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OVERVIEW OF THE ANNUAL REPORT 2010 /11 OF THE PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

1. INTRODUCTION

The purpose of this paper is to provide an overview of the main features of the Annual Report of the Private Security Industry Regulatory Authority (PSIRA) for the 2010/11 financial year by looking at its mandate and programme performance during this period in terms of this mandate.

The PSIRA was established in terms of section 2(1) and 2(2) of the Private Security Industry Regulation Act No 56 of 2001 (“the Act”) to provide for the regulation of the private security industry; and the Governance of the Authority by a Council.¹ The Council is appointed by the Minister of Police in consultation with Cabinet, and consists of a Chairperson; Vice-Chairperson and three additional Councilors, who are independent of the private security industry. In terms of the Public Finance Management Act (PFMA)² the Council is the accounting authority of PSIRA; and is accountable to the Minister of Police³ for the performance of its functions.

A Ministerial Investigation Task Team (MITT) appointed in 2009 found that the organisation was **in a critical financial position** and in dire need of re-alignment in order to conform to the PSIRA Act⁴; and that there had been a high level of internal mismanagement within the Authority. Apart from its task of first stabilising PSIRA before it could effectively regulate the security industry, the new Council that was appointed on 1 January 2010 focused on achieving the short-term goal of creating a safe and well-regulated security industry for the 2010 World Cup.

New legislation for the PSIRA has not yet been finalised. However, the Secretariat for Police report on its 2010/11 performance indicated that it had engaged with the PSIRA regarding the finalisation of the Private Security Training Regulations which had been developed and will be incorporated into the proposed Act once finalised. According to the Director of PSIRA the “dominant and controversial debates” during consultations with stakeholders concerned future funding of regulation of the industry and ownership.⁵

2. SELECTED KEY ACTIVITIES/ACHIEVEMENTS AND PERFORMANCE IN 2010/11

PSIRA tabled its turnaround strategy in Parliament in March 2011, headed by a new director.

2.1 At this meeting the following achievements were reported which related to the 2010/11 financial year:

¹ Section 6 of the Private Security Industry Regulation Act, 2001

² Act No 1 of 1999

³ In terms of section 10 of the Private Security Industry Regulation Act, 2001

⁴ See Chairperson’s Foreword on p3 of the PSIRA 2009/10 Annual Report

⁵ See p6 PSIRA 2010/11 Annual Report



- 212 security companies had been suspended and another 43 were being de-registered for non-payment of levies.
- Ten security officers were deregistered for convicted crimes and another 10 for submitting false information.
- Regarding the backlog of 1 393 business applications, it was reported that 801 applications were rejected for failure to meet required standards for registration and 592 were under consideration.
- 31 operations had been conducted around the country and 78 illegal operators were arrested, and an additional 13 were arrested for firearm-related contraventions.
- In conjunction with the police PSIRA executed the seizure of 244 firearms and 1 474 rounds of ammunition; and identified 742 cases of possible identify fraud by foreign nationals for investigation.
- Other interventions included issuing 653 new charge sheets, summoning 549 security companies for code of conduct hearings, finalising 408 codes of conduct dockets and settling 114 matters with those who pleaded guilty.
- Five PSIRA employees were suspended on allegations of corruption.
- Five PSIRA employees were dismissed for dishonesty.
- Investigations were pending in respect of four PSIRA employees regarding alleged dishonest behaviour.

2.2 Overview of issues / highlights reported in the 2010/11 Annual Report

- PSIRA received an **unqualified audit opinion** for 2010/11 with **Emphasis of matter**.

Emphasis of matter related to:

- **Restated / corrected figures** due to errors discovered in 2011 in the 2009/10 financial statements;
- **'Material uncertainty'** regarding the entity's ability to continue as growing concern; and
- **Material losses** incurred as a result of bad debt in excess of R75 million.

2.2.1 Budget performance

- **Revenue** in 2010/11 was **R85.5 million** compared to R84 million in 2009/10.
- The PSIRA posted a **net deficit of R23.751 487 million** in 2010/11 (compared R2.253 371 million in 2009/10).
- **Bad Debts** written off in 2010/11 amounted to **R75.495 million**.
- **Irregular expenditure of R384 141** was **considerably lower** in 2010/11 compared to **R3.918 772 million** incurred in 2009/10).
- **Fruitless and wasteful expenditure** in the amount of **R12 356** was **considerably less** compared to the R310 991 incurred in 2009/10.
- PSIRA's first **Audit Committee** was established in 2010/11.
- **Fraud and corruption investigations: 13 cases** relating to fraud and corruption were investigated in 2010/11. **Four investigations were still on-going** at the end of 2010/11.

2.2.2 Report of the Auditor-General (AG)

- The AG also drew attention to a number of issues, including the:



- **Absence of targets and performance indicators** in the **Strategic Plans** which in turn were not linked to the budget; **Instability in leadership** and **inadequate oversight over financial and performance reporting** prior to the appointment of a director in September 2010.

2.2.3 Programme Performance

- A total of 6 611 inspections were conducted on existing security services providers (compared to 6 971 in 2009/10).
- 1 475 Code of Conduct prosecutions were registered compared to the 1 568 prosecutions registered in 2009/10.
- 648 criminal cases were registered relating to illegal operations in the industry.
- There was an 18.35% increase in the registration of new security businesses. The turnaround time in this regard, however, remains a concern that is being addressed.⁶
- The number of registered security officers increased by 21.87%.
- An improved vetting process ensured better security for the 2010 FIFA Soccer World Cup.

3. PERFORMANCE OF INDIVIDUAL PROGRAMMES AGAINST SELECTED PREDETERMINED STRATEGIC OBJECTIVES⁷

The PSIRA had seven programmes or goals in 2010/11 as set out in the tables below.

	Revised goals	Original Target	Revised Target	Performance Results
Programme 1: Ensure PSIRA's financial viability and sustainability	Effective management of working capital	95%	1:1	1:2:1 Exceeded.
	Review disbursements tariff structure	n/a	December 2010	Achieved. New fee structure implementation date 1 February 2011
	Ensure good corporate governance	n/a	Unqualified audit opinion	Achieved unqualified audit opinion i.r.o 2010/11

3.1 Question on Programme 1

- Explain the target and performance in respect of effective management of working capital, and the reason for the variance.

	Revised goals	Original Target	Revised Target	Performance Results
Programme 2: Reduce the risks to the State and South Africa's citizens through	Develop compliance model	March 2011	n/a	Achieved. Compliance model approved by March 2011
	Conduct effective inspections of private	7 500 inspections	6 575 inspections	Exceeded. 6 611 inspections conducted.

⁶ See p6 PSIRA 2010/11 Annual Report

⁷ See p41 PSIRA 2010/11 of the Annual Report



industry compliance with PSIRA Act	security businesses			257 criminal cases registered with SAPS
	Number of site visits conducted	720 site visits	800 site visits	Exceeded. 1 394 site visits conducted
	Take appropriate action and compile docket against non-compliant security service providers	1 800 dockets`	1 600 dockets	Not achieved. Only 1 471 dockets compiled (due to redeployment of inspectors and vacancies within department.)
	Percentage of cases at hand finalised	70%	n/a	Achieved (77%) - 1 031 of 1 342 cases finalised

3.2 Questions on Programme 2

- Why was the target in respect of inspections reduced but the target for the number of site visits increased?
- The Annual Report states that there were 19 or 12% vacancies in Law Enforcement. What was the vacancy rate among inspectors; and what is being done to recruit more inspectors?
- What was the reason for the deployment of inspectors and how many out of the total number of inspectors were deployed and for what activities?

	Revised goals	Original Target	Revised Target	Performance Results
Programme 3: Develop an enabling environment for PSIRA to be able to operate effectively and efficiently	Develop an IT strategy	June 2010	March 2011	IT strategy approved
	Establish IT steering Committee	n/a	December 2010	Achieved. IT steering Committee established November 2010.
	Build internal IT capacity	n/a	March 2011	Achieved. Committee established December 2010
	Establish and implement regulatory sub- Committee	n/a	December 2010	Achieved. Committee established December 2010
	Establish and implement registrations sub- Committee	n/a	December 2010	Achieved. Committee established November 2010

3.3 Questions on Programme 3

- Why was date for the completion of an IT strategy moved to March 2011?



- The Annual Report states that there was an 18.35% increase in the registration of new security businesses, but that the turnaround time in this regard was still a concern.⁸
- What was the turn-around time in 2010/11 and what was the impact of the registrations sub-committee in this regard?
- What is the current turn-around time in the registration of new security businesses?

	Revised goals	Original Target	Revised Target	Performance Results
Programme 4: Ensure effective and efficient management of human capital	Implementation date of Job evaluation exercise	May 2010	n/a	Not achieved. Implemented in June 2010 (effective May 2010). Delays due to negotiations with Union
	Complete skills audit	September 2010	n/a	Achieved. Skills audit finalised September 2010
	Finalise development of future focused organisational design and HR plan	June 2010	n/a	Achieved. Organisational structure finalised in June 2010.
	Complete development and implementation of Training and Development plan	December 2010	n/a	Achieved. June 2010
	Percentage of inspectors with signed performance agreements	100%	n/a	Achieved. 100%. All inspectors have signed agreements

3.4 Question on Programme 4

- What was the impact of the job evaluations and skills audit on staff morale, staff turnover and the filling of vacancies?

	Revised goals	Original Target	Revised Target	Performance Results
Programme 5: Ensure effective risk management	Establishment date of Forensic and Ethics unit (formerly IMU)	June 2010	n/a	Achieved. May 2010
	Develop fraud prevention policy	n/a	September 2010	Achieved. Policy Approved in October 2010

3.5 Question on Programme 5

- What are the functions of the Forensic and Ethics unit and what was the impact of this unit in the year under review?

⁸ See p6 PSIRA 2010/11 Annual Report



	Revised goals	Original Target	Revised Target	Performance Results
Programme 6: Strengthen relations with key stakeholders through effective communication	% of stakeholder meetings attended by PSIRA representatives	100%	n/a	Meetings and workshops attended: Provincial Joint Priorities Support Teams; Mpumalanga /Limpopo/ North West Provincial Governments; Government Sector Security Council; FIFA LOC
	Completion date for consultation process regarding review of PSIRA security regulatory legislation	Consultation held by November 2010	n/a	Achieved. Stakeholder consultations held during September 2010
	% of security provider registration and training levels verified i.r.o FIFA World Cup	100%	n/a	Achieved. Registration vetting conducted on 100% or 15 248 security officers compliance reports submitted to NIA
	Consider % of complaints received through Complaints and Helpdesk offices	100%	n/a	Achieved. 100% consideration of 23 644 telephonic enquiries and 6 792 personal enquiries

3.6 Questions on Programme 6

- Was there 100% achievement in respect of attending stakeholder meetings?
- The performance results in respect of complaints deal with enquiries. Were these complaints or enquiries?
- What were the most common complaints received and from which industry and other stakeholders?

	Revised goals	Original Target	Revised Target	Performance Results
Programme 7: Develop a new corporate identity	Completion date for finalising new Corporate identity including new logo	n/a	June 2010	Achieved. May 2010
	Completion date for developing new brand strategy	n/a	June 2010	Achieved. May 2010



4. HUMAN RESOURCES

The strategic priorities of the Human Resource Division included the sourcing and retention of human capital, organisational design and job evaluation processes, training and development, employment equity monitoring and facilitation and labour relations and employee wellness.

4.1 Employment Equity Information⁹

- It is not clear what the actual total staff complement was in 2010/11 as there are discrepancies and/or errors in the totals provided.
- **The totals in the table on page 35 of the Annual Report add up to 204 and not 203 as stated),¹⁰** However, the table which sets out the composition of staff divisions add up to 207 – the total number of staff in Finance and Administration (49) is incorrectly stated as 52; and when all the totals are added a figure of 207 is arrived at.
- If one assumes that in 2010/11 PSIRA had a **total staff complement of 204** compared to 211 in 2009/10, then the total staff **154** (75.49%) were African (49 men; 105 women); **13** (6.37%) were Coloured (1 man; 12 women); **5** (2.45%) were Indian (2 men; 3 women) and **32** (15.69%) were White (15 men; 17 women).
- Women made up the majority of the workforce: 137 or 67.16% compared to 67 or 32.84%.
- There were no women in **Top Management** (salary levels E1 and E2) and **Senior Management** (salary level D5) which consisted of 4 African males and 1 African male respectively.
- In the **mid-management and professionally qualified and experienced specialists category** (salary level D4) there were nine posts of which five (55.6%) were occupied by males and four (4.4%) by women.
- In terms of the pie chart on page 35 PSIRA reflects the **percentage of women in management as 28.57%. It is not clear how this percentage was calculated.**
- The Annual Report once again does not give a breakdown of the number of employees with disabilities and their positions.

Comment/ Question

- What are the correct figures in respect of the total staff establishment and related figures in respect race, gender and employees with disabilities?
- What steps are being taken to ensure more females are appointed in Top and Senior management?
- What are the correct figures in respect of the percentage of women in management?
- In 2009/10 the ratio of PSIRA's staff complement of 203 to 1.4 million security officers was extremely low and was one of the factors that hampered PSIRA's performance.
- What was the staff to security officers ratio in 2010/11?

⁹ PSIRA 2010/11 Annual Report, p35

¹⁰ On page 33 it is stated that there were 189 permanent and 14 temporary employees which adds up to 203.



4.2 Vacancies

The vacancy rate was stated as 12% in 2010/11. The highest vacancies were in Finance and Administration (7 posts or 12%) and Law Enforcement (19 posts or 12%).

4.3 Staff turnover

The Annual staff turnover rate was stated as 29% in 2010/11 and was calculated against the total permanent staff component of 193. The highest turnover rates were in Law Enforcement (28% representing 16 terminations and 19 appointments); Communications (25%) and Finance and Administration (20%).

Resignations (17), dismissals (4) and retirement (1) and deaths (2) constituted the 24 employment terminations in 2010/11.

Termination Type	2010/11
Death	2
Resignation	17
Dismissal – Operational Charges	1
Dismissal – misconduct	3
Retirement	1
Total	24

Comments/ Questions

- At PSIRA's meeting with the Portfolio Committee on Police in March 2011 it was stated that five employees had been suspended on allegations of corruption, five were dismissed for dishonesty; and investigations were pending in respect of four PSIRA employees regarding alleged dishonest behaviour. Why are these totals not reflected in the totals provided in the Annual Report?
- Considering the discrepancies in the figures given in respect of the total staff establishment in the Annual Report; what are the correct figures in respect of the vacancy and turnover rates?

4.4 Training¹¹

The Annual Report does not provide detailed information on training completed, apart from listing the various training interventions (including management and discipline in the workplace, the VIP payroll programme and health and safety training); and setting out the total staff numbers by gender, race and occupation levels that had completed training in 2010/11.

The Secretariat of Police reported that Private Security Training Regulations have been developed which will be incorporated into proposed new legislation for this sector. It is not clear what the implication is in respect of training for PSIRA staff.

¹¹ PSIRA 2009/10 Annual Report, p16



4.5 Labour Relations

The SATAWU is the majority trade union representing 116 employees. The Annual Report states that 7 discipline issues were finalised in 2010/11 which is illustrated in the table below.

Outcome of Discipline Issues	2010/11
Written Warnings	2
Final Written Warning	1
Dismissal	3
Acquittals	1
Total	7

5. Quality of Information in Annual Report

One of the issues noted by the Auditor-General concerned errors that were discovered in respect of the previous year's annual report and which had to be corrected.

In the 2010/11 Annual Report the following errors were noted:

- The very first paragraph of the Chairperson's Foreword refers to the incorrect financial years – 2011/12 instead of 2010/11 and 2010/11 instead of 2009/10. This should have been detected with proper editing.
- The total number of personnel is 204 and not 203 as stated. This means that the percentages regarding gender and racial demographics in the pie charts on page 35 are also incorrect.
- Table totals reflected in the table in respect of the composition of staff divisions add up to 207 – the total number of staff in Finance and Administration (49) is incorrectly stated as 52; and when all the totals are added a figure of 207 is arrived at.
- On pages 36 and 36 there are typographical errors in the headings of one of the columns in each respective table which should have been detected during editing.
- Page 41 contains a typographical error in the table discussing Programme 2 which should have been detected during editing.

Sources

1. Private Security Industry Regulatory Authority (PSIRA) Annual Report 2010/11.
2. Private Security Industry Regulatory Authority (PSIRA) Annual Report 2009/10.
3. Dollie, N (2011). Annual Report of the Private Security Industry Regulatory Authority (PSIRA) 2010/11: Summary and Analysis of the Financial Statements and Notes for 2010/11 and the Report of the Auditor General. Research Unit. Information Services Section. Parliament of South Africa.
4. Whittle, P (2010). Overview of the Annual Report of the Private Security Industry Regulatory Authority (PSIRA) 2009/10
5. Buanews (2011). New chapter for SA's private security industry. 20 March 2011