

**Department of Justice
&
Constitutional Development**

Management of Monies in Trust

Discussion Document

Number 3

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1. Introduction to the Management of Monies in Trust PPP

This document presents a conceptual framework for the modernisation of the business processes surrounding the Management of Monies In Trust (MMT). The outsourcing of the management of monies in trust into a controlled environment managed by a credible and fully accountable Special Purpose Vehicle (SPV) with departmental, in-sourced and outsourced resources and capabilities, is proposed for discussion and comment.

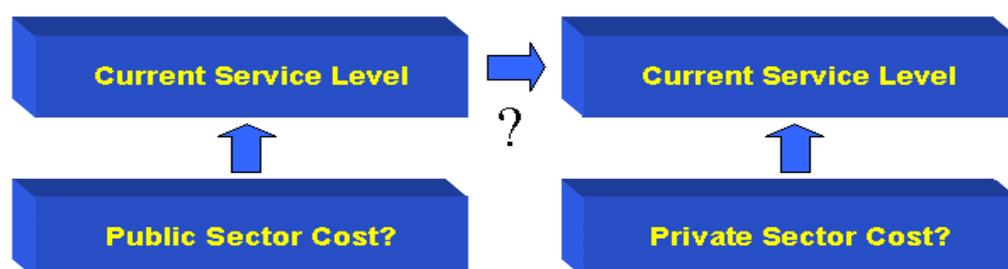
This discussion document follows two previous discussion documents and a Request For Information (RFI). The Office of the Chief Financial Officer (CFO) continues to support the need for urgency in relation to the implementation of this Public Private Partnership (PPP). It is expected that a Transaction Advisor as required by the defined National Treasury PPP process will be appointed in the next two weeks.

The Department of Justice and Constitutional Development manages monies held in trust such as maintenance, fines, bail, the guardians fund, estate monies etc. These monies are held in trust until they are paid out. The department does not have the desired capacity to manage these funds and seeks to enter into a PPP to expand on the currently available services in departmental cash halls. The complete modernisation of the cash halls would require the duplication of infrastructure available within the financial services sector and thus the envisaged PPP seeks to create an optimal service environment for clients that is efficient, effective and economic.

A Public Sector Comparator (PSC) exercise seeks to assess the economy of any proposed PPP . The process is set out in the table below.

PSC Background

“Can the private sector render at least the same level of service at a lower cost?”



(Implicit assumption that this service level is acceptable.)

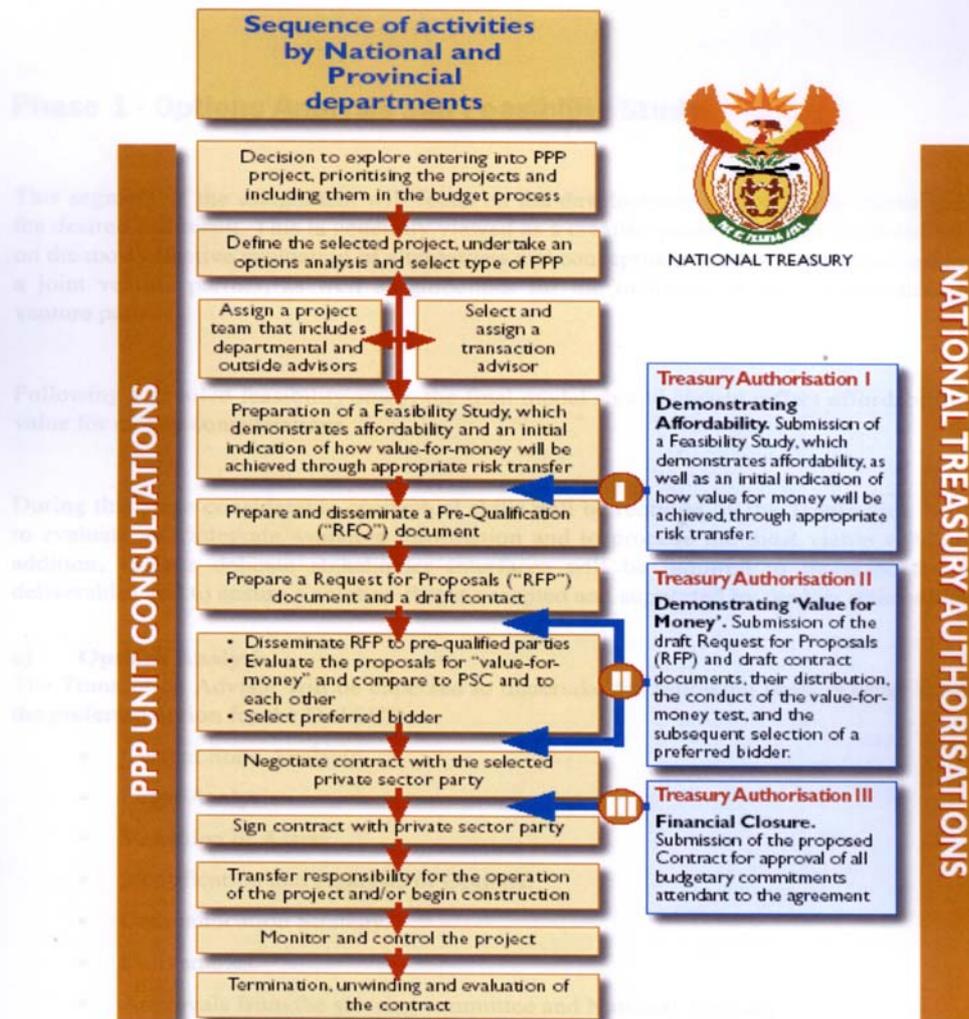
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The National Treasury Public Private Partnership Process

Our Approach and Methodology

Below is a diagram based on National Treasury guidelines for establishing public private partnerships. It sets out clearly the steps that the project must go through, as well as the authorisations required by the National Treasury.



Job No.

A PROPOSAL TO SERVE THE DEPARTMENT OF JUSTICE & CONSTITUTIONAL DEVELOPMENT

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(TA) I: Demonstrating “Affordability”

–The first Treasury authorisation entails the submission to Treasury by the sponsoring department of a feasibility study, which must demonstrate “affordability”, as well as provide an initial indication of how “value for money” will be achieved, through appropriate risk transfer. Approval by Treasury allows for the sponsoring department to proceed with the drafting of the necessary tender documents and draft contracts.

Definition of the Public Sector Comparator:

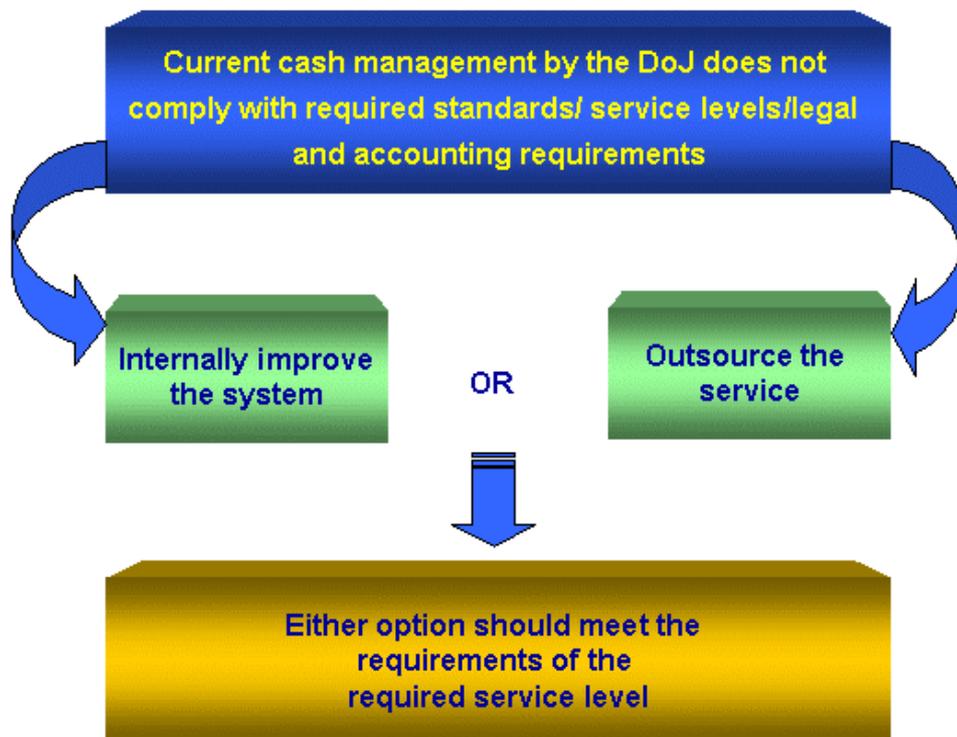
–A risk-adjusted costing, by the public sector as a supplier, to an output specification produced as part of the PPP procurement exercise.

–The PSC is:

- Based on the recent actual public sector method of providing that defined output (including any reasonably foreseeable efficiencies the public sector could make) and
- Takes full account of the risk which would be encountered

•**Note the Implicit assumption:** The transaction advisor has to define the *current outputs* and look at the current public service cost to produce it.

Problem Statement



An alternative to the option proposed in the table above would be for the department to consider a partnership between internal capacity improved by way of insourced resources and externally available capacity accessed by way of outsourcing services managed by way of service level agreements.

1.1 Required service levels

- It is a legislated requirement that service levels comply with:
 - Legal requirements
 - Audit requirements
 - The requirement for no losses or no risk of losses
 - Safety and security requirements for staff and users
- policy requires attention to:
 - Batho Pele / Service delivery considerations

Thus:

- Service levels must comply with the following Legal requirements
 - PFMA: GAAP, GRAP, Monthly reporting, etc
 - Treasury Regulations: Handling of trust monies; GAAP; Monthly reconciliations
 - Other Acts:
 - Maintenance Act
 - Estates
 - Financial Intelligence Centre Act no 32 of 2002
 - Prevention of Organised Crime Act
 - Labour Law etc
- The PFMA, 1999, Sec 38(1) stipulates the general responsibilities of accounting officers:
 - They Must Ensure effective, efficient and transparent systems of financial and risk management and internal control.
 - They Must take effective and appropriate steps to:
 - collect all money due to the department, trading entity or constitutional institution.
 - prevent unauthorised, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct.
 - They Must take effective and appropriate disciplinary steps against any official in the service of the department, trading entity or constitutional institution who:
 - contravenes or fails to comply with a provision of the PFMA.
 - commits an act which undermines the financial management and internal control system.
 - makes or permits an unauthorised expenditure, irregular expenditure or fruitless and wasteful expenditure
 - The PFMA, 1999, Sec 86(1) stipulates criminal proceedings with regard to Financial misconduct by officials in departments and constitutional institutions:

– An accounting officer is guilty of an offence and liable on conviction to a fine, or to imprisonment for a period not exceeding five years, if that accounting officer wilfully or in a grossly negligent way fails to comply with a provision of section 38, 39 or 40.

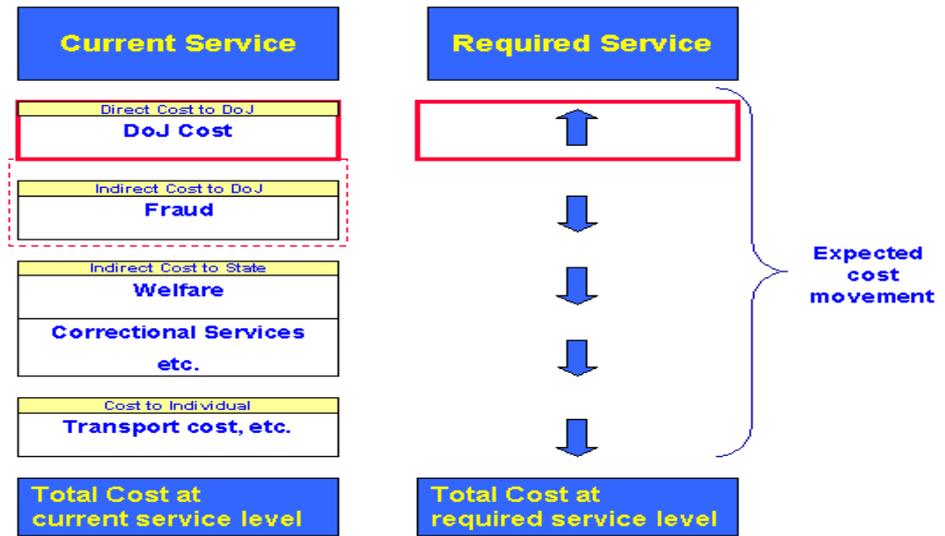
- The required service level in terms of the Financial Intelligence Centre Act no 32 of 2002 calls for the following to combat money laundering activities and imposes obligations upon accountable institutions who might be used for money laundering as well as upon any person who carries on the 'business of a bank':
 - The identification and verification of clients when any single transaction concluded is greater than R 15 000.
 - The obligation to report suspicious cash transactions.
 - The obligation to retain records for five years.
 - Access to information in certain circumstances.
 - The Act :
 - Commences 3 February 2003 re reporting suspicious & unusual transactions.
 - Commences 30 June 2003 re client identification and verification as well as record keeping.
- Service levels required to meet Audit Requirements include:
 - The Director General being able to account for Trust Monies & Voted funds to Parliament.
 - Financial Statements on Trust Monies being auditable.
 - The Auditor General being able to give clean audit reports on the financials for all Trust Monies.
- Service levels to comply with the requirement for no losses or risk of losses include:
 - Re: Receiving funds
 - No losses of monies paid in
 - Correct record keeping
 - Re: Funds held internally
 - No losses of cash held as a result of safe storage or incorrect record keeping
 - Re: Payments made
 - Monies must be paid out to the correct party
- Thus there is an obligation to ensure correct identification and correct record keeping.
- Service levels complying with the requirement for a safe and secure environment would include:
 - Staffing matters
 - Occupational Health and Safety Act
 - Common Law
 - Safe & secure environment

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- Customer expectations
 - Common Law
 - Safe & Secure environment
- Service levels required to comply with Batho Pele / Service Delivery considerations include accessibility, customer sensitive and friendly service, the expectation to be able to pay-in / pay-out at any court, have questions answered and the existence of a pro-active identification system including the monitoring of defaulters etc.

PSC in Context



Cost Element Analysis

Cost Type	Current Service Level	Required Service Level
Set-up Cost (Capital Expenditure)	0	?
Operating Cost	?	?
Total	?	?

1.2 Required Service Level Features in terms of Legal Requirements

- PFMA Compliance
- Establish internal controls
- Perform monthly reconciliation
- Provide monthly management reports
- Provide float management services
- Auditor General to be able to express a favourable opinion
- No backlogs by performing data clean-up & audit of existing cases
- Enable improvements to remove seepage & guarantee pay-ins to pay-out
- Open mail containing payments in controlled environment
- Ensure cash supply management
- Acceptable teller security services in all cash halls
- Acceptable cash storage facilities in all cash halls
- Acceptable cash-in-transit services for all cash halls
- Acceptable armed response services for all cash halls
- Pay-in & pay-out at any court
- Accessibility (geographically and time-wise)
- Notification to payee when monies are available
- Efficient customer query system in place.
- Pro-active identification & monitoring of defaulters
- Actively tracing beneficiaries of Guardian Fund
- Reduced delays if pay-in is not made at any court (e.g. mail, 3rd party bail payments)
- A reliable channel available for paying from a distance / not personally paying at court•Etc.

Cost Analysis - DoJ: Set-up Cost Elements

Set-up Cost	Current Service Level	Required Service Level
Project Management	0	↑
Procurement Management	0	↑
Personnel	0	↑
•Recruitment	0	↑
•Redeployment	0	↑
•Training	0	↑
Change Management	0	↑
Communications	0	↑
Systems & Processes	0	↑
•Monies in Trust	0	↑
•Guardian Fund	0	↑
•Fin Intelligence Act	0	↑
•Call Centre	0	↑
•Tracking	0	↑
•Management Reporting	0	↑
•Cashier Teller	0	↑

▶ Continue

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Cost Analysis - DoJ: Set-up Cost Elements

Set-up Cost	Current Service Level	Required Service Level
Cash Hall	0	↑
• Fixtures	0	↑
• Furniture	0	↑
• Security (tellers)	0	↑
Security	0	↑
• Cash in Transit	0	↑
• Security Guards	0	↑
• Alarm Response	0	↑
Data Clean-up	0	↑
Call centre	0	↑
Total	0	↑

Cost Analysis - DoJ: Operating Cost Elements

Operating Cost	Current Service Level	Required Service Level
Personnel	?	↑
• Remuneration	?	↑
• Training (Continuous)	?	↑
Systems	?	↑
• Capital replacement	?	↑
• Operating cost	?	↑
Security	?	↑
• Cash in Transit	?	↑
• Alarm Response	?	↑
• Security Guards	?	↑
Bank Charges *	?	↑
Insurance	?	↑
Fraud- recognised	?	↓
Treasury management	?	↑
Call centre	?	↑
Total	?	↑

* Include remote location cash disbursement

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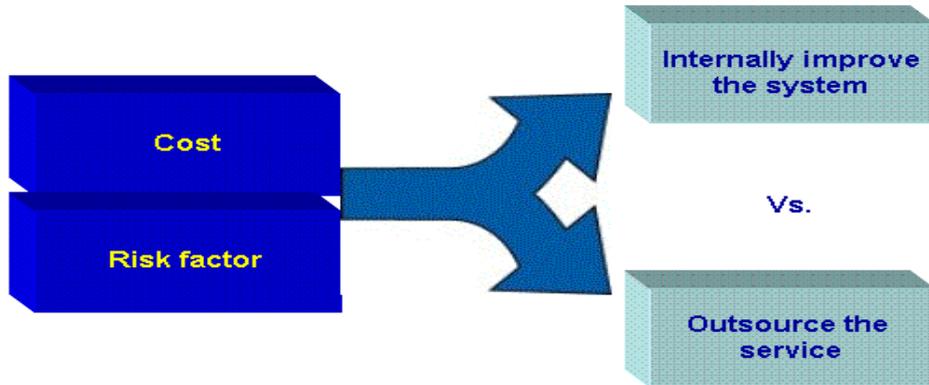
Cost Analysis - State: Cost Elements

Cost Type	Current Service Level	Required Service Level
Treasury: •Loss of interest (Float management) •Prisoners stay longer (Bail system) •Fraud – Unrecognised Welfare – SARS – Loss of interest Municipalities – Loss of interest	? ? ? ? ? ?	     
Total	?	

Cost Analysis - Individual: Cost Elements

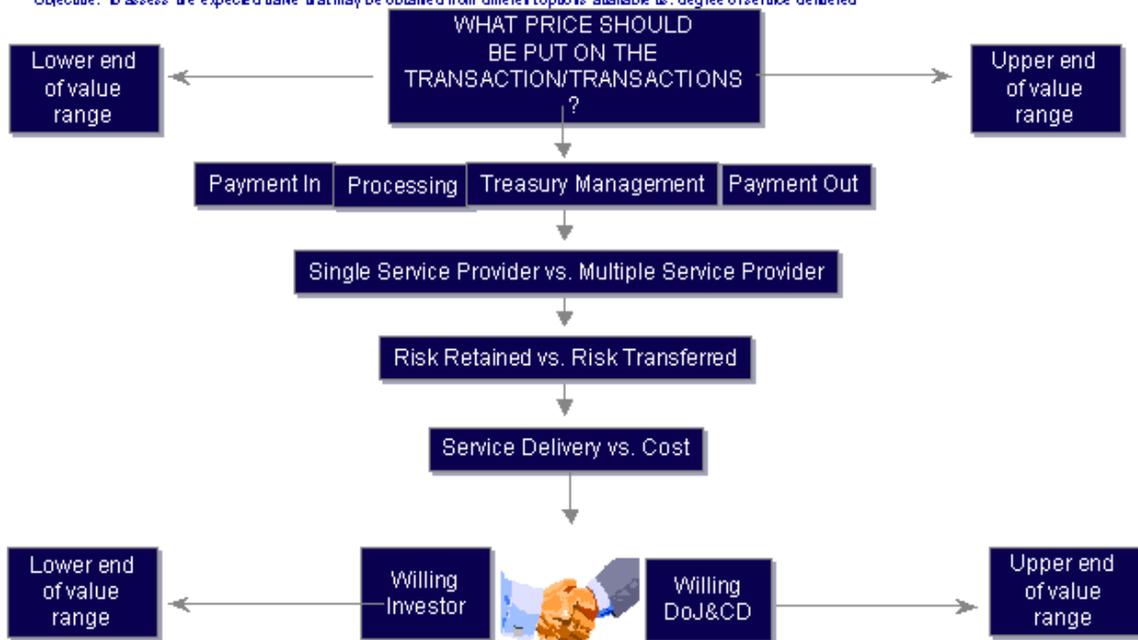
Cost Type	Current Service Level	Required Service Level
Un-banked: Transport & Cashing Fees Economic Losses (Loss of productivity)	? ?	 
Total	?	

DoJ&CD to Consider



Assessing Value of Options

- Objective: to assess the expected value that may be obtained from different options available vs. degree of service delivered



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2. Governance - Interim Management

2.1 Project EXCO

The project EXCO comprises Alan Mackenzie (Sponsor), Graeme Dott (Project Manager) and Ian Thompson (Project Consultant). This EXCO will be extended to include a member of the consortium awarded the Transaction Advisor (TA) tender. The EXCO is to report to the interim management committee that is proposed below. It is envisaged that the management committee's Terms of Reference will call for them to hand over the governance of the outsourced process to the Board of Directors of the SPV.

2.2 Management Committee

An interim governance structure for the Management of Monies in Trust Project is proposed:

Vusi Pikoli	Director General / Accounting Officer
Alan Mackenzie	Project Sponsor / CFO / EXCO
Enver Daniels	MD Legal Services / Acting MD Masters
Simon Jiyane	MD Court Services
Jacqui Ngeva	MD Human Resources
Hassen Ebrahim	MD Information Systems Management
Shirley Machaba	Chief Internal Auditor
Non - Exec	1x DoJ&CD Finance Board Member
Non - Exec	1x DoJ&CD Audit Committee Member
Non - Exec	Deputy Minister Cheryl Gillwald
Dr Biki Minyuku	Project Director / CJSP
Graeme Dott	Project Manager / EXCO
Ian J Thompson	Project Consultant / EXCO
Transaction Advisor	Appointment subject to tender award / EXCO
Uven Bunsee	PPP Unit / National Treasury

2.3 Ownership & Representation on the Board of the SPV

The Management Committee proposed above will be charged with the responsibility of appointing a Board of Directors to govern the SPV. It is envisaged that this Board will be representative of the stakeholder community.

3. Department of Justice – Creating a “Better Life for All”

In line with the above call by our President, the Dept of Justice & Constitutional Development has identified both “ Internal & External “ factors that drive change.

Internal	External
<ul style="list-style-type: none">▶ Strategic focus on core functions▶ Utilisation of human and other resources▶ Role definition, and accountability▶ Management skills and strategic focus▶ Business Process (e.g. Case back logs and Case flow management)▶ Institutional / Organisational development▶ Management of Change▶ The desire to professionalise the Public Service.▶ Increased demand for service delivery	<ul style="list-style-type: none">▶ The need for a separation of Judicial and Administrative functions▶ Increased demand for service delivery▶ Requirement for greater customer / citizen focus in service delivery, and▶ Perceptions of the Public Sector in general and of Justice in particular▶ The need for initiatives such as this which can significantly alleviate poverty and contribute to a better life for all to be expedited

4. Management of Monies in Trust - Project Vision & Philosophy of Alignment

Whilst the SPV (Special Purpose Vehicle) is being created for the express purpose of addressing the requirements of the managing Monies in Trust, there exists for this utility a broader vision.

It is proposed that the SPV could, in time, assume the role of an MPV (Multi Purpose Vehicle).

The platform(s) created by the SPV and its mechanisms could very easily be adapted to serve the needs of other Government Departments wishing to collect or disburse funds e.g. Social Welfare and Development’s pension payments and social grants, Labour’s UIF and those disbursements for the National Development Agency.

The notion of inter-operability is central to the thinking for this project so as to align the Monies in Trust project with other e-government initiatives and in so doing adopt the common standards being developed for a wide variety of inter-governmental systems.

The exploitation of common standards and common technical architectures is best illustrated by the following example.

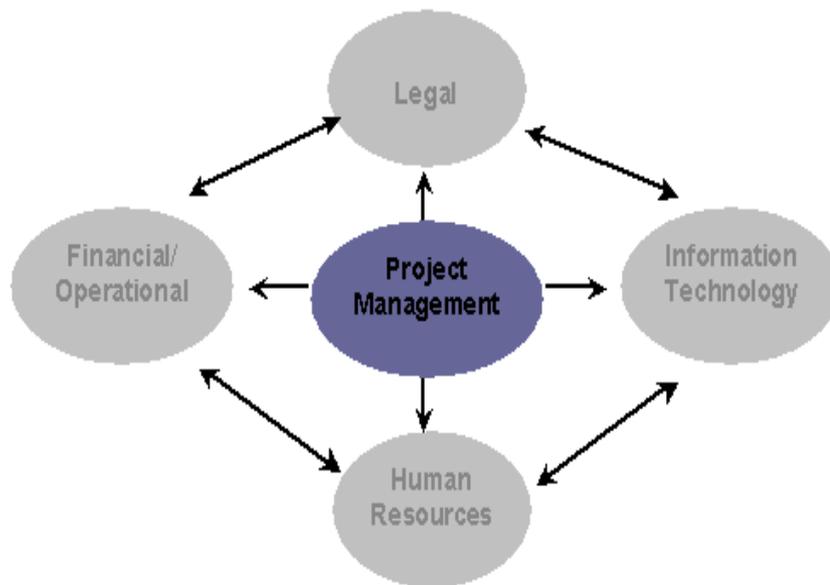
A national Call Centre is mooted for creation using an inbound call identifier of 0860 JUSTICE. Using the same technology platform one could quite easily create another inbound call identifier of 0860 WELFARE to address queries on state pensions.

Similarly the Receiving & Paying Agents, who already use industry standards, could be tasked to open their own systems to facilitate the collection and disbursement of the various transactions covered in the Management of Monies in Trust project scope.

The SPV itself could act as a centre of excellence for the management of contracts & SLA's (Service Level Agreements) whether they be with the Dept of Justice and Constitutional Development, the appointed Receipting & Payment agents of the SPV, the Consolidating Banker or the Cash Hall / Cash Office operators.

Workstreams

Detailed design and development of solution



Defining the specifications...

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5. Project Objectives & Challenges

- ▶ to enable a focus on core functions within the Courts by outsourcing non-core functions.
- ▶ to eliminate Cash handling by Dept officials.
- ▶ to integrate with the Court Services decentralised operating model (Business Architecture)
- ▶ to integrate the solution with the existing Technical Architecture.
- ▶ to identify a solution provider capable of implementing and maintaining an appropriate system, with interfaces to the various systems currently in place and those under development within the Department.
- ▶ to ensure that the Cash Halls and other relevant offices have the appropriate levels of security and systems infrastructure .
- ▶ to extend the services of the Department in a cost-effective manner as widely as is possible taking cognisance of the varying demographics of South Africa and its Court structure.
- ▶ to develop and implement a general enquiry facility that can be deployed on a Central or Decentralised basis as well as an effective Management Information System (MIS).
- ▶ to effect BPR (Business Process Re-engineering), and Change Management thus ensuring stakeholder buy-in and support for the exercise.
- ▶ to attract a qualified private investor with appropriate skills to assist the government in addressing the above challenges.
- ▶ to assist with visioning towards inter-governmental service delivery options and inter-operability opportunities within government (e-Govt)
- ▶ to automate, where possible, the processes around the management and reconciliation of Trust monies so as to maximise the efficiency and control of Monies Held in Trust.

6. Special Purpose Vehicle (SPV)

6.1 General

The SPV is envisaged to be the owner of the outsourced process from the Department of Justice and Constitutional Development (DoJ & CD). The SPV is proposed as a legal entity. Options include:

- ▶ A Registered Non-Profit Entity.
- ▶ A Duly Constituted Trading Entity.
- ▶ A Trading Trust.
- ▶ A Chapter 9 Institution etc.

The TA will be required to research the above options and recommend the most suitable option.

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At the heart of this business model is a process whereby the SPV manages the entire Monies in Trust functionality of the DoJ & CD and would consist of a core management team that would manage insourced resources and functionality.

The SPV would incur expenses and receive income for trading activities and would receive grants or raise capital to fund capital expenditure to meet the cost of infrastructure developments.

The staff of the DoJ&CD have historically been under trained and do not have the “tools/systems” for the job. In this weak internal control environment the DoJ&CD have to account for thefts and losses. The envisaged model will enable the department to fulfil this obligation and it will rectify current weaknesses.

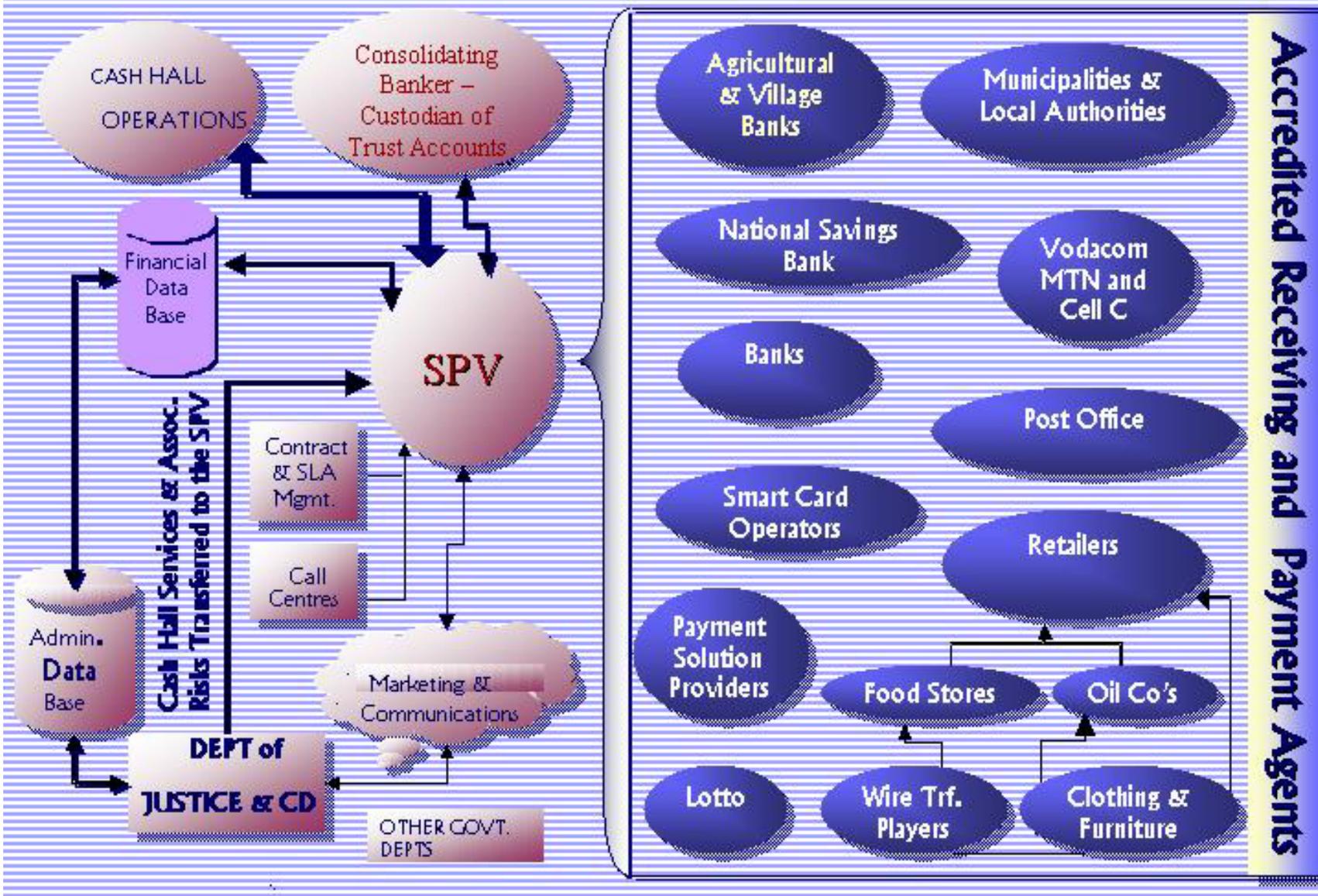
The DoJ&CD could transfer staff to the SPV who in turn could outsource their management and training to a banking institution structured and resourced to perform the duties and functions envisaged for cash hall operations. Alternatively, the department could modernise the cash halls and insource banking capacity.

The SPV or the department could incur the cost of a modern cash handling facility in all courts which facility would be deployed at no cost to parties required to use the process in meeting their obligations within the justice system. Thus, persons paying or receiving maintenance, bail, fines etc directly from cash handling facilities at a court level would incur no handling charges.

If the cash halls are outsourced rather than run with insourced capacity it is envisaged that after an agreed period the SPV would offer the developed in house cash handling facilities back to the department who may then reissue tenders or choose to run these for their own account.

The funding of this modern free cash handling facility could be borne by the SPV who would offer, at a fee, alternative receiving and payment channels. This revenue so collected would be used to cross subsidise the “free stream” at cash halls in the courts.

Management of Monies in Trust PPP Model



6.2 Functions of the SPV

6.2.1 In-Sourced Capabilities & Resources

It is envisaged that the SPV will in-source capabilities and resources both Financial and Non-Financial. These will include:

6.2.1.1 Financial (Cash) Resources

The DoJ & CD would be charged a service fee (bank charges) by the SPV for the management of monies in trust and for other services as may be determined from time to time.

Revenue will be generated by the SPV in the form of service charges, rebates, commissions, interest etc as is detailed below.

The SPV would raise a capital fund to cover the financing required by the full business plan and the financial model. Sources of capital include:

- ▶ The National Treasury MTEF allocations to the DoJ & CD
- ▶ Supplementary grants from the National Treasury
- ▶ Grants from the DoJ & CD
- ▶ Loans from National Treasury
- ▶ Loans from financial institutions
- ▶ Foreign and local donor grants etc

6.2.1.2 Non-Financial Resources

The SPV will for a period, in essence, be an accredited Receiving and Payment agent that operates exclusively in the facilities of the DoJ & CD.

The SPV would in-source the necessitated capability to meet its obligations in relation to the resourcing, management, training and operation of Cash Halls.

The DoJ & CD would grant the SPV usage rights, for a fee, of the Cash Halls in DoJ & CD Courts and other designated facilities.

The Cash Halls of the DoJ & CD are envisaged to be managed for and on behalf of the SPV by agents appointed by tender for specified regions and periods.

The SPV would be accorded the right (by the appropriate government authority) to upgrade any or all facilities needed for the provision of a specified modern cash management facility.

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The SPV would for own account upgrade and maintain the Cash Halls to specified modern banking standards which infrastructure would be created through the award of a tender to appropriate tenderers.

The SPV will be required to supply all physical, technology (hardware & software) and telecommunications connectivity requirements.

The SPV would take transfer of qualifying staff in terms of a selection process set in consultation with the DoJ&CD and such staff would be trained and managed by the SPV for the duration of an agreed contract term.

Staff selected for transfer to the SPV would at least be remunerated on the same terms and conditions as were applicable at the DoJ&CD.

Staff employed by the SPV from outside the DoJ&CD would be remunerated on terms and conditions determined by the SPV.

At the end of the agreed contract period the DoJ&CD would offer to transfer all staff employed at the Cash Halls by the SPV or the Cash Hall Operators, back to the DoJ&CD.

The SPV in consultation with DoJ&CD would be responsible for the validation and verification of both receipt and non-receipt of monies.

The SPV will be responsible for assisting the DoJ&CD with query resolution and for the identification and exception reporting of non-payment and non-performance in terms of Court Orders and summonses.

The SPV Call Centres will also play an extended role in query resolution and defaulter identification and with the tracing of defaulters in consultation with DoJ&CD's collection and tracing agents.

The SPV would enter into contracts with various SMME's for the provision of support services e.g. security, cleaning, catering, stationery provision, equipment servicing, maintenance and the provision of refreshment services.

The SPV will further provide a single point of accountability and be responsible for output management and quality control.

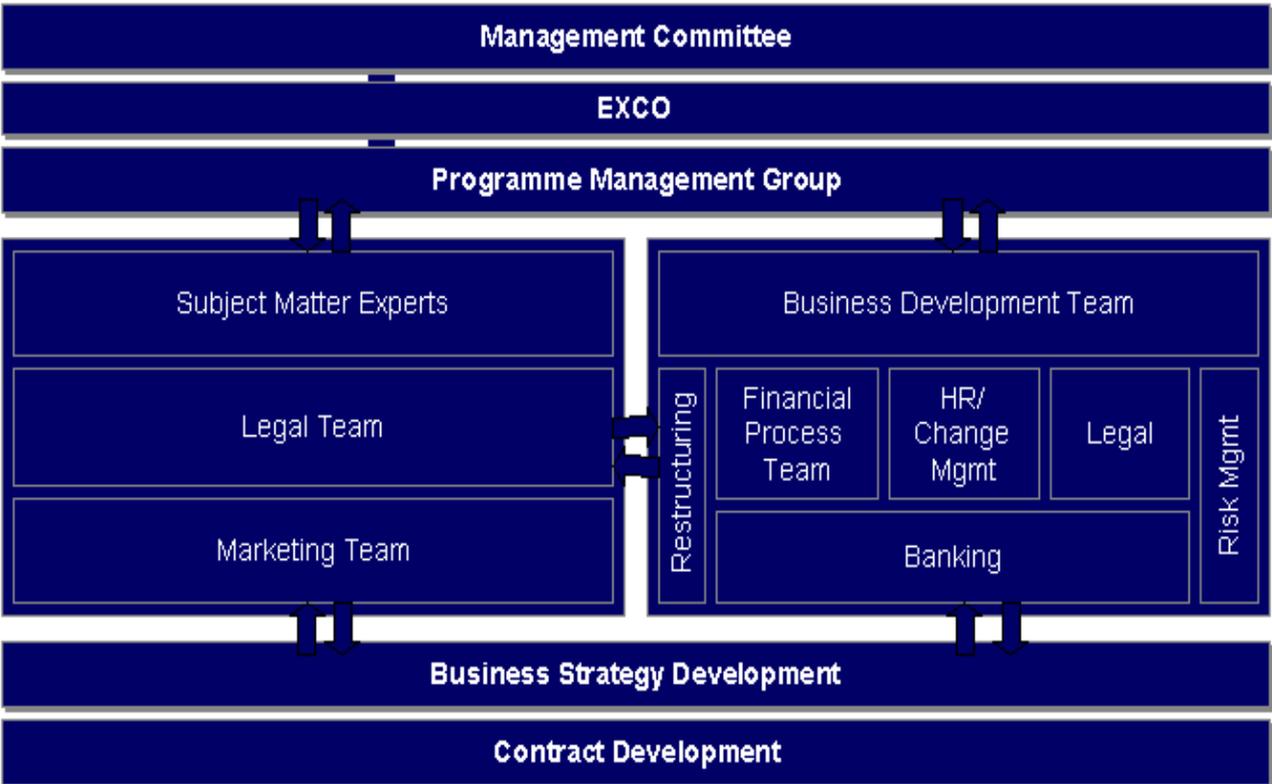
The SPV will be responsible for the Audit plan and for provision of the forensic capability.

The SPV will be responsible for the management of all Contracts and Service Level Agreements.

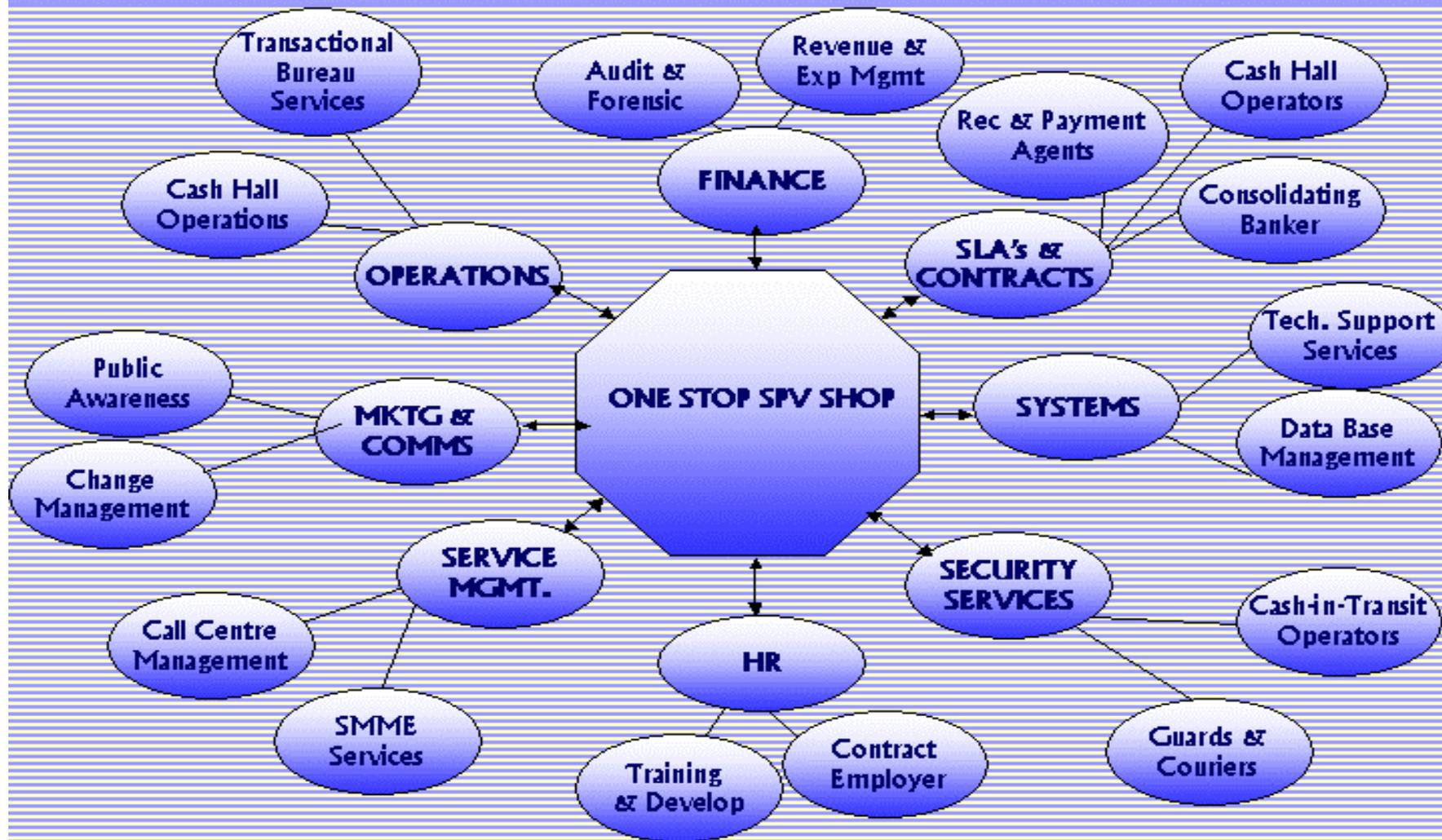
The SPV will be responsible for the management of the ancillary service provision and concession components provided at Court Cash Hall level.

Should the department elect to continue to run the cash halls for own account then the department would need to be accredited as a receiving and paying agent on the same terms and conditions as are applicable to external receiving and paying agents that interface with the consolidating banker.

Project Structure



SPV COMPETENCIES & FUNCTIONAL RESPONSIBILITIES



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Address comments to Graeme Dott or Ian Thompson at Business Against Crime SA, PO Box 784061, Sandton, 2146

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7. Consolidating Banker

The SPV will issue a tender for the appointment of one national Consolidating Banker (CB) for the whole country that will be charged with the management of the treasury function and will be the core custodian of the Monies held in Trust.

Monies so held in Trust will be receipted by Receiving Agents and will be paid out through Payment Agents in terms of standing instructions for and on behalf of the DoJ & CD. One of the Consolidating Bankers principal functions will be to fund the various Payment Agents for ultimate payment of the appropriate individual beneficiaries.

The Consolidating Banker will be charged with the reconciliation of the various funds held in trust and for the reporting thereon to the SPV. The Consolidating Banker will also be responsible for ensuring that monies held overnight by the various Receiving Agents are transferred and swept to the relevant Trust Accounts in its books.

The Consolidating Banker will be required to maintain a Management Information System database that will host the transaction history and shall ensure compliance with the Financial Intelligence Centre Act and the Prevention of Organised Crime Act.

8. Receiving Agents

The SPV will issue tenders or otherwise set the standards for accreditation and negotiate service level agreements for services to be provided by Receiving Agents.

It is envisaged that the Receiving Agents who qualify as deposit taking institutions or Payment Service Providers in terms of SARB rules will be appointed via a negotiated contract, or a tender process. The department's own cash halls will be a receiving agency run either by the SPV or if accredited by the department itself with insourced capacity.

The SPV may itself be such a Receiving Agent in respect of the cash halls and cash offices of the DoJ & CD. It may in turn elect to contractually transfer the management responsibility of the Cash Halls and Offices to Banking or CIT operators.

Receiving Agents will be required to provide services including:

- ▶ Collection of monies to be held against transfer to third parties such as Maintenance, Fines, Bail etc.
- ▶ Transfer of transaction and other data to the MIS database managed by the Consolidating Banker on behalf of the SPV.
- ▶ Safekeeping of Monies Collected and of Monies in Transit
- ▶ Depositing or transfer of funds collected to the Consolidating Banker together with the required referencing data.
- ▶ Ensure compliance with the Financial Intelligence Centre Act and the Prevention of Organised Crime Act.

Services provided by Receiving Agents, will constitute service provision in the " PAY " channel where appropriate agreed service charge recoveries will be made.

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9. Payment Agents

The SPV will issue tenders or otherwise negotiate service level agreements for services to be provided by Payment Agents.

It is envisaged that the Payment Agents who qualify as deposit taking institutions or Payment Service Providers in terms of SARB rules will be appointed via a negotiated contract, or a tender process.

The SPV may itself be such a Payment Agent in respect of the Cash Halls of the DoJ & CD alternatively the department will itself, given it is accredited for the purpose, be such a Payment Agent.

Payment Agents will be required to provide services including:

- ▶ the payment, disbursement or transfer of monies held, in terms of instructions received by the SPV from the DoJ & CD. Funds paid out will include funds received in trust in relation to Maintenance, Fines and Bail etc.
- ▶ the transfer of transactional and other data to the MIS database managed by the Consolidating Banker on behalf of the SPV.

Services provided by Payment Agents, will constitute service provision in the “ PAY ” channel where appropriate agreed service charge recoveries will be made.

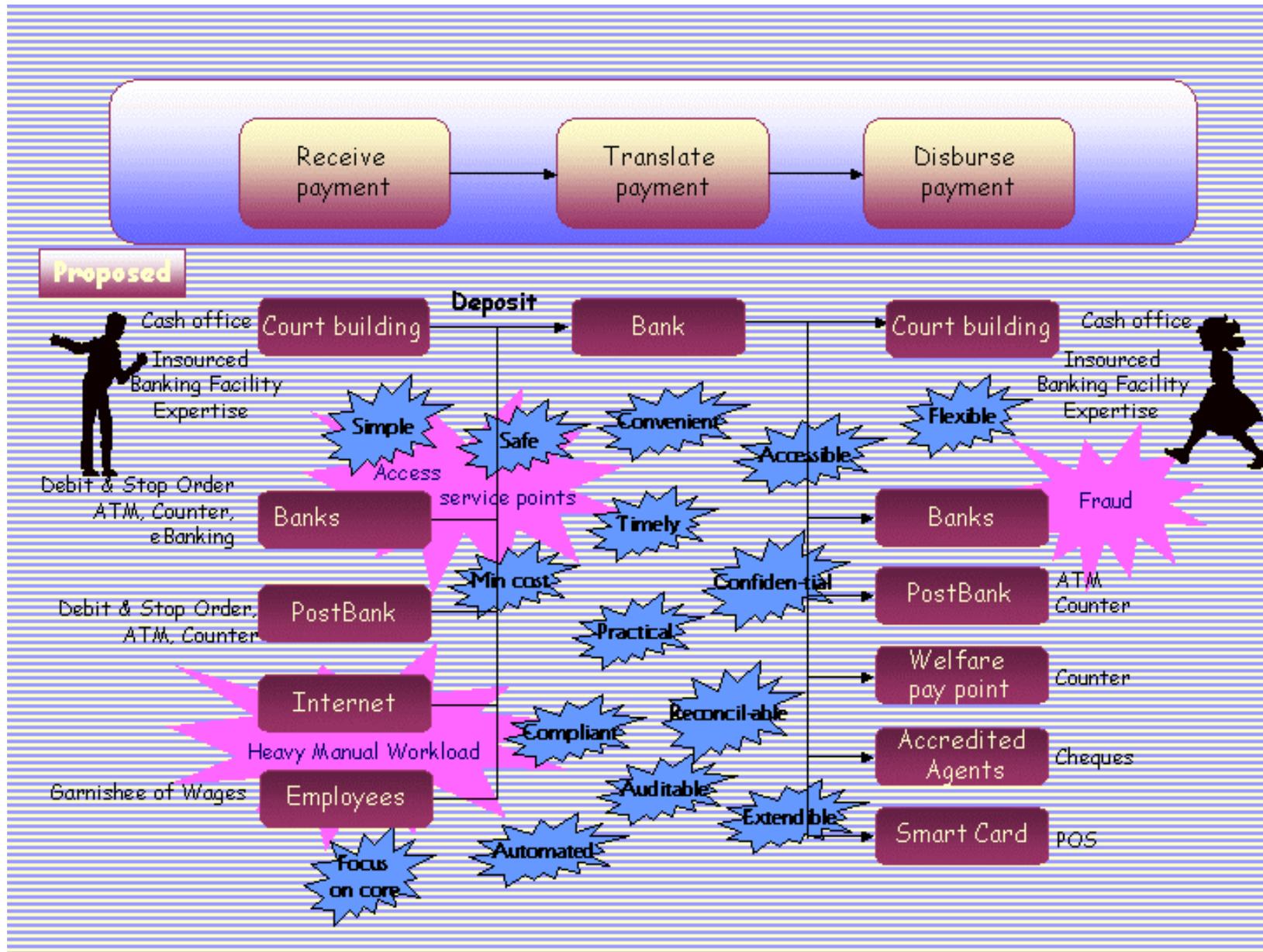
10. Cash Hall and Cash Office Operators

DoJ & CD may outsource the operations of the above to the SPV. The SPV may elect to operate the Cash Halls and / or Cash Offices itself, or it may elect to contractually transfer the day-to-day operations of these to Banking or CIT (Cash-in-Transit) operators.

The Cash Hall operators if so appointed will be responsible for receipting moneys, cheques, postal orders and general payments received over the counter at the Courts or through the mail by the Court in question. It is envisaged that a lock box system will be introduced for each cluster and large Court. The Cash Hall operator will also be responsible for managing the float balance, the cash supply and CIT (Cash-in-Transit) service provision in line with the policy and guidelines as set down by the SPV.

The provision of Cash Hall services by the SPV will represent the “ FREE ” channel of the DoJ & CD.

The department may elect to run the cash halls itself and to do so within the new modern system it will need to be accredited for this purpose in the same way as any other receiving or paying agent will be required to be accredited. The department may issue tenders for building and managing the capacity of departmental cash halls. Should this route be considered to be efficient, effective and economic it will not detract from the accreditation of alternative agencies for receiving or paying monies in trust.



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11. Income and Expenditure Streams

11.1 Income Streams

- The SPV will negotiate rates of service charges or where applicable rebates for services rendered by duly appointed agents such as Receiving and Payment Agents and would receive such amounts as income.
- Interest earned on the consolidated balance of monies held in trust would accrue, in the first instance, to the SPV.
- Capital raised from various sources.
- Ancillary Services provided to DoJ & CD
- Sundry operating fees (Cash Hall Services)

11.2 Expense Streams

- The SPV would be liable for Service Charges for authorised services rendered by duly appointed agents in cases where a rebate structure is not in place with Receiving and Payment Agents.
- Interest on the consolidated balance of the monies held in trust at duly prescribed rates to be paid to SARS.
- Repayment of the Capital Fund
- Staff / Personnel Costs - Salaries & Wages, recruitment, re-deployment etc
- Rentals - Premises & Non-Computer Machinery
- Cash Handling Costs - Cash-In-Transit Fees, Courier Charges, Teller Differences & Write Off's
- Insurance-Cash, Facilities, Equipment etc
- Communication Costs - Voice & Data Comms, Call Centre costs.
- Maintenance-Computer and Equipment
- Consumables - Postage & Stationery
- Management Costs – Audit (Internal & External) & Legal Expenses.
- Facility Upgrades & Technology Infrastructure (Furniture & Fittings)
- Capacity Building Costs - Training & Development
- Change Management (Internal Marketing)
- Public Education & Communication (External Marketing)
- Procurement Management
- Security
- Process Management (Reporting, MIS)

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12. Impacts and Dependencies

12.1 DoJ - Court Services

12.1.1 Court Services Model

The required level of service will be clearly defined in line with accreditation standards.

This will need to take cognisance of the requirements of the PFMA Act as it relates to service provision and controls, the Govt commitment to Batho Pele (People First), convenience and safety.

It is also incumbent on the SPV to ensure identification and monitoring of defaulters and non-performers thus enabling justice to take its course in a timely manner. It is likely that this service will be outsourced to the Consolidating Banker.

DoJ & CD is currently introducing and training a standardised service delivery model for operating Cash Halls in the Courts. It has been recommended that through project Re Aga Boswa that the Cash Hall operations provided by the SPV would offer full service functionality around the payments and receipts of Maintenance, Bail, Fines and related services between the hours of 08h30 thru 16h00, Monday thru Friday. The service model should also increase the service footprint by offering pay in and pay out at multiple alternative outsourced transactional points run by accredited agents.

12.1.2 Facilities Management

It will be the responsibility of the SPV to erect and fit out the Teller Cubicle and workstations inclusive of under counter safes and security equipment in terms of recognised banking specifications. The SPV will be responsible for the safety of staff working in the Cash Halls.

A standard configuration for Small, Medium & Large Court Cash Halls would be deployed by the SPV. This will range from a single cubicle infrastructure in small and medium sized Courts to a multi counter infrastructure in the larger Courts. Each cubicle will comprise a counter with bullet proof fronting, teller terminal, under counter safe, a panic button, and a rear locking door sealing it off from the rest of the Cash Hall.

A fire proof safe would be retained by the SPV in the DoJ & CD common strong room. The necessary teller documents, front line blank forms and cash / like cash documents would be kept there. In the case of small and medium size courts, the secondary key holder for this safe would be a senior member of the DoJ & CD Court Finance Admin team / Court Services team. In the case of Large Courts where more than one teller is

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necessary, control would be split between the incumbent SPV Cash Hall staff.

The SPV would be responsible for safety, accessibility, signage, queuing controls and cash hall cleanliness. It is proposed that a “Best-Kept Court Cash Hall” competition be run as an incentive.

It is also proposed that convenience facilities be provided in the large busy Court Cash Hall environments e.g. refreshment and snack vending facilities, closed TV channel, waiting facilities etc. These concession outlets are to be run as a source of revenue to the SPV.

Should the department elect to run the Cash Halls itself then it will assume the responsibilities and obligations of the SPV as outlined above.

12.1.3 Standardisation of Procedures

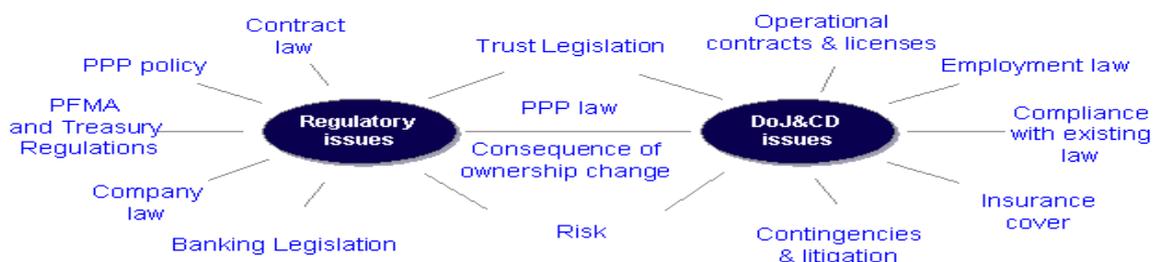
The Office of the CFO of the DoJ & CD has standardised all the processes around both Vote and Trust Monies under the Governor Brown initiative which initiative is now being implemented as a part of project Re aga Boeswa.

The financial component of these processes will be replicated and assumed by the SPV in all Cash Halls to ensure standardisation, appropriate segregation of duties and controls and compliance with the requirements and prescripts of the DoJ & CD and the PFMA (Public Finance Management Act).

Addressing Legal Implications

- Objective: to identify the legal issues that will need addressing during and on completion of the entire transaction

The following are the more usual areas that a corporate lawyer would address on a typical PPP transaction:



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13. DoJ - Human Resources

13.1 Marketing and Communication

It is envisaged that a program of Public education will be structured by specialists within the Transaction Advisory team in consultation with affected interest groups. The execution of the program could be performed through a national Advertising group in collaboration with field marketing operatives, alternatively, it may be specified as part of the accreditation requirements for agents.

13.2 Change Management

It is envisaged that a carefully structured program of Internal education would be developed by specialists within the Transaction Advisory team in consultation with affected interest groups. The execution could be carried out by the same body but would be supported by the Dept of justice so as to ensure skills transfer.

13.3 Staffing

It is envisaged that a Human Resources plan would be developed by specialists within the Transaction Advisory team and in consultation with Banking operatives in order to address the suitability, skills and training requirements of candidate staff for the SPV and further to identify training needs for those who would be redeployed to different functions within the DoJ&CD.

The DoJ&CD would transfer qualifying staff to the SPV in terms of a selection process set by the DoJ&CD and such staff would be trained and managed by the SPV for the duration of an agreed contract term. The SPV might in turn outsource the management and training of the cash hall staff to banking institutions appropriately resourced and structured for handling and performing the duties and functions envisaged for the Cash Hall operations.

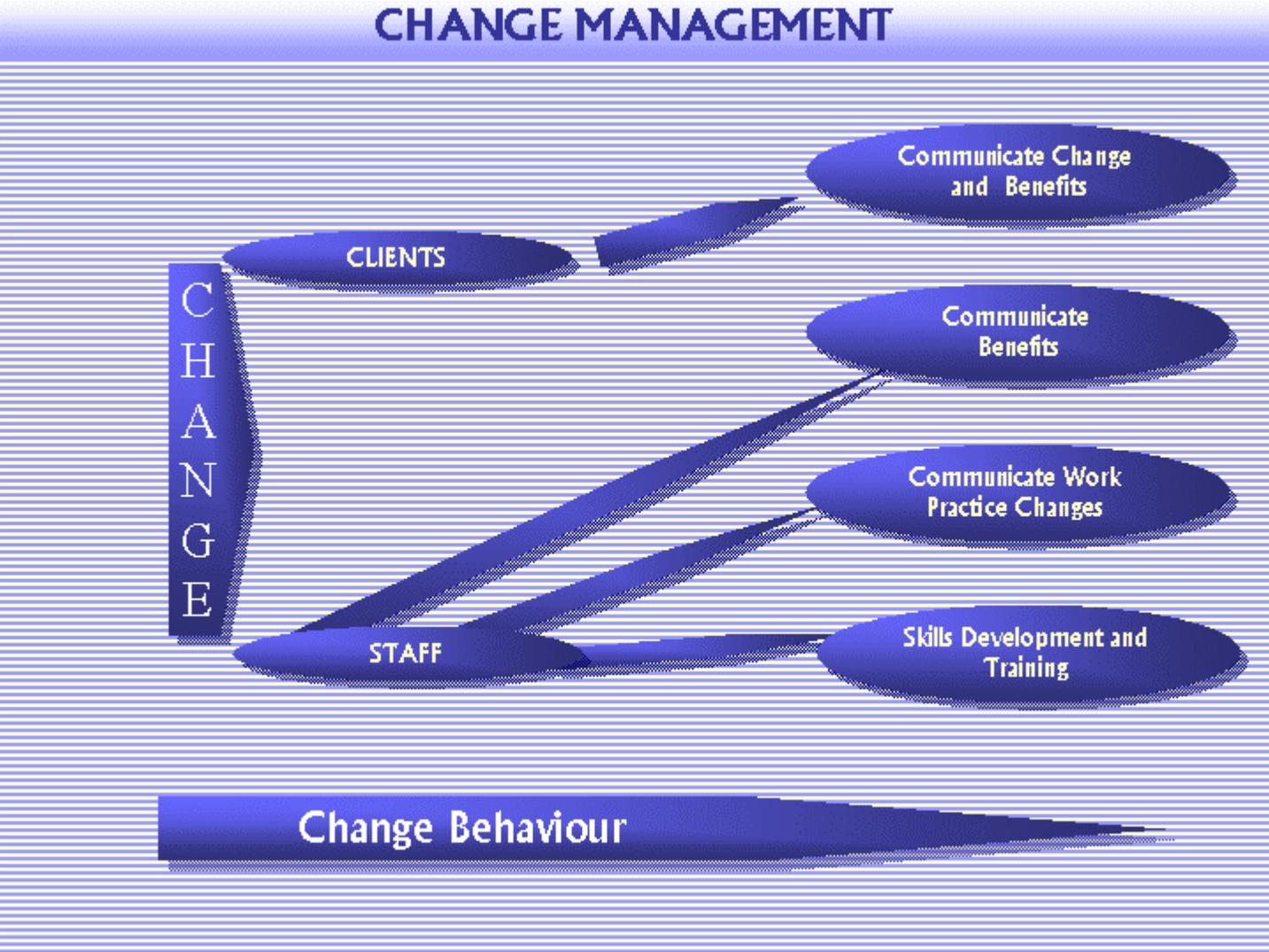
Staff selected for transfer to the SPV would at least be remunerated on the same terms and conditions as were applicable at the DoJ&CD. Staff employed by the SPV from outside the DoJ&CD would be remunerated on terms and conditions determined by the SPV. At the end of the agreed contract period, the DoJ&CD would offer to transfer all staff employed at the Cash Halls by the SPV and or Cash Hall operators, back to the DoJ&CD.

The skills transfer and capacity building of staff would be in the area of teller/cashier skills, customer service skills, general banking and systems knowledge, governance and compliance controls, audit and reconciliation skills, data base management, query resolution and communication skills.

Should the department elect to run the cash halls and be so accredited then it could insource the capacity to enable this process at the same standards as envisaged above for the SPV.

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14. DoJ - Technology

All technology will be installed and supported via SITA (State Information Technology Agency).

14.1 Networking

A VPN (Virtual Private Network) has been established for inter governmental applications and the SPV would need to establish a contractual arrangement with SITA for usage of this facility / service to support cash hall operations.

Data Base Management - Separate File Servers will be positioned to facilitate the following:

- ▶ Case Administration
- ▶ Financial Transaction reconciliation, and
- ▶ Call Centre Management

14.2 Hardware

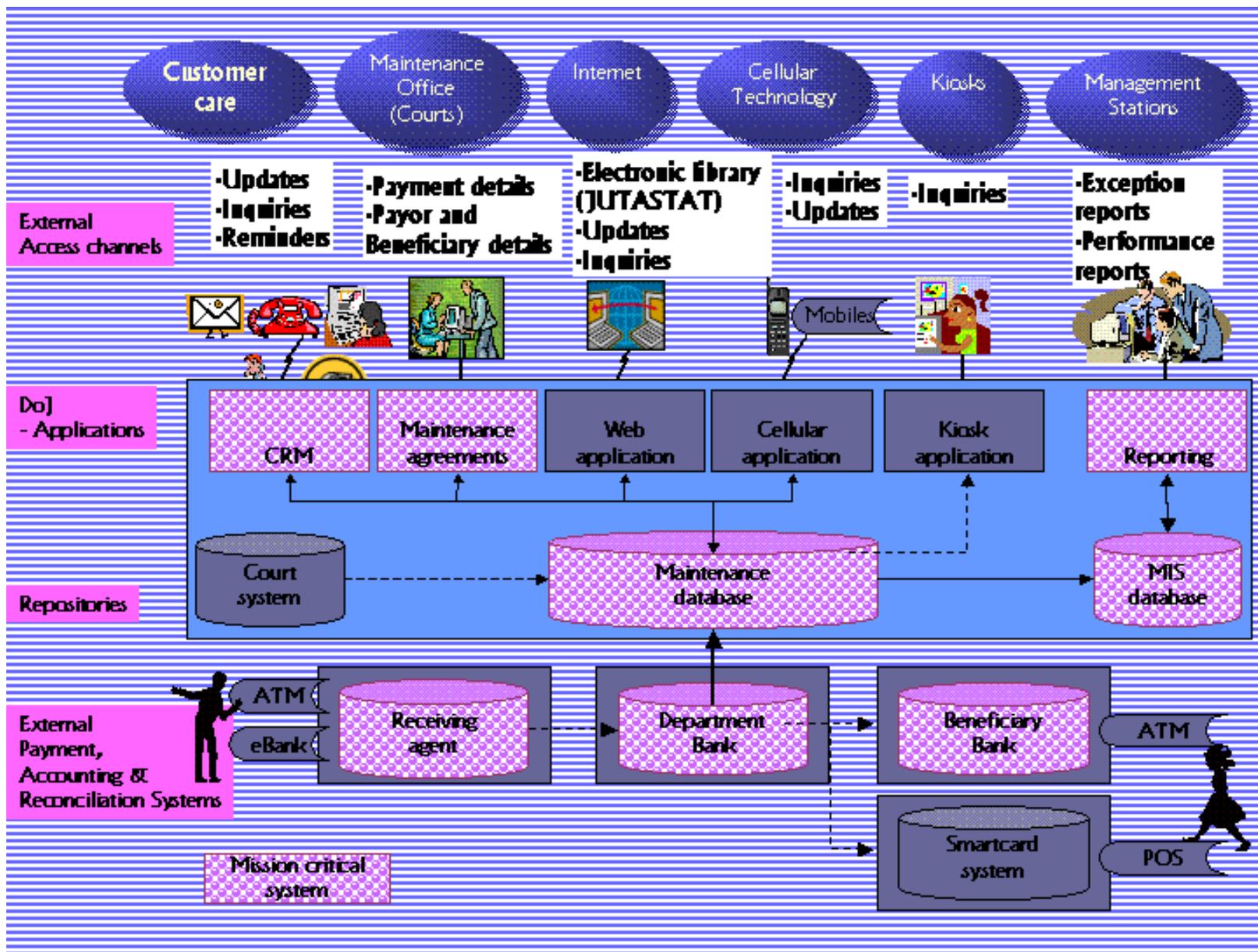
The DoJ & CD has limited or little known hardware assets and as such will be dependent on the SPV for acquiring such.

It is envisaged that all hardware will be sourced through a tender process initiated by the SPV, sanctioned by SITA and that the said hardware will be depreciated over the period of the outsource arrangement.

14.3 Software

SITA will either build or acquire for and on behalf of the DoJ & CD the requisite software applications for the SPV. SITA will also be responsible for the maintenance of such systems.

It is envisaged that the SPV would contract with SITA for the provision of this service.



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15. DoJ – Finance

15.1 Vote Account

Witness and Ancillary Fees paid through the Cash Halls.

Whilst the above activities are associated with the Vote Account, for both practical and operational reasons, it is proposed that this function be assumed by the SPV, and that the SPV use its cash hall presence for the payment and administration of these fees. It is recommended that the SPV investigate the payment of these amounts in a form other than cash e.g. fixed value Money Orders, so as to reduce the need for cash holdings and to facilitate easier teller balancing and controls.

The SPV will charge the DoJ & CD for the provision of these services. It is envisaged that a centralised imprest account be opened in the name of the SPV, for this purpose. Daily reimbursement by the DoJ & CD for disbursements made would be managed by the SPV.

15.2 Trust Account

15.2.1 Traffic Fines

Given that there is currently no standard integrated approach to the payment and collection of Fines, it will be extremely difficult to resolve and improve the processing and collection of Fines by the Court Cash Halls in isolation.

There are two distinct dimensions to the Traffic Fines process.

The first being the collections capability as it relates to ease of payment, flexibility and footprint available for the receipt of payments. Currently the system is extremely inflexible, with payment in most cases having to be made at the specific point of jurisdiction. In cases where the offender is not present / physically issued with the Fine at the time of committing the offence e.g. camera recorded offences, you have the added complexity of having to serve notice of the Fine on the offender.

While cheques can be mailed, this is not regarded as a safe and trusted method by the public and of course limits this payment option to only that small sector of the population who conduct cheque accounts. Payment of Fines, if ever made, are thus often dependent upon people physically travelling at their own cost and expense to the point of jurisdiction and paying over of cash at the counter at either the local Police Station, Court or Municipal office. This is undoubtedly a disincentive to payment resulting in a low collection percentage, not to mention a high cost of collection if payment has to be legally pursued, particularly due to the relatively low face value of Fines in general.

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The second key component of Fines relates to Reconciliation and MIS Reporting. This entails an integrated approach to the unique referencing of Fines so that they can be mandatory linked to not only the obligant in question, but to the particular charge / infringement, and be reconciled against a designated receiving Bank account.

The key reference fields would also be shown on a bar code on the Fine. This would also facilitate the ability to open up the payment of Fines to other direct payment methodologies such as EFT, Internet, Telephone Banking, the Post Office, etc. Non-performance / non-payment can also then be reported and focused on.

From discussions it may be necessary for changes to be made to the Criminal Procedures Act in order to broaden the collections net. The Road Traffic Management Corporation might also wish to take ownership of a national initiative around the standardisation of accounting, referencing and payment methodologies associated with Traffic Fines.

In the interim, as the Management of Monies in Trust is rolled out in the various Magisterial Districts, it is recommended that the re-engineering of the Fines process be extended to the relevant Municipalities / Local and Provincial Authorities, if any improvement in the collection and reconciliation of Fines is to be achieved. It is envisaged that participating local authorities would provide DoJ & CD with the relevant data files of offences. These files would be matched against the payment records of the designated bank account provided by the Consolidating Banker to the SPV.

It is recommended that each Municipality / Local Authority open a dedicated Bank account for Fines and that a 16 digit reference be incorporated as the reference standard for all transactions.

Direct payment of Fines is encouraged as the preferred payment methodology, namely EFT via Internet Banking, Mobile Telephone Banking and over the counter payment via the Post Office or Retail banking network.

15.2.2 Maintenance

On completion of the Maintenance hearing in the Court, the Case details are entered by court officials on to an Administration system e.g. JDAS. Both the Payer and the Beneficiary are to be provided with the unique Case Reference Number. This number should also be contained in a Bar Code format which will be appended to the source file for both tracking and referencing and will also be stored / printed on some low cost durable media provided to both Payer and Beneficiary which can be recognised by Payment and Receiving Agents at the point of payment and receipt.

It is envisaged that the paying agent would also be provided with key bank account information of the collecting / receiving banker and details of the

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relevant Court Trust account held with the consolidating banker is envisaged.

This information, together with the unique Reference Number would be required to accompany all Garnishee Order payments, EFT, cheque and schedule, debit order and other Maintenance payments made to the Court.

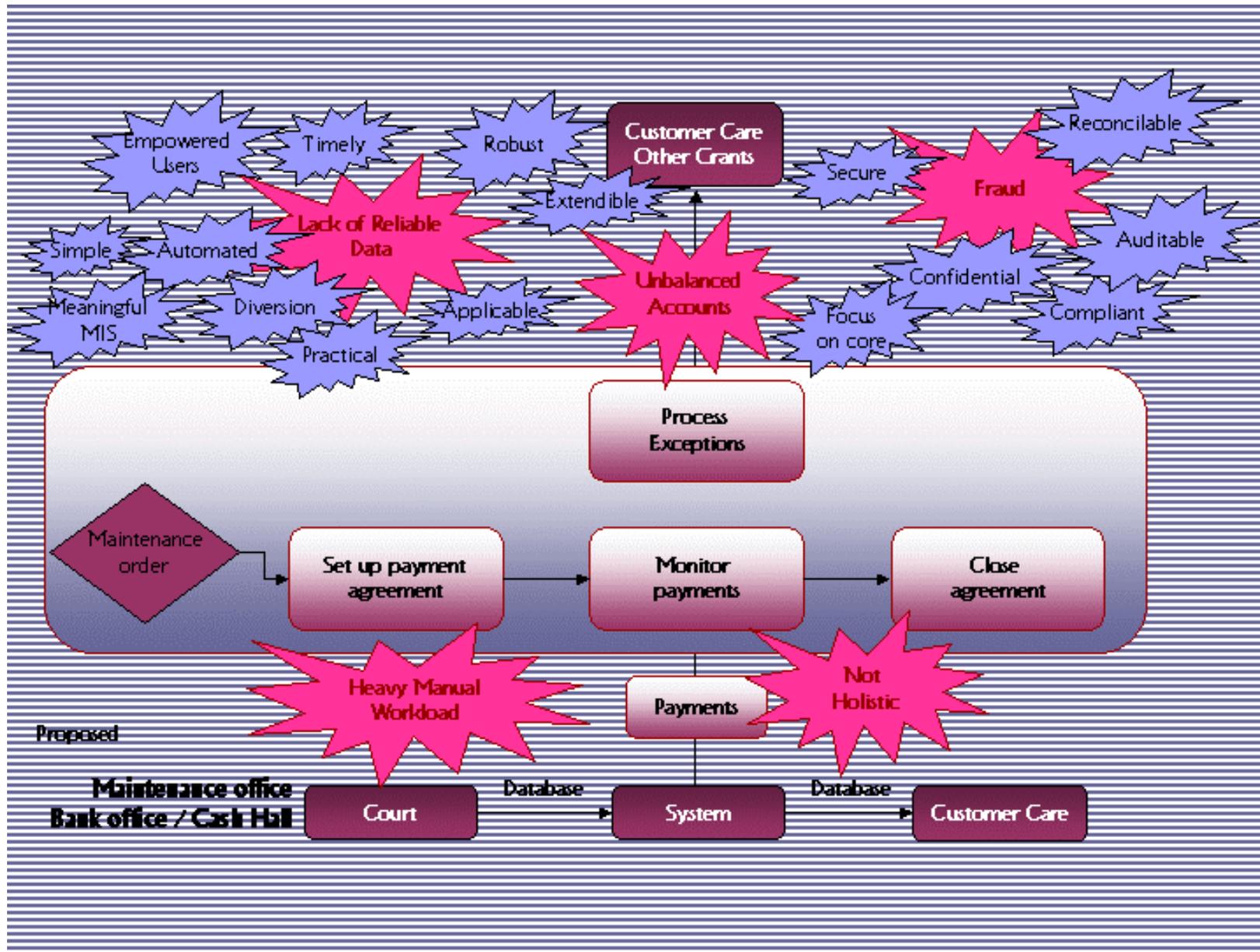
As part of the core Case information, the following data would be obtained by the DoJ Finance Admin staff and form part of the Beneficiary database (obtained via a Client Information Sheet): i.e. Bank account details, contact numbers (Payer & Beneficiary), physical and postal address, contact / next of kin details, cell phone numbers of Payer & Beneficiary for potential SMS communication solutions.

In the case of the un-banked sector, where various Payment Agents may be used as part of the envisaged business solution, the Beneficiary would be encouraged to open an account immediately after the Maintenance hearing with the selected Payment Agent for that Region/Court. Payments through the Court would then be directed into the relevant Beneficiary account.

The DoJ would need to create a database and “ Ledger ” accounts for both new and existing live Maintenance files (substitute for the Green / White Cards). The physical location of the databases and access mechanisms for both the capture and retrieval of the data would be dictated by the level of technology present at a Court level. It is envisaged that initially stand-alone servers at nodal or Cluster / Shared Service Centres may need to be established. This will be investigated by the TA.

The key reference field for the Ledger account would be the unique Case Reference Number. The other core information being the monthly Maintenance Amount due, the Date on which payments are to be made and Arrears.

The payments and receipts data provided by the Consolidating Banker would be held by the SPV. It is envisaged that DoJ would either retrieve or the SPV would provide DoJ & CD with a file of this data on a daily / at least weekly basis. This data would be matched by DoJ&CD against their database, and the Ledger Accounts updated accordingly.



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Any deviation (non, late or short payments) would be reported together with the key basic information details to the Court in question. Action could then be taken against offenders by the relevant DoJ & CD Finance Admin staff. Similarly, the Maintenance Trust Account held with the Consolidating Banker balance would be reconciled against the Maintenance Ledger balance.

After the reconciliation of the Credits, and subject to the appropriate clearance periods being applied to Cheques, Maintenance Disbursements would be authorised by DoJ&CD to the SPV, who would then issue the appropriate payment instructions to the Consolidating Banker. The Consolidating Banker would then in turn generate payments to the relevant Payment Agent.

Payments received by the Courts (Cash Hall Operator) through the mail in the form of Cheques, Cash or Payment and Money Orders would be applied in a similar way after they have been deposited and cleared through the Consolidating Bank by the SPV.

The DoJ & CD would be responsible for ensuring that new Case details with commencement dates as well as variation details of existing cases are updated timeously on the database. DoJ & CD would also be responsible for advising the SPV of any payments to be withheld / revoked. The SPV would be responsible for advising the relevant Court of any unpaid or stopped items received.

Where a bank / transactional account is not maintained by the Beneficiary, the SPV in consultation with the Cash Hall operator or relevant Payment Agent will be responsible for putting in place a process to enable/encourage the opening of an account. This would provide the beneficiary with flexibility and convenience around the future receipt and withdrawal of monies standing to their credit.

The key objective of the SPV is to facilitate the elimination of cash hall traffic wherever possible so that cash hall traffic is speeded up for those that have not chosen to be diverted to an agent outside the court that more than likely will be the banker of the person in question.

A centralised HELP Desk with access the databases / ideally a single database would be established by the SPV. A 0860 telephone number would be established thus improving upon the current informal telephone support provided by Cash Halls at a Court level.

15.2.3 Court Fines / Deferred Fines

The 16 digit reference number would form the basis for reconciliation and as such would be incorporated into all transactions. It is recommended that the Courts retain the over the counter interface, with the footprint for the receipt of Fine payments being widened to enable direct credits, particularly with regard to Deferred Fines paid through a series of instalments/over an agreed period, to be paid through Receiving Agents.

The Consolidating Banker would maintain all payment and reference details. It is envisaged that the DoJ&CD would “retrieve” this data on a daily/ at least weekly basis, and match this against the database, with the ledger accounts updated accordingly. Any deviations would again be reported to the Court in question.

In the case of compensatory Fines, the beneficiary account details would form part of the ancillary information to be obtained by the Financial Administration area at a Court level and maintained as part of the Case file.

The Consolidating Banker would handle the direct payment to the Beneficiary on receipt of the necessary advices from DoJ&CD and after matching with the database.

15.2.4 Bail

As part of the Case docket, key personal and ancillary information should, where possible, be obtained and maintained by the DoJ&CD Financial Administration area (Court or Cluster level).

Again the unique 16 digit reference number will form the key to tracking payments, the reconciliation thereof and the refund of these where applicable. This would need to be consistent for payments made directly to the Court, through Correctional services and / or via the SAPS.

The Bank account details of the party lodging Bail will be integral, as reimbursement will increasingly wherever feasible, be made by EFT into a transactional account. The idea is also to set up arrangements with SARS for the payment of Estreated Bail by EFT with an accompanying data file.

Where Bail is to be reimbursed to an un-banked individual who lodged the Bail, it is intended to extend the payment window to approved payment agents e.g. Post Bank, who under instruction would facilitate the disbursement in terms of a laid down procedure. To facilitate this, imprest accounts would be opened by the Consolidating Banker with the various key Payment Agents.

In addition to standard referencing and identification, a formal authentication process around the re-imbusement of Bail should be put

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in place e.g. Questions could be asked such as - What is your mothers maiden name?

The introduction of the Prevention of Organised Crime Act and the requirements of the Financial Intelligence Centre Act will place a significant onus on Justice/ Cash Hall Operators / SPV and Receiving Agents, particularly as it relates to anti money laundering compliance and the acceptance of bail derived from criminal activities in the form of cash.

15.2.5 Estates

As Estates currently handled at a court level have a minimal cash component and the Courts have an integral role to play in the process of administration, the focus would again be on the value added component around the disbursement dimension i.e. the making of authorised disbursements directly into the Bank accounts of the designated Beneficiaries.

Again it will be incumbent on the Financial Administration area of the Court or Masters Office to ensure that wherever applicable or possible, authenticated beneficiary account details are held / maintained.

A Lock Box at Court or Cluster level would again be used as a source for the receipt and processing of credits to Estates, with the 16 digit referencing being the core reference for reconciliation purposes.

The management of Monies held in Trust by the Offices of the Master of the Supreme Court will be the subject of a special study by the TA.

15.2.6 Payments Into Court

The 16-digit reference field will be used as the core reconciliation component on the database. At the time of the Case being opened, the Bank account details of the litigants would form part of the ancillary information obtained by the Court (Financial Administration area).

Payment for security from the respective Parties / Attorneys into the designated Court account would be reconciled against the database, and any deviation reported.

On receipt of the requisite Court authorisation / adjudication, a reimbursement payment would be made where applicable into the designated account of the claimant, depositor or SARS.

15.3 Masters Office

Again a standard referencing system needs to be incorporated, with the potential biggest value added coming from making use of EFT payments into the accounts of validated and authorised Beneficiaries.

A single data file for the production of cheques could be outsourced to an appointed Payment Agent. This would remove the risks associated with multiple manual cheque issuing, ensure segregation of duties, and improve controls associated with cheque issue.

Cheques could be produced at a single point and be broken up into batches under separate transaction codes for bi weekly / weekly couriering to the various Masters Offices for collection or mailed directly from a central point.

Additional Benefits to Outsourcing

- **Leverage additional channels available through banks**
- **Allows efforts to be focused on core business**
- **Removes labour issues**
 - remuneration
 - training
 - retaining
- **Removes need for capital investments/ ongoing investments**
- **Leverage economies of scale**
- **Provides single point of accountability**
- **Allows for output management**
- **Business opportunity to facilitate Black Economic Empowerment**

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16. Other

16.1 Call Centre

As a result of the proliferation of cell phones and fixed lines in urban and rural areas, the level of telephonic enquiries around Maintenance issues has escalated dramatically at a Court level.

The Management of Monies in Trust Project has identified the need for formalised Call Centres as an integral component of its service delivery.

It is proposed that the SPV will establish and operate Toll-Free Call Centres at the major decentralised Support Centres being established out of project Re Aga Boswa.

The DoJ & CD has five (5) nodal points across South Africa where centralised access to the Court data base information can be housed / provided. These Centres would also have access to the receipts and payments data provided by the Consolidating Banker, thus enabling meaningful resolution of Maintenance and related queries. They could also act as point of contact for information gathering in the pursuit of non-performing obligants.

It is proposed that Justice establish the cost benefit of an 0860-JUSTICE toll free number with key options for maintenance queries and fine payments. Given that the cost is unaffordable it could be offered at a cost which revenue would accrue to the SPV that would carry the costs associated with the establishment and operation of the service. This service could be extended to provide cell phone notification of the disbursement of cleared funds received.

16.2 Compliance

The SPV would also be tasked with the control issues around instructions emanating from the DoJ & CD.

These dimensions would encompass the control of authorised signatories of the DoJ & CD, the integrity of the network connections between the DoJ & CD, the SPV and the Consolidating Banker, and the management of the relevant prescript issues emanating from the PFMA (Public Finance Management Act).

The SPV would also control the authorised signatories to and operatives on the DoJ & CD Trust Accounts held with the Consolidating Banker.

16.3 Risk Transfer

Whilst the PPP (Public Private Partnership) process requires the transfer of risk to a Private Party, the fiduciary duty of the DoJ & CD as it relates to Trust Monies, remains with the State, and cannot be transferred. The contracts would

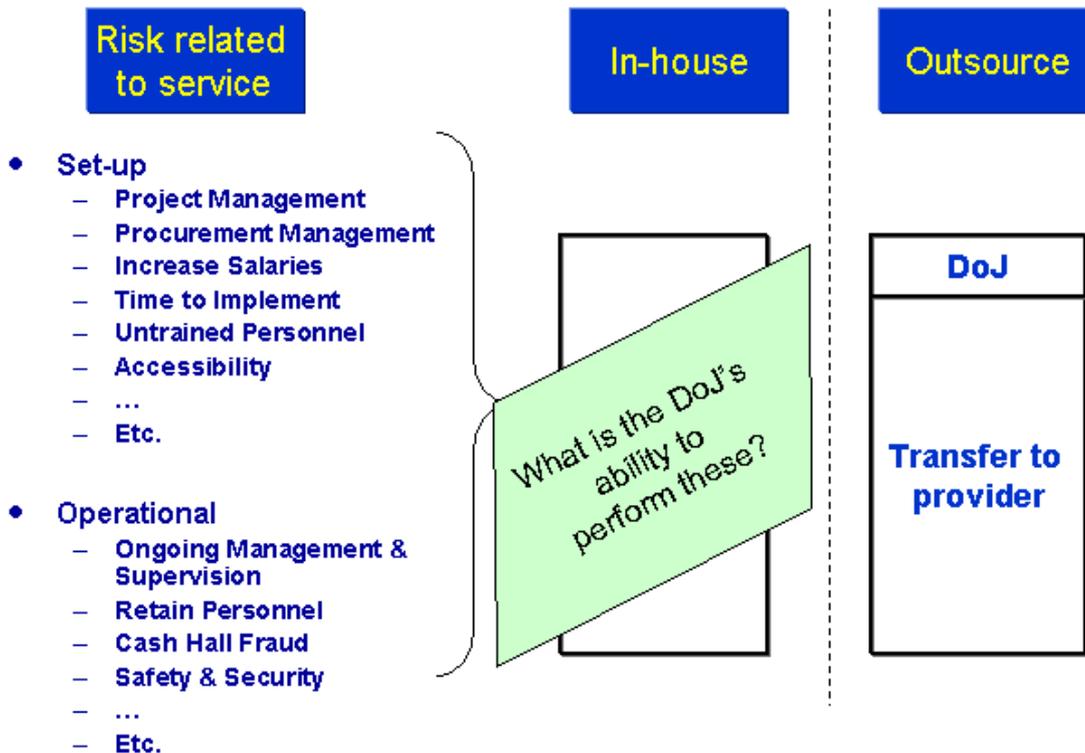
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nevertheless give the DoJ & CD recourse to the SPV in the event of any negligence or loss arising out of the provision of the service.

The Consolidating Banker would assume the risk for the control over the Monies in Trust and the SPV would assume all the operational risks associated with the Cash Halls as well as the Cash-on- Hand and Cash-in-Transit.

Transfer of Risks



17. Statutes, Prescripts and Legal Requirements and Regulations to be Considered

PFMA 1999 Section 38 (1) & Section 86 (1)
GAAP (Generally Accepted Accounting Practices)
GRAP (Generally Recognised Accounting Practices)

17.1 Monthly Reporting

Treasury Regulations - Handling of Trust Monies, Monthly Reconciliation
Maintenance Act
Estates Act
Financial Intelligence Centre Act 32 of 2002
Prevention of Organised Crime Act
Labour Law

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18. Handling of Historic Deficit and Backlog

18.1 Take On

There are two (2) potential approaches to effecting the take-on of client records / accounts to the new system.

The first approach would be for the SPV to take-on only the new cases post an agreed date, and allow all the old cases to remain the operational responsibility of the existing Dept of Justice Financial Administration system. Separate Trust Accounts would have to be retained, with each party being accountable for the audit and reconciliation of the respective monies and records ie a complete ring fencing approach.

The second approach would be for the SPV to take-on both new cases post an agreed date and to effect the transfer of existing reconciled client records and the monetary balance to the SPV ie. a phasing in approach.

It is envisaged, notwithstanding that there are numerous situations where accounts have not or cannot be reconciled or where records are largely absent, that the latter approach should be adopted thus allowing for a steady migration of records and monies to the new system. As this approach would focus on records with associated monetary value, it will minimise financial risk and potential losses to DoJ & CD.

Non-performing records would logically immediately become part of the data base “ hand-shake “ in both scenarios.

18.2 Funding Gap

It is acknowledged that there are shortages in the system for which the DoJ&CD will have to make good. There are two (2) areas of losses. Firstly those shortfalls as reflected as the difference between the Ledger balance (Court Records, Registers and Cash Book) and the Commercial Bank Account balance, and secondly for the shortfall that has been described as “ unrecorded ” losses.

In either case, and irrespective of whatever the true extent of the losses, for full operational risk to move to the Private Sector (SPV), the account / record shortfall will have to be made good by the State. The current shortfall of recorded losses is significant.

18.3 Arbitration

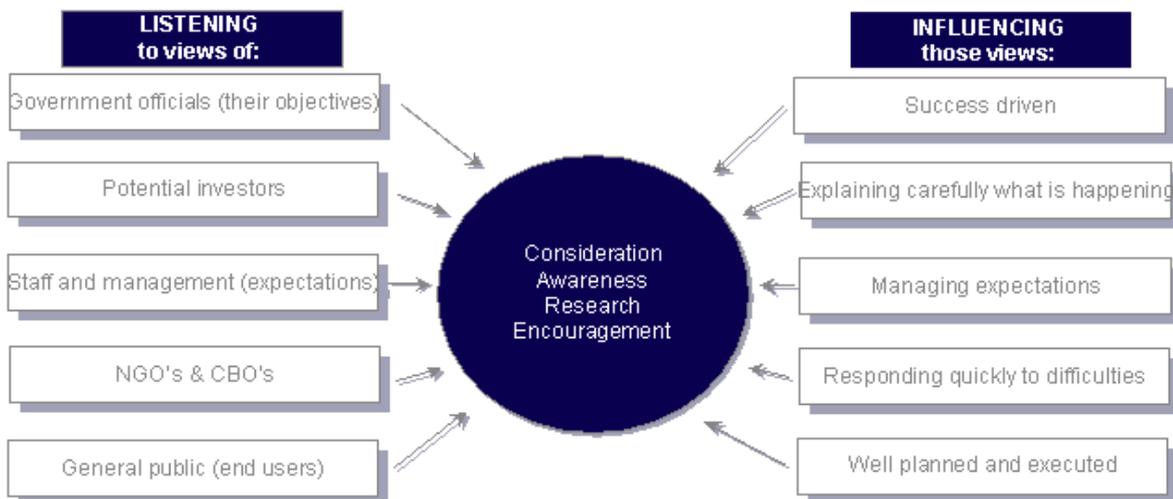
It is envisaged that there will be many instances where files/ records / accounts will be totally absent or misappropriated or have been closed, primarily as a result of dormancy or corruption, and for which DoJ&CD, the SPV or the State could be confronted for latent claims.

An Arbitration mechanism will have to be established within the Department to consider such claims and to determine actions to be taken.

An arbitration panel should have a limited life span, possibly no longer than three (3) years- in line with an agreed prescription period, which should be ample time to convert all files/ records / accounts from the Courts on to the new system and also allow for claims to be presented.

Understanding Stakeholders

- Understanding the views of all those connected with, or likely to be affected by the changes that a PPP process will bring is critical to the success of the assignment. Stakeholders may feel threatened or have concerns, that if not addressed can become a barrier to the successful conclusion of the transaction.



Concerns can be overcome by good communications and addressing issues in a timely manner, not allowing rumours to develop and unsettle the very people on whom the future success of the transaction rests.

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19. MMT – Project Implementation

Given that the business model developed for project Re Aga Boswa has recently found favour with a broad audience of stakeholders within the Department of Justice it is envisaged that the roll-out / implementation, for the Management of Monies in Trust project should fully integrate with this initiative and follow the chosen implementation route of Re Aga Boswa.

Given the urgency of some of the control and risk issues it is however possible that interim measures and steps be taken by the DoJ &CD (Office of the CFO) at an individual Court level so as to curb losses and theft in the interim.

The elected pilot site for Re Aga Boswa is the Durban cluster. This cluster has since been fragmented into three (3) clusters, namely Durban Central, Durban North and Durban South.

The project will be able to transfer a major portion (estimated at 50%) of the activities at the Durban Regional Office to either the courts, the Court Centres and or National Office.

For purposes of the implementation phase the Durban cluster has been divided into three pilot sites rather than four as follows:

- ▶ Durban Central covering Durban, Empangeni and Verulam
- ▶ Durban South covering Port Shepstone and Umlazi
- ▶ Durban North covering Empangeni
- ▶ The Court Service Centre

Court Services have four (4) clusters not three (3) as stated. Empangeni features in two (2) clusters, the court is geographically positioned well north but appears in Durban South. Port Shepstone is definitely south but appears in Durban North.

A more logical grouping of Courts in KZN is suggested for comment as follows:

Durban Central including the following Courts:

- ▶ Durban High Court, Durban, Wentworth, Amanzimtoti, Chatsworth

North Coast including the following Courts:

- ▶ Empangeni, Mtubatuba, Kwamsane, Ensileni, Hlabisa, Ongoye, Mtunzini
- ▶ Stanger, Maphumulo, Greytown, Kranskop, Ndwedwe
- ▶ Verulam, New Hanover, Mpumalanga, Camperdown, Pinetown, Ntuzuma

South Coast includes the following Courts:

- ▶ Umlazi, Umbumbulu, Scottburgh, Vulamehlo, Richmond, Emzumbé
- ▶ Port Shepstone, Izingolweni, Kokstad, Harding, Matatiele, Ixopo, Phungashe

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The above is offered as a suggestion for comment by the Re aga Boeswa project functionaries whose preferences will as far as possible be accommodated.

There is no definitive roll-out plan published by Re Aga Boswa beyond the pilot activities being played out in KZN-although we believe Johannesburg Courts are next in line.

It may be prudent to conclude the roll-out in KZN by migrating to the inland areas e.g. Pietermaritzburg etc, as has already been mooted by project Re Aga Boswa.

Thereafter the learning experiences from the pilot installations in KZN should be successfully transferred to the other clusters in other provinces.

The sequencing of future cluster implementations should be determined through a process that is driven by objective research. It is envisaged that a set of criteria should be developed that takes account of the broad spectrum of court activities, the available support services etc, and that ratings be applied so as to identify and prioritise the correct sites.

Our biggest issue however, remains clarity and finality around those financial activities and related functions that will be performed at a decentralised or cluster level e.g. database integration, account reconciliation, banking interface, reporting interface and non-performance follow up.

Human resource capacity planning will need to be addressed and this in turn may dictate that a province by province roll-out be adopted, as opposed to spreading personnel across cluster points in all provinces simultaneously.

The Management of Monies in Trust project is committed to assist project Re Aga Boswa to formulate a national roll-out plan as it relates to the integration of Finance Administration functions and outsourced services.

20. Conclusion

The proposal above provides for a “free” transaction stream open to all at court cash halls that are operated either by the department with the assistance of insourced capacity or by the SPV who in turn will outsource the management thereof. A single consolidating banker is proposed. Multiple receiving and paying agents are proposed all of whom may elect to charge for the service and who will incur a charge / rebate obligation to the SPV that will utilise such revenue for the purpose of cross subsidising “inhouse free” services. All participating receiving and paying agents will be required to meet an accreditation standard. A call centre / information centre is proposed either as a free service or at a cost to users.

Alan Mackenzie
CFO
30 March 2003

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21. Stakeholder Profile (Active and Passive)

Government

- ▶ Parliament
- ▶ Auditor General
- ▶ Police
- ▶ Correctional Services

Transaction Advisory Team

- ▶ Lawyers
- ▶ Accountants
- ▶ Change Management
- ▶ Marketing Communications Consultants
- ▶ Project Mgmt

Dept of Justice

- ▶ Human Resources
- ▶ Technology
- ▶ Court Services
- ▶ Magistrates
- ▶ Prosecutors
- ▶ Masters Office
- ▶ Finance

RFI Bidders

- ▶ Banks
- ▶ Post Office
- ▶ CIT Operators
- ▶ Retailers
- ▶ Cell Phone Operators
- ▶ Smart Card Operators
- ▶ Bureaux Operators

Other

- ▶ National Treasury

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- ▶ USAID
- ▶ Unions
- ▶ Technology Providers
- ▶ Security Companies
- ▶ SITA
- ▶ Municipalities
- ▶ Local Authorities
- ▶ SARS
- ▶ Reserve Bank

Clients

- ▶ Beneficiaries of Maintenance
- ▶ Payers of Fines
- ▶ Court Witnesses
- ▶ Attorneys/Advocates
- ▶ Translators/Interpreters
- ▶ Families/friends of accused

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