Management,

Strategic Planning, Monitoring and Reporting, Corporate Governance, Corporate Legal and the Office of the HOU services

- Assurance: Internal Audit, Risk Management and Internal Integrity Services

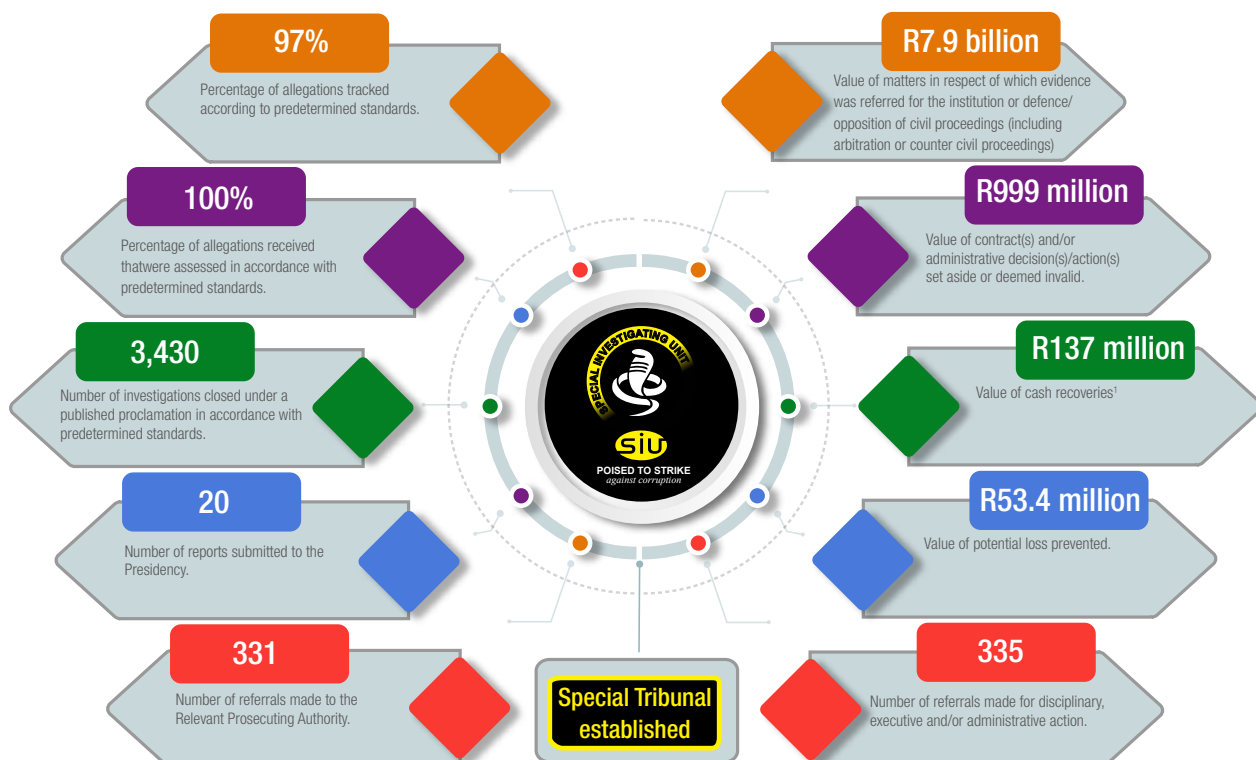
**Programme 2 comprises the following sub-programmes:**

- Central Case Registration and Monitoring
- Case Assessment
- Case Management and Investigation
- Forensic Legal and Civil Litigation

**Programme 3 comprises the following sub-programmes:**

- Market Data Analytics
- Prevention and Advisory
- Awareness

## SIU PERFORMANCE HIGHLIGHTS



<sup>1</sup> In previous financial years<sup>1</sup> this indicator was split between the value of potential cash to be recovered and the value of actual cash that is recovered.



## 2.2 PERFORMANCE INFORMATION BY PROGRAMME

### PROGRAMME 1: ADMINISTRATION

**PURPOSE:** Provide business oversight and enablement services to the core functions of the SIU.

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PREVIOUS FINANCIAL YEARS ACTUAL ACHIEVEMENT		FINANCIAL YEAR UNDER REVIEW		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	COMMENTS ON DEVIATION
		2016/17	2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19		
1. To provide compliant and sustainable financial services in accordance with service delivery standards	1.1 Percentage reliance on government funding	64%	62%	59%	58.6%		
	1.2 Percentage of valid invoices paid within 30 days	-	-	95%	Target not achieved First two quarters – the actual performance could not be measured as the relevant fields were not available in the financial system.	When measurement of number of days started, the report was not fully developed to put invoices under query on hold. The actual performance was thus affected by invoices of this nature	Payment ageing report has now been developed to include a section where invoices that are in dispute or are on hold can be identified and be excluded from the report when calculating % aging. Finance will going forward be able to identify such invoices manually. For the last two quarters the relevant fields to capture the actual invoice received date were developed in the financial system and have been populated in the financial system. The above measures will allow the SIU to accurately monitor and manage the 30 days turnaround target and this should improve the actual % reported in the new financial year.
2. To attract a skilled workforce that is managed within a performance driven environment	2.1 Percentage of approved vacancies filled as per approved and budgeted workforce plan	-	15% vacancy rate	14% vacancy rate	For the 2018/19 financial year, the MTEF budgeted headcount was 603 and the actual headcount as at 31 March 2019 was 532. 33 positions were filled during the year under review. 71 positions were not filled, which translates to 12% (71/603) vacancy rate.	Although the SIU had a budgeted workforce plan for 2019 in terms of the MTEF, the updated plan after the organisational review project had not yet been approved by 31 March 2019. It was however approved in the 2019/20 financial year, and for this year, the vacancy rate will be measured against the new approved plan.  The performance indicator and the target were misaligned.	The new staff establishment aligned to the approved structure will be used in the next financial year (2019/20).  The misalignment has since been corrected in the 2019/20 APP

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PREVIOUS FINANCIAL YEARS ACTUAL ACHIEVEMENT		FINANCIAL YEAR UNDER REVIEW		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	COMMENTS ON DEVIATION
		2016/17	2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19		
3. To provide appropriate ICT services in accordance with set standards	3.1 Percentage implementation of the 3-year ICT plan.	-	-	50%	Planned target not achieved. However, the following projects we completed from the unapproved ICT Plan: Case Management System Communication System Laptop refresher tender was advertised and partly evaluated. The planning of the renewal of the Wide Area Network and mobile data connection services had also been completed by 31 March 2019.	The existing ICT plan is still a draft due to organisational changes	Approval is envisaged in the first quarter of the 2019/20 financial year and measurement will be done against the new approved plan.
	3.2 Percentage compliance to agreed service delivery standards	-	-	90%	Planned target not achieved. However, Feasibility and Capability studies were conducted to formulate best practice Service Delivery Standards.	Service Delivery Standards were not defined according to best practice thus not yet approved	Approval is envisaged in the first quarter of the 2019/20 financial year.
4. To collaborate with stakeholders in support of enhanced service delivery and core business objectives	4.1 Number of stakeholder surveys conducted	-	-	Conduct a stakeholder survey and establish a baseline	Survey completed and report presented to EXCO		
5. To provide support for strategic and organisational performance management	5.1 Number of integrated operational plans assessed according to predetermined standards	-	-	9	17 integrated operational plans assessed according to predetermined standard.		
6. To protect the SIU from potential legal risks	6.1 Percentage implementation of legal compliance framework	-	-	100%	Planned target not achieved Draft Compliance Framework with implementation plan was completed	The non-achievement was due to the pending approval of the developed legal compliance framework as well as finalisation of other related processes.	Approval of Draft Compliance Framework and Implementation Plan in the first quarter of the 2019/20 financial year.
7. To protect the SIU integrity from internal and external threats	7.1 Percentage of submission of declaration of interest forms controlled for all SIU employees	-	-	90%	100%	All declaration forms received were processed	

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PREVIOUS FINANCIAL YEARS ACTUAL ACHIEVEMENT		FINANCIAL YEAR UNDER REVIEW		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	COMMENTS ON DEVIATION
		2016/17	2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19		
	7.2 Percentage implementation of Fraud Prevention Plan	-	-	80%	Planned target not achieved. Whistle-blower reports that were received during the period under review were processed	The envisaged actions in the fraud prevention plan were not fully met but the plan has now been updated in line with the required technical indicators and will be measured accordingly in the 2019/20 financial year.	The Technical Indicator Description in the 2019/20 APP has been corrected.
8. To assess internal controls through internal audits	8.1 Percentage of approved internal audits conducted in accordance with internal audit plan	-	-	100%	100%		
9. To enable the unit to become risk intelligent	9.1 Implementation level of approved risk management framework through maturity index criteria levels. Level 5 – (0-30%) Level 4 – (31-50%) Level 3 – (51-70%) Level 2 – (71-90%) Level 1 – (91-100%)	-	-	Level 2	Level 2		

## PROGRAMME 2: INVESTIGATIONS AND LEGAL COUNSEL

**PURPOSE:** To ensure adequate execution of the mandated service delivery of the SIU.

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PREVIOUS FINANCIAL YEARS ACTUAL ACHIEVEMENT		FINANCIAL YEAR UNDER REVIEW		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	COMMENTS ON DEVIATION
		2016/17	2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19		
To ensure that each case is centrally reported and monitored	1.1 The percentage of allegations that were tracked according to predetermined standards.	-	-	100%	97%	3%	Administrative challenges resulted in the non-achievement of the planned target. However, a number of remedial actions and/or validation mechanisms have been put in place going forward in relation to registration for all allegations received via the various platforms.
To ensure that each allegation is assessed in accordance with standardised criteria	2.1 The percentage of allegations received that are assessed in accordance with predetermined standards.	-	-	100%	100%		
To conduct forensic investigations according to predetermined standards	3.1 Number of investigations closed under a published proclamation in accordance with predetermined standards	1,186	1,556	1,200	3,430	2,230	Proclamation R27 of 2015 (National DPW) finalised more than 2 000 matters in the 2018/19 financial year and the final Presidential reports, due to various reasons, such as matters being realised and finalised earlier
	3.2 Number of reports submitted to the Presidency	6	15	12	20	8	The over-achievement was as a result of addressing the backlog or finalization of outstanding reports in respect of older proclamations, as well as the 2 interim reports for the SABC investigation which was a high priority case
To initiate the implementation of legal recommendations	4.1 Number of referrals made to the Relevant Prosecuting Authority	108	148	75	331	256	Majority of investigations finalised the referrals during the last quarter of the financial year timeously. 95 referrals were made in March 2019 due to various reasons such as matters being realised and finalised earlier or additional evidence resulting in more referrals.
	4.2 Number of referrals made for disciplinary, executive and/or administrative action	137	319	100	335	235	

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PREVIOUS FINANCIAL YEARS ACTUAL ACHIEVEMENT		FINANCIAL YEAR UNDER REVIEW		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	COMMENTS ON DEVIATION
		2016/17	2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19		
To increase legal outcomes based on civil and other proceedings	5.1 Value of potential losses prevented	R106.5m	R407m	R24m	R53.4m	R29.4m	The over-achievement was contributed to by the contract to the value of R83m that was set aside in Proc. 19 of 2017: Alfred Nzo municipality which resulted in the prevention of a potential loss of R24m
	5.2 Value of cash recoveries <sup>2</sup>	R170m	R333m	R120m	R137m	R17m	The over-achievement is due to the ability of the DPW Leases team with the support of SIU team obtaining final confirmation of actual monies recovered against overpayments identified
	5.3 Value of contract(s) and/or administrative decision(s)/action(s) set aside or deemed invalid	R4bn	R797m	R730m	R999m	R269m	The over-achievement is as the result of Proc. R43 of 2014 amended by Proc. R15 of 2015, in respect of the SITA investigation, wherein civil litigation was instituted in 2016 but the final judgement declaring the contract invalid was only finalized in June 2018
	5.4 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)	R3.8bn	R2.7bn	R1.4bn	R7.9bn	R6.5bn	The over-achievement was due to the speedily litigation processes which resulted in the unanticipated figures of R3.7bn from the Eskom case and R2.5bn from the Gauteng provincial DHS and Lepelle Northern Water cases respectively
	5.5 Special Tribunal established and cases enrolled	-	-	Special Tribunal established	Special Tribunal established		

2 In previous financial years' this indicator was split between the value of potential cash to be recovered and the value of actual cash that is recovered.

## PROGRAMME 3: MARKET DATA ANALYTICS AND PREVENTION

**PURPOSE:** The implementation of the relevant and proactive initiatives to prevent the reoccurrence of fraud and corruption cases as a result of systematic weaknesses in the public sector and to positively influence the behaviour of South African citizens

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	PREVIOUS FINANCIAL YEARS ACTUAL ACHIEVEMENT		FINANCIAL YEAR UNDER REVIEW		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	COMMENTS ON DEVIATION
		2016/17	2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19		
To direct internal and influence external strategic decision-making processes through data analysis	1.1. Number of internal trend analysis reports issued.	-	-	4	4		
To assist State institutions with the prevention of the reoccurrence of reported cases	1.2. Number of external risk assessment and trend analysis reports issued.	-	-	4	4		
	2.1 Number of systemic improvement plans developed in conjunction with targeted State institutions.	-	-	1	0	The planned target was not achieved as it was linked to the achievement of Performance Indicator 3.1 (number of targeted awareness campaigns conducted)	The systematic improvement will be developed in the 2019/20 financial year in conjunction with the targeted awareness campaign.
To increase public awareness about targeted anti-corruption behaviour	3.1 Number of targeted awareness campaigns conducted.	-	-	1	0	The under-achievement was due to an ongoing investigation undertaken at the institution that was initially targeted for the awareness campaign. Management agreed that the timing will not be opportune for SIU interventions given the on-going investigation. Other attempts were made with other state institutions, but due to the short notice could not accommodate the SIU's request within the 2018/19 financial year.	The targeted awareness campaign will be conducted in the 2019/20 financial year.
To increase public awareness about targeted anti-corruption behaviour	3.2 Number of public perception surveys conducted.	-	-	1	0	Planned target not achieved. The organisation took a decision that the perception survey should be conducted by an external party instead of being done internally for subjectivity purposes. This affected the unfolding of the tender process which in turn delayed the delivery of the planned target within the 2018/19 financial year.	The project going forward will be approached in phases. The preparatory work that was done internally was used to conduct a pilot survey as phase 1, and the results of phase 1 will be used as a baseline by the external service provider for phase 2 in the 2019/20 financial year.
To increase public awareness about targeted anti-corruption behaviour	3.3 Development of final draft of NACS as part of the ACTT	-	-	Final Draft Developed	Draft NACS developed and is being refined for finalisation.	Final approval of the NACS document lies with the ACTT and not with the SIU.	Final draft is yet to be submitted to ACTT.



## 2.3 SIU DETAILED PERFORMANCE INFORMATION

### STRATEGIC OBJECTIVE 1: TO ENSURE THAT EACH CASE IS CENTRALLY REPORTED AND MONITORED

SIU ANNUAL PERFORMANCE INFORMATION FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019				
PERFORMANCE MEASURE		2017/18	2018/19	NARRATIVE
Percentage of allegations that were tracked according to predetermined objectives.	TARGET	-	100%	<p>369 allegations were registered and tracked in the 2018/19 financial year. There were 66 allegations (67) that were reported in the 1st quarter however, 1 allegation was a duplicate in Q1, 94 allegations in Q2, 99 allegations in Q3 and 120 allegations in Q4. There were an additional 10 matters registered on the system after 31 March 2019.</p> <p>In the last two quarters, 209 allegations were centrally registered and tracked in the Case Management System, which was implemented from 1 October 2018.</p> <p>In the year under review, 42 motivations for proclamations were submitted to the Department of Justice and 24 proclamations were published.</p>
	ACTUAL	-	97%	

### STRATEGIC OBJECTIVE 2: TO ENSURE THAT EACH ALLEGATION IS ASSESSED IN ACCORDANCE WITH STANDARDISED CRITERIA

SIU ANNUAL PERFORMANCE INFORMATION FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019				
PERFORMANCE MEASURE		2017/18	2018/19	NARRATIVE
Percentage of allegations received that are assessed in accordance with predetermined standards.	TARGET	-	100%	<p>Of the 369 allegations centrally registered and tracked during the financial year, the Case Assessment Committee assessed 324 according to the approved Case Assessment guidelines.</p> <p>The remaining 45 allegations were still within the preparation phase preceding consideration at the Case Assessment Committee.</p> <p>Each subsequent quarter deals with allegations from the previous quarter where we have timing issues as the matters still fall within the predetermined stage durations as set out in the approved Case Assessment guidelines</p>
	ACTUAL	-	100%	

### STRATEGIC OBJECTIVE 3: TO CONDUCT FORENSIC INVESTIGATIONS ACCORDING TO PREDETERMINED STANDARDS

SIU ANNUAL PERFORMANCE INFORMATION FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019						
PERFORMANCE MEASURE		2017/18	2018/19	NARRATIVE		
Number of investigations closed under a published proclamation in accordance with predetermined standards	TARGET	1,000	1,200	NO	PROC NO	PROC NAME
	ACTUAL	1,556	3,430	12	R53 of 2012	National Department of Rural Development and Land Reform and its agents (Land Restitution)
				6	R54 of 2012	Department of Water Affairs (formerly the Department of Water Affairs and Forestry) (DWAF)
				2	R7 of 2014 amended by R599 of 2015 amended by R32 of 2017	Department of Rural Development and Land Reform and the State Information Technology Agency; Johannesburg, Pretoria, Cape Town, Bloemfontein and Vryburg Deeds Office (Gijima and Deeds Office)
				1	R52 of 2014	Greater Tubatse Local Municipality
				9	R54 of 2014 amended by R44 of 2015	National Department of Public Works: Prestige Directorate: Western Cape (DPW Prestige)
				377	R59 of 2014	National Department of Public Works (DPW Leases)
				2	R27 of 2015	National Department of Public Works (DPW)
				081	extended by R20 of 2018	
				3	R18 of 2016	Department of Correctional Services (DCS)
				29	R19 of 2016	Construction Industry Board (CIDB)
				2	R21 of 2016	Msunduzi Local Municipality (Msunduzi)
				3	R22 of 2016	Department of Human Settlements, Gauteng Province and Lepelle Northern Water (Lepelle Northern Water)
				48	R23 of 2016	KwaZulu-Natal Provincial Department of Transport (KZN DOT)
				7	R59 of 2016 amended by R7 of 2018	Greater Sekhukhune District Municipality (GSDM) and the Elias Motsoaledi Local Municipality (EMLM)
				6	R9 of 2017	KZN Provincial Department of Agriculture and Rural Development and Mjindi Farming (KZN DOA)
				6	R10 of 2017	Harry Gwala District Municipality (HGDM)
				1	R17 of 2017	Department of Social Development of the Eastern Cape Province (EC DSD)
				1	R19 of 2017	Alfred Nzo District Municipality (ANDM)
				11	R23 of 2017 amended by R6 of 2019	Gauteng Provincial Department of Health (Mental health care facilities) (Life Esidimeni)
				101	R29 of 2017 amended by R19 of 2018	South African Broadcasting Corporation (SABC)
				2	R35 of 2017	Public Service Sector Education and Training Authority (PSETA)
				676	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 (National DOT)
				9	R2 of 2018	North West Department of Public Works, Roads and Transport (NW DPW, R&T)
				4	R4 of 2018	Agriculture Sector Education and Training Authority (AGRISETA)

SIU ANNUAL PERFORMANCE INFORMATION FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019							
PERFORMANCE MEASURE		2017/18	2018/19	NARRATIVE			
				NO	PROC NO	PROC NAME	
				3	R5 of 2018	Tshwane South Technical and Vocational Education and Training College (TSC)	
				4	R14 of 2018	KwaZulu-Natal Provincial Department of Transport (Alienation of Land) KZN DOT Land)	
				26	R16 of 2018	Media, Information and Communications Technologies Sector Education and Training Authority (MICT SETA)	
					amended by R25 of 2018		
Number of reports submitted to the Presidency	TARGET	8	12	TYPE	NO	PROC NO	PROC NAME
	ACTUAL	15	20	Final	1	R27 of 2010	South African Social Security Agency (SASSA)
				Final	1	R38 of 2010	DPW
				Final	1	R62 of 2010	Tshwane Metropolitan Municipality (TMM)
				Final	1	R49 of 2012	Department of Public Works for the KwaZulu-Natal Province ( DPW KZN )
				Final	1	R54 of 2012	DWAF
				Final	1	R20 of 2014	Universal Service and Access Agency of South Africa (USAASA)
				Final	1	R51 of 2014	Vhembe District Municipality
				Final	1	R59 of 2014	DPW Leases
				Interim	1	R27 of 2015	DPW
				Final	1	R17 of 2016	Eastern Cape Department of Education
				Interim	1	R19 of 2016	CIDB
				Final	1	R20 of 2016	DCS
				Final	1	R21 of 2016	Msunduzi
				Interim	1	R22 of 2016	Lepelle Northern Water
				Final	1	R22 of 2016	Department of Human Settlements, Gauteng Province and Lepelle Northern Water (Sweetwaters)
				Final	1	R59 of 2016	GSDM AND EMLM
				Interim	1	R9 of 2017	KZN DOA
				Interim	1	R23 of 2017	Life Esidimeni
				Interim	2	R29 of 2017	SABC

#### STRATEGIC OBJECTIVE 4: TO INITIATE THE IMPLEMENTATION OF LEGAL RECOMMENDATIONS

SIU ANNUAL PERFORMANCE INFORMATION FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019						
PERFORMANCE MEASURE		2017/18	2018/19	NARRATIVE		
The number of referrals made to the relevant Prosecuting Authority	TARGET	75	75	NO	PROC NO	PROC NAME
	ACTUAL	148	331	3	R27 of 2010	SASSA
				4	R62 of 2010	TMM
				45	R53 of 2012	Land Restitution
				2	R54 of 2012	DWAF
				2	R54 of 2014 amended by R44 of 2015	DPW Prestige
				6	R59 of 2014	DPW Leases
				58	R27 of 2015 extended by R20 of 2018	DPW
				26	R18 of 2016	DCS
				39	R19 of 2016	CIDB
				15	R22 of 2016	Lepelle Northern Water
				2	R23 of 2016	KZN DOT
				2	R59 of 2016 amended by R7 of 2018	GSDM AND EMLM
				3	R10 of 2017	HGDM
				7	R17 of 2017	EC DSD
				1	R18 of 2017	Thabazimbi Local Municipality (Thabazimbi)
				2	R19 of 2017	ANDM
				23	R23 of 2017 amended by R6 of 2019	Life Esidimeni
				8	R28 of 2017	DCS and the Independent Development Trust (IDT)
				8	R29 of 2017 amended by R19 of 2018	SABC
				2	R35 of 2017	PSETA
				24	R36 of 2017	ANDM
				4	R4 of 2018	AGRISETA
				11	R6 of 2018	Raymond Mhlaba Local Municipality
				34	R11 of 2018	Eskom Holdings SOC Ltd (Eskom)
The number of referrals made for disciplinary, executive and/or administrative action	TARGET	75	100	NO	PROC NO	PROC NAME
	ACTUAL	319	335	42	R44 of 2007	DCS
				2	R49 of 2012	DPW KZN
				1	R53 of 2012	Land Restitution
				1	R54 of 2012	DWAF
				2	R54 of 2014 amended by R44 of 2015	DPW Prestige Directorate
				1	R59 of 2014	DPW Leases
				5	R18 of 2016	DCS
				59	R19 of 2016	CIDB
				9	R21 of 2016	Msunduzi
				1	R22 of 2016	Lepelle Northern Water
				1	R23 of 2016	KZN DOT
				4	R59 of 2016 amended by R7 of 2018	GSDM AND EMLM
				2	R9 of 2017	KZN DOA
				4	R19 of 2017	ANDM
				60	R23 of 2017 amended by R6 of 2019	Life Esidimeni
				30	R28 of 2017	DCS and IDT
				14	R29 of 2017 amended by R19 of 2018	SABC
				6	R35 of 2017	PSETA
				1	R36 of 2017	ANDM
				69	R37 of 2017	National DOT
				3	R2 of 2018	NW DPW, R&T
				15	R4 of 2018	AGRISETA
				3	R11 of 2018	Eskom

## STRATEGIC OBJECTIVE 5: TO INCREASE LEGAL OUTCOMES BASED ON CIVIL AND OTHER PROCEEDINGS

SIU ANNUAL PERFORMANCE INFORMATION FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019						
PERFORMANCE MEASURE		2017/18	2018/19	NARRATIVE		
Value of potential loss prevented	TARGET	R21 million	R24 million	VALUE	PROC NO	PROC NAME
	ACTUAL	R407 million	R53.4 million	R323 367	R21 of 2012	Limpopo Province intervention: a) Provincial Treasury; b) Department of Health and Social Development; c) Department of Roads and Transport; d) Department of Education; e) Department of Public Works;
				R899 136	R59 of 2014	DPW Leases
				R27 848 921	R18 of 2017	Thabazimbi
				R24 310 183	R19 of 2017	ANDM
Value of cash recoveries <sup>3</sup>	TARGET	R320 million	R120 million	VALUE	PROC NO	PROC NAME
	ACTUAL	R333 million	R137 million	R7 910 305	R40 of 2015	Buffalo City Metropolitan Municipality
				R118 480 288	R59 of 2014	DPW Leases
				R1 059 762	R23 of 2016	KZN DOT
				R432 000	R9 of 2017	KZN DOA
				R1 320 101	R8 of 2017 amended by R15 of 2018 amended by R16 of 2019	Mopani District Municipality
				R851 522	R10 of 2017	HGDM
				R622 178	R23 of 2017 amended by R6 of 2019	Life Esidimeni
				R50 000	R25 of 2017	Lesedi Local Municipality
				R594 926	R29 of 2017 amended by R19 of 2018	SABC
				R59 100	R4 of 2018	AGRISETA
				R5 451 928	SIU AOD Enforcement Department	
	TARGET	R660 million	R730 million	VALUE	PROC NO	PROC NAME
	ACTUAL	R797 million	R999 million	R95 722 000	R21 of 2012	Limpopo Province intervention
The value of contract(s) and/or administrative decision(s) / action(s) set aside or deemed invalid				R302 100 000	R53 of 2014 amended by R15 of 2015	SITA
				R487 026 569	R21 of 2016	Msunduzi
				R83 434 309	R19 of 2017	ANDM
				R31 000 605	R29 of 2017 amended by R19 of 2018	SABC

3 In previous financial years' this indicator was split between the value of potential cash to be recovered and the value of actual cash that is recovered.

SIU ANNUAL PERFORMANCE INFORMATION FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019						
PERFORMANCE MEASURE		2017/18	2018/19	NARRATIVE		
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)	Target	R1.3 billion	R1.4 billion	VALUE	PROC NO	PROC NAME
	Actual	R2.7 billion	R7.9 billion	R208 025 175	R7 of 2014 amended by R599 of 2015 amended by R32 of 2017	Gijima and Deeds Office
				R675 293	R54 of 2014 amended by R44 of 2015	DPW Prestige
				R21 710 374	R59 of 2014	DPW Leases
				R1 109 577 173	R19 of 2016	CIDB
				R2 521 024 500	R22 of 2016	Lepelle Northern Water
				R12 596 561	R27 of 2015 extended by R20 of 2018	DPW
				R2 000 000	R10 of 2017	HGDM
				R49 848 921	R18 of 2017	Thabazimbi
				R1 344 388	R23 of 2017 amended by R6 of 2019	Life Esidimeni
				R329 277 653	R29 of 2017 amended by R19 of 2018	SABC
				R3 700 000 000	R11 of 2018	Eskom



## 3. PROCLAMATIONS

### 3.1 PROCLAMATIONS ISSUED DURING THE PERIOD UNDER REVIEW

#### PROCLAMATION R9 OF 2018

DATED 6 APRIL 2018

GOVERNMENT GAZETTE NO. 41561

#### Mbhashe Local Municipality

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.

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)

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)

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.

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.

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.

#### PROCLAMATION R11 OF 2018 (CONTINUED)

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.

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.

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.

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.

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

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 Bluhay 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).

Non-performance or malperformance of works or services or non-delivery of goods by the contractors, suppliers and service providers mentioned above.

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.

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)**

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)**

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, Ethekwini, 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.

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.

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**

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 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.

Maladministration in the affairs of the DM and any losses or prejudice suffered by the DM, 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 or the National transferring officer (COGTA); (c) the establishment or regular maintenance

#### PROCLAMATION R15 OF 2018 (CONTINUED)

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.

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.

Losses or prejudice actually or potentially suffered by the DM as a result of payments made to the applicable contractors, suppliers or service providers.

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)

Maladministration in the affairs of the MICT SETA in relation to the allocation of discretionary grant funding to Lylacorp (Pty) Ltd, Network Infraco (Pty) Ltd, Bandwith Technologies, Inforcomm (Pty) Ltd, Hallmark Technologies CC, SPL Communications CC, Centretech Broadcasting CC, Northern Lights Trading, Nashua (Pty) Ltd and Boradband College of Technology and any losses or prejudice suffered by the MICT SETA or the State as a result of such maladministration.

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.

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)

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.

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

**PROCLAMATION R19 OF 2018 (CONTINUED)**

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.

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**

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)**

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

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**

**Ethekwini Metropolitan Municipality**

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.

Any non-performance, incomplete performance or defective performance by the service providers appointed in terms of the tenders in paragraph 1.

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**

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.

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**

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.

**PROCLAMATION R35 OF 2018**

**DATED 14 DECEMBER 2018**

**GOVERNMENT GAZETTE NO. 42101**

**Endumeni Local Municipality**

The procurement of, or contracting for, goods or services by or on behalf of the Municipality in terms of Tender No 21/2016-17 and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Municipality or the State.

Any unlawful or irregular conduct by employees or officials of the Municipality, the service provider appointed in terms of Tender No 21/2016-17 or any other person, in relation to the allegations set out in paragraph 1 above.

**PROCLAMATION R36 OF 2018**

**DATED 14 DECEMBER 2018**

**GOVERNMENT GAZETTE NO. 42101**

**KwaZulu-Natal Department of Transport**

The procurement of consultancy services from Nexor 312 (Pty) Limited t/a VNA by the Department for the period 1 May 2018 until 30 April 2023, in terms of a contract dated 26 April 2018, in respect of the following programmes - a) Infrastructure Programme and Delivery Management; b) Infrastructure Asset Management Planning; c) Monitoring, Auditing and Reporting; d) Road Asset Management; and e) Road Asset Data Collection, and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department or the State.

Any unlawful or improper conduct by employees of the Department or any other person or entity in relation to the allegations set out in paragraph 1 above.



**PROCLAMATION R4 OF 2019**

**DATED 1 FEBRUARY 2019**

**GOVERNMENT GAZETTE NO. 42204**

**Umgeni Water**

The procurement of, or contracting, including subcontracting, for goods, works or services by or on behalf of Umgeni and payments made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by Umgeni or the State or any resulting losses suffered by Umgeni or the State related to the aa) Contract Participation Goal Programme of Umgeni (CPGPU); bb) provisioning or upgrading of emergency boreholes in the uMkhanyakude District; cc) repair or refurbishment of the Nagle Aqueducts; dd) replacement of filter slabs, pipelines and nozzles in terms of the CPGPU; ee) provisioning or upgrading of chlorine distribution equipment, the distribution of chlorine and the upgrading of shaft pumps and lifts at the Durban Heights Plant; ff) provisioning of emergency pipelines in the area of the Ugu District Municipality; gg) purchase and installation of control valves in terms of the CPGPU; and hh) installation of Nungwane pipelines in the area of Amanzimtoti.

Maladministration in respect of the implementation of the CPGPU and any losses, damage or actual or potential prejudice suffered by Umgeni, or the State, including the causes of such maladministration.

Any unlawful or improper conduct by a) board members, officials or employees of Umgeni; b) contractors, supplier or service provider of Umgeni or their subcontractors; or c) any other person or entity, in relation to the allegations set out in paragraph 1 and 2 above.

**PROCLAMATION R5 OF 2019**

**DATED 1 FEBRUARY 2019**

**GOVERNMENT GAZETTE NO. 42204**

**Ekurhuleni Metropolitan Municipality**

This proclamation extends the period of investigation to the date of publication and amends paragraphs 1 and 4 of R28 of 2018.

**PROCLAMATION R6 OF 2019**

**DATED 1 FEBRUARY 2019**

**GOVERNMENT GAZETTE NO. 42204**

**Gauteng Provincial Department of Health (Mental health care facilities)**

This proclamation amends paragraphs 1 and 2 of R23 of 2017

**PROCLAMATION R7 OF 2019**

**DATED 8 FEBRUARY 2019**

**GOVERNMENT GAZETTE NO. 42218**

**Moretele Local Municipality**

The procurement of, or contracting for information communications technology goods and services under contract number MLM-IT-03-2016/A2016 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 or the State.

Any unlawful or improper conduct by the employees or officials of the Municipality or applicable service provider, or any other person or entity in relation to the allegations set out in paragraph 1 above.

**PROCLAMATION R16 OF 2019**

**DATED 29 MARCH 2019**

**GOVERNMENT GAZETTE NO. 42338**

**Mopani District Municipality**

This proclamation amends specific entities named in R8 of 2017 and R15 of 2018.

**PROCLAMATION R17 OF 2019**

**DATED 29 MARCH 2019**

**GOVERNMENT GAZETTE NO. 42338**

**City of Johannesburg**

The procurement of, or contracting for a) vehicles and vehicle maintenance services from Fire Raiders (Pty) Ltd; b) repairs and maintenance work at fire stations; c) closed circuit television equipment and related services from SOS Protecsure National Division CC; or d) office accommodation and furniture for the Integrated Operations Centre, 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, or losses suffered by, the Municipality or the State.

Any unlawful or improper conduct by a) employees or officials of the Municipality; b) contractors, suppliers or service providers of the Municipality; or c) any other person or entity, in relation to the allegations set out in paragraph 1 above.

**PROCLAMATION R18 OF 2019**

**DATED 29 MARCH 2019**

**GOVERNMENT GAZETTE NO. 42338**

**National Health Laboratory Services**

The procurement of or contracting of goods, works or services by or on behalf of the NHLS and payments which were made in respect thereof and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the NHLS or the State in relation to aa) the provision of end user computer hardware and related maintenance and support services for a period of 3 years in terms of Tender RFB 027/15-16; bb) the provision of multi-protocol label switching wide area network (MPLS WAN) service to the NHLS for a period of 3 years in terms of Tender RFB 030/15-16; cc) the leasing of motor vehicles for the NHLS for a period of 5 years in terms of Tender RFP 001/15-16; dd) the replacement of water, sewer and drainage pipes in terms of Tender RFP1455602; ee) the renovation of the library at the National Institute of Occupational Health in Braamfontein in terms of Tender RFQ 1438906; ff) the renovation of the virology laboratory at Charlotte Maxeke Academic Hospital in terms of Tender RFQ 1481824; gg) the renovation of toilets at the National Institute for Communicable Diseases in terms of Tender RFQ 0695750; hh) professional services for the construction of a refectory at the National Institute for Communicable Diseases in terms of Tender RFQ 1409815; ii) professional services for the design, project management and the certification of renovations and structural changes to the Ermelo Laboratory in terms of Tender RFQ 706002; jj) the replacement of the waterproofing at the Centre for Enteric Diseases in terms of Tender RFQ 0961241; kk) the renovation of the Centre for Respiratory Diseases and Meningitis in terms of Tender RFQ 1486702; ll) professional services for the design, project management and the certification of renovations and structural changes to the Diagnostic Media Products Building in terms of Tender RFQ 1351823; and mm) the construction of a kitchen and function area in terms of Tender RFB031/16-17, which was re-advertised as Tender RFB062/15-16.

Any unlawful or improper conduct by the employees or officials of the NHLS or applicable service providers, or any other person or entity in relation to the allegations set out in paragraph 1 above.



## 4. PRESIDENTIAL REPORTS SUBMITTED IN THE 2018/19 FINANCIAL YEAR

PRESIDENTIAL REPORTS SUBMITTED					
NO	PROCLAMATION NO	DEPARTMENT / STATE INSTITUTION	SCOPE	TYPE OF REPORT	DATE REPORT SUBMITTED
1	R20 of 2014	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, in 2013 of the Chief Executive Officer of the Agency.</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
2	R51 of 2014	Vhembe District 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	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
4	R20 of 2016	DCS	<ul style="list-style-type: none"> <li>The appointment of a service provider by the Department 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 conduct by officials or employees of the Department 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 Department in relation to the allegations set out in paragraph 1 of the Schedule.</li> </ul>	Final	8 June 2018

PRESIDENTIAL REPORTS SUBMITTED					
NO	PROCLAMATION NO	DEPARTMENT / STATE INSTITUTION	SCOPE	TYPE OF REPORT	DATE REPORT SUBMITTED
5	R38 of 2010	DPW	<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	R27 of 2015	DPW	<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
7	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
8	R23 of 2017	Life Esidimeni	<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
9	R9 of 2017	KZN DOA	<ul style="list-style-type: none"> <li>The procurement of, and contracting for fertilizer, seeds or seed potatoes or goods, works or services 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> </ul>	Interim	12 July 2018

PRESIDENTIAL REPORTS SUBMITTED					
NO	PROCLAMATION NO	DEPARTMENT / STATE INSTITUTION	SCOPE	TYPE OF REPORT	DATE REPORT SUBMITTED
			<ul style="list-style-type: none"> <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>		
10	R49 of 2012	DPW KZN	<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
11	R22 of 2016	Sweetwaters	<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> </ul>	Final	21 September 2018
12	R29 of 2017	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> </ul>	Interim	21 September 2018

PRESIDENTIAL REPORTS SUBMITTED					
NO	PROCLAMATION NO	DEPARTMENT / STATE INSTITUTION	SCOPE	TYPE OF REPORT	DATE REPORT SUBMITTED
			<ul style="list-style-type: none"> <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>		
13	R62 of 2010	TMM	<ul style="list-style-type: none"> <li>Irregularities in the recruitment, selection and appointment of staff to the Municipality.</li> <li>Payment or remuneration, allowances or other benefits to Municipal staff that were not due, owing or payable or that was in excess of stipulated limits.</li> <li>Fruitless and wasteful expenditure by outsourcing work and services that could be rendered by the officials or employees of the Municipality.</li> <li>The mismanagement of finances, assets or other resources of the Municipality</li> </ul>	Final	17 October 2018
14	R19 of 2016	CIDB	<ul style="list-style-type: none"> <li>Maladministration in the affairs of the Board in respect of (a) the receipt of, or the processing of, or granting of applications by contractors to the Board for registration as a contractor in the register of contractors contemplated in section 16 of the CIDB Act, 2000 (Act No. 38 of 2000); or (b) contractor grading designations awarded by the Board to contractors.</li> <li>Any (a) failure to implement appropriate measures to safeguard confidential or privileged information or records submitted to the Board; or (b) irregular dissemination of confidential or privileged information or records by officials or employees of the Board to persons or entities who are not lawfully entitled to such information or records.</li> <li>The appointment of a service provider by the Board, in terms of bid number RFB30026, to a panel of service providers to conduct investigations for the Board over a period of three years and any subsequent work awarded by the Board to the service provider.</li> <li>The validity of construction work contracts awarded by the State Institutions to contractors contemplated in paragraph 1 above, where the State Institutions relied on the unlawful or invalid (a) registration as contractors in the register of contractors; or (b) contractor grading designations awarded by the Board to those contractors.</li> <li>Any improper or unlawful conduct by officials or employees of the Board, contractors contemplated in paragraph 1 above or any other person, in relation to allegations contemplated in paragraphs 1, 2 or 3 above.</li> </ul>	Interim	17 October 2018

PRESIDENTIAL REPORTS SUBMITTED					
NO	PROCLAMATION NO	DEPARTMENT / STATE INSTITUTION	SCOPE	TYPE OF REPORT	DATE REPORT SUBMITTED
15	R59 of 2016	GSDM and EMLM	<ul style="list-style-type: none"> <li>The procurement of, or contracting for goods, works or services by or on behalf of the GSDM and payments which were made and any related irregular or fruitless and wasteful expenditure incurred by the GSDM or the State in respect of (aa) the supply or delivery of water or water tanking services by or on behalf of the GSDM, inter alia, to the Jane Furse Command 25ML Reservoir, Buffelshoek and the EMLM; (bb) the rendering of professional services in respect of a VAT review, compliance audit or debt collection services; (cc) the construction of the Jane Furse Command 25ML Reservoir (PH1C); (dd) the appointment of Engineering Consultants or the rendering of professional advice or services in respect of technical reports for Project Number: 3/3/1-12/2012/13; or (ee) the rendering of banking services for the GSDM in respect of a Municipal Investment Account held at Standard Bank.</li> <li>The procurement of, or contracting for goods, works or services by or on behalf of the EMLM and payments which were made and any related irregular or fruitless and wasteful expenditure incurred by the EMLM or the State.</li> <li>Fraud, corruption, irregularities, malpractices or maladministration in the affairs of the GSDM and EMLM, respectively, regarding the matters referred to in paragraphs 1 and 2, including the causes of such fraud, corruption, irregularities, malpractices or maladministration and any losses, damages or actual or potential prejudice suffered by the Municipalities or the State.</li> <li>Any undisclosed or unauthorised interests that councillors, officials or employees of the EMLM may have had with regard to (a) contractors, suppliers or service providers who bid for work or did business with the EMLM or (b) contracts awarded by or on behalf of the EMLM.</li> <li>Maladministration in the affairs of the EMLM in relation to (a) the mismanagement of the finances; (b) the mismanagement of contracts; (c) 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 (d) 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 other related unauthorised, irregular or fruitless and wasteful expenditure incurred by the EMLM, including (i) the causes of such maladministration; and (ii) losses or prejudice suffered by the EMLM or the State as a result of such maladministration.</li> </ul>	Final	17 October 2018

PRESIDENTIAL REPORTS SUBMITTED					
NO	PROCLAMATION NO	DEPARTMENT / STATE INSTITUTION	SCOPE	TYPE OF REPORT	DATE REPORT SUBMITTED
			<ul style="list-style-type: none"> <li>Any improper or unlawful conduct by (a) councillors, officials or employees of the EMLM; (b) contractors, suppliers or service providers of the EMLM; or (c) any other person or entity, relating to the allegations referred to in paragraphs 2 and 3 in so far as the allegations are applicable to the EMLM and paragraphs 4 and 5 above.</li> </ul>		
16	R54 of 2012	DWAF	<ul style="list-style-type: none"> <li>The procurement of and contracting for goods, works or services by or on behalf of the Department and related expenditure incurred and any losses or prejudice suffered by the Department as a result of such maladministration by its officials or employees (hereinafter collectively referred to as "the Department's personnel") or its agents in relation to (a) variation orders being granted that exceeded the allowable percentage of the original contract price in respect of (i) the Forest Fire Association (WP9191); (ii) Syringa Bioscience (Pty) Ltd (WP9341); (iii) Buca Management and Projects; and (iv) Brainwave CC projects; (b) the appointment of 86 contract labourers (which followed the dismissal of the originally appointed 104 contract labourers) in respect of the Expanded Public Works Programme, which included the construction of infrastructure in the Province of Mpumalanga; (c) the involvement of the Department in (i) the Sundays River Municipality Regional Bulk Water Scheme; and (ii) the Patterson Bulk Water Supply Project; (d) the lease by the Department of the Continental Building in Pretoria; (e) payments made to TWM Projects (Pty) Ltd; and (f) conflicting interests of the Department's personnel or agents in entities contracting with the Department, including the causes of such maladministration.</li> <li>Any undisclosed or unauthorised interests the Department's personnel may have had with regard to (a) contractors, suppliers or service providers who bid for work or did business with the Department; or (b) contracts awarded by or on behalf of the Department.</li> </ul>	Final	26 October 2018
17	R22 of 2016	Lepelle Northern Water	<ul style="list-style-type: none"> <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	31 October 2018
18	R29 of 2017 amended by R19 of 2018	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> </ul>	Interim	30 November 2018

PRESIDENTIAL REPORTS SUBMITTED					
NO	PROCLAMATION NO	DEPARTMENT / STATE INSTITUTION	SCOPE	TYPE OF REPORT	DATE REPORT SUBMITTED
			<ul style="list-style-type: none"> <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>		
19	R59 of 2014	DPW Leases	<ul style="list-style-type: none"> <li>The procurement and administration of leases by the Department for the Department or other National Departments and organs of state for whose accommodation needs the Department is responsible, and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department.</li> <li>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 the Department or other National Departments and organs of state for whose accommodation needs the Department is responsible, including the causes and any loss, damage or prejudice actually or potentially suffered by the Department or the State.</li> </ul>	Final	14 December 2018
20	R21 of 2016	Msunduzi	<ul style="list-style-type: none"> <li>The procurement of, and contracting for security equipment and security services, as envisaged in the Private Security Industry Regulation Act, 2001 (Act No.56 of 2001), by or on behalf of the Municipality in terms of contract number 23 of 2009 and contract number 23 of 2013, from a service provider and payments made in respect and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Municipality.</li> <li>Any non-compliance by the service provider with its obligations in terms of contract number 23 of 2009 and contract number 23 of 2013.</li> <li>Any unlawful or irregular conduct by the (a) Municipality, the councillors, officials or employees of the Municipality; or (b) service providers, its directors, employees or agents, relating to any of the allegations set out in paragraph 1 or 2 above.</li> </ul>	Final	29 March 2019



## 5. ONGOING INVESTIGATIONS

### 5.1.1 NATIONAL PROCLAMATIONS

ONGOING PROCLAMATIONS			
NO	PROCLAMATION NO	DEPARTMENT / STATE INSTITUTION	GAZETTED DATE AND NO
1	R18 of 2019	National Health Laboratory Service	29/03/2019 No 42338
2	R27 of 2018	National Department of Water and Sanitation	21/09/2018 No 41915
3	R21 of 2018	Department of Justice and Constitutional Development (Office of the State Attorney)	13/07/2018 No 41771
4	R37 of 2017	National DOT	24/11/2017 No 41271
5	R28 of 2017	DCS and IDT	18/08/2017 No 41055
6	R24 of 2017	Department of Rural Development and Land Reform	24/07/2017 No 41000
7	R19 of 2016	CIDB	15/04/2016 No 39935
8	R18 of 2016	DCS	15/04/2016 No 39935
9	R55 of 2014	Department of Labour and the Compensation Fund	1/08/2014 No 37884
10	R54 of 2014 amended by R44 of 2015	DPW Prestige	01/08/2014 No 37884 10/12/2015 No 39488
11	R7 of 2014 amended by R599 of 2015 amended by R32 of 2017	Gijima and Deeds Office	14/02/2014 No 37346 10/07/2015 No 38985 6/10/2017 No 41165
12	R53 of 2012	Land Restitution	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
14	R38 of 2010 extended by R27 of 2015 extended by R20 of 2018	DPW	30/07/2010 No 33425 20/07/2015 No 39005 13/07/2018 No 41771

### 5.1.2 PROVINCIAL

ONGOING PROCLAMATIONS			
NO	PROCLAMATION NO	DEPARTMENT / STATE INSTITUTION	GAZETTED DATE AND NO
1	R4 of 2019	Umgeni Water	01/02/2019 No 42204
2	R36 of 2018	KZN DOT	14/12/2018 No 42101
3	R16 of 2018 amended by R25 of 2018	MICT SETA	25/05/2018 No 41650 21/09/2018 No 41915
4	R14 of 2018	KZN DOT (Land)	25/05/2018 No 41650
5	R12 of 2018	Roads Agency Limpopo Limited	20/04/2018 No 41581
6	R10 of 2018	DCS	06/04/2018 No 41561
7	R5 of 2018	TSC	9/02/2018 No 41433
8	R4 of 2018	AGRISETA	9/02/2018 No 41433
9	R2 of 2018	NW DPW and R&T	19/01/2018 No 41387
10	R35 of 2017	PSETA	10/11/2017 No 41236
11	R30 of 2017	KwaZulu-Natal Provincial Treasury	1/09/2017 No 41086
12	R23 of 2017 amended by R6 of 2019	Life Esidimeni	24/07/2017 No 41000 01/02/2019 No 42204
13	R17 of 2017	EC DSD	25/04/2017 No 40810

NO	PROCLAMATION NO	DEPARTMENT / STATE INSTITUTION	GAZETTED DATE AND NO
14	R9 of 2017	KZN DOA	3/02/2017 No 40594
15	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
16	R23 of 2016	KZN DOT	15/04/2016 No 39935
17	R22 of 2016	Lepelle Northern Water	15/04/2016 No 39935

### 5.1.3 LOCAL GOVERNMENT

ONGOING PROCLAMATIONS			
NO	PROCLAMATION NO	DEPARTMENT / STATE INSTITUTION	GAZETTED DATE AND NO
1	R17 of 2019	City of Johannesburg	29/03/2019 No 42338
2	R7 of 2019	Moretele Local Municipality	08/02/2019 No 42218
3	R35 of 2018	Endumeni Local Municipality	14/12/2018 No 42101
4	R28 of 2018 amended by R5 of 2019	Ekurhuleni Metropolitan Municipality	21/09/2018 No 41915 01/02/2019 No 42204
5	R26 of 2018	Ethekewini Metropolitan Municipality	21/09/2018 No 41915
6	R13 of 2018	Eastern Cape Institutions (Nelson Mandela Funeral)	25/05/2018 No 41650
7	R9 of 2018	Mbhashe Local Municipality	06/04/2018 No 41561
8	R6 of 2018	Raymond Mhlaba Local Municipality	9/02/2018 No 41433
9	R36 of 2017	ANDM	10/11/2017 No 41236
10	R25 of 2017	Lesedi Local Municipality	24/07/2017 No 41000
11	R19 of 2017	ANDM	25/04/2017 No 40810
12	R18 of 2017	Thabazimbi	25/04/2017 No 40810
13	R10 of 2017	HGDM	3/02/2017 No 40594
14	R8 of 2017 amended by R15 of 2018 amended by R16 of 2019	Mopani District Municipality	3/02/2017 No 40594 25/05/2018 No 41650 29/03/2019 No 42338
15	R59 of 2016 amended by R7 of 2018	GSDM and EMLM	14/10/2016 No 40348 9/02/2018 No 41433
16	R21 of 2016	Msunduzi	15/04/2016 No 39935
17	R52 of 2014	Greater Tubatse Local Municipality	1/08/2014 No 37884

### 5.1.4 STATE OWNED ENTITIES

ONGOING PROCLAMATIONS			
NO	PROCLAMATION NO	DEPARTMENT / STATE INSTITUTION	GAZETTED DATE AND NO
1	R11 of 2018	Eskom and Transnet	06/04/2018 No 41561
2	R29 of 2017 amended by R19 of 2018	SABC	1/09/2017 No 41086 06/07/2018 No 41754
3	R53 of 2014 amended by R15 of 2015	SITA	1/08/2014 No 37884 17/03/2015 No 38579

## 6. SUMMARY OF CIVIL LITIGATION MATTERS

PROCLAMATION NUMBER	PROJECT NAME/INSTITUTION	RELIEF	VALUE
R59 of 2013	National Department: Public Works	Declaration of invalidity and just and equitable relief	R 155,000,000
R38 of 2010	Department of Public Works	Declaration of invalidity and just and equitable relief	R 11,679,000
R38 of 2010	National Department: Public Works	Declaration of invalidity and just and equitable relief	R 1,993,000,000
R38 of 2010	National Department: Public Works	Claim for damages and enrichment.	R 11,000,000
R38 of 2010	National Department: Public Works	Action proceedings for recovery of losses	R 12,595,561
R10 of 2014	National Department of Telecommunications and Postal Services	Claim lodged with liquidators	R 25,904,577
R5 of 2014 amended by R56 of 2014	South African Post Office	Declaration of invalidity and just and equitable relief	R 493,000,000
R20 of 2016	National Department: Correctional Services	Declaration of invalidity and just and equitable relief	R 1,111,200,000
R18 of 2016	National Department: Correctional Services	Declaration of invalidity and just and equitable relief	R 314,109,942
R7 of 2014 amended by 599 Of 2015 amended by R32 of 2017	National Department of Rural Development and Land Reform	Action for just equitable relief	R 208,025,175
R59 of 2014	National Department: Public Works	Declaration of invalidity and just and equitable relief	R 9,792,403
R62 of 2014	National Department of Telecommunications and Postal Services	Action proceedings for recovery of losses	R 604,549
R59 of 2014	National Department of Public Works	Action proceedings for recovery of losses	R 6,382,128
R59 of 2014	National Department: Public Works	Action proceedings for recovery of losses	R 2,297,838
R59 of 2014	National Department: Public Works National Leases	Declaration of invalidity and just and equitable relief	R 609,000,000
R59 of 2014	National Department: Public Works - National Leases Silver Moon	Action proceedings for recovery of losses	R 37,617,938
R33 of 2011	Midvaal Local Municipality	Action for recovery of losses	R 2,615,000
R59 of 2014	National Department: Public Works	Declaration of invalidity and just and equitable relief	R 88,135,609
R59 of 2014	National Department: Public Works	To review and set aside the lease in respect of fraud; recover all payment in respect of rental space; recover all payment in respect of rental that was not market related	R 3,544,663
R59 of 2014	National Department: Public Works	To review and set aside the lease in respect of fraud; recover all payment in respect of rental space; recover all payment in respect of rental that was not market related	R 5,140,178
R59 of 2014	National Department: Public Works	To review and set aside the lease in respect of fraud; recover all payment in respect of rental space; recover all payment in respect of rental that was not market related	R 4,548,793

PROCLAMATION NUMBER	PROJECT NAME/INSTITUTION	RELIEF	VALUE
R59 of 2014	National Department: Public Works - National Leases Easy Does It	To review and set aside the lease in respect of fraud; recover all payment in respect of rental space; recover all payment in respect of rental that was not market related	R 8,476,740
R59 of 2014	National Department of Public Works Leases.	To review and set aside the lease agreement and recover all rentals; and alternatively recover rental that is not market related.	R 15,907,355
R8 of 2011	Land Reform (Western Cape)	Review of administrative decision and claim for restitution	R 2,900,000
R8 of 2011	Land Reform (Western Cape)	Recovery of losses	R 6,300,000
R29 of 2017 amended by R19 of 2018	SABC	Action proceedings for recovery of losses	R 21,744,002
R54 of 2012	National Department: Water and Sanitation	Action proceedings for recovery of losses	R 95,631,945
R29 of 2017 amended by R19 of 2018	SABC	Declaration of invalidity and just and equitable relief	R 39,380,000
R54 of 2014 amended by R44 of 2014	National Department: Public Works	Recovery of losses	R 5,031,839
R29 of 2017 amended by R19 of 2018	SABC	Declaration of invalidity and just and equitable relief	R 62,733,557
R29 of 2017 amended by R19 of 2018	SABC	SIU to join proceedings	R 85,087,367
R29 of 2017 amended by R19 of 2018	South African Broadcasting Corporation (SABC):	Declaration of invalidity and just and equitable relief	R 30,219,060
R54 of 2014 amended by R44 of 2014	National Department: Public Works	Action proceedings for recovery of losses	R 455,296
R598 of 2015	Eastern Cape Department: Education	Setting aside the contract and just and equitable relief	R 59,000,000
R31 of 2016	Amahlathi Municipality	Setting aside the contract and just and equitable relief	R 92,000,000
R40 of 2015	Buffalo City Metropolitan Municipality	Action proceedings for recovery of losses	R 17,000,000
R11 of 2018	Eskom	Setting aside the contract	R 3,700,000,000
R52 of 2014	Greater Tlhatse Municipality	Declaration of invalidity and just and equitable relief	R 300,000,000
R27 of 2018	National Department: Water and Sanitation	Setting aside the contract and just and equitable relief	R 1,200,000,000
R21 of 2016	Msunduzi Local Municipality	Declaration of invalidity and just and equitable relief	R 554,000,000
R23 of 2017 amended by R6 of 2019	Life Esidimeni	Recovery of over payment	R 663,275
R23 of 2017 amended by R6 of 2019	Life Esidimeni	Recovery of over payment	R 681 112-64

PROCLAMATION NUMBER	PROJECT NAME/INSTITUTION	RELIEF	VALUE
R29 of 2017 amended by R19 of 2018	SABC	Declaration of invalidity and just and equitable relief	R 9,816,024
R29 of 2017 amended by R19 of 2018	SABC	Declaration of invalidity and just and equitable relief	R 4,550,000
R29 of 2017 amended by R19 of 2018	SABC	Claim damages suffered by the SABC	R 20,106,969
R29 of 2017 amended by R19 of 2018	SABC	Review and setting aside of contract	R 194,350,678
R10 of 2017	Harry Gwala	Recovery of losses	R 2,000,000
R22 of 2016	Lepelle Northern Water	Review and setting aside of contract	R 2,200,000,000
R22 of 2016	Department: Human Settlements	Review and setting aside of contract	R 97,000,000
R18 of 2017	Thabazimbi Local Municipality	Declaration of invalidating and just equitable relief.	R 49,848,921

# PART C

## GOVERNANCE

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# ACRONYMS

<b>AC</b>	Audit Committee
<b>AGSA</b>	Auditor General of South Africa
<b>DC</b>	Disciplinary Committee
<b>EXCO</b>	Executive Committee
<b>HoU</b>	Head of the Unit
<b>HR</b>	Human Resource
<b>IIU</b>	Internal Integrity Unit
<b>IMTT</b>	Inter-Ministerial Task Team
<b>MISS</b>	Minimum Information Security Standards
<b>NCOP</b>	National Council of Provinces
<b>PC</b>	Portfolio Committee
<b>SAPS</b>	South African Police Service
<b>SCOPA</b>	Standing Committee on Public Accounts
<b>SIU</b>	Special Investigating Unit
<b>SSA</b>	State Security Agency



## 1. INTRODUCTION

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).

The SIU operates by adhering to good governance principles and reports functionality to the Portfolio Committee on Justice and Constitutional Development and to the Presidency, while it administratively reports to the Minister of Justice and Constitutional Development.

1. Established a Compliance Function: Drafted Compliance Framework, Regulatory universe, Compliance Risk Management Plan, Compliance Monitoring Plan, Training Plan, and obtained authority to recruit compliance officer.
2. The compliance function advised and furnished opinions to SIU business units on the nature and extent of relevant legislative provisions.
3. Adherence of applicable legislation by SIU business Units were ensured and monitored through policy, practice and assurances by governance structures.

## 2. COMPLIANCE WITH LAWS AND REGULATIONS

A new fully fledged structure for the Compliance function was approved in the 2018/19 financial year. However, the recruitment process for the filling of vacancies is still underway. In the interim, the following measures to ensure compliance with regulations were and are being implemented:

## 3. PARLIAMENTARY PORTFOLIO COMMITTEES

The SIU has appeared before its respective oversight Portfolio Committee on Justice and Correctional Services, as well as before other Portfolio Committees and SCOPA upon requests received. The table below reflects: the names of Portfolio Committees appeared before; reasons for the appearances and the dates of the meetings.

*Portfolio Committees appeared before; reasons for the appearances; and the dates of the meetings*

NAME OF PORTFOLIO COMMITTEE OR COMMITTEE		REASON FOR THE APPEARANCE	DATE OF THE MEETING
Portfolio Committee on Justice and Correctional Services		Presenting the SIU 2018/19 APP and the Budget	25 April 2018
		Presenting the SIU 2017/18 Annual Report	17 October 2018
Other Portfolio Committees/ Parliament Committees	Select Committee on Petitions and Executive Undertakings	Briefing on the Transkei Road Transport Corporation Petition	18 April 2018
	NCOP	Briefing on the 2018/19 APP	30 May 2018
	NCOP	IMTT Briefing: Investigations undertaken on the Section 100: North West Province	16 August 2018
	PFC on Water and Sanitation	Briefing on the water and sanitation investigation	17 October 2018
	SCOPA	Briefing on all SIU pending cases	07 November 2018
	SCOPA	Briefing on the challenges facing Department of Water and Sanitation	27 November 2018
	NCOP	IMTT Briefing: Progress on the interventions in the NW Province	06 February 2019

#### 4. COMMITTEES/MEETINGS

##### 4.1 RISK COMMITTEE

The Risk Committee comprises SIU internal members and one external member, Ms P Ramutsheli who is the Chairperson of the Committee. The chairperson attended all the three meetings that were held during the year under review. The meetings were convened on the following dates:

- 05 July 2018;
- 11 October 2018 &
- 28 March 2019

##### 4.2 HR COMMITTEE

The HR Committee comprises SIU internal members and two external members, Ms A Clark and Ms T Maja, who were co-chairpersons of the Committee. Both Ms Clark and Ms Maja attended 3 out of the 4 meetings that were held during the year under review. The meetings were convened on the following dates:

- 20 June 2018;
- 06 July 2018
- 20 December 2018 &
- 11 February 2019

##### *Committees meetings*

NO	COMMITTEE NAME	NR. OF MEETINGS HELD DURING PERIOD UNDER REVIEW	NOTES ON ATTENDANCE
1	Audit Committee	4	Refer to Annexure A
2	Risk Management Committee	3	Refer to 4.1
3	Human Resource Management Committee	5	Refer to 4.2

#### 5. ENTERPRISE WIDE RISK MANAGEMENT

The SIU has an approved Enterprise Risk Management Policy and standard that are implemented across the organisation. The Enterprise wide Risk Management of the SIU is embedded with a fully-fledged Risk Management Committee in place that is led by an independent chairperson. The implementation of the ERM Plan is monitored by the Risk Committee and ratified by the Audit Committee on a quarterly basis. In addition, efforts are underway to ensure that the risk management appetite and tolerance levels are embedded into the operations of the SIU. Each operational business unit also has a duly appointed risk champion, to ensure effective management of operational risks.

The executive management, management and staff of the SIU have discussed the risks facing the organisation and have participated in a risk review workshop with the purpose of identifying and assessing the risks that are envisaged in the future. These risks have been specifically highlighted, as they could potentially affect the SIU's ability to achieve its strategic and business plan objectives, however, the mitigation plans were also identified and monitored throughout the year. Risks were identified from both a high level and a more detailed operational perspective through Business Units Operational Plans. Below is the Risk heat map depicting the identified top risks facing the organisation during the 2018/19, categorised according to the budget programmes:

### STRATEGIC RISK REGISTER: PROGRAMME 1

#### TOP RISKS

1. Inability to financially sustain SIU operations in the short to medium-term.
2. Insufficient preparedness to respond to physical threats to investigators and security breaches.
3. Inability to properly manage poor performance.
4. Failure to provide appropriate ICT services across SIU business.
5. Ineffective collaboration with external and internal stakeholders.
6. Failure to implement the revised or new SIU Value Chains.
7. Failure to ensure compliance with all regulatory requirements applicable to SIU.
8. Failure to provide appropriate monitoring and evaluation services on SIU business performance.

#### HEAT MAP

LIKELIHOOD	E	III	II	II	I	I	I
	D	III	III	II	II	1	I
	C	IV	III	III	2-5	II	I
	B	IV	IV	III	III	II	7
	A	IV	IV	IV	7-10	III	II
		6	5	4	3	2	1

CONSEQUENCE

### STRATEGIC RISK REGISTER: PROGRAMME 2

#### TOP RISKS

1. Failure by State institutions to implement SIU legal recommendations.
2. Inability to conduct quality forensic investigations.
3. Inability to achieve forensic investigation's legal outcomes.
4. Failure to register and track all matters according to predetermined standards.
5. Failure to properly assess reported cases or allegations of corruption and maladministration.
6. Inability to produce quality forensic investigation reports and proclamation motivators.
7. Insufficient work for SIU due to protracted engagement process to get proclamations and gazetted.

#### HEAT MAP

LIKELIHOOD	E	III	II	II	1	I	I
	D	III	III	II	II	I	I
	C	IV	III	III	2-3	II	I
	B	IV	4-5	III	III	II	II
	A	IV	IV	7	6	III	II
		6	5	4	3	2	1

CONSEQUENCE

### STRATEGIC RISK REGISTER: PROGRAMME 3

#### TOP RISKS

1. Inability to pro-actively assist State Institutions to prevent corruption and maladministration practices.

#### HEAT MAP

LIKELIHOOD	E	III	II	II	I	I	1
	D	III	III	II	II	I	I
	C	IV	III	III	II	II	I
	B	IV	IV	III	III	II	II
	A	IV	IV	IV	III	III	II
		6	5	4	3	2	1

CONSEQUENCE

## 6. FRAUD AND CORRUPTION

The SIU is integral to Government's intention to combat and prevent malpractice, maladministration and corruption. It is therefore of utmost importance that the members of the SIU are not involved in such practices themselves. To this end, the SIU developed an Anti-Corruption strategy and plan to fight any occurrence of this within the SIU. The progress of the implementation of the Anti-Corruption plan is monitored by the Risk Management unit within the SIU. The Risk Management unit is involved in all four areas of the plan, constituting of: Prevention, Detection, Investigation and Resolution.

### 6.1 PREVENTION

#### 6.1.1 Ethical Culture

The Executive Committee (EXCO) and Senior Management set an ethical "tone at the top" and this influences how SIU employees respond to ethical challenges. The values of the SIU are lived by its members and honoured through their daily interaction with all stakeholders. One of these values is "integrity", which refers to the submission of values, principles and norms in the business operations of the SIU. In achieving a culture of integrity, the SIU has a coherent system of integrity management which is monitored and enforced daily. The SIU also anticipates risks and applies countermeasures.

#### 6.1.2 Good Governance

The Chief Risk Officer reports directly to the Head of the Unit (HoU) and any transgressions are also reported to the Head of the Unit. The Chief Audit Executive reports to the HoU administratively and to the Audit Committee in terms of functionality.

#### 6.1.3 Training and Awareness on Ethics

The SIU established a relationship with Integrity Forum,

which is an organisation sponsored by Prof Thuli Madonsela to advocate anti-corruption practices to the public. The SIU is one of the founder supporters of this drive and delivered a presentation at this forum's opening event.

SIU employees were trained on policies and procedures, ethics awareness, good governance measures and where to report unethical transgressions. Much progress was made in the development of an e-learning module on ethics and integrity which will enhance the ethics awareness drive internally.

Furthermore, the SIU disseminates communiqué regarding corruption, fraud and unethical behaviour bi-weekly through SIU Communications. This communiqué is received from The Ethics Institute, of which SIU members are formal supporters.

#### 6.1.4 Physical and Information Security

Risk Management in partnership with the State Security Agency (SSA) has trained SIU members on the Minimum Information Security Standards (MISS).

#### 6.1.5 Employee Vetting

In order to access classified information of SIU's clients, SIU members have to be in possession of a security clearance. SSA is responsible for the vetting of SIU members and Risk Management coordinates the administration thereof. SIU service providers are also vetted by SSA.

#### 6.1.6 Fraud and Ethics risk assessments

The Risk Management unit facilitates fraud and ethics risk assessments that are aimed at identifying and addressing potential fraud and corruption risks which have an impact on the achievement of the objectives of the Unit. These fraud and ethics risk assessments were performed across SIU business units and corrective measures were taken to close the gaps that were identified.

## 6.2 DETECTION

### 6.2.1 Corruption Databanks

Fraud and corruption are detected by analysing ethics and culture surveys, complaints reports, audit reports, screening reports, whistleblower hotline reports, investigation reports, submission of annual declarations and declaration of gifts. Trend analysis is a valuable tool to detect possible fraud and corruption. Transgressions are reported to the oversight bodies, SAPS, SSA and/or referred internally for investigation.

### 6.2.2 Whistle-blowing and reporting mechanisms

The main mechanism available to members of the SIU and the public to report suspected fraud, corruption or maladministration is the whistleblower hotline. This hotline offers a toll-free number 0800 037 774, toll-free facsimile 0800 212 689, SMS number 33490 or email address [siu@whistleblowing.co.za](mailto:siu@whistleblowing.co.za). An independent company, which does not record telephone calls, track caller identity, trace electronic communications, or otherwise attempt to determine the caller's identity operates this SIU whistleblower hotline. The report is anonymous, even if the caller is willing to make his/her identity available. The SIU whistleblower hotline is available 24 hours a day, seven days a week. Services are offered in the 11 official languages.

Members can also report suspected wrongdoing to Risk Management, HR or their line managers.

### 6.2.3 Screening

Background screenings are conducted on prospective employees and members who are transferred to other positions to ensure that employees of the SIU have and maintain integrity and that they are fit and proper persons.

By performing pre-employment screenings, the potential risk that a person may pose to the SIU is determined and areas of concern are detected.

## 6.3 INVESTIGATIONS

Upon receipt of allegations of fraudulent and corrupt practices as well as ethical misbehaviour that are taking place internally, the Chief Risk Officer obtains a mandate

from the HoU to investigate these matters. After finalisation of the investigations, the Chief Risk Officer provides the reports to the HoU and makes referrals to the relevant departmental line managers and Human Capital Business Partner. The reports are also made available to the Internal Audit division upon request.

## 6.4 RESOLUTION

When recommendations for disciplinary action are made in an internal investigation, the Disciplinary Committee decides whether to proceed with disciplinary action or not. The internal integrity officer who investigates a matter will testify in the disciplinary hearing if necessary. Risk Management Unit members also serve other members with suspension letters and recover the Unit's property such as laptops etc.

If the matter is of a criminal nature (such as fraud or theft) the Risk Management unit will report it to the SAPS on instruction from the HoU. Risk Management also advises the HoU on implementation of improved controls, arranging for civil recovery and criminal prosecution and explores the possibility of making related recoveries by engaging other agencies.

## 7. MINIMISING CONFLICT OF INTEREST

In minimising conflict of interest, the following internal measures are put in place:

- Members are expected to exercise good judgement and highest ethical standards in their activities on behalf of the Unit and be mindful of their activities outside the Unit;
- Members are required to complete a gift register where all gifts received in the work environment are declared. Their managers have to co-sign the register to ensure oversight. The receiving of gifts is discouraged and it should always be considered whether it might cause a potential conflict of interest;
- All members are expected to annually declare their assets and interests. In the year under review, 532 employees were expected to submit their declarations. The return rate was 100%;
- Members are also required to apply for permission for outside remuneration which may or may not be approved by the HoU. During the year under review a total of 30 applications were submitted and approved.

## 8. CODE OF CONDUCT

The SIU has revised its Code of Conduct that will be finalised and distributed in the next financial year. This Code of Conduct will outline the principles and values designed to provide clear understanding of the conduct expected from the SIU members. The Code of Conduct supports employee's daily work within SIU and provides guidance to assist employees when making decisions during the course of employment with the SIU.

The objectives of the Code of Conduct are:

- To achieve a culture of integrity and establish an ethical working environment;
- To describe the values and minimum standards for ethical conduct that we expect of each other,
- To follow and guide all interactions with internal and external stakeholders.
- To assist SIU officials to understand the standards of conduct that are expected of them.
- To enable the SIU officials to fulfil their duty, act honestly and exercise reasonable degree of care and diligence and act in a way that enhances public confidence in the integrity of SIU.

## 9. INTERNAL AUDIT REPORT 2018/19

### INTRODUCTION

The SIU had a Co-sourced Internal Audit Function lead by the Head Audit and Risk during the 2018/19 financial year.

### ROLES AND RESPONSIBILITIES

During the year under review, Internal Audit fulfilled all the functions and discharged its responsibilities as prescribed in the Public Finance Management Act, No 1 of 1999; King VI and the approved Internal Audit Charter. It functionally reported to the Audit Committee and administratively to the Head of the Unit

### SUMMARY OF MAIN ACTIVITIES

Integral to the discharge of its duties and obligations, Internal Audit has executed the following activities:

- (a) In respect of internal control and internal audit:
  - Reviewed had approved by the Audit Committee the annual internal audit charter which clearly defined the purpose, authority and the responsibility of the Internal Audit function.
  - Prepared in consultation with the audit committee the three-year strategic internal audit plan including the annual plan for the 1st year of the rolling plan, based on the assessment of key areas of risk for the Unit and its risk strategy. The Internal Audit Plan also reflected the scope of each audit and was approved by the Audit Committee
  - Prepared and presented at all Audit Committee meeting as follows , with the Committee satisfied:
    - o Reports detailing its performance against the plan, to allow for effective monitoring and intervention where necessary.
    - o the reports regarding the systems of internal control including financial controls and maintenance of effective internal control systems;
  - The function was independent of management activities with no consulting services undertaken during the financial year and there were no limitations on access to information.
  - Internal Audit coordinated activities with other assurance providers within the SIU in terms of the company risk profile and sharing of audit plans with the auditor general in order to ensure proper coverage and minimisation of duplication of efforts. Combined Assurance Plan was developed and considered by the Audit Committee for implementation in 2019/20.
  - In respect of its activities, the Internal Audit function provided assistance to the Head of the Unit in maintaining effective internal controls as required by PFMA Sec 27.2.10, by evaluating those controls to

determine their effectiveness and efficiency and by developing the recommendation for improvement. This was achieved through implementation of the 2018/19 Audit plan as follows:

Two audits relating to Organisational review and Standard operating procedures review were deferred at management request and the Audit Committee approval.

NO	AUDIT
1	Supply Chain Management
2	Performance Information
3	Travel Management
4	Training and Development
5	Recruitment management
6	Leave Management
7	Referral Process Review
9	Assets management
10	Performance Management Systems review

## CONCLUSION

Based on the audits completed within the financial 2018/19, the overall conclusion on the status of internal controls to mitigate risks is that controls are adequate but some were not wholly effective (partially effective) in achieving their purpose and ensuring that the Unit's objectives were achieved.



**Ms Boaratwa Leshope**  
**Chief Audit Executive**

## 10. AUDIT COMMITTEE REPORT 2018/19

### INTRODUCTION

It is the responsibility of the Audit Committee, duly appointed by the Accounting Authority (Head of the Unit), to issue this report for the 2018/19 financial year. The activities of the Committee are guided by the legislated mandate as well as detailed Terms of Reference duly informed by the Public Finance Management Act (Section 27.1) and King IV and are

approved by the Head of the Unit. The Committee is also tasked with the oversight of the risk management in terms of the PFMA; however, this has been delegated to a stand-alone Risk Management Committee which is the subcommittee of the Audit Committee. The Risk Management Committee has provided the necessary oversight and assurance to this Committee which has had sight of all Risk Management Committee reports for the review period.

### ROLES AND RESPONSIBILITIES

During the year under review the Committee fulfilled all the functions and discharged its responsibilities as prescribed in the Public Finance Management Act, No 1 of 1999; King IV and the Terms of Reference.

### SUMMARY OF MAIN ACTIVITIES

Integral to the discharge of its duties and obligations, the Committee has considered the following:

(a) In respect of internal control and internal audit:

- Reviewed and approved the annual internal audit charter and annual risk based audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter and the approved audit plan;
- Considered the reports of the internal auditor regarding the systems of internal control including financial controls and maintenance of effective internal control systems;
- Received assurance that proper and adequate accounting records were maintained, including the safeguarding of assets and the prevention of corruption and fraud;
- Reviewed significant issues raised by the internal audit processes and the adequacy, and implementation, of corrective action in response to significant internal audit findings; and
- Assessed the adequacy of the performance of the internal audit function, and the adequacy of the available internal audit resources and were satisfied with the resource arrangements.



Based on the above, the Committee formed the opinion that, while the controls were adequate some were not wholly effective in achieving their purpose and ensuring that the Unit's objectives were achieved. The Committee was, however, of the opinion that this did not lead to any material breakdown in internal control, including financial controls and business risk management.

(b) In respect of risk management and information technology:

- Considered the report from the Risk Management Committee on the Unit risk assessment and risk management, including fraud risks and information technology risks as they pertain to financial reporting and found them to be sound;
- The Committee has exercised oversight in respect of financial reporting risks, internal financial controls, fraud risks and IT risks as they relate to financial reporting.

(c) In respect of performance information:

- Oversaw the performance information throughout the year through the quarterly internal audit reports received;
- Considered the Annual Performance Report for the year under review and recommended it for approval to the Head of the Unit.

(d) In respect of the external audit:

- Reviewed the audit strategy.
- Obtained assurances from the external auditor that adequate accounting records were being maintained, including reports pertaining to the effectiveness of the Unit's internal control environment, systems and processes; and
- Considered whether any reportable Irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act and interrogated those reported in the annual financial statement and satisfied themselves that there was value for money and appropriate action is taken to mitigate the risk of recurrence.

- Made recommendations to the Head of the Unit regarding corrective actions to be taken as a consequence of any audit findings.

(e) In respect of the annual financial statements:

- Confirmed that a "going concern" assumption was correctly used as the basis of the preparation of the annual financial statements and considered the basis upon which the Unit was determined to be a going concern;
- Considered the annual financial statements, the information upon which the statements were prepared and the correctness thereof prior to submission and approval by the Head of the Unit;
- Ensured that the annual financial statements fairly present the financial position of the Unit as at the end of the financial year;
- Considered accounting treatments and accounting judgements and conclusions;
- Considered the appropriateness of the accounting policies adopted and any changes thereto;
- Reviewed the external auditor's audit report, including any significant legal and tax matters that could have a material impact on the financial statements;
- Met with management and both the external and internal auditors to ensure all parties had an opportunity to raise any concerns with the Committee; and
- Considered the adequacy and effectiveness of controls and procedures, including meeting separately with management, external audit and internal audit.

(f) In respect of legal and regulatory requirements to the extent that they may have an impact on the financial statements:

- Reviewed with management, legal matters that could have a material impact on the Unit;
- Considered progress from the Chief Legal Counsel on the Unit's procedures to ensure compliance

with legal and regulatory responsibilities. The SIU has a three-year plan for review of its policies with key one prioritised for 2018/19;

- Confirmed with management that they had reported on any items of unauthorised, irregular and fruitless and wasteful expenditure in terms of the PFMA (S 55(2b)); and
- Considered reports provided by management, the internal auditor and the external auditors.

(g) In respect of External Auditor Independence

- The Committee has satisfied itself that the external auditor is independent of the entity. In consultation with Executive Management, the Committee noted the Auditor-General's engagement letter and the Audit Strategy and recommended it together with the fees for approval by the Head of the Unit.

(h) In respect of the coordination of assurance activities:

- Reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant risks facing the business.

- The Committee noted that Combined Assurance is being introduced in the SIU, coordinated by the Risk Manager and there was an approved plan with implementation in the following years.

(i) Evaluation of the Expertise and Experience of the Chief Financial Officer and Finance Function

- The Committee has satisfied itself that the Unit had a fulltime appointed Chief Financial Officer throughout the financial year 2018/19 who has appropriate financial expertise and experience.
- The Committee has also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the Finance function including the experience of senior members of management responsible for the financial function.

(j) In respect of the Auditor General's report:

- The Committee has reviewed the SIU Implementation plan for audit matters raised in the previous years and noted the progress made in resolving them. The Committee considered management reasons for delayed implementation and management commitment to ensure all issues are addressed.

ANNEXURE A: AUDIT COMMITTEE ATTENDANCE 2018/19

NO	NAME	ROLE	APPOINTED	STATUS	ORDINARY MEETINGS			
					28 MAY 2018	30 JULY 2018	29 OCT 2018	28 FEB 2019
1	Nandi Madiba	Member	15 May 2017	Retired	✓	✓	✓	✓
		Audit Committee Chairperson	28 Feb 2019	Current				
2	Besky Nguriri	Audit Committee Chairperson	29 Jul 2015	Retired	✗	✗	✓	—
3	Zola Fihlani	Member	15 May 2017	Current	✗	✓	✗	✓
4	Kriba Moodley	Member	15 May 2017	Current	✓	✓	✓	✓
5	Joshua Motjuwadi	Member	28 February 2019	Current	—	—	—	✓
6	Peterlia Ramutsheli	Risk Committee Chairperson	15 May 2017	Current	✓	✓	✓	✓
7	M Madali	Member	15 May 2017	Retired	✓	—	—	—

✓ Present      ✗ Absent      — Retired or new member

- Finally, the Committee notes with great joy the Auditor General's unqualified audit opinion with no material findings on financial statement, performance information, compliance to key legislation and effective internal control measures for the 2018/19 financial year.
- The Committee also considered the Auditor General's report together with the management letter and has complemented the Accounting Authority and challenged him to develop a strategy to maintain this excellent performance that has been shown in consecutive years.

(k) Attendance:

- Please refer to Annexure A for the schedule of meetings held and attendance by members.



**Ms Nandi Madiba**

**Chairperson of the Audit Committee**

31 July 2019



# PART D

## HUMAN CAPITAL MANAGEMENT

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# ACRONYMS

<b>CCMA</b>	Commission for Conciliation, Mediation and Arbitration
<b>MTEF</b>	Medium Term Expenditure Framework
<b>OHS</b>	Occupational Health and Safety
<b>SHEQ</b>	Safety, Health, Environment and Quality

# 1. INTRODUCTION

Our Human Capital vision is important in building better SIU's working partnerships to create an environment where people can thrive and are enabled to deliver sustainable organisational performance. To achieve the SIU's strategic goal, the organisation embarked on re-organisation 'Project Siyakha', which led to reviewing of structure and re-designing of job profiles.

Our human resources initiatives focused on four underlying goals:

- Organisational re-organisation
- Entrenching organisational culture
- Attracting and retaining employees with high potential
- Developing employees to meet operational skills requirements and improve efficiency
- Maintaining and enhancing effective employee performance

## 1.1 OUR APPROACH

- Our employment policies and practices take into account and comply with the Labour Legislation in South Africa. Our recruitment initiatives especially on internal appointments were aligned to a special dispensation as agreed with Labour through a Collective Agreement.
- A review of our policies and procedures is ongoing, including remuneration and performance management framework.
- Ongoing engagements with Labour are necessary to understand, manage and respond to Labour needs and expectations.

## 1.2 PROJECT SIYAKHA

Project Siyakha, an organisational review project, that kicked off in the previous financial year remained the key focus area for the organisation and Human Capital division. The key deliverables that were approved during the year included:

- The SIU organisational structure;
- The new value chain;

- Job profiles and
- Job grades.

A task team made up of management and union representatives was tasked to propose placement of staff from the old to the new organisational structure using placement principles that were developed through the leadership of consultants who assisted the organisation.

This exercise culminated in the issuing of individual placement letters that confirmed the placement of employees into the new organisational structure effect 1 April 2019.

Consultations with Labour on the Remuneration strategy and policy is in progress and it is envisaged that it will be concluded in the coming financial year.

## 1.3 KEY ACHIEVEMENTS

### 1.3.1 STAFFING

- At the end of the Financial Year 2018/19, our staff complement totalled 532, of which 513 (97%) were permanent and 19 (3%) are fixed term as compared to 2017/18 with 516.
- The proposition on Women employed at Senior and Top Management is now 24, which represent 7% of the total Management workforce.
- The Executive and Top Management vacancies were 100% filled in the year 2018/19.

### 1.3.2 TRAINING & DEVELOPMENT

- To equip investigators with skills that enable them to face a complex digital environment and manage digital evidence, a Cyber Forensics First Responder Program was rolled out to 254 SIU members in the core function.
- The programme provides methods to collect and seize information from devices on a high level. It gives the delegate a broad understanding of the various methodologies which could be used in gathering information, determining the criticality of various pieces of information stored in digital media. It also provides insight into the various Acts which would come into play when collecting digital information with a broad idea of the responsibilities of the first responder.

- SIU has successfully launched e-learning (moodle) as a platform for training programs across the board. A total of 9 SIU members have been trained as e-designers to design and develop programs on this e-learning platform.
- A total of 111 SIU members have been awarded bursaries at an actual cost of R1 070 380.18 for the period under review.

### 1.3.3 EMPLOYEE WELLNESS AND OHS

- Various Wellness Programs have been rolled out to the organisation which in the main include, but are not limited to; Health Risk Assessments, Breast Cancer Awareness and Drug Awareness.
- The Occupational Health and Safety Audit that took place during the year under review has indicated that SIU is 71% compliant, which is 14% above the average of external Safety, Health, Environment and Quality (SHEQ).



## 2. HUMAN CAPITAL OVERSIGHT STATISTICS

### 2.1 PERSONNEL RELATED EXPENDITURE

#### 2.1.1 PERSONNEL EXPENDITURE BY CATEGORY

PROGRAMME	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL PERSONNEL EXP.	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Management	29 743	7.6%	26	1 144
Operations	319 215	81.4%	412	775
Support	43 410	11%	94	462
<b>Total</b>	<b>392 368</b>	<b>100%</b>	<b>532</b>	<b>738</b>

#### 2.1.2 PERSONNEL COSTS BY OCCUPATIONAL LEVEL

OCCUPATIONAL LEVEL	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL PERSONNEL EXP.	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	30 951	7.9%	12	2579
Senior Management	22 511	5.7%	25	900
Professional qualified	183 617	46.8%	170	1080
Skilled	118 862	30.3%	191	622
Semi-skilled	34 734	8.9%	124	280
Unskilled	1 693	0.4%	10	169
<b>TOTAL</b>	<b>392 368</b>	<b>100%</b>	<b>532</b>	<b>738</b>

### 2.2 EMPLOYMENT AND VACANCIES

#### 2.2.1 EMPLOYMENT AND VACANCIES BY PROGRAMME AS AT 31 MARCH 2019

PROGRAMME	2018/2019 APPROVED POSTS	NO. OF EMPLOYEES 2018/2019	2018/2019 VACANCIES	% OF VACANCIES
Operations	496	441	55	11%
Administration	108	91	16	15%
<b>TOTAL</b>	<b>603</b>	<b>532</b>	<b>71</b>	<b>12%</b>

Note: The number of approved posts is as per the MTEF

## 2.2.2 EMPLOYMENT AND VACANCIES BY OCCUPATIONAL LEVELS AS AT 31 MARCH 2019

SALARY BAND	2018/2019 APPROVED POSTS	NO. OF EMPLOYEES 2018/2019	2018/2019 VACANCIES	% OF VACANCIES
Top Management	8	1	7	88%
Senior Management	54	34	20	37%
Professional qualified	187	169	18	10%
Skilled	219	193	26	12%
Semi-skilled	125	125	0	0%
Unskilled	10	10	0	0%
<b>TOTAL</b>	<b>603</b>	<b>532</b>	<b>71</b>	<b>12%</b>

## 2.3 EMPLOYMENT CHANGES

## 2.3.1 ANNUAL TURNOVER RATES BY OCCUPATIONAL LEVEL

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	INTERNAL STAFF MOVEMENTS	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	1	+8	4	1	12
Senior Management	33	-8	1	1	25
Professional qualified	171	-1	2	2	170
Skilled	174	+1	20	4	191
Semi-skilled	126	0	1	3	124
Unskilled	11	0	0	1	10
<b>Total</b>	<b>516</b>		<b>28</b>	<b>12</b>	<b>532</b>

## 2.3.2 REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	1	8%
Resignation	7	58%
Dismissal	0	0%
Retirement	2	17%
Ill health	0	0%
Expiry of contract	1	8%
Retrenched	1	8%
<b>Total</b>	<b>12</b>	<b>100%</b>

## 2.4 EMPLOYMENT EQUITY

### 2.4.1 TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL LEVELS AS AT 31 MARCH 2019

LEVELS	MALE									
	AFRICAN		COLOURED		INDIAN		WHITE		TOTAL	
	CURRENT	AS % OF TOTAL	CURRENT	AS % OF TOTAL	CURRENT	AS % OF TOTAL	CURRENT	AS % OF TOTAL	CURRENT	AS % OF TOTAL
Top Management	4	1%	1	0%	1	0%	1	0%	7	3%
Senior Management	5	2%	1	0%	1	0%	9	3%	16	6%
Professional qualified	49	18%	14	5%	16	6%	37	14%	116	43%
Skilled	81	30%	7	3%	11	4%	4	2%	103	38%
Semi-skilled	26	9%	0	0%	0	0%	3	1%	29	10%
Unskilled	0	0%	0	0%	0	0%	0	0%	0	0%
<b>TOTAL</b>	<b>165</b>	<b>60%</b>	<b>23</b>	<b>8%</b>	<b>29</b>	<b>11%</b>	<b>54</b>	<b>21%</b>	<b>271</b>	<b>100%</b>

LEVELS	FEMALE									
	AFRICAN		COLOURED		INDIAN		WHITE		TOTAL	
	CURRENT	AS % OF TOTAL	CURRENT	AS % OF TOTAL	CURRENT	AS % OF TOTAL	CURRENT	AS % OF TOTAL	CURRENT	AS % OF TOTAL
Top Management	4	2%	0	0%	0	0%	0	0%	4	2%
Senior Management	4	2%	1	0%	2	1%	3	1%	10	4%
Professional qualified	21	8%	2	1%	4	2%	26	10%	53	20%
Skilled	46	18%	5	2%	12	5%	25	10%	88	34%
Semi-skilled	77	30%	4	2%	7	3%	8	3%	96	37%
Unskilled	10	4%	0	0%	0	0%	0	0%	10	4%
<b>TOTAL</b>	<b>162</b>	<b>62%</b>	<b>12</b>	<b>5%</b>	<b>25</b>	<b>10%</b>	<b>62</b>	<b>24%</b>	<b>261</b>	<b>100%</b>

## 2.5 PERFORMANCE REWARDS

### 2.5.1 PERFORMANCE REWARDS BY OCCUPATIONAL LEVEL

SALARY BAND	PERFORMANCE REWARDS (R'000)	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Top Management	1 325	30 951	4.28%
Senior Management	2 480	22 511	11.02%
Professional qualified	19 786	183 617	10.78%
Skilled	7 421	118 862	6.24%
Semi-skilled	2 939	34 734	8.46%
Unskilled	232	1 693	13.70%
<b>TOTAL</b>	<b>34 183</b>	<b>392 368</b>	<b>8.71%</b>

## 2.6 LABOUR RELATIONS

### 2.6.1 MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	0
Written Warning	2
Final Written warning	1
Dismissal	0
<b>Total</b>	<b>3</b>

OUTCOMES OF DISCIPLINARY HEARINGS	NUMBER	% OF TOTAL
Verbal warning	0	
Written warning	2	40%
Final written warning	1	20%
Retrenchment	1	20%
Not guilty	0	
Case withdrawn	1	20%
<b>Total</b>	<b>5</b>	<b>100%</b>

### 2.6.2 TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS

TYPE OF MISCONDUCT	NUMBER	% OF TOTAL
Dishonesty and unauthorised absence from workplace while on duty	0	
Absence from work without approval by line manager	0	
<b>Total</b>	<b>0</b>	

### 2.6.3 GRIEVANCES LODGED

GRIEVANCES	NUMBER	% OF TOTAL
Number of grievances resolved	2	22%
Number of grievances not resolved	7	78%
<b>Total number of grievances lodged</b>	<b>9</b>	<b>100%</b>

### 2.6.4 DISPUTES LOGGED WITH CCMA

DISPUTES	NUMBER	% OF TOTAL
Total number of disputes lodged that are ongoing	9	100%
Number of disputes upheld	0	0%
Number of disputes dismissed	0	0%

## 2.7 SKILLS DEVELOPMENT

### 2.7.1 TRAINING COSTS

OCCUPATIONAL LEVEL	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST.	NO. OF EMPLOYEES TRAINED	AVG TRAINING COST PER EMPLOYEE (R'000)
Top Management	30,951	R 96	0.31%	9	R 11
Senior Management	22,511	R 233	1.04%	35	R 7
Professional Qualified	183,617	R 269	0.15%	26	R 10
Skilled	118,862	R 513	0.43%	156	R 3
Semi-skilled	34,734	R 418	1.20%	80	R 5
Unskilled	1,693	R 0.00	0.00%	0	R 0
<b>TOTAL</b>	<b>R 392,368</b>	<b>R 1,530</b>	<b>0.39%</b>	<b>306</b>	<b>R 5</b>

### 2.7.2 TRAINING NEEDS IDENTIFIED FOR THE PERIOD

OCCUPATIONAL LEVEL	GENDER	NUMBER OF EMPLOYEES AS AT 1 APRIL 2018	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD			
			SKILLS PROGRAMMES	OTHER SHORT COURSE	OTHER FORMS OF TRAINING	TOTAL
Top Management	Female	0	0	0	0	0
	Male	1	0	1	0	1
Senior Management	Female	11	8	0	3	11
	Male	22	17	2	3	22
Professional Qualified	Female	53	31	8	9	48
	Male	117	95	8	14	117
Skilled	Female	79	34	9	21	64
	Male	96	54	20	18	92
Semi-skilled	Female	96	0	16	28	44
	Male	30	0	1	3	4
Unskilled	Female	11	0	0	2	2
	Male	0	0	0	0	0
Sub Total	Female	250	73	33	63	169
	Male	266	166	32	38	236
<b>Total</b>		<b>516</b>	<b>239</b>	<b>65</b>	<b>101</b>	<b>405</b>

## 2.7.3 TRAINING PROVIDED FOR THE PERIOD

OCCUPATIONAL LEVEL	GENDER	NUMBER OF EMPLOYEES AS AT 31 MARCH 2019	TRAINING PROVIDED WITHIN THE REPORTING PERIOD			
			SKILLS PROGRAMMES	OTHER SHORT COURSE	OTHER FORMS OF TRAINING	TOTAL
Top Management	Female	5	1	1	1	3
	Male	8	3	1	2	6
Senior Management	Female	10	4	5	1	10
	Male	21	10	12	3	25
Professional Qualified	Female	43	1	1	6	8
	Male	107	1	4	13	18
Skilled	Female	156	15	43	10	68
	Male	128	18	47	23	88
Semi-skilled	Female	38	16	26	24	66
	Male	8	5	6	3	14
Unskilled	Female	8	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	257				
	Male	269				
Total		532	74	146	86	306

## 2.8 INJURY ON DUTY

## 2.8.1 INJURY ON DUTY

NATURE OF INJURY ON DUTY	NUMBER	% OF TOTAL
Required basic medical attention only	5	100%
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	5	100%

# PART E FINANCIAL INFORMATION

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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 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 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 it is ultimately responsible for the system of internal financial control established by the entity and places 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 ending 31 March 2020 and, in the light of this review and the current financial position, it 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, it is supported by the entity's external auditors.

The external auditors are responsible for independently reviewing 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 75.

The annual financial statements set out on pages 79 to 122, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July, 2019 and were signed on its behalf by:



**Adv JL Mothibi**

Accounting Authority  
31 July 2019

## 2. REPORT OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SPECIAL INVESTIGATING UNIT

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### OPINION

1. I have audited the financial statements of the Special Investigating Unit set out on pages 79 to 122, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual amounts 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 2019, 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 sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) 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 codes.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 SA Standards of GRAP and the requirements of the 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 appropriate governance structure 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.

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### 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 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/ measures 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 2019:

PROGRAMME	PAGES IN THE ANNUAL PERFORMANCE REPORT
Programme 2 – Investigation and Legal Counsel	22-23

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 this programme: Programme 2 – Investigation and Legal Counsel

### OTHER MATTERS

15. I draw attention to the matters below.

#### Achievement of planned targets

16. Refer to the annual performance report on pages 19 to 24 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a number of targets.

#### Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Investigation and Legal Counsel. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### INTRODUCTION AND SCOPE

18. 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.
19. 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.

### OTHER INFORMATION

20. 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 those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

21. 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.
22. 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.
23. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

#### INTERNAL CONTROL DEFICIENCIES

24. 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 2019



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

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 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 Investigation 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 a 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.

## 3. STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH, 2019

	NOTE(S)	2019 R	2018 R
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Receivables from exchange transactions	6	65,811,681	58,885,074
Bank balance - Recoveries	10	36,386,648	32,652,455
Cash and cash equivalents	7	554,423,539	513,987,790
		<b>656,621,868</b>	<b>605,525,319</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	39,827,496	42,534,909
Intangible assets	4	3,025,999	2,741,007
		<b>42,853,495</b>	<b>45,275,916</b>
<b>Total Assets</b>		<b>699,475,363</b>	<b>650,801,235</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Other financial liabilities	8	502,888	545,538
Operating lease liability	5	2,488,164	1,345,079
Payables from exchange transactions	11	43,278,783	36,410,507
Provisions	9	42,110,363	33,352,314
Payables - Recoveries	10	36,386,648	32,652,455
		<b>124,766,846</b>	<b>104,305,893</b>
<b>Total Liabilities</b>		<b>124,766,846</b>	<b>104,305,893</b>
<b>Net Assets</b>		<b>574,708,517</b>	<b>546,495,342</b>
<b>Accumulated surplus</b>		<b>574,708,517</b>	<b>546,495,342</b>

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH, 2019

	NOTE(S)	2019 R	2018 R
<b>REVENUE</b>			
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Rendering of services	12	255,366,403	285,814,803
Interest received	12	29,437,743	16,870,377
Other income	14	-	13,118
<b>Total revenue from exchange transactions</b>		<b>284,804,146</b>	<b>302,698,298</b>
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	12	357,099,000	346,177,000
CARA funds	15	178,164	3,323,334
Rental of premises paid on behalf of the SIU	12	6,016,385	5,647,916
<b>Total revenue from non-exchange transactions</b>		<b>363,293,549</b>	<b>355,148,250</b>
<b>Total revenue</b>	12	<b>648,097,695</b>	<b>657,846,548</b>
<b>EXPENDITURE</b>			
Employee related costs	16	(399,606,035)	(362,085,226)
Depreciation and amortisation	3&4	(7,315,787)	(6,964,126)
Debt impairment	17	(89,541,548)	(51,417,334)
Operating lease expenses	13	(38,460,886)	(36,173,079)
Professional Services	18	(818,672)	(535,374)
Loss on disposal of assets	19	(190,167)	(20,545)
General Expenses	20	(83,951,428)	(79,714,024)
<b>Total expenditure</b>		<b>(619,884,523)</b>	<b>(536,909,708)</b>
<b>Surplus for the year</b>		<b>28,213,172</b>	<b>120,936,840</b>



# STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH, 2019

	ACCUMULATED SURPLUS R	TOTAL NET ASSETS R
<b>Balance at 1 April, 2017</b>	425,558,502	425,558,502
<i>Changes in net assets</i>		
Surplus for the year	120,936,840	120,936,840
Total changes	120,936,840	120,936,840
<b>Balance at 1 April, 2018</b>	<b>546,495,345</b>	<b>546,495,345</b>
<i>Changes in net assets</i>		
Surplus for the year	28,213,172	28,213,172
Total changes	28,213,172	28,213,172
<b>Balance at 31 March, 2019</b>	<b>574,708,517</b>	<b>574,708,517</b>

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2019

	NOTE(S)	2019 R	2018 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Services rendered		160,070,477	310,406,073
Grants		357,099,000	346,177,000
Interest received		29,437,743	16,870,377
Other income		-	13,118
		<b>546,607,220</b>	<b>673,466,568</b>
<b>PAYMENTS</b>			
Employee related costs		(390,847,987)	(362,787,933)
Service providers		(109,424,097)	(85,711,845)
		<b>(500,272,084)</b>	<b>(448,499,778)</b>
<b>Net cash flows from operating activities</b>	22	<b>46,335,136</b>	<b>224,966,790</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	3	(6,362,926)	(4,388,326)
Proceeds from insurance claims	3	913,980	388,776
Purchase of other intangible assets	4	(450,441)	(784)
<b>Net cash flows from investing activities</b>		<b>(5,899,387)</b>	<b>(4,000,334)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>40,435,749</b>	<b>220,966,456</b>
Cash and cash equivalents at the beginning of the year		513,987,790	293,021,334
<b>Cash and cash equivalents at the end of the year</b>	7	<b>554,423,539</b>	<b>513,987,790</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH, 2019

	APPROVED BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL AMOUNTS ON COMPARABLE BASIS R	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL R	REFERENCE
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>						
<b>REVENUE</b>						
<b>Revenue from exchange transactions</b>						
Rendering of services	244,195,000	27,114,000	271,309,000	255,366,403	(15,942,597)	31.1
Interest received	17,791,000	9,739,000	27,530,000	29,437,743	1,907,743	31.2
<b>Total revenue from exchange transactions</b>	<b>261,986,000</b>	<b>36,853,000</b>	<b>298,839,000</b>	<b>284,804,146</b>	<b>(14,034,854)</b>	
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	357,099,000	-	357,099,000	357,099,000	-	
CARA funds	-	-	-	178,164	178,164	
Rental of premises paid on behalf of the SIU	5,801,000	-	5,801,000	6,016,385	215,385	
<b>Total revenue from non-exchange transactions</b>	<b>362,900,000</b>	<b>-</b>	<b>362,900,000</b>	<b>363,293,549</b>	<b>393,549</b>	
<b>Total revenue</b>	<b>624,886,000</b>	<b>36,853,000</b>	<b>661,739,000</b>	<b>648,097,695</b>	<b>(13,641,305)</b>	
<b>EXPENDITURE</b>						
Employee related costs	(458,748,000)	7,617,442	(451,130,558)	(399,606,035)	51,524,523	31.3
Depreciation and amortisation	(7,382,000)	(1,493,030)	(8,875,030)	(7,315,787)	1,559,243	
Debt impairment	(53,908,882)	(23,465,499)	(77,374,381)	(89,541,548)	(12,167,167)	31.4
Lease rentals on operating lease	(37,651,714)	-	(37,651,714)	(38,460,886)	(809,172)	
Professional services	(468,816)	(512,301)	(981,117)	(818,672)	162,445	
Loss on disposal of assets	-	-	-	(190,167)	(190,167)	
General Expenses	(66,726,588)	(18,999,612)	(85,726,200)	(83,951,428)	1,774,772	31.5
<b>Total expenditure</b>	<b>(624,886,000)</b>	<b>(36,853,000)</b>	<b>(661,739,000)</b>	<b>(619,884,523)</b>	<b>41,854,477</b>	
<b>Surplus before taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,213,172</b>	<b>28,213,172</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,213,172</b>	<b>28,213,172</b>	

# ACCOUNTING POLICIES

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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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.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, 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 entity will continue to operate as a going concern for at least the next 12 months.

### 1.3 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

### 1.4 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:

**Trade receivables**

The entity assesses its trade 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. 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.

**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 a past event 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 or where there is a liability that cannot be recognised because it cannot be measured reliably.

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

The entity's management determines the estimated useful lives and related depreciation charges for property, plant, equipment and other assets. This estimate is based on industry norm and on the pattern in which an asset's future economic benefit to 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 the depreciation charge where useful lives are more than previously estimated useful lives. .

**Effective interest rate**

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

**Allowance for doubtful debts**

On debtors 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 debtors carrying amount and the expected amount to be received in future. The future present value of estimated future cash flows is not calculated, as the potential timeframes of receiving future payments are unknown and can vary materially, based on past experience.

## 1.5 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 is 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.

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 cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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 on the straight line basis 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 fixtures	Straight line	20 years
Motor vehicles	Straight line	08 years
Office equipment	Straight line	15 years
IT equipment	Straight line	10 years
Leasehold improvements	Straight line	Over period of the property lease

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

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 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 unless it is included in the carrying amount of another asset.

Items of 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.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

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.

## 1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets 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.



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.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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.

Intangibles assets are initially measured at cost.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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, on a straight line basis, to their residual values as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight line	25 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

## 1.7 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.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### 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.

### 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.

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or

- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

### 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. The impairment is measured as the difference between the debtors carrying amount and the expected amount to be received in future. The future present value of estimated future cash flows is not calculated, as the potential timeframes of receiving future payments are unknown and can vary materially, based on past experience. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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 directly OR by adjusting an allowance account. The reversal does not result in a 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.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

## 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.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

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.

### **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).

## 1.8 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 items such as:

- 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 a service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- 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 an 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, an 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.



## 1.9 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.

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

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

## 1.10 COMMITMENTS

Items are classified as commitments when an 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-cancellable or only cancellable 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.

## 1.11 REVENUE FROM EXCHANGE TRANSACTIONS

### Measurement

#### *Rendering of services*

In terms of section 5(b) of the SIU Act, Act 74 of 1996 as amended, the SIU may recover fees from State Institutions for investigation services rendered. The fees that are charged by the SIU are based on a recovery model, where the number of hours spent are charged at certain rates for the different resources that are charged with a specific investigation.

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 effort spent multiplied by the hourly rates 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;
- 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 number of hours spent multiplied by the rates per resource.

## 1.12 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an 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.

The SIU derives a major portion of its revenue from the following sources:

### Government grant

The SIU receives an annual grant from the central fiscus, that is governed by National Treasury's budgeting cycles and is allocated as part of the grants to the SIU's Executive Authority, the Department of Justice and Constitutional Development.

### CARA Income

In terms of section 68 of the Prevention of Organised Crime Act, 1998 (Act No 121 of 1998), (POCA), Cabinet may approve, based on recommendations by the Criminal Asset Recovery Committee (CARC), amounts for use by law enforcement agencies in the fight against crime. The SIU is allowed to apply for funding for specific projects as a law enforcement agency. The overall administration of the Criminal Asset Recovery Assets (CARA) is handled by the Department of Justice and Constitutional Development.

**Other income**

The SIU occupies certain office buildings that are managed under the Department of Public Works. The SIU does not pay for this accommodation and is therefore treated as “revenue in kind”.

**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.

**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 recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognises the related revenue 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 discloses the nature and type of services in-kind received during the reporting period.

**1.13 INVESTMENT INCOME**

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

## 1.14 ACCOUNTING BY PRINCIPALS AND AGENTS

### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

### Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

### Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

### Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the SIU has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

## Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

The SIU has a principal / agent relationship with several state institutions. Refer to Note 15 for the relevant details.

## 1.15 COMPARATIVE FIGURES

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

## 1.16 FRUITLESS AND WASTEFUL EXPENDITURE

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

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.

## 1.17 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 incurred, unless it is impractical to determine, in which case reasons thereof are provided in the notes.

Irregular expenditure receivables are measured at the amount that is expected to be recovered and are de-recognised when settled or written-off as irrecoverable.

Irregular expenditure must be removed from the balance of the irregular expenditure notes when is either

- (a) condoned by the relevant authority if no official was found to be liable in law;
- (b) recovered from an official liable in law;
- (c) written-off if it is irrecoverable from an official liable in law;
- (d) written-off if it is not condoned and not recoverable.

### 1.18 SEGMENT INFORMATION

The SIU manages the operations as a combined operations with the Head of the Unit making key financial and operational decisions based on the combined operations of the SIU that includes National, Provincial and Local Government proclamations and related investigations. Resources allocation, assets and liabilities are also managed on a combined basis and, as such, the organisation has a single reporting entity. Although the SIU has 9 geographically spread offices based in 8 of the 9 provinces, the resources in those offices work on all three spheres of state institution investigations. There are no distinct economic benefits attached to the respective regional offices, with investigations and civil legal proceedings undertaken in all different parts of the country.

### 1.19 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-18 to 31-Mar-19.

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 has been included in the Statement of comparison of budget and actual amounts.

### 1.20 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.

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.

#### 1.21 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 will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

#### 1.22 LEASES

A lease is classified as 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.

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.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1 STANDARDS AND INTERPRETATIONS EARLY ADOPTED

The entity has chosen to early adopt the following standards and interpretations:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE:	
	YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
GRAP 20: Related parties	1 April, 2019	The adoption of this statement has not had a material impact on the results of the SIU, but has resulted in more disclosure than would have previously been provided in the financial statements
GRAP 109: Accounting by Principals and Agents	1 April, 2019	Early adoption of this statement had an impact on treatment of CARA Funds received from the Department of Justice & Constitutional Development. Refer to Note 15 on CARA funds for more details.

### 2.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The SIU has not applied the following standards and interpretations, which have been published and are mandatory for the SIU's accounting periods beginning on or after 1 April, 2019 or later periods:

#### GRAP 104 (revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board amended its existing Standards to deal with these issues. The IASB issued IFRS Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS on Financial Instruments: Presentation and the IFRS Standard on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

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

The entity expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

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

#### **IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue**

The amendments to this Interpretation of the Standard of GRAP clarifies that the entity should also consider other factors in assessing the probability of future economic benefits or service potential to the entity. Entities are also uncertain of the extent to which factors, other than the uncertainty about the collectability of revenue, should be considered when determining the probability of the inflow of future economic benefits or service potential on initial recognition of revenue. For example, in providing certain goods or services, or when charging non-exchange revenue, the amount of revenue charged may be reduced or otherwise modified under certain circumstances. These circumstances include, for example, where the entity grants early settlement discounts, rebates or similar reductions based on the satisfaction of certain criteria, or as a result of adjustments to revenue already recognised following the outcome of any review, appeal or objection process.

The consensus is that on initial recognition of revenue, an entity considers the revenue it is entitled to, following its obligation to collect all revenue due to it in terms of legislation or similar means. In addition, an entity considers other factors that will impact the probable inflow of future economic benefits or service potential, based on past experience and current facts and circumstances that exist on initial recognition.

An entity applies judgement based on past experience and current facts and circumstances.

The effective date of the amendment is for years beginning on or after 1 April, 2020.

The entity expects to adopt the interpretation for the first time in the 2020/2021 annual financial statements.

The impact of this standard is currently being assessed.

#### **IGRAP 20 - Accounting for Adjustments to Revenue**

Interpretation to the statement clarifies the accounting for adjustments to:

- (a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
- (b) interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process.

Some revenue is based on prescribed tariffs, bases, percentages or formulas that are promulgated in legislation or similar means after the completion of a due process. Revenue charge can be appealed by the person or entity responsible for the payment of the revenue charged through the following processes:

- (a) an appeal or objection process established by the entity that charged the revenue;
- (b) specific legislation or similar means that establishes an appeal and/or an objection process; and/or
- (c) another legal process.

The entity that charges revenue can only apply its own internal review process to assess if the revenue was charged correctly in terms of the prescribed tariff, basis, percentage or formula as promulgated in legislation or similar means. This may result in the entity itself identifying that the revenue already recognised needs to be adjusted.

Following the factors indicated above, this interpretation addresses how revenue already recognised, including interest and penalties, is adjusted when;

- (a) a due process was not followed in promulgating that the tariff, basis, percentage or formula that led to the charging of the revenue;
- (b) the tariff, basis percentage or formula was incorrectly applied in charging revenue; and/or
- (c) an estimate may need revision as a result of changes in the circumstances on which the estimate was based, or as a result of changes in the information that becomes known to the entity.

### **Consensus**

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the entity, the following considerations may be applied to determine whether adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

- (a) if information becomes known to the entity, and the entity could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.
- (b) if information becomes known to the entity, but the entity could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

The effective date of the amendment is for years beginning on or after 01 April 2020.

Management is still considering the date on which the statement will be adopted,

The entity expects to adopt the amendment for the first time in the 2019/2020 annual financial statements.

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

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 SIU expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

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

### 3. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	COST / VALUATION R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST / VALUATION R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Leasehold property	7,151,069	(5,438,786)	1,712,283	7,573,814	(5,951,133)	1,622,681
Furniture and fixtures	2,517,244	(993,355)	1,523,889	2,471,631	(942,301)	1,529,330
Motor vehicles	22,102,351	(5,591,549)	16,510,802	19,422,925	(3,950,227)	15,472,698
Office equipment	9,239,794	(4,360,886)	4,878,908	8,941,529	(4,461,381)	4,480,148
IT equipment	39,618,765	(24,417,151)	15,201,614	43,363,258	(23,933,206)	19,430,052
<b>Total</b>	<b>80,629,223</b>	<b>(40,801,727)</b>	<b>39,827,496</b>	<b>81,773,157</b>	<b>(39,238,248)</b>	<b>42,534,909</b>

#### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2019

	OPENING BALANCE R	ADDITIONS R	DISPOSALS * R	DEPRECIATION R	TOTAL R
Leasehold property	1,622,681	672,167	(91,748)	(490,817)	1,712,283
Furniture and fixtures	1,529,330	801,257	(680,236)	(126,462)	1,523,889
Motor vehicles	15,472,698	3,305,417	(342,008)	(1,925,305)	16,510,802
Office equipment	4,480,148	1,318,647	(301,938)	(617,949)	4,878,908
IT equipment	19,430,052	265,438	(504,070)	(3,989,806)	15,201,614
	<b>42,534,909</b>	<b>6,362,926</b>	<b>(1,920,000)</b>	<b>(7,150,339)</b>	<b>39,827,496</b>

#### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2018

	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	DEPRECIATION R	TOTAL R
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>

\*Refer to Note 19 for the loss in disposal of property, plant and equipment.

#### PLEGDED AS SECURITY

None of the above property, plant and equipment is pledged as security

	2019 R	2018 R
<b>REPAIRS AND MAINTENANCE</b>		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance	718,871	408,197

#### 4. INTANGIBLE ASSETS

	2019			2018		
	COST / VALUATION R	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST / VALUATION R	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Computer software	5,295,776	(2,269,777)	3,025,999	4,845,335	(2,104,328)	2,741,007

##### RECONCILIATION OF INTANGIBLE ASSETS - 2019

	OPENING BALANCE R	ADDITIONS R	AMORTISATION R	TOTAL R
Computer software	2,741,007	450,441	(165,449)	3,025,999

##### RECONCILIATION OF INTANGIBLE ASSETS - 2018

	OPENING BALANCE R	ADDITIONS R	AMORTISATION R	TOTAL R
Computer software	2,913,843	784	(173,620)	2,741,007

#### 5. OPERATING LEASE ASSET

	2019 R	2018 R
Operating lease	(2,488,164)	(1,345,079)

This balance represents the difference between the contractual amounts payable over the lease period and the straight lined amounts as per the requirements of GRAP 13.

#### 6. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2019 R	2018 R
Trade debtors	63,921,888	58,011,623
Deposits	70,733	70,733
Prepaid expenses	1,493,113	514,050
Staff study loans	149,577	182,762
Other staff debt	176,370	105,906
	<b>65,811,681</b>	<b>58,885,074</b>

##### TRADE AND OTHER RECEIVABLES PLEDGED AS SECURITY

None of the trade and other receivables were pledged as security.

##### CREDIT QUALITY OF TRADE AND OTHER RECEIVABLES

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.

6. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)	2019 R	2018 R
<b>TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED</b>		
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March, 2019, R 32,352,439 - (2018: R 13,689,982) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
2 months and more past due	32,352,439	13,689,982

#### Trade and other receivables impaired

As of 31 March 2019, trade and receivables of R 493,362,155- (2018: R 397,910,343) were impaired and provided for.

The amount of the provision was R (429,440,268) as of 31 March, 2019 (2018: R 339,898,720).

#### RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

Opening balance	339,898,720	288,481,386
Provision for impairment	89,541,548	51,417,334
	<b>429,440,268</b>	<b>339,898,720</b>

#### 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	64,000	64,000
Bank balances	554,359,539	513,923,790
	<b>554,423,539</b>	<b>513,987,790</b>

Included in the above bank balance of R 554,423,539 (2018: R 513,987,790) is an employee saving scheme of R 502,888 (2018: R 545,538). 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 8 for further details and terms.

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 will submit a draft declaration and request to retain all of its surpluses to National Treasury on 30 June 2019, with the final submission to be made in August 2019 once the Annual Financial Statements has been audited and approved finally by the end of July 2019.

#### 8. OTHER FINANCIAL LIABILITIES

<b>AT AMORTISED COST</b>		
Employee savings scheme	502,888	545,538
The balance represents employee savings scheme. Refer to note 7 for more details.		
<b>CURRENT LIABILITIES</b>		
At amortised cost	502,888	545,538

**9. PROVISIONS**

RECONCILIATION OF PROVISIONS - 2019	OPENING BALANCE R	ADDITIONS R	UTILISED DURING THE YEAR R	TOTAL R
Performance bonuses	33,352,314	42,110,363	(33,352,314)	42,110,363

RECONCILIATION OF PROVISIONS - 2018	OPENING BALANCE R	ADDITIONS R	UTILISED DURING THE YEAR R	TOTAL R
Performance bonuses	23,834,116	32,270,587	(22,752,389)	33,352,314

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 employee's salary beyond the top of his/her salary band or where the employee is already at the top or above the top of his/her salary band, his/ her 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 year's performance related increase.

The net effect of the above policy is that all employees who qualifies 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.

**10. BANK BALANCE - RECOVERIES****BANK BALANCE - RECOVERIES / PAYABLES**

	OPENING BALANCE R	COLLECTIONS R	PAYMENTS DURING THE PERIOD R	NET MOVEMENT IN INTEREST & BANK CHARGES R	TOTAL R
Movements - current financial year	32,652,455	7,411,967	(2,098,771)	(1,579,003)	36,386,648

**BANK BALANCE - RECOVERIES / PAYABLES**

	OPENING BALANCE R	COLLECTIONS R	PAYMENTS DURING THE PERIOD R	NET MOVEMENT IN INTEREST & BANK CHARGES R	TOTAL R
Movements - current financial year	25,059,827	8,729,145	(581,234)	(555,283)	32,652,455

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.



11. PAYABLES FROM EXCHANGE TRANSACTIONS	2019 R	2018 R
Trade payables	19,176,077	19,459,196
CARA & other funds received in advance *	4,424,521	152,685
Accrued leave pay	19,678,185	16,798,626
	<b>43,278,783</b>	<b>36,410,507</b>

\* Refer to note 15 for more details.

The reason for the high increase in payables is due to increase in CARA funding received in advance (R 4,271,836) and increase in accrued leave due to members of the SIU.

## 12. REVENUE

Rendering of services	255,366,403	285,814,803
Interest received	29,437,743	16,870,377
Other income 1	-	13,118
Government grants & subsidies	357,099,000	346,177,000
CARA funds	178,164	3,323,334
Rental of premises paid on behalf of the SIU *	6,016,385	5,647,916
	<b>648,097,695</b>	<b>657,846,548</b>

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

Rendering of services	255,366,403	285,814,803
Interest received	29,437,743	16,870,377
Other income	-	13,118
	<b>284,804,146</b>	<b>302,698,298</b>

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

### TRANSFER REVENUE

Government grants & subsidies	357,099,000	346,177,000
CARA funds	178,164	3,323,334
Rental of premises paid on behalf of the SIU*	6,016,385	5,647,916
	<b>363,293,549</b>	<b>355,148,250</b>

\* The East London & Mthatha office leases are paid for by the Department of Public Works and are not refundable by the SIU

## 13. OPERATING LEASE EXPENSES

<b>PREMISES</b>		
Straight line lease expenditure	37,595,705	35,639,323
<b>OFFICE EQUIPMENT</b>		
Printing equipment	781,202	486,406
<b>OTHER</b>		
Office plant rentals	83,979	47,350
	<b>38,460,886</b>	<b>36,173,079</b>

14. OTHER REVENUE	2019 R	2018 R
Other income	-	13,118

Other revenue during the previous financial year consists primarily of cash received from sales of tender documents. Effective 2018/19 financial year, costs are no longer recovered as in almost all the cases tender documents are accessed electronically.

#### 15. CARA FUNDS

Transfers received from Department of Justice	178,164	3,323,334
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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). Breakdown of the amount is as follows:

- i) R 23 million for communication Strategy activities by the Government Communication and Information Systems (GCIS) in line with the Anti-Corruption Strategy. The amount transferred to the SIU is R 20,450,000 with the full amount being transferred to GCIS. The amount that still needs to be transferred from the DOJ in the 2019/20 financial year, and then from the SIU to GCIS is R 2,550,000.
- ii) R5,8 million for ethics training of Government officials through the Department of Public Service and Administration (DPSA) and the School of Government. The amount transferred to the SIU is R 5,800,000. R 5,426,100 has been transferred by the SIU to DPSA. The remaining balance of R 373,900 which will be transferred to DPSA during the 2019/20 financial year is disclosed as part of accounts payable.
- iii) R8.2 million to develop a National Anti-Corruption Strategy for South Africa, including the activities of the National Anti-Corruption Forum (R3,75 million). The amount of R 3,750,000 for the National Anti-Corruption Forum is managed by the Public Service Commission (PSC). The total amount R 3,750,000 has been transferred to the SIU and further transferred to the PSC.

The balance of R 4,450,000 is allocated to the Department of Planning, Monitoring and Evaluation for the National Anti-Corruption Strategy Development. The full amount of R 4,450,000 is managed by the SIU and has been transferred by the DOJ in full. R 178,164 of this amount was used during the 2018/19 financial and has been recognised as income and expenditure in the Statement of Financial Performance. The balance of R 4,271,836 is disclosed as income received in advance.

- iv) R5 million for the establishment of the Special Tribunal under the SIU Act. No amounts were transferred to the SIU as the responsibility of establishing the Special Tribunal is lying with the Department of Justice itself which means that they will manage the funds and expense it according to their needs.

#### 16. EMPLOYEE RELATED COSTS

Basic salaries	358,807,297	320,873,329
Provident fund	34,153,507	30,922,863
Leave pay provision charge	2,844,704	6,263,620
Travel, motor car, accommodation, subsistence and other allowances	1,837,863	1,813,839
UIF	1,032,006	1,388,826
Medical aid - company contributions	126,378	114,099
Acting allowances	747,229	652,382
Funeral benefits	57,051	56,268
	<b>399,606,035</b>	<b>362,085,226</b>

16. EMPLOYEE RELATED COSTS (CONTINUED)	2019 R	2018 R
<b>ADV. JL MOTHIBI - HEAD OF THE UNIT</b>		
Annual Remuneration	2,161,937	2,018,448
Contributions to UIF, Medical and Pension Funds	316,379	299,984
	<b>2,478,316</b>	<b>2,318,432</b>
<b>ADV. NC MAMPURU - DEPUTY HEAD OF THE UNIT</b>		
Annual Remuneration	1,768,652	972,380
Performance Bonus	171,875	-
Contributions to UIF, Medical and Pension Funds	150,119	83,062
	<b>2,090,646</b>	<b>1,055,442</b>
<b>ADV. GW VISAGIE - HEAD OF CIVIL LITIGATION</b>		
Annual Remuneration	1,473,455	1,380,443
Performance Bonus	279,603	103,346
Contributions to UIF, Medical and Pension Funds	295,132	275,182
	<b>2,048,190</b>	<b>1,758,971</b>
<b>MS MK NYATHI - HEAD OF BUSINESS SUPPORT</b>		
Annual Remuneration	827,825	1,652,049
Car Allowance	10,570	92,322
Performance Bonus	315,479	170,665
Contributions to UIF, Medical and Pension Funds	32,840	195,201
	<b>1,186,714</b>	<b>2,110,237</b>
Ms Nyathi's last working day was 31 May 2018.		
<b>MR A GERANDT - CHIEF FINANCIAL OFFICER</b>		
Annual Remuneration	1,585,181	1,622,555
Car Allowance	10,000	-
Performance Bonus	324,096	124,422
Contributions to UIF, Medical and Pension Funds	174,194	1,893
	<b>2,093,471</b>	<b>1,748,870</b>
<b>MR MT MKHUNGO - CHIEF RISK OFFICER</b>		
Annual Remuneration	1,188,085	1,035,452
Car Allowance	94,584	94,584
Performance Bonus	162,970	-
Contributions to UIF, Medical and Pension Funds	144,142	126,414
	<b>1,589,781</b>	<b>1,256,450</b>

16. EMPLOYEE RELATED COSTS (CONTINUED)	2019 R	2018 R
<b>MS ME LECHEKO - HEAD OF INTERNAL INTEGRITY UNIT</b>		
Annual Remuneration	1,214,180	1,112,124
Performance Bonus	63,974	-
Contributions to UIF, Medical and Pension Funds	138,452	125,391
	<b>1,416,606</b>	<b>1,237,515</b>
<b>MR LG LEKGETHO - NATIONAL CHIEF INVESTIGATIONS OFFICER</b>		
Annual Remuneration	1,481,854	1,357,153
Car Allowance	14,688	14,688
Performance Bonus	31,149	-
Contributions to UIF, Medical and Pension Funds	226,930	156,973
	<b>1,754,621</b>	<b>1,528,814</b>
<b>DR JO WELLS - CHIEF LEGAL COUNSEL</b>		
Annual Remuneration	1,350,016	1,098,634
Performance Bonus	215,647	80,035
Contributions to UIF, Medical and Pension Funds	269,017	213,541
Relocation allowance	183,000	-
	<b>2,017,680</b>	<b>1,392,210</b>
<b>MS N PANDOR - HEAD: STAKEHOLDER RELATIONS AND COMMUNICATIONS</b>		
Annual Remuneration	1,286,420	1,187,255
Performance Bonus	24,581	-
Contributions to UIF, Medical and Pension Funds	145,765	133,342
	<b>1,456,766</b>	<b>1,320,597</b>
<b>MR ZL MGULI - HEAD: STRATEGY, MONITORING &amp; REPORTING</b>		
Annual Remuneration	1,128,246	887,944
Performance Bonus	25,397	-
Contributions to UIF, Medical and Pension Funds	116,353	90,712
	<b>1,269,996</b>	<b>978,656</b>
<b>MR PR MAHARAJ - CHIEF PROGRAMME PORTFOLIO OFFICER</b>		
Annual Remuneration	1,309,336	-
Performance Bonus	155,854	-
Contributions to UIF, Medical and Pension Funds	148,245	-
	<b>1,613,435</b>	<b>-</b>

16. EMPLOYEE RELATED COSTS (CONTINUED)	2019 R	2018 R
<b>MS KT ZWANE - CHIEF INFORMATION OFFICER</b>		
Annual Remuneration	512,298	-
Contributions to UIF, Medical and Pension Funds	63,289	-
	<b>575,587</b>	<b>-</b>
Ms Zwane was appointed on 15 November 2018		
<b>MS BH LESHOPPE - CHIEF AUDIT EXECUTIVE</b>		
Annual Remuneration	194,397	-
Contributions to UIF, Medical and Pension Funds	29,363	-
	<b>223,760</b>	<b>-</b>
Ms Leshope was appointed on 01 February 2019.		
<b>MS MN MASHEGO - CHIEF HUMAN RESOURCES OFFICER</b>		
Annual Remuneration	195,278	-
Car Allowance	15,000	-
Contributions to UIF, Medical and Pension Funds	23,680	-
	<b>233,958</b>	<b>-</b>
Ms Mashego was appointed on 01 February 2019.		
<b>ADV MS MUOFHE - CHIEF GOVERNANCE OFFICER</b>		
Annual Remuneration	721,756	-
Car Allowance	128,485	-
Contributions to UIF, Medical and Pension Funds	77,706	-
	<b>927,947</b>	<b>-</b>
Adv. Muofhe was appointed on 18 July 2018 and resigned on 28 February 2019.		

#### 17. DEBT IMPAIRMENT

<b>IMPAIRMENTS</b>		
Trade and other receivables	89,541,548	51,417,334

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.

#### 18. PROFESSIONAL FEES

Internal audit fees	818,672	535,374
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The amount consists of internal audit fees incurred during the financial year.

19. LOSS ON DISPOSAL OF ASSETS	2019 R	2018 R
Loss on disposal of assets	190,167	20,545

The amount consists of the net of proceeds from insurance payouts and assets disposed due to accidents, theft and being obsolete. Please refer to note 3 for relevant book values of the disposed assets.

## 20. GENERAL EXPENSES

Travel - local *	27,026,718	18,167,035
Consulting and professional fees	19,437,120	21,358,472
Telephone and fax	6,018,420	7,353,533
Levies	4,992,277	6,525,516
Electricity	4,506,781	5,866,352
Auditors remuneration	3,786,258	2,965,138
Printing and stationery	2,147,076	2,240,389
Cleaning	1,985,492	1,464,912
Official functions and meetings **	1,795,346	959,837
Security costs ***	1,724,662	174,921
Insurance	1,264,016	1,091,425
Bursaries	1,070,380	1,029,021
Consumables	900,938	1,196,845
Office expenses	786,246	1,133,217
Repairs and maintenance	718,871	408,197
Advertising	729,009	255,589
Relocation costs	603,148	258,539
Membership fees and subscriptions	594,809	110,274
Travel - overseas	567,645	315,800
Uniforms	513,184	755,073
Data scanning, traces and deed searches	464,509	130,927
Staff welfare	377,683	410,320
Conferences and seminars	351,185	255,270
Storage fees	336,605	382,633
Bank charges	251,062	238,075
Placement fees	288,832	1,526,398
Commission paid	276,499	254,529
Delivery expenses	162,072	194,261
Postage and courier	146,961	142,348
Training	108,549	2,220,103
Magazines, books and periodicals	19,075	326,918
Fines and penalties	-	2,157
	<b>83,951,428</b>	<b>79,714,024</b>

\* The growth in travel costs is due to a material increase in the number of proclamations and the related costs of travelling on projects as well as extensive increase in travelling to SIU's regional offices due to consultations during organisational review project.

\*\* The increase in official functions and meetings is due mainly to cost of provincial stakeholder and organisational review engagements.

\*\*\* The main reason for the increase in security costs is the ramping up of physical security guarding services at the Bloemfontein and Gauteng offices.

21. AUDITORS' REMUNERATION	2019 R	2018 R
Fees	3,786,258	2,965,138

## 22. CASH GENERATED FROM OPERATIONS

Surplus	28,213,172	120,936,840
<i>Adjustments for:</i>		
Depreciation and amortisation	7,315,787	6,964,126
Loss on disposal of PPE	190,167	20,545
Debt impairment	89,541,548	51,417,334
Movements in provisions	8,758,049	9,518,198
Increase in income received in advance	3,878,983	152,685
<i>Changes in working capital:</i>		
(Increase) / decrease in receivables from exchange transactions	(95,474,090)	23,212,647
Prepayments	(979,063)	430,601
Increase in payables from exchange transactions	4,890,583	12,313,814
	<b>46,335,136</b>	<b>224,966,790</b>

## 23. COMMITMENTS

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

### OPERATING LEASES - AS LESSEE (EXPENSE)

Minimum lease payments due

- within one year	30,921,841	29,948,606
- in second to fifth year inclusive	24,584,697	39,151,984
	<b>55,506,538</b>	<b>69,100,590</b>

Operating lease payments represent rentals payable by the entity for some of its office properties. Leases are negotiated for an average term ranging from between one and five years with an average escalation rate of between 7% and 8.25%. No contingent rent is payable.

## 24. CONTINGENT LIABILITIES

Complaints against the SIU by employees - several labour disputes	484,800	7,919,300
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24.1 The amount represents several claims laid by employees of the SIU against the entity. The claims include unfair labour disputes, unfair dismissals and other labour related 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 against the SIU. For 2019 the circumstances were reconsidered together with legal counsel and in most cases there is no probability of success.

### 24.2 ACCUMULATED SURPLUS

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 will submit a draft declaration and request to retain all of its surpluses to National Treasury on 30 June 2019, with the final submission to be made in August once the Annual Financial Statements have been audited and approved finally by the end of July 2019.



**25. RELATED PARTIES****RELATIONSHIPS**

<b>Controlling entity</b>	Department of Justice and Constitutional Affairs Development
<b>Entities within the same portfolio</b>	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 Rules Board for Courts Law Council of Debt Collectors South African Board for Sheriffs South African Law Reform Commission (SALRC)
<b>Members of key management</b>	Adv. JL Mothibi Adv. 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 Mr P Maharaj Ms B Leshope Ms T Zwane Ms N Mashego Adv. M Muofhe

Please refer to note 16 for remuneration of key management.

<b>RELATED PARTY TRANSACTIONS AND BALANCES</b>	<b>2019 R</b>	<b>2018 R</b>
<b>Department of Justice &amp; Constitutional Development</b>		
Debtors balance - owing to the SIU by DoJ & CD	15,857,321	8,667,416
Accounts payable - owing by the SIU to DoJ & CD	(6,334,947)	(4,505,217)
Amounts included in revenue invoiced by the SIU to DoJ & CD	(7,189,905)	-
Legal costs paid to DoJ & CD by the SIU	15,622,340	11,099,362

The SIU's mandate is to investigate fraud and corruption as well as maladministration at all state institutions where relevant. During the normal course of business, there have been proclamations within the Department of Justice where investigations have been done, or are still ongoing.

**25. RELATED PARTIES (CONTINUED)****2019  
R****2018  
R****NATIONAL PROSECUTING AUTHORITY (NPA)**

Debtors balance - owing to the SIU by NPA	981,674	917,624
Amounts included in revenue invoiced by the SIU to DoJ & CD	64,049	275,709

As at 31 March 2019, an amount of R 981,674 (2018: R 917,624) was owed to the SIU by the National Prosecuting Authority, for office space that had been subleased by the SIU in two provincial offices in the past (more than two years), and for one resource that had been seconded to the NPA. For the current and previous year, no office space was sublet by the SIU and an amount of R 64,049 (2018: R 275,709) was invoiced for the resource that had been seconded.

With regards to legal costs paid to DOJ (The Office of the State Attorney – (OSA)), it's important to note that, from an accounting point of view, the relationship between the OSA and the SIU is governed under the ambit of “GRAP 109 – Accounting by Principles and Agents”, where the SIU is defined as the “Principal” and the DOJ is defined as the “Agent”. The OSA in the DOJ (the agent) procures legal services and undertakes transactions on behalf and for the benefit of the SIU (the principal), in the SIU carrying out its legal mandate to enter into civil litigation in order to recover funds for the State.

**CRIMINAL ASSET RECOVERY ACCOUNT (CARA)**

Revenue recognised in Statement of Financial Position	178,164	3,323,334
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The SIU has received funding from the CARA fund during the 2018/19 financial year, for the development of a National Anti-Corruption Strategy.

During the 2018/19 financial year, R 4,451,000 was received from the Department of Justice and Constitutional Development for the development of a National Anti-Corruption Strategy for South Africa. The project is led by the Department of Planning, Monitoring and Evaluation and the SIU. Only R 178,164 of the amount received was recognised as revenue in the 2018/19 financial year.

Previous year's amount represents CARA funds allocated to the SIU by DoJ & CD for ACTT IT infrastructure & accommodation costs.

**CRIMINAL ASSET RECOVERY ACCOUNT (CARA) - INFRASTRUCTURE SUPPORT BY THE SIU**

Rental of premises	-	972,531
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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 service, 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 above. The SIU does not anticipate any contributions for these costs in the near future as the funds to contribute to these costs have been depleted.

## 26. 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 and net-settled derivative 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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	LESS THAN 1 YEAR R	BETWEEN 1 AND 2 YEARS R	BETWEEN 2 AND 5 YEARS R	OVER 5 YEARS R
<b>At 31 March, 2019</b>				
<b>Financial Liabilities</b>				
Other financial liabilities	(502,888)	-	-	-
Payables from exchange transactions	(43,278,783)	-	-	-
	LESS THAN 1 YEAR R	BETWEEN 1 AND 2 YEARS R	BETWEEN 2 AND 5 YEARS R	OVER 5 YEARS R
<b>At 31 March, 2018</b>				
<b>Financial Liabilities</b>				
Other financial liabilities	(545,538)	-	-	-
Payables from exchange transactions	(36,410,507)	-	-	-

#### 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 a widespread state entities base. Management evaluated credit risk relating to state entities on an ongoing basis. If state entities are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

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

Financial instrument	2019 R	2018 R
Receivables from exchange transactions	65,811,681	58,885,074
Cash and cash equivalents	554,423,539	513,987,790

**26. RISK MANAGEMENT (CONTINUED)****Market risk**

The SIU is affected by market risk in certain instances, it could compete for human capital resources that are in the forensic investigation industry. In order to mitigate this risk, the SIU seeks to remunerate at market related packages.

**Interest rate risk**

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.

At 31 March 2019, if interest rates on the Rand-denominated cash surpluses held in call accounts had been 0.1% higher/lower with all other variables held constant, the surplus for the year would have been R550,554 (2018: R 513,988) lower/higher, mainly as a result of higher/lower interest received on the cash surpluses on call accounts.

**27. GOING CONCERN**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the SIU will have enough funds available to fund its short to medium term operations.

The ability of the SIU to continue as a going concern is mainly dependent on the SIU being a public entity created by statute, and that Government as the shareholder will continue to make funds available to fund its operations in the future.

**28. 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 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 year end. The SIU will submit a draft declaration and request to retain all of its surpluses to National Treasury on 30 June 2019, with the final submission to be made in August once the Annual Financial Statements have been audited and approved finally by the end of July 2019.

**29. FRUITLESS AND WASTEFUL EXPENDITURE**

	2019 R	2018 R
Fruitless and wasteful expenditure - opening balance	9,286	9,286
Incurred during the current financial year	-	-
	<b>9,286</b>	<b>9,286</b>

Historic fruitless and wasteful expenditure consisting of penalties for late payments to SARS (R 4,690) and traffic fines incurred by employees (R 4,596).

**30. IRREGULAR EXPENDITURE**

Opening balance	9,497,967	8,436,342
Add: Irregular expenditure - current year	2,190,466	1,515,304
Add: Irregular expenditure - relating to prior year	2,611,425	-
Less: Amounts condoned	-	(453,679)
	<b>14,299,858</b>	<b>9,497,967</b>

30. IRREGULAR EXPENDITURE (CONTINUED)		2019 R	2018 R
ANALYSIS OF EXPENDITURE AWAITING CONDONATION PER AGE CLASSIFICATION			
Current year		4,801,891	1,515,304
Prior years		9,497,967	7,982,663
		<b>14,299,858</b>	<b>9,497,967</b>
DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR	(Condoned by (condoning authority))		
Incident 1: Service provider used without following proper SCM process (insurance arising from historic contract)	This is a historic contract that came to an end on 31 March 2019. A new service provider has been appointed after going through a tender process.	1,243,090	
Incident 2: Service provider used without following proper SCM process (Travel Management Service arising from historic contract)	This is a historic contract that came to an end on 30 November 2019. A new service provider has been appointed after going through a tender process.	883,840	
Incident 3: This expenditure relates to amounts where an employee falsified invoices for expenditure that was paid through petty cash at the Gauteng office. The SIU's internal controls revealed potential irregularities and upon the initial internal investigation on a sample basis, revealed that there was beyond reasonable doubt fraudulent activities committed in order to falsify invoices. The above amount only relates to amounts that were uncovered during the sample investigation, and the full investigation will lead to the full quantification of the amounts applicable. The employee has resigned on a 24 hours basis after being suspended in March 2019, and a criminal case for fraud has since been opened by the SIU at the SAPS.	A criminal case has been opened against the employee.	14,450	
Incident 4: This expenditure relates to an amount that disappeared from the petty cash at the SIU Bloemfontein office in 2016/17. The incident was internally investigated and no conclusive reason or guilty party could be attributed to the disappearance of the money. It was decided in April 2019 to do a further investigation to come to a reasonable conclusion, which is ongoing.	The internal controls surrounding petty cash have since been improved from a physical security point of view.	1,000	
Incident 5: This irregular expenditure relates to remuneration amounts paid to one former and one current employee, where the amounts during the above financial years exceeded the remuneration scales that had been approved in 2002 (and annually increased in line with Department of Public Service and Administration's directives ) by the Minister of Justice in concurrence with the Minister of Finance in 2002. These amounts and the fact that it had not been duly approved in line with the SIU Act, transpired after the Head of the SIU requested an audit on the so called "interim scales" in the 2018/19 financial year.	The SIU has initiated legal proceedings against a former employee to recover the irregular expenditure.	48,086	
Incident 5 irregular expenditure relating to the financial periods 2009/10 to 2017/18.		2,611,425	
		<b>4,801,891</b>	

30. IRREGULAR EXPENDITURE (CONTINUED)		2018 R
DETAILS OF IRREGULAR EXPENDITURE - PREVIOUS YEAR	(Condoned by (condoning authority))	
Incident 1: Service provider used without following proper SCM process (Insurance arising from historic contract)	Not yet condoned	1,073,523
Incident 2: Service provider used without following proper SCM process (Courier Services arising from historic contract)	Not yet condoned	78,642
Incident 3:- Evaluation criteria used during SCM process not consistent with tender evaluation criteria (Travel Management Services)	Not yet condoned	363,139
		<b>1,515,304</b>

### 31. BUDGET DIFFERENCES

Material differences between budget and actual amounts

#### 31.1 RENDERING OF SERVICES

Revenue from rendering of 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 budgeted revenue from rendering of services was based on a higher number of new anticipated proclamations in comparison with the actual number of proclamations issued.

#### 31.2 INTEREST RECEIVED

The positive variance in interest income is due to higher than expected average bank balances and a higher negotiated interest rate on the call account investments.

#### 31.3 EMPLOYEE RELATED COSTS

The under-spending in compensation of employees is due to the following reasons:

The SIU underwent an Organisational Review Process, whereby a new Organisational Structure was developed. The SIU intends to capacitate the new structure over the MTEF period which will result in the actual expense being more in line with the budgeted expenses. The process of recruiting and filling of new positions of the organisational structure has already commenced in the 2019/20 financial year.

#### 31.4 DEBT IMPAIRMENT

The debt impairment projection is based on the evaluation of each state institution's circumstances, including the historic payment patterns, any application for exemptions made to National Treasury not to pay the SIU in terms of the SIU Act, payments received after 31 March 2019 and is consistent with previous financial years.

### 31. BUDGET DIFFERENCES (CONTINUED)

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#### 31.5 GENERAL EXPENSES

The under-spending 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 during the 2019/20 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.

[illegible]



# NOTES

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