**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**“22. Mr C D Matsepe (DA) to ask the Minister of Small Business Development:**

**Whether any (a) internal and/or (b) external forensic reports pertaining to (i) her department and/or (ii) each entity reporting to her were completed from 1 January 2009 up to the latest specified date for which information is available; if not, in each case, why not; if so, what is the (aa) name, (bb) subject matter and (cc) date of conclusion of each of the specified forensic reports?”**

**NW25E**

**REPLY**

**(a)(i) Department of Small Business Development (DSBD)**

The DSBD was established in 2014. All the investigations relate to programmes that were transferred from the Department of Trade and Industry (the dti) to the DSBD. All the investigations were conducted to completion by the Forensic Audit Unit of the dti. When these functions were transferred to the DSBD, the Department took over the responsibility for the implementation of recommendations. Only one investigation was conducted and concluded during 2016. The details are included below:

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| **REFERENCE NUMBER (NAME)** | **SUBJECT MATTER** | **DATE OF CONCLUSION** |
| NACH 162 | Investigation into alleged corruption in the Black Business Supplier Development Programme. | May 2014 |
| DFC 191 | Alleged fraud and corruption relating to the Black Business Supplier Development Programme. | June 2014 |
| DFC 200 | Alleged fraud and corruption relating to the Black Business Supplier Development Programme. | September 2014 |
| DFC 208 | Fraud and corruption relating to the Co-operative Incentive Scheme. | May 2015 |
| DFC 209 | Alleged corruption in the Black Business Supplier Development Programme. | December 2014 |
| DFC 216  | Alleged irregularities on CIS funding. | May 2015 |
| DFC 224 | Alleged bribery at Co-operative Incentive Scheme involving the application for funding.  | October 2015 |
| DFC 227  | Alleged corruption at CIS involving funding for a secondary cooperative | October 2015 |
| DFC 300 | Investigation into possible corruption involving BBSDP applications. | November 2016 |

**(a)(ii) Entities – Internal forensic reports**

**Small Enterprise Development Agency (SEDA)**

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| **REFERENCE NUMBER (NAME)** | **SUBJECT MATTER** | **DATE OF CONCLUSION** |
| 01/01/15/1 | Procurement Maladminstraton  | Internal Audit completed the investigation (2015) |
| 01/03/15/2 | Fraud | Internal Audit completed the investigation (2015) |
| 01/04/15/3 | Procurement Maladminstraton  | Internal Audit completed the investigation (2015) |
| 02/04/15/4 | Procurement Maladminstraton  | 08 December 2015 |
| 01/05/15/5 | Abuse of Privilege Information | 01 August 2016 |
| 02/05/15/6 | Theft | 18 February 2016 |
| 01/06/15/7 | Forgery | Internal Audit completed the investigation (2015) |
| 05/06/15/08 | Abuse of Power  | 19 October 2015 |
| 02/06/15/9 | Procurement Maladministration  | 01 March 2016 |
| 03/06/15/10 | Unethical Behaviour | Internal Audit completed the investigation (2015) |
| 01/07/15/11 | Identity Fraud | 08 September 2015 |
| 02/07/15/12 | Procurement Maladministration  | Closed due insufficient information (2015) |
| 03/07/15/13 | Procurement Maladministration  | 14 October 2015 |
| 01/07/15/14 | Misuse of the Seda's resources | 12 February 2016 |
| 01/07/15/15 | Victimisation | 19 August 2016 |
| 27/07/15/16 | Theft | 31 October 2015 |
| 21/07/15/17 | Recruitment Irregularity | 22 October 2015 |
| 01/08/15/18 | Recruitment Irregularity | 08 September 2015 |
| 04/08/15/19 | Theft  | 08 September 2015 |
| 24/08/15/20 | Abuse of Power  | 24 November 2015 |
| 03/09/15/21 | Dishonesty | 07 September 2015 |
| 06/10/15/22 | Unethical Behaviour | 11 December 2015 |
| 14/12/15/23 | Nepotism, Favouritism & Victimisation | 04 July 2016 |
| 14/12/15/24 | Abuse of Power | 17 May 2016 |
| 01/09/15/01 | Procurement Maladministration | 14 October 2016 |
| 01/07/16/02 | Procurement Maladministration | 15 November 2016 |
| 29/07/16/05 | Recruitment and Procurement Irregularities | 18 November 2016 |
| 05/08/16/06NACH Ref: 9920160613034529 | Procurement Irregularities | 01 October 2016 |
| 22/08/16/07 | Procurement Maladministration | 02 November 2016 |

**Small Enterprise Finance Agency (SEFA)**

There were no forensic reports during the period 1 January 2009 – 31 March 2012, **sefa** was formed on 1 April 2012.

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| **REFERENCE NAME****(aa)** | **SUBJECT MATTER****(bb)** | **DATE OF CONCLUSION****(cc)** |
| Gal Logistics | Client submitted a fraudulent Coca Cola contract in his loan application. | June 2013 |
| Aloga Financial Services | Aloga is a financial intermediary of **sefa**. A client to Aloga submitted a fraudulent Purchase Order in an application for loan funding. | March 2015 |
| Ethandwa Kan Ndlovu | A fraudulent letter was sent from **sefa** office to a Franchisor, stating that the loan application for the client had been approved, whereas that was not the case. | September 2014 |
| Fraudulent Use of sefa Name | An independent consultant claimed to be working for **sefa** and solicited fees from potential clients claiming to have secured them loan funding from **sefa**. | March 2015 |
| Yats Gopaul | A consultant claiming to be working for **sefa** solicited a fee from a potential client to assist him in obtaining a R5million loan. | September 2015 |
| Public Works Purchase Order | Client submitted a fraudulent Purchase Order in loan application. | January 2016 |
| Rand Water Purchase Order | Client submitted a fraudulent Purchase Order in loan application. | January 2016 |
| Lesikho Human Capital | Client submitted a fraudulent BMW contract in loan application. Two **sefa** employees were implicated in the scheme and dismissed for gross negligence. | March 2016 |
| Khaba Ya Sembo Trading & Projects (Pty)Ltd | Client submitted a fraudulent Transnet contract in loan application. Two **sefa** employees were implicated in the scheme and dismissed. | March 2016 |
| Tasotone (Pty)Ltd | Client submitted a fraudulent BAUBA Platinum Mines contract in loan application. **sefa** employee was implicated in the fraud and dismissed. | July 2016 |
| Brainwave Projects | Client submitted a fraudulent Purchase Order from Department of Energy in loan application. | October 2016 |
| CHW&CNB Logistics | Client submitted a fraudulent Transportation and Delivery Agreement with Premier Fishing in loan application. | October 2016 |
| FRENKSI (Pty)Ltd | Client submitted a fraudulent Purchase Order from Department of Trade and Industry in loan application. | October 2016 |
| Matuesz Marketing Services and Products Supplier | Client submitted a fraudulent Purchase Order from Department of Agriculture, Forestry and Fisheries in loan application. | October 2016 |
| Sharosca Construction & Projects | Client submitted a fraudulent Purchase Order from the Department of Trade and Industry and Fisheries in loan application. | October 2016 |
| Triponza Trading 385 CC | Client submitted a fraudulent Purchase Order from the Department of Health in loan application. | October 2016 |
| Lwenzhe Investment Holdings (Pty) Ltd | Client submitted a fraudulent Anglo American contract in loan application. A fraudulent Cession Agreement was also submitted to **sefa**. | October 2016 |

**(b)(i) DSBD -** There are no external forensic reports for the period

**(b)(ii) Entities – External forensic reports**

**SEDA**

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| **Investigations conducted by Service Providers for Seda (Further Investigation requested by management)** |
| 05/06/15/08 | Irregularities facing the Northern Cape | 01 July 2016 |
| 03/09/15/21 | Recruitment Irregularities | 05 July 2016 |

For the below cases, they were commissioned on behalf of the incubators and performed by the external service providers. SEDA does not have the reference numbers but they are following up on the status of the recommendations emanating from the investigation findings.

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| **Investigations conducted by Service Providers by STP on Incubators** |
| Not applicable | Zenzele (Governance Issues) | January 2015 |
| Not applicable | SoftstartBTI (Governance Issues) | February 2015 |
| Not applicable | SARABI (Governance and Performance Issues) | 2015 |

**SEFA:** There are no external forensic reports for the period