

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2294 [NW2626E]
DATE OF PUBLICATION: 21 OCTOBER 2016**

2294. Ms D van der Walt (DA) to ask the Minister of Finance:

Whether any (a) internal and/or (b) external forensic reports pertaining to (i) the National Treasury and / or (ii) each entity reporting to him were completed from 1 January 2009 up to the latest specified date for which information is available; if not, in each case, why not; if so, what is the (aa) name, (bb) subject matter and (cc) date of conclusion of each of the specified forensic reports?

NW2626E

REPLY:

NATIONAL TREASURY (NT)

- (a) Yes, refer to attached table.
- (b) Yes, refer to attached table.
- (i) National Treasury established an investigative unit with effect from 1 January 2010 within the Office of Accountant-General.
 - (aa) Refer to attached table.
 - (bb) Refer to attached table.
 - (cc) Refer to attached table.

NATIONAL TREASURY (cont.)

Office of Accountant-General : Forensic Investigations & Special Performance audits					
Name of Institution (aa)	Internal Forensic Report	External Audit Report	Investigation Subject Matter (bb)	Investigation Team (OAG & Co-sourced firm)	Financial Year Ended (cc)
NT	✓		Fronting by Service providers- Transversal contract of health services	OAG Team	2010/2011
NT	✓		East and Southern African Association of Accountant-General – Fraud	OAG Team	2012/2013
NT	✓	✓	Municipal Finance Improvement Programme: Procurement Fraud & CV fraud by SiverSolution: Phase1&2	OAG Team & KPMG	2013/2014
NT	✓		Transversal Contract RT41-2011 ME on Health Fronting: Phase 1	OAG Team	2013/2014
NT	✓		Transversal Contract RT3-2012: Collusive Bidding: Phase 1	OAG Team	2014/2015
NT	✓		Irregular Appointment of a Service Provider	OAG Team	2014/2015
NT	✓		Transversal contract RT26-2015 Blankets	OAG Team	2015/2016
NT	✓		GTAC Job Fund Fraud	OAG Team	2015/2016
NT	✓		Transversal Contract RT22-Education Learner Material	OAG Team	2016/2017
Government Pension Administraiton Agency	✓		Fraud and Bribery by officials	OAG Team	2015/2016

ACCOUNTING STANDARDS BOARD (ASB)

There have been no internal or external forensic reports issued for the Accounting Standards Board since its establishment in October 2002.

CO-OPERATIVE BANKS DEVELOPMENT AGENCY (CBDA)

No forensic audits have been done on the Co-operative Banks Development Agency (CBDA) from 2009 to date. The CBDA is audited annually by the AG and the National Treasury conducts internal audits.

DEVELOPMENT BANK OF SOUTHERN AFRICA (DBSA)

(a) None, there are no internal investigations pertaining to the DBSA, only employee related internal investigations conducted during the normal course of business.

(b) (ii) Based on the understanding of DBSA, there is only one external investigation pertaining to the DBSA.

(aa) (bb) The matter involves the investigation of the DBSA around alleged irregularities inter alia pertaining to appointment of service providers. The investigation is still ongoing and is being undertaken by the Anti-Corruption Task Team within the SAPS Directorate for Priority Crime under case number Midrand CAS 57/05/2013.

(cc) Investigation has not yet been concluded.

OFFICE OF THE OMBUD FOR FINANCIAL SERVICES PROVIDERS (FAIS OMBUD)

(a)(i) Not applicable
(ii) None, no matters to be investigated.

(b)(i) Not applicable
(ii) None, no matters to be investigated.

FINANCIAL INTELLIGENCE CENTRE (FIC)

(a) Yes, the Financial Intelligence Centre (FIC) initiated an internal investigation into an employee on 3 March 2009;

(ii) aa) Mr Sandile Vernon Ndimande.

- bb) the employee was investigated for alleged embezzlement of funds, and
- cc) the investigation was completed on 18 March 2009.

FINANCIAL SERVICES BOARD (FSB)

- (a) No.
- (b) Yes.
- (c) (b)(i) not applicable
- (d) (b)(ii) in respect of the Financial Services Board (FSB)

(aa) provisional Forensic accounting investigation into the merits of a grievance lodged by a senior employee against her supervisor.

(bb) as specified in (aa).

(cc) 11 June 2014.

GOVERNMENT EMPLOYEES PENSION FUND (GEPF)

An external forensic report was completed in 2012 regarding the alleged breaches to the GEPF's Supply Chain Management Policy regarding the appointment of a service provider.

The conclusion of the Report was that the Supply Chain Management Policy was breached and the Board agreed to take disciplinary action against the then Principal Executive Officer. The Board ended the contract with the Principal Executive Officer after the disciplinary hearing indicated that he had breached the Policy.

GOVERNMENT PENSION ADMINISTRATION AGENCY (GPAA)

Forensic Investigations	
a) <u>Internal Investigations:</u>	
1.	aa) Forensic Investigations and Fraud Prevention Unit. bb) Alleged corruption in the process of reactivating life certificates. cc) 26 February 2016.
2.	aa) Forensic Investigations and Fraud Prevention Unit. bb) Alleged tender irregularities reported to the National Anti-Corruption Hotline. cc) 5 August 2016.
b) <u>External Investigations:</u>	
1.	aa) Price Waterhouse Coopers.

	bb) Alleged irregularities in respect of pension benefits payments. cc) 23 April 2013.
2.	aa) Gobodo Forensic & Investigative Accounting. bb) Irregular Expenditure. cc) 3 December 2014. cc) 22 March 2016.
3.	aa) SEMA Integrated Risk Services. bb) Irregular Expenditure. cc) 22 March 2016.
4.	aa) George Fivaz (Pty) Ltd. bb) Asset verification of IT equipment and office furniture. cc) 13 April 2016.
5.	aa) Audit and Risk Management Services. bb) Allegations of nepotism in the appointment of Senior Management. cc) 06 July 2016.

INDEPENDENT REGULATORY BOARD OF AUDITORS (IRBA)

The IRBA confirms that no forensic reports were completed, in respect of the IRBA.

LAND BANK AND AGRICULTURE BANK OF SOUTHERN AFRICA (LAND BANK)

Internal and External Forensic Reports or Cases that the Land Bank has dealt with from January 2009 to August 2016.

The Land Bank has dealt with a total of 47 forensic reports (see below) during the period 1 January 2009 to 30 October 2016. Most of these cases were reported directly to our Head Office and some were reported through our anonymous fraud hotline:

- a) 46 Internal forensic reports; and
- b) 1 External forensic reports.

	(aa) Name	(bb) Subject matter	(cc) Date of conclusion
1.	Matumba and Fuls Case	Complaint received about a farm been auctioned without consent.	21/04/2009
2.	Cape Town Lease agreement	Deliberate intent to defraud the Bank of lease income.	03/06/2009
3.	Johan Scholtz case	Internal Audit received a query from the Ethics line that a Land Bank client was unable to service the loans.	28/07/2010
4.	Boschkop Training Centre	Boschkop Communal Property Association alleges that an individual and Land Bank has defrauded their	29/10/2009

	(aa) Name	(bb) Subject matter	(cc) Date of conclusion
		community.	
5.	Mahlobo case	An ex-employee of Land Bank filed a complaint pertaining to his pension pay out from Land Bank still outstanding.	18/03/2010
6.	Unjust enrichment by member of staff	It was reported that a Land Bank employee allegedly exploited her professional position for her own personal benefit by supplying products to a supplier that received a tender for catering for Land Bank canteen.	21/02/2011
7.	Stolen laptops from IT	It was reported that 42 new HP laptops which were to be used for training purposes, went missing from the IT department at Land Bank.	09/06/2011
8.	Fraudulent activity by client	It was established that a supplier did not deliver the supplies that the Land Bank has paid as per the invoice to the client.	19/08/2010
9.	I-Sure investigation	A company was sourced to microchip and monitor the livestock for Land Bank, and give monthly feedback to the Bank on the status of the marked animals. Service provider was paid although no report was received.	04/05/2010
10.	Travel Expo competition irregularities	It was reported that there was probable irregularities that took place on the draw of the Travel Expo competition winners.	19/08/2010
11.	SS Chauke	It was reported that two bank's mortgage bonds were cancelled in the Deeds office on the 07/02/2008 without the debt being repaid.	02/02/2011
12.	Land Bank Fraud Case	On 24 December 2010, several transfer transactions of cash from the Land Bank Absa account were effected through the Cashfocus system. An amount of R7m was transferred through the Cashfocus system to be credited to several fraudulent service providers reported to have been engaged by Land Bank.	01/05/2011
13.	Single-sourcing Irregularity	A Senior Manager within HR had single-handedly contracted the Bank with a vendor to provide "Crafting of	30/07/2012

	(aa) Name	(bb) Subject matter	(cc) Date of conclusion
		Employer Value Proposition (EVP) services without following proper Procurement process.	
14.	Eavesdropping	It was reported through the hotline that Land Bank employees were being unknowingly recorded at meetings.	11/04/2011
15.	Derogatory language	A staff member in LBIC used derogatory language to address her colleagues.	12/7/2011
16.	Discrimination in Land Bank Hiring Process	A preliminary investigation was conducted with regards to an allegation of hiring without following recruitment and selection process.	15/05/2012
17.	Irregular secondment of an Area Manager.	The caller stated an employee was the branch manager of the Tzaneen offices until he was transferred to manage the Pretoria branch in an acting capacity. According to the caller the transfer and subsequent appointment was highly irregular.	25/09/2012
18.	Occupational Detriment & Victimization.	The caller reported occupational detriment and victimization committed by management of the Information Technology department of the Land Bank. The caller stated that sometime after lodging the report with the Fraud Hotline, they began being victimized by management and on 27 February 2012, they were suspended from work. The caller strongly believes that they were suspended from work as a result of reporting the irregularities to the Fraud Hotline.	08/11/2012
19.	Breach of company policies & conflict of interest	It has been reported that a sales consultant at a branch has been operating a private business while in the employ of the Land bank and during office hours.	18/10/2012
20.	Suspicious Invoices submitted by the Service Provider.	In September 2012 it was reported by a branch alleging that a company has submitted suspicious invoices.	23/10/2012
21.	Alleged Irregularities- Procurement Manager	On the 02 nd March 2013 the Internal Audit-Forensic business unit received information from a whistle-blower alleging that the Procurement	15/03/2013

	(aa) Name	(bb) Subject matter	(cc) Date of conclusion
		Manager.	
22.	Nerpo Enquiry	Land Bank Internal Audit received a report through the Ethics line. The caller reported the executive owners of Nerpo Financial Services for fraud. The caller stated that Nerpo Financial Services receives money from the Land Bank to distribute to beneficiary farmers. According to the caller, the two executives tunnel the money received from the Land Bank into private investments and private enrichment.	04/04/2013
23.	Mpilende Foods (Pty) Ltd	On the 10th July 2013, Legal, Insolvency, RCB and Internal Audit business units met to discuss the discrepancies on the account of Mpilende Foods (Pty) Ltd. Legal, Insolvency prepared a report on discrepancies identified on review of the documentations received for the liquidation process. On the basis of the identified discrepancies, Internal Audit was engaged to conduct further investigations to establish this irregularities.	07/11/2013
24.	Board Secretariat	Internal Audit business units received an e-mail to report an alleged misconduct by one staff member in the Board secretariat and another in the Facilities Business units. It is alleged that there is an arrangement between the two to dispose of paper to a third party in return for payment of a sum of money. The money is then allegedly shared in agreed proportions between the two. It is alleged the arrangement has been going on for a number of years.	12/09/2013
25.	Alleged Irregular appointment of a Service Provider	Internal Audit-Forensic business unit received a hotline report, where it is alleged that during the course of August 2013, a vendor was appointed to review the banks credit process without following the procurement policy and process.	04/10/2013

	(aa) Name	(bb) Subject matter	(cc) Date of conclusion
26.	Alleged unfair practice in the HR	Alleging that there is unfair practice in the Human Resource Department of the Land Bank with regards to the appointment of HR business partner.	02/10/2013
27.	Complaint against AFC Manager-	It is alleged that staff members at both Vryheid and Pietermaritzburg AFCs complain about the AFC manager's management style.	21/01/2014
28.	Suspicious Transactions on the Staff Deposit Account	Internal Audit-Forensic business unit had a meeting with Compliance, Risk business unit to investigate the high amount that is electronically transferred into Land bank staff deposit accounts. It was established that an amount of R964 000 was deposited into the Land Bank which was later distributed to different Staff Deposit accounts which raised suspicion	20/03/2014
29.	Allegation of stolen laptops in Rustenburg AFC	It was reported that two laptops had gone missing from the server room where they had been stored.	08/04/2014
30.	Legal- Disbursement of Land Bank Loan to a wrong account	On the 22nd of April 2014, the Internal Audit received a referral from the Legal business unit requesting an investigation of disbursement of Land Bank loan to a wrong account.	09/07/2014
31.	Duplicate salary payments-May 2014	On the 23rd of May 2014, duplicate salary payments were made to all staff members including members of the board. Duplicate payments were also made to garnishees.	14/07/2014
32.	Investigation into qualifications of staff member	On the 22 nd August 2014 the Internal Audit received a fraud hotline report requesting an investigation into the education qualifications a staff member in the Marketing Business Unit.	27/08/2014
33.	Undue influence by the AFC Manager	On the 10th September 2014 the Internal Audit unit received a fraud hotline report requesting an investigation into the allegations of undue influence by an AFC Manager.	11/09/2014
34.	Suspicious transactions on the staff deposit account.	On the 11 th November 2014 the Internal Audit business unit was informed per e-mail by Compliance,	04/12/2014

	(aa) Name	(bb) Subject matter	(cc) Date of conclusion
		Risk business unit, that there is another employee from Bloemfontein AFC who received R950 000 and deposited into the staff member's staff deposit account on the 23 June 2014.	
35.	Unjust Enrichment-Hiring of entertainment area: Rustenburg AFC	It was alleged that the then AFC Manager Rustenburg, benefitted unjustly from hiring out the entertainment area at the Rustenburg AFC.	19/05/2015
36.	Single sourcing irregularities	It is alleged that procurement procedures were not followed in the appointment of a Chauffer to drive the CEO during his Road-show.	22/05/2015
37.	Alleged irregular loan disbursement	It was reported that there are suspicious activities relating to accounts that are in a process of being written off in Mpumalanga. It was mentioned that the Finance officer at the AFC Nelspruit Branch was the person responsible for the irregularities.	17/07/2015
38.	Alleged Irregularities in Marketing	Internal audit conducted an audit of the Marketing and Corporate Affairs department and several issues were identified and escalated as irregularities. Upon communication of the final report to Management and Executive, audit was requested to conduct a fraud investigation into the Marketing department activities regarding processes and expenditure for corporate merchandise and sponsorship and events.	02/09/2015
39.	Alleged irregularities by staff members in the loan agreement with a client	Internal Audit received information from Legal business unit pertaining to possible involvement of the AFC officials in the fraudulent behaviour of the client. A client was granted an ISF loan to an amount of R135 610 to purchase studs cows.	02/10/2015
40.	Identity theft or fraud	One Joe Gabriel received an email from a perpetrator disguised as CEO of the Land Bank, with an attachment of an Identity Card. The perpetrator sent an email to Joe	22/09/2015

	(aa) Name	(bb) Subject matter	(cc) Date of conclusion
		informing him of \$1,000,000.00 compensation that has been approved by the UN and that the funds will be paid through Bank of New York.	
41.	Media Monitoring Enquiry	Internal Audit business unit received a request from the Executive Manager Strategy, Marketing, Communication & Policy to investigate the procurement process into the appointment of the media monitoring service provider.	09/10/2015
42.	Identity theft or fraud	Internal Audit received an email from Human Resources to investigate a case of identity theft. It appeared that someone was using HR business partner's details as a procurement official to commit fraud. The HR business partner is a permanent employee of the Land Bank in the capacity of Employment Equity Consultant in the HR business unit.	24/11/2015
43.	Travel Irregularities by the AFC Manager	Internal Audit was requested per e-mail by Commercial Development Banking to investigate the trips conducted by an AFC Manager.	27/01/2016
44.	Attempted payment fraud	Internal Audit received an email from the Assistant Specialist: Monitoring and Arrear Management, based at the Gauteng Provincial Office, pertaining to attempted fraud committed by external perpetrators into a Land Bank client's account.	13/01/2016
45.	Irregularities in Marketing	It came to Internal Audit's attention that there was an invoice to an amount of R257 709 that was dispatched to Land Bank for the merchandise that was delivered on the 04 th November 2015. The merchandise was thus received by an employee who has since left the employ of Land Bank.	02/02/2016
46.	Alleged irregular appointments in Finance department	Internal Audit business unit received a hotline report with regards to alleged irregularities in the recruitment, selection and appointments of the	16/08/2016

	(aa) Name	(bb) Subject matter	(cc) Date of conclusion
		Procurement Manager and the Finance Systems Administrator.	
47.	Alleged Loan Application Fraud	A loan application was received on the 15 January 2016 for a special Mortgage loan. Concerns were raised with regard to the information supplied in the loan application form and submitted to the Land Bank for consideration.	29/10/2016

PENSION FUND ADJUDICATOR (PFA)

- (a) No
(b) No
(i) N/A
(ii) No circumstances arose to call for such action.
-

PUBLIC INVESTMENT CORPORATION (PIC)

Date Concluded	Subject Matter	Outcome
March 2011	Investigation into allegations of procurement fraud and collusion with suppliers against an employee	Investigation did not find any evidence of procurement fraud. No further action was taken against the employee.
July 2012	Investigation into the actual cause of data backup interruption which occurred in February 2012	The investigation found that the interruption was caused by human error rather than a systems failure, the employee was subject to the disciplinary hearing. A written warning was issued to the employee.
May 2013	Forensic Accounting Investigation into the role played by PIC employees, if any, in alleged irregularities pertaining to the leasing of business premises.	The investigation found no irregularities against the two PIC employees but that they were negligent in the carrying out of their duties. The employees were subject to disciplinary hearing. The investigation found that an outside person was illegally leasing out the business premises and receiving the income. A case of fraud against this person was reported at SAPS.

Date Concluded	Subject Matter	Outcome
December 2013	Investigation into allegations of procurement fraud against an employee and irregular disposal of equipment	The investigation didn't find any evidence that there was procurement fraud but only found that the employee contravened PIC policies with regard to use of PIC property for personal gain. The employee resigned during the disciplinary hearing process.
December 2013	Investigation into undisclosed business interests that may be in competition with the PIC business by an employee and failure to follow PIC approval processes with regards to application for additions funding on a property development project.	Employee was cleared on not following approval process and not declaring a business interest. Employee was, however, found to be conducting private business that may conflict with PIC business without appropriate approval. Employee resigned during the disciplinary hearing process.
May 2013	Investigation into allegations of procurement fraud and collusion with suppliers against an employee.	Investigation found evidence to support the allegations. A case of fraud was laid with SAPS against the employee.
November 2013	Investigation into allegations of procurement fraud in appointment of suppliers and embezzlement of Mall toilet takings against an employee.	The investigation found evidence to support the allegations. The employee resigned during disciplinary hearing process. A case of fraud was opened with SAPS against the employee.
November 2013	Investigation into breach of internal policies by the Executive.	The investigation found that policies of PIC were breached. There was mutual separation before the disciplinary process could commence.
January 2014	Investigation into allegations of collusion between five building managers and contractors.	The investigation found that there were no evidence to support allegations of collusion. However, two employees were found to have been negligent in performing their duties and resigned during the disciplinary process.
February 2014	Investigation into suspected fraud involving sending emails regarding "change of PIC bank accounts" to PIC tenants by an employee from a "gmail" account but utilising the email format of PIC Properties Division	Investigation found no wrongdoing on the part of the employee. The employee details appeared to have been used by the fraudsters involved in the scam. No action was taken against the employee.
November 2015	Investigation into breach of internal investment processes and policies by the general manager (GM) and senior manager reporting to them.	The investigation found that there were breaches by the GM and partly the senior manager for carrying out the instruction of the GM. There was mutual separation with the GM before the disciplinary process could commence and the senior manager was given a warning in line the PIC disciplinary policy.

Date Concluded	Subject Matter	Outcome
September 2015	Investigation into process failures that caused delays and cost escalations relating to a property development.	Investigation found that there were inadequacies in project and contract management processes relating to this development. The employees implicated had already resigned from the PIC.
September 2015	Investigation into process failures that resulted in damage and vandalism to a building and caused PIC to incur cost of repairing the building	Investigation found that there were process inadequacies with regard to evicting the tenant and payment inefficiencies that caused the building to be left unsecured resulting in the damage. The employees implicated had already resigned from PIC
February 2016	Investigation into suspected procurement irregularities involving collusion with suppliers and receiving of bribes by an employee. The employee was also suspected of misconduct involving favouritism of certain employees and not adhering to code of conduct. Two employees were implicated as the favourites of the senior employee.	The investigation found no irregularities, collusion and fraud. The senior employee was found to have breached PIC policies and resigned before the disciplinary process. One of the employees was charged with misconduct for breaching PIC policies and the employee resigned during the disciplinary hearing. The third employee was cleared.

SOUTH AFRICAN AIRWAYS (SAA)

(a) Internal Forensic reports

Name of Entity	Subject matter	Date of conclusion
South African Airways (SOC) Limited	Investigations into allegations of irregular appointment of Daylite Capital	20 July 2012
Air Chefs (SOC) Limited	Whistle-blower – husband reported wife for alleged irregularities in wine procurement.	27 February 2015

(b) External Forensic Reports

Name of Entity	Subject matter	Date of conclusion
South African Airways (SOC) Limited	Investigation into why SAA incurs losses, and dependent on the Shareholder for Bailouts	In progress
South African Airways (SOC) Limited	Investigations in various allegations which had been made against primarily the company's former Chief Executive Officer, Mr. Khaya Ngqula.	July 2010

Name of Entity	Subject matter	Date of conclusion
South African Airways (SOC) Limited	Investigation into not renewing the loan facility advanced to SAA timeously.	25 September 2014
South African Airways (SOC) Limited	Forensic investigation into various allegations at South African Airways – Bagport.	23 January 2015
South African Airways (SOC) Limited	Investigation into Baggage Claims Payments - Sao Paolo, Brazil.	07 April 2015
South African Airways (SOC) Limited	Investigation into the award of sale and leaseback of ten Airbus A320-200 aircraft to SAA.	26 May 2015
South African Airways (SOC) Limited	Investigation into allegations relating to RFP GSM 0085/14 and GSM026/15.	12 June 2015
South African Airways (SOC) Limited	Forensic investigation into various allegations at South African Airways- Fallout investigations post the Kalawe disciplinary matter.	05 October 2015
South African Airways (SOC) Limited	Investigation into commercial and operational associations between SAA and Mango.	04 March 2016
South African Airways (SOC) Limited	Investigation in respect of Commercial aircraft leases between SAA and Mango.	12 August 2016
South African Airways (SOC) Limited	Investigation into allegations relating to the award of the Dry Snack tender GSM025/2013 Supplies.	13 October 2016
South African Airways Technical (SOC) Limited	Investigation into the sale of surplus material (rotables and consumables).	17 March 2016
Air Chefs (SOC) Limited	Investigation into various allegations including: 1. Excessive orders from Deli One 2. Victimisation by management of some staff members 3. Excessive wastage of meals 4. Loss of potential bids	30 June 2013
Air Chefs (SOC) Limited	Investigation into alleged irregular awarding of tender for dry snacks by Air Chefs	08 August 2014

SOUTH AFRICAN REVENUE SERVICE (SARS)

1. Regarding the PWC report related to Ecko Research in 2009:

Name: Forensic investigation on behalf of the South African Revenue Services "SARS" into alleged procurement irregularities

Subject: An internal audit was conducted which pointed to certain possible procurement irregularities in the appointment of Ecko Research to render services to the Segmentation and Research unit of SARS. The SARS GE: Internal Audit engaged PWC in July 2009 to investigate the following:

- The procurement process followed in the appointment of Ecko Research.
- The deliverables received from Ecko Research; and
- The payments made.

Date of conclusion: The final PWC report was submitted to SARS on 01 October 2009.

High-level results: PWC recommended that SARS:

- register a criminal case with the SAPS.
- consider instituting disciplinary action against the G.E: Research and Segmentation, Mandisa Mokwena (cost centre owner) for various contraventions of the procurement policy.
- investigate whether payments were made to the other entities/individuals identified by PWC.

SARS results subsequent to the PWC report:

- An internal investigation was launched and the SARS manager resigned on the day her arbitration would have started (09 December 2009).
- A criminal case was opened with the SAPS.
- The others started in the North Gauteng High Court on 8 October 2015. They face the following charges:
 - 43 counts of Fraud.
 - contravening section 2 read with section 3 of the Prevention of Organised Crime Act 121 of 1998 [Offences relating to Racketeering Activities].
 - contravening section 4, 5 and 6 of the Prevention of Organised Crime Act 121 of 1998 [Offences relating to Proceeds of Unlawful Activities – Money Laundering].
 - contravention of section 4 of the Prevention and Combating of Corrupt Activities Act 12 of 2004 [Corruption];
 - contravening Section 86 of the PFMA No 1 of 1999 [Financial maladministration].
- The charges relate to 43 fraudulent procurement transactions during the period 1 January 2007 to 31 May 2009. The total pecuniary loss suffered by SARS due to the aforesaid fraud amounts to R11 501 052.08.
- The State closed its case on 23 May 2016.
- The trial will continue against the SARS manager & 6 others from 01 December – 14 December 2016 when the defence will call their witnesses.

2. KPMG Forensic Investigation

Name: *“South African Revenue Service: Report on Allegations of Irregularities and Misconduct”.*

Subject: A forensic audit was conducted to verify the allegations

Date of conclusion: The final KPMG report was submitted to SARS on 3 September 2015.

High-level results: The Report has not been made public, and remains confidential, because it raises matters that are either *sub judice* or that are still subject to further investigation by law enforcement agencies.

SARS results subsequent to the report: Matter was referred to relevant law enforcement agencies.

SASRIA

Sasria received a tip-off on its fraud hotline during March 2010 regarding allegations of impropriety over the unauthorised payment of bonuses to the Managing Director and other staff. A forensic investigation was conducted and the matter concluded during August 2010.

TAX OMBUD

The Office of the Tax Ombud was established in October 2013 in terms of the Tax Administration Act, 28 of 2011. Since its establishment, it has not requested any internal and/or external forensic report on any aspect.
