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Mr T Godi
Chairman of Standing Committee on Public Accounts
SCOPA
Parliament

24 April 2018

Dear Mr Godi,

RE: SITA-SAPS SERVICES AND SYSTEMS PROVIDED THROUGH FDA AND RELATED COMPANIES

This correspondence follows the meeting of SCOPA of 28 February 2018, as well as our letter of 13 April 2018 (*refer annexure A*). The latter in particular was prepared to keep committee members abreast of the state of affairs especially since Forensic Data Analysts (FDA) and/or Investigate Software Solutions (ISS) (both Mr Keith Keating companies) switched off the Property Control and Exhibit Management (PCEM) system, the Firearms Permit System (FPS) and the Visualisation and Analytics system (VA-AMIS) on the night of 4 April 2018. Evidence collected by SITA before and after the events of 4 April 2018 has been handed over to the Hawks to evaluate potential acts of criminality.

Our public submission is intentionally cryptic but we make available detailed information directly to committee members - the information is set out in such a format that the public (possibly televised) discussion can refer to the detailed information that members have in front of them as annexures, without having to publicly disclose evidence that could be used in litigation or the criminal investigation. We humbly request the Chairperson and the committee to indulge us on this tactic since it has become clear that Mr Keating makes use of public statements and submissions we make in Parliament to plan and execute litigation against us. Whilst we stand by everything we say in Parliament, we believe that without employing a tactic such as the one above, we unnecessarily expose our legal strategies to the opposition.

Four SAPS-SITA-FDA and ISS contracts are relevant and are summarised for ease of reference, namely Rofin and related equipment, FPS, VA-AMIS and PCEM. The tables set out the changes in the past two months from the last report at SCOPA.

Directors: Mr ZD Nomvete (Chairman), Dr SJ Mohapi (Managing), Ms RC Rasikhinya (CFO), Ms SH Chaba, Ms NN Ehrens, Ms NVB Magubane, Adv N Mahlangu, Dr VF Mahlali, Ms MP Matlala, Mr JS Mngomezulu, Mr WN Mudau, Mr MT Sadik, Mr GA Victor.

Company Secretary: Mr TP Mongwe

1. ROFIN EQUIPMENT

Initial contract date/transaction:	2006
Approximate value:	R1.16 bn SITA (excluding equipment purchases by SAPS)
Sourcing method:	Sole provider, upon SAPS selection of brand and a letter of exclusivity purportedly issued by the original equipment manufacturer (OEM) to SITA
Description:	Support and maintenance of forensic equipment; i.e. forensic light sources and cameras

Dimension	Status as at February 2018	Status as at April 2018	Reference evidence
Contract status	Cancelled with effect 31 March 2018.	No further engagement. 30 Helpdesk calls received from SAPS members who were not aware of contract cancellation. See legal action below.	
Forensic investigation	Preliminary indications that: <ul style="list-style-type: none"> • appropriate procurement processes had not been followed; • sole provider status was not verified in the market; • National Treasury approval for deviation was not obtained; • open market was not tested. 	There is clear evidence that FDA overcharged the State considerably over alleged rendered services since December 2014. Furthermore, the evidence is clear that FDA representatives were unlawfully involved in the development of SITA's business cases and the drawing up of specifications in respect of the Rofin contract. There is also evidence to suggest a generally corrupt relationship between at least one SITA employee and FDA. Some SITA employees' personal financial transactions are outside the their financial means through ordinary salary, without any external business interests being declared by these employees. Finally, there are strong suggestions that some of the key documents central to the appointment of FDA on a sole provider basis could have been forged.	Annexure B
Consequence management	SITA employee resigned during disciplinary. 3x SCM employees who were involved with FDA contracts had been dismissed.	2 additional employees resigned on 29 March 2018 when they were served with suspension letters. 1 employee remain suspended as of 12 April 2018.	
Legal action	Notice of cancellation of contract from SITA to FDA. Letter of demand for payment	Legal action by FDA, claiming unlawful termination of contract and payment of alleged December 2017	Annexure C

Dimension	Status as at February 2018	Status as at April 2018	Reference evidence
	from FDA.	and January 2018. The matter was set down for hearing on 3 April 2018 and was postponed to allow FDA to file its replying affidavit. SITA is working on possible claim of overpayment.	
Corrective action	A checklist was developed for maintenance contracts to be used by lines of business in verifying maintenance invoices.	No further payments	Annexure D (checklist)

2. Firearms Permit System (FPS)

Initial contract date/transaction: 2004/5 (SAPS-Waymark); 2016 (SITA-FDA)

Approximate value: R11m for the original perpetual license, with 11% annual maintenance fees (SAPS 2006); R20m for renewable license, maintenance and support (SITA 2016/17); R69m (not signed) for renewable license, maintenance and support.

SAPS submission to SCOPA states R239m (*Annexure E*) and SITA is unable to verify since these costs potentially cover the 10-year period between 2006 and 2016 when the contract was managed directly and completely by SAPS.

Sourcing method: Open bidding originally, but thereafter sole provider renewals

Description: The FPS was initiated in 2006 to assist the SAPS in complying with its obligations in terms of the Firearms Control Act, 60 of 2000. It enables SAPS *inter alia* to perform the critical functions of marking, identifying, issuing and tracking its firearms in a manner compliant with relevant legislative and regulatory requirements. It also enables the storage of information regarding the ballistic characteristics of the firearms.

Dimension	Status as at February 2018	Status as at April 2018	Reference evidence
Operations	System was enabled for use	The system was switched off by FDA on the night of 04 April 2018. SITA was able to bring the system up in the early hours of Monday 09 April 2018. The system is currently up and enabled for use.	
Contract status	Contract extension of R69m not signed by SITA.	No change	
Forensic investigation	-	Formal computer forensic analysis is underway to assess system utilisation and value for money, but there are ample suggestions that there is a case to be answered, including but not limited to, potential acts of fraud on the part of various parties within SITA and FDA. SITA counsel is still analysing incoming data in preparation for various	

Dimension	Status as at February 2018	Status as at April 2018	Reference evidence
		AMIS system, after it was switched off on 4 April 2018, whilst there was no outstanding payment pertaining to this system.	
Corrective action	RFI advertised; SAPS technical evaluators not yet appointed.	Evaluation of RFI finalised. Legal opinion to be sought regarding usage post 31 May 2018.	

4. Property Control and Exhibit Management (PCEM)

Initial contract date/transaction: SAPS contract

Approximate value: SAPS submission to SCOPA states R359m (Annexure E)

Sourcing method: Open bid award to Unisys (according to SAPS)

FDA were subcontractors to Unisys

Description: The SAPS operates four forensic laboratories that receive approximately 55,000 items of evidence every month, ranging from clothing and firearms to DNA samples and confiscated narcotics. Each of these items is logged using the PCEM system and accurately tracked throughout the process where it is assigned to an analyst and stored in safekeeping. The PCEM system assists in the chain of evidence, which is critical for the admissibility of exhibits as evidence in court. The PCEM system also performs a range of other functions that enable the SAPS to fulfil obligations such as the requirement to collate and report internationally on the drug analysis information of all drug-related crimes in the country.

Dimension	Status as at February 2018	Status as at April 2018	Reference evidence
Operations	System was enabled for use.	The system was switched off by FDA on the night of 04 April 2018. SITA was able to bring the system up in the early hours of Monday 09 April 2018. The system is currently up and enabled for use.	
Contract status	The contract for the software application is between SAPS and FDA. SITA hosts the software application on its server, but does not have a contract for the licensing or maintenance of the application.		
Forensic investigation	Investigation did not extend to SAPS-FDA contract.	-	
Consequence management	-	-	
Legal action	-	Subsequent to the urgent application launched by SITA/SAPS after the switching off of the PCEM system, FDA has now also approached the court on an urgent basis claiming that	

Dimension	Status as at February 2018	Status as at April 2018	Reference evidence
		litigations.	
Consequence management	-	1 suspended (29 March 2018) 1 charged; disciplinary scheduled for 26 April 2018	
Legal action	-	Subsequent to the urgent application launched by SITA/SAPS after the switching off of the FPS system, FDA has now also approached the court on an urgent basis claiming that SITA/SAPS are utilising the system illegally and claim for payment of alleged outstanding invoices. SITA is currently drafting its answering affidavit. SITA instructed attorneys to issue summons against FDA for overpayment of money relating to licenses and support and maintenance.	
Corrective action	System is being reviewed for replacement.	Decision made to develop a new application in-house, in order to retain the relevant technical the Intellectual Property (IP) within the State and create transversal capability that could be used by other organs of State. SITA personnel were asked by SAPS personnel on 11 April 2018 to turn the system off but SITA has not complied since the instruction had not come from the National Commissioner.	Annexure F

3. SAPS' Analytical Capabilities & Visualisation System (VA-AMIS)

Initial contract date/transaction: 2000 (uncertain)

Approximate value: R502m (2009-2018)

Sourcing method: Sole source procurement and extension of contracts


Description: Access to and use of the VA-AMIS Solution affords SAPS and its members the capacity to link together similarities and patterns in evidence gathered in relation to crimes investigated by the SAPS at different locations. Large volumes of information from disparate databases are analysed and the use of the VA-AMIS solution enables the SAPS to link different crimes to the same suspect(s). It is used primarily in high priority investigations to undertake complex analysis.

Dimension	Status as at February 2018	Status as at April 2018	Reference evidence
Contract status	Request for 3-year contract denied by SITA CEO in May 2017. Only 1 year was granted on condition that SITA technical personnel will conduct a feasibility study on the competitive market. The study was completed by January 2018 and it indicated that other competitive products existed in the market. SAPS was engaged on the process moving forward to support a competitive bidding process. SITA had not received any response from SAPS as of February 2018.	Contract ending 31 May 2018. SITA has since issued an open market Request for Information (RFI). The evaluation process was delayed, but SAPS has since responded to SITA's requests and assigned RFI co-evaluators. 6 Companies have been shortlisted and is being vetted by SSA. The RFB is being drafted currently.	
Forensic investigation	-	SITA employees failed to ensure that there was value for money in the procurement of the services and that there was adequate contract management. SITA employees who recommended renewal did not perform proper due diligence.	
Consequence management	-	2 suspended (29 March 2018)	
Legal action	-	Amended court papers were submitted on 12 April 2018, to secure the VA-	

Dimension	Status as at February 2018	Status as at April 2018	Reference evidence
		<p>SITA/SAPS are utilising the system illegally and claim for payment of alleged outstanding invoices. SITA is currently drafting its answering affidavit.</p> <p>SITA/SAPS further instructed the counsel to prepare summons against FDA for overpayment of money relating to licenses and support and maintenance.</p>	
Corrective action		<p>National Commissioner requested a review of the system after FDA switched off the system.</p> <p>The Application Development team is reviewing the business requirements, to determine the way forward.</p>	

SITA believes that it is making significant breakthroughs in its investigations, on specific contractual matters between SITA and FDA / ISS and also in the broader consideration of SITA's legislative mandate.

Yours sincerely



 Chief Executive Officer
 Dr Setumo Mohapi

