

**Presentation to  
Portfolio  
Committee on  
Justice and  
Constitutional  
Development**

**9 March 2006**



**POISED TO STRIKE**  
*against corruption*

**Summary**



- Methodology and focus
- Increase budget and staff
- Progress against targets
- Current SIU priorities
- Major investigations
- Other notable achievements
- Summary of key challenges 2006/07

## SIU methodology



- Similar to commission of enquiry
- With power to institute civil litigation to recover or prevent losses of state property
- President refers investigations by proclamation
- Do multidisciplinary forensic investigation
- Consist of forensic investigators, lawyers, accountants, analysts
- Powers similar to commission of enquiry
- No power of arrest – work jointly with SAPS, DSO, NPA

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## SIU Focus



- Provide one-stop service to government departments
- Concentrate on systemic widespread corruption
- Investigate corruption and maladministration
- Institute civil legal action to correct any wrongdoing
- Generate massive savings and cash recoveries
- Secure criminal convictions
- Prepare disciplinary hearings
- Key emphasis on systemic improvements

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## Increase in budget and staff



- SIU had 67 staff when established in 2001
- Grew to 194 in Apr 2005, and 384 by Apr 2006
- Will continue to grow to over 550 by later this year
- Budget from Treasury will increase 3½ fold over 6 years:
  - R23m in 2002/03 to *53 million*
  - R76m by 2008/09
- Recognition that SIU delivers real value for money to the state and has vital role to play in dealing with corruption

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## Working with Departments



- A major innovation has been to work closely with depts to deal effectively with corruption
- They use the SIU instead of the private sector
- Pay the SIU for the costs of the investigation
- Firm commitments from Depts to invest R220m in fighting corruption during this year and next 2 years
- Dept funding from R0.5m pa to R100m pa by 2007
- These partnerships will give a massive boost to SIU capacity to fight corruption

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## R220m to fight corruption



- **Correctional Services (R19m)** – R6m pa to employ 30 investigators
- **Social Development (R128m)** - R22m pa for 100 investigators growing to R58m pa for 200 investigators
- **Transport (R53m)** – R16.8m pa for 75 investigators
- **Dept of Local Govt in Eastern Cape (R19m)** – R6m pa for 17 investigators

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## Performance – no. of cases



Indicator	03/04	04/05	05/06 (9 mths)	06/07
<b>Preparation of evidence for use in:</b>				
Civil litigation – target	100	40	40	20 000
■ Achieved	165	45	1 453	
Prosecutions – target	200	200	800	2 700
■ Achieved	52	165	1 061	

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## Performance – no. of cases



Indicator	03/04	04/05	05/06 (9 mths)	06/07
<b>Preparation of evidence for use in:</b>				
Disciplinaries – target	300	330	660	7 000
■Achieved	114	207	1 237	
Other remedial action	3 000	5 000	50 000	50 000
■Achieved	10 000	0	22 390	

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## Performance – value of cases



Indicator	03/04 R'm	04/05 R'm	05/06 R'm (9 mths)	06/07 R'm
Recoveries – target	50	30	40	30
■Achieved	14	12	8.9	
Savings – target	70	100	100	100
■Achieved	373	92	146	
Preventions – target	-	400	900	1 250
■Achieved	-	3 435	1 624	

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## Strategy framework



- Developed 13 strategic objectives for SIU m
- Use Balanced Scorecard to measure implementation through key performance indicators
- Route map to SIU mission

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## Preventions calculation



- Preventions of future loss
  - Is the future value of the savings that were made in the current year
  - Formula agreed on with Auditor General for verification purposes
  - Calculating future losses over a 7.5 year period
  - Implemented from 2004/5

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## Investigations



- SIU plays key role government anti-corruption strategy
- Primarily project based investigations
- Majority cases referred by government departments
- Shift away from private sector to SIU as forensic service provider to State

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## Investigations (cont)



- 24 investigations started or ongoing
- 3 nationally based investigations
- 21 regionally based investigations
- 7 national government departments involved
  - Include Social Development, Transport, Housing, Correctional Services, Public Service and Administration, Home Affairs, Justice
- 24 municipalities nationally

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## Inter-agency cooperation



- Good strategic and operational cooperation with other law enforcement partners
- Major partners are SAPS, DSO, NPA, AFU, AG
- Joint investigations in all major projects
  - DSD, DCS, DOT, ECLG, Witness Protection
- Equal sharing in project successes

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## Organisational development



- Starting organisational re-design process June 2006
- Necessitated by huge demand for SIU services
- Will review entire organisational design, including structure, business processes and IT infrastructure
- Review phase funded by Danish government
- Vital for us to ensure that we have excellent and effective
  - Operational processes
  - Corporate support

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## Staff development



- Significant investment in staff development, particularly because of scarce skills in our environment
- Key in-house training and development programmes:
  - Trainee investigators
  - Potential Leaders Program
  - Management development
  - Coaching and mentorship
- Vital part of initiatives to improve representivity
- Training assistance from UK and US governments

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## People risk management



- Many new members and offices increases integrity risks
- Improved pre-employment screening processes
- Increase capacity of internal integrity division
- Develop ongoing monitoring of existing staff
  - Eg regular drug testing, voice stress analysis
- German government funding the development of internal integrity division

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## Public profile



- SIU has improved public profile
  - Result of new corporate identity and
  - Good public exposure in major investigations
  - Profiling successes important fighting corruption
  - Markinor survey (2005) shows more work to be done
  - SIU model drawing interest from other AU countries
- 
- **SIU sharecall number 0860748748**

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## Social Development



- Proclamation published on 6 April 2005 to investigate
  - Corrupt DSD officials
  - Beneficiaries unlawfully receiving benefits
- Strong commitment of Minister and DSD
- 3 year cooperation agreement with DSD funding cost of the investigation
- Full capacity will be 200
- Tackle in 3 phases

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## DSD: Coordinated action



- Start with 43 705 civil servants
- Complete multi-disciplinary investigation
- Perform database comparisons to identify possible fraud
- Civil recovery of illegal benefit
- Prepare disciplinary inquiries and testify
- Work with SAPS to prepare court ready dockets
- Work with NPA to speed up prosecutions
- Provide advice on systemic improvements
- Provide training to DSD to improve investigating skills

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## DSD: systemic impact



- 14 262 civil servants removed from SocPen
- 79 220 beneficiaries removed from SocPen
- 1 447 disciplinary files prepared for referral
- Identified systemic gaps in grants administration:
  - Inadequate system checks in registering beneficiaries
  - Lack of integration of SocPen systems
  - Lack of review processes of expired grants
  - Non-compliance to Standard Operating Procedures
- Raised awareness of DSD efforts tackling grant fraud

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## DSD: Civil servants removed – 9 months



Beneficiary files recovered	15 012
Beneficiary files audited	5 577
Prosecutions instituted	571
Convictions secured	333
Civil servants grants cancelled	14 262
Annual value of pension	R 50 264 000
Total value of recoveries: 9 months	R 7 371 277
Savings this year	R23 082 000
Preventions = value of future savings	R 376 977 000

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## Beneficiaries not collecting – 6 months



Number who have stopped collecting pensions/grants – 6 months	79 220
Increase from same period last year	41 982
Annual value of pension	R 167 448 000
Savings this year	R 125 065 000
Preventions = value of future savings	R1 255 864 500

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## Requests to be removed – 6 months



Requests to be removed from SOCPEN – 6 months	36 959
Increase from same period last year	31 546
Annual value of pension	R 115 320 000
Savings this year	R 98 560 000
Preventions = value of future savings	R 864 900 500

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## Projected savings for full year



Civil servant removals	R 50 264 000
Increased non-collections	R 167 448 000
Increased requests to be removed from SOCPEN	R 115 320 000
<b>Total</b>	<b>R 333 032 000</b>
Projected full year total	R 600 000 000
Projected full year preventions = value of future savings	R 4 500 000 000

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## Department of Transport



- Project started on 1 March 2005
- 3 year cooperation agreement with Department funding cost of the investigation using 75 investigators
- Investigation focus on 4 areas:
  - Irregular issuing of driving licences
  - Conversion of forged driving licences, including foreign licences
  - Registration of stolen vehicles on NaTIS
  - Management and control systems

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## DOT: Achievements to date



Files uplifted from DLTCs	777 320
Files audited	46 768
Non-compliant licences found	10 240
Disciplinary matters referred to Department	34
Criminal investigations pending	1 294
Arrests (private individuals)	359
Arrests (public officials)	31
Prosecutions instituted	130
Convictions	105

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## DOT: SIU impact to date



- 31 officials arrested – mainly for selling licences
- 359 others arrested
- 339 for converting foreign licences to SA
  - About 70% are SA citizens who never left the country
  - More than 1000 more arrests are expected from 1300 other investigations in progress
- 1 985 non-compliant licences identified and referred DoT

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## DoT



- 43 of 55 priority DLTCs licence audit in progress
- Identified control weaknesses:
  - Lack of document control system
  - Faulty testing equipment
  - Lack of NaTIS access
  - Unauthorised officials conducting tests
  - Lack of proper supervision

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## Municipalities



- 284 Municipalities nationally
- Conduct investigations at 24 municipalities in 5 Provinces
- EC Government requested SIU investigate 13 Municipalities
- WC looked at specific problems at some municipalities
- Generally problems at most municipalities relate to procurement, financial management, recruitment, service delivery and governance

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## Witness Protection Programme



- AG report (2001) highlight irregularities in leasing of safe houses
- Employees of KZN WPP defrauded WPP
- Allegations are:
  - Leased property at double market value or
  - Fictitious property leased to WPP
- Transactions valued at R4 252 637 between 1997 – 2001
- 8 Accused charged Fraud
- Trial part-heard

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## Department of Correctional Service



- 2001 (Sept) Jali Commission established
- SIU requested to investigate corruption in Medical Aid, procurement
- Investigation started August 2002
- 3 year partnership DCS
- DCS fund R6m pa for 3 years
- 40 SIU members

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## DCS: Investigative areas



- Investigation focus on:
- Correctional Centre visits
- Procurement matters
- Pharmacy procurement
- Medical Aid fraud
- First Auto Card abuse

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## DCS: Achievements in Medical Aid



- R3.4 billion prevention of losses in medical aid
- 15 medical practitioners jointly investigated with DSO
- 90 DCS officials criminally prosecuted and charged internally
- DCS has improved control systems:
  - Verification of accounts by members
  - Review of claims by medical practitioners
  - Members' annual claims capped
  - Medical aid first authorise dispensing of chronic medication
  - Reporting of corrupt officials and medical practitioners

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## KZN Housing subsidies



- Investigate widespread fraud and corruption against housing subsidy scheme, Kwazulu Natal
- Fraud committed by contracted conveyance attorneys in partnership with criminal syndicates
- Identified 1000 fictitious applications and transfers of property valued at R15 million
- Prosecutions against 1 attorney and 9 others will start by end of 2006
- SIU preparing R4 million claim against Attorneys fidelity fund

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## Other notable achievements



- Established a national office in Pretoria
- 8 regional offices countrywide
- New offices in Bloemfontein and Polokwane
- Want to find ways to measure SIU impact
  - Not just perceptions but reality
- **Markinor survey (2005)** shows positive results on government fighting corruption:
- DCS - 62% approval in dealing with prison corruption
- DoT – 62% approval in dealing with drivers' licences
- DSD – 75% approval in dealing with social grants

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## Budget



Details	2003/04 Audited	2004/05 Audited	2005/06 Projected	2006/07 Budget
<b>Income</b>	<b>R40,2m</b>	<b>R59,2m</b>	<b>R94,3m</b>	<b>R128,5m</b>
- Government	R25,5m	R37,2m	R43,8m	R55,6m
- Depts (est)	R13,5m	R18,2m	R49,2m	R69,7m
- Donors	R 0,6m	R 3,1m	R 0,7m	R2,7m
-Other	R 0,6m	R 0,7m	R 0,6m	R0,5m
<b>Expenditure</b>	<b>R41,5m</b>	<b>R55,0m</b>	<b>R94,0m</b>	<b>R128,5m</b>

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## Key challenges 2006/07



- Maintain high level of forensic services to government
- Increase service to other government departments
- Managing massive growth of organisation
- Address legal amendments in SIU Act
- Improve business processes through organisational development
- Continue good working relationship with stakeholders and partners
- Build bigger capacity in state to investigate corruption
- Assisting AU countries with advice and training

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