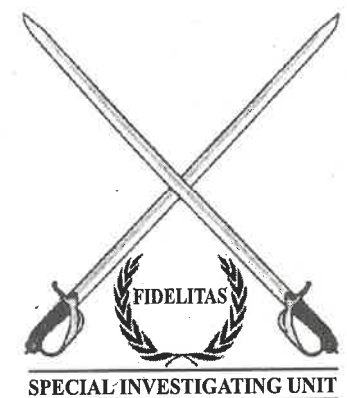


SPECIAL INVESTIGATING UNIT

ANNUAL REPORT 2000 / 2001





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The Honourable Speaker
Dr F Ginwala
Parliament of the Republic of South Africa
P O Box 15
CAPE TOWN
8000

2 July 2001

Dear Madam

ANNUAL REPORT IN TERMS OF SECTION 4(1)(H) OF ACT 74 OF 1996

On behalf of the Special Investigating Unit, appointed in terms of Section 2 of Act 74 of 1996, we hereby submit to you the Annual Report for the period 2000/2001 as envisaged by the provision of Section 4(1)(h) of Act 74 of 1996.

The report includes the most important features of the Unit for the year under review.

The achievements for 2000/2001 can be attributed to the grace of our Maker, hard and sustained work by the members of the Unit and the continued support received from various role-players.

My sincere gratitude is due to all concerned.

Yours faithfully



Judge W H Heath
HEAD OF THE UNIT

MESSAGE BY THE HEAD OF THE UNIT:

It is with much pride, yet also much disappointment that I hereby present my final Annual Report as Head of the Special Investigating Unit for the financial year 2000/2001.

The past year has been an extremely turbulent one for the Special Investigating Unit, its members and myself. For the first time in its four-year existence the Unit faced serious legal challenges in courts around the country including the Special Tribunal and the Constitutional Court. Issues raised included the intended jurisdiction and geographical area of operation of the Special Investigating Unit, its intention with regard to debt collection on behalf of provincial and local government institutions and the aspect of a Judge heading a Special Investigating Unit.

In addition to this the Unit continued to face serious problems relating to the referral of matters via proclamation. This provision within Act 74 of 1996 (the Special Investigating and Special Tribunals Act) has led to serious losses within local, provincial and national government departments and the fact that these departments do not have the expertise or a method of quick recourse has added to the problem. This has also proved the point that instead of an independent decision by the Unit to investigate cases, politicians have been in control of referring matters to the Unit. During the past year the Minister of Justice unilaterally decided, in most instances, not to refer matters to the Unit for investigation.

Although the Public Finance Management Act (PFMA) has now come into operation and contains stipulations and methods of recourse for accountability and responsibility the fact remains that these methods, procedures and policies prescribed by the PFMA are cumbersome and time consuming, and in some instances can lead to exorbitant legal fees. There is a need for a professional and speedy recovery process and the Unit is in a position to provide that service to government departments on a local, provincial and national level. In addition to this the expertise and the experience within the Unit are unsurpassed.

Despite the challenges that it has faced both in the past financial year and the years prior to that, the Unit and its members have managed to make a valuable contribution to the strategy to combat corruption, fraud and maladministration. We have continued to work closely with bodies such as the Auditor General's Office, the South African Police Services and the Public Protector. I am of the opinion that it is only through continued co-operation resulting in disciplinary action, civil and criminal litigation and recovery that we will make significant progress in the fight against corruption, both in the private and the public sector.

The biggest blow to the Special Investigating Unit came in November when the Constitutional Court ruled that:

1. It is unconstitutional for a Judge to head a Special Investigating Unit given the constitutional principle of the separation of powers
2. The referral of the Road Accident Fund case to the Special Investigating Unit was invalid.

This left much doubt in the minds of the members of the Special Investigating Unit as to its future and created uncertainty and insecurity. Despite efforts to ensure the members that their future was secure, including a number of meetings between representatives of the Unit and the Ministry of Justice, as at 31 March 2001 there is still much uncertainty as to the future of the Unit.

During the meetings no assurances were given. However, the Minister of Justice did indicate that as long as the Unit still has work to complete it would continue to operate. These sentiments seemed to have been emphasised in the media where the Minister was quoted as saying that the Unit was never intended to be a permanent institution and would cease to exist once it had completed its caseload.

As a result of the mixed signals which had created the uncertainty, many members left the Unit for personal career reasons. Between December 2000 and March 2001, 12 members resigned from the Unit (half of the total resignations for the 2000/2001 financial year) – a clear indication of the result of the uncertainty and insecurity following the Constitutional Court ruling. The majority of these members were lost to the private sector as a result of the skills, experience and expertise that they had accumulated during their service at the Unit – these skills are highly sought after in the forensic investigating field (the increasing trend of resignations has continued as a result of the uncertainty and many more members have resigned since 31 March 2001). This has been a huge drain of skilled manpower and essentially these professionals are lost to the government's fight against corruption.

As can be seen from the figures in this report the Unit experienced a massive loss of personnel during the past financial year. This can directly be attributed to the fact that towards the end of 1999 the Minister of Justice stated that the Special Investigating Unit would be restricted to the Eastern Cape and additional units would be established in provinces as and when needed. These statements significantly impacted on our 1999/2000 resignation figures and the continued conflicting statements about the future of the Unit, its role and further statements indicating that it was not a permanent institution and would be closed on completion of its work led to tremendous insecurity and uncertainty amongst the members and the resultant resignations ensued. These statements are amazing taking into account the international concept that anti-corruption bodies are permanent institutions and given the nature of corruption they will always have a very important role to play.

It will be essential that the Unit replace these members in order to remain an effective and efficient body in the fight against corruption. Although it can manage its caseload with strategic and tactical planning, it will place tremendous strain on the remaining staff contingent. However, the Unit will only be in a position to recruit professional personnel once the government has decided on what future role the Unit is to play in the fight against fraud, corruption, maladministration, misappropriation of state property and the reckless or negligent loss of state assets or money.

In conclusion I would like to thank the staff of the Special Investigating Unit for their support, commitment and dedication during the past four years. It has been a privilege and an honour to lead a group of people who are so committed to their jobs and making a difference in South Africa.

I would also like to thank the many civil servants, politicians, the media and the South African public for their continued support of the Special Investigating Unit and their vigilance towards corruption, fraud and maladministration. In many instances it has been your input that has resulted in the savings, recovery and protection of state assets and state monies. The media continue to play a vital role in this fight and I would like to urge them to continue.

Thank you.

INTRODUCTION

Purpose –

The Special Investigating Unit has pleasure in presenting the Annual Report on its activities for the year ended 31 March 2001. This report is submitted to the Speaker of the National Parliament and particulars presented include those required by law.

The purpose of this Annual Report is to give an overview of the Unit's performance, financial status and achievements during the past year.

Role of the Special Investigating Unit –

The Special Investigating Unit is established in terms of legislation to investigate cases of corruption, fraud and maladministration that have been referred to it by the President. Upon completion of an investigation the Unit can institute civil action in the Special Tribunal in order to recover, protect or save state assets and state monies that have been or could be misappropriated or misused.

The Unit works closely with all other bodies, both national and provincial, such as the South African Police Services, the Public Protector, the Investigating Directorate: Serious Economic Offences, the National Prosecuting Authority, the Office of the Auditor General, The Public Service Commission, the National Intelligence Agency, South African Revenue Services and the Independent Complaints Directorate. In addition to this the Unit also has close links to NGO's and international organisations while also providing information and assistance to international law enforcement agencies.

In various respects the Unit plays a role not fulfilled by any of the Institutions mentioned above. Each of these organisations have their focus areas and the Special Investigating Unit is the only one who has as its focus area the application of Civil Law in order to recover money and other assets, save such money and assets and/or safeguard such money and assets belonging to state institutions. The Unit has the capacity to take a matter from the stage where it is a mere allegation, through a full investigation and ultimately engage in litigation to bring the matter to finality. Due to the application of Civil Law the Unit has the added advantage that unlike instances where the Criminal Justice System is utilised and the guilt of an accused person has to be proved beyond reasonable doubt, the Unit only has to prove its cases on a balance of probabilities. Unlike in many cases of criminal prosecutions where subjective intent has to be proved, the Unit, due to the application of Civil Law, normally does not have to prove this element. A classic example of this can be found if one compares the criminal offence of fraud (where the State has to prove subjective intent) to the position in Civil Law where a negligent misrepresentation would constitute a cause of action.

YEAR UNDER REVIEW:

Investigations:

• *Reconstruction and Development Programmes and Peace Initiative – KwaZulu-Natal*

During November 2000 the Unit received proclamation R69/2000 for the investigation of the Reconstruction and Development Programme and Peace Initiative in KwaZulu-Natal. The alleged matters to be investigated were set out as follows:

- Alleged irregularities in the awarding of RDP projects in KwaZulu-Natal in the Department of Local Government and Housing, resulting in the loss of state funds
- Alleged corruption and unlawful appropriation of state funds in the RDP management component in the Province of KwaZulu-Natal, due to irregular and fraudulent applications and/or RDP employees receiving bribes
- Alleged unlawful, unauthorised and unapproved expenditure of RDP funding for the province of KwaZulu-Natal, due to –
 - Conditional approvals being upgraded to unconditional approvals to projects whilst the special conditions had not yet been fulfilled and/or approved
 - Approval of expenditure on RDP projects whilst the necessary ecological permits had not been obtained
 - Alleged double funding of certain RDP projects due to maladministration resulting in a loss of state money
 - Fraudulent misrepresentation by the irregular over claiming of fees of time sheets amounting to a loss of approximately R700 000
- Alleged irregular tender procedures resulting from negligent or fraudulent misrepresentation by employees of the Department of Local Government allegedly receiving bribes
- Alleged fraudulent mismanagement of RDP funds by the inflation of expenditure in order to receive more funding allocations for the budget

With regard to RDP Discretionary Funds, as at 31 March 2001, the Unit had held 11 Section 5(2)(c)'s in KwaZulu-Natal and had proceeded to seize documentation from an individual for analysis purposes. Several meetings have been held with departmental officials to obtain further information, documentation and co-operation. This matter is still under investigation.

With regard to the RDP Peace Initiative Fund, the Unit has met with four complainants and obtained statements as well as further information and documentation. The Unit is working closely with the Department of Finance, the Auditor General's office and the Director General's office in KwaZulu-Natal. There has been a loss of state funds amounting to R1 790 092 of which an individual has already conceded to an amount of R296 871. This matter is still under investigation.

• *Durban Metro Council Case – KwaZulu-Natal*

This case was taken on appeal to the KwaZulu-Natal High Court during October 2000 and judgement was handed down in favour of the defendants, A Nadeson and the estate of the late N Marie. The judgement was to the effect that the Unit did not have jurisdiction outside the Eastern Cape.

The Unit has taken this on appeal to the Appellate Division.

• *Mlaba Makhaya Case – KwaZulu-Natal*

During the year the Unit handed back R3,4 million to the Department of Housing in KwaZulu-Natal. This money had been recovered from the trust account of Mlaba Makhaya and had originally intended for housing subsidies. Following an investigation it was found that this money had been the surplus in Mlaba's account and the money was subsequently recovered by the Natal Law Society and paid over to the Unit.

At present a forensic audit is underway into the affairs of Mlaba Makhaya and T R Mfeka. Applications of beneficiaries are being pursued, and where the properties are not registered in the names of the beneficiaries but monies have been paid over by the Housing Board, these persons are being traced, enquiries are being made and affidavits are being obtained.

• *Pensions Case – Eastern Cape*

The Special Investigating Unit has been part of a multi-agency investigative task force which has concluded the first case of an ongoing investigation into pension fraud within the Department of Welfare in the Eastern Cape. The case was brought before the Bisho High Court, with the trial lasting most of the year. The court case is the culmination of a lengthy investigation conducted jointly by the Special Investigating Unit, the South African Police Service, and the Eastern Cape Department of Welfare. This case involved ten (10) officials of the Department of Welfare who had been defrauding the welfare pension system over a period of three (3) years. They were involved in defrauding the State of an amount in excess of R11 million.

Due to the complex nature of the investigation, it was clear that various fields of expertise were required to investigate these matters.

In 1999 The MEC for Welfare in the Eastern Cape approached the Special Investigating Unit to set up a task team. Although the Special Investigating Unit initiated the initial investigation, it was soon necessary to include other investigating bodies in the investigation.

The investigating team comprises of members of the Special Investigating Unit, the Local Criminal Record Centre of the South African Police Service, the Government Commercial Crime Special Investigating Unit of the South African Police Service, the Department of Welfare, as well as Advocates appointed by the State Attorney on behalf of the Department of Welfare.

This case is a clear example of how effective the concept of investigative task forces can be in addressing matters relating to fraud, corruption and maladministration. The adoption of a holistic approach to the investigation by all the agencies concerned has proved highly successful.

The trial involved the leading of evidence relating to eleven thousand (11 000) fingerprints and was the first time analytical charting was used in Court in assisting the state's case.

The ten officials were found guilty and sentenced to prison terms ranging between five to thirteen years. A Section 300 order (compensation order) was also made directing all the accused to re-imburse the Department in respect of all monies stolen.

- *Agri-Eco Case – Free State Province*

Agri-Eco (Free State Agriculture and Eco-tourism Development (Pty) Ltd) is a government owned company that has been established to facilitate the development of agriculture and eco-tourism in the Free State province.

During the 2000/2001 financial year the Unit recovered R1.3 million that had been held in trust for Agri-Eco by a firm of attorneys. In addition to this the Unit also discovered that an amount of R1.5 million which was meant for the development of emergent farmers was also being held illegally by a banking institution. This amount was recovered for Agri-Eco and a further irregularity involving irregular lending procedures amounting to R600 000 is being investigated.

After investigation the Unit managed to recover R900 000 worth of Agri-Eco assets that had been scattered around the Free State. The Unit managed to trace these assets, conduct a full audit and return them to the Agri-Eco. These assets have now been stored safely and are awaiting evaluation by the auditors.

During the investigation it was also found that Agri-Eco was owed R164 000. The Board of Directors were unaware of this amount and the Unit has handed this case over to the company's administration to take further action as this aspect was not covered by the proclamation.

- *University of Venda: Vice Chancellor's Credit Card – Northern Province*

This case was finalised during the 2000/2001 financial year. Following the investigation by the Unit and the subsequent settlement agreement the Vice-Chancellor finally repaid a total amount of R161 723.83 to the University of Venda.

- *Department of Transport – Northern Province*

This case was referred to the Unit by the Northern Province Department of Transport for further investigation. The allegations involve the selling of learners and drivers licenses at traffic stations and TLC traffic centres. During the year the Unit managed to collect documents from 13 different stations. During the initial phase of this investigation the following has been found:

- Learner's and drivers licenses have been irregularly issued and are contrary to the Road Traffic Act
- The registration of 849 motor vehicles has been irregular and contrary to the procedural manual for the registration and licensing of motor vehicles and indications are that bribes were offered or theft took place

During the questioning of seven examiners in the Tzaneen area it was found that examiners had intentionally and unlawfully failed to adhere to the stipulations of the Traffic Act. It was also found that the conduct of some employees has led to the loss of revenue that should have been collected for the state.

A further 12 traffic stations and fourteen workshops still need to be investigated – given the fact that it takes approximately four months to complete the investigation into one traffic station it is anticipated that, in the absence of additional personnel, this investigation will still continue for some time.

- *Magistrates Case – National*

This case involved the unauthorised renovations and repairs to Magistrate Offices and official residences and was referred to the Unit for investigation and possible action. As a result of the Pickard Judgement it effectively meant that the Unit was unable to continue with this case and it was subsequently withdrawn.

Negotiations will be held with the Department of Justice and the Department of Public Works regarding the future of this case, proposals and recommendations relating to further action and prospects for recovery of monies that have allegedly been misused.

- *Ghostworkers Case – Northern Province*

During the year the Unit made substantial progress in the Ghostworkers case. The main aim of this investigation is to identify individuals who have received salaries from the payroll of the Northern Province Government, where they were not entitled to such remuneration because they were not in the employ of the government and to recover the losses suffered.

The investigation dealt with former and/or non-existent employees in the following departments:

- Agriculture
- Health and Welfare
- Local Government
- Transport
- Public Works
- Education

Within the first five departments 193 individuals were identified and investigations ensued. Of these cases 156 cases have been completed and the Unit is considering further action.

With regards to the Department of Education the Unit is still conducting its investigation. To date the Unit has identified 751 possible cases – further investigation will be necessary to determine if these are fraudulent or corrupt salary claims.

- *TLC's – Western Cape*

During the year the Unit closed 9 cases dealing with alleged irregularities within TLC's in the Western Cape.

According to the Office of the Ministry of Justice and Constitutional Development, although, "on the face of it" these allegations did fall within the ambit of the Special Investigating Units Act, they found it more appropriate to refer the matters to the responsible MEC to deal with in terms of the Local Government Transitional Act, 1993 (Act 209 of 1993). According to correspondence received from the Ministry these matters were forwarded to the Premier of the Western Cape for further investigation.

As a result of this referral the Unit was unable to fully investigate the allegations in the absence of a proclamation and thus closed these cases.

- *Individual Housing Subsidy Case – Northern Cape*

This matter was referred to the Unit by the Chief Provincial State Law Advisor to the Premier.

The main allegations that have been investigated are the alleged fraudulent approval or rejection of applications made for individual housing subsidies to the Department of Housing.

12 919 cases were originally referred to the Unit and to date 10 971 have been completed. As at 31 March 2001, 656 cases were still under investigation and the Unit still needs to copy 600 applications for further analysis and investigation.

The Unit has identified over 600 applications where actions can be instituted against applicants who received subsidies even though they did not qualify. Reasons include:

- Applicants owning property prior to the subsidy being granted
- Application not approved but the deed printout states that the applicant has been paid the subsidy amount
- Application forms not completed in full (in some instances not even signed) but the subsidy was approved
- No proof of identification or applicant or defendants

This investigation is nearing the final administrative stages. Once this has been completed it is anticipated that there will be a substantial amount of work in the form of Section 5(2)(b) and (c) hearings in this matter.

- *Gauteng Housing Case – Gauteng*

This is an immense investigation and necessitates that the investigation team need to look at all the relevant documentation pertaining to the projects that have been approved. This includes perusing the project and financial files with emphasis on the following:

- Agreements between the Housing Board and the Developer
- Application by the Developer
- Correspondence between the developer and the Housing Board
- Addendum's and changes to original agreements

In addition to this the team also needs to investigate the payments made and if they were in line with the necessary policies and procedures, if the beneficiaries qualified for subsidies, visit the sites to establish if top structures were erected, services installed and contract stipulations met.

During the year the Unit investigated 22 housing projects and visited 25 920 sites to establish if the houses were erected, if services were installed and if the quality of the houses met the required standard. It was found that 21 452 houses had been erected.

The team has finalised 17 of the 22 projects and these files have been closed. Of these, two projects were referred to the Department of Housing to address administrative issues. Five projects are still under investigation.

- *Namaqualand Project – Northern Cape*

This case involves the alleged irregular awarding of two low-cost housing projects to a developer in the Northern Cape. Allegations centre around the fact that the developer received a contract from the Provincial Department of Housing and then applied for further subsidy for the same project from the Namaqualand District Council for building material. The allegations amount to misrepresentation, misuse of government facilities and irregular provision and transport of building materials – the amount involved is R1.8 million. The Unit has also found irregularities relating to a variation of subsidy amounts in some cases which are contrary to the manual.

A lack of crucial documents has led to delays in this case and the Unit has had to question a number of persons with regard to transactions that allegedly took place and payments that were made by the provincial department.

The Unit, the Auditor General and the Provincial Housing Department are jointly investigating this matter. The AG has completed their audit and the Unit is in the process of instituting action against six companies/persons for a total amount of R4.3 million.

- *Upington Pensions – Northern Cape*

This case involved the alleged unlawful, irregular and unapproved acts pertaining to the payment of pension monies by the provincial Department of Health and Welfare. Allegations were made that officials within the department generated fictitious payments by using user ID's and passwords of certain employees to gain access to the pension system and manipulate the system. Couriers in possession of false letters of appointment were then used to collect the payments.

Following a thorough investigation in which 30 persons were questioned in terms of Section 5(2)(c) of Act 74 of 1996 the Unit has instituted action against two employees and two private individuals. Default judgement has also been granted against four defendants – this however was rescinded. Due to legal arguments affecting possible litigation in the Special Tribunal the Unit is awaiting the outcome of a similar case before proceeding with this matter.

- *Eastern Cape Development Corporation – Eastern Cape*

The Unit has been investigating this case for the past two years. It encompasses thousands of loans issued by the former Transkei and Ciskei Development Corporations and subsequently taken over by the Eastern Cape Development Corporation. Upon investigation it was found that many of these loans were never serviced and the interest owed to the government was never collected.

As a result of this the Unit has instituted action in a large number of cases to recover outstanding amounts owed to the Eastern Cape Development Corporation.

During the past financial year an additional 68 Acknowledgements of Debt were signed bringing the total AOD's in this case to 214. Once these 68 AOD's are fully paid it will represent a recovery of R2.2 million.

During this time the Unit closed 10 978 cases relating to the Eastern Cape Development Corporation investigation. Of the cases that were closed 10 731 were closed due to lack of detail of debtors regarding initial contracts, 139 cases were closed due to the Pickard Judgement which adversely affected the Unit's ability to recover debt, 55 cases were closed due to outstanding rentals not being covered by the Proclamation referring this matter to the Unit (effectively meaning a loss to ECDC) and the remaining files were closed for a variety of reasons after investigation.

- *Medical Bursaries Investigation – North West Province*

This case deals with the repayment of bursaries issued to students by the Provincial Administration for the purpose of medical study.

During the past year 42 Acknowledgements of Debt were signed representing a recovery of R1,3 million (once fully paid) for the Provincial Administration. Four settlement agreements totaling R92 000 were met.

71 cases were closed in this matter.

- *SC Nontenja Case – Eastern Cape*

In the Unit's 1998/1999 Interim Report a case was highlighted involving an attorney in Umtata who had allegedly been paid R19 million by the Department of Justice for services rendered. After the initial investigation in 1998 which found that these claims were inflated, an amount of R13 million was returned to the Department of Justice.

In October 1999 the attorney instituted an application in the High Court to have the Unit's Search Warrant declared unconstitutional. Judgement was handed down in December 1999 in favour of the Unit. A Notice of Appeal was lodged and this was set down for argument in February this year.

The Unit succeeded in both the appeal and the cross-appeal and the application was dismissed with costs. The Unit is now in a position to analyse all the files of this attorney to determine if other claims against the Department of Justice were inflated.

Legal:

The Special Investigating Unit has been created to provide a complete process whereby maladministration, corruption, etc. can be combated through civil law. The legislation is designed in order to not only empower the Unit to investigate matters but also to institute civil action in applicable circumstances and also ultimately to have effect given to judgements obtained. In the light of the second part of this process, i.e. the litigation phase, it should be very clear that the legal team plays a very important role in the set up of the Unit. Not only does the legal team fulfil its role as part of the multi-disciplinary teams involved in the investigations by advising investigators on the needs for eventual litigation and actively participating in questionings, but the legal team obviously plays the dominating role in processing litigation. Although experience has shown that a large percentage of matters are actually settled before they reach the litigation phase, experience showed further that it is the threat of pending litigation which plays a significant role in persuading parties to reach settlements. The pending litigation is an extremely important bargaining tool in the process of bringing unsolved matters to finality. It is our experience that matters left hanging in the air remain unsolved for long periods even when defendants know they have no valid defence against the claim from the State. The moment litigation is mentioned or instituted parties are much more easily persuaded to settle the matter. The Unit has used this tactical advantage in a large number of instances to obtain repayments from would-be defendants who were not prepared to go through the process of litigation mainly because they had no valid defence.

In a year which was dominated by a couple of landmark judgements, a number of significant legislative changes were brought about:

- (a) Legislation was passed to spell out the right of appearance for advocates and attorneys employed by the Unit. In terms of this legislation attorneys and advocates employed by the Unit will have the right to appear for the Unit in litigation as if they were advocates and attorneys in private practice;
- (b) amended legislation now empowers the Special Tribunal to give cost orders in matters brought before it;
- (c) the President of the Special Tribunal issued a new set of rules for the conducting of proceedings before the Special Tribunal. In terms of the amended Rules, the Uniform Rules of Court, with a few minor adjustments, will be applicable to the conducting of proceedings before the Special Tribunal.

These amendments have resulted in important adjustments for the Unit.

Although on the face of it, the amendments have resulted in a situation where some of the benefits of a speedier procedure before the Special Tribunal have been done away with, the significant benefit of earlier trial dates before the Special Tribunal remains in place. Reality will show that in practice a matter can still be set down much quicker in the Special Tribunal than in the High Court as a direct result of the long waiting list for trial dates in the High Court. An added benefit of the amendments referred to is the fact that any suggestion, however little substance there might have been in it, that proceedings before the Special Tribunal reached the constitutional principle of fair trial, is done away with.

Reference has already been made to judgements that had a significant impact on the work of the Unit during the past year. The following judgements deserve mention in this regard:

(a) *The "Pickard Judgement"*

Over a period of time a number of technical issues were raised by the President of the Tribunal, His Lordship Mr Justice Pickard. These issues were ultimately set down for argument and a judgement in a test case was delivered by Judge Pickard. This judgement was to the following effect: -

- The Special Investigating Unit is not empowered to institute action in the Special Tribunal in its own name without a State Institution for whose benefit the claim is instituted, associating itself with the order sought as co-litigant;
- the Special Investigating Unit cannot seek an order in the Special Tribunal which is sound in money and can therefore effectively only obtain Declaratory Orders. This would necessitate further litigation in other courts to finally dispose of matters;
- the Special Tribunal has no jurisdiction to entertain undisputed claims for judgement in matters such as those which constitute mere debt collecting of money owing to a State Institution. This is to reflect that the mere fact that the debt is unpaid does not constitute a justiciable dispute and that accordingly only matters opposed by the other parties could be brought before the Special Tribunal. This had led to a situation that where a Defendant fails to oppose action proceedings instituted against him, the Unit found itself in a situation where it could not get a Default Judgement as the effect of the Pickard Judgement is that no justiciable dispute arose in such an instance;
- the Special Investigating Unit would only be able to institute action in "serious" cases. This would effectively mean that in smaller cases which form part of a bigger investigation into what could be regarded as a serious problem, now fall outside arranged matters which could be brought before the Special Tribunal.

The Unit took this judgement on Appeal but was unsuccessful as the Court of Appeal did not find it necessary to apply its mind to these issues at hand as it believed that the Appeal had no prospects on its actual merits. In effect that means that the Court of Appeal did not actually consider the correctness of the issues mentioned under these points and these matters presently still stand open.

This judgement has had a serious impact on litigation conducted by the Unit. During the recent audit process done at the request of the Minister of Justice, submissions were made to the audit team that legislative changes should be brought about to address the difficulties caused by this judgement. The audit team was in full agreement with these suggestions and included that view in their recommendations. It would be a fairly simple process to bring about the necessary amendments and such a process would be a lot less time consuming and cost-effective than taking the whole procedure through another set of Appeals whilst in the latter success is not always guaranteed. In essence the legislative changes required amount to the following: -

- The Unit's *locus standi* in *iudicio* needs to be spelled out in legislation in order to erase any ambiguity. This issue is a constant problem in the majority of matters where litigation is instituted by the Unit. It is of paramount importance that legislation makes it absolutely clear under which circumstances the Unit is entitled to institute litigation, whether this is in its own name and as the only Plaintiff or whether this is done with a State Institution as co-Plaintiff. Current legislation is drafted in such a manner that parties who wish to interpret the legislation otherwise are able to make an issue of this and to raise this technical point in litigation;
- once the *locus standi* issue has been clarified, it should also be made clear that the judgement sought either by the Unit alone or by the Unit together with a State Institution, could be for the full relief that the State Institution would ordinarily be entitled to. It should be made clear through legislation that the Unit cannot only seek Declaratory Orders but should also be in a position to obtain judgements in monetary terms in order to bring matters to finality;

- it is also very important that the issue of "justiciable disputes" be resolved. A situation that someone can defeat an action against him by simply not noting an opposition to defend, is clearly intolerable. If someone has no defence against an action brought on behalf of a State Institution the Unit should clearly be in a position to obtain default judgement. Default judgement is an integral part of litigation and legislative wording which can be interpreted to deprive a litigant of this possibility can never be in the public interest. This issue should be addressed as a matter of urgency;
- although it is clear that the Unit should not be a "debt collector", the issue of what constitutes debt collecting should also be spelled out. In many of its investigations the Unit is involved in big investigations which comprises of a number of smaller issues (cases). If action is introduced in one of these cases it by itself might appear to be debt collecting, but if seen in the totality of the whole investigation it would clearly amount to a situation of addressing maladministration. It is important that legislation spells out what debt collecting is and in which instances the Unit can still ensure the recovery of money owing to the State;
- the issue of "serious" cases is also very important. Legislation should also take into account the fact that what on the face of it appears to be a less serious matter, may be part of a much bigger problem.

(b) *The Nadasen Case*

In this matter the full bench of the Natal Provincial Division ruled that the initial Proclamation which established the Unit, limited the Unit's area of jurisdiction to the Eastern Cape Province. This matter is presently awaiting Appeal. It should be noted that present legislation provides for a Special Investigating Unit to be created to investigate a matter or new matters to be referred to an existing Special Investigating Unit. All subsequent Proclamations referring matters to the Unit were styled under this second leg of the possible manner of referral, namely referring matters to an existing Special Investigating Unit. In the Nadasen matter the court was not asked to decide whether the President could in subsequent instances refer issues which arose outside the Eastern Cape Province to the Unit created in terms of the initial Proclamation (Proclamation R24 dated 15 March 1997). This is an issue which can clearly be spelled out with a very minor legislative change. By erasing any ambiguity that might be contained in legislation, costly litigation could be avoided.

(c) *The Saapil Matter*

The matter in terms of which the South African Association of Personal Injury Lawyers successfully brought an Application before the Constitutional Court that had the impact that a judge could no longer be the head of the Special Investigating Unit has of course had a major impact on the Unit. Besides the inevitable consequence of Judge Heath no longer being able to be the Head of the Unit, this also requires further legislative amendments. This judgement, which the effect of which has been suspended for a year, also directly affects Proclamation R24 of 15 March 1997. A new Proclamation appointing a head of the Unit and spelling out its manner of operation and accordingly terms of reference is still awaited.

In a year where litigation was severely affected by many of the factors stated above, the highlight has been the great success in the long running matter dealing with problems in the Department of Transport in Kwa-Zulu/Natal Province. The Unit had previously instituted litigation to recover a large number of vehicles belonging to the Kwa-Zulu/Natal Government which were held by workshops in the province. The Unit's investigation into irregularities relating to repairs to state vehicles also lead to a proved reduction of many millions of rands per month in the cost of repairs to vehicles in this province.

Following the recovery of these vehicles for the State, the people who were supposed to repair these vehicles were placed in a position to submit claims for the work that they actually did do on the vehicles. During the course of this year the Unit succeeded in having a number of these claims against the State dismissed. The claims dismissed amount to about R7 million and thus constitute a saving of R7 Million to the State. This case is really one to be proud of as the effect is that the Unit not only recovered a large number of vehicles for the State, saved a lot of money on the monthly repair bill to State vehicles, but now also succeeded in having improper claims for repairs against the State dismissed.

The legal team of this Unit is geared to provide professional services in having matters finalised to the process of litigation. As already said litigation is the logical conclusion of investigation and besides this it is an important tool in bringing matters to finality through settlements. At present there are a number of matters which are being delayed in the litigation phase because of the difficulties spelt out above. It will be in the interest of both the Unit and the State if these matters can be addressed timeously in order to allow the Unit to perform the function for which it was created.

The concept of addressing certain types of problems relating to corruption and maladministration through speedy investigation and speedy civil litigation is clearly a wonderful one and everything should be done to allow this process to follow its proper course.

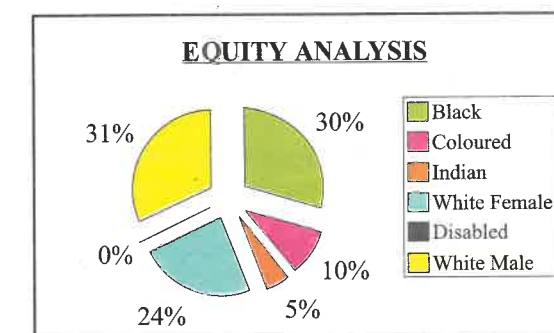
Personnel:

The Unit has experienced a high turnover in staff during the past financial year. As at 31 March 2001 the Unit had 84 permanent members.

Extensive use was also made of temporary and contract positions during the year. The bulk of these positions were related to general administration and administration relevant to current investigations.

TOTAL ANALYSIS										
DEPARTMENT	BLACK		COLOURED		INDIAN		WHITE		TOTAL	
	M	F	M	F	M	F	M	F	M	F
Legal	-	1	-	-	1	1	2	-	3	2
Finance	-	-	-	1	-	1	1	1	1	3
Admin - general	-	4	-	3	-	-	-	8	-	15
Admin - investigations	-	3	-	1	-	1	-	4	-	9
Investigations	11	6	2	1	-	-	21	4	34	11
PRO	-	-	-	-	-	-	1	-	1	-
IT Department	-	-	-	-	-	-	2	1	2	1
HR	-	-	-	-	-	-	-	2	-	2
SUB TOTALS	11	14	2	6	1	3	27	20	41	43
TOTALS PER CATEGORY	25		8		4		47		84	

EQUITY ANALYSIS		
CATEGORY	TOTAL	% OF TOTAL
Black	25	30
Coloured	8	10
Indian	4	5
White Female	20	24
Disabled	-	-
White Male	27	31
TOTAL	84	100



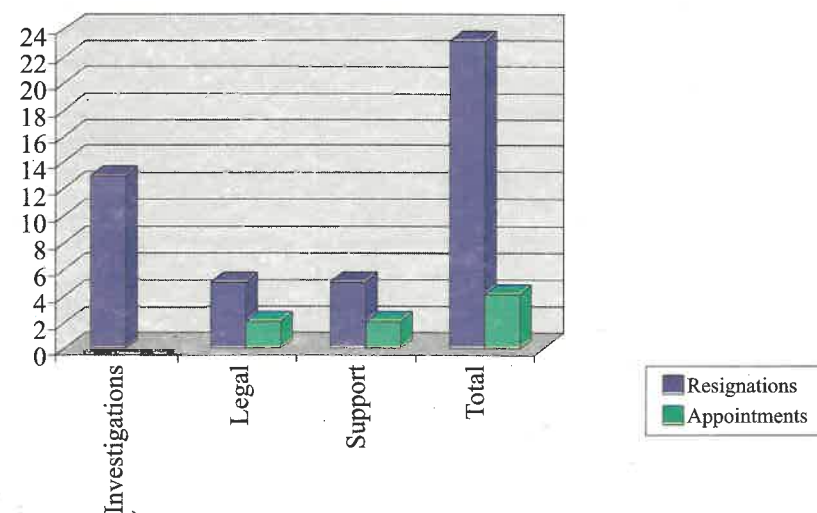
Resignation of Permanent Members (1 April 2000 - 31 March 2001)

	Investigations	Legal	Support	Total
Black	3	-	2	5
Coloured	-	-	-	-
Asian	2	2	-	4
White	8	3	3	14
Total	13	5	5	23

Appointment of Permanent Members (1 April 2000 - 31 March 2001)

	Investigations	Legal	Support	Total
Black	-	1	1	2
Coloured	-	-	-	-
Asian	-	1	-	1
White	-	-	1	1
Total	-	2	2	4

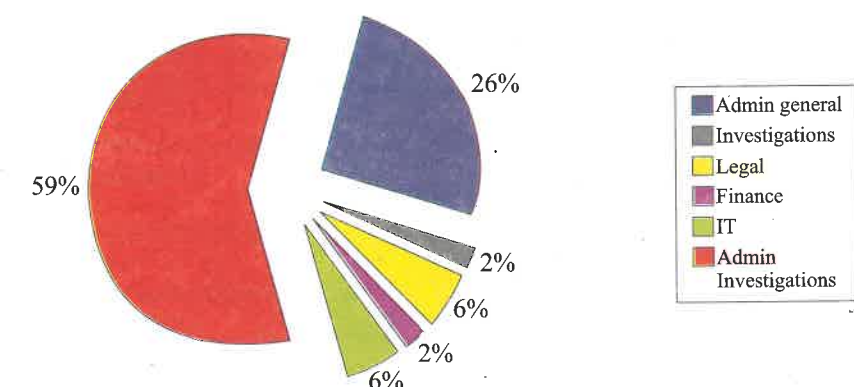
Appointments vs Resignations



Temporary and Contract Positions (1 April 2000 - 31 March 2001)

Section	Number of Temps	% of Total
Admin General	14	26%
Investigations	1	2%
Legal	3	6%
Finance	1	2%
IT	3	6%
Admin Investigations	32	59%
TOTAL	54	100%

Temporary & contract employees for the period 1 April 2000 to 31 March 2001



The following training and development programs were presented during the year:

For all members:

- Information analysis
- Financial principles & budgeting
- Creative problem solving
- Various motivational training sessions
- Introduction to MS Windows
- Employment Equity and Diversity Training
- Library Protocol
- Change Management

For management and supervisory members:

- Conducting successful meetings
- Project-based structures

For administrative and support members:

- Written communication skills
- Case Tracking

For Legal and investigative members:

- Various case-study discussions
- Local Government-unauthorised expenditure
- Completing and returns of Service
- Computer evidence
- Rule 5's

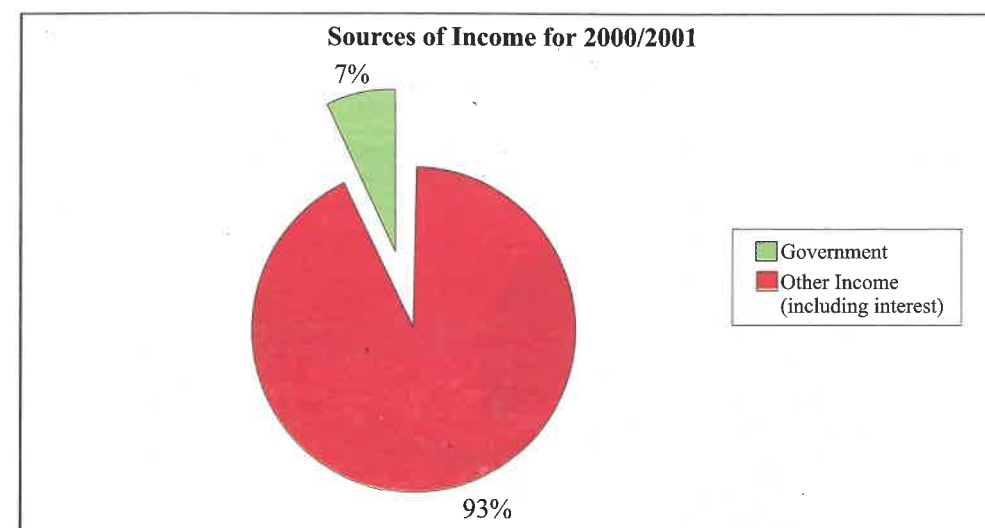
Additional:

In co-operation with the South African Police Services Academy, members of the Unit attended the following courses presented by the Federal Bureau for Investigations (FBI):

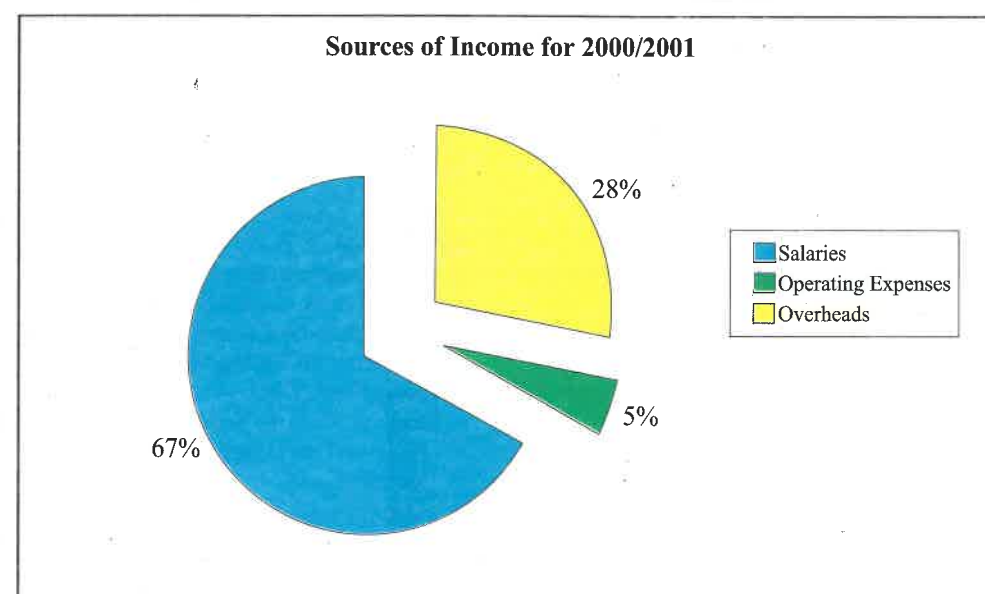
- Internal Control Seminar
- Interview and Interrogation techniques
- Computer Crimes

Finance and Administration:

Income	R
Government	17 739 000
Other Income (including interest)	1 267 000
TOTAL	19 006 000



Expenditure	R
Salaries	13 845
Operating expenses	1 096
Overheads	5 801
TOTAL	20 742



National Contact:

Throughout the year the Special Investigating Unit was invited to be represented at a number of conferences, seminars and functions where the work of the Unit could be highlighted.

The Unit views this as an integral part of its public participation and awareness programme and an opportunity to educate individuals and organisations about the impact of corruption, fraud and maladministration – both in the private and the public sector. Furthermore it also provides an opportunity to make people aware of the consequences of corruption, fraud and maladministration and, where possible, practical examples and practical methods of enhancing existing anti-corruption measures are highlighted to bring this message across.

In addition to this these opportunities also provided a platform for the Unit to highlight the anti-corruption drive adopted by Government at the National Anti-corruption Summit held in Cape Town during April 1999, the role of the Special Investigating Unit, the role of other anti-corruption bodies, the co-operation of the various bodies and the problems being experienced. It has been an active policy of the Unit to encourage the participation of the private sector in the fight against corruption, fraud and maladministration through pro-active means. The Unit firmly believes that a combined, integrated approach is needed to succeed.

Addresses, speeches, papers and/or input was presented at the following occasions or to the following organisations:

- Network Against Corruption - Eastern Cape
- Insurance Institute of South Africa Annual Conference
- Association of Public Accounts Committee - National Conference
- International Anti-Corruption Round Table
- Second Annual Investment Convention
- University of Natal - Forensic Auditing and Criminal Justice Course
- Fourth Annual Money Laundering Symposium
- Public Participation and Petitions Standing Committee Workshop - Eastern Cape
- Independent Complaints Directorate Launch - Eastern Cape
- United States Independence Day Celebrations - Pretoria
- CBS Fraud Conference
- Sheya Kulati Trust Debate - "Building a new moral fibre"
- Goedgeacht Forum - "Fighting corruption in the private and public sector"
- St Augustine College - Leadership Seminar
- International Fiscus Africa Trade Fair
- 95th Building Industries Federation of South Africa Congress
- Rotary Club of Arcadia - East London
- Rotary Club of Gately - East London
- King William's Town Rotary Club
- Public Service Accountability Monitor Launch - Eastern Cape
- The Owl Club
- Business Against Crime - Eastern Cape
- Association of International Petroleum Negotiators Conference
- Institute of International Research Whistleblowers Conference
- VII International Conference of the International Ombudsman Institute
- Bloemfontein Chamber of Commerce and Industry Annual Dinner
- Econometrix Budget Conference

International Recognition:

The international profile of the Unit was once again evident when Judge Heath was invited to attend various conferences/seminars and to deliver keynote addresses at meetings/functions that were attended by high profile persons and officials from around the world. This is an important role in projecting the initiatives taken in South Africa to curb the problem of corruption, fraud and maladministration.

The Unit has been hailed by many international experts as a unique body with the necessary powers to make a difference. The South African government has also been applauded for this bold initiative which is seen as a prime example, not only to other African countries, but also to the international community at large.

Conferences and seminars attended and papers delivered included:

- The Anti-Corruption Agency Workshop held in Gabarone, Botswana
- Transparency International: UK conference held in London dealing with Corruption in Southern Africa – sources and solutions
- The Anti-corruption conference organised by Transparency International: Kenya held in Nairobi to look at problems and solutions relating to corruption in SADC countries

SPECIAL INVESTIGATING UNIT

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2001

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The annual financial statements set out on page 24 to 37 were approved and signed by me in my capacity as Head of the Unit.



HEAD OF THE UNIT

East London
30 May 2001

SPECIAL INVESTIGATING UNIT

BALANCE SHEET at 31 March 2001

	Notes	2001 R	2000 R
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2	2 144 133	3 719 277
		<u>2 144 133</u>	<u>3 719 277</u>
CURRENT ASSETS			
Inventory	3	3 908 979	7 817 558
Trade receivables	4	30 062	24 904
Prepayments	5	231 686	164 959
Cash and cash equivalents	6	128 415	95 950
Bank balances - recoveries	8	1 791 115	1 960 938
		<u>1 727 701</u>	<u>5 570 807</u>
TOTAL ASSETS		<u>6 053 112</u>	<u>11 536 835</u>
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Accumulated profits		3 603 774	5 339 359
		<u>3 603 774</u>	<u>5 339 359</u>
CURRENT LIABILITIES			
Trade payables	7	2 449 338	6 197 476
Payables - recoveries	8	1 104 561	1 581 888
		<u>1 344 777</u>	<u>4 615 588</u>
TOTAL EQUITY AND LIABILITIES		<u>6 053 112</u>	<u>11 536 835</u>

SPECIAL INVESTIGATING UNIT

INCOME STATEMENT for the year ended 31 March 2001

	Notes	2001 R	2000 R
GROSS REVENUE	11	18 222 096	16 959 000
OPERATING EXPENSES		20 741 369	22 004 113
Staff expenses	12	13 844 799	13 040 944
Travel and accommodation		1 095 864	1 967 451
Depreciation		1 662 774	1 748 109
Other expenses	13	4 137 932	5 247 609
OPERATING LOSS		<u>(2 519 273)</u>	<u>(5 045 113)</u>
OTHER OPERATING INCOME		15 169	14 070
OPERATING LOSS before interest		<u>(2 504 104)</u>	<u>(5 031 043)</u>
INTEREST RECEIVED		768 519	1 229 712
LOSS for the year		<u>(1 735 585)</u>	<u>(3 801 331)</u>

SPECIAL INVESTIGATING UNIT

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2001

	Accumulated Profit/(loss) R
Balance at 31/03/1999	9 140 690
Net loss for the year	(3 801 331)
Balance at 31/03/2000	5 339 359
Net loss for the year	(1 735 585)
Balance at 31/03/2001	3 603 774

SPECIAL INVESTIGATING UNIT

CASH FLOW STATEMENT
for the year ended 31 March 2001

	Notes	2001 R	2000 R
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(3 925 299)	113 072
Cash received from departments	14.1	18 155 369	17 030 608
Cash paid to suppliers and employees	14.2	(22 849 187)	(18 147 248)
Cash utilised in operating activities	14.3	(4 693 818)	(1 116 640)
Interest received		768 519	1 229 712
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(87 630)	(1 486 182)
Investment to expand operations			
Acquisition of property, plant and equipment		(87 630)	(1 486 182)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4 012 929)	(1 373 110)
CASH AND CASH EQUIVALENTS at the beginning of year		7 531 745	8 904 855
CASH AND CASH EQUIVALENTS at end of year	14.4	3 518 816	7 531 745

SPECIAL INVESTIGATING UNIT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2001

1. ACCOUNTING POLICIES

The following are the principal accounting policies of the Unit which are consistent in all material respects with those applied in the previous year, except as otherwise indicated. The financial statements have been prepared on the historical cost basis.

1.1 Property, plant and equipment

Property, plant and equipment are stated at historical cost and depreciated on the straight line method at rates considered appropriate to reduce book values to estimated residual values, over the expected useful lives of the assets.

Depreciation rates used are as follows:

Office furniture and equipment	20%
Computer equipment	33.33%
Books and law reports	20%
Motor vehicles	25%
Computer software	50%

1.2 Rented assets

All costs relating to rental agreements are charged against income as incurred.

1.3 Gross revenue

Income comprises grants received from government and incidental income received on the cash basis. Interest received is recognized on the accrual basis.

1.4 Inventory

Inventory is valued at the lower of cost or net realizable value based on the first-in-first-out basis.

1.5 Cash flow statement

The direct method is used for the compilation of the cash flow statement.

SPECIAL INVESTIGATING UNIT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2001

	2001 R	2000 R
2. PROPERTY, PLANT AND EQUIPMENT		
2.1 Books and law reports		
Carrying value at beginning of year	24 321	34 104
- Gross carrying value at the beginning of the year	48 914	48 914
- Accumulated depreciation	(24 593)	(14 810)
Depreciation	(9 783)	(9 783)
Carrying value at end of the year	14 538	24 321
- Gross carrying value at end of the year	48 914	48 914
- Accumulated depreciation	(34 376)	(24 593)
2.2 Computer software and equipment		
Carrying value at beginning of year	1 148 991	1 691 625
- Gross carrying value at the beginning of the year	2 573 156	2 222 504
- Accumulated depreciation	(1 424 165)	(530 879)
Additions	59 763	350 652
Depreciation	(798 162)	(893 286)
Carrying value at end of the year	410 592	1 148 991
- Gross carrying value at end of the year	2 632 919	2 573 156
- Accumulated depreciation	(2 222 327)	(1 424 165)
2.3 Office furniture and equipment		
Carrying value at beginning of year	1 105 540	1 257 331
- Gross carrying value at the beginning of the year	1 575 672	1 418 142
- Accumulated depreciation	(470 132)	(160 811)
Additions	27 867	157 530
Depreciation	(319 110)	(309 321)
Carrying value at end of the year	814 297	1 105 540
- Gross carrying value at end of the year	1 603 539	1 575 672
- Accumulated depreciation	(789 242)	(470 132)

SPECIAL INVESTIGATING UNIT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2001

	2001 R	2000 R
2. PROPERTY, PLANT AND EQUIPMENT (continued)		
2.4 Motor vehicles		
Carrying value at beginning of the year	1 440 425	998 144
- Gross carrying value at the beginning of the year	2 145 439	1 167 439
- Accumulated depreciation	(705 014)	(169 295)
Additions	-	978 000
Depreciation	(535 719)	(535 719)
Carrying value at end of the year	904 706	1 440 425
- Gross carrying value at end of the year	2 145 439	2 145 439
- Accumulated depreciation	(1 240 733)	(705 014)
TOTAL PROPERTY, PLANT AND EQUIPMENT	2 144 133	3 719 277
3. INVENTORY		
Stationery and printing	30 062	24 904
4. TRADE RECEIVABLES		
Sundry receivables	191 395	85 458
Deposits	12 119	12 119
Staff loans	4 451	36 600
Other receivables	23 721	30 782
	231 686	164 959
5. PREPAYMENTS		
Computer maintenance	22 444	-
Licenses	59 565	60 900
Rent	46 406	35 050
	128 415	95 950

SPECIAL INVESTIGATING UNIT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2001

	2001 R	2000 R
6. CASH AND CASH EQUIVALENTS		
Call account	1 742 518	1 913 558
Current accounts	7 062	527
Foreign exchange on hand	38 196	41 169
Petty cash	3 339	5 684
	1 791 115	1 960 938
7. TRADE PAYABLES		
Staff expenses	822 572	1 027 347
Provision for audit fees	187 168	232 454
Trade creditors	94 821	322 087
	1 104 561	1 581 888
8. CREDITORS - RECOVERIES/BANK BALANCES		
8.1 Creditors	1 344 777	4 615 588
Amount reflected is owed to third parties and was obtained through either admission of guilt signed by the individual(s) concerned or through Court Orders issued by Special Tribunal. These amounts are held and are paid over to the relevant third parties once the case(s) is (are) completed.		
8.2 Bank balances	1 727 701	5 570 807
The difference between bank balances and amounts repayable, represent interest earned less bank charges.		

SPECIAL INVESTIGATING UNIT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2001

	2001 R	2000 R
9. COMMITMENTS		
Total rental commitment	<u>2 469 705</u>	<u>2 177 646</u>
Due within 1 year	857 418	875 911
Due thereafter	<u>1 612 287</u>	<u>1 301 735</u>
The above commitments are in respect of 13 rental agreements for a period ranging from 12 to 60 months. The estimated monthly rental is R71 452. Assets rented relate to properties and equipment.		
10. TAXATION		
The Unit is not a registered vendor for VAT purposes as no taxable supplies are delivered. No provision for normal income tax is made as the Unit is a public enterprise and funded with Government grants.		
11. REVENUE		
Revenue comprises grants received from:		
Department of Justice	17 739 000	16 894 000
Department of Transport	483 096	65 000
	<u>18 222 096</u>	<u>16 959 000</u>
12. STAFF EXPENSES		
Salaries and wages	10 282 174	8 908 514
Provident fund and funeral contributions	1 187 130	1 167 066
Travel, subsistence and entertainment allowance	1 739 920	1 807 463
Computer and telephone allowances	366 400	443 494
Medical aid contributions	326 894	414 618
Leave provisions	(57 719)	299 789
	<u>13 844 799</u>	<u>13 040 944</u>

SPECIAL INVESTIGATING UNIT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2001

	2001 R	2000 R
13. OTHER EXPENSES		
Annual report	18 599	15 652
Auditors remuneration	287 617	233 546
Bad debts	12 458	-
Bank charges	37 273	37 319
Books and publications	86 966	113 633
Car hire and taxi expenses	44 957	103 043
Consultancy fees	265 227	840 858
Consumables	78 229	117 761
Courier services	12 947	26 217
Entertainment	1 908	3 210
Insurance	215 970	194 585
Internal audit expenses	45 600	40 292
Legal fees	600 932	898 574
Media and promotions	-	1 546
Motor vehicle expenses	385 173	432 141
Revenue stamps	2 014	6 525
Relocation and recruitment costs	6 515	107 173
Rent paid	734 760	687 280
Rental - equipment	171 638	149 028
Repairs and maintenance	51 727	77 906
Security	59 490	57 456
Software licences	98 330	30 783
Stationery and printing	159 529	193 909
Sundry expenses	2 142	3 441
Telephone, fax and posting expenses	742 773	841 235
Training and development	15 158	34 496
	<u>4 137 932</u>	<u>5 247 609</u>

SPECIAL INVESTIGATING UNIT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2001

	2001 R	2000 R
14. NOTES TO THE CASH FLOW STATEMENT		
14.1 Cash received from departments		
Revenue	18 222 096	16 959 000
(Increase)/decrease in trade receivables	(66 727)	71 608
	<u>18 155 369</u>	<u>17 030 608</u>
14.2 Cash paid to suppliers and employees		
Revenue	18 222 096	16 959 000
Operating loss	1 735 585	3 801 331
	<u>19 957 681</u>	<u>20 760 331</u>
Depreciation	(1 662 774)	(1 748 109)
Increase/(decrease) in prepayments	32 465	(1 258 585)
Interest received	768 519	1 229 712
Increase/(decrease) in inventory	5 158	(60 583)
Decrease/(increase) in trade payables	3 748 138	(775 518)
	<u>22 849 187</u>	<u>18 147 248</u>
14.3 Cash utilised in operating activities		
Operating loss	(1 735 585)	(3 801 331)
Adjustments for:		
Depreciation	1 662 774	1 748 109
Interest received	(768 519)	(1 229 712)
	<u>(841 330)</u>	<u>(3 282 934)</u>

SPECIAL INVESTIGATING UNIT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2001

	2001 R	2000 R
14. NOTES TO THE CASH FLOW STATEMENT (continued)		
14.3 Cash utilised in operating activities (continued)		
Working capital changes		
(Increase)/decrease in inventory	(5 158)	60 583
(Increase)/decrease in trade receivables	(66 727)	71 608
(Increase)/decrease in prepayments	(32 465)	1 258 585
(Decrease)/increase in trade payables	(3 748 138)	775 518
	<u>(3 852 488)</u>	<u>2 166 294</u>
	<u>(4 693 818)</u>	<u>(1 116 640)</u>
14.4 Cash and cash equivalents		
Bank balances	1 791 115	1 960 938
Bank balances - recoveries	1 727 701	5 570 807
	<u>3 518 816</u>	<u>7 531 745</u>

SPECIAL INVESTIGATING UNIT - VALUE OF COMPLETED INVESTIGATIONS AND RECOVERIES
for the year 1 April 2000 - 31 March 2001

Schedule "A"

Summary Report

Province	Balances carried forward	Per Tribunal Ruling	New Cases Voluntary acknowledgements	AOD's issued	New Cases	Prevention of Loss	Recovery of Asset	Transparency in Tender Process	State Land Reclaimed	Enforcement of Obligation	Cash Recovered Paid direct to institution	Paid to Unit's Trust Accounts	Cases Closed	Cases handed over to 3rd parties for collection	Balance carried forward
North West	8 843 825	0	3 676 960	0	3 676 960							722 986	654 916		0 11 142 883
Mpumalanga	238 183	0	0	0	0							21 873	-6	0	216 316
Northern Cape	-7	0	51 503	0	51 503							51 503	-7	0	0
Eastern Cape *	9 468 827	0	189 688	2 387 130	2 576 818						2 607 812	191 030			9 246 803
Free State	65 021	0	3 147 250	0	3 147 250						0	2 906 281	0	0	305 990
Gauteng	1 375 346	8 488 046	2 277 538	0	10 765 583	10 637 006					0	271 056	0	0	1 232 868
Western Cape	102 306	0	0	0	0						0	20 085	0	56 435	25 786
Northern Province *	4 074 740	0	0	0	0						0	2 294 970	144 483	0	1 635 286
KwaZulu Natal	0	0	432 997	0	432 997						0	32 736			400 261
TOTALS	24 168 241	8 488 046	9 775 935	2 387 130	20 651 111	10 637 006	0	0	0	0	2 607 812	6 512 520	799 387	56 435	24 206 194

Narrations

1. Prevention of Loss
- No Physical transfer
2. Recovery of assets
- Market related value of moveable assets
3. Transparency of tender process
- Value of tender stopped/savings in new tender due to intervention
4. State land reclaimed
- Land Bank value for agricultural land. Independent valuation for commercial/residential properties.
5. Enforcement of obligation
- Value of contractual obligation
6. Cash recovered
- Cash value of tribunal order/settlement agreement

* Opening balance adjustment due to duplication in 1999/2000

SPECIAL INVESTIGATING UNIT - VALUE OF COMPLETED INVESTIGATIONS AND RECOVERIES
for the year 1 April 2000 - 31 March 2001

Schedule "B"

Summary Report

Province	Amounts to be collected				Cash Recovered			Cash Position			
	Balance b/forward	New cases	Cases closed	Total	Total beg. of year	Current Year	Total	Beginning of year	Amounts Received	Amounts Paid Over	Balance c/forward
North West	7 302 053	2 391 308		9 693 361	2 134 552	722 986	2 857 538	234 163	722 986	-608 773	348 377
Mpumalanga	287 188	0		287 188	133 070	21 873	154 943	133 070	21 873	-49 005	105 938
Northern Cape	57 447	0		57 447	57 453	51 503	108 956	506	51 503	0	52 009
Eastern Cape	3 463 839	189 688		3 653 527	817 670	191 030	1 008 700	162 502	191 030	-174 860	178 672
Free State	72 221	3 147 250		3 219 471	7 200	2 906 281	2 913 481	7 200	2 906 281	-2 783 592	129 889
Gauteng	1 653 731	128 578	-652	1 782 309	3 879 921	271 056	4 150 977	3 781 957	271 056	- 3 594 209	458 804
Western Cape	136 597	6 000		142 597	90 123	20 085	110 208	50 129	20 085	-57 225	12 990
Northern Province	4 800 417	0	-145 296	4 655 121	522 228	2 294 970	2 817 198	85 273	2 294 970	-2 328 339	51 903
KwaZulu Natal	160 666	432 997		593 663	170 188	32 736	202 924	160 788	32 736	-162 666	30 858
Total Trust Creditors	17 934 159	6 295 820	-145 948	24 084 683	7 812 405	6 512 520	14 324 925	4 615 588	6 512 520	-9 758 669	1 369 439
Interest Less Bank charges											
Bank Account Number 2									0	-17 783	89 381
Total Bank balances								5 570 807	6 802 668	-10 645 775	1 727 701

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