

**REPORT TO PORTFOLIO
COMMITTEE ON
COMMUNICATIONS
PRESENTED BY:
SABC TASK TEAM
ON AG FINDINGS**

SABC Turnaround Strategy



BACKGROUND

- In September 2009, The Auditor General South Africa (AGSA) submitted a report to the then SABC Board, detailing the state of governance at the Organisation.
- The AG investigation took place over a 6 (six week) period, starting 21 July 2009, upon issuing of the report the SABC Management was only given 5 (five days) to respond to the allegations contained in the report.
- The Acting COO, on 24 November 2011, put together a task team of internal staff members to review the entire report and provide an update and required follow up actions.
- The activities of the Task Team are guided by the Terms of Reference as approved by the SABC Board.

KEY FINDINGS & OBSERVATIONS

- Inconsistencies across all investigations and or status reports previously submitted,
- A number of action/implementation plans on the AG findings were developed but not yet embedded into the operations, due to the high turnover of Executives mandated to implement the AG findings,
- Varied interpretations of the AGSA Findings by SABC Executives and Management;
- The SIU commenced its investigation in April 2010, and had their first interaction/feedback reporting session with Board's Audit Committee in May 2011 (1 year later)

KEY FINDINGS & OBSERVATIONS

- Despite the critical findings and recommendations of the AGSA Report dated September 2009, there was little or no implementation of the recommendations, as at 30 November 2011, this was as a result that most of the executives who were charged with these responsibilities have since left the organisation.
- The root causes of the findings are still prevalent.
- In order for the operational and internal control environment of the SABC to be improved, the following key areas are being addressed by the newly appointed Executive Leadership (see slide 12):-
 - Leadership
 - Corporate Governance
 - Policies
 - Effective Management
 - Contract Management

KEY FINDINGS & OBSERVATIONS (cont.)

- It is our view that most of the investigations conducted by the SIU were not brought to conclusion as many cases have been referred back to the SABC for further investigation.
- The AGSA conceded that not all information was verified, due to the limited time given by the PCC to conduct the state of affairs at the SABC. The task team had requested all source documents that informed the AG's findings and recommendations.
- On 17 February 2012 the task team received from the AG source documents that informed the AG's findings and recommendations
- The Task Teams findings to date on the source documents provided by the AG, mostly relates to irregular appointment of consultants by the former CFO, deviation to tender processes by the former Head of Procurement and the former Acting CTO.

SPECIAL INVESTIGATION UNIT

- On 20 January 2012 , The Task team met with a SIU consultant, during the discussion with the team, the following information was shared:
- On 6 September 2010, The SABC Board signed an SLA with the SIU to undertake further investigations on the AGSA Findings. The SLA was signed for the period 1 April 2010 to 31 March 2011 (Phase 1). This means the SABC and the SIU did not have a formally engagement letter, prior to the commencement of work.
- A further SLA was then signed for the period 01 April 2011 to 31 March 2012 (Phase 2), the LOE was signed on the 21 June 2011. The following upfront payments were made to the SIU by the SABC, phase 1 - R8.6 m and for phase 2 - R10.9 m.



SPECIAL INVESTIGATION UNIT

- The Presidential Proclamation was granted on 29 October 2010, and the SIU mandate extended to matters relating from the period of January 2005 to October 2010.
- According to the SIU, they have a direct reporting obligation to the President of the Republic and as a courtesy, to the SABC Board. On 26 September 2011, 8 copies of all reports issued by the SIU were handed over to the SABC's Chief Audit Executive, on the instruction of the Board.
- The SIU indicated that the President will only have sight of the full and final report once all the investigations have been concluded.
- The SIU informed the Task Team that thus far that they have delivered 8 copies of reports and have since made two presentations to the Board; in May 2011 to the Audit Committee and thereafter during Oct/Nov 2011 to the full Board.

SPECIAL INVESTIGATION UNIT

- To date only R23 000 for abuse of petrol cards, and R180,000 for Beijing Olympics has been recovered by the SIU.
- At the time of appointing the SIU the SABC's Group Internal Audit unit, had 11 forensic investigators, however this was deemed insufficient.
- It has become apparent that most of the work the SIU has reported on, was previously done by other parties. i.e KPMG, Cliff Dekker, AGSA, and Group Internal Audit. Since the initial engagement, most investigations are still in progress or at quality control stage.
- The SIU expects to conclude same by 31 March 2012.

CRIMINAL MATTERS










The following criminal cases have been opened as a result of investigations conducted by the SABC Group Internal Audit:

- **Brixton CAS 1/08/2007:** Head of Legal: Fictitious invoices. Matter is with NPA prosecutor. Arrest made, suspect out on bail
- **Brixton CAS 902/08/2007:** Woman of the Year awards: Fictitious invoices. Warrant has been issued and suspect is on the run.
- **Brixton CAS 313/03/2008:** Music Lounge: The employee has since passed away. SAPS to discuss with the Senior Public Prosecutor.
- **Brixton CAS 417/10/2009: Solicitation of Bribery:** Irregular/excessive discounts offered to advertiser. SAPS discussed the matter with the Senior Public Prosecutor. The prosecutor issued a Nolle Prosequi certificate.
- **Brixton CAS 122/09/2010:** Excessive discounts to Agencies: 2 contracts issued for 1 campaign enabling media agency to recover more money from the advertiser than was payable to SABC. No final decision yet by NPA. Complainants do not wish to proceed. Meeting to be arranged between NPA and SIU prosecutors

CRIMINAL MATTERS

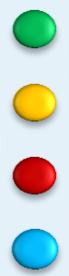
The following criminal cases have been opened as a result of investigations conducted by SIU:















- **Brixton CAS 23/03/2011:** International Content Acquisition: Content acquired that was not required. Matter is with the NPA for a decision to prosecute or not.
- **Brixton CAS 403/12/2011:** 2010 FIFA World Cup Public Viewing Areas: Newly registered 2010 world cup matter must still be assigned to a NPA prosecutor.
- **Brixton CAS 535/05/2010:** South African Music Rights Organisation. Investigation underway.
- **Brixton CAS 519/08/2010:** PA to GE Sales: Fictitious invoices. 2 suspects arrested.

CRIMINAL MATTERS	STATUS
Brixton CAS 122/09/2010: Excessive discounts to Agencies	
Brixton CAS 417/10/2009: Solicitation of Bribery: Irregular/excessive discounts offered to advertiser.	
Brixton CAS 23/03/2011: International Content Acquisition	
Brixton CAS 1/08/2007: Head of Legal: Fictitious invoices	
Brixton CAS 902/08/2007: Woman of the Year awards: Fictitious invoices	
Brixton CAS 313/03/2008: Music Lounge	
Brixton CAS 403/12/2011: 2010 FIFA World Cup Public Viewing Areas	
Brixton CAS 535/05/2010: South African Music Rights Organisation	
Brixton CAS 519/08/2010: PA to GE Sales: Fictitious invoices	

On track
Delayed
Behind
Completed

Status



AG FINDINGS IMPLEMENTATION TO DATE	% ACHIEVED	STATUS
LEADERSHIP (2/3 Appointed Executive Directors)	66%	
MANAGEMENT (6/12 Appointed Group Executive Members)	50%	
EFFECTIVE GOVERNANCE i.e. POLICIES AND CONTRACT MANAGEMENT	75%	
SUPPLY CHAIN MANAGEMENT - CONFLICTS OF INTEREST	75%	
SUPPLY CHAIN MANAGEMENT - PROCUREMENT OF GOODS AND SERVICES	80%	
SUPPLY CHAIN MANAGEMENT - APPOINTMENT OF CONSULTANTS	65%	
FRUITLESS AND WASTEFUL EXPENDITURE - INTERNATIONAL CONTENT ACQUISITIONS	80%	
FRUITLESS AND WASTEFUL EXPENDITURE - SENIOR MANAGERS PETROL CARDS	100%	
FRUITLESS AND WASTEFUL EXPENDITURE - PRIVATE TRAVEL COMPANY	100%	
FRUITLESS AND WASTEFUL EXPENDITURE - BURSARIES	100%	
FRUITLESS AND WASTEFUL EXPENDITURE - PRESIDENTIAL GOLF DAY	100%	
FRUITLESS AND WASTEFUL EXPENDITURE - FORMER BOARD CHAIRPERSON	100%	
PAYMENT OF SEVERANCE PACKAGE TO THE FORMER GCEO	100%	
SUSPENSION OF SABC EMPLOYEES	100%	

CONCLUSION

- The Task Team has developed an implementation plan to address all outstanding issues raised in the AGSA findings.

SABC Turnaround Strategy

AG REPORT PROJECT PLAN					
AG FINDING	TASKS	MONITORING RESOURCE	BUSINESS RESOURCE	START DATE	END DATE
CONFLICTS OF INTEREST	CREATE ELECTRONIC REGISTER FOLDERS ON U: DRIVE PER GE	ZAKIR	BIT	27-Feb-12	08-Mar-12
	DEVELOP GUIDELINES FOR GE'S TO COMPILE PHYSICAL REGISTERS AND UPLOAD DOCUMENTS ONTO THE U-DRIVE BY DIVISION	NOMSA	COMPANY SECRETARIAT	27-Feb-12	16-Mar-12
	REVIEW CURRENT FORMS AND CONSOLIDATE (DECLARATION, APPROVAL, ADDITIONAL WORK (PS49), ADD. WORK APPROVAL)	DINGAAN	GE: HCS	27-Feb-12	16-Mar-12
	EXTEND DECLARATIONS TO PROFESIONAL ASSOCIATIONS IN GUIDELINES	DINGAAN	GE: HCS	27-Feb-12	16-Mar-12
	ISSUE DIRECTIVE TO GE'S TO COMPILE PHYSICAL REGISTERS BY DIVISION	SULLY	COMPANY SECRETARIAT	19-Mar-12	19-Mar-12
	REVOKE DECLARATIONS THAT ARE IN CONFLICT WITH SCM POLICY	NOMPILO	HEAD: PROCUREMENT	19-Mar-12	30-Jun-12
	ENGAGE ER PROCESS FOR INDIVIDUALS CONTRAVENING SCM POLICY TO MITIGATE RISK	NOMPILO	GM: EMPLOYEE RELATIONS	19-Mar-12	30-Jun-12
	ISSUE COMMUNIQUE RELATING TO DECLARATIONS AND CONFLICTS FOR EVERY MEETING / ENGAGEMENT	SULLY	COMPANY SECRETARIAT	27-Feb-12	16-Mar-12
	DEVELOP GUIDELINES FOR GE'S TO SAVE MEETING MINUTES(DECLARATIONS) ON U: DRIVE	VERONA	COMPANY SECRETARIAT	27-Feb-12	16-Mar-12
	ISSUE DIRECTIVE TO GE'S TO SAVE MEETING MINUTES(DECLARATIONS) ON U: DRIVE	SULLY	COMPANY SECRETARIAT	02-Mar-12	08-Mar-12
	ESTABLISH SERVER CAPACITY WITH IT FOR THIS REQUIREMENT	ZAKIR	BIT	27-Feb-12	29-Feb-12
	ISSUE DIRECTIVE TO HCS TO REVIEW RECRUITMENT POLICY TO INCLUDE VETTING OF NEW EMPLOYEES	DINGAAN	GE: HCS	27-Feb-12	16-Mar-12
	INVOKE REQUIREMENTS OF NKP ACT, TO VET ALL EXISTING KEY POSITIONS	VINCENT	GE: HCS	27-Feb-12	01-Apr-12
	INCLUDE ALL GUIDELINES INTO SOP AND POLICY AND OBTAIN POLICY APPROVAL	NADA	GE: HCS	27-Feb-12	16-Mar-12
	DEVELOP BUSINESS REQUIREMENTS SPEC FOR SAP WORKFLOW PROCESS AND DECLARATION FORM STORAGE	ZAKIR	GE: HCS	27-Feb-12	16-Mar-12
	INVESTIGATE THE MOST APPROPRIATE MECHANISM TO ACCESS CIPC INFORMATION	NOMPILO	HEAD: PROCUREMENT	27-Feb-12	16-Mar-12
	DEVELOP INTERFACE SPEC FOR LINK TO CIPC INFORMATION	ZAKIR	GE: HCS	27-Feb-12	30-Jun-12
SUPPLY CHAIN - PROCUREMENT	ESCALATE THE RISK OF NON APPROVAL OF SCM POLICY TO BOARD	SULLY	GCEO	27-Feb-12	31-Mar-12
	ANALYSIS OF DEVIATIONS FROM CURRENT SCM POLICY (PAYMENT WITHOUT CONTRACTS)	DINGAAN & ZAKIR	CFO	27-Feb-12	30-Apr-12
	QUARTERLY REVIEW OF PROCUREMENT TRAINING	NOMPILO	HEAD: PROCUREMENT	30-Jun-12	ON GOING
SUPPLY CHAIN - APPOINTMENT OF	REVIEW OF DETAILED AG REPORT TO ENSURE ALL OTHER TRANSGRESSIONS ARE ACTED UPON	SULLY	GE: HCS	27-Feb-12	31-Mar-12
	REVIEW AG SOURCE DOCUMENTS TO VERIFY R279M CONSULTING FEES	TASK TEAM		27-Feb-12	16-Mar-12
	DEVELOP FRAMEWORK FOR CONTRACT CREATION AND MANAGEMENT (INCLUDE EXCEPTIONS)	PHIL LEAVESLEY	GE: LEGAL	27-Feb-12	30-Jun-12
FRUITLESS AND WASTEFUL EXPENDITURE:	DEVELOP AND IMPLEMENT MONITORING MECHANISM FOR ALL INTERNATIONAL CONTENT CONTRACTS	VERONA	HEAD: TELEVISION	27-Feb-12	31-Mar-12
FRUITLESS AND WASTEFUL EXPENDITURE: PETROL CARDS	BENCHMARKING OF PETROL CARD MANAGEMENT AT OTHER ORGANISATIONS IN ORDER TO MAKE FURTHER RECOMMENDATIONS	NADA	GE: HCS	27-Feb-12	31-Mar-12
FRUITLESS AND WASTEFUL EXPENDITURE: PRIVATE	FOLLOW UP ON THE STATUS OF THE SUBMISSION MADE TO THE LIQUIDATOR	ZAKIR	GE: LEGAL	27-Feb-12	16-Mar-12
FRUITLESS AND WASTEFUL EXPENDITURE: BURSARIES	FOLLOW UP ON STATUS OF CIVIL CLAIM	ZAKIR	GE: LEGAL	27-Feb-12	16-Mar-12
FRUITLESS AND WASTEFUL EXPENDITURE: PRESIDENTIAL	FOLLOW UP ON STATUS OF TRADE EXCHANGE AND SPONSORSHIP POLICY	NOMSA	GM: BUSINESS DEVELOPMENT	27-Feb-12	16-Mar-12
FRUITLESS AND WASTEFUL EXPENDITURE: FORMER	REQUEST SHAREHOLDER TO PROVIDE GUIDANCE ON BENEFITS TO BE GIVEN TO BOARD MEMBERS	GCEO	DG: COMMUNICATIONS	27-Feb-12	30-Sep-12
EFFECTIVE GOVERNANCE	TO DEVELOP JOB SPECIFICATIONS DIFFERENTIATING COMPANY SECRETARIAT AND BOARD SECRETARIAT	SULLY	GCEO	27-Feb-12	16-Mar-12

THANK YOU

SABC Turnaround Strategy

