



Mr N T Godi (MP)
Chairperson
Standing Committee on Public Accounts
(SCOPA)
Parliament of the Republic of South Africa
PO Box 15
Cape Town
8000

Our Ref: SCOPANov2017FDA
Enq: Mimi le Roux
Ext: 012 482 2476
Cell: 083 655 3358
Date: 16 November 2017

Attention: Mr Ben Kali (bkali@parliament.gov.za)

Dear Mr Godi

RE: REQUEST FOR INFORMATION RELATING TO CONTRACTS OF THE SOUTH AFRICAN POLICE SERVICE (SAPS) WITH FDA AND ROFIN

1. I refer to letter of request from SCOPA, dated 8 November 2017.
2. SCOPA informed the State Information Technology Agency SOC Ltd (SITA) that it will be considering the accruals, unauthorised, irregular, fruitless and wasteful expenditure of the South African Police Services (SAPS) for the financial year 2016/2017.
3. SCOPA requested that SITA provides the following information:
 - 3.1 Comprehensive details of the SAPS's contracts with Forensic Data Analysis (FDA) and Rofin; and

- 3.2 SITA's role pertaining to these contracts from 2010 to present.
4. Information submitted in response to your request partly originates from investigations initiated by SITA management almost two years ago in February 2016 (refer Annexure A – SITA Fraud Response).
5. Comprehensive details of the SITA's contracts with Forensic Data Analysis (FDA) on behalf of SAPS, for the requested period, are as follows:

Contract No./Description	Start Date	End date	Award Amount (R) (Incl. VAT)	Annexure
Appointment of FDA to provide maintenance and support of SAPS ROFIN, SPHERON and NIKON equipment				
FDA – Rofin, Spheron and Nikon	1-Jul-12	31-Dec-12	R 31,437,095.70	B - contract
FDA – Rofin, Spheron and Nikon	1-Jan-13	31-Mar-13	R 15,718,547.85	C- contract
FDA – Rofin, Spheron and Nikon	1-Apr-13	30-Jun-13	R 16,583,067.96	D - contract
FDA – Rofin, Spheron and Nikon	1-Jul-13	31-Aug-13	R 11,055,378.64	E - contract
FDA – Rofin, Spheron and Nikon	1-Sep-13	30-Nov-13	R 17,660,970.00	F - contract
FDA – Rofin, Spheron and Nikon	1-Dec-13	30-Nov-14	R 153,788,818.08	G - contract
FDA – Rofin, Spheron and Nikon	1-Dec-14	30-Nov-19	R 583,252,167.00	H - contract
			R 829,496,045.23	
Appointment of FDA for the maintenance and technical support of the Firearms Permit System for the SAPS				
FDA - Contract Extension: Firearms Permit System ("FPS")	18-Oct-16	31-Oct-17	R 20,297,345.03	I - contract
FDA - Contract Extension: Firearms Permit System ("FPS")	1-Nov-17	30-Oct-20	R 69,499,999.81	J - unsigned contract
			R 89,797,344.84	
Total			R 919,293,390.07	

Payments to FDA (between November 2009 to 20 October 2017) R 617,128,639.42

(Annexure K – payments schedule)

(Included in R 617,128,639.42, is an amount of R3,283,485.10 paid to FDA in the period April 2009 to April 2010, for security software licenses. These licenses are also included in the subsequent invoices under the contracts listed under paragraph 6.1.)

6. SITA provides SAPS with ICT services and goods initiated through tasking orders received from SAPS, contracted by service level agreements accompanied by government purchase orders and supported with the relevant contracts between SITA and the service provider.

Rofin contract 2012

- 6.1 Prior to 2012, support and maintenance of Rofin products was procured via procurement vehicles 433 and 769. These procurement vehicles catered for acquisition of support and maintenance services on a variety of ICT hardware and software goods and solutions.
- 6.2 Contract 433 provided for the maintenance and support services for WAN devices, LAN devices and computer related peripheral equipment across SITA clients and was awarded in April 2006. Accredited service providers included Arivia.kom/Sizwe Consortium, Gemini Moon Trading 6, GijimaAst Holdings, HR Computek, Maverick IT Solutions, Mthombo IT Services and a number of others for provincial service delivery. From the initial review, SAPS related work, including inter alia, Rofin equipment maintenance under contract 433, was delivered by Gijima.
- 6.3 Contract 769 was established in February 2012, specifically for SAPS when 433 was split to cater for SAPS and DOD separately. It provided for the supply of hardware maintenance, hardware cabling and support service on WAN, LAN and network peripheral equipment and the procurement of network equipment for SAPS and was awarded to Khauleza Consortium (**Annexure L – Contract with Khauleza Consortium**).
- 6.4 In July 2012, Lines of Business requested that Rofin equipment be excluded from contract 769 and that SITA contracts directly with the original equipment manufacturer (OEM) of Rofin equipment (**Annexure M – Business Case**). A deviation to contract with FDA as the exclusive distributor for Rofin was approved by the SITA Sourcing Review Council (SRC) (Bid adjudication committee equivalent). (**Annexure N – Resolution**)
- 6.5 This FDA contract was then extended 4 times between January 2013 and November 2013, for short periods of time. These extensions were approved by the various SITA adjudication committees (**Annexure O – Resolutions**). A 5th extension for 12 months was approved by the SITA Board on 1 November 2013 (Resolution not available). The last extension to appoint FDA for 5 years as sole supplier was approved by the

SITA Board on 25 November 2014. (**Annexure P – Resolution & Business Case**)

Firearms Permit System (FPS)

6.5.1 FDA is the intellectual property owner of the Firearms Permit System (**Annexure Q – Letter stating Sole Service Provider**). In September 2005, SAPS contracted with Waymark directly for one year, with FDA being the original software manufacturer. (**Annexure R – Waymark contract with SAPS**). Lines of Business requested a deviation from normal procurement procedure for the maintenance and technical support of the FPS in April/May 2016 (**Annexure S – Business Case**). The first SITA contract for the FPS with FDA was awarded through the SITA adjudication committee for one year in October 2016, with direction from the committee to evaluate the feasibility of developing the system internally.

6.5.2 SAPS approved a further extension of the FPS for 3 years in June 2017 (**Annexure T – SAPS approval**). The business case for further extension of 3 years of the contract between SITA and FDA was submitted by Lines of Business to Executive Management on 29 August 2017 (**Annexure U – Business Case**). (This business case also indicated that SAPS contracted directly with FDA for the period between the Waymark contract and the first SITA FDA contract.) The extension of the maintenance contract for the FPS was approved by the Board Procurement Committee on 27 October 2017 (**Annexure V – Resolution and FDA quote**), after recommendation by the adjudication committee. The adjudication committee requested lines of business to present a project plan to the executive committee for the development, implementation and roll-out of an alternative system with IP belonging to the Government. The award was made (**Annexure W – Award Letter**), but the contract has not yet been signed by SITA.

7. Please note the following pertinent factors:

7.1 During the period 2010 to date, FDA did not only supply Rofin-related products and/or services. FDA also supplied, *inter alia*, Spheron and Nikon Cameras. (**refer Annexure H – Contract, onward from page 34 of 151**)

7.2 Furthermore, SITA has established that FDA supplied goods and/or services to SAPS

prior to 2010. In this regard SITA is in the process of extracting and compiling all the relevant information in respect of the contracts awarded to FDA since the contractual relationship came into being. Initial indications are that this may date as far back as 2002, but this is yet to be confirmed. In this regard SITA has engaged forensic investigators to conduct a preliminary assessment.

- 7.3 Preliminary investigations have indicated that FDA is linked to the supply of goods and/or services to SAPS, either directly, or facilitated by SITA, via other entities, including *inter alia* the following entities and/or contracts relating to SITA:
- 7.3.1 Visual Analysis (VA) and/or Visual Analysis Africa (VAA);
 - 7.3.2 Investigative Software Solutions (ISS) (**Annexure X – Payment Schedule to ISS**);
 - 7.3.3 Under RFB 433 – provided Rofin to Gijima GST (Pty) Ltd;
 - 7.3.4 Under RFB 769 – provided Rofin to Khauleza Consortium / Khauleza IT Solutions (Pty) Ltd; and
 - 7.3.5 Waymark Infotech (Pty) Ltd as distributor of FPS (refer **Annexure R – Waymark contract**).
- 7.4 It is our understanding that FDA was part of the EOH group of companies from 2015 to 31 October 2017 (refer **Annexure Y – Declaration Letter from FDA to SITA**).
8. SITA welcomes the opportunity to present to SCOPA and is committed to fully cooperating with any mandated investigations.

Yours sincerely



Dr Setumo Mohapi
Chief Executive Officer

