

Special Investigating Unit



POISED TO STRIKE
against corruption

Strategic Plan

2015 – 2020

FOREWORD

The Special Investigating Unit (“SIU”) continues to play a key role as one of the entities participating in South Africa’s multi-agency approach to the fight against corruption and maladministration. Corruption, malpractices and maladministration are among the most serious challenges facing State institutions in South Africa and the principal goal of the SIU is to investigate corruption, malpractice and maladministration and facilitate appropriate remedial action.

The SIU seeks to achieve this by using its forensic services and capacity to institute and conduct civil proceedings as weapons to redress improper conduct. The purpose is to deter parties from participating in corruption, malpractice and maladministration by applying processes that are aimed at taking the profit out of such activities. The results thereof are measured through the following four outcomes: criminal referrals; civil referrals; disciplinary referrals; and recommendations to address systemic weaknesses.

In light of the foregoing, provided the SIU fulfils its mandate efficiently, it will contribute quite powerfully to curbing corruption, malpractice and maladministration. In order to fulfil its mandate efficiently, the SIU will be required to do the following: when it secures evidence of white-collar crime it will, as it is required to do, make it available to the relevant prosecuting authority; gather evidence to be used in disciplinary proceedings; and it will approach the Special Tribunal concerned or civil courts to seek declarations of invalidity in respect of transactions that are tainted by irregularities. If each of the SIU’s investigations secures even some successful outcomes, the following clear messages will go out: corruption, malpractices and maladministration do not pay; if you are a delinquent employee you will be disciplined; if you commit a crime you will face prosecution; and in any case, you will not be permitted to retain your ill-gotten gains, even if you have performed. These steps when pursued forcefully and efficiently will serve as a profound deterrent to corruption, malpractices and maladministration. Finally, the SIU’s reports to the President on each of its investigations will allow for the continuous development of more effective means to protect ever-scarce public funds.

The fight against corruption, malpractice and maladministration cannot be successfully waged by any single corruption-busting agency, no matter how well it is resourced or how

efficiently run. The SIU continues to participate actively in multi-agency efforts to fight corruption, malpractice and maladministration.

The SIU actively promotes co-operation with other role players in the fight against corruption, malpractice and maladministration. The SIU realises that South Africa has adopted a multi-agency approach in this fight and that the SIU cannot win this fight by itself. The SIU has a particular role to play and this will only be effective if done in co-operation with its partners. The SIU displays this approach in its interaction with other role players, but particularly through the significant role it plays in the activities of the Anti-Corruption Task Team (“**ACTT**”).

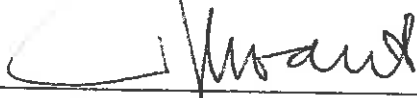
The skills and personnel possessed by the SIU in reality belong to the State and ultimately the people of South Africa. These skills and personnel must be used in the public interest by, where necessary, making these skills or personnel available to State institutions that are facing imminent harm. To this end, the SIU must move away from being an entity that mainly conducts “historical investigations”, that is, where it can take few if any concrete steps – mainly because employees have long left the employ of the State institutions concerned, the alleged perpetrators are nowhere to be found or civil claims have long prescribed. This does not constitute a constructive use of State resources. It is hoped that the immediate assistance the SIU has been rendering to State institutions in the recent past will result in “real time” investigations that will quickly yield the concrete results contemplated in the amendments to the *Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996)* (“**the SIU Act**”) that were effected in October 2012.

Steps have been taken to focus investigations on current/recent matters. This will be a key focus area during the current strategic period, namely 2015 to 2020. The SIU will seek to reduce the turn-around times for its investigations in order to deal with more matters.

APPROVAL

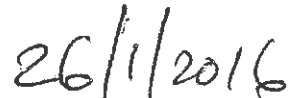
It is hereby certified that this strategic plan:

- Was developed by the Management of the SIU under the guidance of the Acting Head of the Unit.
- Takes into account all the relevant policies, legislation and other mandates applicable to the SIU or for which the SIU is responsible.
- Accurately reflects the strategic outcome-oriented goals and objectives that the SIU will endeavour to achieve over the period 2015-2020.

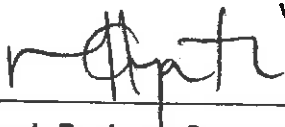


Head: Project Management Office ("PMO")

Mr C Kwant

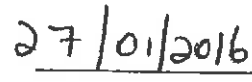


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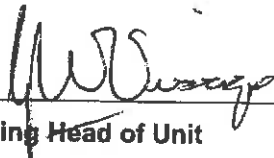


Head: Business Support on behalf of the Chief Financial Officer ("CFO")

Ms M Nyathi

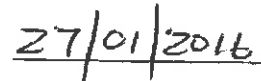


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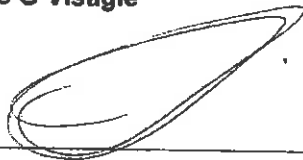


Acting Head of Unit

Advocate G Visagie

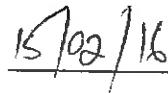


Date



Director-General: Justice and Constitutional Development

Ms N Sindane



Date



Minister of Justice and Correctional Services

Advocate TM Masutha (Member of Parliament ("MP"))



Date

TABLE OF CONTENTS

	Page
FOREWORD	2
APPROVAL	4
PART A: STRATEGIC OVERVIEW	6
1 VISION	6
2 MISSION	6
3 VALUES	6
4 LEGISLATIVE MANDATE	7
5 SITUATIONAL ANALYSIS	7
6 STRATEGIC OUTCOME-ORIENTED GOAL OF THE SIU	8
6.1 ULTIMATE OUTCOME	9
6.2 SIU LOGIC MODEL	9
PART B: STRATEGIC OBJECTIVES	10
7 BUDGET PROGRAMMES	11
7.1 ADMINISTRATION	11
7.2 OPERATIONS (FORENSIC INVESTIGATIONS AND CIVIL PROCEEDINGS)	11
7.3 STRATEGIC OBJECTIVES AND TARGETS	12
8 RISK MANAGEMENT	13
ANNEXURE A: MATERIALITY FRAMEWORK	15

PART A: STRATEGIC OVERVIEW

1 VISION

Working together towards ridding society of corruption, malpractice and maladministration.

2 MISSION

Co-operating with other State entities to fight corruption, malpractice and maladministration effectively through forensic investigations, civil proceedings, referrals for criminal prosecution and referrals for disciplinary action.

3 VALUES

It is evident that the war on corruption, malpractice and maladministration cannot be won by:

- a. any single Agency acting alone, and it requires co-operation between all the Agencies and other Stakeholders; and
- b. agencies that have corrupt elements in their midst. As such, only fit and proper persons may be engaged by the SIU, while the SIU expects from all its members at all times to maintain the highest standards of proper conduct, professionalism and integrity.

In attempting to ensure that there is no doubt as to what is required, the SIU has developed a set of core values. They are set out in the table immediately hereunder.

Table 1: SIU Values	
Value	Value Statement
Integrity	Maintaining and ensuring proper conduct among members of the SIU.
Co-operation	Nurturing excellent co-operation and co-ordination with other Corruption-Busting and Law-Enforcement Agencies.
Professionalism	Conducting forensic investigations and/or facilitating civil proceedings in a professional manner
Drive and passion	Ensuring that all our tasks are performed with the requisite drive and passion.
Effectiveness	Aligning and improving systems and processes to convert minimum resources into maximum results within the shortest possible time.
Independence	Acting without fear, favour or prejudice.

4 LEGISLATIVE MANDATE

The mandate of the SIU is derived from the SIU Act, as read with the Proclamations issued in terms of the SIU Act. The principal functions of the SIU are to investigate serious malpractices, maladministration and corruption in connection with the administration of State institutions and to take appropriate and effective civil action against wrongdoers and assist in bringing wrongdoers to book, through misconduct proceedings/hearings and criminal prosecutions.

5 SITUATIONAL ANALYSIS

The SIU has made a dramatic change in its approach. Previously, the SIU looked for ways to make its proclamations as generic and wide in ambit as possible. Consequently, the SIU's new strategy is to draft its motivations and proclamations as specific as possible, where we only seek to investigate matters, tenders and contracts that relate directly to the allegations that have been received. This allows the SIU to investigate and report on matters within a reasonable period. The reason for

“narrowing” the scope of the proclamations was because with a wide and generic ambit there were specific risks that were identified. These risks included:

- The validity of proclamations that could be challenged;
- The duration of investigations because of the number of matters that had to be investigated;
- The assumption that all processes and contracts are regular because no negative finding has been made against a particular contract that was included in the allegations.

The SIU fully endorses the accepted approach to strategy as applied in the public sector. It wishes, however, to highlight the practical difficulty it has in setting accurate targets as part of its Annual Performance Plan (APP). The final APP has to be submitted by the end of January each year. At that stage the SIU has very limited sight of the number and/or nature of the Proclamations that will be signed and the matters it will investigate in the financial year that starts two months later; let alone the outcomes of these potential investigations.

The SIU will continue to seek accurate measures that can reflect the key role it plays in the fight against corruption and maladministration. Going forward, this will be addressed through properly reviewed performance measures aligned to the new investigation approach adopted by the SIU.

6 STRATEGIC OUTCOME-ORIENTED GOAL OF THE SIU

The National Development Plan (“NDP”) envisions that by 2030 people living in South Africa will feel safe at home, at school and at work and will enjoy a community life free of fear. In line with this vision, the strategic outcome-oriented goals of the SIU are linked to the achievement of outcome 3 (an outcome for which the Minister of Justice and Correctional Services is responsible) as identified and adopted by Cabinet in January 2010 and encompassed in the NDP. **Outcome 3** states: “All people in South Africa are and feel safe and secure.”

The activities of the SIU will specifically focus on **Output 3 (of Outcome 3) which is to combat corruption and maladministration**. To this end, the SIU will contribute to the achievement of the Outcomes listed below.

6.1 ULTIMATE OUTCOME

Table 2: Ultimate Goal	
Strategic Outcome-Oriented Goal	Goal Statement
1. To investigate corruption and maladministration and facilitate appropriate remedial action	Take measures to expose, combat and prevent corruption and maladministration and facilitate or initiate remedial action in order to recover losses suffered by the State.

6.2 SIU LOGIC MODEL

The logic model as set out hereunder illustrates how the SIU objectives and activities align to Government priorities as defined in policy documents like the NDP and the Medium Term Strategic Framework ("the MTSF").

NDP: Corruption in the public and private sectors reduced

MTSF: Outcome 3. All people in South Africa are and feel safe

Output 3: Corruption within the JCPS Cluster combated to ensure its effectiveness and its ability to serve as a deterrent against crime

Output 5: Level of corruption reduced thus improving investor perception, trust and willingness to invest in South Africa

JCPS: Zero-tolerance approach in the fight against fraud and corruption

SIU: Investigate Corruption and maladministration and facilitate appropriate remedial action

SIU: Operate as a sustainable and effective organisation

- Conduct quality forensic investigations
- Facilitate or initiate appropriate remedial action
- Co-operate effectively with other role players

1. Number of investigations closed out
2. Number of reports submitted to the Presidency
3. The value of money and/or assets potentially recoverable
4. The actual value of money and/or assets recovered
5. Value of Potential Loss Prevented
6. Value of Contracts/Administrative actions Set Aside/Deemed Invalid
7. Value of Matters in respect of which Evidence was referred for the Institution or Defence/Opposition of Civil Proceedings
8. Number of Referrals made to the National Prosecuting Authority (NPA)
9. Number of Referrals made for Disciplinary / Executive / Administrative Action
10. Number of Members participating in Joint Operations or Seconded to State Institutions

PART B: STRATEGIC OBJECTIVES

The SIU has the following four strategic objectives.

Strategic Objectives	Objective Statement
1. Conduct quality forensic investigations	To conduct and complete forensic investigations professionally, cost-effectively and timeously.
2. Facilitate or initiate appropriate remedial action	To refer evidence to the National Prosecuting Authority and other State Institutions for appropriate action and to facilitate or initiate civil proceedings.
3. Co-operate effectively with other role players	To develop and maintain co-operation with State Institutions and law enforcement agencies.

7 BUDGET PROGRAMMES

The SIU has the following budget programmes.

7.1 ADMINISTRATION

This component is responsible for directly supporting the core business, operations, to deliver on the set objectives and achieve the desired outcomes. It includes sub-components designed to provide administration and support aimed at building a resilient capacity for forensic investigations and civil proceedings.

7.2 OPERATIONS (FORENSIC INVESTIGATIONS AND CIVIL PROCEEDINGS)

This component is primarily responsible for conducting results-driven and case specific forensic investigations and civil proceedings in line with the provisions of the SIU Act.

It is directly responsible for delivery of outputs that contribute to attaining our Strategic Outcome-Oriented Goals. It supports the following strategic objectives:

- Conduct quality forensic investigations;
- Facilitate or initiate appropriate remedial action;
- Co-operate effectively with other role players.

In terms of determining budgets and performance targets, the three strategic objectives set out in Table 3 above are considered together rather than separately, as they in effect constitute a range of inter-related activities.

It must be emphasised that Proclamations vary significantly as to their scope and ambit and usually envisage a large number of sub-investigations, which would be covered by one Proclamation. This can be illustrated by Proclamation No. R38 of 2010 that empowers the SIU to investigate procurement at the Department of Public Works over a period of five years and Proclamation No. R59 of 2014, that empowers the SIU to investigate lease contracts entered into by the Department of Public Works over a period of eleven years.

7.3 STRATEGIC OBJECTIVES AND TARGETS

The SIU targets over the MTSF are set out in Table 4 hereunder.

Table 4: Strategic Objectives and Targets over the MTSF					
Performance Indicator	2015/16	2016/17	2017/18	2018/19	2019/20
Strategic Outcome-Orientated Goal 1: To investigate corruption and maladministration and facilitate appropriate remedial action					
Strategic Objective 1: Conduct quality forensic investigations					
Number of investigations closed out	Baseline established	200	250	300	350
Number of reports submitted to the Presidency	Baseline established	5	5	5	5
Strategic Objective 2: Facilitate or initiate appropriate remedial action					
The value of money and/or assets potentially recoverable	R220m	R240m	R260m	R280m	R300m
The actual value of money and/or assets recovered	R120m	R140m	R160m	R180m	R200m
The value of potential loss prevented	Baseline established	R18m	R21m	R24m	R27m
The value of contracts/administrative actions set aside or deemed invalid	Baseline established	R600m	R660m	R730m	R800m
The value of matters in respect of which evidence was referred for the institution or defence/opposition of civil proceedings	Baseline established	R1.2bn	R1.3bn	R1.4bn	R1.5bn
Strategic Objective 3: Co-operate effectively with other role players					
Number of referrals made to the National Prosecuting Authority (NPA)	45	60	75	90	105
Number of referrals made for disciplinary/executive/administrative action	60	75	90	105	120
Number of members participating in joint operations or seconded to State institutions	Baseline established	30	30	30	30

8 RISK MANAGEMENT

The SIU has identified a number of risks that it faces in its attempt to achieve its objectives. However, it is taking steps to manage these risks. Details of these matters are set out in Table 5 hereunder.

Objective	Risks	Mitigation
Conduct quality forensic investigations	Becoming irrelevant as an effective entity in the fight against corruption	<ul style="list-style-type: none"> • Identify allegations, if necessary through secondments, and motivate for proclamations. • Interaction with State institutions • Market the SIU's offering at DG and Premier level • Build the pipeline of matters for civil proceedings to the point where we can start the Special Tribunal • Secondment of SIU members to identify potential matters within state institutions in order to motivate for proclamations • Consideration of legislative amendments. • Improved communications between the SIU and the Presidency • Backlog of Final Reports to be addressed
	Inability to achieve expected targets	<ul style="list-style-type: none"> • Specific focus on legal outcomes • Continuously improve operating methodology. • Secure quality skill/specialists for investigations. • Management of expectations through effective communications.
Facilitate appropriate remedial action	Ensure remedial is implemented by the NPA and the State institutions	Through: <ul style="list-style-type: none"> • Regular meetings. • Regular communication. • Copies of the letters to the Presidency.

Table 5: Risk Management

Objective	Risks	Mitigation
Co-operating effectively with other role players	Inability to co-operate effectively with other law enforcement entities	Targeted meetings with relevant entities to ensure practical co-operation and to peruse protocols to regulate relationships. Referrals to NPA and State institutions are monitored and reported. Possible sharing of platforms. Explore Memoranda of Understanding between the SIU State institutions for a mutually beneficial engagement. Improved communication channels between the SIU and the Presidency

ANNEXURE A: MATERIALITY FRAMEWORK

MATERIALITY AND SIGNIFICANCE FRAMEWORK

2016/2017

1. INTRODUCTION

The mandate of the SIU is derived from the SIU Act. The principal functions of the SIU are to investigate serious malpractices, maladministration and corruption in connection with the administration of State institutions and to take appropriate and effective civil action against wrongdoers and assist in bringing wrongdoers to book, through misconduct hearings and criminal prosecutions. The SIU is listed as a Schedule 3, Part A Public entity in terms of the *Public Finance Management Act, 1999 (Act No. 1 of 1999)* (“the PFMA”).

2. REGULATORY REQUIREMENTS

The important regulatory provisions that determine what is material and significant with regard to the presentation of annual financial statements are contained in the Treasury Regulations dated 15 March 2005. The specific Regulations are the following:

Treasury Regulation 28.2.1 which deals with annual financial statements and annual reports which provides: Any material losses through criminal conduct and any irregular or fruitless and wasteful expenditure must be disclosed as a note to the annual financial statements of the public entity.

Treasury Regulation 28.3.1: which deals with annual financial statements and annual reports which provides: For purposes of material (section 55(2) of the Act) and significance (section 54(2) of the Act), the Accounting Authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.

Treasury Regulation 30.1.3(e) which deals with strategic planning which provides: The strategic plan must include the materiality/significance framework referred to in Treasury Regulation 28.3.1.

3. MATERIALITY

South African Auditing Standards ("the SAAS") 320 states: "Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point (quantitative) rather than being a primary qualitative characteristic which information must have if it is to be useful."

Information may be both quantitatively (size) and qualitatively (nature) material. Both the amount and the nature of information will be considered in setting the materiality figure.

4. MISSTATEMENT

A misstatement in terms of the SAAS is the difference between amounts, classification, presentation or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with applicable financial reporting framework. Misstatements can arise from error or fraud.

5. FACTORS TO DETERMINE THE MATERIALITY FRAMEWORK

The following factors were taken into account when determining the materiality framework.

5.1 THE NATURE OF THE SIU'S BUSINESS

A referral to the SIU is similar to the issue of terms of reference to a commission of inquiry in that the President refers cases to the SIU by issuing a presidential proclamation. The SIU investigates matters set out in the SIU Act, namely:

- serious maladministration, improper or unlawful conduct by employees, appropriation or expenditure of public money/property
- corruption in connection with the affairs of the State.

The SIU may take civil legal action to correct any wrongdoing it discovers during the investigations and assists in other processes, in particular disciplinary hearings and criminal prosecutions.

5.2 STATUTORY REQUIREMENTS

The SIU is required to:

- investigate all allegations regarding matters referred to it
- collect evidence regarding acts, omissions which are relevant to its investigation and if applicable, institute civil proceedings against the parties concerned
- refer evidence regarding or which points to the commission of an offence to the relevant prosecuting authority
- submit reports to the President.

5.3 THE RISKS ASSOCIATED WITH THE ENTITY'S BUSINESS

The SIU is exposed to the following potential risks:

a) Operational Risk

The level of risk arising from the day-to-day operational activities of the SIU is reasonably low.

b) Liquidity Risk

The risk of the SIU not being able to meet its financial obligations, as and when payments are due, is relatively low.

c) Credit Risk

The SIU faces the possible risk of debtors failing to meet their cash obligations when due. However, this risk too is low as most SIU debtors are State institutions.

d) Human Resource Risk

The SIU could face a risk when appointing new staff members. As more persons are appointed, internal integrity needs to be strengthened to ensure the integrity of the SIU and its members and that its investigations and findings are credible and beyond reproach.

e) Regulatory and Compliance Risk

The SIU faces a low regulatory and compliance risk as it adheres to the guidelines in relation to its powers and responsibilities as set out in the SIU Act and other relevant statutory and regulatory provisions.

f) Information Risk

The nature of information the members are exposed to during investigations and on a daily basis pose a risk of confidentiality being breached.

g) Technological Risk

Controls around the SIU's technological infrastructure are set in a way to prevent and detect unlawful access to information. However, the SIU could face a risk of loss of information in cases of disasters.

h) Reputation Risk

The SIU faces possible reputational risk in that it could be seen to be failing to make an impact on the fight against corruption. The risk could be increased by the loss of political and key stakeholder support.

6. QUANTITATIVE AND QUALITATIVE FACTORS

6.1 QUANTITATIVE FACTORS

The quantitative materiality will be based on the value of the item in relation to the latest audited set of annual financial statements.

6.2 QUALITATIVE FACTORS

The following qualitative factors were taken into consideration when developing the framework.

6.2.1 Non-compliance to statutory requirements

Non-compliance with Acts, regulations, policy control measures, procedures, instructions and authorizations will be considered material, based on financial impact.

6.2.2 Unusual items

Transactions concluded that are not repetitive in nature that may commit the SIU to liabilities or could expose the SIU to risk will be reported, based on their significance.

6.2.3 The nature of transactions

The nature of a transaction relates to the characteristics of the item within the set of annual financial statements. The credibility of the information reported from the investigations has a great impact on the entity as a whole.

7 MATERIALITY FRAMEWORK

After taking into account the factors mentioned above, the SIU's materiality framework is calculated as follows, using the 2014/2015 audited annual financial statements as a benchmark.

Items	Amount	Percentage	Materiality amount
Total Revenue	R 534 015 628	0.5%	R 2 670 078
Surplus	R 71 757 977	2%	R 1 435 160
Total Assets	R 385 714 865	1%	R 3 857 149

The materiality amount for 2016/17 of R 2 654 129 has been determined using an average of the above figures. All transactions with a value above the materiality amount of R 2 654 129 will be deemed "significant" and the accounting authority should approve these transactions before they are entered into.