



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

PO BOX 15 Cape Town 8000

Republic of South Africa

www.parliament.gov.za

**ANNUAL REPORT OF THE JOINT STANDING
COMMITTEE ON INTELLIGENCE FOR THE FINANCIAL
YEAR ENDING 31 MARCH 2020 INCLUDING THE
PERIOD UP TO DECEMBER 2020**

TABLE OF CONTENTS

1.	INTRODUCTION	1
2.	APPOINTMENT OF AN AD HOC COMMITTEE TO ALLOW MEMBERS OF THE NATIONAL ASSEMBLY TO BE BRIEFED PRIOR TO THE DEBATE ON VOTE NO 7: NATIONAL TREASURY (STATE SECURITY)	1
3.	COMPOSITION OF THE COMMITTEE	2
4.	LEGISLATIVE MANDATE	4
5.	ACTIVITIES OF THE JSCI IN THE REPORTING YEAR	5
5.1	Orientation of Members of the JSCI	5
5.1.1	State Security Agency	6
5.1.2	National Intelligence Co-ordinating Committee (NICOC)	8
5.1.3	Audit and Risk Committee	8
5.1.4	High-Level Review Panel Report Implementation Task Team	8
5.1.5	Office of the Inspector-General of Intelligence	10
5.1.6	South African Police Service: Crime Intelligence	10
5.1.7	South African National Defence Force: Defence Intelligence	10
5.2	Committee Meetings	10
6.	IMPACT OF THE COVID-19 PANDEMIC ON THE JSCI	11
7.	ACTIVITIES OF THE JSCI OUTSIDE THE REPORTING PERIOD UP TO DECEMBER 2020	11
7.1	Committee Meetings	11
7.2	Special Meetings in Pretoria, 25 August to 04 September 2020	11
7.2.1	Interactions with the Office of the Inspector General of Intelligence	12

7.2.2	State Security Agency Strategic Plan 2020-2025, Annual Performance Plan 2020/21	13
7.2.3	Briefing on the threats posed by the insurgency in Cabo Delgado in Mozambique	14
7.2.4	Presentation by the Audit and Risk Committee	14
7.2.5	Update on Project Veza	14
7.2.6	Meeting with the Staff Council	15
7.2.7	Briefing by Crime Intelligence	15
7.2.8	Meeting with Defence Intelligence	16
7.3	Auditor-General of South Africa	16
7.3.1	Audit Report on the Financial Statements for State Security Agency	16
7.3.2	Audit Report on the Financial Statements for Crime Intelligence	17
7.3.3	Audit Report on the Financial Statements for Defence Intelligence	17
7.4	Annual Reports of the Services and the Inspector-General of Intelligence	18
7.4.1	Annual Report of the State Security Agency	18
7.4.2	Annual Report of Crime Intelligence	18
7.4.3	Annual Report of Defence Intelligence	19
7.4.4	Annual Report of the Office of the Inspector-General of Intelligence	19
7.5	Certificates of Activities of the Services by the OIGI	19
7.5.1	State Security Agency	19

7.5.2	Crime Intelligence	21
7.5.3	Defence Intelligence	21
7.6	Financial Intelligence Centre	22
7.7	Office of the Designated Judge for Interception of Communications	23
8.	FINDINGS OF THE JSCI	23
8.1	State Security Agency	23
8.2	Crime Intelligence	25
8.3	Defence Intelligence	26
8.4	Office of the Inspector-General of Intelligence	26
9.	GENERIC RECOMMENDATIONS	27
9.1	Certificates of Activities	27
9.2	Institution of Consequence Management	27
9.3	Implementation of the Recommendations of the OIGI	27
9.4	The Review of RICA	28
9.5	Insurgency in Cabo Delgado in Mozambique	28
9.6	Vetting for Senior Managers and Members of the Services	28
10.	SPECIFIC RECOMMENDATIONS	28
10.1	State Security Agency	28
10.2	Crime Intelligence	31
10.3	Defence Intelligence	32
10.4	Office of the Inspector-General of Intelligence	33
10.5	Financial Intelligence Centre	33
10.6	Audit and Risk Committee	33

- A. Report on Lawful Interception 2019/20
- B. Report of the Auditor-General to Parliament on the State Security Agency
- C. Report of the Auditor-General to Parliament on the South African Police Service - Crime Intelligence: Secret Service Account
- D. Report of the Auditor-General to Parliament on Vote No. 19 Department of Defence
- E. Programme for the Financial year 2019/2020, up to December 2020
- F. Glossary of Acronyms

1. INTRODUCTION

The Joint Standing Committee on Intelligence (JSCI) is established in terms of section 2 of the Intelligence Services Oversight Act 1994, (Act No. 40 of 1994), hereafter referred to as the Act. The primary mandate of the JSCI is to perform oversight over the intelligence and counter-intelligence functions of the Services, which include the State Security Agency (SSA), Defence Intelligence (DI) Division of the South African National Defence Force (SANDF) and Crime Intelligence (CI) Division of the South African Police Service (SAPS).

The Committee hereby table its first Annual Report (AR) to the Parliament of the Republic of South Africa in accordance with section 6 of the Act, which states that:

The Committee shall, within five months after its first appointment, and thereafter within two months after 31 March in each year, table in Parliament a report on the activities of the Committee during the preceding year, together with the findings made by it and the recommendations it deems appropriate, and provide a copy thereof to the President and the Minister responsible for each Service.

For the Sixth Parliament, the Committee was constituted on 30 October 2019 after the process of undergoing vetting for Top Secret security clearance which is a statutory requirement. Prior to the establishment of the Committee, an Ad Hoc Committee was established to process the Strategic Plans, Annual Performance Plans (APPs) and budgets of the intelligence services. The five months report was published on 11 November 2020 due to the impact of Covid-19. Similarly, the AR was also impacted by Covid-19.

2. APPOINTMENT OF AN AD HOC COMMITTEE TO ALLOW MEMBERS OF THE NATIONAL ASSEMBLY TO BE BRIEFED PRIOR TO THE DEBATE ON VOTE NO 7: NATIONAL TREASURY (STATE SECURITY)

The Act requires members of the JSCI to undergo vetting in order to be granted security clearances. On 10 July 2019, the National Assembly (NA) noting the pending appointment of the JSCI upon the finalisation of all legal prescripts, resolved to establish an Ad Hoc Committee to allow members of the NA to be briefed prior to the debate on Vote No 7:

National Treasury (State Security). The Ad Hoc Committee consisted of 11 members with Top Secret security clearance from the African National Congress (ANC) 6, Democratic Alliance (DA) 2, Economic Freedom Fighters (EFF) 1, Al Jama-Ah and Inkatha Freedom Party (1). The membership was as follows:

- Ms D E Dlakude (Chairperson) (ANC)
- Ms MC Dikgale (ANC)
- Dr SM Dhlomo (ANC)
- Ms NL Hermans (ANC)
- Mr BG Magwanishe (ANC)
- Ms JM Mofokeng (ANC)
- Ms D Kohler Barnard (DA)
- Dr M Gondwe (DA)
- Inkosi RN Cebekhulu (IFP)
- Dr MQ Ndlozi (EFF)
- Mr MGE Hendricks (AL Jama-ah)

3. COMPOSITION OF THE COMMITTEE

It is pertinent to note that the legal processes of finalising the appointment of the Committee were delayed. Consequently, the Committee was appointed, in terms of the Act, on 30 October 2019. Subsequently, the first meeting of the Committee took place on 13 November 2019 following the swearing-in of members. In accordance with the Act and the rules of the JSCI, members of the Committee must take an oath or affirmation of secrecy before commencing with their functions.

The Committee consists of members of Parliament appointed on the basis of proportional representation determined according to the formula set out in the Act. The Chairperson is appointed separately in terms of section 2(4) of the Act. Accordingly, the following seats were allocated to various political parties following the 2019 elections:

- ANC: 9 seats
- DA: 3 seats

- EFF: 1 seat

For the reporting period, the membership of the JSCI was composed of the following:

Name	Political party
Mr JJ Maake	NA (ANC): Chairperson
Ms LC Bebee	NCOP (ANC)
Ms MC Dikgale	NA (ANC)
Ms DE Diakude	NA (ANC)
Ms NL Hermans	NA (ANC)
Mr G Magwanishe	NA (ANC)
Ms JM Mofokeng	NA (ANC)
Mr MK Mmoiemang	NCOP (ANC)
Ms ZV Ncitha	NCOP (ANC)
Dr MM Gondwe	NA (DA)
Ms D Kohler Barnard	NA (DA)
Ms C Labuschagne	NCOP (DA)
Dr MQ Ndlozi	NA (EFF)

With the exception of Hon DE Diakude and Hon MQ Ndlozi who served in the JSCI of the Fifth Parliament, and Hon JJ Maake who served in the JSCI of the Fourth Parliament, the rest of the members were new to the Committee. Hon Hadebe was appointed to fill the vacancy created by the passing of Hon NL Hermans on 18 January 2021.

4. LEGISLATIVE MANDATE

Section 2 of the Constitution of the Republic of South Africa, 1996, provides that the Constitution is the supreme law of the Republic, all law or conduct that is inconsistent with the Constitution is invalid and obligations which are imposed by the Constitution must be fulfilled.

Section 199(8) of the Constitution provides that to give effect to the principles of transparency and accountability, multi-party parliamentary committees must have oversight of all security services in a manner determined by national legislation or the rules and orders of Parliament.

Section 3 of the Act provides that the Committee, in exercising its oversight responsibility, performs inter alia, the following functions:

- Obtain audit and other reports from the Auditor-General and to consider the financial statements of the services;
- Obtain reports from the Evaluation Committee;
- Obtain reports from the designated judge as defined in the Regulation of Interception of Communications and Provision of Communication Related Information Act, 2002 (Act No. 70 of 2002);
- Obtain reports from the Ministers responsible for the Services;
- Consider and make recommendations on the report and certificates issued by the Inspector-General;
- Consider and make recommendations on all proposed legislation and regulation relating to any Service or any other intelligence or intelligence related activity;
- Review and make recommendations about co-operation, rationalization and demarcation of intelligence functions performed by the Services;
- Order investigation by and to receive a report from the Head of a Service or the Inspector-General regarding any complaint received by the Committee from any member of the public provided such complaint is not trivial, vexatious or made in bad faith;

- Refer any matter in relation to an intelligence activity which the Committee regards as relevant to the promotion and respect of the Bill of Rights to the South African Human Rights Commission;
- Consider and make recommendations on matters falling within the purview of the Act and referred to the Committee by the President or a Minister responsible for any Service or Parliament;
- To request relevant officials to explain any aspect of reports furnished to the Committee;
- To hold hearings and subpoena witnesses on any matter relating to intelligence and national security; and to
- To consult with any member of Cabinet in relation to any function performed by the Committee in terms of the Oversight Act.

Chapter 3, Joint Rule 120 and schedule B of the Joint Standing Rules of Parliament also set out the establishment, powers and functions of the JSCI. The Constitution, the Act and the Joint Rules provide the bedrock of the mandate of the JSCI which must be strictly fulfilled.

5. ACTIVITIES OF THE JSCI IN THE REPORTING YEAR

For the reporting period, the following activities were undertaken by the Committee.

5.1 Orientation of Members of the JSCI

The Act provides for the establishment of the JSCI to perform oversight functions related to intelligence and counter-intelligence functions as mentioned and report thereon to Parliament. After the Committee has been established, following the awarding of Top Secret security clearance certificates, members must undergo intensive training or orientation in the field of intelligence. Section 5 of the Act clearly stipulates that “the Committee shall conduct its functions in a manner consistent with the protection of national security”. Furthermore, “no person shall disclose any intelligence, information or document the publication of which is restricted by law and which is obtained by that person in the performance of his or her functions in terms of this Act”. In order to adhere to the Act, intensive induction and training is provided to members.

For the Sixth Parliament, orientation for members took place from 18 to 22 November 2019. It enabled members to understand the nature of the environment coupled with the complexities of the Fourth Industrial Revolution and its implications to intelligence and national security; how to handle secrecy; and responding to public enquires on sensitive issues and related matters. The orientation prepared the Committee to function optimally, and to ensure the safety and security of information. More importantly, the newly established Committee was briefed on the functions and roles of the services and their entities. Additionally, the Committee received an overview of pertinent issues within the intelligence services namely; the SSA, CI, and DI. The Office of the Inspector-General of Intelligence (OIGI) also inducted members in order for them to understand the functions of the Inspector-General of Intelligence (IGI) as stipulated in Section 7(7) of the Act.

5.1.1 State Security Agency

On 19 November 2019, the Committee interacted with the SSA. It was welcomed by the acting Director-General (DG) of the SSA and senior management. The presentation touched on the current status, challenges and recommendations on improving the Agency. The acting DG clarified the illegality of the establishment of the SSA, which came into existence in 2009 after Proclamation 59 of 2009 where several entities were amalgamated. Those included the National Intelligence Agency (NIA) that functioned as domestic intelligence with the mandate of gathering intelligence and counter-intelligence, the South African Secret Services (SASS) which gathered intelligence outside the borders, and other entities such as the National Communications Centre (NCC), which also gathered intelligence outside the borders on targeted people through bulk interception.

The Office of the Interception Centres (OIC), which is an entity of the SSA and functioning under the auspices of the Regulation of Interception of Communications and Provision of Communication-related Information Act (RICA), No. 70 of 2002, may only intercept under the authority of a Designated Judge for Interception. The proclamation and amalgamation process was illegal as it was not legislated. The proclamation was announced in July 2009 but only approved in October 2010. The legislation that amended the changes was

only approved later in the form of the General Intelligence Laws Amendment Act, No. 11 of 2013.

The gap between 2010 and 2013 resulted in serious concerns and illegal functioning of the SSA. The new structure created a powerful DG with powers concentrated on a single individual. The amalgamation also enabled some members of the executive to issue illegal instructions to members of the SSA. These instructions amounted to executive overreach.

The acting Deputy Director-General (DDG) Domestic Intelligence briefed the JSCI on the challenges that included human resources, acting positions, patriarchy, personnel retention and inadequate budget allocation. The acting DDG: Counter Intelligence informed the Committee that the counter intelligence programme had been paralysed by the previous notorious leadership. The Committee heard of illegal appointments and irregular temporary advances given to people who were not producing any results.

The acting Director Foreign Branch provided a synopsis of the mandate, functions and posture of the Foreign Branch. Some of the challenges included the instability at management level and personnel shortage. The JSCI raised concerns about vacancies. It was recommended that acting positions be filled.

The acting General Manager at the National Communications (NC) outlined the mandate and functions, and the roles of the three entities; Signals Intelligence (SIGINT), ICT Security and the Office of Interception Centres (OIC). It was indicated that some of the challenges included human resources and obsolete equipment. Despite the challenges, several successes were highlighted. The JSCI raised concerns about vacancies. It was recommended that additional resources be allocated to ensure that the equipment was up to date.

The acting Head presented on the Intelligence Academy (IA) and outlined challenges which included inadequate staff, a lack of clear training philosophy and capacity for effective training delivery. It was also recommended that the IA should be resourced. The JSCI also undertook to conduct an oversight visit to the IA Mafikeng Campus.

The Chief Financial Officer (CFO) of the SSA, made a presentation to the JSCI with regard to allocation for the period 2020/2021 to 2022/23. It was indicated that there had been a decrease in budget, and restructuring back to NIA and SASS may result in a rise of compensation of employees due to the filling of statutory posts. The Committee recommended that adequate funds be allocated to the SSA.

5.1.2 National Intelligence Co-ordinating Committee (NICOC)

The Coordinator of the National Intelligence Co-ordinating Committee (NICOC) and the team reported that the entity had been experiencing negative impact of acting positions at the senior management level. Other challenges included numerous legislative challenges. However, it was hoped that the recommendations of the High-Level Review Panel (HLRP) report would resolve most of the challenges once implemented. To resolve some of the challenges with regard to sharing of information, the JSCI recommended that the National Security Council be revived, which subsequently took place in December 2019.

5.1.3 Audit and Risk Committee

The Chairperson of the Audit and Risk Committee (ARC) led the presentation and indicated that the function of the ARC is to oversee the effectiveness of governance processes, risk management processes, internal control environment and performance management. The main concern was the continuous and automatic audit qualifications based on to the nature of the business. It was proposed that quarterly and annual standing meetings be convened between ARC and the JSCI to present audit findings.

5.1.4 High-Level Review Panel Report Implementation Task Team

Representatives of the team provided a presentation on the HLRP report. In 2016, the Strategic Development Plan (SDP) was established, which tampered with the structures. The JSCI in the Fifth Parliament objected to the establishment of the SDP and the former Minister stopped its implementation. In 2018, the structures reverted back to the one approved in 2010 which resulted in the displacement of people. During the same year, President Cyril Ramaphosa appointed a HLRP to review the SSA and determine whether

it had capacity to discharge its constitutional mandate both in human and material resources, and to optimally use the budget allocation.

The panel thoroughly investigated the SSA and related structures, and came up with recommendations. A team of experts was put together to devise ways of implementing the recommendations which were endorsed by the President. The team indicated that implementation would be executed using a two-phased approach. The first phase focused on the amendment of pieces of legislation such as Intelligence Services Act (No.38 of 1994), Intelligence Services Oversight Act (No. 40 of 1994) and National Strategic Intelligence Act (No. 39 of 1994). The second phase would focus on the review of the White Paper on Intelligence (1994) and other fundamental changes. It was expected that migration would be done to implement the new structure and a new National Security Strategy would be drafted, the White Paper on Intelligence reviewed and a Council provided for by the Secret Service Act would be established.

The main objectives of reorganising the SSA included decentralisation of intelligence services, the optimal use of resources, greater focus on professionalism, and enhanced operational effectiveness. The Committee raised concerns that legislation could take long due to processes and would have suggested a possibility of either repealing the proclamation and the General Intelligence Laws Amendment Act of 2013. The acting DG informed the Committee that the Bill would be technical in nature for splitting the current Agency into two separate agencies. The intention was not to invent anything new. It was also stated that the actual Bill was expected in 2022.

The Committee was informed of other challenges such as vacancies in both the Domestic and Foreign Branches, corruption, the flouting of Human Resources Policies in relation to the recruitment of some members of the Special Operations Unit, illegal protective services, a parallel vetting structure that issued fake Top Secret clearance certificates, and sniper training for non SSA members. The Committee recommended that a detailed presentation be made in the presence of the Minister.

5.1.5 Office of the Inspector-General of Intelligence

Accompanied by the Principal Oversight Officers and the Legal Adviser, the IGI outlined that the office's functional responsibility was to report to the JSCI. In terms of challenges, the lack of regulations was cited as a major challenge. Other challenges included inadequate budget, lack of implementation of recommendations, intelligence failures and threat to the independence of the OIGI. It was recommended that the OIGI provide the JSCI with recommended solutions to the challenges.

5.1.6 South African Police Service: Crime Intelligence

The Divisional Commissioner: CI outlined the various clusters. One of the major challenges mentioned was the inadequate budget, which was a huge hindrance in terms of optimal functioning. Other challenges mentioned included the difficulty to combat crime in the country without maintenance of CI capability which includes the recruitment, infiltration, handling and support of informants, police agents, co-workers and contacts.

5.1.7 South African National Defence Force: Defence Intelligence

The Chief of DI, and the management team made a presentation on the Strategic Plan, APP and Budget Allocation for 2020/21. It covered the mandate, vision and mission, structure and personnel, performance delivery environment and performance indicators. The personnel strength for uniformed members, approved posts, and vacant posts were outlined. In addition, civilian posts including approved and staffed posts were outlined, as well as vacancies.

In terms of performance indicators, no major challenges were presented. Over-achievement was recorded in some targets. The allocated budget, as well as the shortfall were indicated. This was followed by the outline of risks such as human resources, budget allocation, DI support maintenance of facilities, and the relocation of DI Headquarters.

5.2 Committee Meetings

Following the orientation of members which took place from 18 to 22 November 2019, the JSCI commenced with its meetings. More than ten meetings were held commencing on 13 November 2019 until the emergence of Covid-19 as indicated in Annexure E.

6. IMPACT OF THE COVID-19 PANDEMIC ON THE JSCI

Covid-19, which resulted in the national lockdown, had an impact on the work of Parliament. The Presiding Officers suspended the business of the Houses of Parliament. The NA suspended its business from 18 March, while the National Council of Provinces (NCOP) from 19 March 2020. Similar to other institutions, Parliament embarked on exploring effective means for conducting virtual Parliament work using available technologies. This resulted in successful virtual Parliamentary committee meetings conducted over MS Teams and Zoom platforms. Since then, virtual and hybrid sittings of the Houses of Parliament have occurred. Due to the nature of its operation, the JSCI was unable to hold meetings because of cyber security concerns concomitant with MS Teams and Zoom. Consequently, the backlog compounded by the fact that the Committee was only constituted in November 2019, continued. Subsequently, several attempts were made for approval to hold meetings in Pretoria to deal with urgent matters and other outstanding matters. Approval was granted for the JSCI to convene in Pretoria for special meetings with intelligence services and the OIGI. The outstanding matters formed part of the JSCI programme that would have been concluded in the first five months. Consequently, Covid-19 delayed the finalisation and tabling of the report of the Committee five months after its first appointment which would have ended in March/April 2020. Subsequently, the five months report was tabled on 11 November 2020.

7. ACTIVITIES OF THE JSCI OUTSIDE THE REPORTING PERIOD UP TO DECEMBER 2020

7.1 Committee Meetings

For the period up to December 2020, more than 14 meetings were held. In some of the dates, the Committee met more than once, especially during meetings in Pretoria and some meetings at Parliament as indicated in Annexure E.

7.2 Special Meetings in Pretoria, 25 August to 04 September 2020

From 25 August to 04 September 2020, the Committee held special meetings with the OIGI, the SSA, DI, CI, ARC of the SSA and the Staff Council of the SSA. The main purpose of the special meetings was to receive briefings on developing matters such as

the insurgency in the Cabo Delgado Province in Mozambique and other matters of national security. The Committee also received an update on the legislation that would separate the SSA into two entities. It also dealt with outstanding matters that were in the Committee programme for the second term such as Strategic Plans, APPs and Budget Allocation of the services.

These matters would have been completed within the first five months after the Committee was appointed. Other matters included the engagement on complaints from members and former members of the SSA, the filling of senior management vacancies, the ARC, the Staff Council, and updates on the implementation of the HLRP Report.

7.2.1 Interactions with the Office of the Inspector-General of Intelligence

The meeting with the OIGI included Strategic Plan, APP, and Budget Allocation for 2020/21; update on cooperation with the Independent Police Inspectorate Directorate (IPID); and update in investigations completed; and other urgent matters.

The Strategic Plan of the OIGI was approved in 2017 for the years 2017 – 2022. The OIGI indicated that not all posts would be filled. In terms of functioning, it was indicated that the OIGI produced a quarterly risk report for office use. It was also indicated that the Certificates of the IGI are presented in the third quarter of the financial year. The IGI also receives tasking from the Executive e.g. the President and three Ministers had tasked the IGI in the past. The task took the form of a complaint. The JSCI may also refer complaints. Self-tasking also occurs and the office had several in progress.

Further discussions around the budget took place. The total budget allocated was not different from the previous year. No international travelling took place in the financial year due to Covid-19. The budget for domestic travelling had also been reduced significantly.

The Committee was informed that the implementation rate of IGI's recommendations was two per cent and in some cases zero per cent. This oversight challenge need to be escalated to the JSCI. The IGI clarified that he was allowed to move funds when needed.

7.2.2 State Security Agency Strategic Plan 2020-2025, Annual Performance Plan 2020/21

The presentation was divided into four parts, mandate, strategic focus, measuring performance and annual targets. It was indicated that the planning was impacted by the recommendations of the HLRP on the SSA, which called for a significant review of policy prescripts of civilian intelligence. The HLRP was adopted by the President.

The HLRP recommended for the urgent development of a National Security Strategy (NSS) to be an overriding basis for redefining the concepts, values, policies, practices and architecture involved in South Africa's approach to national security. The White Paper on Intelligence would also have to be reviewed and aligned with the NSS. In terms of the institutional policies and strategies related to the five year planning period, the Ministry would include the recommendations of the HLRP and also focus on critical work such as Cyber security; ICT security; Cyber-crime; Review of Vetting strategy; Protection of State Information Bill; Secret Services Act and the Minimum Information Security Standards, which lacks enforceability.

In terms of relevant court rulings, the Committee was informed that due to the Judgement of last year, some of the RICA sections were deemed unlawful. The judgement prohibits bulk interception and surveillance and make recommendations that must be implemented. The Act falls under the Department of Justice and Correctional Services.

It was noted that the country's current economic trajectory was unsustainable, economic growth had declined, unemployment was rising, and inequality remained high. In terms of technological advances, the SSA had a key role to play in cyber space protection, policy development and implementation. The presentation also outlined the SSA's response to the Covid-19 pandemic. This included the capacitation of the economic intelligence unit to be able to play a key role in economic development, foreign direct investment and economic diplomacy. Others included combating organised crime, corruption and illicit economic activities. It was reported that there were people without security clearances. The vetting backlog was not only for the SSA members but also external officials. The Ministry was engaging with former members to assist.

7.2.3 Briefing on the threats posed by the insurgency in Cabo Delgado in Mozambique

The Committee was briefed on the insurgency in Cabo Delgado by the Ministers of Defence and Military Veterans, and State Security, supported by senior management from the SSA, DI and CI. The presentation was prepared by the counter-intelligence functional committee of the Justice, Crime Prevention and Security (JCPS) cluster.

The Committee was fully briefed on the history and current situation in Cabo Delgado. The presentation scope included terror threat to South Africa; terror trends in Southern Africa; terror links between South Africa and the rest of the region; challenges in addressing evolving terror in the Southern African Development Community; countering mechanisms; South Africa's Constitutional and legal challenges, recommendations to address challenges and conclusion. This was followed by comments from the heads of intelligence services.

7.2.4 Presentation by the Audit and Risk Committee

The Chairperson of the ARC of the SSA reported that the function of the committee was to oversee the effectiveness of governance processes, risk management processes, internal control environment and performance management which was an unfunded mandate. The main concern was the continuous and automatic audit qualifications based on to the nature of the business. It was reiterated that quarterly and annual standing meetings between ARC and the JSCI to present audit findings were required.

7.2.5 Update on Project Veza

The Committee was first briefed on Project Veza during the orientation in November 2019. During the special meetings from 25 August to 04 September 2020, the Committee received an update. It was reported that the SSA was infiltrated by criminal elements during different times. Some of the findings of Project Veza included an illegal vetting structure that was established; the presidential support service which consumed most resources due to extensive travelling without bringing back any intelligence; and the establishment of a toxicology unit reporting to the then president, to name a few. In terms of progress report, four pillars were identified, namely communication, administrative

action, criminal action and asset recovery. It was reported that the first pillar was completed and progress made with regard to pillars two, three and four. It was also reported that members of the team received threats and that their lives were in danger. It was also reported that there has been some interference from senior management which was seen as anti-counter projects. The Committee was also informed that the acting DG was subpoenaed to give evidence at the Judicial Commission of Inquiry into the Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State.

7.2.6 Meeting with the Staff Council

The Committee received a briefing from the Staff Council. The scope of the presentation covered regulatory framework, challenges and member issues in the SSA. Several issues that transpired included a lack of adherence to policy prescripts and regulations by the SSA, lack of consultation by management, lack of bargaining mechanism and dispute resolution, outdated regulation directives, poor governance, maladministration, lack of consequence management for senior managers, low staff morale, nepotism and people acting in positions not knowing if they would be appointed in those positions.

7.2.7 Briefing by Crime Intelligence

The Committee received a briefing from CI. It was reported that there was a planned expansion of lifestyle auditing. Several planned interventions to fight crime such as cash in transit, gangsterism, kidnappings, terrorism, and those crimes taking place at Eskom, Prasa and Transnet were outlined. Other interventions included focusing on extortions (construction sites), public servants doing business with the state, illegal land invasion, illegal smuggling of cigarettes which increased dramatically during the Covid-19 lockdown.

The presentation also included threat picture and threat management system; strategic risks in mismanagement of Secret Services Account; security breaches in the leakage of classified information and exposure of covert methodology.

7.2.8 Meeting with Defence Intelligence

The Chief of DI, and his team made a presentation on the Strategic Plan, APP and Budget for 2020/21. The presentation covered the mandate, vision and mission, structure and personnel, performance delivery environment and performance indicators.

In terms of personnel strength for uniformed members, approved posts were indicated as well as vacant posts. The same was reported for civilian posts. In terms of performance indicators, no major challenges were presented. Over-achievement was recorded for some targets. The budget allocated was also indicated as well as the shortfall.

7.3 Auditor-General of South Africa

The Auditor-General of South Africa presented the financial statements of the SSA, CI and DI.

7.3.1 Audit Report on the Financial Statements for State Security Agency

An overview of the four year audits of the SSA was presented to the Committee. For the period under review, the SSA received a qualified report. Previously, the AGSA had to deal with property and equipment challenges and irregularities on operational expenditure whereby an issue was raised with management. It was found that the property and equipment challenge had not been resolved and remained an inherent qualification. For 2018/19, four programmes were audited. For the reporting period, only the Domestic Branch was audited due to Covid-19. Outdated information systems which were not serviced were identified as a serious issue.

The SSA managed to resolve the accrual for leave entitlement. In terms of credible performance reporting, the targets were not specific and measurable. The AGSA had issues with targets that could not be measured and the lack of intended performance. In reported achievements, some were achieved and others not. The SSA was unable to produce sufficient evidence to support reported achievement. In terms of compliance, the SSA failed to produce and submit quarterly reports to the executive to allow the Minister to conduct oversight. Additionally, internal control deficiencies were reported, for instance no consequence management took place. It was reported that a discussion was needed

between the SSA and the National Treasury to prevent irregular expenditure. Reasonable steps should have been taken to prevent fruitless and wasteful expenditure and the National Treasury should have been contacted to comply with supply chain management policies (See Annexure B).

7.3.2 Audit Report on the Financial Statements for Crime Intelligence

For the period under review, the Committee was informed that investigations conducted resulted in the inability to obtain sufficient evidence to support reported achievements. The entity received a qualified report because of the inherent risk due to the nature of environment. When audited in moveable intangible assets, the records were not updated; they were either lost or unusable. There was no reconciliation on cash and cash equivalents. Some of the irregular expenditure on sensitive projects could have been avoided. The goods and services were overstated. It was reported that wrong calculations on operating lease commitments were identified.

In terms of credible performance reporting, it was found that measures were not clearly defined as planned targets were not specific in identifying the nature and required level of performance. Achievements reported were inconsistent with the planned targets in the APP. In terms of compliance with legislation, the extension of contracts was not approved or communicated with the National Treasury amongst others. Supply Chain Management was not complied with as the deviation for procurement above R500 000 was not approved by the National Treasury.

Instead Supply Chain Management policies were not aligned to regulations but changed to suit the circumstances. Some officials did not have the necessary skills, knowledge and qualifications required for financial management and reporting. The AGSA recommended some actions to be taken (See Annexure C).

7.3.3 Audit Report on the Financial Statements for Defence Intelligence

The Committee was informed that DI had been treated as a special entity previously by the Department of Defence until 2017 whereby the audit report was contained in the Department's audit report as from 2018/19 financial year. It had been qualified for the last four years as a standard due to the nature of the functions of DI.

The qualification was as a result of irregularities such as non-compliance with legislation and supply chain management. Goods and services procurement did not follow competitive bid process resulting in irregular expenditure, and fruitless and wasteful expenditure. Internal control deficiencies were identified where the department was to develop, implement and actively monitor action plans to address challenges. It was clarified that when non-compliance was identified it meant that DI did not comply with the National Treasury policy nor aligned with the new policy of the National Treasury. The audit team requested that DI should rectify internal controls by complying with PFMA regulations (See Annexure D).

7.4 Annual Reports of the Services and the Inspector-General of Intelligence

7.4.1 Annual Report of the State Security Agency

The Committee was briefed on the AR of the SSA. The AR was divided into three parts, i.e. performance highlights, financial performance overview and the audit outcome. It was stated that the SSA received a qualification due to the high inherent risk because of the nature of its environment. The SSA had a workshop to work out a remedy to the situation and came out with a framework that would be presented to the National Treasury.

The ARC emphasised the need to address governance issues with critical positions. In addition, concern was raised with regard to lack of internal control mechanisms and the slow implementation of the HLRP recommendations. The ARC would work with the AGSA to ensure that the management of the SSA addresses the issues identified. The JSCI was requested to monitor the situation and escalate the matters accordingly in order to fix the organisation.

7.4.2 Annual Report of Crime Intelligence

The Committee was briefed on the AR of CI. Some of the findings of the AGSA were highlighted. Over and under expenditures were indicated and reasons explained. Some of the achievements were highlighted as well as the challenges. The Committee was informed that lifestyle audits for all SAPS members was underway. In terms of performance, some targets were achieved and others under achieved. However, there were significant successes recorded.

7.4.3 Annual Report of Defence Intelligence

The Committee was briefed on the AR of DI. The presentation highlighted some of the comments by the AGSA. It also indicated some of the activities undertaken such as support to the Western Cape Province in an effort to suppress gang related violence. Some of the achievements included the appointment of Military University Educators for the DI Bachelor of Military Science degree that commenced in January 2021 at the South African Military Academy. It was also reported that the soldiers were deployed during lockdown to curb the spread of the Covid-19 pandemic. Some of the challenges identified included vetting as the target was not achieved, as well as human resource challenges.

7.4.4 Annual Report of the Office of the Inspector-General of Intelligence

The IGI gave an overview and comments on the AR. It was indicated that the OIGI is audited by the AGSA under the SSA as a spending centre. There were no qualifications identified by the AGSA. The process of scheduling of the OIGI had not been finalised. In terms of performance, the OIGI had reviewed and monitored CI, DI and the SSA. The Certificates had been compiled and presented as per the legislation. The budget was ring-fenced which lead to a more controlled output. The outstanding matters were oversight framework, policies and SOPs; finalisation of Intelligence Oversight Regulations; amendments to the oversight legislation; scheduling of the OIGI and filling of critical vacant posts.

The OIGI could not visit some stations in foreign countries where oversight engagements were planned before the lockdown. There were budgetary and operational constraints reported by the IGI. Investigations conducted and cases finalised were outlined.

7.5 Certificates of Activities of the Services by the OIGI

7.5.1 State Security Agency

Before presenting on the certificate for the SSA, the IGI informed the Committee that the OIGI received input from the Minister not related to the certificates but about procedures. The procedures the Minister referred to was Section 7(11) (b) of the Intelligence Oversight Services Act (No. 40 of 1994), which provides that “the Minister responsible for the

Service in question shall, subject to section (4) (2), cause the report and certificate to be transmitted to the Committee”. This issue was discussed with the previous Committee during the Fifth Parliament to determine the meaning of transmission versus presentation of certificates. It was indicated that the IGI was following its mandate as stipulated under Section 7 (7) of the Act.

The Committee resolved that the IGI should present the certificates since they were prepared by the OIGI. However, each Service should have an input in the compiled certificates and be present when the IGI present in preparation for responses to the Committee on findings and recommendations. Subsequently, the Minister responsible for the relevant Service would present responses to the findings and recommendations on the certificate of activities. The Committee undertook to communicate the resolution to each relevant Minister to respond to the concerns raised during the certification process.

In his opinion, the IGI stated that the IA did not achieve a fair presentation of its activities for the period under review. The OIGI did not get what was expected. Some of the findings were that the SSA failed to comply with Section 23 of the Constitution regarding collective bargaining. There was no collective bargaining mechanism for the staff. In other instance, the High Court judgement rendered the National Communications activities on bulk interception and monitoring of foreign signals collection unlawful and invalid. The IGI thoroughly explained the dangers of non-compliance in that regard. The judgement was unfortunately not appealable. The HLRP also made a finding on the issue.

The IGI had found that security breaches indicated intelligence failure and were not reported in accordance with the Act. In this regard, the IGI identified a loophole in the legislation as the Act states that “significant intelligence failure” must be reported. The IGI argued that the use of the term “significant” is problematic. More importantly, there is no provision in the Act making it an offence not to report intelligence failures. Other instances of intelligence failures used as examples by the IGI included the burning of schools in Vuwani and the protests in the North West. Additionally, the SSA was found to have been involved in matters outside its mandate. An example used was the involvement in the matter of the Public Protector pertaining to the mandate of the Reserve Bank.

The absence of amendments to legislation and regulations on collection of signal intelligence negatively affected the full use of bulk interception. There were many irregular acting capacity appointments that had destabilising effect on the organisation which could affect the management of claims with backdates on acting allowances. The absence of amended legislation and regulations affected the functioning of the Agency. There was serious instability at senior management.

7.5.2 Crime Intelligence

The Committee was briefed on the certificate of CI. Previously, there were no remedies on challenges such as staff turnover, capacity regarding vetting analysis and training intervention at CI which was a matter of great concern. When dealing with auditing the interest was always on whether proposals were implemented or not e.g. from PFMA the expectation is to override, recover or institute disciplinary hearings. Some of those were not implemented by CI in the reporting period.

Other findings included the lack of provision of salary advices for general workers for them to acquire credit at the banks or open accounts. It was also reported that in 2016, there was a procurement of services without contract, but payment was made without rendering the service. It was also found that cost effective mechanisms were not implemented. It was found difficult to investigate some the projects that CI predicted to be done such as “Fees must fall”. It was found that there was abuse of the Secret Services Account, and some senior officers were implicated but protected by management.

7.5.3 Defence Intelligence

The court judgement of amaBhungane versus the Minister of Justice and Correctional Services identified unlawfulness and invalidity of bulk interception conducted by DI. Other findings by the OIGI included the backlog on vetting which showed that the majority of the top management of DI did not have a Top Secret security clearance. Inadequate budget and resources which impact negatively on intelligence operations were identified. The borrowing of posts amongst DI structures was identified as a serious concern as it destabilised the whole structure. The OIGI recommended that DI discontinued with the practice of borrowing of posts and proposed a DI subcommittee on the Personnel

Selection Board. Regarding the procurement of sensitive operational equipment or services, the OIGI found that there were sufficient safeguards in Treasury Regulations to deviate from the requirement of competitive bids or three quotations in the interest of national security or involving urgent or emergency cases. The OIGI recommended that DI should consider following those provisions.

7.6 Financial Intelligence Centre

The Committee was briefed by the Financial Intelligence Centre (FIC), which was established in 2001 to administer the Financial Intelligence Centre Act but operated formally since 2003. The FIC is the only entity authorised to analyse suspicious transaction reports with an advantage of consulting other countries and getting information from its counterparts as long as those countries are part of Egmont Group.

The FIC is intended for gathering of transaction data and provision of financial intelligence. It is funded by the National Treasury, reports to the Minister of Finance and is accountable to Parliament. The FIC received an unqualified audit report from the AGSA. Its mandate is not to prosecute but to assist using the information from the banks. It also checks on open sources and report to Law Enforcement Agencies to take action. The Protection of Constitutional Democracy Against Terrorist and Related Activity Act of 2004 (No. 33 of 2004), is the only Act that addresses terrorist activities and offences of terrorism.

The Director emphasised on having efficient and effective systems in order to analyse data. Currently the FIC has offices in Centurion and a small one in Cape Town but servicing all provinces. It has strategic organisational outcomes, and one of them is its role in combatting financial crimes. A reported amount had been recovered with its assistance. It shares information with other organs of the state such as the Office of the Public Protector. However, information should be used correctly or payment of a fine is required if misused. It was reported that a very good relationship existed with the Asset Forfeiture Unit (AFU). The AFU is able to freeze accounts and assets once the FIC has reported suspicious activities. It was reported that the source of income for a Non-Profit Organisations (NPOs) must be known. There were few cases of terrorism and money laundering, which often involve non state actors such as NPOs. The FIC is also part of

NICOC and contributes towards National Intelligence Estimates by sharing information with the SSA and CI.

7.7 Office of the Designated Judge for Interception of Communications

Due to Covid-19, the Committee was unable to meet with the Designated Judge for Interception, Justice BE Nkabinde, for the presentation of the Annual Report on Interception of Private Communications. In November 2020 when the Committee convened following the reduced alert levels, Justice Nkabinde was engaged in matters that needed urgent finalisation and could not present the report. It was only presented at the special meetings held in Pretoria from 15 to 19 March 2021 (see Annexure A).

8. FINDINGS OF THE JSCI

8.1 State Security Agency

8.1.1 High-Level Review Panel Report Implementation

- It was found that the implementation of the HLRP report has been slow.

8.1.2 Certificate of Intelligence

- Financial irregularities have occurred.
- Challenges were experienced in some provincial offices.
- The OIGI found that no collective bargaining mechanism for the staff.
- The Committee was concerned about security breaches which may indicate intelligence failures.
- There were loopholes identified with regard to reporting significant intelligence failures.
- There was serious instability at senior management.
- There was uncertainty on the procedure of the presentation of the certificates to the JSCI in terms of the Act.

8.1.3 Legislation and Policy

- The White Paper on Intelligence had not been reviewed since 1995.

- No time-frame was provided on the process relating to the President's instruction on the separation of the SSA.

8.1.4 *Instability, vacancies and vetting of senior management*

- It was found that higher positions at the SSA were occupied by acting appointments. Since 2018, no permanent DG was appointed for the SSA. In addition, most senior management positions were on an acting basis.
- There were acting appointments at provincial offices.
- There were vacancies at various levels.
- Vetting backlog was a challenge.

8.1.5 *Project Veza*

- Threats were made against officials involved in the investigation.
- Protection was needed for officials involved in the investigation.
- It was found that serious financial irregularities have taken place.

8.1.6 *Staff Council*

- The Staff Council raised concerns on dispute resolution mechanism.
- The Staff Council indicated that some Regulations and Directives were outdated.
- Staff Council needed the Committee to assist on various issues affecting the staff.

8.1.7 *Audited Financial Statements*

- There were challenges in financial statements of the SSA.
- Some of the targets were not in accordance with the SMART principle of the National Treasury.¹
- Sufficient evidence was not provided for achieved targets.
- The SSA did not produce and submit quarterly reports to the executive to allow the Minister to conduct oversight.

¹ SMART means that Performance targets are to be specific, measurable, achievable, relevant and time-bound.

8.1.8 *Annual Report*

- It was found that there were governance challenges at the SSA.
- There was instability at senior management due to acting positions and vacant posts.
- There was a lack of consequence management.
- Several concerns were raised by the ARC.
- There was friction between the ARC and the management of the SSA.

8.2 Crime Intelligence

8.2.1 *Audited Financial Statements*

- Sufficient evidence was not provided for achieved targets.
- CI did not ensure that irregular expenditure on sensitive projects was avoided.
- Targets were not specific and measurable as per the National Treasury Regulations.
- Compliance with legislation was not ensured.
- Some deviations were not approved by the National Treasury.
- Supply Chain Management policies were not aligned with regulations.

8.2.2 *Annual Report*

- The Committee was pleased that lifestyle audits were underway.
- There was a backlog in vetting.
- Some senior managers were not vetted.
- Over and under expenditure were reported.

8.2.3 *Certificate of Activities*

- The OIGI reported that there was looting of funds from the Secret Services Account by the officials.
- There were lack of operational directives.

8.3 Defence Intelligence

8.3.1 Audited Financial Statements

- Irregularities such as non-compliance with legislation and supply chain management were not addressed to avoid a qualification from the AGSA.
- Competitive bid processes were not followed for procurement of goods and services.
- There was lack of compliance with the National Treasury policy.
- There were weak internal controls.

8.3.2 Annual Report

- Vetting challenges were identified.
- Human resource challenges were identified.
- The location of DI headquarters has been a serious challenge for the past few years.

8.3.3 Certificate of Activities

- The RICA judgement impact on DI with regard to bulk surveillance.
- There was a vetting backlog and some generals and senior managers were not vetted.
- DI has a shortage of personnel and some posts were not filled.

8.4 Office of the Inspector-General of Intelligence

Annual Report

- The AGSA commended the OIGI for the unqualified audit.
- There were human resource challenges identified.

9. GENERIC RECOMMENDATIONS

9.1 Certificates of Activities

- The Committee resolved to inform the Ministers of State Security, Police, and Defence and Military Veterans of its resolution with regard to the Certificates of Activities by the IGI as follows:

9.1.1 In accordance with section 7(7)(d) of the Act, the Minister responsible for the each of the services as mentioned above, shall transmit the certificate to the Committee.

9.1.2 In accordance with section 7(6) of the Act, which states that the IGI shall be accountable to the Committee for the overall functioning of his or her office, and shall report on his or her activities and the performance of his or her functions to the Committee at least once a year; the IGI shall present/brief the Committee on the certificate submitted to each Minister.

9.1.3 The relevant Minister and/or the service shall be present, for the purposes of observation, when the IGI presents the certificate of the particular service.

9.1.4 The relevant Minister and/or the service shall respond to the concerns raised in certificates in a separate engagement after the IGI had presented the certificate to the Committee.

9.2 Institution of Consequence Management

- The Committee recommended that consequence management be instituted across the services.
- Updates to be provided quarterly to the Committee.

9.3 Implementation of the Recommendations of the OIGI

- The Committee recommended that the implementation rate of the findings and recommendations of the IGI be improved.

- All three ministers and their services were urged to ensure that findings and recommendations of the IGI were implemented. The JSCI to be given updates during quarterly reporting by the services.
- The OIGI to provide regular feedback to the Committee on the implementation of recommendations by the ministers and services.
- The Committee to explore ways of ensuring that recommendations of the OIGI were enforceable.

9.4 The Review of RICA

- It was recommended that all services be involved in the review of RICA in terms of the judgement pertaining to bulk surveillance.
- The JSCI to liaise with the Portfolio Committee on Justice and Correctional Services regarding the review and amendment of RICA.

9.5 Insurgency in Cabo Delgado in Mozambique

- It was recommended that the services continue monitoring the situation, offering support and advice to decision makers with regard to developments in Mozambique.
- The Committee to be briefed on developments when necessary.

9.6 Vetting for Senior Managers and Members of the services

- It was recommended that all senior managers for all services be vetted as a matter of urgency.
- All vetting backlog to be eradicated as soon as possible.

10. SPECIFIC RECOMMENDATIONS

10.1 State Security Agency

10.1.1 High-Level Review Panel Report Implementation

- It was recommended that the HLRP report be implemented without delays. The Committee to be briefed on a quarterly basis on the progress made.

10.1.2 *Certificate of Activities*

- The Committee recommended that the Head of the Service should report intelligence failures to the IGI. The IGI to monitor and report to the JSCI quarterly.
- The JSCI has recommended that those implicated in financial irregularities be reported to law enforcement agencies. The Committee has also recommended that consequence management be effected.
- Due to concerns regarding inefficiencies, the Committee would undertake an oversight visit to KwaZulu-Natal provincial office before the end of the financial year 2021/2022.
- The Staff Council to ensure that there must be collective bargaining mechanism for the staff.
- Security breaches must be addressed and report provided to the Committee before the end of 2021/22 financial year.
- The loopholes identified in legislation with regard to reporting significant intelligence failures must be addressed when legislation is reviewed.

10.1.3 *Legislation and Policy*

- The Committee raised some concerns regarding the lack of the review of the White Paper on Intelligence since 1995. This should be done when the legislation is reviewed.
- Clear time-frame on the process relating to the President's instruction on the separation of the SSA into NIA and SASS was needed. The SSA to include information on its quarterly reports to the Committee.
- Regular feedback to be provided quarterly on the introduction of the General Intelligence Laws Amendment Bill.

10.1.4 *Instability, vacancies and vetting of senior management*

- It was recommended that permanent appointments be made at senior management, including provincial offices, as soon as possible.
- It was recommended that the filling of vacancies be fast tracked and progress be provided on a regular basis.

- It was recommended that the vetting of all senior officials be fast tracked and time-frames provided in the quarterly reports to the JSCI.

10.1.5 *Project Veza*

- The Committee recommended that security be provided for those involved in the investigations since threats were made.
- The Committee recommended that those implicated in any wrong doing be reported to law enforcement for further investigation and prosecution.
- Project Veza team to report to the JSCI quarterly.

10.1.6 *Staff Council*

- The Staff Council to provide suggestions on dispute resolution mechanism to the Committee.
- The Staff Council to advise the Committee on which Regulations and Directives are outdated.
- The Staff Council to indicate how the Committee can assist.
- The Staff Council to ensure that a collective bargaining mechanism exist for the staff.

10.1.7 *Audited Financial Statements*

- The SSA must work closely with the AGSA to ensure auditable financial statements.
- The financial statements must be prepared in accordance with the prescribed financial reporting framework and supported by full records as per the Public Finance Management Act (PFMA), No.1 of 1999.
- Effective steps must be taken to prevent irregular, fruitless and wasteful expenditure.
- There must be consequence management for those who incurred irregular, fruitless and wasteful expenditure.
- Disciplinary actions must be initiated for those involved in financial misconduct.

- The SSA must ensure that the targets were specific and measurable as per the National Treasury Regulations.
- Sufficient evidence must be provided for achieved targets.
- The SSA must produce and submit quarterly reports timeously to the executive to allow the Minister to conduct oversight.

10.1.8 *Annual Report*

- The SSA must address the governance challenges and report to the JSCI during the presentation of the AR for 2020/21.
- Stability was required at senior management by the appointment of permanent members to occupy the acting positions and vacant posts.
- Consequence management must be introduced and enforced.
- All concerns raised by the ARC must be addressed in order to improve the audit outcome by the AGSA.
- The friction between the ARC and the SSA must be resolved.

10.2 Crime Intelligence

10.2.1 *Audited Financial Statements*

- Sufficient evidence must be provided for achieved targets.
- CI must ensure that irregular expenditure on sensitive projects was avoided.
- Targets must be specific and measurable as per the National Treasury Regulations.
- Compliance with legislation must be ensured.
- All deviations must be approved by the National Treasury.
- Supply Chain Management policies must be aligned with regulations.

10.2.2 *Annual Report*

- The Committee must be briefed on the outcome of the lifestyle audit and updated regularly.
- The vetting backlog must be eradicated. CI to provide a time-frame and report during quarterly reporting.

- Effective controls are needed to avoid over and under expenditure reported.

10.2.3 *Certificate of Activities*

- CI must consider recovering looted money from the Secret Service Account.
- The OIGI and CI should consider a workshop on minimum reporting standards to ensure cooperation.

10.3 Defence Intelligence

10.3.1 *Audited Financial Statements*

- Irregularities such as non-compliance with legislation and supply chain management must be addressed to avoid a qualification from the AGSA.
- Competitive bid processes must be followed for procurement of goods and services.
- Compliance with the National Treasury policy is required.
- The strengthening of internal controls is required.

10.3.2 *Annual Report*

- DI must ensure that vetting challenges are addressed. Time-frame to be provided and progress reported quarterly.
- DI must ensure that human resource challenges are addressed.
- DI must continue working with other stakeholders such as the National Department of Public Works and Infrastructure on relocating its headquarters. A regular update must be given to the Committee.

10.3.3 *Certificate of Activities*

- The SANDF, particularly DI must work with the relevant departments on the review of RICA legislation as per the judgement.
- The vetting backlog must be cleared as soon as possible particularly amongst general officers and senior managers.
- DI should recruit its personnel through the Military Skills Development System to ensure all posts are filled.

10.4 Office of the Inspector-General of Intelligence

- The OIGI must address the human resource challenges identified.
- Briefing to be given to the JSCI quarterly on outstanding matters such as the oversight framework, policies and SOPs.

10.5 Financial Intelligence Centre

- The Committee requested the SSA to speed up the process of vetting staff of the FIC.

10.6 Audit and Risk Committee

- Quarterly and annual standing meetings between ARC and the JSCI to be included in the Committee programme.

11. ANNEXURES

- A. Annual Report on Interception of Private Communications, Period: 01 November 2018 to 28 February 2021
- B. Report of the Auditor-General to Parliament on the State Security Agency
- C. Report of the Auditor-General to Parliament on the South African Police Service - Crime Intelligence: Secret Service Account
- D. Report of the Auditor-General to Parliament on Vote No. 19 Department of Defence
- E. Programme for the Financial Year 2019/2020 including period up to December 2020
- F. Glossary of Acronyms