

Directorate for Priority Crime Investigation (DPCI) and Anti-Corruption Task Team (ACTT) progress report on investigations in the Limpopo Province Intervention issued in terms of section 100 (1) (b) of the RSA Constitution.

Parliament Committee: Select Committee on Finance

Date: 15 October 2013

Venue: TBC, Marks Building, Parliament, Cape Town.

- Hon. Chairperson of Select Committee on Finance
- Hon. Members of Select Committee on Finance
- Colleagues
- Ladies and Gentlemen

ACTT

On 22 July 2010, the President announced the establishment of an Anti-Corruption Task Team to expedite the investigation and prosecution of corruption cases. The purpose of the ACTT is to provide for better coordination of governmental functions within the JCPS cluster, with the aim of reducing corruption in South Africa; to expedite the effective investigation and prosecution of priority corruption cases; and work together with other government departments and initiatives to strengthen government systems, reduce risks, and to prevent the incidence of corruption.

The Principal member institutions are:

- The Directorate of Priority Crimes Investigation (“**DPCI**”) of the South African Police Services.
- The National Prosecuting Authority (“**NPA**”) **inclusive of Asset Forfeiture Unit**
- The Special Investigating Unit (“**SIU**”)

The Secondary member institutions are:

- The Office of Accountant- General (“**OAG**”) of National Treasury
- The South African Revenue Service (“**SARS**”)
- The Financial Intelligence Centre (“**FIC**”)
- Department of Public Service and Administration (“**DPSA**”) which joined ACTT in April 2013

Limpopo Province Intervention

The Ministry of Finance played a lead role to implement the national intervention in Limpopo, in terms of section 100 (1) (b). All the ACTT member institutions were requested on 14 December 2011 to render support to the intervention, as decided upon by cabinet. The ACTT institutions effectively implemented their investigation plans in January 2012.

Subsequent to this, the President signed a Proclamation no.21 of 2012, dated 23 March 2012, in respect of the section 100 intervention in Limpopo. The SIU then conducted conflict of interest analysis based on the data provided by the National Treasury on Basic Accounting System (BAS) and PERSAL.

Identified high risk Departments

Based on the National Treasury results of risk assessment, the following departments were identified as priority areas for the ACTT investigations:

1. Department of Education
2. Department of Transport & Road Agency of Limpopo
3. Department of Health & Social development
4. Department of Public Works
5. Provincial Treasury

The forensic investigations facilitated by the National Treasury revealed that, in all the five departments there were incidents of irregularities, fraud and corruption and conflict of interests.

National Treasury forensic reports

National Treasury developed 27 forensic reports, through co-sourced firms i.e. Gobodo Forensic and Investigative Accounting and PricewaterhouseCoopers Incorporated, as at the end of July 2012, the reports were referred to the SAPS for criminal investigations first, before there could be consideration for the disciplinary processes. Out of these reports 39 allegations (includes enquiry cases and criminal case dockets) were opened by the SAPS under ACTT, of which 13 were closed (nolle prosequi) by prosecution team, but further referred for internal disciplinary because of non-compliance and irregularities identified, 13 are still under criminal investigation, 13 are in court.

National Treasury Section 100: Disciplinary cases

22 Forensic investigation reports have been issued to facilitate disciplinary proceedings by the DPSA and to date, 2 heads of departments have been suspended and 45 officials across the departments have been charged.

National Treasury Forensic reports:

1. Roads & Transport : Potholes
2. Health : Trispen Solutions
3. Health : Mashela Building
4. Education : PMU
5. Education : Fast Track Infrastructure
6. Education : Irregular Expenditure and thefts of Laptops
7. Education : Irregular extension of mobile classrooms
8. Education : Edu Solutions – Lerner attainment strategy
9. Education : Edu Solution – Grade R toys
10. Education : Haymath Programme
11. Public Works : Nhluvuko Consulting and Xinjovo JV
12. Public Works : Bila Enterprise CC
13. Public Works : Irregularities
14. Public Works : Award and Payment of Security
15. Health : Buhle Waste Management
16. Health : Vuna Healthcare
17. Health : Zwakala Travel
18. Health : Kgaogelo wa Manoko Trading Enterprise
19. Health : Mgababa Trading Enterprise
20. Health : Pharmaceutical Depot
21. Public Works : Security contracts
22. Public Works : Night Fire Lease

Summary of Disciplinary Cases of fraud & Corruption (NT Reports)

The following disciplinary cases are only based on the 9 reports thus far

Department	No. of cases	Finalised	In-Progress	Withdrawn
Health & Social Development	13	1	12	-
Provincial Treasury	-	-	-	-
Education	12	-	12	-
Public Works	10	-	10	-
COGHSTA(this was done separately as it was not part of the section 100)	12	-	12	-
TOTAL (MM & SMS)	47	1	46	-

NB: the COGHSTA matter prevented an implementation of a R900 million tender irregularly awarded by the department. This resulted in the Head of Department being suspended.

DC in progress: This relates to officials already charged and hearing proceedings are in progress.

More officials will still be charged based on the balance of the 13 forensic reports issued by National Treasury that are under scrutiny by the DPISA.

Prevention of potential losses

As a result of the forensic investigations reports of National Treasury certain contracts were terminated and the service providers litigated against the State. The reports were used to defend the State against the litigation initiated by the service providers involved in the irregularities and thus far there has been 100% success in the civil matters.

On conclusion of all these cases, the National Treasury will invoke section 13 of the Regulations issued in terms of the Preferential Procurement Policy Framework Act 5 of 2000 by submitting the reports to the respective Heads of Departments for the restriction of the affected entities.

In terms of the criminal case, the National Treasury will seek the order of endorsement as contemplated in terms of section 29 of the **Prevention and Combating of Corrupt Activities Act, 2004**, to register the affected entities and parties on the **Register for Tender Defaulters**, not to do any business with the State.

Vulnerabilities in the Disciplinary processes management

Officials simply resign before the conclusion of the disciplinary processes. In this instance at least 10 officials within the Department of Roads and Transport resigned before the commencement of the disciplinary proceedings; however the criminal investigations are on-going.

The National Treasury is going to follow-up on all the officials that have resigned if they are not appointed by other National or Provincial Departments through Personnel Administration System (PERSAL). The challenge is that Local Government and Consultants cannot be detected through the PERSAL.

Limpopo BAS Irregularities

National Treasury further established in the review audit of Limpopo Provincial Treasury that, out of 10 Limpopo PMG accounts, 6 accounts were used to process both credit transfers and other electronic bank transfers (EBT) directly on FNB on-line system, without authorization or disbursements on Basic Accounting System (BAS) the following are affected departments:

1. Office of the Premier
2. Department of education
3. Department of Public Works
4. Department of Roads and Transport
5. Department of Safety and Sports
6. Department of Agriculture

The investigation by the Office of Accountant- General is still in progress to establish if all identified irregular transactions not processed through BAS have been rectified and recorded in the BAS in the correct financial periods of the affected departments.

SIU Cases of Conflict of Interest in Limpopo

The following are the disciplinary cases based on the result of the investigation of SIU Proclamation in the five departments in Limpopo: **(SIU Reports)**:

Department	No. of cases	Finalised	In-Progress	Withdrawn/ investigation closed	Referred to the departments for finalization
Health & Social Development	91	14	22	22	9
Provincial Treasury	40	16	16	8	0
Education	92	7	2	43	40
Public Works	49	3	6	3	37
Roads and Transport	30	0	3	27	0
TOTAL (MM & SMS)	302	40	49	103	86

NB: previously an error was made of duplicating one case hence it has been reported in the past as 303 cases.

DC in progress: This relates to officials already charged and hearing proceedings are in progress.

Section 100 Criminal Investigation Cases

Summary of ACTT criminal cases under section 100 are as follows:

Department	No.	In Court	Accused	Remanded	In- progress
Roads & Transport	14	10	25	Oct /Dec 2013	4
Health & Social Development	5	2	6	Nov 2013	3
Education	5	-	-	-	5
Public Works	2	1	3	Oct 2013	1
TOTAL Cases	26	13	34		13

Details of the registered criminal cases

Hereunder are the details of the criminal cases registered in the aforementioned department and the status of the case is reflected:

LIMPOPO SECTION 100 CRIMINAL CASES: DEPARTMENT OF ROADS & TRANS.

NO.	CASE/ENQUIRY NO.	COURT	ACCUSED	STATUS
1	Polokwane CAS 1393/07/2012 (On-Point Leg)	Yes	5	Remanded to 2013/11/19 – 29
2	Polokwane CAS 1393/07/2012 (Oceansite Leg)	Yes	4	Remanded to 2013/12/2 – 6
3	Polokwane CAS 57/05/2012	Yes	3	Remanded to 2013/11/13
4	Polokwane CAS 1086/08/2011	Yes	2	Remanded to 2013/10/17
5	Polokwane CAS 353/04/2013	Yes	1	Remanded to 2013/10/24
6	Polokwane CAS 356/04/2013	Yes	1	Remanded to 2013/10/24
7	Polokwane CAS 349/04/2013	Yes	1	Remanded to 2013/10/18
8	Polokwane CAS 355/04/2013	Yes	2	Remanded to 2013/10/22
9	Polokwane CAS 351/04/2013	Yes	1	Remanded to 2013/10/25
10	Westenburg CAS 41/10/2012	Yes	5	Remanded to 2013/11/25
11	SEOU Enq 2/08/2012			Investigation on-going
12	Polokwane CAS 3/02/2013			Investigation on-going
13	Polokwane CAS 406/01/2013			Investigation on-going
14	Polokwane CAS 587/02/2013			Investigation on-going

LIMPOPO SECTION 100 CRIMINAL CASES: DEPT. OF HEALTH

NO.	CASE/ENQUIRY NO.	COURT	ACCUSED	STATUS
1	Polokwane CAS 583/06/2012			Closed, Nolle Prosequi
2	Seshego CAS 592/06/2012		1	Withdrawn
3	Polokwane CAS 582/06/2012	Yes	3	Remanded to 2013/11/15
4	Polokwane CAS 227/05/2012	Yes	3	Remanded to 2013/11/15
5	Polokwane CAS 580/06/2012			Closed
6	SEOU Enq 1/12/2012			Closed - No crime, Referred to National Treasury
7	Polokwane CAS 1085/08/2011			Closed - No crime detected
8	Polokwane CAS 1085/08/2011(Drawtex Leg)			Investigation on-going
9	SEOU Enq 9/07/2012			Investigation on-going
10	Polokwane CAS 581/06/2012			Closed - No crime detected
11	Polokwane CAS 584/06/2012			Closed - No crime detected
12	SEOU Enq 3/03/2013			Closed - No crime detected
13	SEOU Enq 2/12/2012			Closed - No crime detected
14	Polokwane CAS 407/01/2013			Investigation on-going

LIMPOPO SECTION 100 CRIMINAL CASES: DEPARTMENT OF EDUCATION

NO.	CASE/ENQUIRY NO.	COURT	ACCUSED	STATUS
1	Polokwane CAS 249/06/2012			Investigation on-going
2	Polokwane CAS 891/04/2012			Investigation on-going
3	Polokwane CAS 893/04/2012			Investigation on-going
4	Polokwane CAS 914/11/2009			Withdrawn
5	Polokwane CAS 88/05/2012			Investigation on-going
6	Polokwane CAS 892/04/2012			Investigation on-going
7	Polokwane CAS 139/05/2012			Closed

LIMPOPO SECTION 100 CRIMINAL CASES: DEPARTMENT OF PUBLIC WORKS

NO.	CASE/ENQUIRY NO.	COURT	ACCUSED	STATUS
1	Polokwane CAS 619/05/2012	Yes	3	Remanded to 2013/10/31
2	Polokwane CAS 250/05/2012			Investigation on-going, Possible closure
3	Polokwane CAS 618/05/2012			Closed, Nolle Prosequi
4	Polokwane CAS 629/06/2012			Withdrawn

List of the arrested suspects on Limpopo intervention

Hereunder is the list of the arrested suspects in respect of Roads and Transport, Health, and Public Works:

LIMPOPO INTERVENTION CASES AND DEPARTMENT	SUSPECT(S) DETAILS	POSITION HELD BY SUSPECT/ACCUSED
PC 53 RATANANG FAMILY TRUST (ON POINT)/ (OCEAN SITE) BROOKLYN CAS 747/7/2011 ROADS AND TRANSPORT	MALIMA JULIUS	PRIVATE PERSON
	MOREROA HELEN	PRIVATE PERSON
	DICHABE KAGISHO	PRIVATE PERSON
	GWANGWA LESIBA	PRIVATE PERSON
	MANTHATA SELBIE	PRIVATE PERSON
	MANTHATA MAKGETSHO	PRIVATE PERSON
TOTAL	06 (SIX)	
PC 75 (POTHOLE) POLOKWANE 1086/08/2011 ROADS AND TRANSPORT	KGOSANA MAKGOMA REBECCA	OFFICIAL PERSON
	SEBELA PORTIA MATSHEGO	PRIVATE PERSON
	MARULE CALTON KATLEGO (DECEASED)	PRIVATE PERSON
	KHOSA MARTIN DENNIS	PRIVATE PERSON
	NELWANELWAMONDO MULALO LILIAN	PRIVATE PERSON
	MUSOBI MPHATHELENI HEROLD	PRIVATE PERSON
	BALOYI FELIX SEAN NKATEKO	PRIVATE PERSON

LIMPOPO INTERVENTION CASES AND DEPARTMENT	SUSPECT(S) DETAILS	POSITION HELD BY SUSPECT/ACCUSED
	SITHOLE MBHAZIMA ERIC	PRIVATE PERSON
	RACHIDI MABINA JOSEPH	PRIVATE PERSON
	MULODI LUFUNO COLLECT	PRIVATE PERSON
	PHASHA TLANGELANI	PRIVATE PERSON
	LEGODI SEKGOBOKGOBO ELICIOUS	PRIVATE PERSON
	BRINK FLOYD	OFFICIAL PERSON
	MOLATELO CALVIN LEGODI	PRIVATE PERSON
	MUSHUKUTSHWANE BETTY MASHASHANE	PRIVATE PERSON
	CEDRIC TSEPO PHUKUBYE	PRIVATE PERSON
	TEBADI COLLINS FOROMO	PRIVATE PERSON
	MOGALADI PRECIOUS LEKOLOANE	PRIVATE PERSON
	TSEPO MALIMA	PRIVATE PERSON
TOTAL	19 (NINETEEN)	
PC 77 (MPHAHLELE) POLOKWANE CAS 619/05/2012 PUBLIC WORKS	MPHAHLELE GODFREY RAMAKGALEMELE	OFFICIAL PERSON
	MOGANO ESTHER	OFFICIAL PERSON
	MPHAHLELE NKADI SAMSON	PRIVATE PERSON
TOTAL	03 (THREE)	
PC 88 (GAAL) WESTERNBURG CAS 41/10/2012, 435/09/2012, 270/10/2012 AND 295/10/2012 ROADS AND TRANSPORT	MASILELA LETSEPE MICHAEL	PRIVATE PERSON
	TANDA SISA ANTHONY	OFFICIAL PERSON
	LUKOTO SHONISANI	OFFICIAL PERSON
	SHANDUKANI MUTHAMBO PAMELA	PRIVATE PERSON
	SHUMANE GEORGE	PRIVATE PERSON
TOTAL	05 (FIVE)	
PC 90 (MANKELE BRIDGE) POLOKWANE	NKOSI TOLLO	PRIVATE PERSON

LIMPOPO INTERVENTION CASES AND DEPARTMENT	SUSPECT(S) DETAILS	POSITION HELD BY SUSPECT/ACCUSED
CAS 57/05/2012	MAGOTLANE MASHANOKE ALICE	OFFICIAL PERSON
ROADS AND TRANSPORT	NEMAVHOLA NDANGANI ROBERT	OFFICIAL PERSON
TOTAL	03 (THREE)	
YEZA SESHEGO CAS 592/06/2012	KOMANE DAVID MPH0	OFFICIAL PERSON
HEALTH PHARMACEUTICAL DEPOT		
TOTAL	1 (ONE)	
PC 76 (TRISPIN AND TSEPO) POLOKWANE CAS 277/05/2012 AND 582/06/2012	SEGABUTLA MIRRIAM RESHOKETSOE	OFFICIAL PERSON
HEALTH		
	ERASMUS PIETER FRANCOIS	PRIVATE PERSON
	LUCAS JOHN WILLIAM	PRIVATE PERSON
	MUSHWANA FRIDAY	OFFICIAL PERSON
TOTAL	04 (FOUR)	

THANK YOU

Lt. Gen Dramat

Head: DPCI & Chairperson- ACTT