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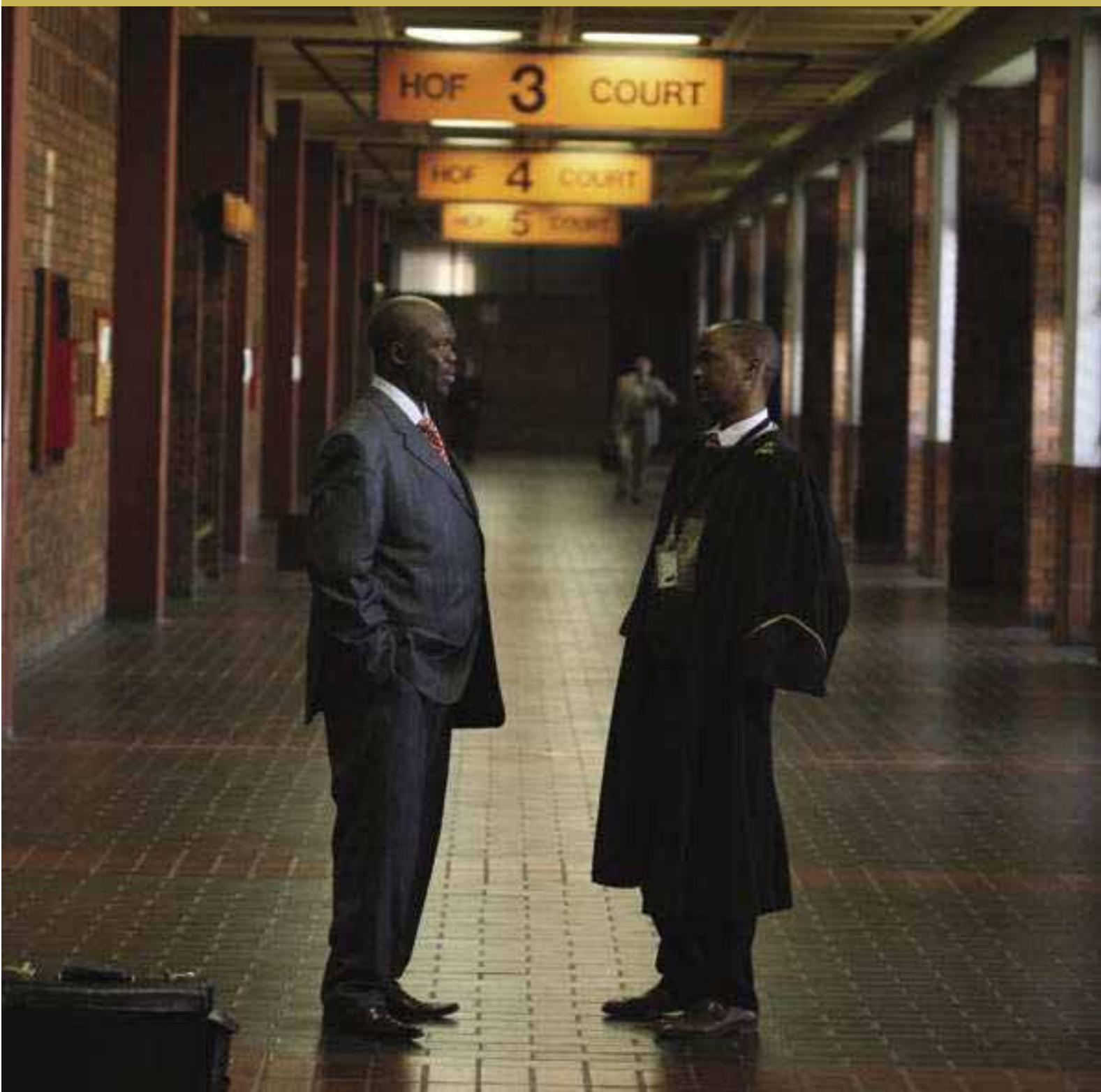
The National Prosecuting Authority of South Africa
Igunya Jikelele Labeshutshisi boMzantsi Afrika
Die Nasionale Vervolgingsgesag van Suid-Afrika



National Prosecuting Authority
Annual Report 2006/07

HOF 2 COURT

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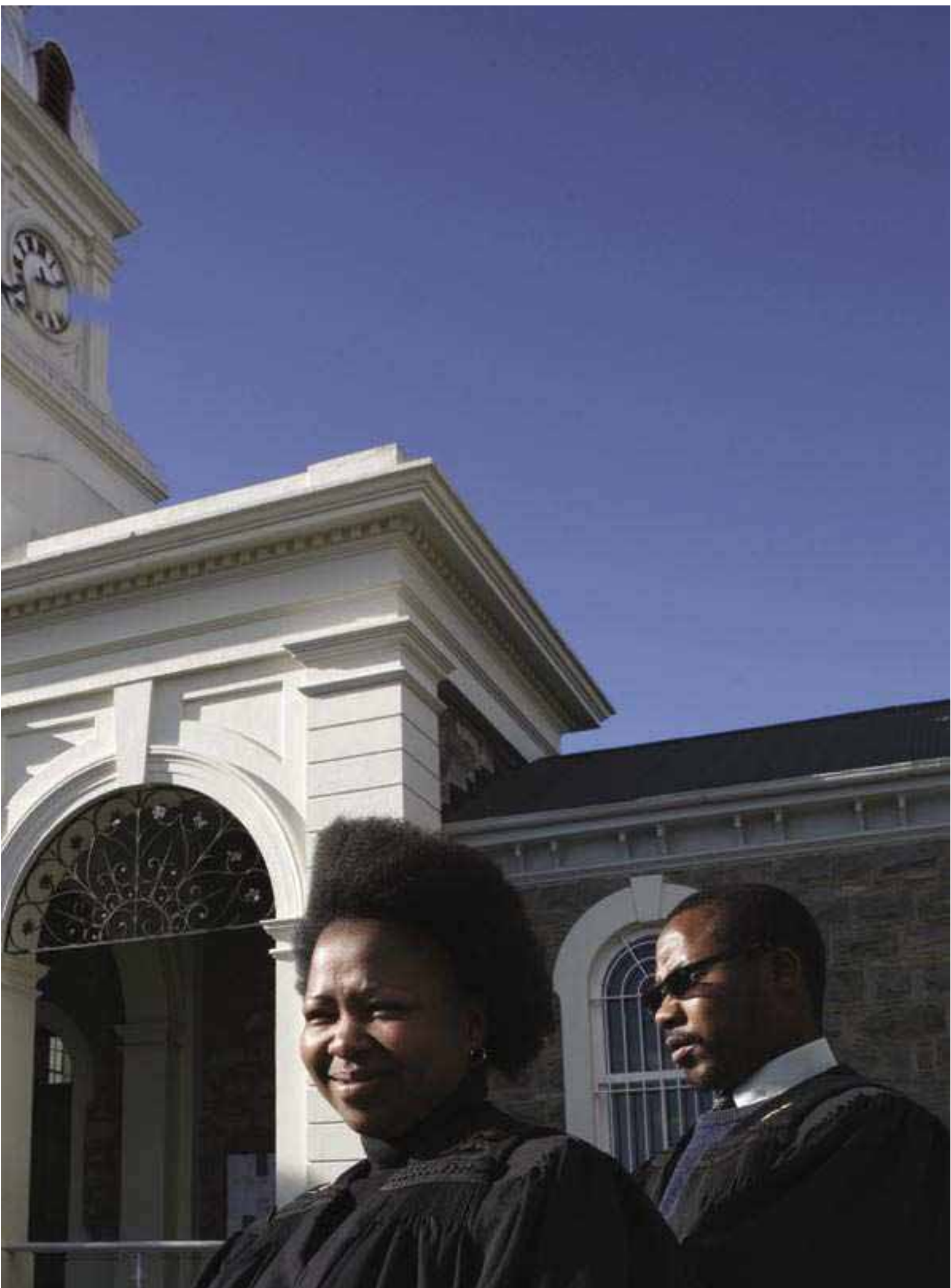
NPA Vision

Justice in our society so that people can live in freedom and security

NPA Mission

Guided by the Constitution, we in the National Prosecuting Authority ensure justice for the victims of crime by prosecuting without fear, favour or prejudice, and by working with our partners and the public to solve and prevent crime.







LETTER OF PRESENTATION

September 2007

Members of Parliament
Ms Brigitte Mabandla MP, Minister of Justice and Constitutional Development

SUBMISSION OF THE NPA'S ANNUAL REPORT 2006/07

I take pleasure in submitting the Annual Report of the National Prosecuting Authority (NPA). This Report contains a review of the NPA's activities in the 2006/07 financial year, its audited financial statements and the Auditor-General's Report.

The NPA Annual Report has been prepared according to the provisions of the:

- Public Finance Management Act, 1999 (PFMA)
- National Prosecuting Authority Act, 1998 (NPA Act)
- Division of Revenue Act, 2003 (DORA)
- Division of Revenue Act, 2004 (DORA)
- Division of Revenue Act, 2005 (DORA)
- Division of Revenue Act, 2006 (DORA)
- Treasury Regulations (TR), March 2005.

The Report is structured in sections that report on the Governance, Delivery and Resourcing activities of the NPA, supported by annexures that provide supporting information.

The NPA has endeavoured to accurately and concisely provide all information required by the above legislation and regulations. In part, it also offers brief commentaries on ongoing or planned NPA activities in the 2007/08 financial year.

Yours sincerely

.....
Adv Vusumzi P Pikoli
National Director of Public Prosecutions

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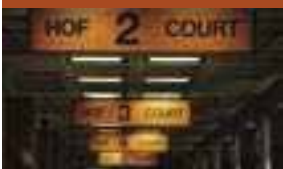
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VOLUME I
GENERAL PRINCIPLES
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1972 SUPPLEMENT TO SA CRIMINAL LAW AND PROCEDURE—VOLS. I, II AND III

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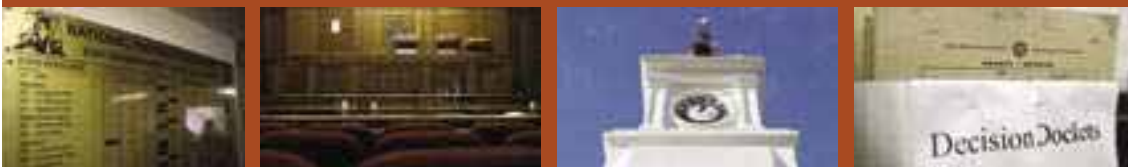
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Adv Vusumzi Pikoli,
National Director of Public
Prosecutions

SECTION 1: GOVERNANCE

Report of the Office of the National Director of Public Prosecutions

Introduction

The National Prosecuting Authority of South Africa (NPA) sees its role in the Criminal Justice System (CJS) as not only a prosecutor of crimes, but also as a key driver in creating a safer and more secure South Africa. By prosecuting speedily and effectively in conjunction with all its partners, the NPA can significantly reduce national crime levels. The result will be a faster-growing economy, able to attract foreign and local investments that will continue to create more jobs.

More jobs translate into more people earning legitimate incomes, people who are then less inclined to turn to crime as their means out of poverty. An efficiently administered CJS can and should help to drive a virtuous cycle of increasing civic morality and prosperity for all in South Africa.

Highlights, successes and challenges

Strategy 2020

Realising that South Africa's disturbing crime situation would not be solved by simply allocating more manpower and resources to it, the NPA deeply and extensively re-examined during 2005 how it engages its mandate as outlined in the National Prosecuting Authority Act, 1998 (NPA Act). This examination highlighted that the NPA's purpose, as a key CJS component, is not only to stem the tide of crime, but to play an active and strategic role in driving it back to acceptable levels.

The NPA wants to build and maintain a prosecuting authority unlike any other in the world, which would stand the test of time so that future generations would reap the benefits. Strategy 2020 details the initiatives now underway to set standards of excellence in all aspects of the NPA's operations, for it to transform into a prosecuting authority equal in efficiency and impact on crime to any in the world.

Flowing from this Strategy, each business unit developed detailed annual plans that set out their focus areas for the year ahead. Individual performance contracts and the required evaluation mechanisms were then linked to these annual plans.

Each business unit and section now presents formal and structured quarterly reports in terms of their annual plans to the NPA's Executive Committee (Exco), which provides feedback for corrective action where necessary. This process is now re-aligning and re-organising all components of the NPA with the unpacking of Strategy 2020.

Risk management

A risk management framework was introduced and is being implemented, with key risks having been identified throughout the NPA and contingency plans put into place. Key persons have been identified to monitor and manage risks in their areas. The NPA-wide risk system is not yet perfect as it is still being bedded down, but in this year the NPA made significant progress in this key area of governance.

Vacancies and recruiting – an ongoing challenge

Currently the NPA's most serious challenge is recruiting and retaining appropriate human capital. A major stumbling block has been the actual recruitment process of appropriately skilled personnel. The NPA found that, although it was filling prosecutor vacancies, its actual number of overall vacancies wasn't reducing, as these promotions mainly involved people already in the organisation.

A particular concern is the higher salary packages earned by magistrates, which prompts experienced prosecutors to leave the NPA for more lucrative magistrate positions in the broader Department of Justice and Constitutional Development (DoJ&CD). Until this major disparity is resolved, the consequent drain of skills and expertise from the NPA will continue to negatively affect service delivery.

Highlights of operational units

National Prosecutions Service (NPS)

A significant majority of the NPA's prosecutors are housed in the NPS, which is by far the organisation's single biggest unit. Due to its size and spread of responsibilities across most South African courts, the NPS was heavily impacted by a 20 per cent prosecutor vacancy rate. This resulted in heavier volumes of work for the remaining prosecutors, which consequently adversely affected some of the targets set by the NPS.

Both Higher and Lower Court prosecutors met their conviction rate targets of about 85 per cent, but case finalisation numbers dropped to below the previous period.

Keeping in mind that a CJS motivated to improve its effectiveness, will inevitably mean a larger number of court cases, the NPA is tackling the problem through various initiatives. These initiatives, combined with the actions of other partners in the CJS and those of CJS stakeholders, should deliver consistently satisfactory future results.

The immediate and obvious remedy is to get sufficiently trained prosecutors into the system. A total of 652 prosecutor vacancies was advertised and these vacancies are presently being filled. The chronic problem of experienced prosecutors being recruited as magistrates is in the process of being addressed.

Other remedies being energetically pursued include rolling out community courts across the country, encouraging the use of justice processes such as admissions of guilt, plea bargaining, and diversions to move first and less-serious offenders through the system quicker, and once-off "clean-up" projects to sharply reduce case and administrative backlogs.

Innovative projects such as Community Prosecutions and Restorative Justice are currently being piloted and show promise as avenues for faster and targeted justice in the near future.

Asset Forfeiture Unit (AFU)

The AFU continued gaining momentum to record its best results yet. In this financial year the AFU initiated 252 cases, froze assets of over R1.25 billion, completed 242 cases and seized assets worth more than R100 million. The AFU also won 27 of 33 judgments on contested issues, with a success rate of 82 per cent. In total, R19 million was contributed to the Criminal Assets Recovery Account (CARA). The AFU also facilitated the disbursement of just under R74 million in funds from CARA to crime-fighting agencies, and support centres for abused women and children, as well as for finding persons identified as missing by the Truth and Reconciliation Commission (TRC).

A relatively new concept in South African jurisprudence, the courts are now familiar with the asset forfeiture principle, which is proving an increasingly successful tool in ensuring that crime doesn't pay.

Directorate of Special Operations (DSO)

In this period the DSO (aka the Scorpions) assessed its own performance as being at about 60 per cent of its ideal, if measured against its optimal capacity when fully staffed and resourced. Nevertheless, the DSO initiated 368 new investigations and finalised 264. It also finalised 214 prosecutions with a conviction rate of 85 per cent, arrested 617 suspects and restrained assets worth about R1 050 billion.

Notable successes included the arrest of suspects in the Kebble murder, confiscating illegal drugs worth over R600 million, and instituting successful prosecutions in the Leisurenet and Travelgate matters. Investigations into certain other major cases are still ongoing.

The DSO took major strides to rebuild and broaden its capacity in the aftermath of the Hefer and Khampepe Commissions, with 280 vacant and new posts being advertised as part of its recruitment drive.

GOVERNANCE IN THE
 NPA IS THE PROCESS
 BY WHICH THE NPA
 CONSISTENTLY ENSURES
 THAT IT DELIVERS VALUE
 TO ITS STAKEHOLDERS
 WITHIN THE FRAMEWORK
 OF THE CONSTITUTION,
 APPLICABLE LAWS AND
 GENERALLY RECOGNISED
 GOVERNANCE
 PRINCIPLES.



Priority Crimes Litigation Unit (PCLU)

This is a specialist unit mandated to tackle cases that threaten national security, as well as issues arising from the final report of the TRC hearings. The PCLU was involved in various high profile cases, with several highly sensitive matters still under investigation.

The Unit assisted prosecution authorities around the world in various cases and continues to make invaluable inputs into international law. Probably its most noteworthy responsibilities at this time are the forthcoming “nuclear technology” trial of Geiges, Wisser & Krisch Engineering, which will attract the attention of many governments and lawmakers, and its ongoing activities in the wake of the TRC’s final report.

Specialised Commercial Crimes Unit (SCCU)

For more than five years the SCCU has maintained its proud record of a 95 per cent plus conviction rate, with 134 cases of direct prison sentences handed down in this financial year. A total of 3 574 cases were finalised - a satisfying 36 per cent above the previous financial year. Cases included prominent business people, NPA personnel, senior police officials and other civil servants.

Major cases include that of TP Cornwell Tshavunghwa, a former Deputy Director of Public Prosecutions at the DSO, convicted of fraud, perjury and driving under the influence of alcohol. He was sentenced to seven years’ imprisonment. GA Keet, a former Magistrate, was convicted of 28 counts of corruption and sentenced to eight years’ imprisonment, while B du Preez, a former SAPS Superintendent, was convicted of stealing R4.6 million and sentenced to eight years’ imprisonment.

The SCCU, in partnership with the SAPS Commercial Branch and other stakeholders, is spearheading the development of a Prosecution-guided Investigations (PGI) methodology for tackling criminal investigations. PGI is proving to be clearly superior to earlier procedures and is being rolled out wherever it can be applied appropriately.

Sexual Offences and Community Affairs Unit (SOCA)

SOCA acts against the victimisation of women and children, with specialised prosecutors positioned in dedicated Sexual Offences Courts. Supporting activities operated by SOCA include its multidisciplinary Thuthuzela Care Centres (TCC’s), which are recognised by the UN General Assembly as a “world best practice model” in the field of Gender Violence Management and Response.

In this period, SOCA launched its “365 National Action Plan (NAP) on No Violence Against Women and Children”, which is aimed at streamlining initiatives between Government, the private sector and NGOs.

Other projects included a consultative conference for Southern and Eastern African countries, and a series of actions aimed at tightening the entire South African legal system to ensure that single parents and their children receive their court-ordered maintenance payments.

Witness Protection Unit (WPU)

The WPU has for the past six years maintained an outstanding record of not having a single witness who complied with its protection programme, being threatened, harmed or assassinated.

The WPU’s best practices philosophy has led it to be consistently acclaimed as being among the top five witness protection agencies in the world, with countries such as Germany requesting internships for their employees to learn from the WPU’s witness protection best practices. The WPU also routinely cooperates with international organisations such as the International Criminal Court for Rwanda (ICTR), the International Criminal Court former Yugoslavia (ICTY) and the United Nations Office on Drugs and Crime (UNODC).

Working partnerships in the Criminal Justice System (CJS)

Each year the NPA’s working partnerships are deepening with regular and specialist stakeholders such as the South African Police Service (SAPS), the National Intelligence Agency (NIA), the Department of Correctional Services (DCS), the Special Investigating Unit (SIU) and the State Information Technology Agency (SITA).

The PGI methodology that is proving so successful entails close cooperation between NPA prosecutors and SAPS investigators. An organised crime initiative between the NPS, AFU and SAPS was launched in August 2006 and will lead to specialised prosecutors being appointed to strategically located courts.

Building international cooperation

Every year, organised crime becomes more sophisticated and increasingly multinational. Developing countries like South Africa are prime targets for international criminal activities.

As one of the key role-players in the CJS, the NPA is compelled to rise to these challenges and find mechanisms to deal effectively with such crime trends. A further focus area is the opportunities for crime created by the information technology revolution, which allows data to be transmitted globally and transactions to be made at the touch of a button.

For these reasons the NPA is reaching out to develop wider and more effective cooperation with its global counterparts and more closely within Southern Africa. Memoranda of Understanding (MoU) were signed with Namibia and Mozambique during the 2006/2007 financial year as part of a broader initiative to formalise agreements with the relevant authorities in all South African Development Community (SADC) countries. These agreements seek to achieve or arrange:

- professional training through exchange programmes
- joint research, studies and projects
- study visits between countries to discuss issues of common interest
- exchange of information, laws and legal publications to develop common understandings and positions on shared issues
- sharing of information around crime-fighting best practices, systems, processes, techniques and structures
- mutual cross-border assistance in investigations and prosecutions
- ensuring that perpetrators of crimes cannot flee to neighbouring countries to escape justice.



Ms Kalyani Pillay,
Special Director of Public Prosecutions:
Office of the NDPP.

International and regional protocols

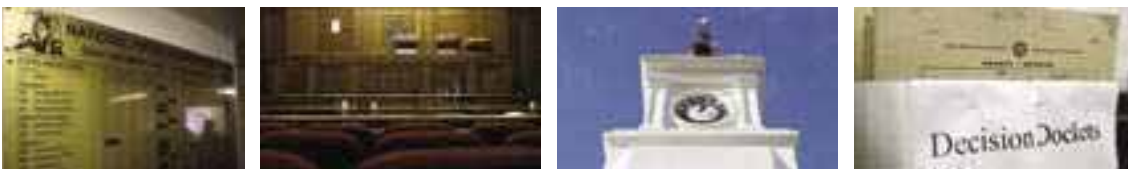
The South African Government has ratified international and regional instruments on organised crime and corruption that include the following:

- United Nations (UN) Convention against Transnational Organised Crime and its three Supplementary Protocols (passed by the UN General Assembly in 2000, implemented in 2003)
- UN Convention against Corruption (adopted by the UN General Assembly in 2003, came into force in December 2005)
- AU Convention on Preventing and Combating Corruption (adopted in 2003, entered into force in 2006).

Coordination of crime-fighting efforts

NPA representatives attended the following conferences and meetings, as well as presenting numerous papers at several local and international forums during this reporting period:

- Third session of the Conference of the Parties to the United Nations Convention against Transnational Organised Crime and its Protocols – Vienna, October 2006
- UN Expert Group meeting: Preparation for 12th Crime Congress - Bangkok
- International Association of Prosecutors Conference – Paris
- Establishment of International Association of Anti-Corruption Agencies -Vienna
- First Annual Conference and Meeting of International Association of Anti-Corruption Agencies – Beijing
- First session of the Conference of the States Parties to the United Nations Convention against Corruption – Jordan, December 2006
- Signing of MoU with Prosecuting Authority, Ukraine.



Members of the NPA Exco 2006/07:
(Front row): Ms Beryl Simelane (DCEO), Adv Vusumzi Pikoli (NDPP), Ms Kalyani Pillay (Special Director).
(Back row): Adv Leonard McCarthy (DNDPP: DSO), Ms Marion Sparg (CEO), Dr Silas Ramaite (DNDPP: NSSD), Adv Mokotedi Mpshe (DNDPP: NPS), Ms Bulelwa Makeke (Executive Manager: Communications). (Absent): Ms Dipuo Mvelase (Executive Manger: IMU), Mr Willie Hofmeyr (DNDPP: AFU).

The NPA hosted prosecution and anti-corruption delegations from Russia, Kenya, Benin, Vietnam, Sudan and Mozambique to share information and strategies on dealing with common crime trends.

Requests for Mutual Legal Assistance and Extradition

The NPA received 36 applications for mutual legal assistance (MLA) from other countries during 2006/07. During this period the NPA also made 16 applications to several other countries for MLA's. To date, the NPA has benefited from excellent cooperation and assistance with its MLA applications.

With regard to extradition applications, the NPA dealt with 36 extradition applications on behalf of foreign states and managed seven applications for the extradition to South Africa of fugitives.

Recognitions and awards

In this period I was honoured to be nominated as an executive member of the International Association of Anti-corruption Agencies (IAACA), as well as being presented with a certificate of appreciation by the Ukrainian Prosecutor's Association.

The NPA also presented special awards to the former National Director of Public Prosecutors, Mr Bulelani Ngcuka and the former Media Spokesperson of the NPA, Mr Makhosini Nkosi, acknowledging them for their important contribution to the work of the NPA.

Conclusion

In the 2006/07 financial year the NPA moved past the deep self-examination, or "understand", phase of its renewal and started developing the actual plans and processes that will transform the organisation from within. At the same time, the NPA needs to build capacity and fill the vacant posts that are hampering it in fulfilling its duties.

The NPA is a young, but astonishingly high profile organisation due to the intrinsic nature of its responsibilities. Its strength lies in four principles that guide its work, namely independence, accountability, integrity, and transparency.

Although the NPA has had to endure severe pressure and a morale-draining battering in recent years, I am confident that the NPA has passed through its shadowed valley of introspection and is rebounding as a tougher, more keenly effective national and criminal justice asset than ever before.

.....
Adv Vusumzi P Pikoli
National Director of Public Prosecutions

Report of the Chief Executive Officer

Introduction

This report of the Chief Executive Officer (CEO) will cover the areas of transformation, strategy, governance, enterprise risk management, enterprise performance management, integrity management, policy management, internal audit, and management structures.

Transformation

The ambitious enterprise transformation programme of the NPA launched in August 2004, the Serurubele¹ Transformation Programme, made significant progress and impact during the reporting period. Aimed at improving the overall performance and functioning of the NPA through solution design and implementation in the areas of governance, delivery and resourcing, the programme has the following six objectives - To:

- achieve optimal levels of governance
- create a best-in-class customer management capability
- achieve optimal levels of cooperation with the NPA's partners in the CJS
- engineer organisational processes so that these deliver an excellent service to the NPA's customers
- create a best-in-class operations management capability
- ensure that the management of people enables the organisation to become an employer of choice.

The Serurubele Transformation Programme is set to transform the NPA into an effective, high-performance organisation that will not only enhance criminal justice service delivery, but will also contribute to the well-being and growth of South Africa. During 2006/07, the programme was primarily engaged in its solution design phases. Concurrently to these, the implementation phase kicked into action with the organisation seeing the first wave of solutions being rolled out. The major achievements for these phases during 2006/07 are highlighted in Table 1.

Table 1: Serurubele Transformation Programme Achievements 2006/07

Design Phase I (May 2005 to March 2006)
A set of 250 generic governance processes was designed to enhance governance in the NPA.
A long-term strategy, the NPA Strategy 2020, was developed for the NPA, with supporting strategic plans for Governance, Delivery and Resourcing. Strategic initiatives for 2006/07 and 2007/08 were identified, based on the new strategy of the NPA.
A policy segmentation framework, a Policy on Policies, with a template for policies and a guideline for the policy template, were developed.
Design Phase II (April 2006 – December 2008)
Reporting on deliverables for April 2006 – March 2007
Business unit annual plans were developed to implement the Strategy 2020 according to a standardised template that ensured horizontal and vertical integration across the NPA.
Enterprise risk management and enterprise performance management were enhanced.
All priority delivery processes were designed and validated.
Design of priority resourcing processes commenced, and included a significantly enhanced recruitment process.
Work commenced on a macro-structure redesign for the NPA.
Hosting of the NPA Stakeholder Conference 2007.

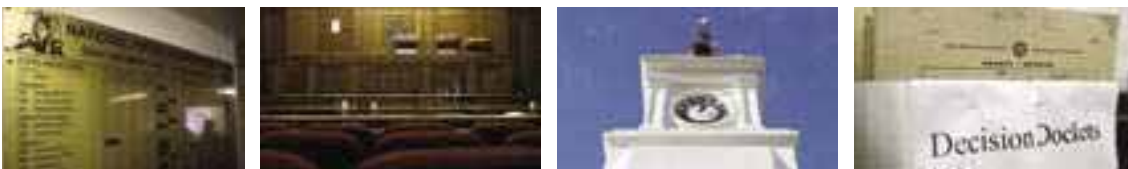


Ms Marion Sparg,
 Chief Executive Officer: NPA



The NPA is dedicated to transforming itself to suit the needs of its stakeholders

¹ 'Serurubele' is the Sesotho word for a butterfly. The butterfly symbolises the transformation programme of the NPA, depicting the encompassing, fundamental and constant change and agility required of organisations of the future to ensure sustainability and stakeholder value delivery.



An electronic Governance Calendar was designed and launched to be piloted, and is set for finalisation in 2007. This calendar schedules all high-level meetings and events in the NPA, in alignment with major sessions and events at Cluster, Government, Parliamentary and Cabinet level.

Create Phase (February 2006 – December 2008)

Reporting on deliverables for April 2006 – March 2007

Execution of the NPA Strategy 2020 commenced.

Designed priority governance, delivery and resourcing processes, and commenced roll-out to standardise and enhance governance, operations and service delivery to customers.

Implementation of a new recruitment process for the NPA.

Roll-out of a set of 23 strategic projects launched to support and enhance execution of the Strategy 2020.

Serurubele further took on the content guidance and programme management oversight of a set of 23 strategic projects launched to commence execution of the NPA's new Strategy 2020. These strategic initiatives were adopted in February 2006 and assigned top management ownership.

Strategic Management

Outcomes

The NPA adopted its first long-term strategic planning document, the NPA Strategy 2020, in February 2006. It successfully launched Strategy 2020 at the NPA Stakeholder Conference held in March 2007, receiving a significant 88 per cent approval and acceptance rating from stakeholders for the Strategy 2020. Being the strategic response to the issues, challenges and service requirements expected of the organisation, the Strategy 2020 gives principled strategic guidance to the NPA, and shapes the organisation's thinking over a period of 15 years.

The NPA is re-shaping itself by focusing on its mandate and the execution of the Strategy 2020. The organisation has committed itself to building civic morality and greater confidence in the CJS, by working with its partners in crime prevention initiatives, community engagements and dealing with the root causes of crime. The NPA's new strategic approach will enable the organisation to be more proactive and deal more justly with victimisation, in striving to contribute to the creation of a safer and more secure environment. This in turn will be a catalyst for greater foreign and domestic investment into economic and social development in South Africa.

The NPA envisages a future in which it will not only be an effective provider of prosecution services, but one that fulfils its role in building a better and safer South Africa, by being advocates for justice as lawyers for the people of this country. The NPA wants to build and maintain a prosecuting authority unlike any other in the world that can stand the test of time for future generations to reap the benefits such a stable and safe environment will provide. This outcome is embraced by the NPA's vision and mission.

NPA Vision

The NPA's Vision 2020 is: *Justice in our society so that people can live in freedom and security.*

NPA Mission

The vision is supported by the NPA Mission 2020:

Guided by the Constitution, we in the National Prosecuting Authority ensure justice for the victims of crime by prosecuting without fear, favour or prejudice, and by working with our partners and the public to solve and prevent crime.



NPA Strategy 2020

NPA Strategy 2020

The NPA Strategy 2020 rests on three strategic pillars that set out the execution strategy across Governance, Delivery and Resourcing, routed through four time horizons up to the year 2020. The Strategy 2020 will be sustained through annual plans, strategic initiatives and projects, and a medium term strategic framework. Its objectives are reflected in a Strategy Map 2020, which sets out the impact, outcomes and strategic objectives for the NPA (as revised during November 2006) (Figure 1). Much of the work done by the NPA during this reporting period started to pick up on this new strategic direction and promises to deliver positive and enhanced results across the spectrum of the NPA's service delivery, governance and resourcing.

A strategy review session was conducted in the third quarter to review the Strategy 2020 and identify areas for enhancement, particularly the refinement and identification of appropriate performance measures and targets. This review resulted in the refinement of the Resourcing Perspective of the Strategy Map 2020.

The refinement entailed the changes as depicted in Table 2. The revised Strategy Map 2020 is depicted in Figure 1, though reporting in this Annual Report is done according to the previous map, with Resourcing objectives as listed in Table 2.

Figure 1: NPA Strategy Map 2020

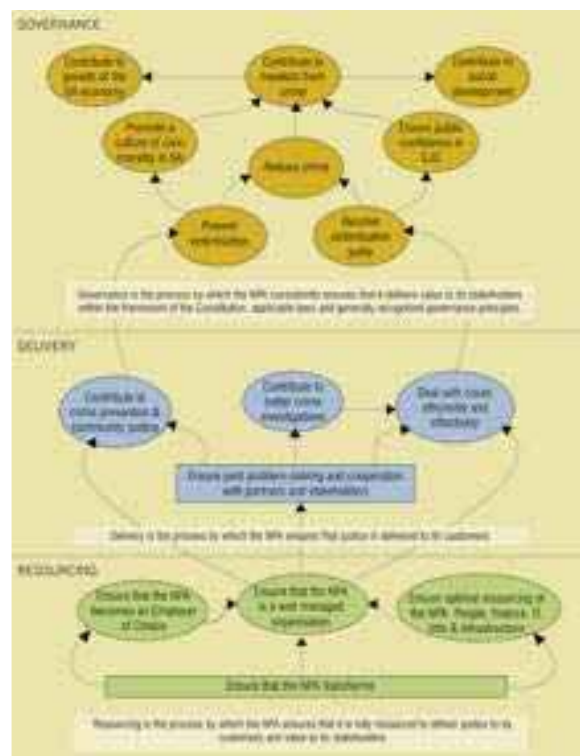


Table 2: 2006/07 Revisions to Strategy Map 2020

Original Strategy Map 2020	Changes	Revised Strategy Map 2020
Develop and enhance governance capability	Focused and clear description to depict the capabilities and capacity required	Ensure that the NPA is a well-managed organisation
Develop and enhance delivery capability		Ensure that the NPA becomes an Employer of Choice
Develop and enhance resourcing capability		Ensure optimal resourcing of the NPA: people, finance, IT, information and infrastructure
Ensure that the NPA transforms	Moved from side bar to positioning in Resourcing Perspective	Ensure that the NPA transforms

The NPA commenced with a project in the third quarter to develop a set of organisational values that will support the Strategy 2020 and assist in embedding an enabling culture, attitudes and behaviours in the NPA. This is a highly inclusive process in which employees and stakeholders are invited and encouraged to propose values and participate through a voting system in determining the final core values that will guide the NPA.

Strategic alignment

Following the adoption of the NPA's Strategy 2020, all units developed new annual business plans for 2006/07, using a standardised template that ensured 100 per cent vertical integration of unit annual plans with the Strategy 2020, as well as horizontal integration across the various business units. The annual plans of all the units are aligned with the strategic objectives as contained in the Strategy 2020. These are unpacked into key deliverables (outputs) and activities with related measures and targets to be achieved for the 2006/07 financial year.



For the first time, all annual plans had sections specifying deliverables to be attained per strategic objective, which detailed activities with assigned ownership, deadlines, measures and targets. This was further expanded by requiring risk assessment to be done per deliverable, hence for the first time, reflecting risks based on the annual business plans. This work was followed up in the fourth quarter with annual planning sessions to develop business plans for 2007/08.

The NPA will amend its Estimated National Expenditure (ENE) framework during 2007/08, in order to ensure the ENE transition to align with the reflection of the outputs, measures and targets as contained in the Strategy 2020 and its unit annual plans that support the sub-programmes.

Performance Management

The NPA adopted a new process and template for performance progress reporting on annual business plans to support the execution of the NPA Strategy 2020 and strategic projects. Although a new approach for the organisation, significant progress has been made to stabilise and consolidate enterprise performance progress monitoring and reporting. Performance reporting is now on a solid footing. Business units report progress every quarter on their performances against annual business plans and strategic projects to Exco and its Enterprise Performance Management sub-committee.

The quarterly review process of the NPA serves to interrogate performance information and reports submitted, and to provide guidance on corrections and improvements to be made to ensure integrity of reports and information. The NPA is confident that the integrity of this process has improved each quarter as the organisation became more familiar with performance reporting requirements and understanding of the progress-reporting process and template improved. Particular emphasis is placed on the verifiability and accuracy of performance data and outputs reported.

Governance

Statement of commitment

The NPA's Exco and the National Management Meeting (NMM), which is constituted from the national and regional leadership of the organisation, are committed to sound corporate governance. Exco and NMM recognise the responsibility of the NPA to conduct its affairs with fairness, accountability, responsibility, social responsibility and transparency, in order to safeguard the interests of all its stakeholders. The NPA is committed to account thereon in accordance with the statutory requirements of the PFMA, Treasury Regulations and the DORA, 2006. The NPA strives to comply fully with these legislative requirements, as well as with generally recognised governance principles, as espoused among others, in the King Report on Corporate Governance (King II). Furthermore, the leadership of the NPA motivates all employees to conduct organisational activities with prudence and integrity. In the spirit of good governance, the NPA endeavours to incorporate the best possible mutual interests of all stakeholders into its actions.

Governance Structures

Executive Committee

The NPA's Exco meets on a weekly basis and supports the NDPP in directing the affairs of the NPA.

Exco sub-committees

The NPA established the following sub-committees to support Exco:

- Budget Committee
- Enterprise Performance Management Committee
- NPA Moderation Committee.

National Management Meeting

The NMM consists of national and regional business unit heads, divisional unit heads and executive service centre managers. The NMM meets bi-monthly and serves as an integrating mechanism across business units, as well as to support Exco in the review and adoption of policies, and other matters of strategic and operational nature.

Risk Committee

The Exco serves as the Enterprise Risk Committee of the NPA, and as such reviews the strategic risks of the NPA based on the NPA's Enterprise Risk Management Guideline.

Audit Committee

The NPA shares the same Audit Committee with the DoJ&CD. The NPA submits oversight reports to and attends the quarterly Audit Committee meetings.

Enhancing governance capability

The NPA defines governance in the organisation as the process by which custodians of the NPA consistently ensure that the organisation delivers value to its stakeholders within the framework of the Constitution, applicable laws and generally recognised governance principles. The NPA built on the foundation laid in the previous reporting period by commencing design, enhancement and implementation of priority governance focus areas through standardised and documented processes, templates, policies, roles, responsibilities, plans and scorecards.

Governance performance information

The NPA made good progress during the reporting period to ensure focused attention to governance imperatives. All business units' annual plans contain a standardised Governance section with a set of six deliverables specifying activities, metrics and targets, with assigned ownership and responsibilities. These deliverables focus the organisation on priority activities to be engaged in to enhance and ensure improved governance levels, understanding, awareness and performance. Annexure A², Table 21 reflects the NPA's performance during 2006/07 against these deliverables in order to achieve the objective of ensuring good governance in the NPA.

Enterprise Risk Management

The NPA views Enterprise Risk Management (ERM) as imperative for successful delivery on its mandate and its obligation to deliver value to stakeholders. The NPA Exco acts as the Risk Committee for the organisation and as such is responsible for strategic risk management.

Even though enterprise risk management is still a new process, the NPA managed to make good progress in embedding an enterprise risk culture through the standardised business unit annual plan template. This template required all business units to identify and manage risks as part of their annual business plans. Quarterly reporting on business unit performance includes reporting on the management of these risks.

The NPA engaged the services of a consulting firm to assist with conducting risk assessments, the design and development of its ERM system, as well as to develop and conduct awareness and specialist training on ERM. This process is still ongoing and will be finalised in the next financial year.

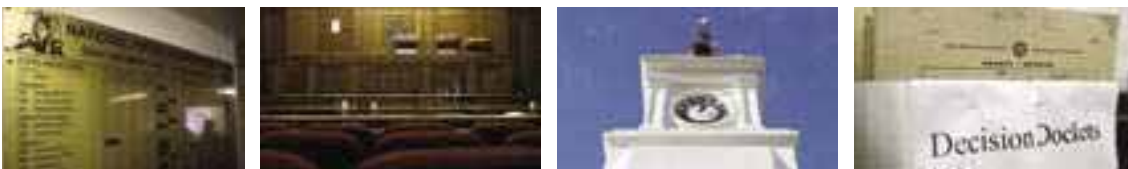
Internal Audit

As announced in the previous reporting period, the decision to combine the internal audit units of DoJ&CD and NPA was implemented in 2006/07. The aims of integrating the NPA Internal Audit section into the Internal Audit Unit of the DoJ&CD sought to optimise the utilisation of auditing resources under the control of the Chief Audit Executive of DoJ&CD. This arrangement has however not proved successful, as capacity and capability constraints prevented the required standard of internal auditing services to be rendered

² Annexure A: Performance Information Reporting on Governance 2006/07. Table 21 of this annexure reflects the NPA's performance against governance objectives and deliverables.



Ms Mariaan van Kaam,
Executive Manager: Strategy and Risk
Programme Director: Serurubele Trans-
formation Programme



to the NPA. Management is of the view that the internal auditing services for the NPA will need to be comprehensively reviewed in 2007/08.

Policy Management

The NPA continued with the prioritisation of the development and adoption of policies, as well as to bring its overall policy management capability onto a sound footing. The NPA adopted its first ever Policy on Policies to guide the development of policies in the NPA. This policy is accompanied by a standardised template for policies and a guideline to the template. Solid progress was made with the design of a documented policy management methodology. The NMM is the body assigned with the adoption and review of policies for the NPA. The NPA currently has a set of 36 approved policies, with eight new policies adopted in the reporting period. A further 12 policies are in draft format.

Integrity Management Unit (IMU)

Established in 2001, the Integrity Management Unit (IMU) is mandated with infusing a culture of irreproachable integrity into the NPA so that it always enjoys the confidence and trust of its stakeholders. Hence, the activities of the IMU are significant to South Africa's broader community, by ensuring that the NPA remains a rigorous champion of integrity in the ongoing struggle against crime and corruption.

The IMU has identified two approaches, proactive and interventionist, to ensure that all activities and conduct in the NPA remain aligned with the Constitution, government policies and the NPA mandate.

Promotion of a culture of integrity in the NPA

This programme aims at creating and promoting a culture of integrity through continuously assessing the integrity health status of the organisation, recommending appropriate interventions, as well as educating and raising awareness of integrity issues in the NPA ranks.

Integrity culture assessments were conducted for all NPA business units and the outcomes of this survey will be an input into developing future integrity plans. Integrity KPA was incorporated in the performance contracts of all NPA senior managers and also included as a governance deliverable in all business unit annual plans. Integrity's fundamental standing in the NPA was bolstered by the following activities:

- Integrity becoming a standing item on the agenda of the NMM
- A successful leadership conference on integrity held for all NPA senior managers
- An Integrity resource manual was launched to support managers in promoting integrity.

The IMU conducted 12 workshops involving 503 employees, with further inputs made into the induction programme for new employees. In this period 180 integrity champions were recruited from among the staff and underwent a certified ethics training programme facilitated by the Ethics Institute of South Africa (Ethics SA).

Prevention of unethical conduct in the NPA

This programme identifies and reduces systemic weaknesses that may render the NPA vulnerable to unethical, fraudulent and corrupt practices. Constant monitoring, evaluation, implementation of early warning systems, and investigating when necessary, is intended to deter, detect and prevent corrupt practices. Individual profiling was performed on 182 members of NPA senior management. The IMU also analysed organisational conduct in three areas: labour relations, recruitment and attrition. A report on findings, trends and recommendations was presented to the Exco and NMM. A compliance framework and index were finalised and are used to monitor compliance in the NPA. Of the 19 cases of alleged unethical conduct being investigated, nine were finalised in the year under review. These cases are often complex and can drag on for several years.



Ms Dipuo Mvelase,
Executive Manager: Integrity
Management Unit.

Communication Unit (CU)

The CU is responsible for the external and internal public relations of the NPA, and for ensuring that its brand is properly represented in the public domain. Internally, the CU supports and enhances the NPA culture by regularly communicating to NPA employees, particularly through the revamped in-house Khasho newsletter. Externally, the CU has a spokesperson and a deputy spokesperson who interface with the public media, and it performs other activities to educate the broader public and raise awareness of the NPA and its work.

The CU monitors and reports on media coverage of the NPA through its linkages to the Government Communication and Information System (GCIS) and a media information agency.

A brand audit was completed in December 2006 as the first phase of a comprehensive brand review process. The second phase of this process entails developing a brand strategy in which the NPA's brand identity will be updated and a specific corporate identity (CI) instituted, supported by a CI manual.

The CU has undertaken numerous activities to educate the broader public and raise awareness of the NPA and its work. The NPA participated in the SABC 3 legal programme, Rights and Recourse, in which legal topics spanning across the work of all NPA business units were discussed, with NPA representatives as panel members presenting prosecutorial perspectives on court cases and other legal matters. The NPA also participated in a public event sponsored by Kaya FM as part of the "16 Days of Activism" campaign. Furthermore, the NPA participated in three consecutive weekly spots focusing on topics related to gender violence and abuse.

Themed advertorials were taken out in the BBQ and Service Leadership in Government publications. These advertorials focused on the NPA's strategic direction in terms of Strategy 2020 and the successful work of the DSO against organised crime. A comprehensive article about the core work of the NPA was published in the February issue of Enterprise.

The CU arranged the launch of the Mafikeng TCC in November 2006. This successful event was hosted in the format of an Imbizo, with the enthusiastic participation of the community of Mafikeng. The NDPP, North West Premier, Judge President of the region, NPS Head and other prominent government dignitaries participated in the Imbizo. Other successful events that the CU helped organise and arrange media cover for were the following:

- Launch of SOCA's 365 Days Campaign
- Launch of SOCA's Project Ndabezitha
- NPA's first participation in the Rand Show, through an outstanding exhibition stand
- NPA Restorative Justice Conference
- NPA Stakeholder Conference
- Senior Managers (SMS) Conference on Integrity
- TRC exhumations.

Stakeholder Management

The NPA solidified its work in enhancing its engagement with stakeholders, its value delivery to stakeholders and its stakeholder management process during 2006/07. This was done in line with its Governance definition of consistently ensuring that the NPA delivers value to its stakeholders, and with the intent of Strategy 2020 to follow an outward-in focus and outcomes-based approach to service delivery.

The NPA's new Strategy 2020 rests strongly on joint problem-solving and cooperation with partners and stakeholders. The NPA built on this first engagement with stakeholders during 2005, by hosting the NPA Stakeholder Conference during 28 – 30 March 2007. The Conference received wide acclaim and appreciation from attendees, with several delegates indicating that the Conference either met or exceeded their expectations. The NPA intends to build on this type of engagement with stakeholders in future.

The design of a documented stakeholder management process is at an advanced stage. In order to enhance accessibility of information and feedback dissemination to stakeholders, the NPA will for the first time issue a Stakeholder Report towards the second half of 2007. Furthermore, executive summaries of the Stakeholder Report and the Annual Report 2006/07 will be produced in IsiZulu, TshiVenda and Sesotho, as well as a Braille and audio version. These will be available in hard copy as well as on CD and the Internet.



Ms Bulelwa Makeke,
Executive Manager: Communications



Mr Panyaza Lesufi, NPA Spokesperson



The NPA hosted a successful Stakeholder Conference during March 2007



Stakeholders appreciated the opportunity to engage with the NPA during the Stakeholder Conference 2007.

The NPA continues to play a role in various partner and stakeholder forums in a formal and informal capacity. Operational partner engagements, liaison and consultation take place at national, provincial and regional level. On the international front, various business units and the NDPP continue to build relations – this is further elaborated on in the Report of the Office of the NDPP and the various business unit reports contained in this Annual Report.

A stakeholder value delivery focus was built into the annual business plans of all business units, with the standardised Annual Plan Template requiring business units to anticipate the value delivery and expectations required by NPA stakeholders. The units then had to respond in the Annual Plans by indicating what value will be delivered through the objectives, deliverables and activities, and reported on progress during the quarterly performance reviews.

The NPA cannot implement the NPA Strategy 2020 on its own and the organisation is firm in its resolve to work with partners and stakeholders to deliver justice for the greater good of South Africa and the continent. The NPA is committed to harness opportunities to take hands, work together, and share experiences, lessons, information, skills and expertise, and even resources where necessary, with partners and stakeholders.

.....
Ms Marion Sparg
Chief Executive Officer

SECTION 2: DELIVERY

Programme 4: National Prosecuting Authority

In terms of the Constitution, the mandate of the NPA is to institute criminal proceedings on behalf of the State and to carry out any necessary functions incidental thereto. To this primary responsibility carried out by the National Prosecutions Service (NPS), have been added, since the NPA's formation, several business units, namely: the Asset Forfeiture Unit (AFU), the Witness Protection Unit (WPU), the Sexual Offences and Community Affairs Unit (SOCA), the Priority Crimes Litigation Unit (PCLU), the Specialised Commercial Crime Unit (SCCU) and the Directorate of Special Operations (DSO). It has also developed a support services component, Corporate Services (CS), which manages a wide range of support functions, including finance and procurement, information management, human resources, security, research and others.

DELIVERY IS THE PROCESS BY WHICH THE NPA ENSURES THAT JUSTICE IS DELIVERED TO ITS CUSTOMERS.

NPA service delivery environment overview

The NPA has to ensure service delivery within a complex and diverse society with huge disparities in income and access to justice. In this society, dealing with crime effectively has become one of its top concerns.

The NPA is one of the key institutions of the state, dealing with crime and delivering justice to people. It cannot do its work properly without working with a range of partners, as the CJS depends on the cooperation of many role-players to ensure that justice is delivered effectively.

The high crime levels, the continuously changing nature of crime, and the growing sophistication of crime syndicates, perpetrators and their methods, place a huge burden on the justice system. The challenge therefore is to find innovative and smart ways to ensure that the justice system can deal effectively with these demands, but also to find ways to reduce the demands on the system.

The general skills shortage in the country is also felt by the justice system and particularly so, by the NPA. In addition to this, the physical infrastructure constraints, particularly at the Lower Courts, in terms of factors such as accommodation, working conditions and other resources, are reaching serious proportions. These constraints impact on the ability of the system and its people to work productively and to deal with cases effectively.

While dealing with crime effectively is a huge challenge, an increasing focus on crime prevention is important. This is already a strong focus for the SAPS, and the NPA has started to explore various ways in which it can work with the SAPS, communities and other stakeholders to make a contribution in this regard.

NPA organisational environment overview

From its inception in 1998, the NPA has grown into its role and usually had sufficient funding to develop to the next level. Unfortunately, this hasn't been the case in the past two years. The NPA has been severely hindered by a limited budget, especially in the area of goods, services and capital, which has prevented it from tackling its responsibilities as vigorously as it should.

Together with a slow-moving recruiting process and uncompetitive salaries in certain key posts, the NPA has become seriously understaffed. Many key positions are presently filled by persons who are increasingly frustrated by having been acting in their posts for two years or more.

The relatively high staff turnover of especially skilled and experienced employees is a real concern. Top NPA employees are a good catch for many companies, but the NPA should ideally retain the wealth of rare experience and expertise embodied in its people, to be passed on to next generations of prosecutors and advocates, investigators and analysts. Steps taken to try to retain NPA employees include addressing factors that impact on employee satisfaction, such as improving their working conditions. The NPA works



The employees of the NPA strive for service excellence in spite of less than ideal working conditions.



closely with the DoJ&CD in addressing the resourcing needs of the Lower Courts. The NPA has also embarked on a strategic project to ensure that it becomes an employer of choice.

A new, accelerated recruiting process and the resulting campaign now underway to fill 800 out of 1 300 identified posts, are a notable step in the right direction, but there remains a long way to go.

NPA strategic overview and key policy development

Legislation pertaining to recommendations of Khampepe Commission

On 28 June 2006, Cabinet endorsed the decision of the National Security Council (NSC) to accept in principle the recommendations of the Khampepe Commission of Inquiry into the mandate and location of the DSO. Cabinet charged the Directors-General of the NSC to develop proposals, including the amending of legislation, to specifically enable the state to implement these recommendations. The DoJ&CD, in consultation with the NPA, has drafted a Bill that will give effect to the recommendations of the Khampepe Commission. These include, among others, to provide for the:

- mandate of the Independent Complaints Directorate to cover complaints against the conduct of Special Investigators
- establishment of Coordinating and Operational Committees as sub-committees of the Ministerial Coordinating Committee, to assist the latter Committee in the exercise and performance of its powers, duties and functions
- Minister of Safety and Security to have political oversight and responsibility for the law enforcement component of the DSO
- amendment of sections 27 and 28(1)(a) of the NPA Act so as to further regulate the conducting of investigations by the DSO.

The Criminal Procedure Amendment Bill

This Bill emanates from a Report of the South Africa Law Reform Commission on the simplification of criminal procedure, and aims at providing a Director of Public Prosecutions with a right to appeal on a question of fact. The principle that the state should be allowed to appeal on the facts of a case, is fully supported by the NPA.

Criminal Law (Sentencing) Amendment Bill, 2007

The above Bill aims to:

- Expedite the finalisation of certain serious criminal cases
- Punish offenders of such cases appropriately
- Avoid secondary victimisation of complainants, which, inter alia, occurs when vulnerable witnesses have to repeat their testimony in more than one court.

To achieve the above objectives, the Bill:

- grants Regional Courts jurisdiction to impose a sentence of imprisonment for life in cases where it is prescribed
- repeals the provision requiring a Regional Court to refer an accused for sentencing to a High Court
- provides an automatic right of appeal in cases where a person is sentenced by a Regional Court to imprisonment for life
- requires the NDPP to adopt policy directives that set out which prosecutions must from the outset be instituted in the High Court and not in the Regional Court
- identifies circumstances that should not "constitute substantial and compelling circumstances justifying the imposition of a lesser sentence" in respect of the offence of rape.

Prosecution Policy

The NPA's Prosecution Policy³ was reviewed and amended during this reporting period. Among others, the amendments relate to:

- plea or sentence agreements
- a decision whether a case should be diverted.

Service delivery improvement

The NPA has engaged in a focused drive to improve its service delivery through various initiatives and strategic projects launched during the reporting period. In brief, these included the following:

- The design and documentation of standardised delivery processes to ensure uniform and consistent best practice processes throughout the NPA.
- Projects around Case Flow Management, case backlogs, capacity planning and operations management.
- Projects on new approaches to justice, such as Restorative Justice and Community Prosecution, with the focus on bringing the NPA closer to its customers and to understand their wants, needs and expectations.
- A project to build a customer management methodology for the NPA, and initiatives such as a court preparation programme to support victims and witnesses, and educational brochures on the role of the NPA and its units.
- Closer engagement with various stakeholders in designing solutions for service delivery, developing annual business plans for units, and the roll-out of strategic projects.



All prosecutors are guided by the mandate of the NPA and its legal framework.

Sub-programmes

The NPA's programme provides for: prosecution services guided by the Bill of Rights; witness protection within certain parameters; and the investigation of serious, complex and organised crime. Its three sub-programmes are:

- Sub-programme 1: Public Prosecutions, which deals with prosecuting services. Cases include prosecutions in the Lower and High Courts, alternative dispute resolutions, diversions, sexual offences and community affairs, priority crimes litigation and specialised commercial crimes.
- Sub-programme 2: Witness Protection, which provides protection, support services and related services to vulnerable and intimidated witnesses and related persons in judicial proceedings.
- Sub-programme 3: Special Operations, which deals with the disruption and prosecution of serious, complex and organised crime through the DSO, and the removal of the proceeds of crime through asset forfeiture.

Service delivery objectives and indicators

Due to the change in strategic approach and a significant improvement and bolstering of the performance measures of the various business units, as well as the roll-out of a set of strategic projects to support and improve performance, the NPA reports on its performance for the financial year 2006/07 through the standard ENE reporting table supplied by National Treasury (Table 3), and supports this reporting with a detailed performance reporting table (Annexure B⁴, Table 23), providing performance progress against annual plans of business units and strategic project plans.

³ A copy of the NPA's revised Prosecution Policy as amended during this reporting period is available from the Office of the NDPP, tel (012)845-6000. Private Bag X752, Pretoria, 0001.

⁴ Annexure B: Performance Information Reporting on Delivery 2006/07. Table 23 of this annexure provides detailed information and progress reporting on the deliverables and activities identified to attain these objectives.

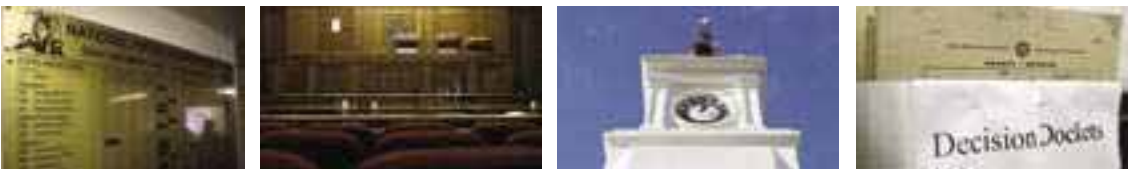


Table 3: Key measurable objectives for the NPA as reflected in the ENE

Sub-programme	Output	Measure/Indicator	Target
Public Prosecutions	Prosecution of criminal cases	Conviction rate	High Courts: 85% convicted
			District Courts: 85% convicted
			Regional Courts: 70% convicted
	Prosecution of cases involving women and children	Conviction rate in sexual offences courts	70% convicted
Witness Protection Programme	Effective and efficient support services to vulnerable and intimidated witnesses	Number of witnesses or family members assassinated or harmed while on the programme	Zero witnesses or family members
		Number of witnesses abandoning the programme	Zero witnesses
Special Operations	Disruption of organised crime	Conviction rate for organised crime	95% convicted
	Disruption of crime by asset forfeiture	Number of asset forfeitures completed	180 forfeitures
		Success rate in asset forfeiture cases	85% successful

Sub-programme 1: Public Prosecutions

Introduction

This Sub-programme deals with the service delivery operations of the NPS, SCCU, PCLU and SOCA. These NPA units are responsible for public prosecutions in terms of their respective mandates, as discussed hereafter.

Measurable objectives

The measurable objectives for this Sub-programme as contained in the ENE framework for this period are:

- Prosecution of criminal cases
- Prosecution of cases involving women and children.

In order to enhance focus, service delivery and alignment with the NPA's newly adopted Strategy 2020, the following additional annual measurable objectives for service delivery were built into the business plans of these Units:

- Contribute to crime prevention and community justice
- Contribute to better crime investigations
- Deal with cases efficiently and effectively
- Ensure joint problem-solving and cooperation with partners and stakeholders.

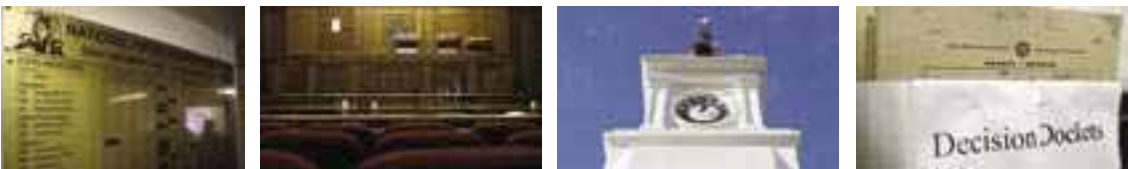
Service delivery objectives and indicators

The delivery objectives and indicators relating to this Sub-programme, and progress reporting on these indicators, are reflected in Table 4. Further detailed reporting on these and all additional delivery objectives and indicators included in the annual plans of the NPS, SCCU, PCLU and SOCA is to be found in Annexure B⁵, Table 23.

Table 4: Sub-programme 1 - ENE Service Delivery Objectives and Indicators

Sub-programme	Output	Measure/Indicator	Target	Actual	Reasons for deviation
Public Prosecution	Prosecution of criminal cases	Conviction rate	High Courts: 85% convicted	A total of 1 185 High Court trials were finalised with 1 016 convictions, giving a conviction rate of 85.7% A total of 1 209 section 52's were finalised with 988 convictions, giving a conviction rate of 89.5%. The High Court overall conviction rate achieved was 87.8%	Key reasons that contributed to targets not being met for High and Regional Courts and for cases involving women and children: <ul style="list-style-type: none"> • Teething problems with the introduction of Case Flow Management • A vacancy rate of 24% • Reduction in court hours • Increase in number of diversions
			District Courts: 85% convicted	NPS finalised a total of 295 233 cases, (with verdict), in District Courts with 258 172 convictions, giving a conviction rate of 87.4%.	
			Regional Courts: 75% convicted	NPS finalised a total of 36 831 cases in Regional Courts with 26 618 convictions, giving a conviction rate of 72%. SCCU finalised a total of 1 844 cases in Regional Courts with 1 515 convictions, giving a conviction rate of 95.56%. The Regional Court overall conviction rate achieved was 72%	
			Overall: 80% convicted	The overall conviction rate achieved was 85.8%	
	Prosecution of cases involving women and children	Conviction rate in sexual offences courts	70% convicted	NPS finalised a total of 5 964 cases with a verdict involving women and children with 3 869 convictions, giving a conviction rate of 65%.	

⁵Annexure B: Performance Information Reporting on Delivery 2006/07. Table 23 of this annexure provides detailed information and progress reporting on the deliverables and activities identified to attain these objectives.



Adv Mokotedi Mpshe, SC,
Deputy National Director of
Public Prosecutions, and Head: NPS.

Service delivery achievements: NPS, SCCU, PCLU and SOCA

National Prosecutions Service (NPS)

Purpose

In terms of Section 179 (2) of the Constitution, the NPS has the primary national responsibility for instituting criminal proceedings and performing related functions on behalf of the state.

The NPS is the largest single unit in the NPA and houses the public prosecutors and state advocates manning the nation's District, Regional and High Courts. Apart from the prosecution of cases and arising appeals, NPS employees are also responsible for matters such as litigation in ancillary matters, involving the resolution of criminal matters outside the formal trial process. These include diversions, admissions of guilt, and providing data on court performance.

Measurable objectives

A number of the key performance indicators for the NPS are reflected in Table 5, which track performance over a five-year period.

Table 5: NPS Service Delivery Performance Indicators - 2002/03 to 2006/07

National Prosecutions Service								
	2002/03	2003/04	2004/05	2005/06	2006/07	Change over previous year	Change over period	Notes
Cases finalised including diversions	422 338	414 488	399 966	411 417	378 926	-7.9%	-10.3%	Total fairly stable due to increased diversions
Admission of Guilt ⁶				464 015	471 497	1.6%	1.6%	New indicator measured from April 07
Diversions	14 808	17 952	18 946	37 422	44 474	18.8%	200.3%	Increased focus on diversions for juveniles
Cases finalised excluding diversions	407 530	396 536	381 020	373 995	334 452	-10.6%	-17.9%	Decrease continues, mainly due to abolition of Saturday and additional courts
Cases finalised (Saturday and Additional Courts)	29 969	23 380	11 751	1 432	1 522	6.3%	-94.9%	
New cases	1 117 879	1 117 488	1 084 137	1 069 724	1 062 147	-0.7%	-5.0%	Slight decrease due to better screening
Decision dockets received - Lower Courts	484 547	514 355	523 169	517 101	489 213	-5.4%	1.0%	Stable after increasing due to screening
Withdrawals	414 211	363 391	318 767	311 078	305 901	-1.7%	-26.1%	Significant decrease due to better screening
Outstanding roll	188 691	185 423	206 005	198 990	206 508	3.8%	9.4%	Slight decrease

⁶ Data only recorded by DoJ&CD from 05/06.

Backlog cases (cases older than 12 months in HC, older than 9 months in RC, 6 months in DC)			33 595	37 216	36 130	-2.9%	0.0%	Increase mostly in Regional Courts (04/05 excludes High Courts)
Awaiting trial detainees (March average)	58 744	54 157	52 371	48 807	48 196	-1.3%	-18.0%	Target: 10% decrease this year. About 8% of outstanding Regional Court cases are absconded cases
Court hours	04:09:09	04:08:04	04:07:58	04:06:34	03:59:18	-2.9%	-4.0%	Increased from 3:40 in 1999/00. Target= HC: 4:00, RC: 4:30, DC: 4:45
Conviction rate ⁷	81.6%	83.5%	85.1%	85.7%	85.8%	0.1%	5.1%	Increased from 80% in 1999/00

Highlights of achievements

During this reporting period an average of 1 559 courts (High and Lower Courts) finalised 378 926 cases with a conviction rate of 85.8 per cent. A total of 44 474 cases were diverted. At the end of March 2007, a total of 1 062 147 cases were enrolled, of which 722 361 were removed from the roll. The latter includes cases withdrawn, transferred, struck from the roll and warrants issued. A total of 5 177 fewer cases were withdrawn, constituting a 1.7 per cent decrease from 2005/06. All courts managed an average of 3h59:18, which is a marginal decrease from the 4h06 managed during 2005/06.

The court roll increased from 198 990 to a total of 206 508 cases. The backlog of cases (cases exceeding a cycle time of six months in Lower Courts and 12 months in High Court) has been reduced to 36 130 cases, from 37 216 recorded at the end of March 2006.

In the High Courts, 84 per cent of cases had been finalised within three years of first appearance in the District Court, compared to a mere 53 per cent the previous year. The conviction rate over the past three years was stable at 86 per cent on all trial cases. The number of convictions confirmed, in cases referred to the High Court for the purpose of imposing compulsory sentences, remained stable at 89 per cent.

The Lower Courts have maintained high conviction rates. The District Courts exceeded their target of 85 per cent by maintaining an 87 per cent conviction rate. The Regional Courts managed not only to exceed their target of 70 per cent by two per cent, but showed an improvement on the rate of 71 per cent, maintained during the previous year.

On average 59 Regional Courts dedicated to sexual offences finalised a total of 6 323 cases (including diversions), with a 65 per cent conviction rate.

The number of diversions has been improved by 19 per cent compared to the figures of the previous year. A total of 44 474 cases were diverted, compared to the total of 37 422 diversions during 2005/06.

A total of 471 497 payments for admission of guilt were received during the current reporting period.

From 1 April 2006 to 31 March 2007, a total of 1 139 agreements, comprising of 28 416 counts, were finalised by means of plea agreements.

Five backlog Regional Courts were established. The impact of these backlog courts from 1 November 2006 until the end of March 2007 was remarkable: 852 cases were finalised with a conviction rate of 77 per cent, and 510 cases were withdrawn, totalling 1 362 cases disposed of in an average court hours count of 3h23.

Thus far an average of 12 Community Courts has been established and these are fully functional, while negotiations are underway for the roll-out of a further 13 courts. The performance of these courts remains on par with a conviction rate of 95 per cent and a total of 12 887 cases finalised.



The management team of the NPS:
From left to right (front row), Adv Lungisile Mahlati, SC (DPP Eastern Cape Division), Adv Shamila Batohi (DPP Natal Provincial Division), Adv Mokotedi Mpshe, SC, (Head of the NPS), Adv Ivy Thenga (DPP Northern Cape Division) and Adv Charin de Beer, SC (DPP Witwatersrand Local Division). (Back row), Adv Rodney de Kock (DPP Western Cape Provincial Division), Adv Sibongile Mzinyathi (DPP Transvaal Provincial Division), Adv Johan Smit, SC (DPP Bophuthatswana Division), Mr Humphrey Lusu (DPP Transkei Division) and Adv Andreas du Toit, SC (Acting DPP Orange Free State Division).

⁷ The number of cases finalised with a guilty verdict, expressed as a percentage of the number of cases finalised with a verdict.



The High Courts have improved their performance during 2006/07.

Service delivery achievements

Court Performance

High Courts: Reduction in appeal backlogs

The aim was to reduce the backlog in High Court appeals, as identified by the Directors of Public Prosecution (DPP's), by 40 per cent. The Transvaal Provincial Division was selected as the pilot site. The first matters were only enrolled for the last week of March 2007, but all 12 appeals enrolled before the end of March were finalised.

High Courts: Conviction rate above target

The High Court average conviction rate of 85.7 per cent exceeded the 85 per cent target, with Bophuthatswana (92 per cent), Cape of Good Hope (93 per cent) and KwaZulu-Natal (91 per cent) being the Provincial Divisions registering exceptional performances. These performances exclude cases convicted in the Regional Courts but referred to the High Court for the passing of sentence (minimum sentence cases). The conviction rate of the Regional Courts was confirmed in 89.5 per cent of the minimum sentence matters referred to the High Court.

High Courts: Drop in number of cases finalised

The High Courts finalised 1 185 criminal trial cases, compared to the 1 374 in the previous financial year and 1 507 cases in 2004/05. The minimum sentence cases referred to the High Courts for sentencing also declined from 1 491 cases to 1 209 cases.

High Courts: Marginal improvement in court hours

Average High Court hours increased by one minute over the previous financial year – from 3h19m to 3h20m. Valuable court time is spent on appeals, motion applications, reviews and bail applications, yet these activities are not currently included in the calculation of actual hours spent in court.

Lower Courts: Reduction in case backlogs

Case backlogs are defined as the number of cases that exceed their targeted maximum cycle time of six months. At the end of March 2007, a total of 35 961 cases (18 per cent of the outstanding roll of 205 369 cases) were backlogged in the Lower Courts, which is a 3.1 per cent reduction on the previous year.

District Courts: backlogs

The NPS aims to ensure that the number of District Court backlog cases does not exceed 10 per cent of the outstanding court roll. At the end of March 2007, the backlog in the District Courts comprised 10 per cent (16 480) of the total of 158 951 outstanding cases. The backlog has been reduced from 11 per cent of the outstanding cases recorded at the end of March 2006.

Figure 2: Status of backlog cases in the Lower Courts

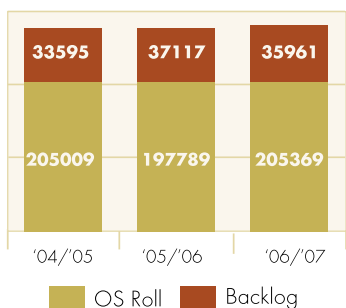
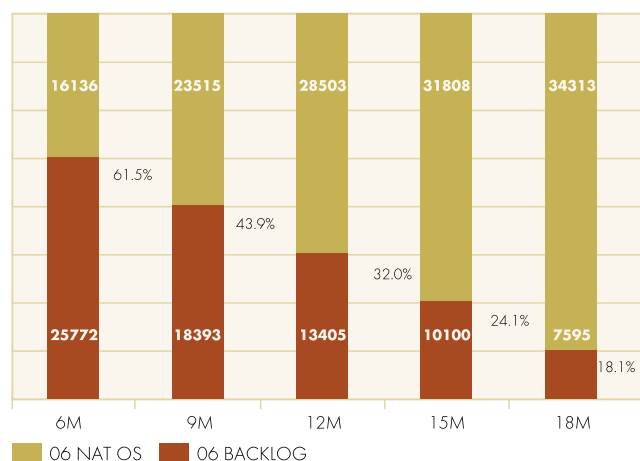


Figure 3: Backlog/outstanding cases ratio



Regional Courts: backlogs

The target is to ensure that the number of Regional Court backlog cases does not exceed 25 per cent of the outstanding court roll. The number of backlog cases remained constant at 43 per cent of the outstanding court roll. An audit conducted on outstanding cases at the end of November 2006 revealed that the case cycle time of six months is not realistic for Regional Court cases. The reason for this is that the complexity of the cases has increased.

Lower Courts: Diversions

The diversion process is a proven judicial method for offering effective justice to first time offenders in less serious matters. It aims to rejoin offenders to the law-abiding community in a manner that discourages them from re-offending. Diversions are also effective in preventing people from being incarcerated for

trivial matters. The number of diverted cases increased by 18.8 per cent compared to the previous year. The Vaalrand Cluster in particular should be commended for diverting 33.3 per cent (14 812) of the total number of cases diverted nationally in this year.

Increased use of alternative dispute resolutions or mechanisms, such as plea bargaining and admission of guilt

Alternative Dispute Resolution (ADR) is an umbrella term used to describe various ways of successfully resolving disputes outside the orthodox judicial process, with the intention of reducing unnecessary trial cases.

Admissions of Guilt

Admission of Guilt gives the accused the option of admitting his/her guilt by means of a predetermined fine. According to figures requested from the DoJ&CD, an increase of 1.6 per cent over the previous year was recorded. This can be ascribed to a focused approach by the NPA to reduce the trial cases in appropriate circumstances, so alleviating the burden of the trial courts.

Plea Bargains

Although many commentators without a deep understanding of the judicial system may view plea-bargaining as an easy way out – particularly for the wealthy – it is in fact a valuable tool for allowing justice to be wielded appropriately and without taking up unnecessary court time. The number of plea-bargain agreements decreased slightly from 1 204 in 2005/06 to 1 139 in this period. In 27.4 per cent of these cases custodial sentences were imposed.

Consistent conviction rates

The District Courts maintained an 87.4 per cent average conviction rate for the third successive year, while the Regional Court conviction rate increased to 72 per cent compared to the 71 per cent in 2005/06 and 70 per cent in 2004/05.

Number of cases finalised

The overall decline in finalised cases is disappointing. However, this result should not be viewed in isolation, as it is partly a consequence of positive results in other parts of the justice equation. The NPS finalised 376 538 cases, constituting a 8.5 per cent decline. (Refer Figure 5).

The District Courts finalised 295 233 verdict cases, an 11 per cent decline on the previous year's performance. However, the number of diverted cases increased by 18.9 per cent, which demonstrates the focused approach of the NPA to reduce the trial cases through alternative means.

The Regional Courts finalised 36 831 verdict cases, representing a 5.8 per cent decline compared to the previous year. In these courts fewer matters were diverted due to the seriousness of offences. The total finalisation rate of 37 266 is therefore only 4.5 per cent below the 39 386 total finalisation rate of 2005/06. The fruits of the national focus on case backlogs are clearly evident.

Improvement in court hours

In 2006/07 the NPA focused on the finalisation rate of a court as opposed to the average court hours per court. However, average court hours still remain a good indicator of the effective utilisation of the courts. In Figure 7, the comparison of the average court hours achieved over the past three financial years is illustrated.

Average hours maintained by the District Courts decreased by 2.6 per cent compared to the previous year, from an average of 4h08m to 4h02m. Alternative measures to reduce trial case matters are a positive means of expediting justice, but it has the effect of reducing recorded court hours. Time spent on alternative methods to reduce trial cases is not recorded as court hours. When the NPS' recommended ratio of two prosecutors per court is attained, recorded court hours will inevitably rise as out-of-court negotiations can be handled by the second prosecutor. Regional Court average hours also fell 2.6 per cent to 3h55m compared to the average of 4h02m achieved during 2005/06.

Figure 4: Diversions in the Lower Courts

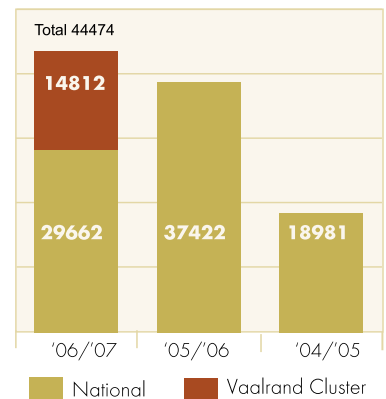


Figure 5: Conviction rates in the Lower Courts

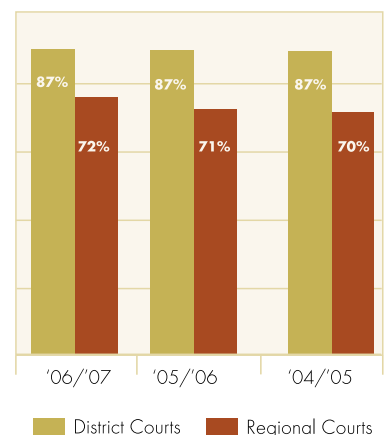
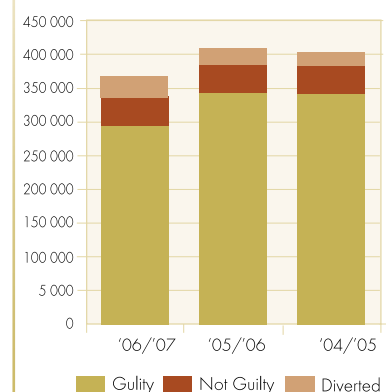


Figure 6: Finalisation rates in the Lower Courts



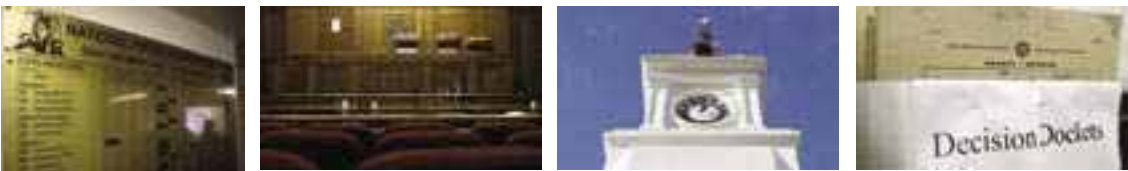
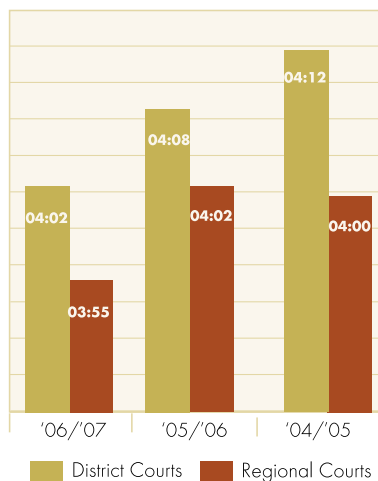


Figure 7: Average court hours in the Lower Courts



Programmes and projects

Community Courts

Community Courts can be defined as courts that utilise an integrated approach to combating crime, improving access to justice and promoting community participation. The NPS is cooperating with the DoJ&CD in rolling out additional community courts. Thus far, 12 Community Courts are fully functional and negotiations are underway for the roll-out of a further 13 courts.

Table 6: Performance of Community Courts as at the end of March 2007

	Total cases finalised	Total new cases received	Conviction rate	With verdict	ADR
2006/07	12 887	27 660	95%	6 914	5 973
2005/06	23 192	43 110	96%	16 753	5 753

Community Prosecutions

The NPA has been exploring problem-solving and proactive means of dealing with crime and resolving conflict by testing alternative law enforcement mechanisms. Ideally, these would involve the community, law enforcement agencies and other partners and stakeholders in crime prevention strategies.

Consequently, the Community Prosecutions Project commenced in March 2006, with the main objective of defining the role of the NPA in crime prevention. This Project has already attracted considerable media attention and its initial results are most promising. During the year of review, nine pilot sites were established, one in each province, and community prosecutors were deployed to explore the NPA's role in crime prevention.

National Backlog Project

The objective of this Project was to reduce the case backlogs in District, Regional and High Courts by 20 per cent. The Project focused on five Regional Courts (Pietermaritzburg, Port Elizabeth, Pretoria, Bellville and Protea) that had the highest percentage of case backlogs. The intervention (in the form of additional courts) commenced on 1 November 2006.

Additional full-time assistance was provided and ex-magistrates, additional prosecutors and legal aid practitioners were brought in to assist. Saturday Court sessions were held at the Protea (Soweto) Regional Courts from 1 November 2006 to 15 February 2007, specifically because of accommodation challenges that made establishing full-time additional courts with additional staff impossible. Since March 2007, a full-time court was established in nearby Lenasia, enabling the Saturday sessions to be terminated.

A further 20 additional regional backlog reduction courts were consequently established at court sites with the highest number of backlog cases⁸.

A comparative analysis has shown that the backlog was reduced by 8.9 per cent at the identified hotspot sites, although the first five roll-out sites show a reduction of 14.6 per cent, against the initial target of 20 per cent (baseline figures of June 2006).

This 20 per cent target was set in accordance with a roll-out of additional courts at all identified hotspot sites, but only 25 per cent of these courts were actually established in this financial year. This, therefore, constitute an excellent performance.

Court and Case Flow Management System

A Case Flow Management (CFM) system has been adopted by the DoJ&CD, the NPA and other role-players in the CJS. Effective CFM will speed up the finalisation of cases and reduce backlogs, though all role-players in the CJS must play their parts. The negative financial impact on all stakeholders of multiple postponements of cases, incarceration of awaiting-trial prisoners and loss of court days can and should be

⁸ Cases on the Regional Court roll for longer than six months.



Guidelines for community prosecutors assist them in establishing relationships with stakeholders.



Through its Community Prosecutions Project, the NPA is working with the community, partners and local government to solve and prevent crimes that affect the local community.

minimised. Lower Court prosecutors are being trained on the CFM system. A digital template was designed and implemented to monitor CFM and to measure the work load of prosecutors, who to a large extent are still sidetracked by non-core duties and record case information manually rather than digitally.

The database assembled from this template is being used to plan the effective allocation of resources, to design interventions when a need is identified, to monitor the overall progress of the courts and to report on outcomes. Detailed analysis of these outcomes will enable the NPS to assess the impact of policies, programmes and projects in conjunction with budgetary requirements.

Organised Crime Initiative

The growing threat of organised crime has led the NPS to agree to a joint anti-organised crime initiative with the AFU and the SAPS. This Project was initiated in August 2006. A structure has been developed and a formal agreement is well under-way.

Joint teams will use the PGI methodology to co-locate specialised, organised crime prosecutors around the country with AFU operatives and investigators from the SAPS Organised Crime Units. The current roster of organised crime cases and investigations has been audited and particular matters prioritised for action.

As a result, the NPS has requested the creation of 68 posts for specialised prosecutors within all provinces (in addition to the 17 posts created in 2006), to be coordinated by the relevant Deputy Directors or senior personnel in their regions.

Specialist Tax Units

Specialist Tax Units (STU's) were created during 2003, but it has taken time, experience and research to determine how these Units should be organised for optimum efficiency.

Despite significant vacancies, the STU's have been a great success and are already making a major impact on tax compliance. A recent successful judgment in the Supreme Court of Appeal demonstrated that tax-related offences are viewed in a serious light by the judiciary.

In 2004/05, 301 accused persons and/or entities were convicted. In the following year (2005/06), successful prosecutions delivered 382 convictions, a 27 per cent increase in productivity. A total of 458 cases were finalised in this financial year. The conviction rate in the STU's is above 95 per cent.

The STU's also play a major role in the NPS's organised crime operations and the South African Revenue Service (SARS) has requested that STU's become more involved at earlier stages of their investigations. Acceding to this request will doubtlessly result in more effective prosecutions, but will also significantly increase the workload of the already overburdened STU's. Immediate expansion of the STU's is needed, as these Units can certainly have an even bigger impact on tax compliance and organised crime.

Project 24/7

Commenced late in 2006, Project 24/7 is examining the increased accessibility of prosecutors and defining the concept of being available 24 hours a day, seven days a week in the current environment. Its mandate and scope are being prepared before the concept is tested.

Project Clean-up

Project Clean-up mandated prosecutors to work on Saturdays on an overtime basis between November 2006 and March 2007 to increase efficiency. It entailed dealing with non-court trial duties such as inquests, case preparations, consultations with witnesses, maintenance matters, appeals, representations, decision dockets and general guidance to investigating officers. The results of Project Clean-up by the end of March 2007 were as follows:

- 1 998 NPS staff participated
- 3 447 dockets were prepared for court and screened
- 2 957 inquests were dealt with
- 839 outstanding files were finalised
- 34 736 decision dockets were dealt with
- 131 consultations with witnesses were conducted
- 156 reports were drafted
- 2 231 administrative tasks were undertaken.



NPA strives to deal efficiently with community crime issues.



The NPA and its partners made good progress in reducing case backlogs.



Court Preparation Programme

The support and assistance rendered by Court Preparation Officials to assist victims of crimes and abused children in particular, continued in this period. There are presently 68 Court Preparation Officials, with an additional 69 to be appointed with effect from 1 March 2007.

A work study has been done to determine areas for expansion and a request submitted to create a further 72 Court Preparation Official posts and five additional Supervisor posts.

Restorative Justice (RJ)

The Restorative Justice Project is exploring the concept of Restorative Justice in the South African context and is establishing best practices to be implemented by the NPA. This Project also seeks to extend the use of diversions as an alternative method of delivering justice. In this period a national conference on RJ was hosted in which prosecutors engaged the concept and application thereof. This has been followed up with regional awareness sessions that commenced in March 2007.

Awaiting Trial Detainees Project

Another strategic project of the NPA for the 2006/07 period, was to reduce the numbers of awaiting-trial detainees, especially detained children and juveniles. This Project's objectives are to develop criteria for filtering detainees according to the severity of charges, in order to effectively manage awaiting-trial children and to participate in relevant provincial structures. The Department of Correctional Services (DCS) confirmed that the number of awaiting trial detainees decreased by 1.3 per cent from the previous year, proving that this NPS initiative is having an impact.

Awaiting-trial Detainee Guidelines were compiled and distributed in April 2007 to assist prosecutors to manage awaiting-trial detainee cases. These Guidelines identify several measures to try to reduce the number of awaiting-trial detainees.

The Guidelines contain tools specifically for managing children and juveniles, such as case-screening, case-review task teams, statistical information sheets, and case cycle times. Guidelines for interaction with other role-players are also provided.

Noteworthy cases

State versus Fanuel Sitakeni Masiya

From the date of this judgment, the common law definition of rape has been extended to include acts of anal penetration of females. Prior to this judgment, anal penetration of a female would have been regarded as indecent assault, which carries a lighter sentence than rape. This judgment acknowledges the seriousness of the violation, and convictions could result in life sentences being imposed. This groundbreaking decision was recently confirmed by the Constitutional Court.

The "Baby Jordan" case

A defenseless baby was murdered by killers contracted by the girlfriend of the biological father of the baby. The three accused, including the girlfriend, were found guilty and sentenced to life imprisonment. The two young offenders were sentenced to 15 years' imprisonment each.

The "Fancy Boys" Case

All the accused (with the exception of the fourth accused) were members of a gang known as the "Fancy Boys". The NPS successfully prosecuted the accused in the High Court under the Prevention of Organised Crime Act (POCA), and they received lengthy sentences of imprisonment. The gang derived its income from dealing in drugs and house robberies. Their modus operandi would be to identify a prospective victim by tracing the victim's personal details through a vehicle ownership query, which they did through contacts at the local traffic department. They exclusively targeted people from affluent suburbs in and around Cape Town. To avoid detection, they would steal motor vehicles as transport to and from house robberies.

The Brett Goldin murder

Well-known actor Brett Goldin, and his friend, Richard Bloom, a fashion designer, were hijacked by a gang

The aspirant prosecutor programme of the NPA ensures that newly deployed prosecutors are fully equipped to deal with the demands of the courts.



Communities and business support the NPA in creating a suitable environment that enables abused children to tell their story to the court.

in Sea Point and later executed. The deceased, Brett Goldin, was about to perform in the play Hamlet, for the Royal Shakespeare Company in the United Kingdom, therefore their murders received international publicity. The accused entered into plea agreements with the state at the last moment and particularly lengthy jail terms were imposed. The NPS' involvement and the outstanding assistance rendered to the family of the deceased by Ms Janene Rheeder, the Regional Court Control Prosecutor at Wynberg Court, resulted in the family nominating her for the Woman of the Year award. Ms Rheeder is currently one of the finalists.

The Rattray murder

David Rattray, an internationally renowned historian who actively promoted battlefield tourism in Zululand, was shot dead by a group of armed men. The case against one of the accused was finalised in the High Court within weeks of the murder. This case highlighted an initiative in KwaZulu-Natal to deliver speedy justice by fast-tracking court cases in which the accused indicate their intention(s) to plead guilty. Several other cases were finalised in this way, including a case that was finalised within a week of the murder. This initiative, which has been ongoing in KwaZulu-Natal for about three years, aims at building confidence in the CJS.

State versus Dr Devandra Perumal

The accused was charged with one count of racketeering and 207 counts of fraud for supplying false medical information on alleged injuries sustained in motor vehicle accidents, which enabled claimants to institute false claims against the Road Accident Fund (RAF). The accused was found guilty on all counts and sentenced to 15 years' imprisonment and a R1 million fine, or 15 years' imprisonment and a further 15 years' imprisonment suspended for five years. This was the first conviction on a count of racketeering involving false claims against the RAF. The wide publicity this judgment received, resulted in other possibly false RAF claims being withdrawn and witnesses coming forward to report further possibly false claims. The RAF has since reported a decline in the numbers of claims submitted.

Stakeholder engagement

The NPS engages with a wide range of stakeholders within and related to the CJS. Prosecutors and state advocates in courts across South Africa engage on a daily basis with magistrates and judges, officials from the DoJ&CD, officers from SAPS, and with the various metropolitan policing forces. The Head of the NPS, Adv M Mpshe, SC, is a member of the joint Exco with the DoJ&CD and its operations sub-committee. The DPP's also engage with the judiciary through the Lower Courts Management Committee (LCMC).

The NPS' Specialised Tax Units work closely with SARS, SABRIC and Business Against Crime (BAC). The Community Prosecutors are developing working relations with various local organisations such as community policing forums. Prosecutors, advocates and court preparation officials interact regularly with NGOs that support victims of crime. Other stakeholders include Mondj, Sappi, Eskom, the petroleum industry, the Consumer Goods Council and others. Environment-focused organisations are also valued stakeholders.

Internationally, the NPS gains insights from, and offers input into, the International Association of Prosecutors (IAP) and the Africa Prosecutors Association (APA).

Social citizenship

Witness Care Centre (Thlokomelo Ya Dipaki)

This initiative is a pilot project of the Hatfield Community Court in partnership with the Tshwane University of Technology. Other partners are the Sunnyside and Brooklyn SAPS stations, NGOs, the City Improvement District Committee and the DoJ&CD. A holistic approach is followed ensuring that witnesses are:

- Kept informed of developments in their cases
- Informed of reasons for decisions made
- Assisted in having concerns, fears and needs identified and addressed.



Overcrowded prisons place a heavy burden on the Department of Correctional Services. The NPA has embarked on a strategic project to contribute to reducing the numbers of awaiting trial detainees.



Effective and efficient prosecutions ensure that justice is delivered.



The NPA works with its partners to seek solutions to collectively enhance the Criminal Justice System.

Assistance to victims of sexual offences

The Eastern Cape Division established mini one-stop sexual trauma centres for sexually abused persons. Its rationale was to extend the specialised services offered at TCC's throughout this region, but on a smaller scale. At each centre a prosecutor is on standby to be called to the trauma centre once a victim has been brought there by the SAPS. The prosecutor is involved from the moment the victim is first seen by the doctor, to ensure that the medical examination report is completed properly and that vital evidence is secured.

Timber theft

In KwaZulu-Natal, paper manufacturers Mondi and Sappi experienced an increase of timber theft from their plantations. The NPS met with the stakeholders and a joint initiative was undertaken. Sappi and Mondi were advised to mark their timber with proper identification marks that would enable a successful investigation and prosecution. The NPS then advised the chipping plant management, truck drivers and the community leaders of the implications of receiving and possessing suspected stolen property. These community leaders in turn informed their communities, and the Zululand Observer (local newspaper) published a warning to would-be offenders. It was reported that the theft of timber stopped completely.

Tourism Initiative

Since the end of 2005, the NPS in the Eastern Cape has had a structure in place with the Provincial Department of Safety and Liaison (DPSL) to prioritise crimes against tourists. The Tourism Board alerts the DPSL of any tourists moving into the more risky areas, and they then inform the SAPS to keep a special lookout over the safety of these tourists. If an offence is committed against a tourist, special measures to fast track the case kick in. The SAPS alerts the NPS of such a case, which ensures that the case is enrolled and evidence from the tourist(s) is immediately led so that the person/persons can continue travelling. During the Grahamstown Annual Art Festival, a dedicated court is established to deal similarly with matters that may arise during the course of the event.

Education of the youth

The NPS has embarked on a community outreach campaign in order to stay in touch with the community and to uplift the youth. Schoolchildren were taken to the Goodwood Prison in groups of 50 and were accompanied by at least two prosecutors, who addressed them on the dangers of drugs and crime in general. In the Vaalrand, children are also educated on drug abuse. In Pretoria, schoolchildren visited the local courts to be educated on crime and crime prevention.

KwaMashu Community Court

Due to its high crime rates, KwaMashu was identified as requiring a community court. Prior to setting up the court, numerous meetings were held with role-players and service providers to get their buy-in, as their support was regarded as vital to its success. Various service providers such as Khulisa, Nicro, Life Line, and government departments including the DSD and DCS, are based at the court so that a holistic approach can be utilised for delivering justice.

Emanang Nokeng Day Care Centre

The prosecutors of Vanderbijlpark and Sebokeng, with the help of Vesco Community Enterprises (VCE), assisted in upgrading and painting the Emanang Nokeng Day Care Centre in Vanderbijlpark.

These initiatives are but a few examples of community projects which prosecutors participate in throughout the country. The prosecutors perform these functions after hours and without any remuneration. They often fund these initiatives themselves. Activities that prosecutors perform include: feeding schemes, adopting a school, hosting Christmas parties for needy or sexually abused children and the elderly, uplifting needy crèches, providing clothing, toys and blankets.

The NPS actively encourages its divisions and individual employees to involve themselves in projects that uplift or support communities and vulnerable groups of people. The number of projects that are voluntarily supported by employees around the country, are proof that the NPA is an organisation filled with people who genuinely care.



The NPA strives to resolve cases justly, effectively and efficiently.

Professional memberships

International Association of Prosecutors

Four NPS prosecutors attended the Annual Conference of the International Association of Prosecutors (IAP) in Paris, France in September 2006. The IAP is non-governmental, non-political and the first and only world organisation for prosecutors. Both the Society of State Advocates and the Prosecutors Union are founding members of the IAP, with the NPS' Adv R Meintjes, SC, serving on the executive committee since 1996 and elected as vice-president (Africa) in 2001. The NPA itself became a member in 2000 and hosted the 5th IAP Conference in Cape Town. Over the years, the NPA has ensured that as many prosecutors as possible are exposed to these most informative annual conferences.

Africa Prosecutors Association

The previous National Director, Mr Bulelani Ngcuka, initiated the establishment of the APA, with its inaugural conference hosted by the NPA in March 2003. Adv M J Mpshe, SC, current head of the NPS, was elected the first president of the Association. The next APA Conference is scheduled to be held in Angola in July 2007.

A forecast for the 2007/08 period

The NPS has a key role to play in a young society characterised by an unequal distribution of wealth, resulting in a large segment of the population living in poverty. While other agencies of government strive to resolve this problem, the NPA must fulfil its responsibilities in making the CJS work in the face of the resulting and unacceptable crime levels.

It is clearly evident that this task is getting bigger and is demanding more resources. The NPS continues to complete a staggering amount of good work, although hampered by a lack of skilled personnel and resources which is reaching critical proportions.

Given the resources, the people and good work by stakeholders in the CJS, the NPS can raise the execution of its duties to new levels of excellence and effectiveness.



Most prosecutors prepare their cases after-hours and go to court to act as lawyers for the people.

Specialised Commercial Crimes Unit (SCCU)

Purpose

The purpose of the SCCU is to effectively investigate and prosecute complex commercial crime cases emanating from the SAPS Commercial Crime Branch. The SCCU presently has offices in Pretoria, Johannesburg, Durban, Port Elizabeth, Cape Town and Bloemfontein. A key element of the SCCU's operations is its PGI methodology, in which a prosecutor is involved in the case from the start of the investigation. Co-location of the SCCU office, the SAPS Commercial Branch and the Commercial Court in common or nearby premises is also critical.

Measurable objectives

A number of the key performance indicators for the SCCU are reflected in Table 7, tracking performance over a five-year period.



Adv Chris Jordaan, SC, Special Director of Public Prosecutions, and Head: SCCU.

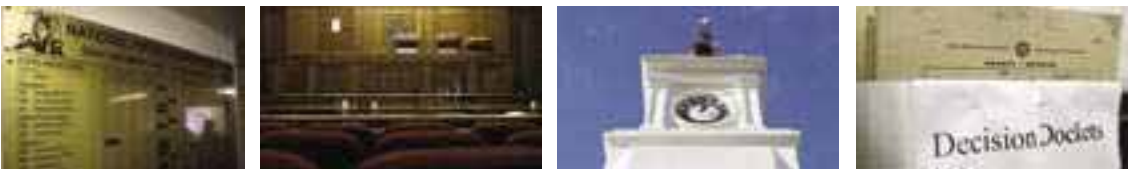


Table 7: SCCU Service Delivery Performance Indicators - 2002/03 to 2006/07

Specialised Commercial Crime								
	2002/03	2003/04	2004/05	2005/06	2006/07	Change over previous year	Change over period	Notes
Number of courts	2	2	4	4	7	70.8%	241.7%	Pretoria (2), Johannesburg(3), Durban(2), PE(1), Bloemfontein(1), Cape Town(1)
Convictions	283	491	653	857	1 515	76.8%	435.3%	Significant increase as new courts become fully operational
Conviction Rate	95.9%	95.0%	94.8%	94.6%	95.6%	1.0%	-0.3%	
Cases enrolled for trial	524	625	935	1 431	1 844	28.9%	251.9%	Significant increase as new courts become fully operational
Cases finalised	1 315	1 357	1 772	2 271	3 574	57.4%	158.2%	

Service delivery achievements

Several major cases were successfully prosecuted, resulting in convictions and long prison sentences. These high-profile cases include the convictions of prominent business people, NPA personnel, senior police officials and other civil servants. Sentences of direct imprisonment were imposed in 134 cases. The SCCU maintained a high conviction rate of 95.6 per cent, with 3 574 cases finalised, which is a satisfying 36 per cent above the previous financial year. Court hours for SCCU cases averaged 4h34 minutes per day. In terms of its Customer Charter, the SCCU met its target of ensuring that at least 60 per cent of all new customers must be given the contact details of the prosecutor assigned to their case(s), plus a copy of the Customer Charter and a feedback form on customer satisfaction. The SCCU Customer Charter was distributed to all relevant community forums. The quality of the SCCU's service rendered to the community remains outstanding, with:

- convictions averaging an exemplary 95.96 per cent
- 3 574 matters finalised, an increase of 57.4 per cent over the previous year
- a satisfactory court case hours rate of 4h34m per working day
- a significant 31 per cent increase in the use of section 105A of the Criminal Procedure Act, 1977 guilty pleas, otherwise known as plea-bargaining. This healthy rise can be attributed to the high quality of prosecution-guided investigations in the SCCU.

The roll-out of the SCCU to Cape Town and Bloemfontein has largely been finalised, with just the Bloemfontein Commercial Court still to be commissioned. A specialised prosecutor was made available at the East London Magistrate's Court to extend the accessibility of the SCCU in the Eastern Cape.

Noteworthy cases

TP Cornwell Tshavunghwa, a former Deputy Director of Public Prosecutions at the DSO, was convicted of committing fraud, perjury and driving under the influence of alcohol during the course of his duties. He was sentenced to seven years' imprisonment.

GA Keet, a former Magistrate, was convicted of 28 counts of corruption and sentenced to eight years' imprisonment.

B du Preez, a former SAPS Superintendent, was convicted of theft of R4.6 million and sentenced to eight years' imprisonment.

SK O'Reilly was convicted of 28 counts of fraud and sentenced to 15 years' imprisonment.

M Momberg was convicted of fraud and sentenced to 20 years' imprisonment.

M Kamara was convicted of black dollar fraud and sentenced to seven years' imprisonment.

R. Rwexana was convicted of fraud in connection with RDP housing and sentenced to six years, of which two years were suspended.

VB Arumugam and three others were convicted on charges of fraud relating to RAF touting and sentenced to 12 years, of which six years were suspended.

S Ghassan was convicted of offences relating to the Counterfeit Goods Act and sentenced to five years' imprisonment.

The trial of P Ghavalas, who is charged with pension fund fraud involving R400 million rand, is scheduled for October 2007.

The RAF project is still running successfully, with numerous cases being prosecuted.

A project with the South African Federation against Counterfeit Theft (SAFACT) is now fully underway, with two contracted prosecutors being appointed to the campaign.

Projects

The SCCU plays a leading role in developing the PGI methodology emanating from the NPA's Strategy 2020. Adv SC Jordaan, SC, the Head of the SCCU, is the leader of this Project, which is designed to improve the quality of investigations by ensuring earlier and closer cooperation between prosecutors and investigators. This Project is already 46 per cent completed, which is considerably above the 33 per cent target set for this financial year.

Stakeholder engagement

The SCCU's mandate of prosecuting commercial crime, requires constant cooperation with the SAPS Commercial Branch, the DoJ&CD and the AFU. Other regular stakeholders include the SABRIC, BAC the SA Reserve Bank, SAFACT and the RAF.

Social citizenship

All offices in the SCCU have taken steps to engage with and support the community, as the examples below demonstrate:

- The SCCU's Port Elizabeth office partnered with the Department of Welfare, the SAPS and several local businesses to donate food and gifts to needy street children. This office also treated a group of aids orphans to movies and a lunch.
- The Durban office has adopted the Msunduzi Aids Orphanage as its community project and provides food and other assistance each month.

A forecast for the 2007/08 period

The recent implementation of the Prevention and Combating of Corrupt Activities Act, 2004 which replaced the previous and unwieldy Corruption Act of 1992, is a key instrument in the state's battle against corruption.

With economic crimes growing as a percentage of overall crime statistics, an increased flow of corruption-related cases to the SCCU is expected, which will require close cooperation with the AFU and the SIU.

As its work-load increases, it is envisaged that the SCCU will need specialised support posts to raise performance capacity. The PGI initiative of the NPA, in accordance with its Strategy 2020, will definitely impact on SCCU activities. As this project moves closer to implementation, it will demand more resources and additional specific posts for its full implementation phase.

Average prosecutor case loads are expected to rise, especially as case lead times are not decreasing. The case load per prosecutor is alarmingly high in Pretoria (64 cases), Johannesburg (108 cases), Durban (93 cases) and Port Elizabeth (69 cases).

A dedicated court needs to be established in Bloemfontein soon, and a third commercial court is probably required in Pretoria. Additional magistrates experienced in commercial cases are also needed in Cape Town, Durban, Port Elizabeth and Bloemfontein.



The management team of the SCCU:
From left to right (front row), Adv Alicinia Coetzee (Regional Head Free State), Adv Glynnis Breytenbach (Regional Head Gauteng), Michelle Ramoorthy (DDPP Head Office), Adv Malini Govender (Regional Head Western Cape). (Back row) Adv Hansraj Cheetan Lal (Regional Head KZN), Adv Theunis Goosen (Regional Head Eastern Cape) and Adv Chris Jordaan, SC, (Head: SCCU).



Commercial courts located in common premises with the SCCU offices ensure easy access to the investigators and prosecutors.



Adv Anton Ackerman, SC, Special Director of Public Prosecutions, and Head: PCLU.

Priority Crimes Litigation Unit (PCLU)

Purpose

The PCLU was created by Presidential proclamation to prosecute crimes that impact on state security. The PCLU is grouped with other specialist units (SCCU, SOCA, and WPU) in the NPA's National Specialist Services Division (NSSD), which is headed by Deputy National Director of Public Prosecutions, Dr Silas Ramaite, SC. The PCLU is mandated to manage investigations and prosecutions relating to the following alleged contraventions:

- The Non-Proliferation of Weapons of Mass Destruction Act, 1993 and related nuclear legislation. This mandate includes all chemical, biological and nuclear proliferation matters.
- The National Conventional Arms Control Act, 2002.
- Mercenary and related activities.
- The Rome Statute of the International Criminal Court.
- National and International Terrorism.
- Matters emanating from the TRC where persons were refused or failed to apply for amnesty.
- Investigations of Missing Persons (persons reported as missing in the final report of the TRC).

Service delivery achievements

In this financial period, the PCLU participated commendably in international community initiatives to combat terrorism and related crimes. The unit regularly applied PGI methodologies in most investigations, and continuously informed stakeholders of developments affecting their interests. Pro-active measures were taken to protect witnesses and sensitive information.

Noteworthy cases and projects

Nuclear non-proliferation

The PCLU is currently working on proposed amendments to the Non-Proliferation of Weapons of Mass Destruction Act, 1993 and the Nuclear Energy Act, 1999.

State versus Messrs Geiges, Wisser and Krisch Engineering

In 2003 the interception of a cargo ship en route to Libya, carrying sensitive uranium-enrichment equipment, resulted in the exposure of an international nuclear weapons syndicate headed by prominent Pakistani scientist Abdul Qadeer Khan. The consequent investigation led to several countries, including South Africa. In September 2004, a joint PCLU/SAPS raid on an engineering works in Vanderbijlpark uncovered integral parts of a weapons-grade uranium enrichment plant packed in containers ready for shipment to Libya. Messrs Meyer, Geiges and Wisser were arrested and charged, but Meyer consequently turned state witness and the charges against him were withdrawn. The case is scheduled to commence in September 2007 in the Pretoria High Court. The PCLU's preparations for the case have been extremely time and resource-consuming, with the state needing to call over 250 local and foreign witnesses and to place approximately 20 000 pages of documentary evidence before the Court. This complex case is set to break new legal ground in South African and international law. The PCLU has helped other countries to investigate branches of the syndicate operating in their territories. Rulings and the judgment delivered in South Africa will probably have major legal ramifications for international law and consequent legal proceedings in the other involved nations.

Theft at the Nuclear Energy Corporation of South Africa (Necsa)

Several thefts of redundant and inoperable nuclear equipment occurred at Necsa's Pelindaba premises. It was evident that insiders were involved, but after carefully scrutinising the available evidence, the Unit decided that insufficient evidence existed to justify a prosecution against any of the suspects. The PCLU also advised on a task force to thwart further thefts, which has apparently solved this problem.

Further investigations being overseen by the PCLU into nuclear non-proliferation issues are at a very advanced stage and are too sensitive to be reported on at this time.

Non-proliferation of weapons of mass destruction (WMD)

Top-Cape Technology/Asher Karni

In 2004, the US Attorney General commended the PCLU for assisting in securing the conviction of Israeli citizen, Asher Karni, on charges relating to trafficking in trigger spark caps used in nuclear weapons. The US Attorney General advised that Karni was willing to cooperate with South African law enforcement authorities in bringing other role-players to book.

Conference in The Hague and lectures

The PCLU was invited to form part of the South African delegation to an international conference on chemical and biological weapons in The Hague, Netherlands. This proved an invaluable opportunity to establish contacts with international non-proliferation bodies and renew contact with the International Criminal Court.

Several other matters were referred to the PCLU for consideration, but the circumstances and evidence were such that the Unit declined to prosecute.

Mercenary Activity

The PCLU furnished input regarding amendment to the Prohibition of Mercenary Activities and Regulations of Certain Activities in Country of Armed Conflict Bill (B42B-2005).

Terrorism

The PCLU's activities in this area of responsibility included the following:

- attending a UN Counter-Terrorism Conference in Namibia and a conference in Midrand on Combating Terrorism in Africa
- drafting a legal opinion to the United Nations Office on Drugs and Crime (UNODC), through the Department of Foreign Affairs (DFA), on whether South Africa has a central authority in place to combat terrorism
- representing the NPA at a Counter-Terrorism Working Group chaired by the DFA.

Rome Statute

In this period the PCLU:

- drafted a legal opinion regarding South Africa's jurisdiction in taking over cases from the Rwandan International Criminal Tribunal
- rendered assistance to the Belgian Government regarding the murder of Belgian peacekeepers in Rwanda during 1994
- received a complaint regarding the deportation of a Pakistani national that may constitute an offence in terms of the Rome Statute.

Civil Litigation

Singh v The Minister for Justice and Constitutional Development and others

The PCLU submitted a legal opinion to senior counsel that had a major influence on reformulating the legal requirements for obtaining a nolle prosequi certificate. This ruling also probably saved the NPA a considerable amount of time and money on court proceedings that were no longer necessary.

Mutual Legal Assistance

S v Geiges, Wisser & Krisch Engineering (Pty) Ltd

This Unit submitted applications for MLA to the USA, UK, Spain, Switzerland, Malaysia and France. The PCLU has been commended on the quality of its applications and issued the requests, which were all accepted by the respective foreign Justice Ministries without query. Of interest is that the Swiss and German



Dr Silas Ramiate, Deputy National Director of Public Prosecutions, and Head: NSSD (SCCU, SOCA, WPU and PCLU).



governments had been unsuccessful in their earlier efforts to obtain assistance from Malaysia, which approved South Africa's request without reservation, despite the absence of a bilateral treaty.

Failed coup d'état on Equatorial Guinea

Germany requested assistance relating to a witness in South Africa who could confirm the torture of a German citizen while in custody in Equatorial Guinea. The PCLU traced this person and two other persons who witnessed the incident, and then assisted the German legal authorities to compile a request for this evidence to be used formally. Following a London meeting between UK authorities and the PCLU head, the British authorities have requested South African assistance to prosecute UK citizens who took part in the attempted coup d'état. The PCLU has recommended that this assistance be provided and Ministerial approval is awaited. The PCLU assisted the UK authorities on an informal basis during a visit to South Africa.

Contribution to Crime Reduction Strategies

Non-Proliferation Council

The PCLU regularly advised the Chairperson of the Non-Proliferation Council on proliferation threats and requested the NIA to take proactive steps to combat these.

Mozambique

The SAPS sought the PCLU's advice on the issue of arresting Mozambican criminals who were in hiding in Gauteng. At short notice, the PCLU researched the extradition treaties between Mozambique and South Africa, and also advised SAPS on possibly linking these criminals to local crimes, pending the lodging of extradition papers by the Mozambique Justice Ministry.

Legal Research and Opinions

The PCLU regularly provided legal research and opinions to other NPA units on request. The PCLU delivered a presentation to the international Nuclear Suppliers Group (NSG) on loopholes in international legislation regulating nuclear technology. A senior member of the NSG indicated in writing that the presentation offered invaluable insights and would influence the amending of international nuclear control regulations.

Missing Persons Task Team

Ten exhumations were performed and seven missing persons positively identified through DNA testing, much to the relief of their surviving families and friends. In the previous reporting year, the Minister of Justice and Constitutional Development appointed an interdepartmental team, which included the Missing Persons Task Team, to develop a national exhumations policy for approval at Cabinet level. Although investigations into missing persons are ongoing and continue to uncover vital new evidence, actual exhumations were halted until this new policy could be finalised. In this period, an additional investigator joined the Missing Persons Task Team to enhance its investigative capacity. Six of the ten exhumations were conducted in Mafikeng, three in Thohoyandou and one in Mamelodi. Seven identifications were completed through the use of DNA testing.

Stakeholder engagement

The PCLU regularly provided assistance and advice to the:

- Office of the NDPP and the DoJ&CD on techno-legal matters relating to international mutual legal assistance
- DFA with the correct formulation of notes verbales and on techno-legal matters relating to international mutual legal assistance
- Czech Republic, regarding its investigation into an international arms smuggling network
- UK and Switzerland on two occasions.

The Unit further regularly engaged with a broad range of South African and international organisations, which include:

- The International Atomic Energy Agency (IAEA)
- Various national government departments
- SARS, SAPS and all South African intelligence agencies
- International intelligence agencies and special services such as the CIA, FBI and MI6
- Prosecutorial authorities from around the world
- The US Department of Energy
- The Non-Proliferation of Weapons of Mass Destruction Council
- The UK and USA customs authorities
- The National Conventional Arms Control Council (NCACC)
- The International Criminal Court (ICC)
- The Financial Action Task Force (FATF)
- UNODC.

Social Citizenship

The PCLU is too small and specialised to get involved in hands-on community initiatives, but the impact of its work on the national and international community is immense. The PCLU's mandate and work are designed to keep South African society and the broader global community safe from serious threats such as unlawful nuclear technology, weapons of mass destruction, international terrorism and arms smuggling. It is also helping to heal the wounds of South Africa's apartheid past through its ground-breaking work on missing persons and the consequences of the TRC process. The PCLU continued to be a world leader in the performance of its mandate to protect mankind from itself.

A forecast for the 2008/09 period

Besides any new cases arising from its mandate, the PCLU already has a lengthy roster of ongoing cases and activities that are straining its present capacity to the hilt. It is clearly evident that the PCLU needs to create new prosecutorial, research and support posts, and be allocated larger premises and operational equipment, to continue to professionally handle its usually high profile responsibilities.

The *State versus Geiges, Wisser and Krisch Engineering* trial, which is likely to commence in the 2007/08 reporting year, will undoubtedly draw keen interest from nations and judiciaries around the world due to its probable impact on non-proliferation cases pending in other countries.

Ongoing post-TRC investigations and exhumations of missing persons from the pre-1994 era have attracted – and will in all likelihood continue to attract – considerable public interest. The PCLU will continue its investigations and make recommendations in accordance with its mandate in this area.

Sexual Offences and Community Affairs Unit (SOCA)

Purpose

SOCA was established in 1999 through a Presidential Proclamation in terms of section 13(1) (c) of the NPA Act. SOCA focuses primarily on issues involving the victimisation of women and children with emphasis on the following matters:

- Formulating policy on capacity building, sensitisation and scientific functional training for the prosecution of sexual offences, domestic violence and maintenance cases, as well as managing young offenders.
- Coordinating the establishment of Specialised Sexual Offences Courts for adjudicating sexual offences.
- Facilitating and formulating research techniques for prosecuting sexual offences, domestic violence and maintenance cases, as well as for managing young offenders.



Adv Thoko Majokweni, Special Director of Public Prosecutions, and Head: SOCA.



- Developing and implementing community awareness programmes and plans for the participation of NGOs in processes and procedures aimed at preventing or containing sexual offences, domestic violence, maintenance issues and the management of young offenders.
- Developing training programmes and mechanisms for the prosecution of sexual offences, domestic violence and maintenance cases, as well as for managing young offenders.

Embedded in this proclamation is a regard for human rights underpinned by a problem-solving approach to justice, which is performed through the SOCA's four operational sections. These are the:

- Sexual Offences Section, which deals with relevant common law offences and offences in terms of the Sexual Offences Act, 1957 and related legislation such as the Films and Publications Act; Criminal Procedure Act, Child Justice Bill, Sexual Offences Bill.
- Domestic Violence Section, which deals with offences committed in terms of the Domestic Violence Act, 1998 and other relevant legislation, aims to eliminate or minimise domestic victimisation.
- Maintenance Section, which deals with civil and criminal maintenance matters in terms of the Maintenance Act, 1998 and other relevant legislation, and intends to ensure access to maintenance for any person legally entitled to it, and to minimise the feminisation of poverty.
- Child Justice Section, which deals with young offender management as captured in the Child Justice Bill, 2002, and other relevant legislation, to ultimately ensure fair and rehabilitative management of child offenders.

The SOCA's goals and values are based on the principle that all people should live in freedom and security. The Unit has adopted a goal-orientated and project-based approach to achieving its objectives, and is achieving significant progress in combating violence against women and children, while also reducing secondary victimisation. The broad outcomes that SOCA seeks to achieve are to:

- improve the conviction rate in gender-based crimes and crimes against children
- actively protect vulnerable groups from abuse and violence
- ensure access to maintenance support
- systematically reduce secondary victimisation, so that all groups in society can make their meaningful and unhindered contributions to society.

Measurable objectives

A number of the key performance indicators for the SOCA and NPS in dealing with the prosecution of cases involving women and children are reflected in Table 8, tracking performance over a five-year period.

Table 8: SOCA/NPS Service Delivery Performance Indicators - 2002/03 to 2006/07

Sexual Offences - NPS and SOCA								
	2002/03	2003/04	2004/05	2005/06	2006/07	Change over previous year	Change over period	Notes
Number of dedicated courts	22	41	53	67	59	-12.4%	166.7%	Due to dedicated prosecutors plus better victim service. About 20% -26% of cases in Regional Courts are sexual offences. 50% of victims are younger than 16. About 25 more courts are required.
Conviction rate: Dedicated Courts	64%	61%	63%	70%	65%	-7.3%	1.4%	Against below 50% in other Regional Courts (last year 42%).
Number of TCC's	3	5	5	10	10	0.0%	233.3%	Integration of services from all departments brings conviction rates about.
Conviction rate: TCC's	74%	82%	80%	80%	83%	4.2%	12.6%	95% at well-established TCC in Wynberg.

Service delivery achievements

The UN General Assembly has recognised the "Thuthuzela⁹ Model" of multidisciplinary care centres as a "world best practice model" in the field of Gender Violence Management and Response.

SOCA developed and launched its "365 National Action Plan (NAP) on No Violence against Women and Children" on 8 March 2007 (the internationally recognised Women's Day). NAP is aimed at streamlining initiatives between government departments (provincial and local), the private sector and NGOs. For this purpose a calendar of national and provincial events was endorsed by the Deputy President and the Deputy Minister of Provincial and Local Government (DPLG), before being distributed to all stakeholders.

SOCA hosted a consultative session with Southern and Eastern African governments and NGOs regarding violence against children in these regions, with the results also presented to the European Union.

The establishment of new Thuthuzela Core Centres (TCC's) remains on track in accordance with the roll-out roadmap. SOCA has also developed an auditing tool to determine service delivery levels at the TCC's. Planning for national escalation of TCC's has been completed. The location of roll-out of these TCC's was guided by gender violence crime statistics and reflected in the footprint and road map documents developed by the Unit. SOCA intends to open an additional five TCC's by March 2008. Processes for these TCC's were mapped according to the blueprint document and other relevant documentation.

A Programme Steering Committee for the Trafficking in Persons Inter-sectoral Task Team was established to monitor, evaluate and provide strategic guidance for task team activities. This initiative was designed to develop an integrated strategy on trafficking in persons.

The following initiatives were implemented in accordance with the Maintenance Project of the NPA:

- A project to investigate and offer solutions to streamline and improve maintenance service delivery
- Design and development of a new brochure on maintenance
- Compilation of a baseline research report on the "current status of maintenance management"
- The appointment of maintenance investigators (45 in North West and Limpopo) and maintenance officers (34 in Limpopo and Northern Cape) in conjunction with the DoJ&CD
- The design of processes for Civil and Criminal procedures in line with the Maintenance Act
- The establishment of Maintenance Forums in all nine provinces.

⁹ Thuthuzela means "comfort" in Xhosa.



Table 9 records maintenance enquiries finalised between January and March 2007 in the listed provinces.

Table 9: Maintenance enquiries finalised

Province	Enquiries dealt with	Enquiries finalised
Eastern Cape	2 102	918
KwaZulu-Natal	4 112	2 126
North West	6 087	5 041
Northern Cape	1 710	998
Mpumalanga	2 268	1 226
TOTAL*	16 279	10 309

*Enquiries handled by 29 maintenance prosecutors.

Programmes, Projects and Training

SOCA has several national initiatives that are supported by international donor funding. Denmark confirmed in March 2007 that funding was approved for initiatives focusing on gender-based violence in terms of the Anti-Rape Strategy Framework, with emphasis on prevention, response and support. Projects currently under way include the following:

Thuthuzela Care Centres

A study by the Bureau of Justice Assistance that commenced in 2000 eventually resulted in an Interdepartmental Management Team (IDMT), chaired by SOCA, which developed a national anti-rape strategy. The result was 54 Sexual Offences Courts around South Africa, with 15 more scheduled for each year. These specialised courts are designed to ensure that women and children, both as complainants and witnesses, feel safe in the court environment. Complainants and witnesses are taken to comfortable and victim-friendly waiting areas where they are not exposed to accused persons.

These courts are supported by TCC's that provide medication and counselling to rape survivors. These multi-disciplinary care centres streamline the process of reporting, care-giving, investigation of cases and the subsequent prosecution of the case. The TCC concept has proved to be a world leader and enables the integrity of the evidence to be preserved, with a view to securing a conviction. A victim-centred approach is adopted, with reporting and management of rape cases removed from police stations to a victim-friendly centre situated within a hospital. Rape survivors have 24 hours access to assistance from medical staff, investigating officers, prosecutors, counsellors and emergency support services.

TCC's are linked to sexual offences courts, with dedicated prosecutors, closed circuit television (CCTV) systems for children to testify, intermediaries for children, counselling services and separate waiting areas for complainants.

Project Ndabezitha

Project Ndabezitha, launched in March 2007, in partnership with the DoJ&CD and National House of Traditional Leaders, focuses on Restorative Justice as a viable option in tackling domestic violence cases in rural communities. Unit standards for SAQA-accredited Integrated Domestic Violence Training Modules were assessed in terms of providing a standardised and accredited training curriculum.

Project Ndabezitha was inspired by the realisation that criminal prosecution is not the most effective intervention for all reported cases of domestic violence. This Project is empowering traditional leaders to deal with domestic violence in rural areas. The Project:

- takes justice to communities

- decreases backlogs in domestic violence cases
- reduces secondary victimisation
- introduces early intervention.

Domestic Violence Management Sites

This Project was conceptualised to provide a structured and multi-disciplinary response to domestic violence cases. Critical components of this Project are the following:

- Early intervention services
- ADR and Conflict Management services
- Domestic violence
- Court Services¹⁰
- Life skills and education capacitating.

This project aims to provide early and effective interventions to incidents of domestic violence. The needs of the victims are prioritised and attended to in an environment that offers integrated services under one roof. The intention is to restore family peace, love and unity, especially for first offenders.

Child Justice

A growing concern is the involvement of younger children in criminal activities. SOCA commissioned the Institute for Security Studies (ISS) to report on child offending in South Africa, and how diversionary methods can be deployed in this area. SOCA has to date trained 156 delegates on the following topics to ensure uniform and effective implementation of diversion practices:

- National Policy on Diversion
- Generic Trial Processes, including preliminary enquiries on diversion
- Minimum Standards on Diversion
- Rehabilitation programmes
- Restorative Justice principles
- Applicable Case Law
- Children's Act, 2005, principles of the Child Justice Bill and Children's Amendment Bill.

As a key participant in the Inter-sectoral Child Justice Committee (ISCCJ), SOCA has designed a national strategy to reduce the number of awaiting-trial children through case review teams. This strategy is part of the NPA Awaiting Trial Detainees (ATD) Project, and was initially implemented in the Western Cape and KwaZulu-Natal. The ATD Project is currently being rolled out to other provinces, starting in the Eastern Cape and Gauteng. Statistics received (Table 10) from the DCS show that the number of awaiting-trial children began dropping as from April 2007.

Table 10: Status of awaiting-trial children

Period (2007)	Total Number of Children
31 January	1 089
28 February	1 081
14 March	1 091
4 April	1 039



Community involvement and education are critical factors in preventing crime.



Children are assisted and supported when they go to court and the environment is adapted to be friendly and inviting.

¹⁰ Court Services entail Domestic Violence Criminal and Civil Courts only.



Human Trafficking

Following a seminar in 2003, a Trafficking in Persons Inter-sectoral Task Team chaired and administered by SOCA was mandated to define and implement a coordinated strategy for dealing with human trafficking. The consequent six pillar national strategy on trafficking in persons includes the following aspects:

- Information
- Capacity building and development
- Victim assistance and integration
- Policy and legislation development
- Liaison and consultation
- Monitoring and evaluation.

SOCA has since hosted a conference on human trafficking in which South Africa's neighbouring countries were invited to develop a regional solution for this scourge through operational planning and coordinated legislation.

Maintenance

Project Clean-up was initiated to tackle Maintenance Courts that are not effectively enforcing and implementing all provisions of the Maintenance Act, 1998. Problems include perceptions that courts are not prioritising maintenance cases, inefficient court administrative systems, insufficiently skilled court personnel, reluctance of employers to enforce court orders, and a general lack of understanding of the Maintenance Act by the members of public. This Project examined problems, reviewed existing practices and suggested ways and means of effectively implementing justice in terms of the Maintenance Act.

Training

The multidisciplinary training of role-players dealing with offences against women and children is an essential component of SOCA's service delivery. In this year, a total of 651 people were trained on matters relating to child pornography and child sex offenders, young offender management, sexual harassment policy, maintenance and child victims. Traditional leaders (Project Ndabezitha) and prosecutors were trained on the Integrated Domestic Violence Manual.



Women patiently wait to lodge their complaint for the non-payment of maintenance.

Table 11: SOCA training conducted

Course	Number of Course Modules	Total Trained
Child pornography prosecutions training	1	84 delegates
Young offender management training	6	156 delegates
Sexual harassment policy training	6	156 delegates
Maintenance Implementation Act training	1	64 maintenance prosecutors
Advanced skills on dealing with child victims and prosecuting of child sex offender training	1	82 delegates
Project Ndabezitha and integrated domestic violence training	4	109 delegates

Stakeholder engagement

SOCA works closely with all fellow CJS stakeholders, and the community aspects of its mandate, its care centres and public awareness campaigns result in working relations with many NGOs. As a primary funder of the TCC's, the government of Denmark is a key stakeholder, while the NGOs will include organisations that work against gender-based violence and support abused women and children.



Domestic violence disrupts the home environment and can have a negative impact on children witnessing this.

Social citizenship

SOCA has embarked on public awareness campaigns to increase the reporting rates of rape and sexual crimes. Younger people are especially targeted by these campaigns through initiatives such as the Schools Project and Adopt a School Project, which are conducted in partnership with the Department of Education (DoE). These Projects are designed to empower women by teaching them how to react to unlawful advances and how to access the support of SOCA and associated organisations.

Forecast for the 2007/08 Period

SOCA's strategy for the immediate years ahead is already well mapped out. The Unit must maintain the roll-out of further Sexual Offences Courts and TCCs, while building capacity in its areas of responsibility through training, filling new posts and launching public awareness programmes.

Sub-programme 2: Witness Protection Programme

Introduction

This Sub-programme deals with the service delivery operations of the Witness Protection Unit (WPU).

Measurable objectives

The measurable objective for this Sub-programme, as contained in the ENE framework for this period, is to ensure:

- Effective and efficient support services to vulnerable and intimidated witnesses.

This objective is pursued by the WPU. In order to enhance focus and service delivery, the following additional annual measurable objectives for service delivery were built into the business plan of the WPU¹¹:

- Contribute to crime prevention and community justice
- Contribute to better crime investigations
- Manage WPU cases effectively and efficiently.

Service delivery objectives and indicators

The delivery objectives and indicators relating to this Sub-programme, and progress reporting on these indicators are reflected in Table 12.

Table 12: Sub-programme 2 - ENE Service Delivery Objectives and Indicators

Sub-programme	Output	Measure/Indicator	Target	Actual	Reasons for deviation
Witness Protection Programme	Effective and efficient support services to vulnerable and intimidated witnesses	Number of witnesses or family members assassinated or harmed while on the programme	Zero witnesses or family members	Zero harmed	
		Number of witnesses abandoning the programme	Zero witnesses	3% of witnesses	Witnesses voluntarily walk off the program as a result of having interactions with the accused. On average 67% of those walking off, reapply when their lives are endangered.

¹¹ Annexure B: Performance Information Reporting on Delivery 2006/07. Table 23 of this annexure provides detailed information and progress reporting on the deliverables and activities identified to attain these objectives.



A great focus is placed on children as the future of the country.



Witness Protection Unit (WPU)

Purpose

In terms of the Witness Protection Act, 1998 the purpose of the WPU is to provide secure protection, support and related services to intimidated, vulnerable witnesses and related persons in judicial proceedings. Protection, support and related services are provided so that witnesses - without fear of harm to themselves, their families and other related persons – can provide essential evidence. In terms of the Act, the WPU is an independent and covert agency that does not have prosecution or police functions, but offers its services to all partners in the CJS. Witnesses and related persons requiring protection and support services are referred through partners such as the SAPS, NPA, other law enforcement agencies and international prosecution authorities, special courts and tribunals. A key principle is that the WPU safeguards witnesses without coaching them, thus ensuring the integrity of the testimony they can provide.

Highlights of Achievements

Internationally, the WPU is recognised as being in the top five in the world. No witnesses or related persons on the programme have been threatened, harmed or assassinated for the past six years. The reduction of grievances from witnesses on the programme dropped from 90 per cent in 2001/02 to a mere two per cent in 2006/07. The reduction in the number of voluntary walk-offs from the programme dropped from 40 per cent in 2001/02, to three per cent in 2006/07. The conviction rate of cases with witnesses on the programme increased from 80 per cent in 2005/06 to 90 per cent in 2006/07.

A number of the key performance indicators for the WPU in dealing with effective and efficient support services for vulnerable and intimidated witnesses are reflected in Table 13, tracking performance over a five-year period.

Table 13: WPU Service Delivery performance indicators - 2002/03 to 2006/07

Witness Protection Unit								
		2003/04	2004/05	2005/06	2006/07	Change over previous year	Change over period	Notes
Witnesses	375	422	247	220	229	4.1%	-38.9%	Had to cut post trial care for budget reasons
Total including families	735	865	499	488	497	1.8%	-32.4%	Had to cut post trial care for budget reasons
Conviction rate in cases involving WPU			85%	95%	95%	0.0%	0.0%	New indicator
Jail terms from evidence (years)	2 626	2 542	3 227	1 923	3 621	88.3%	37.9%	Consolidated
Life terms from evidence (years)	72	128	159	383	542	41.5%	652.8%	Consolidated
Witnesses harmed	0	0	0	0	0	0.0%	0.0%	Seven years in a row
Walking off program (%)	30%	1%	6%	3%	3%	7.7%	-90.0%	2001 was 40%
Formal grievances laid (%)	40%	10%	3%	1%	2%	100.0%	-95.0%	Reduced from 90% in 01/02
Cycle time (months)	54	42	30	30	24	-20.0%	-55.6%	2001 was five years

Setting international standards

Redesign, transformation and modernisation of the WPU continued, ensuring that it retains its prestigious position as a world leader in witness protection. The WPU's best practices philosophy has caused it to be consistently acclaimed as among the top five witness protection agencies in the world.

Service delivery achievements

The WPU offers its services only to vulnerable, intimidated witnesses and related persons in judicial proceedings, which are not restricted to criminal proceedings. On 31 March 2007, the WPU had 229 witnesses and 268 related persons on the programme. Not a single deserving witness or related person was refused assistance.

The programme has shown considerable improvement yearly over the past six years as described in its discussion on highlights of achievements.

The primary challenges when providing witness protection services, are maintaining the independent and covert status of the Unit in terms of its mandate, security, and dealing with capacity and budget constraints. In practice, growing numbers of protected people cannot return to their homes and previous lives after testimony, as they remain in real danger. This reality and other inescapable factors have inflated witness protection expenditure. Nevertheless, in this financial year the WPU remained within budget and recorded a projected saving of R1.6 million. The Unit's budget allocation for the period was R63.2 million, with approximately 70 per cent of expenditure being directly related to protection, support services and related services in terms of the mandate. There were no virements due to the budget saving and no roll-overs were requested.

Programmes and projects

The WPU ensures that it stays abreast of – and even leads – the field of witness protection via two ongoing programmes, named Project Pappilon and Project Continuous Redesign. Through Pappillon, the WPU constantly reviews developments in witness protection best practices, processes, training and technology to ensure that the WPU maintains its world standards. Project Continuous Redesign ensures that selected best practices are implemented and ongoing operations and processes adapted accordingly.

Stakeholder engagement

Cooperation with African and international agencies

As a recognised world leader, the WPU shares its expertise by advising, helping to build capacity in Africa, and sharing best practices globally. Major examples from this period include the following:

- Joint training of International Criminal Court (ICC) Witness Protection staff during February 2007
- Responding to a request from Germany for internships in South Africa in which Germans can learn from the WPU's witness protection best practices
- Assistance to Kenya to set up a Witness Protection Unit in terms of South African best practices
- Assistance provided to United Nations Tribunals such as the ICTR and the ICTY
- Assistance to the UNODC to develop witness protection best practice guidelines.

Due to the WPU's growing reputation for competence, other countries are requesting to enter into Special Witness Protection Protocol Agreements with South Africa. The WPU has also been invited to send staff members to take up one-year contract posts with the ICC.

The WPU's global commitments are growing steadily, but the Unit welcomes the opportunities to contribute to the international witness protection community. Africa in particular, needs to harmonise its witness protection legislation and set up best practice-based units – a process in which the WPU is more than willing to assist.

Social citizenship

Witnesses are a key component of any justice system. The protection of the right of witnesses to give evidence by ensuring their safety from criminal harm is a critical function in the pursuit of justice and the safeguarding of society. By protecting witnesses, the WPU ensures that more witnesses will cooperate with



The NPA serves with pride and integrity.

investigators and prosecutors, and will be willing to testify. This gives the CJS the capacity to pursue major cases in which witnesses would previously have felt too endangered to give evidence. The work of the WPU therefore enhances the state's capability to protect the fabric of society from elements that challenge the state's authority to implement law and wield justice.

Forecast for 2007 – 2008 period

The current deep transformation process of the NPA, with the accompanying redesign of its macro-structure, raises the questions of where the WPU should be located in future: in the DoJ&CD, in the NPA, or spun off as an independent and covert office as intended by the Witness Protection Act, 1998.

Other challenges faced by the WPU in 2007/08 are not all new, but certainly require attention. Apart from budgetary concerns, these challenges include the following:

- the ability of the CJS to fast-track cases, impacts on how much time witnesses spend on the programme and utilise the WPU's budgetary resources
- the difficulty to predetermine how many witnesses will require protection at any given time
- increasing international commitments regarding crimes against humanity, organised crime and terrorism stemming from the WPU's growing global stature
- increasing numbers of witnesses and related persons requiring protection as the SAPS right-sizes over the next few years and more arrests and prosecutions inevitably follow
- more people requiring witness protection stemming from the CJS's growing focus on organised, dangerous and violent crimes.

Sub-programme 3: Special Operations

Introduction

This Sub-programme deals with the service delivery operations of the DSO and the AFU. These are the NPA Units concerned with special operations in terms of their respective mandates, as discussed hereafter.

Measurable objectives

The measurable objectives for this Sub-programme, as contained in the ENE framework for this period, are the following:

- Disruption of organised crime
- Disruption of crime by asset forfeiture.

In order to enhance focus and service delivery, the following additional annual measurable objectives for service delivery were built into the business plans of these Units¹²:

- Contribute to crime prevention and community justice
- Contribute to better crime investigations
- Deal with cases efficiently and effectively
- Ensure joint problem-solving and cooperation with partners and stakeholders.

¹² Annexure B: Performance Information Reporting on Delivery 2006/07 of the NPA. Table 23 of this annexure provides detailed information and progress reporting on the deliverables and activities identified to attain these objectives.

Service delivery objectives and indicators

The delivery objectives and indicators relating to this Sub-programme, and progress reporting on these indicators are reflected in Table 14. Further detailed reporting on these and all additional delivery objectives and indicators included in the annual plans of the DSO and AFU is to be found in Annexure B, Table 23¹³.



Society is eager to see that justice is done.

Table 14: Sub-programme 3 - ENE Service Delivery Objectives and Indicators

Sub-programme	Output	Measure/Indicator	Target	Actual	Reasons for deviation
Special Operations	Disruption of organised crime	Conviction rate for organised crime	95% convicted	85% (214 prosecuted cases finalised out of 250 as target)	<ul style="list-style-type: none"> Lack of resources to investigate and prosecute Nature of cases and complexity result in longer investigation required before prosecution can be instituted Lack of allocated court time
	Disruption of crime by asset forfeiture	Number of asset forfeitures completed	180 forfeitures	243 Completed	
		Success rate in asset forfeiture cases	85% successful	86.5%	

Directorate of Special Operations (DSO)

Purpose

The DSO is mandated to investigate and prosecute individuals who commit and profit from organised crime. The DSO's unique composition enables it to focus its resources and tackle complex crimes under one command. The DSO's strategy remains etched around three main objectives, which are to:

- use a multi-disciplinary and success-driven approach to effectively deal with cases
- be more pro-active, pre-emptive and intelligent in investigating organised crime
- target the top-end perpetrators and the proceeds of priority crimes.

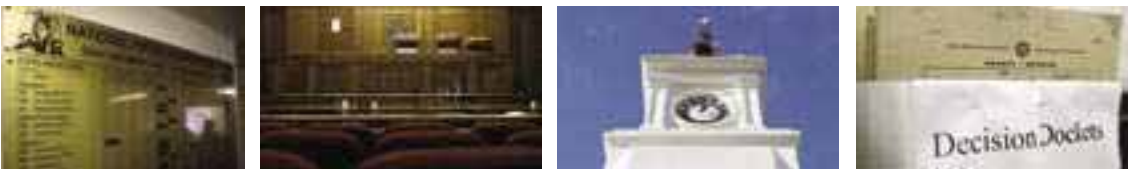
This strategy has generally worked well and should be reinforced. While reviews are good, the past has shown the need for doing more, planning less.

The DSO is an institution of paramount importance in South Africa's effort to disrupt trans-national and high-level organised crime. It should be nurtured, supported and celebrated.



Adv Leonard McCarthy, Deputy National Director of Public Prosecutions, and Head: DSO

¹³ Annexure B: Performance Information Reporting on Delivery 2006/07 of the NPA. Table 23 of this annexure provides detailed information and progress reporting on the deliverables and activities identified to attain these objectives.



Highlights of achievements

The DSO has emerged from the Khampepe Commission, geared to improve its functioning and to enhance the execution of its mandate, in line with Cabinet's decision of 29 June 2006. In this period the Directorate – with a personnel capacity of just 65 per cent - performed well in the fight against organised crime:

- It initiated 368 new investigative assignments and finalised 264 current major investigations; prosecuted 214 cases to conclusion, with a conviction rate of 85 per cent; arrested 617 suspects, restrained assets worth over R1 billion, compensated victims to the amount of approximately R50 million and seized contraband and drugs worth almost R1 billion.
- Major achievements in this year included the arrest in the Kebble murder; the major drug confiscations (R600 million) in Johannesburg and Cape Town; its impact on disrupting Internet-banking and cyber-crime; the *Travelgate* prosecutions that have resulted in 38 of the 40 cases against Members of Parliament being disposed of; its focus on 40 of the Top 100 criminals identified under the Crime Threat Analysis (CTA); the convictions in the *Leisurenet* prosecution; the motion applications won in the High Court and the success in the *Shaik and Yengeni* appeals.

A number of the key performance indicators for the DSO in dealing with matters falling within its mandate are reflected in Table 15, tracking performance over a five-year period.

Table 15: DSO Service Delivery performance indicators - 2002/03 to 2006/07

Directorate of Special Operations							
	2002/03	2003/04	2004/05	2005/06	2006/07	Change over previous year	Change over period
Investigations finalised (no. of cases)	190	205	325	318	267	-16.0%	40.5%
Investigations new (no. of cases)			334	380	368	-3.2%	0.0%
Arrests (no. of persons)	66	290	471	447	617	38.0%	834.8%
Prosecutions finalised (no. of cases)	180	189	234	243	214	-11.9%	18.9%
Conviction rate	86%	94%	88%	82%	85%	3.7%	-1.2%
Restraint orders with AFU (R'000)		R132 000	R180 000	R236 000	R1 050 000	344.9%	695.4%
Contrabrand seized (R'000)	R500 000	R1 150 000	R2 460 000	R445 000	R956 580	115.0%	91.3%

Service delivery achievements

The DSO is the first law enforcement organisation in South Africa to have convicted auditors and financial directors for financial statement fraud, to have secured money-laundering and racketeering convictions, and to have carried out large-scale drug seizures in collaboration with international law enforcement agencies.

It has also recently established a project management office to monitor investigations, as well as a Digital Detective Unit with the forensic expertise to tackle cyber crime.

On the DSO's own internal analysis, the Unit is currently functioning at about 60 per cent of ideal performance, measured against optimal capacity. The most important reasons for this performance level are the following:

- Challenges in sourcing the right work
- Complexity of dealing with high-level organised crime
- Lack of capacity and capability to deal with high-level organised crime investigations and prosecutions
- Distorted outsourcing of professional services
- Measuring the DSO's performance in terms of quantitative indicators and substantive impact
- Implementing Cabinet's decision regarding the function and mandate of the DSO and its cooperation with major role players in the CJS.

The DSO has begun establishing a dedicated administrative component as part of its Transformation Programme. More than 280 posts were advertised during this financial year. Presently, the DSO is operating at 65 per cent of optimal staff capacity, but filling the 280 vacant posts will significantly expand the personnel component, especially in investigative capability. The biggest challenge of this process is finding suitable and experienced candidates, to equip them with the requisite skills and to retain them in the DSO.

Some major business imperatives during this reporting period were the following:

- Creating a separate business account for the DSO's financial transactions
- The Top 100 list of criminals and the 40 per cent alignment of current investigations to it
- Increasing general capacity in the DSO, in particular its capacity to deal with high-level organised crime investigations
- The impact of DSO activity results on the crime situation in South Africa
- DSO Head Office's capacity to deal with strategic, risk and effective operational management.

The DSO has reinforced its troika approach to ensure that investigators, analysts and prosecutors are involved in key projects from inception. Early prosecutorial oversight is aimed at ensuring that all evidence and information collected is court-directed. This approach, based on the principle of constant prosecutorial oversight in investigations, is the cornerstone of the success of the DSO.

During this period the Office of the Investigating Director conducted an operational case audit from which the factors impeding operational efficiency have been identified and actions have been agreed on to deal with these.

Highlights of cases, activities, and impact on crime focus areas

The most important activities in this period included wrapping-up cases emanating from the Joint Anti-Corruption Task Team (JACTT) work in the Eastern Cape, a revamping of the DSO's CTA, finalisation of old and priority investigations, and the prosecution of pressing and high-impact cases. Disruption of organised crime was pursued largely through the targeted interdiction of drugs and contraband, and supporting the seizure, confiscation and forfeiture of ill-gotten gains. Major achievements for this year included the following:

- Arrest in the Kebble murder
- Major drug confiscations of over R600 million street value in Johannesburg and Cape Town
- DSO's impact in disrupting Internet banking and cyber crime
- Travelfraud prosecutions, which have resulted in 38 of 40 cases against Members of Parliament being concluded
- Focus on 40 of the Top 100 criminals identified under the CTA
- Convictions in the *Leisurenet* prosecution
- Winning rulings in the *Shaik* and *Yengeni* appeals; the *Shaik* appeal presents a significant victory for the DSO in the application of the law and in pursuit for justice. The ruling of the Supreme Court of Appeal amounts to a ringing endorsement of the investigative techniques and strategies of the DSO
- Other cases of note being investigated or prosecuted are: *Fidentia*, *Saambou Bank*, *Project PC* (cyber crime), *Guanxi* and *Agliotti*. More cannot be said about certain of these matters, either because of the current sensitivities of these investigations, or the *sub-judice* rule.



Serious and complex financial crime

Coolfrog 2: Station Café

This Project involves cyber crime in the banking industry that is committed from the anonymity of Internet cafés. In March 2007, the Gauteng office made a major breakthrough in the case by arresting an IT mastermind, involved in the acquisition and preparation of spy ware that had been placed on South African banking systems. The suspect also played a major role in moving the proceeds of these Internet frauds to bank accounts in New York and other parts of the world. Investigators have thus far quantified the real prejudice to banking clients at R20 million. The DSO is addressing this syndicate that operates widely in South Africa and abroad.

Project PC

In early January 2006, DSO KwaZulu-Natal was approached by the DSD to assist with an investigation into fraudulent grants being created by syndicates, directly on its SOCPEN computer systems. During December 2005, these syndicates had gained access to the SOCPEN system and created more than 700 fraudulent grants, amounting to several millions of Rand in payments. The DSD was further perturbed that the syndicates had managed to obtain the details of official user-names and passwords. It was found that syndicates are using key loggers and/or spy software to infiltrate state computer systems with the objective of creating unlawful payments into bank accounts across the country. At the time of reporting, seven investigations were underway and 25 arrests had already been made.

This Project is also noteworthy as it is a joint prosecution between the DSO and SAPS. Several other stakeholders, such as various government departments and the SITA, have also joined forces with the team to prevent and detect spy software on their computer systems, as well as to raise awareness about this type of crime.

Empire K

The DSO's investigation into the financial affairs of JCI and Randgold & Exploration, listed companies that were linked to the late Brett Kebble, has uncovered a web of financial offences covering a wide spectrum, from financial racketeering to contraventions of the Companies Act. The nature of these offences and the high profiles of certain involved individuals have elevated this matter to having an international impact. Described in certain quarters as South Africa's "Enron", the massive and complex litany of alleged crimes being unveiled could cause major economical fallout on the local financial market. Some companies have already been liquidated as a direct result, and more are expected to go that route. Certain affluent South Africans have literally been living off the proceeds of these crimes, with even their daily living expenses being paid by the perpetrators.

Organised Crime

Guanxi

This Project relates to the illegal activities of East Asian syndicates (Triads) operating in South Africa. During this reporting period, abalone (perlemoen) worth R10.4 million, and counterfeit clothing and cigarettes worth R9.6 million were confiscated, with 17 arrests made.

Bad Guys (BG)

Project BG is one of the DSO's biggest current organised crime investigations. For obvious reasons certain aspects of it cannot yet be revealed. Three legs of this Project have been dealt with successfully. In one investigation leg, seven members of an international drug smuggling syndicate were arrested and R250 million worth of drugs confiscated. In one of the other legs, intensive investigations led to the arrest of Glenn Agliotti, one of the suspects in the Brett Kebble murder.

Redcross

This Project relates to international drug syndicates and drug trafficking. During the reporting period, cannabis to the value of approximately R356 million was seized and several arrests were made. Within one

year after commencement of the investigation, all the accused were arrested, convicted and sentenced. Assets gained from criminal means were recovered and forfeited.

Tanita

This is an investigation into organised diamond trafficking and corruption in the diamond industry in the Western Cape. Large quantities of unpolished diamonds are smuggled into the Western Cape from countries such as Angola and the Democratic Republic of the Congo (DRC). These are illegally sold to diamond cutters and dealers, who cut, polish and sell or export the diamonds in the ordinary course of their legitimate business. In an operation during this reporting period, key individuals were arrested and expensive precious metals seized.

Oakridge

This relates to corruption and fraud committed by employees of the Department of Home Affairs (DoHA) and foreign nationals. It involves the falsification and/or fraudulent issue of identification documents, marriage certificates, temporary residence permits, work permits, passports and other DoHA documents. A total of 33 suspects have been arrested since April 2006, bringing the total to 49 since the inception of this investigation.

Corruption

ITC Travel

This Project is an investigation into alleged fraud, forgery, uttering and/or theft committed against the South African Government by various travel agents, in connection with travel-related services rendered to South African parliamentarians. The fraudulent activities entailed forgery and/or inflation of travel warrants issued to parliamentarians and the subsequent claiming of inflated amounts in payments.

During the reporting period, 38 of the 40 cases against Members of Parliament (MPs) were disposed of.

The investigation of, and subsequent prosecutions in this case, has impacted on internal procedures and processes of the Finance Office of Parliament. DSO recommendations on the management and governance of parliamentary travel facilities were considered when the relevant systems were upgraded.

DSO personnel held regular meetings with Parliament on the repayments by MP's against liquidator claims. They assisted with the claims verification process in order to address many of the differences arising between the MP's and the liquidators.

The DSO also assisted the Legal Division of Parliament in resolving disputed requests for access to information brought by defence lawyers.

Although high-profile and at times controversial, the matter has been positive in terms of re-evaluating governance ethics and the role of MP's.

Apart from the travel agency owners, most of the indicted MP's entered into plea and sentence agreements, which helped to restore the dignity and status of the institution of Parliament. This matter is presently *sub-judice* and the main trial is due to commence in February 2008.



Imprisonment awaits those that participate in organised crime.

Stakeholder engagement

Liaison and trans-national legal assistance

In this period the DSO embarked on a major networking exercise to build sound and practical relations with relevant government departments, private sector bodies and international agencies.

The organisation improved its cooperation with internal and external business partners through regional, national and international meetings and operations. The DSO deals regularly with foreign requests for MLA's, and in turn requests MLA's from foreign agencies for DSO investigations. The

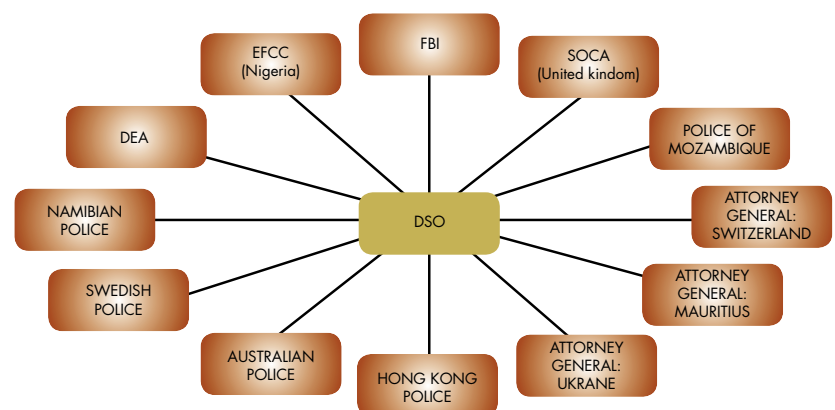


Figure 8: The DSO's stakeholder network



Organised crime are investigated and prosecuted without fear, favour or prejudice.

DSO dealt with close to 20 mutual legal assistance requests in relation to trans-national syndicate activities, offshore investments, transfer pricing, corrupt nominal shareholdings and the extradition of persons. Several joint initiatives were executed between the DSO and the FIC, SARS, FSB, SABRIC, NICOC, the United Kingdom's Serious Organised Crime Agency (SOCA (UK)) and the national departments in the Justice cluster. Figure 9 illustrates interactions with the DSO's international stakeholders.

Social citizenship

The DSO demonstrates its social citizenship through the very nature of its work. In dealing with complex organised crime, corruption and contraband, and ensuring that crime does not pay, its contribution to the growth of the economy and social development helps to build a safer South Africa for all its citizens.

Forecast for the 2007/08 period

The DSO's primary objectives for the near future are to settle the issues around its mandate and functions; to enhance its effectiveness in combating organised crime, particularly major syndicates and racketeering, and to raise the Unit's staff complement and build its resources.

Lessons learnt in the 2006/07 financial year will be carried forward into planning and activities for the current year. The DSO has identified a clear need to revolutionise jurisprudence in POCA, communication legislation, and international assistance. Other actions needed include the following:

- Further improving operational effectiveness in investigating and prosecuting organised crime
- Bedding down an organisational framework for the DSO that will enable it to function optimally
- Sharpening the DSO's capacity to deal with civil litigation and professional pressure by re-engineering its recruitment, growth and retention strategy in a manner that will properly match jobs with the requisite expertise
- Enhancing the workspace in the DSO to make its environment more equitable, competitive and rewarding.



Mr Willie Hofmeyr, Deputy National Director of Public Prosecutions, and Head: AFU.

Asset Forfeiture Unit (AFU)

Purpose

The AFU was created in 1999 to ensure the effective implementation of the asset forfeiture provisions in the Prevention of Organised Crime Act, 1998. Chapter 5 of POCA provides for the forfeiture of assets from a person convicted of an offence. Chapter 6 provides for a civil process that is not dependent on criminal prosecution for forfeiting assets that are the proceeds of crime, or have been involved in the commission of crime. Forfeited money is paid into CARA, unless there is an identified victim of crime that has a reasonable claim.

Highlights of achievements

During 2006/07 the AFU continued its upward trend of taking away the profits of crime by initiating 252 cases and freezing assets worth over R1.25 billion. The Unit also completed 242 cases, took forfeited assets worth over R100 million, and won 27 of 33 judgments on contested issues, resulting in a success rate of 82 per cent.

The AFU deposited R19 million into CARA and facilitated the payment of R74 million from CARA to boost the capacity of the SAPS, NPA and SARS to fight crime and assist the victims of crime. The SAPS has not utilised the funds of R33.7 million allocated to them as at 31 March 2007. CARA funding was also allocated to centres for battered women and children, and various other initiatives.

Working with the DSO, United Kingdom (UK) and Guernsey authorities, the AFU was able to freeze an estimated R1 billion to R1.5 billion of alleged proceeds of crime in the *David King* matter. This is by far the most significant case of its kind ever taken on under South African jurisdiction.

Another milestone was the *Delpont* case, in which the AFU obtained a freezing and seizure order of R80 million. To date, this is the largest value of assets ever seized in a single case within South Africa.

The AFU worked with the Nigerian and UK government to recover more than R10 million from a former governor of a Nigerian state. In this case the AFU seized a Cape Town Waterfront apartment bought with the proceeds of corruption.

In this period the AFU opened an office in Nelspruit, Mpumalanga to ensure that it can make a significant contribution to fighting crime in the area. The AFU now has an office in all nine provinces.

A number of the key performance indicators for the AFU in ensuring that crime does not pay are reflected in Table 16, tracking performance over a five-year period.

Table 16: AFU Service Delivery performance indicators - 2002/03 to 2006/07

Asset Forfeiture Unit								
	2002/03	2003/04	2004/05	2005/06	2006/07	Change over previous year	Change over period	Notes
New restraint orders (no.)	125	228	161	252	252	0.0%	101.6%	Significant increase in delivery
Value of new restraints (R'000)	R131 938	R222 616	R234 406	R344 129	R1 294 569	276.2%	881.2%	Significant increase, King matter contributed at least R1bn
Completed forfeiture cases (no.)	80	148	151	221	242	9.5%	202.5%	Significant increase in delivery
Value of assets forfeited (R'000)	R51 910	R86 741	R172 855	R106 748	R100 600	-5.8%	93.8%	Very large case in 04/05 distorted figures
Money paid to CARA	R17 313	R35 737	R24 500	R18 823	R19 291	2.5%	11.4%	Lower than expected, due to amounts paid to victims but R41m from Shaik due soon
Success rate (overall)	87%	86%	87%	88%	88%	0.0%	1.1%	

Table 17: AFU performance on number of orders

Number of cases	Performance target				Performance against target and previous year		Total
	03/04	04/05	05/06	06/07	% of target achieved 06/07	% of previous year 05/06	1999-March '07
New seizures	165	252	210	252	110 %	120%	897
Cases completed	153	220	160	242	135 %	138%	775
Other orders	312	422	320	449	125 %	132%	1 503
Total number	630	894	690	943	123 %	130%	3 175



Service Delivery Achievements

Number of orders

The AFU had an excellent year in terms of the number of orders it obtained as can be seen from Table 17. The unit exceeded all its targets by a significant margin.

Monetary targets

The value of the restraint and preservation orders for seizures obtained by the AFU during this year was at least close to R1.3 billion - more than triple its previous highest total. This achievement was 332 per cent above the targeted R300 million and was mainly due to the *David King* case, in which the AFU restrained at least R1 billion and possibly as much as R2 billion. The value of confiscation and forfeiture orders for the year was about 16 per cent below the target. Finalising larger cases speedily remains a challenge as these are often heavily litigated.

Criminal Assets Recovery Account (CARA)

The AFU deposited R19 million into CARA, which was 23 per cent below the targeted R25 million for the year. A further R41 million from the *Shaik* case had been expected to be deposited, but was delayed due to Shaik's belated appeal. The AFU facilitated the first payout from CARA of R74 million to boost the crime-fighting capacity of the SAPS, NPA and SARS and to assist the victims of crime. Funds were also allocated in this period for tracing missing persons identified during the TRC process and to support centres for abused women and children.

Table 18: AFU performance on monetary targets and CARA

Monetary targets	Performance target				Performance against target and previous year		Total
	03/04	04/05	05/06	06/07	% of target achieved 06/07	% of previous year 05/06	1999-March 07
	R'm	R'm	R'm	R'm	%	%	R'm
New seizures	222.2	344.1	250.0	1 294.6	432%	138%	2 110.9
Cases Completed	174.3	106.7	100.0	100.6	84%	107%	481.6
Funds into CARA	25.0	18.8	50.0	19.3	77%	38%	113.3

Cases and Judgments

The AFU won 27 of 33 judgments in contested cases - a success rate of 82 per cent. A summary of the important cases and judgments obtained by the AFU follows:

Constitutional Court Judgments

The AFU won two of the three judgments given by the Constitutional Court on AFU cases during the year:

NDPP v Prophet

The court dismissed the appeal by Prophet and held that, although he had been acquitted of criminal charges on various grounds in the Magistrate's Court, forfeiture in terms of POCA could proceed if the evidence showed on a balance of probabilities that the property had been used as an instrumentality of crime.

Fraser v ABSA

The court held that legal expenses could not be granted to an accused at the expense of creditors or victims, without these parties being granted a hearing.

NDPP v Mohunram

The court narrowly found against the AFU, with five judges in favour and six against. The majority of judges required of the AFU to prove some link to organised crime in instrumentality cases before a forfeiture order could be granted. In this case Moseneke DCJ held that the instrumentality of the crime must be shown to be sufficiently connected to the main purpose of POCA, which is to remove the incentive for crime and to serve as an adequate deterrent to the individual concerned and the society at large. The Judge found the forfeiture order to be disproportionate as no such link was shown. Sachs J held that for a court to grant the forfeiture order, the criminal activities must be closer to the primary objectives of POCA.

NDPP v Shaik

Shaik has applied for leave to appeal against the judgment of the Supreme Court of Appeal, as discussed below.

Supreme Court of Appeal judgments

The AFU won three of four judgments given by the Supreme Court of Appeal on AFU cases during the year.

NDPP v Shaik

The court upheld the judgment obtained by the AFU previously and held that:

- the movement of funds through different hands is essential to the concealment of crime and the successful manipulation of its benefits. Multiple confiscation orders are necessary as a deterrent, not only to the principal actors in the criminal activity, but to all those who facilitate such concealment and manipulation
- the proceeds of unlawful activities that can be confiscated means the gross benefit received by the defendant rather than the net profit
- both the shares and the dividends received must be taken into account as direct benefits of the criminal activity.

NDPP v Van Staden

The court upheld the appeal by the AFU and held that:

- a motor vehicle that is driven under the influence of liquor, or while the level of alcohol in the driver's blood exceeds the legal limit, constitutes an "instrumentality" of an offence and is thus capable of being forfeited to the state in terms of POCA
- POCA is not restricted to organised crime, but extends to ordinary crimes committed by individuals.

NDPP v Mngomezulu

The court upheld the judgment obtained by the AFU previously and held that in terms of section 28(1)(a) of POCA, a High Court may authorise a curator bonis appointed in terms of section 28 to sell property under restraint in order to administer properly assets that are under his/her control.

NDPP v Van Rensburg

The AFU lost on a technical point. The court held that the AFU failed to allege facts in its founding affidavit from which it appears that there are reasonable grounds for believing that a confiscation order may be made against the appellant.

High Court judgments

In the *NDPP versus Boekhoud* case, the court accepted the argument by the AFU that hearsay evidence is admissible when undercover agents are still in syndicate.

In another case, *NDPP versus Marinus*, the court accepted the argument by the AFU that the defendants must make a full disclosure of their interests before they can gain access to legal expenses from the estate under restraint.



The management team of the AFU:



Adv Hermione Cronje, Regional Head: Western Cape



Adv Richard Chinner, Regional Head: Gauteng



Adv Monty Moodley, Regional Head: KwaZulu-Natal



Adv William Kingsley, Regional Head: Eastern Cape

**Regional Head: Johannesburg (vacant).*

Stakeholder engagement

The AFU requires the active assistance and cooperation of a range of public and private sector organisations to perform its mandate. The Unit also has MoU's with the DSO and SCCU. Besides ongoing projects or cases, the AFU meets quarterly with the DSO, NPS, SCCU, SAPS, SARS and the FIC.

Social citizenship

In the financial period the AFU deposited R19 million into CARA and facilitated the first-ever payout from CARA amounting to R74 million. These funds were mainly allocated to law enforcement agencies to assist in the fight against crime, but a substantial amount was also paid to organisations that assist victims of crime and abuse. These funds went to four centres that care for abused women and children, and to find missing persons identified during the TRC process. The NPA's SOCA Unit also received an allocation.

The AFU contributed to crime prevention by working with communities to identify unlawful social irritants. This process has resulted in the AFU obtaining restraint orders against nine illegal shebeens across the country. The AFU is also participating in the NPA's community prosecution pilot project to work with communities on crime prevention initiatives.

Forecast for the 2007/08 period

The growing incidence of economically motivated crimes such as smuggling of minerals, drugs and abalone, commercial crime, corruption and other forms of crime leads the AFU to believe that its workload and the need for asset forfeiture will continue growing. The Unit is therefore compelled to:

- expand its skills, capacity and networks to adequately deal with all current cases and increasing case totals in the near future
- further explore and develop joint strategies and working relationships with all partners and stakeholders in the fight against crime
- follow up the promise of its early efforts by further expanding its community and other pro-active activities in crime prevention.

Conclusion: NPA Service Delivery

Looking back on the 2006/07 period, the NPA delivered a satisfactory overall result in spite of severe constraints. Most units matched or exceeded their targets, some by considerable margins, while others missed goals due to challenges in terms of capacity, stakeholders, CJS constraints, working conditions and/or skills levels.

The ability to maintain performance and service delivery efforts is the result of the commitment and passion of many an NPA employee to go the extra mile to achieve objectives. However, the current scenario of being overloaded with cases and/or work demands due to high vacancy levels, or making do because the resources and infrastructure aren't there, or battling through time-consuming systems whilst helping to fight crime and delivering justice, is ultimately unsustainable.

For the NPA to deliver the level of prosecutorial, investigative and specialist services that South Africa and the CJS requires, two things need to happen:

- The NPA must have the staffing levels, the physical facilities and the resources to perform its responsibilities with maximum efficiency. Funds spent on enabling the NPA to enhance service delivery and performance, will be recouped many times over through the NPA's contribution to a safer and more secure society, economic growth and foreign investment into South Africa.
- The NPA must have the support of its broader CJS partners and the state in rolling out new methods of ensuring speedy, fair and equitable justice service delivery to South African society. Concepts such as PGI, community prosecution, restorative justice and ADR are proving to be powerful mechanisms for dealing with crime and rendering justice in appropriate measures. The NPA must be allowed to develop these to full effect and deploy them wherever needed. Furthermore, the focus should move away from purely evaluating performance based on quantifying numbers, but rather towards tracking improved impact, quality of service delivery and increased customer satisfaction.

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SECTION 3: RESOURCING

Strategic Resource Management

During this reporting period the NPA adopted a more focused view on strategic resourcing issues. This focus derives from the resourcing needs of the core business of the NPA and is a product of closer collaboration between all business units.

All business units' annual plans contain a standardised Resourcing section with a set of four deliverables, specifying activities, metrics and targets, with assigned ownership and responsibilities. These deliverables focus the organisation on priority activities which will enhance and ensure improved resourcing levels, understanding, awareness and performance. Annexure C¹⁴, Table 24, reflects the NPA's performance during 2006/07 against these deliverables in order to achieve the objective of developing and enhancing Governance, Delivery and Resourcing capability and capacity in the NPA.

While individual business units determine their own resourcing needs, Corporate Services (CS) is the support function tasked with acquiring, deploying and maintaining the NPA's human resource, financial, information, technology, infrastructure, and mobility resources.

The most critical resourcing challenges currently faced by the NPA are being addressed by a variety of activities, which include certain NPA strategic projects and the Serurubele Transformation Programme.

Highlights and challenges

Vacancies in critical posts

Implementation of the NPA Strategy 2020 has resulted in several activities aimed at aligning the NPA's capacities to other departments in the CJS. The creation of posts to fulfil specific roles dictated by this realignment was a factor in the abnormal vacancy situation experienced by the NPA in this financial period, with many individuals called on to act in posts other than their own.

The high level of skills required to suitably fill critical vacancies remains a constraint, and specific strategies at attracting and retaining expertise are being designed and implemented as part of the NPA's Transformation Programme.

In this regard, the NPA embarked on a recruitment drive in November 2006 to address the high vacancy rate. The total number of applications received and processed from November 2006 to March 2007 was 55 042.

Retention of key skills and experience

While the staff turnover of 5.2 per cent falls within generally acceptable parameters, it remains a concern that many of those who are exiting are among the NPA's most skilled and experienced personnel. (Annexure D, Tables 36 and 37).

Optimised administrative processes

For CS to maintain efficient service delivery in support of a rapidly changing delivery environment, it has launched a comprehensive programme aimed at implementing progressive processes and supporting systems.

Audit Report

The NPA notes with regret the qualified audit report from the Auditor-General (AG) for the 2006/07 financial year. The NPA is, however, firm in its resolve to address the matters raised by the AG swiftly and decisively, to ensure that it builds on its prior track record of five consecutive unqualified audit reports.

¹⁴ Annexure C: Performance Information Reporting on Resourcing 2006/07. Table 24 of this annexure reflects the NPA's performance against resourcing objectives and deliverables.



Ms Beryl Simelane, Deputy Chief Executive Officer (DCEO).

RESOURCING IS THE PROCESS BY WHICH THE NPA ENSURES THAT IT IS FULLY RESOURCED TO DELIVER JUSTICE TO ITS CUSTOMERS AND VALUE TO ITS STAKEHOLDERS.

Report on Corporate Services

Purpose

The mandate of CS is to provide the following support services to the NPA and its operational units:

- Human Resources Management and Development (HRM&D)
- Finance and Procurement (F&P)
- Security and Risk (S&R)
- Information Management Service Centre (IMSC)
- Research and Policy Information (R&PI).

Corporate Services highlights and challenges

Human Resources Management and Development (HRM&D)

Highlights

Human Resources Administration

All performance rewards for the 2005/06 period were paid out (Annexure D, Tables 48 to 51) and an estimated 99 per cent of the job evaluations for the entire NPA were completed. The implementation of the new Middle Management Service (MMS) structure introduced by the Department of Public Service and Administration (DPSA) was 90 per cent complete (Annexure D, Tables 25 to 28).

Response Handling

Response handling with regard to job applications has been automated to the level of electronic acknowledgements of receipt. A significant amount of manual labour has been eliminated and further development of the system will have the same impact throughout the full recruitment process. Further benefit of the automated system is that it supports the NPA's intention to decentralise certain administrative activities to the regions.

Human Resources Management

The NPA is working steadily toward meeting its equity targets (Annexure D, Tables 41 to 47). HR and SOCA collaborated on the NPA Sexual Harassment Policy, which was conveyed to numerous NPA personnel in training courses during this financial period.

Skills development and training

Much needed skills development programmes in job evaluation, electronic documentation management and project management were conducted (Annexure D, Tables 67 and 68). A total of 275 bursaries was awarded, with more bursary payments being processed than ever before.

Induction and learnerships

New employees now undergo a formal and comprehensive induction into the NPA, with recent new employees who had missed induction also being included. Significant progress in converting the aspirant prosecutor programme into a formal learnership is a major step forward, as is the drafting of a Family Law learnership.

Employee Relations

Labour Relations, Sexual Harassment and Employee Wellness workshops were conducted throughout the country and 402 identified line managers were given employee relations (ER) training, with additional ER training available on request.



Ms Nhlanhla Bhengu, acting
Executive Manager: HRM&D.



Mr Brian Graham, Acting Chief Financial Officer (CFO).

Challenges

In the next reporting year, the primary challenge faced by HR will be to accelerate the process of decentralising HR functions to regions. This process will be linked to a structural framework of appropriate delegations. A reliable mechanism to maintain compliance in a distributed transaction processing environment will be vital to sustainability in this regard.

Finance and Procurement (F&P)

The F&P was required to perform several interventions in addition to its regular day-to-day functions, while also working through an action plan designed to address the audit findings of the 2005/06 financial year.

Highlights

Some of the highlights for F&P for 2006/07 were the following:

- Installing a vehicle tracking system and clearing R15 million arrears with the Government Garage
- The national Cabinet held its first Criminal Asset Recovery Committee (CARC) meeting on 13 October 2006 and disbursed R74 million in accordance with NPA recommendations
- Debt management was improved and backlogs in the suspense accounts were cleared
- A new travel agent was appointed in terms of a tender to improve service delivery
- As a result of the new vehicle leasing agreement that is generating massive cost savings, a Practice Note was issued by the Accountant General condoning the treatment of the Rentworks lease as a financial lease. In addition, this Practice Note permits Accounting Officers in future to enter into financial leases subject to certain conditions.

Challenges

Although 12 new staff members were appointed to F&P in the final quarter of 2006/07, the service centre still has a 38 per cent vacancy rate.



Adv Marnus Steyn, acting Executive Manager: IMSC.

Information Management Service Centre (IMSC)

This service centre is presently redesigning the NPA's information communications technology (ICT) systems macro-structure for its evolving needs, with much of this new structure already in place and being used.

The various bodies of the Integrated Justice System (IJS), being the DoJ&CD, SAPS, the DCS, the DSD and the NPA are funding the development of an end-to-end IJS information management system that will handle the entire justice process, from the first case report regarding a person to his/her final discharge or rehabilitation report. The IMSC has been appointed to lead this Project.

From May 2006 the Document Centre commenced an upgrade to a new electronic system and experienced several technical difficulties. Nevertheless, the Document Centre is confident it can still maintain the required one day turn-around timeframe.

Highlights

- Involvement in and developing the systems used in the accelerated recruitment drive, as well as configuring the RightFax system to support this drive
- Enabling Response Handling to capture 55 042 CVs
- Developing and implementing an Electronic Case Management System for the AFU that is now being rolled out to the other NPA business units
- Establishing a Network Operations Centre, followed by the implementation of Radia and OpenView
- Implementing the Desktop Backup tool (Cibecs).

Challenges

On the downside:

- Delays by SITA and other service providers in finalising contracts that will enable the IMSC to procure desktop support services. These contracts were only finalised when the IMSC arranged meetings between the role-players.

- Dependency on SITA for providing transversal systems such as Persal, BAS and Logis. Changes made by SITA to these systems affected service delivery.
- The inoperability of Safetynet due to SITA hosting it on behalf of the National Treasury.
- Office space in the VGM and several regional premises is at a premium and IMSC lacks adequate space for Document Management.

Research and Policy Information Services (R&PI)

Highlights

- During this period the R&PI commenced with its second Crime and Criminal Justice Survey for the NPA. The overall goals of this survey are to inform the NPA's annual review of its strategy, and to assist the organisation in measuring and understanding the impact of its work. This survey includes a National Household Survey and a Customer Satisfaction Survey that will specifically assist the NPA in measuring and understanding the public's views on a number of important crime and justice related issues.
- In addition, the R&PI conducted both primary and secondary research in support of all strategic projects currently active in the NPA.
- The library embarked on a collection building initiative supported by input from all business units. Books to the value of R1.7 million were ordered.
- Roll-out of the Burmans Library Services to all regional libraries for updating loose leaf material. Most regional NPA libraries do not currently have full-time staff members.

Challenges

- The new library management system is still to be implemented.

Security and Risk (S&R)

An important achievement during this year was the MoU concluded between NIA and the NPA regarding the vetting process, in which the NIA trained S&R personnel to do the fieldwork in vetting exercises.

Highlights

- Collecting all outstanding documents for vetting files and attending to 90 per cent of the problematic files sent by NIA for fieldwork.
- Conducting vetting investigations that exposed people who had illegally acquired South African citizenship.
- Ensuring secure and risk free environments for the prosecuting team, judiciary and public in the *State v J Zuma* corruption trial at the Pietermaritzburg High Court and the *State v Shabir Shaik* hearings at the Supreme Court of Appeals in Bloemfontein.
- Successfully conducting 16 technical sweepings across the country.

Challenges

Difficulties encountered in this period included difficulty in setting realistic targets because the service centre's delivery is mainly dependant on responses from the NIA, which are at times delayed.

A forecast for the 2007/08 period

In order for the NPA to optimise its role as a valuable contributor to the process of delivering justice in South Africa through its prosecutorial activities, it is critical that these activities are resourced in an efficient and progressive manner.

Progressive resourcing of the NPA requires that its focus in this area goes beyond the traditional



Mr Walther Rhoode, Executive Manager: S&R.



planning and execution of transactional support services. More specifically, the NPA, while working through its various transformation projects, must identify its critical areas of resourcing constraints and currently unattended strategic views on resourcing.

In this process, the NPA has become acutely aware that the variety of activities associated with resourcing as the functional responsibility of a specific group of support personnel, does not enhance the capability of the NPA to deliver on its mandate.

To this end it is important that a strategic resourcing focus is implemented. This should be seen as a management discipline that by necessity forms an integrated part of the majority of delivery-focused activities. Developing and maintaining this approach will require a diligent effort to ensure that a high level of cooperation is nurtured between administrative support personnel and line personnel. The primary purpose of the majority of strategic resource planning must be aimed at creating a collaborating organisation.

Typical areas of interest during the activities aimed at enhancing the NPA's resourcing capability in the coming year will, amongst others, be the following:

- accelerated career pathing for high-potential individuals
- cohesive employee retention strategies
- progressive and optimised facility utilisation
- an integrated employee mobility mechanism
- effective administrative liaison with stakeholders
- delivery-enhancing administrative policies
- promotion of an administrative service delivery culture in support of prosecution services.

SECTION 4: ACCOUNTING REPORT

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2007.

Audit Committee members and attendance

The Audit Committee is the same as that of the Department of Justice and Constitutional Development and consists of the members listed below. It is required to meet four times a year as per its approved terms of reference. During the current year nine meetings were held, some concurrently with the meetings of the Department of Justice and Constitutional Development.

Table 19: Meeting attendance by Audit Committee members

Name of Member	Number of Meetings attended
Stewart Patterson (Chairperson)	9
Cedric Boltman	8
Ntombi Langa-Royds	6
Motsamai Karedi	9
Andrew Sefala (removed 19 January 2007)	1

Ms. Catharina Sevillano-Barredo, a chartered accountant (SA), joined the Audit Committee on 29 May 2007.

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The Chief Audit Executive of the DoJ&CD assumed control of the internal audit function of the NPA at the request of the Accounting Officer in 2006 and the decision was subsequently taken to integrate the internal audit staff of the NPA and the DoJ&CD into one unit. Difficulties were experienced with the integration process and this, combined with staff shortages, resulted in certain internal audit functions being outsourced in the latter part of the year.

The system of internal control was not entirely effective during the year under review, as compliance with prescribed policies and procedures were lacking in certain instances. During the year under review, several instances of non-compliance were reported by internal and external auditors that resulted from a breakdown in the functioning of controls.



In particular we are concerned that the lack of adequate IT controls may impair the ability to ensure security of sensitive and confidential information.

Common causes of significant findings reported by internal audit were:

- over-riding of control by management
- lack of skills training or inadequate training
- lack of supervision and discipline
- lack of capacity due to vacancies
- ineffectiveness of human resources function.

Contributory reasons for these are, in certain instances, a lack of laid down policies and guidelines and inadequately developed systems.

These weaknesses continue to be addressed by the Accounting Officer and the management team although certain elements appear to be endemic.

Internal audit has been unable to review and audit the Witness Protection Unit and accordingly we are unable to comment on the effectiveness of internal controls in this area.

Significant control weaknesses have been reported by the Auditor-General under emphasis of matter in the management letter. In certain instances the weaknesses reported previously have not been fully and satisfactorily addressed. The effect on these instances has been included in the annual financial statements and the report of the Accounting Officer.

Quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.

Evaluation of Financial statements

The Audit Committee has:

- reviewed and discussed with the Auditor-General and Accounting Officer, the audited annual financial statements to be included in the annual report;
- reviewed the Auditor-General's management letter and management response thereto;
- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements may be accepted and read together with the report of the Auditor-General.

.....
 Stewart Patterson
 Chairperson of the Audit Committee
 16 August 2007

Report of the Auditor-General

Report of the Auditor-General to Parliament on the financial statements and performance information of the National Prosecuting Authority for the year ended 31 March 2007

Report of the financial statements

Introduction

1. I have audited the accompanying financial statements of the National Prosecuting Authority (NPA) which comprise the statement of financial position as at 31 March 2007, appropriation statement, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 84 to 123.

Responsibility of the Accounting Officer for the financial statements

2. The Accounting Officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), Auditor-General Audit Circular 1 of 2005. This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
 - selecting and applying appropriate accounting policies; and
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with General Notice 647 of 2007, issued in Government Gazette No. 29919 of 25 May 2007.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used;
 - reasonableness of accounting estimates made by management; and
 - overall presentation of the financial statements.



7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The NPA's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as set out in the accounting policy 1.1 to the financial statements.

Basis for qualified opinion

9. Assets

The following deficiencies amongst others were identified mainly due to ineffective asset management as monitoring mechanisms not been put in place:

- the opening balance of R61 million and adjustments to the opening balance of R30 million for machinery and equipment, as disclosed in note 26 to the financial statements, do not agree to the asset register;
- accounting policy 4.7 states that where the cost of an asset cannot be determined accurately, the asset may be stated at fair value. Own assets amounting to R61 million and leased assets amounting to R107 million were valued at fair value, where the cost price was available;
- the asset register was done on an excel spreadsheet with insufficient compensating controls to ensure the integrity of data;
- the existence of assets in the regions could not in all instances be verified and some assets could not be traced to the asset register;
- the closing balance of computer equipment incorrectly includes intangible assets amounting to R20 million; and
- leased assets disclosed in note 26 excludes leased assets with an estimated value of R37 million, as no asset register was maintained.

I am therefore unable to confirm the completeness, existence and valuation of assets and the accuracy of the closing balance of the assets as disclosed in note 26 to the financial statements.

10. Lease commitments

The operating and finance lease commitments as disclosed note 22 to the financial statements are overstated by R40 million and R5 million respectively, as the lease commitment was not determined according the rental schedules stipulated in the contract.

11. Intangible assets

Intangible assets amounting to R14 million purchased during the year was classified on the statement of financial performance as current expenditure instead of capital expenditure.

12. Commitments

Commitments disclosed in note 19 to the financial statements are overstated by orders fulfilled during the financial year amounting to R10 million.

13. Prepayments

Prepayments amounting to R10 million have been incorrectly accounted for as current expenditure in the financial statements. Prepayments as disclosed in note 11 to the financial statements, are therefore understated by R10 million and current expenditure overstated by the same amount.

Qualified opinion

14. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the NPA as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as set out in the accounting policy 1.1 to the financial statements and in the manner required by the PFMA.

Emphasis of matters

I draw attention to the following matters:

15. Irregular expenditure

- The prior year's irregular expenditure amounting to R65 million as disclosed in note 23 to the financial statements, was still not reported to National Treasury in terms of section 38 (1) of the PFMA.
- Irregular expenditure amounting to R186 million disclosed in note 23 to the financial statements, is as a result of non-compliance to supply chain management and finance lease agreements entered into.

16. Assets less than R5 000

In terms of accounting policy 3.2, only assets with a cost in excess of R5 000 are classified as capital assets. The accumulative value of assets with a value less than R5 000 was estimated to be R24 million and was not disclosed in note 26.

17. Departmental revenue to be surrendered

Departmental revenue of R22 million as disclosed in note 14 to the financial statements, originating from the prior year, was still not surrendered to the National Revenue Fund as required by the PFMA section 2 (11)(1)(a).

Other matters

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

18. Internal control

The following areas within NPA revealed that control activities are not regularly evaluated to ensure that they are still appropriate and working as intended and resulted in:

- the delegation of authority for the authorisation of journals and orders, were not in all instances followed;
- insufficient management of travel and subsistence advances and debtors as evident from the following:
 - new advances given without clearing old advances
 - advances are used as loans as advances are paid back in instalments
 - long outstanding advances and debtors are not timeously followed up
 - debtors' files were not always updated and were, in some cases, incomplete
 - debtors indicated as being settled, but still have an outstanding balance.
- insufficient management of local and foreign donations as evident from the following:
 - reconciliations of donor funds are not performed
 - donor funds not utilised were not surrendered to the National Revenue Fund
 - incorrect treatment of VAT
 - supply chain process not followed for procurement
 - several instances of non-compliance with the terms of donor agreements.



19. Material non-compliance with applicable legislation

- Treasury Regulations (TR) were not complied with in the following respects:
 - o prepayments were made where no contractual obligation required the payment as required in terms of TR 15.10.1.2
 - o payments to service providers was not in all instances made within 30 days as is required in terms of TR 8.2.3
 - o a bank account was opened without obtaining the necessary approval from National Treasury as is required in terms of TR 15.10.3.1
 - o fruitless and wasteful expenditure with an estimated value of R1.2 million identified as a result of the suspension of the P2P system was not reported as required in terms of TR 9.1.2 and was not accounted in the financial statements.
- The Supply Chain Management Circular of 2005 was not complied with in the following respects:
 - o tenders not in all instances awarded to the supplier with the highest points
 - o tender process was not in all instances followed for payments exceeding R200 000
 - o goods were not procured from an approved database of suppliers.

20. Material corrections made to the financial statements submitted for audit

The financial statements submitted for audit on 31 May 2007, were significantly revised in respect of the following misstatements identified during the audit. The necessary corrections have been made to the financial statements:

- commitments amounting to R534 million were previously not disclosed in note 19 to the financial statements
- operating lease commitments amounting to R21 million were previously incorrectly disclosed in note 22 to the financial statements
- finance lease commitments amounting to R89 million were previously not disclosed in note 22 to the financial statements
- irregular expenditure amounting to R82 million were previously not disclosed in note 23 to the financial statements
- intangible assets amounting to R20 million were previously not disclosed in note 27 to the financial statements.

21. Special investigations in progress or completed

- A supplier conducted a forensic investigation about possible collusion between his management and that of the NPA. The NPA did not conduct its own investigation in this regard but relied on the investigation performed by the supplier. The report was issued on 16 February 2007. The NPA submitted the report to the Special Investigation Unit for further investigation. The investigation is not finalised.
- The Integrity Management Unit within the NPA was in the process of investigating various allegations of internal financial misconduct and irregularities by the staff of NPA.

22. Matters of governance

- Accountability and governance status of the NPA
Interim approval has been granted by the Accountant-General for the NPA to prepare its own set of financial statements from the 2002 financial year. Since then no finality has been reached on the following critical matters, affecting the accountability and governance status of the NPA:
 - o clear definition of the duties of the accounting officer of the NPA
 - o the listing of the NPA as an entity in terms of the PFMA
 - o the mechanism of funding for the NPA.

- Internal audit
The Department of Justice and Constitutional Development (DoJ&CD) is in the process of integrating their internal audit function with NPA. Challenges experienced during this process have resulted in internal audit being unable to comply with the planned estimated dates for completion of the audits as outlined in the internal audit plan for the 2006/2007 financial year.

23. Value for money matters

NPA did not have a Human Resources plan, required by the Public Service Regulation that define the posts necessary to perform the relevant functions, based on the strategic plan of the department.

Despite NPA's efforts in filling vacancies by advertising, the high occurrence of staff turnover and the inability of NPA to fill the vacancies have resulted in a vacancy rate of 29% as at the end of the financial year. The high vacancy rate, especially in key positions, could result in NPA not being able to effectively deliver on its operations.

24. Delay in finalisation of audit

Due to the national public sector strike action during June 2007 the Auditor-General had to delay the finalisation of affected departments. As a result, the Auditor-General's consistency review process of the audit reports could only be conducted subsequent to 31 July 2007, the consequence of which was a delay in the finalisation of the audit of NPA for the 2006/07 financial year.

Other reporting responsibilities

Reporting on performance information

25. I have audited the performance information as set out on pages 144 to 165.

Responsibility of the Accounting Officer for the Department

26. The Accounting Officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the department.

Responsibility of the Auditor-General

27. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with General Notice 646 of 2007 (directive on auditing of performance information), issued in Government Gazette No. 29919 of 25 May 2007.
28. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
29. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings

30. The Accounting Officer of NPA did not prepare a strategic plan that is consistent with the period covered by the medium term expenditure framework for approval by the relevant executive authority, as required by Treasury Regulations, chapter 5, section 5.1.1. The medium term expenditure framework requires that departments prepare a strategic plan covering a period of three years. Contrary to this requirement, the strategic plan prepared by the NPA covers the period to the 2020 financial year.



Appreciation

31. The assistance rendered by the staff of the NPA during the audit is sincerely appreciated.

S Cele

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*S Cele for Auditor-General
Pretoria, 31 August 2007*



Report of the Accounting Officer

Report by the Accounting Officer to the Executive Authority and Parliament/ Provincial Legislature of the Republic of South Africa

1 General review of the state of financial affairs

The structure¹⁵ of the National Prosecuting Authority (NPA) consists of the following business units:

- National Prosecutions Service (NPS)
- Directorate of Special Operations (DSO)
- Asset Forfeiture Unit (AFU)
- National Specialist Services Division (NSSD): consisting of the Sexual Offences and Community Affairs Unit (SOCA), Specialised Commercial Crimes Unit (SCCU), Witness Protection Unit (WPU) and the Priority Crimes Litigation Unit (PCLU)
- Corporate Services.

The NPA has continued to operate on the same basis with respect to its relationship with the DoJ&CD during the year under review. This means that, with respect to all NPA business units, excluding the DSO, the CEO of the NPA operates as the Accounting Officer on the basis of a delegation of authority from the Director-General of the DoJ&CD. With respect to the DSO, the CEO of the NPA operates as the Accounting Officer in terms of the provisions of the NPA Amendment Act of 2001.

These financial statements are the sixth set of financial statements produced by the NPA, separately from the DoJ&CD and, whilst they are separately audited by the Auditor-General, they will be consolidated with the financial statements of the DoJ&CD. These arrangements are by agreement with the DoJ&CD, National Treasury and the Office of the Auditor-General.

Highlights of the financial position

A saving of R46.5 million is attributed to unpaid invoices currently under dispute with a service provider. An application was made for a rollover of these funds. As this matter was not settled during the current year, these funds will be returned to National Treasury.

It is important to note that with respect to budgetary matters, the NPA does not administer the full budget for Lower Court prosecutors. It still only administers the personnel budget. The administration of the remainder of this budget remains with the DoJ&CD. This is an issue that needs to be resolved along with accountability and reporting between the NPA and the department, as prosecutors continue to complain about poor service delivery of non-personnel related items.

Table 20: Financial position

	2006/07	2005/06
	R'000	R'000
Adjusted appropriation	1 582 062	1 354 810
Virement from DoJ&CD	3 023	92 881
Final Appropriation	1 585 085	1 447 691
Less: Total expenditure	1 535 754	1 399 923
Variance	49 331	47 768



Ms Marion Sparg,
Chief Executive Officer: NPA.

¹⁵ Refer Annexure E: Organogram of the NPA



Funds not received via the budget process

A special programme, namely the Integrated Justice System (IJS), has been established within the security cluster with the Department of Safety and Security, identified as the Administering Department. An amount of R213 million was allocated to its budget in respect of the year under review.

Departments within this cluster incur expenditure, which is then recorded in a temporary suspense account. Through the normal procurement process these expenditures are submitted to the IJS Committee for approval and then claimed back from the Department of Safety and Security.

As a result of this process the NPA received an amount of R17 440 130 from the Department of Safety and Security in respect of expenditures on services and capital assets. These assets are recorded in the departmental assets register.

Criminal Assets Recovery Account (CARA)

A separate set of financial statements is published for CARA as agreed with the Office of the Accountant General. These are contained in Section 5 of this Report.

2 Services rendered by the NPA

The NPA's vision is *"Justice in our society so that people can live in freedom and security"*.

The mission statement of the NPA is: *"Guided by the Constitution, we in the National Prosecuting Authority ensure justice for the victims of crime by prosecuting without fear, favour or prejudice and by working with our partners and the public to solve and prevent crime"*.

The services rendered by the NPA are described broadly below:

- Public Prosecutions entails prosecutions in both the High Courts and Lower Courts, special commercial crime courts and sexual offences courts.
- The Witness Protection programme co-ordinates the safekeeping and protection of witnesses in certain serious cases.
- Special Operations, comprising of the Directorate of Special Operations (also known as the Scorpions) together with the Asset Forfeiture Unit, deal with serious organised crime and the proceeds thereof.
- Corporate Services renders the following services to the operational units:
 - Finance and Procurement Management Services
 - Human Resource Management and Development Services
 - Information Management Services
 - Research and Policy Management Services
 - Security Services
 - Communication Services
 - Strategy and Risk Management Services
 - Integrity Management Services.

Inventories

A stock take was conducted on 31 March 2007, and the value thereof was established at R230 760.00. The basis of the valuation was purchase price.

3 Capacity constraints

Directorate of Special Operations (DSO)

The major constraints facing the DSO relate to the delays in the filling of vacant posts, the relative difficulty in recruiting appropriately skilled staff, the inability to offer market related salaries and the current inappropriate budgetary arrangements.

This has once again resulted in insufficient operational staff to conduct investigations, insufficient administrative staff to properly support the DSO and insufficient prosecutors to appear in court. The NDPP decided during the year under review that a separate administration be established for the DSO, in line with the general outcome of Cabinet resolutions on the Khampepe Commission into the location and mandate of the DSO.

To this end, Mr Brian Graham was appointed on a contract basis as Chief Financial Officer for the DSO. A number of administrative posts for the DSO have been created and advertised. These appointments will provide leadership in establishing proper reporting and systems procedures for the DSO.

Permission has also been obtained from National Treasury to open a separate bank account for the DSO. A submission was made to National Treasury for the listing of the DSO as a public entity. This submission has not yet received a response from National Treasury.

Sexual Offences and Community Affairs (SOCA)

Once again the major constraints experienced by this unit are as follows:

- The continued reliance on donor funding for critical projects such as the Thuthuzela Care Centres
- The absence of a provincial presence due to human resource constraints, which limits the unit's ability to monitor and evaluate implemented initiatives, projects and policies.

Asset Forfeiture Unit (AFU)

A major constraint which the unit continues to experience is the lack of experienced and skilled human resource capacity to deal with complex cases, together with an inadequate budget for legal and other professional services:

- Once again additional funds were requested through the MTEF process. This unit was partially successful in obtaining funds for additional posts and professional services.
- Continued a focused recruitment campaign to attract skilled investigators and advocates, combined with intensive training and development for all staff.
- Additional funds were received from the CARA to fund some of its training and professional services requirements. The indications are positive that the unit will again receive additional funds in the new financial year.

Witness Protection Unit (WPU)

The WPU is also facing staff shortages. However, the long outstanding matter of the transfer of the SAPS members assigned to the unit has now been resolved and the transfer of these individuals will become a reality in the new financial year with the allocation of additional funding from National Treasury. The unit faces budgetary constraints to fund important aspects of its work, such as the After-care programme which seeks to assist witnesses after they exit the program.

Corporate Services (CS)

The CS unit continues to battle to keep pace with the growing size and complexity of operational units. The NPA has received substantial additional funding for prosecutors and other core staff and this has meant that CS has prioritised the filling of posts for operational units, at its own cost. This, together with the high turnover of staff and key management in CS, has meant that CS has failed to grow at the required level to ensure it can service operational units at the required standard.

An additional capacity constraint affecting not only CS but all units in the NPA is the capacity required to spend the additional funding allocated to the NPA. Particular projects and efforts have been put in place but operational units battle to prioritise time for recruitment efforts and to keep pace with the growing demand for core services. One of the key challenges the NPA faces in the new financial year is to ensure it spends the additional funds allocated by National Treasury.

It is also becoming abundantly clear that the NPA's non-personnel budget requires additional funding for centralised items such as fleet services, accommodation, information technology, training and development and security services. A substantial growth in these budget items is required over the next few years to ensure that CS is able to provide operational units with the support they require.



With respect to the capital budget, despite repeated attempts to reach some agreement with DoJ&CD, the NPA has been largely unsuccessful in obtaining sufficient funding for new accommodation projects. Some additional funds were re-prioritised and allocated to the NPA in the last few days of the financial year, but these are not adequate to cover the growing needs of the NPA for adequate facilities and accommodation.

General

The general capacity constraints described above fall into three major areas:

- A general inability to attract and retain staff and managers with the necessary skills and experience.
- This lack of capacity in turn creates a vicious circle and an inability to speed up recruitment efforts and spend additional funds allocated to the organisation.
- A budget that is not yet sufficiently balanced with high personnel expenditure and which in turn is not supported by the required goods and services and capital budget.

4 Utilisation of donor funds

Table 21 reflects an exposition of projects funded through donations during the current financial year.

Table 21: Utilisation of donor funds

Donor	Project	Short description
USAID	Specialist Prosecutors	To empower prosecutors and other role players with specialised knowledge and skills to better handle cases of sexual and domestic violence through multidisciplinary training community outreach and research programmes.
W K Kellogg Foundation	Thuthuzela Project	To manage care centres for victims of child abuse and rape, training and development and public education.
UNICEF	Sexual offences	To manage care centres for victims of child abuse and rape, training and development and public education.
Vodacom	Thuthuzela Project	To establish, renovate and launch sexual offences courts.
SARS	SARS Tax Unit	To assist the NPA in establishing a tax unit.
Business Against Crime (BAC)	RJ Hillhouse	To collaborate and coordinate in the preparation for prosecutions.
Greece	Thuthuzela Project	To manage care centres for victims of child abuse and rape, training and development and public education.
Royal Danish Commission	Ndabezitha Project	To resolve domestic violence in rural communities.
Woolworths	Sexual Offences Courts	To develop a child friendly environment.
Foundation for Human Rights	Missing Persons Task Team	Implementation of the recommendation of the TRC regarding missing persons.

Please refer to Annexure 1D of the Annual Financial Statements for further details in this regard.

5 Corporate Governance Arrangements

Governance and Enterprise Risk Management

The NPA has made progress in the area of governance and enterprise risk management in the year under review. It continues to be guided by the governance model developed as part of NPA Strategy 2020. The necessary progress in establishing a Governance Centre in the year under review was however not made, due to internal debates about the macro-structure of the NPA currently being reviewed as part of the Serurubele Transformation Programme.

This in turn impacted on the capacity of the Office of the CEO to implement new governance processes. Despite this, progress has been made in the development of a governance calendar which is expected to become fully functional in 2007/8.

The NPA has also continued to prioritise its work on enterprise risk management. All business units are expected to identify and manage risks as part of their annual business plans. Reporting on business unit performance includes reporting on the management of these risks.

The NPA Exco also set up an enterprise performance sub-committee in 2006/07 which reviewed business plans of units on a quarterly basis. More information on the work of this committee appears in Section 1 of this report.

Integrity Management Unit (IMU)

During the year 2006/07 the IMU intensified its effort in two critical areas, namely integrity promotion and prevention of integrity breaches. The unit completed a number of highly sensitive internal investigations in the organisation in the past year. At the same time, and perhaps more importantly, it has made strides in 2006/07 in its efforts to prevent integrity breaches. This work culminated in the holding of an integrity conference for the Senior Management Service in March 2007 and the launching of an Integrity Resource (handbook) at the same conference.

The unit has also embarked on the profiling of the SMS leadership in the organisation to bolster the work of vetting of personnel, and to ensure that the NPA is able to intervene timeously should any “red flags” or warning signs be picked up in the profiling process. The initial vetting process does not necessarily identify integrity risks in new personnel recruited and that more often than not, it is only after the individual has been in the employ of the organisation for a period of time that integrity is challenged. It is thus important that the NPA, assisted by the IMU, can track the profiles of its management cadres. The focus was also to assess organisational capacity in promoting integrity.

The unit also completed a culture survey during the year under review and is playing a leading part in the Transformation Programme’s ongoing work to develop a set of shared values for the organisation.

Security and Risk Management (S&R)

The S&R service centre plays a critical role in the NPA’s overall risk management efforts. Its two critical areas of work in this regard are with respect to vetting of personnel and providing threatened employees with protection as and when required.

Whilst the NIA is responsible for issuing of security clearance certificates, this unit plays an important role in gathering of all relevant information to speed up the process at NIA. An improvement of 36 per cent was achieved in its compliance with personnel vetting requirements in the year under review. The NPA has achieved a 74 per cent level of compliance. This is still not high enough for an organisation like the NPA, but represents a significant improvement, given the capacity constraints at the NPA.

S&R have also continued to provide threatened employees with protection in terms of the NPA’s Employee Protection Policy. Protection to the value of R3.2m was provided to employees in the year under review. This will continue to be a key part of the NPA’s risk management strategy, given the number of high profile cases currently under investigation.

Internal Audit and Audit Committee

The Internal Audit Unit conducted two reviews of the Department’s operations under the direction of the Chief Audit Executive (CAE) based at the DoJ&CD.



The Audit Committee, which operates in terms of its own charter, continued to hold quarterly meetings with the Internal Audit Unit, Executive Management and the External Auditors. With the exception of the Chairman, new independent members are appointed annually to serve on this Committee. Individual members of the Audit Committee are required to declare any interest at each meeting, in order to avoid conflict of interest. To date no conflict of interest has been declared.

In order to ensure continuity of this committee, the charter has been amended to enable the services of the Chairman to be retained on an indefinite basis.

The Internal Audit Unit's primary responsibility is to provide assurance on risk management, control and governance processes. This unit continues to report significant findings emanating from the audit process to management and the Audit Committee. Management in turn continues to address significant issues raised by the Internal Audit Unit in order to enhance the risk management and governance processes within the NPA.

The Internal Audit Unit of the NPA was integrated into the Internal Unit of the DoJ&CD during the year in order to optimise the utilisation of auditing resources under the control of the Chief Audit Executive. This arrangement has, however, not proved successful and the CEO has raised repeated concerns with the Chief Audit Executive and the Director-General about the general lack of progress in reporting to the CEO. NPA management has also complained about the standard of audit reports on their respective units. Internal auditing services for the NPA will need to be reviewed comprehensively in 2007/08.

Budget Control

The NPA Exco has set up a Budget Sub-Committee which held quarterly Budget Review meetings with the heads of all business units. During these reviews the heads of the business units presented their budget performance and provided reasons for either over- or under-spending of the funds allocated to them. These reviews allow the business units the opportunity to explain to the Budget Committee why funds projected for certain major projects have not been spent. Management then re-prioritises available funding to other projects during the financial year.

6 Asset Management

Asset management was given high priority during this financial year. All new acquisitions of assets were bar-coded and captured onto Excel spreadsheets on a national basis and verified. The P2P asset management system was suspended due to the fact that National Treasury had not given its written consent to the utilisation of the system, and these records have been transferred to the Logis asset management system.

The information disclosed in Note 26 to the financials is derived as a result of the completion of this exercise. Asset values reflected were arrived at by means of a fair valuation process.

The depreciated replacement cost method was used to assess the fair value, which has been consistently applied to arrive at a closing balance per individual asset.

The condition of the asset was linked to its perceived remaining life and the value was based on its condition and the market related price per asset:

- Good condition 75% of current new value.
- Satisfactory condition 50% of current new value
- Poor condition 25% of current new value.

7 Performance information

The NPA adopted a new process and template for performance progress reporting against annual business plans to support the execution of the NPA Strategy 2020, annual plans and strategic projects. This was a brand new approach for the organisation and teething problems were to be expected. However, significant progress has been made this year to ensure horizontal and vertical integration of annual plans, as well as to stabilise and consolidate enterprise performance progress monitoring and reporting, thus putting performance reporting on a decent footing. Business units reported progress on their performance against annual business plans, and strategic projects on a quarterly basis to Exco and its Enterprise Performance Management sub-committee.

The annual business plans of units as well as their performance progress reports, outputs and statistics were submitted to Internal Audit for independent verification of the integrity of the performance information and reports submitted, and to recommend on improvements in controls to bolster performance information and reporting. The quarterly review process by Exco and its sub-committee, as well as by business unit heads and management committees, further served to interrogate performance information and reports submitted, to provide guidance on corrections to be made, and improvements to be made to ensure integrity of reports and information. The NPA is confident that the integrity of this process has improved each quarter, as the organisation became more familiar with what was required, and improved its understanding of the progress reporting process and template.

The NDPP, CEO, Exco members, unit heads and the Executive Manager: Strategy & Risk are all committed, and make serious efforts, to ensure understanding of and compliance with the enterprise performance process of the NPA. Particular emphasis is placed on the verifiability and accuracy of performance data and outputs reported. This process of review by Exco and its sub-committee, as well as at business unit level, was fairly rigorous and was experienced by all to be of considerable value to enhance performance and accountability. The NPA aims to finalise the design and development of support technology to enhance the accessibility, timeliness, verifiability and availability of performance information during 2007/08.

8 SCOPA resolutions

During the 2006/07 financial year the NPA did not receive any SCOPA resolutions and the NPA has not been notified by SCOPA of any related queries.

9 Information Technology and motor vehicle leasing arrangements

An amount of R64 167 709 for lease payments was disclosed as irregular expenditure in the previous year and R38 996 022 in the current financial year. Payments constituted information technology and motor vehicle leasing arrangements concluded in terms of a master rental agreement and structured as an operating lease. This arrangement was vetted by the State Attorney and agreed to by National Treasury.

These leases were entered into after much analysis, and after the input by National Treasury, gave rise to a saving over the lease term. Clearly management felt that securing this saving was in the best interest of the NPA.

However, in the opinion of the Auditor-General, this transaction constituted a finance lease. As the NPA was unable to secure a written confirmation from National Treasury confirming their agreement to the classification of this transaction as an operating lease, it was decided to revise the annual financial statements in terms of the Auditor-General's recommendation.

During the current year, National Treasury issued a practice note dated 5th December 2006, whereby finance leases may now be entered into subject to certain conditions. As this condonation was issued late in the current financial year, this lease has again been reported as a finance lease.

Application will be made to management of the DoJ&CD during the current financial year to have this expenditure currently designated as irregular expenditure, condoned and written off.

Approval

The Annual Financial Statements set out on pages 93 to 123 have been approved by the Accounting Officer.


 Marion Sparg
 Chief Executive Officer, NPA
 Date: 31-05-07


 A.G. Msimane
 Director General: DC&CD
 Date: 31/5/07



ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

1 Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting, supplemented with additional disclosure items. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated, all financial figures have been rounded to the nearest one thousand Rand (R1 000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary, figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the appropriation statement.

2 Revenue

2.1 Appropriated funds

Appropriated and adjusted appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective. Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund, unless approval has been given by the National/Provincial Treasury to rollover the funds to the subsequent financial year. These approved rollover funds form part of retained funds in the annual financial statements. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

2.2.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and/or regulations (excluding fines, penalties and forfeits). Tax receipts are recognised in the statement of financial performance when received.

2.2.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the statement of financial performance when the cash is received.

2.2.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

2.2.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

2.2.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

2.2.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds. Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from revenue. Forex gains are recognised on payment of funds.

2.2.7 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements. All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the financial statements.

2.3 Local and foreign aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.



2.4 CARA Fund assistance

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as current or capital expenditure in the statement of financial performance. Any unspent CARA funds are transferred to Retained Funds as these funds do not need to be surrendered to the National Revenue Fund.

3 Expenditure

3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance¹⁶. All other payments are classified as current expense.

Social contributions include the employer's contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the statement of financial performance when the payment is effected on the system.

3.1.1 Short term employee benefits

Short term employee benefits comprise leave entitlements (including capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year).

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance.

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer (to households) when the payment is effected on the system (by no later than 31 March of each year).

3.1.2.2 Post employment retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5000 or more is purchased. All assets costing less than R5000 will also be reflected under goods and services.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year). This item excludes rental for

¹⁶ This accounting policy is only relevant when the department elects to capitalise the compensation paid to employees involved on capital projects.

the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under-spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note. Forex losses are recognised on payment of funds. All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Unauthorised expenditure

When discovered, unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person, or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is recognised in the statement of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the statement of financial performance on the date of approval.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.7 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

3.8 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the payment is effected on the system (by no later than 31 March of each year).

3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year).

4 Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.



4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party. Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance when the cash is received. Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in disclosure note 36.

4.5 Loans

Loans are recognised in the statement of financial position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in disclosure note 36.

4.6 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

4.7 Capital assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the capital asset may be stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Projects (of construction/development) running over more than one financial year relating to assets, are only capitalised as assets on completion of the project and at the total cost incurred over the duration of the project.

Disclosure Notes 26 and 27 reflect the total movement in the asset register for the current financial year.

5 Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures and disclosure notes to the financial statements.

5.3 Accruals

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the system. Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.4 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or it is a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the disclosure notes.

5.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are included in the disclosure notes.

6 Net Assets

6.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

6.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

7 Related party transactions

Related parties are departments that control or significantly influence entities in making financial and operating decisions. Specific information with regard to related party transactions is included in the disclosure notes.

8 Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. Compensation paid to key management personnel, including their family members where relevant, is included in the disclosure notes.

9 Public private partnerships

A public private partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:

- performs an institutional function on behalf of the institution; and/or
- acquires the use of state property for its own commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- receives a benefit for performing the institutional function or from utilising state property, either by way of:



- o consideration to be paid by the department which derives from a Revenue Fund;
- o charges or fees to be collected by the private party from users or customers of a service provided to them; or
- o a combination of such consideration and such charges or fees.

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.



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2001 (1)

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THE SUPPLEMENT TO SA CRIMINAL LAW AND PROCEDURE—THE 1972 SUPPLEMENT TO SA CRIMINAL LAW AND PROCEDURE—1972

PROVEREENSWY EN REGULEER (VERRE EN BYLAAT)
BORG TRAFREG-AKTIE-REGULEER (FORMS AND ANNEXURES)

2

23/1989

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REK. STYL. ENGINNERING EN METALLOGIESE TOEGANG
METEN STAAL-INGESIGS-EN METALLOGIESE TOEGANG

CONSTITUCIE-EN-REK. STYL-ENGINNERING EN METALLOGIESE TOEGANG

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Appropriation Statement for the year ended 31 March 2007

Appropriation per programme									
	2006/07							2005/06	
1. Programme 4	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payment	1 562 228	-	3 475	1 565 703	1 516 694	49 009	96.9%	1 382 449	1 334 884
Transfers and subsidies	2 890	-	2 272	5 162	3 368	1 794 (1 472)	65.2%	6 106	6 106
Payment for capital assets	16 944	-	(2 724)	14 220	15 692	-	110.4%	59 136	58 933
TOTAL	1 582 062	-	3 023	1 585 085	1 535 754	49 331	96.9%	1 447 691	1 399 923
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				6 849				22 750	
CARA Fund Assistance				31 800				-	
Local and foreign aid assistance received				1 047				2 814	
Actual amounts per Statements of Financial Performance (Total revenue)				1 624 781				1 473 255	
Add:									
Local and foreign aid assistance					3 299				3 871
Actual amounts per Statements of Financial Performance (Total expenditure)					1 539 053				1 403 794



Detail per Programme 4
for the year ended 31 March 2007

	Appropriation per economic classification								
	2006/07						2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	1 104 196	-	(43 711)	1 060 485	1 060 485	-	100.0%	900 189	900 189
Goods and services	458 032	-	47 053	505 085	456 076	49 009	90.3%	482 247	434 682
Financial transactions in assets and liabilities	-	-	133	133	133	-	100.0%	13	13
Transfers and subsidies	-	-							
Provinces and municipalities	2 890	-	-	2 890	1 096	1 794	37.9%	3 100	3 025
Households	-	-	2 272	2 272	2 272	-	100.0%	3 006	3 081
Payments for capital assets	-								
Buildings and other fixed structures		-	-	-	-	-	0.0%	15 000	15 000
Machinery and equipment	16 944	-	(2 724)	14 220	15 692	(1 472)	110.4%	44 136	43 933
Total	1 582 062	-	3 023	1 585 085	1 535 754	49 331	96.9%	1 447 691	1 399 923

Detail per Programme 4
for the year ended 31 March 2007

Programme per sub-programme	2006/07							2005/06	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Public Prosecutions									
Current payment	1 248 787	-	(21 711)	1 227 076	1 180 564	46 512	96.2%	1 090 902	1 043 337
Transfers and subsidies	2 380	-	2 160	4 540	2 746	1 794	60.5%	4 666	4 666
Payment for capital assets	12 525	-	1 331	13 856	13 868	(12)	100.1%	54 288	54 085
Special Operations									
Current payment	250 548	-	18 283	268 831	267 161	1 670	99.4%	237 093	237 093
Transfers and subsidies	486	-	128	614	614	-	100.0%	1 401	1 401
Payment for capital assets	2 625	-	(2 317)	308	1 768	(1 460)	574.0%	4 840	4 840
Witness Protection									
Current payment	62 893	-	6 903	69 796	68 969	827	98.8%	54 454	54 454
Transfers and subsidies	24	-	(16)	8	8	-	100.0%	39	39
Payment for capital assets	1 794	-	(1 738)	56	56	-	100.0%	8	8
TOTAL	1 582 062	-	3 023	1 585 085	1 535 754	49 331	96.9%	1 447 691	1 399 923



Detail per Programme 4
for the year ended 31 March 2007

	Appropriation per economic classification								
	2006/07						2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final a	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	1 104 196	-	(43 711)	1 060 485	1 060 485	-	100.0%	900 189	900 189
Goods and services	458 032	-	47 053	505 085	456 076	49 009	90.3%	482 247	434 682
Financial transactions in assets and liabilities	-	-	133	133	133	-	100.0%	13	13
Transfers and subsidies									
Provinces and municipalities	2 890	-	-	2 890	1 096	1 794	37.9%	3 100	3 025
Households	-	-	2 272	2 272	2 272	-	100.0%	3 006	3 081
Payments for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	0.0%	15 000	15 000
Machinery and equipment	16 944	-	(2 724)	14 220	15 692	(1 472)	110.4%	44 136	43 933
Total	1 582 062	-	3 023	1 585 085	1 535 754	49 331	96.9%	1 447 691	1 399 923

Notes to the Appropriation Statement for the year ended 31 March 2007

1. Detail of transfers and subsidies as per Appropriation Act (after virement)

Detail of these transactions can be viewed in note 7 (transfers and subsidies) and annexure 1 (a-d) to the annual financial statements.

a. Detail of specifically and exclusively appropriated amounts voted (after virement)

Detail of these transactions can be viewed in note 1 (annual appropriation) to the annual financial statements.

b. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 6 (financial transactions in assets and liabilities) to the annual financial statements.

c. Explanations of material variances from amounts voted (after virement)

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 4	1 585 085	1 535 754	49 331	3.1%

The under spending of R46.5 million is attributed to delays in the legal outcome of unpaid invoices currently under dispute. The two sets of senior counsels are currently consulting on a regular basis regarding the presentations of this complex contract to court and the discovery of approximately 73 000 documents. Application has been made to National Treasury for a roll-over of the saving of R46.5 million.

Per Economic classification	2006/07 R'000	2005/06 R'000
Current payments:		
Goods and services	49 009	47 768
Transfers and subsidies:		
Provinces and municipalities	1 794	-
Payment for capital assets:		
Machinery & equipment	(1 472)	-



Statement of Financial Performance For the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
REVENUE			
Annual appropriation	1	1 585 085	1 447 691
Departmental revenue	2	6 849	22 750
CARA Fund assistance	3A	31 800	-
Local and foreign aid assistance	3	1 047	2 814
TOTAL REVENUE		1 624 781	1 473 255
EXPENDITURE			
Current expenditure			
Compensation of employees	4	1 060 485	900 189
Goods and services	5	456 076	434 682
Financial transactions in assets and liabilities	6	133	13
Local and foreign aid assistance	3	3 142	3 320
Total current expenditure		1 519 836	1 338 204
Transfers and subsidies	7	3 368	6 106
Expenditure for capital assets			
Buildings and other fixed structures	8	-	15 000
Machinery and equipment	8	15 692	43 933
Local and foreign aid assistance	3	157	551
Total expenditure for capital assets		15 849	59 484
TOTAL EXPENDITURE		1 539 053	1 403 794
SURPLUS/(DEFICIT)		85 728	69 461
Add back fruitless and wasteful expenditure	9	372	166
SURPLUS/(DEFICIT) FOR THE YEAR		86 100	69 627
Reconciliation of Surplus/(Deficit) for the year			
Voted Funds	13	49 703	47 934
Departmental Revenue	14	6 849	22 750
Local and foreign aid assistance	3	(2 252)	(1 057)
CARA Fund assistance	3A	31 800	-
SURPLUS/(DEFICIT) FOR THE YEAR		86 100	69 627

Statement of Financial Position

For the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
ASSETS			
Current assets		109 820	76 374
Fruitless and wasteful expenditure	9	2 797	2 425
Cash and cash equivalents	10	63 030	38 504
Prepayments and advances	11	23 245	23 647
Receivables	12	19 944	11 179
Local and foreign aid assistance receivable	3	804	619
TOTAL ASSETS		109 820	76 374
LIABILITIES			
Current liabilities		75 696	75 689
Voted funds to be surrendered to the Revenue Fund	13	49 703	47 934
Departmental revenue to be surrendered to the Revenue Fund	14	22 543	21 035
Payables	15	1 053	2 256
Local and foreign aid assistance unutilised	3	2 397	4 464
TOTAL LIABILITIES		75 696	75 689
NET ASSETS		34 124	685
Represented by:			
Recoverable revenue		2 324	685
Retained funds (Legislatures/Parliament/CARA Fund assistance)		31 800	-
TOTAL		34 124	685



Statement of Changes in Net Assets for the Year Ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
Recoverable revenue			
Opening balance		685	364
Transfers		1 639	321
Debts raised			
Closing balance		<u>2 324</u>	<u>685</u>
Retained funds			
Opening balance		-	-
CARA Fund assistance	3A	<u>31 800</u>	-
Closing balance		<u>31 800</u>	-
TOTAL		<u><u>34 124</u></u>	<u><u>685</u></u>

Cash Flow Statement for the Year Ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 624 781	1 451 356
Annual appropriated funds received	1.1	1 585 085	1 447 691
Departmental revenue received		6 849	851
CARA Fund assistance received		31 800	-
Local and foreign aid assistance received	3	1 047	2 814
Net (increase)/decrease in working capital		(9 938)	(695)
Surrendered to Revenue Fund		(53 275)	(35 630)
Current payments		(1 519 464)	(1 338 038)
Transfers and subsidies paid		(3 368)	(6 106)
Net cash flow available from operating activities	16	38 736	70 887
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(15 849)	(59 484)
Proceeds from sale of capital assets	2	-	21 899
Net cash flows from investing activities		(15 849)	(37 585)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		1 639	321
Net cash flows from financing activities		1 639	321
Net increase/(decrease) in cash and cash equivalents		24 526	33 623
Cash and cash equivalents at the beginning of the period		38 504	4 881
Cash and cash equivalents at end of period	17	63 030	38 504



Notes to the Annual Financial Statements for the Year Ended 31 March 2007

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for National Prosecuting Authority:

	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation received 2005/06 R'000
Programme 4: National Prosecuting Authority	1 585 085	1 585 085	-	1 447 691
Total	1 585 085	1 585 085	-	1 447 691

2. Departmental revenue to be surrendered to revenue fund via the DoJ&CD

Tax revenue

	Note	2006/07	2005/06
Sales of goods and services other than capital assets	2.1	851	389
Interest, dividends and rent on land	2.2	358	180
Sales of capital assets	2.3	-	21 899
Financial transactions in assets and liabilities	2.4	5 640	282
Departmental revenue collected		6 849	22 750

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department
Sales by market establishment

	851	389
Total	851	389

2.2 Interest dividends and rent on land and buildings

Interest

	358	180
Total	358	180

2.3 Sale of capital assets

Other capital assets

	-	21 899
Total	-	21 899

2.4 Financial transactions in assets and liabilities

Nature of loss recovery

Stale cheques written back	22	-
Other Receipts including Recoverable Revenue	5 618	282
Total	5 640	282

3. Local and foreign aid assistance

3.1 Assistance received in cash: Other

	2006/07	2005/06
Local		
Opening Balance	(220)	1 967
Revenue	965	-
Expenditure	1 405	2 187
Current	1 263	1 636
Capital	142	551
Closing Balance	(660)	(220)
Foreign		
Opening Balance	4 065	2 935
Revenue	82	2 814
Expenditure	1 894	1 684
Current	1 879	1 684
Capital	15	-
Closing Balance	2 253	4 065
Total assistance		
Opening Balance	3 845	4 902
Revenue	1 047	2 814
Expenditure	3 299	3 871
Current	3 142	3 320
Capital	157	551
Closing Balance	1 593	3 845
Analysis of balance		
Local and foreign aid receivable	804	619
Local and foreign aid unutilised	2 397	4 464
Closing balance	1 593	3 845

3A CARA Fund assistance

Opening Balance	-	-
Revenue received	31 800	-
Closing Balance	31 800	-



4. Compensation of employees

2006/07	2005/06
---------	---------

4.1 Salaries and Wages

Basic salary	773 181	667 625
Performance award	18 592	18 321
Service Based	524	315
Compensative/circumstantial	4 494	2 956
Other non-pensionable allowances	134 707	86 412
Total	931 498	775 629

4.2 Social contributions

4.2.1 Employer contributions

Pension	97 950	93 405
Medical	30 929	31 032
UIF	3	10
Bargaining council	105	113
Total	128 987	124 560

Total compensation of employees	1 060 485	900 189
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Average number of employees	4 044	3 872
-----------------------------	-------	-------

5. Goods and services

	Note	2006/07	2005/06
Advertising		10 060	1 861
Attendance fees (including registration fees)		6	-
Bank charges and card fees		452	369
Bursaries (employees)		1 579	1 361
Communication		32 553	41 832
Computer services		36 997	41 401
Consultants, contractors and special services		67 615	57 857
Courier and delivery services		450	394
Drivers' licences and permits		-	2
Entertainment		1 390	1 087
External audit fees	5.1	2 691	2 265
Equipment less than R5000		13 194	1 122
Firearm handling fees		6	-
Inventory	5.2	14 404	15 254
Legal fees		27 995	24 927
Maintenance, repairs and running costs		6 715	3 213
Medical Services		22	221
Operating leases		86 340	54 729
Personnel agency fees		211	899
Photographic services		8	3
Plant flowers and other decorations		30	11
Printing and publications		2 653	112
Professional bodies and membership fees		19	36
Resettlement costs		2 055	3 248
Subscriptions		1 856	5 967
Storage of furniture		4	-
System access fees		13	-
Owned leasehold property expenditure		23 326	13 522
Translations and transcriptions		771	767
Transport provided as part of the departmental activities		5 336	61 327
Travel and subsistence	5.3	65 537	60 000
Venues and facilities		2 729	2 273
Protective, special clothing & uniforms		521	282
Training & staff development		4 585	1 711
Witness and related fees		43 953	36 629
Total		456 076	434 682



5.1 External audit fees

Regulatory audits

Total

2006/07	2005/06
2 691	2 265
2 691	2 265

5.2 Inventory

Domestic consumables

Food and Food supplies

Fuel, oil and gas

Other consumables

Parts and other maintenance material

Stationery and printing

Medical supplies

Weapons and armaments

Total

241	50
4	-
1	3
1	-
94	173
12 573	15 021
1	7
1 489	-
14 404	15 254

5.3 Travel and subsistence

Local

Foreign

Total

62 350	57 817
3 187	2 183
65 537	60 000

6. Financial transactions in assets and liabilities

Material losses through criminal conduct

- Other material losses

Other material losses written off

Debts written off

Total

6.1	-	9
6.2	1	-
6.3	132	4
	133	13

6.1 Other material losses

Other material losses

Total

-	9
-	9

6.2 Other material losses written off

Nature of losses

Duplicate payment written off

Total

1	-
1	-

6.3 Debts written off

Nature of debts written off

Bad debt written off

Total

Note	2006/07	2005/06
	132	4
	132	4

7. Transfers and subsidies

Provinces and municipalities

Households

Total

Annex 1A	1 096	3 025
Annex 1B	2 272	3 081
	3 368	6 106

8. Expenditure for capital assets

Buildings and other fixed structures

Machinery and equipment

Software & Other Intangible Assets

Total

26	-	15 000
26	15 692	43 933
27	14 542	-
	30 234	58 933

9. Fruitless and wasteful expenditure

9.1 Reconciliation of fruitless and wasteful expenditure

Opening balance

Fruitless and wasteful expenditure – current year

Current

Fruitless and wasteful expenditure awaiting condonement

2 425	2 259
372	166
372	166
2 797	2 425

9.2 Analysis of current fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	
Accident Fees	Under investigation. Awaiting report from IMU and Security and Risk	106
Cancellation Fees	Under investigation. Letters sent to officials to obtain explanations	65
Legal Fees	Under investigation. Transactions to be verified for correctness.	206
Extra Accommodation	Under investigation.	1
Journal Corrections		(6)
Total		372

10. Cash and cash equivalents

Consolidated Paymaster General Account

Cash receipts

Disbursements

Cash on hand

Total

62 912	38 486
-	2
33	1
85	15
63 030	38 504



11. Prepayments and advances

	2006/07	2005/06
Travel and subsistence	1 346	1 748
Prepayments	21 899	21 899
Total	23 245	23 647

12. Receivables

				2006/07	2005/06
	Note	Less than one year	One to three years	Older than three years	Total
Staff debtors	12.1	3 191	5 486	3 507	12 184
Other debtors	12.2	3 252	263	59	3 574
Intergovernmental receivables	Annex 3	4 147	39	-	4 186
Total		10 590	5 788	3 566	19 944

12.1 Staff Debtors

Sal: Deduction Disall Acc: CA	-	13
Sal: Disallowance Account: CA	318	343
Sal: Tax Debt: CA	21	125
Debt Account: CA	11 541	8 480
Sal: Reversal Control	230	264
Irregular Expenditure: Dept Vote Account	33	26
Sal: Medical Aid	41	48
Sal: Housing	-	8
Sal: Fin Institutions Study Loans	-	9
Total	12 184	9 316

12.2 Other debtors

Disallowance Miscellaneous	1 293	376
Private Telephone	99	463
Telephone Control Account	2 061	-
VAT Clearing Account	121	-
Total	3 574	839

13. Voted funds to be surrendered to the Revenue Fund

Opening balance	47 934	32 000
Transfer from Statement of Financial Performance	49 703	47 934
Paid during the year	(47 934)	(32 000)
Closing balance	49 703	47 934

14. Departmental revenue to be surrendered to the Revenue Fund

	2006/07	2005/06
Opening balance	21 035	1 915
Transfer from Statement of Financial Performance	6 849	22 750
Paid during the year	(5 341)	(3 630)
Closing balance	22 543	21 035

15. Payables – current

Description	Notes	30 Days	30+ Days	2006/07	2005/06
				2006/07 Total	2005/06 Total
Amounts owing to other entities	Annex.5	-	1 944	1 944	4 355
Advances received	15.1	231	56	287	-
Clearing accounts	15.2	517	249	766	2 256
Total		748	2 247	2 997	6 611

15.1 Advances received

Description

Claims National Departments - IJS Funds	287	-
Total	287	-

15.2 Clearing accounts

Description

Sal: Reg Service Council	-	56
Sal: Pension Fund	58	5
Sal Income Tax	405	191
Sal: Garnishee Order	-	1
Telephone Control Acc	-	56
Sal: ACB Recalls	54	19
Pension Recoverable Account	204	127
Disallowance Miscellaneous	45	1 727
Payables: Other Departments	-	74
Total	766	2 256



16. Net cash flow available from operating activities

	2006/07	2005/06
Net surplus/(deficit) as per Statement of Financial Performance	86 100	69 627
Add back non cash/cash movements not deemed operating activities	(47 364)	1 260
(Increase)/decrease in receivables - current	(8 765)	31 693
(Increase)/decrease in prepayments and advances	402	(22 077)
(Increase)/decrease in other current assets	(557)	(785)
Increase/(decrease) in payables - current	(1 203)	(10 145)
Proceeds from sale of capital assets	-	(21 899)
Expenditure on capital assets	15 849	59 484
Surrenders to Revenue Fund	(53 275)	(35 630)
Other non-cash items	185	619
Net cash flow generated by operating activities	38 736	70 887

17. Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated Paymaster General account	62 912	38 486
Cash receipts	-	2
Disbursements	33	1
Cash on hand	85	15
Total	63 030	38 504

Disclosure Notes to the Annual Financial Statement for the Year Ended 31 March 2007

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

18. Contingent liabilities

		Note	2006/07	2005/06
Liable to	Nature			
Motor vehicle guarantees	Employees	Annex 2A	459	1 042
Housing loan guarantees	Employees	Annex 2A	5 553	5 960
Claims against the department		Annex 2B	325 781	86 011
Other departments (interdepartmental unconfirmed balances)		Annex 4	66	79
Total			331 859	93 092

19. Commitments

Current expenditure

Approved and contracted	758 136	35 592
	758 136	35 592

Capital expenditure

Approved and contracted	32 747	11 864
	32 747	11 864

Total Commitments

	790 883	47 456
--	----------------	---------------

20. Accruals

Listed by economic classification			2006/07	2005/06
	30 Days	30+ Days	Total	Total
Compensation of employees	25	40	65	587
Goods and services	8 573	23 849	32 422	42 267
Transfers and subsidies	-	1	1	11
Machinery and equipment	1 944	6 813	8 757	31 172
Total	10 542	30 703	41 245	74 037

Listed by programme level

Public Prosecution	24 980	34 067
Special Operations	14 060	30 911
Witness Protection	2 205	9 059
	41 245	74 037

Confirmed balances with other departments

Annex 4	1 878	4 355
	1 878	4 355



21. Employee benefits

	2006/07	2005/06
Leave entitlement	47 851	41 645
Thirteenth cheque	33 288	27 726
Performance awards	18 049	15 553
Capped leave commitments	98 486	95 674
Total	197 674	180 598

22. Lease Commitments

22.1 Operating leases

2006/2007	Vehicles	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	4 672	-	4 672
Later than 1 year and not later than 5 years	-	39 792	-	39 792
Later than five years	-	-	-	-
Total present value of lease liabilities	-	44 464	-	44 464

2005/2006	Vehicles	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	2 483	8 567	11 050
Later than 1 year and not later than 5 years	-	15 730	53 644	69 374
Later than five years	-	17 752	6 404	24 156
Total present value of lease liabilities	-	35 965	68 615	104 580

22.2 Finance leases

2006/2007	Vehicles	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	12 184	9 528	18 159	39 871
Later than 1 year and not later than 5 years	11 218	42 800	45 122	99 140
Later than five years	-	12 807	-	12 807
Total present value of lease liabilities	23 402	65 135	63 281	151 818

2005/2006	Vehicles	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	6 939	-	14 789	21 728
Later than 1 year and not later than 5 years	17 709	-	26 902	44 611
Later than five years	-	-	-	-
Total present value of lease liabilities	24 648	-	41 691	66 339

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

	2006/07	2005/06
Opening balance	65 341	1 147
Add: Irregular expenditure - current year	121 348	64 194
Irregular expenditure awaiting condonement	186 689	65 341

Analysis of awaiting condonement per classification

Current expenditure	186 689	65 341
	186 689	65 341

Analysis of awaiting condonement per age classification

Current	121 348	64 194
Prior years	65 341	1 147
	186 689	65 341

23.2 Irregular expenditure

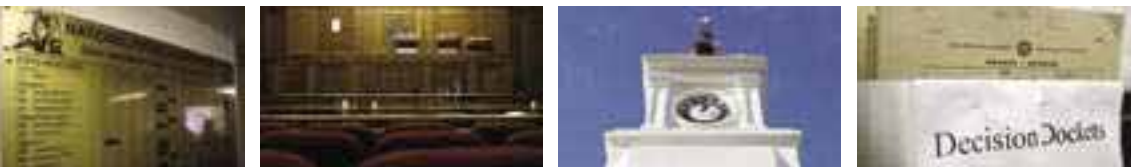
Incident	Disciplinary steps taken/criminal proceedings		
Cases (prior years)	Still under investigation	65 341	
Irregular appointment	Still under investigation	686	
Rentworks Payments	Still under investigation	38 996	
Noted cases	Still under investigation	10 666	
CFM Finance Lease	Still under investigation	54 000	
CFM Soft services not in terms of contract	Still under investigation	17 000	
		186 689	

24. Key management personnel

	No. of Individuals	2006/07	2005/06
Political office bearers (provide detail below)	5	4 475	4 157
Officials			
Level 15 to 16	19	15 256	14 161
Level 14 (incl CFO if at a lower level)	11	6 372	1 235
Total		26 103	19 553

25. Provisions

Staff Debtors	3 330	-
Total	3 330	-



26. Tangible Capital Assets

26.1 movement in tangible capital assets per asset register for the year ended 31 March 2007

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	Cost R'000	Cost R'000	Cost R'000	Cost R'000	Cost R'000
BUILDING AND OTHER FIXED STRUCTURES	30 336	-	-	-	30 336
Other fixed structures	30 336	-	-	-	30 336
MACHINERY AND EQUIPMENT	61 341	(30 837)	18 900	-	49 404
Computer equipment	42 746	(21 505)	14 705	-	35 946
Other machinery and equipment	18 595	(9 332)	4 195	-	13 458
TOTAL TANGIBLE ASSETS	91 677	(30 837)	18 900	-	79 740

Note: The following finance lease assets are not included in the above schedule: 87 photo copiers valued at R3.8m vehicles and related equipment valued at R63.3m and computer equipment valued at R40.6m. The opening balance i.r.o. "other machinery and equipment" and "computer equipment" has been restated due to incorrect classification and values of assets in the prior year.

26.2 Additions to tangible capital assets per asset register for the year ended 31 March 2007

	Cash	Non-cash	(Capital Work in Progress current costs)	Received current not paid (Paid current year received prior year)	Total
	Cost R'000	Fair Value R'000	Cost R'000	Cost R'000	Cost R'000
MACHINERY AND EQUIPMENT	15 692	729	-	2 479	18 900
Computer equipment	12 218	729	-	1 758	14 705
Other machinery and equipment	3 474	-	-	721	4 195
TOTAL	15 692	729	-	2 479	18 900

26.3 Movement in tangible capital assets per asset register for the year ended 31 March 2007

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDING AND OTHER FIXED STRUCTURES	15 336	15 000	-	30 336
Other fixed structures	15 336	15 000	-	30 336
MACHINERY AND EQUIPMENT	31 941	51 299	21 899	61 341
Computer equipment	21 899	42 746	21 899	42 746
Other machinery and equipment	10 042	8 553	-	18 595
TOTAL TANGIBLE ASSETS	47 277	66 299	21 899	91 677

27. Intangible Capital Assets

27.1 Movement in intangible capital assets per asset register for the year ended 31 March 2007

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	Cost R'000	Cost R'000	Cost R'000	Cost R'000	Cost R'000
Computer Software	6 414	-	14 542	-	20 956
Total Intangible Assets	6 414	-	14 542	-	20 956



27.2 Additions to intangible capital assets per asset register for the year ended 31 March 2007

	Cash	Non-Cash	(Develop- ment work in progress – current costs)	Received current year not paid (Paid current year received prior year)	Total
	Cost R'000	Fair Value R'000	Cost R'000	Cost R'000	Cost R'000
Computer Software	14 542	-	-	-	14 542
Total	14 542	-	-	-	14 542

27.3 Movement in intangible capital assets per asset register for the year ended 31 March 2007

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer Software	-	6 414	-	6 414
TOTAL	-	6 414	-	6 414

Annexures to the Annual Financial Statements for the Year Ended 31 March 2007

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO PROVINCES

NAME OF PROVINCE/ GRANT	GRANT ALLOCATION				TRANSFER		SPENT			2006/07
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Regional Service	-	-	-	-	1 096	-	-	-	-	-
Council Levies	-	-	-	-	1 096	-	-	-	-	-
	-	-	-	-	1 096	-	-	-	-	-

ANNEXURE 1B STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2006/07
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Social Benefits	-	-	-	-	2 272	-	3 006
Household: Act of Grace	-	-	-	-	-	-	75
Total	-	-	-	-	2 272	-	3 081



ANNEXURE 1C

STATEMENT OF GIFTS DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2006/07 R'000	2005/06 R'000
Received in Cash		133	-
Various Sponsors	DPP-JHB (Golf Day)		
Received in kind			
BHP Billiton	Year-end function	-	58
Centre of Organised Crime	Sponsorship for International Travel by the National Head of the Witness Protection Unit (Mr D Adam)	-	11
Lexmark	Furniture	-	41
Standard Bank	Furniture	-	37
Justice College	SA Law Reports	-	1 526
SA Law Commission	SA Law Reports	-	88
USAID	Training	-	1 143
Nashua	Office equipment	-	12
Mercedes Benz	Advanced Driver's Course	-	2
British High Commission	Training week	70	-
G8 Lyon Group	Airfare, Accommodation & Meals	10	-
UN Office on Drugs & Crime	Travel, Subsistence & Accommodation	10	-
US Embassy	Godiva Chocolates	1	-
Vodacom	Caps and T-shirts	2	-
SUB TOTAL		93	2 918
TOTAL		226	2 918

ANNEXURE 1D

STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	CLOSING BALANCE R'000
Received in cash					
Vodacom	Thutuzela C.C.	242	-	276	(34)
SARS	SARS Tax Unit	(465)	465	-	-
Woolworths	Child Courts	151	-	14	137
BAC	Payment for JR Hillhouse to collaborate and coordinate in preparation of cases for prosecution	6	-	-	6
Foundation for Human Rights	Implementation of recommendations of the TRC regarding missing persons	(154)	500	1 116	(770)
WK Kellogg	Thutuzela Training	1 329	72	496	905
UNICEF	SOCA C.C. TV's	873	-	683	190
USAID	Prosecution of Child Sex Offenders	293	-	-	293
Greece	Thutuzela	633	10	315	328
Royal Danish Commission	Ndabezitha Project	937	-	399	538
		3 845	1 047	3 299	1 593



ANNEXURE 2A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2007 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2006	Guarantees draw downs during the year	Guarantees repayments cancelled/ reduced/ released during the year	Currenc revaluations	Closing balance 31 March 2007	Guaranteed interest for year ended 31 March 2007	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Stanic	Motor Vehicles	-	1 042	-	583	-	459	-	-
		-	1 042	-	583	-	459	-	-
Standard Bank	Housing	-	1 378	114	19	-	1 473	-	-
Nedbank	Housing	-	711	-	42	-	669	-	-
First Rand Bank	Housing	-	769	26	189	-	606	-	-
ABSA	Housing	-	2 103	257	353	-	2 007	-	-
Old Mutual Finance Limited	Housing	-	(4)	-	22	-	(26)	-	-
Peoples Bank Limited	Housing	-	40	-	-	-	40	-	-
Nedbank Limited Incorporated	Housing	-	400	-	137	-	263	-	-
First Rand Bank	Housing	-	244	-	24	-	220	-	-
Old Mutual Finance Limited	Housing	-	213	-	-	-	213	-	-
Free State Development Corp.	Housing	-	46	-	-	-	46	-	-
VBS Mutual Bank	Housing	-	60	-	18	-	42	-	-
		-	5 960	397	804	-	5 553	-	-
Total		-	7 002	397	1 387	-	6 012	-	-

ANNEXURE 2B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2007

Nature of Liability	Opening Balance 01/04/2006	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31/03/2007
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Fleet Management	80 000	-	-	-	80 000
DSO Litigation cases	1 000	-	-	-	1 000
Outstanding Lawsuits (AFU, WPU and PCLU)	5 011	239 770	-	-	244 781
Total	86 011	239 770	-	-	325 781



ANNEXURE 3 INTER-GOVERNMENT RECEIVABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Business Against Crime (BAC)	-	-	674	-	674	-
Department of Agriculture	-	-	-	43	-	43
Department of Art and Culture	-	-	20	-	20	-
Department of Correctional Services	-	-	24	23	24	23
Department of Defence	-	-	-	12	-	12
Department of Education	-	-	11	10	11	10
Department of Environmental Affairs	-	-	15	15	15	15
Department of Health	8	-	84	90	92	90
Department of Home Affairs	-	-	6	-	6	-
Department of Housing	-	-	7	-	7	-
Department of Justice and Constitutional Development	3 023	-	82	559	3 105	559
Department of Public Works	4	-	10	18	14	18
Department of Trade and Industry	-	-	7	25	7	25
Department of Transport	-	-	36	45	36	45
Department of Water Affairs	-	-	13	-	13	-
DPSA	-	-	-	15	-	15
Free State Province	-	-	12	12	12	12
Gauteng Province	-	-	-	22	-	22
Gauteng Shared Service Centre	-	-	79	65	79	65
Independent Compains Directorate	-	-	14	-	14	-
National Intelligent Agency	-	-	-	21	-	21
North West Province	-	-	17	-	17	-
SA Secret Services	-	-	25	35	25	35
Other	-	-	15	14	15	14
TOTAL	3 035	-	1 151	1 024	4 186	1 024

ANNEXURE 4 INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Department of Agriculture	-	3	-	-	-	3
Department of Correctional Services	-	-	-	16	-	16
Department of Education	-	-	6	-	6	-
Department of Health	-	-	20	-	20	-
Department of Justice and Constitutional Development	-	3 484	24	-	24	3 484
DPSA	-	-	-	22	-	22
Gauteng Provincial Government	1 843	868	5	-	1 848	868
Motor Transport	35	-	11	41	46	41
Safety and Security						
Total	1 878	4 355	66	79	1 944	4 434



SECTION 5: ACCOUNTING REPORT OF THE CARA

Criminal Assets Recovery Account annual financial
statements for the year ended 31 March 2007

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REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2007.

Introduction

The administration and accountability for CARA falls within the responsibilities of the NPA. Accordingly, as the duly constituted Audit Committee of the DoJ&CD, we have reviewed to the extent considered necessary, the financial statements of CARA.

The effectiveness of internal control

We are unable to comment on this, as no internal audit was planned to be carried out during the year.

Evaluation of financial statements

The Audit Committee has:

- Reviewed and discussed the audited financial statements to be included in the Annual Report, with the Auditor-General and the Accounting Officer;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

.....
Chairperson of the Audit Committee
16 August 2007

REPORT OF THE AUDITOR-GENERAL

Report of the Auditor-General to Parliament on the financial statements of the Criminal Assets Recovery Account for the year ended 31 March 2007

Report On The Financial Statements

Introduction

1. I have audited the accompanying financial statements of the Criminal Assets Recovery Account (CARA) which comprise the statement of financial position as at 31 March 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [134] to [141].

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with modified cash basis of accounting and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and Auditor-General Audit Circular 1 of 2005. This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
 - selecting and applying appropriate accounting policies; and
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with General Notice 647 of 2007, issued in Government Gazette No. 29919 of 25 May 2007.
5. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



7. An audit also includes evaluating the:
 - appropriateness of accounting policies used;
 - reasonableness of accounting estimates made by management; and
 - overall presentation of the financial statements.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

9. CARA's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as set out in the accounting policy 1 to the financial statements.

Basis for qualified opinion

10. Forfeiture assets and monies receivable from confiscation and forfeiture orders

The Criminal Assets Recovery Unit (CARU), that administers CARA, does not have policies and procedures for maintaining assets forfeited to the State, under their control. Furthermore, CARU does not have a system or process to enable it to account and track the status of finalised confiscation and forfeiture orders. This has resulted in the following deficiencies in the management and administration of forfeited assets and monies receivable from confiscation and forfeiture orders:

Forfeited assets

- CARU did not maintain an asset register in order to account for all the assets forfeited to the State, under their control.
- CARU has been unable to disclose the value of forfeited assets due to the uncertainty of the value of the assets upon realisation. The estimated value of forfeited assets amounts to R36.9 million.

Monies receivable from confiscation and forfeiture orders

- CARU did not maintain a register that enables it to account and track the status of finalised confiscation and forfeiture orders.
- CARU has been unable to disclose the amount for cash in the custody of curators that should be deposited into CARA, due to the uncertainty of the curator fees that must be deducted prior to cash being deposited. The estimated value of monies receivable from confiscation and forfeiture orders amounts to R40.4 million.

The financial statements are therefore materially understated as forfeited assets and monies receivable from confiscation and forfeiture orders were not disclosed on the financial statement.

11. Outstanding cases on the Asset Forfeiture Unit (AFU) case register

CARU does not have policies, procedures and processes to monitor cases on the AFU case register. This resulted in some cases dating back as far as 2001 with an estimated value of R333 million still not followed up during the year. The cases are reflected as still outstanding on the AFU case register. It is therefore uncertain whether and to what extent CARA's financial statements could have been affected by these cases.

Qualified opinion

12. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs the financial statements present fairly, in all material respects, the financial position of CARA as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as set out in the accounting policy 1 to the financial statements and in the manner required by the PFMA.

Emphasis of matters

I draw attention to the following matter:

13. Net proceeds basis

The PFMA section 2 (13)(1) requires that all revenue received must be paid into the National Revenue Fund. Section 42(2) of Prevention of Organised Crime Act No 121 of 1998 (POCA) allows the court to order that the curator's fees and expenses be deducted from the proceeds of the assets sold, prior to the deposit into the National Revenue Fund.

CARA does not receive a budget from National Treasury to pay curators fees and expenses, thus the curator's fees and expenses are deducted from the proceeds of assets sold. The funds deposited as disclosed in note 1 to the financial statements reflect the net proceeds in terms of POCA.

Other matters

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

14. Internal control

- Control activities

over to curators and no processes and procedures to enforce accountability of curators are also in place.

Furthermore the roles and responsibilities of CARU and Asset Forfeiture Unit are not outlined. This resulted in:

- o exceptional long time lapse for the curators to deposit or deliver assets to CARA for finalised cases. Some cases were finalised in 2003 and to date no deposit or asset was delivered to CARA;
- o certain curators' reconciliations and supporting documentation could not be verified; and
- o insufficient control over assets vesting with curators.

15. Matters of governance

No internal audits were conducted on CARA as required by the Treasury Regulation section 3.2.

16. Material corrections made to the financial statements submitted for audit

The financial statements submitted for audit on 31 May 2007, were significantly revised in respect of the following misstatements identified during the audit. The necessary corrections have been made to the financial statements:

- Outstanding transfers amounting to R33 million were previously incorrectly classified as expenditure instead of a liability in the financial statement.
- Unclassified deposits of R330 000 were previously not disclosed in note 5 to the financial statements.



17. Delay in finalisation of audit

Due to the national public sector strike action during June 2007 the Auditor-General had to delay the finalisation of affected departments. As a result, the Auditor-General's consistency review process of the audit reports could only be conducted subsequent to 31 July 2007, the consequence of which was a delay in the finalisation of the audit of CARA for the 2006/07 financial year.

Appreciation

18. The assistance rendered by the staff of CARA during the audit is sincerely appreciated.

S Cele

.....
*S Cele for Auditor-General
Pretoria, 31 August 2007*



Report of the Accounting Officer

Report of the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa

1 Establishment of the CARA

The Criminal Assets Recovery Account (CARA) is a separate account within the National Revenue Fund (NRF) into which monies and property are deposited following a judicial forfeiture or confiscation order. The confiscation and forfeiture processes, as well as the establishment of the CARA, are legislated in terms of the Prevention of Organised Crime Act (POC Act) of 1998.

The underlying hypothesis of asset forfeiture legislation is that, by confiscating or forfeiting the profits or proceeds of crime, the incentive for committing specific crimes is reduced.

Section 64 of the Act regulates the constitution of the CARA. In particular section 64(a) is of importance to the criminal asset recovery process as it determines that all confiscated and forfeited monies and property are to be deposited into the CARA.

64. Finances of Account. The Account shall consist of:

- a. all moneys derived from the fulfilment of confiscation and forfeiture orders contemplated in Chapters 5 and 6; [Para. (a) substituted by section 35 (a) of Act No. 24 of 1999.]
(aA). all property derived from the fulfilment of forfeiture orders as contemplated in section 57; [Para. (aA) inserted by section 35 (b) of Act No. 24 of 1999.]
- b. the balance of all moneys derived from the execution of foreign confiscation orders as defined in the International Co-Operation in Criminal Matters Act, 1996 (Act No. 75 of 1996), after payments have been made to requesting States in terms of that Act;
- c. any property or moneys appropriated by Parliament, or paid into, or allocated to, the Account in terms of any other Act; [Para. (c) substituted by section 35 (c) of Act No. 24 of 1999.]
- d. domestic and foreign grants;
- e. any property or amount of money received or acquired from any source; and [Para. (e) substituted by section 35 (d) of Act No. 24 of 1999.]
- f. all property or moneys transferred to the Account in terms of this Act. [Para. (f) substituted by section 35 (e) of Act No. 24 of 1999.]

2 Purpose of the CARA

Section 69A of the Act regulates for what purpose the monies and property in the Account may be utilised:

69A. Utilisation of Account and accountability. (1) The property and money allocated to, or standing to the credit of, the Account may be utilised by Cabinet, after considering the recommendations of the Committee, for:

- a. the allocation of property and amounts of money from the Account to specific law enforcement agencies;
- b. the allocation of property and amounts of money from the Account to any institution, organisation or fund contemplated in section 68(c); and
- c. the administration of the Account.



3 Management of the CARA

Section 65 of the Act establishes a Criminal Assets Recovery Committee (CARC) which is responsible for providing Cabinet with recommendations on the utilisation of the Account and providing advice on specific issues related to the criminal assets recovery process. The current Committee consists of:

Ms BS Mabandla, Minister of Justice and Constitutional Development (Chairperson)

Mr T Manuel, Minister of Finance

Ms AT Didiza, Minister of Land Affairs and Agriculture

Ms S Shabangu, Deputy Minister of Safety and Security (Deputy Chairperson)

Adv VP Pikoli, National Director of Public Prosecutions

The Committee held a meeting on the 16 March 2006 to consider the bids for CARA funds and the distribution of assets under the care of curators.

Section 69 of the POC Act provides that monies and property in the CARA may only be distributed to beneficiaries on recommendation by the CARC and after approval by National Cabinet.

According to account balance statements obtained from National Treasury, there was R78.5 million in the CARA at the end of March 2007 (R99 million in 2006). The committee considered the bids for CARA funds on 16 March 2006 and recommended that R73.8 million of the available funds be allocated to government departments and the balance be reserved and the new bids for funds be considered at the next CARC meeting. The recommendations of the CARC were presented and approved by the Cabinet on 11 October 2006. The South African Police Service have not utilised the funds of R33.7 million allocated to them as at 31 March 2007.

4 CARA Financial Statements

The financial statements for the year ended 31 March 2007 have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items in accordance with the Office of the Accountant General's annual financial statements guideline, and therefore includes all monies deposited into the CARA. These amounts deposited and disclosed represent the net revenue / proceeds as the Court Order orders the deduction of curator and other related expenses from the proceeds. The request to the Accountant General for a deviation to report on a net basis was not provided for the current financial year. This refers to the disclosure requirement related to the total of outstanding cash to be deposited from confiscated cases. The proceeds of forfeited cases and cash to be deposited by the curators at 31 March 2007. The Accountant-General does not have the power to grant a deviation in terms of the POC ACT. In view of the above systems will be implemented in the 2007/08 financial year to comply with the disclosure requirements of POC ACT.

The request to the Accountant-General for a deviation regarding the disclosure of assets forfeited to the state and under the care of curators in the Annual Financial Statements was not granted for the current financial year.

Assets not yet realised are under the Control of Curators appointed by the Court, and these values are not included in the financial statements as final reports / accounts have not been received from the relevant curators. A final account is only submitted once the assets have been realised or the assets are handed over to the CARU for distribution and/or caretaking. This account details the net proceeds to be deposited into CARA and is not available at any earlier stage of the process. Any values provided by curators in interim reports, will not accurately represent the net proceeds.

The AFU's engagement in an electronic case management system to monitor amongst other priorities the assets under the care of curators was successfully piloted during the financial year. The CARU requirements were also incorporated and the initial screening of the features was done to CARU on 14 May 2007. CARU will use the system in the new financial year. The outcome of the process will enable the CARU to fast track the distribution of assets to stakeholders as guided by the provisions of the POC ACT. The tracking of performance of the curators will also enable CARU to follow up on tardy curators.

5 Prior year statements

The comparative Statement of Financial Position and the Statement of Changes in Net Assets for the prior year ended 31 March 2006 were inadvertently omitted from the published annual financial statements. The statements have been included in the current annual financial statements. The figures on the Cash Flow Statement for the prior year have been restated.

6 Acknowledgements

Our appreciation towards the loyal support and valuable contributions of the various stakeholders is hereby acknowledged.

The Financial Statements set out on pages 134 to 141 have been approved by the Accounting Officer.


Marion Spang
Chief Executive Officer: NPA
Date: 31-05-07


Adv. M. Simelane
Director General: DOJ&CD
Date: 31/5/07



ACCOUNTING POLICIES

1. Basis of preparation

The financial statements for the year ended 31 March 2007 have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. In accordance with the Office of the Accountant General's annual financial statements guideline, and therefore include all monies deposited into the CARA. These amounts deposited and disclosed represent the net revenue / proceed as the Court Order provides for the deduction of curator fees and other related expenses from the proceeds. The request to the Accountant General for a deviation to report on a net basis was not granted for the current financial year with regard to the disclosure requirement in the AFS of the total of outstanding cash to be deposited from confiscated cases, assets forfeited to the State and the cash to be deposited into CARA by the curators at 31 March 2007. The Accountant General does not have the power to grant a deviation in terms of the POC ACT. In view of the above non-compliance issues; systems currently being developed and piloted will be implemented in the 2007/08 financial year to comply with the disclosure requirements of POC ACT.

2. Forfeited Assets

Assets not yet realised are under the Control of Curators appointed by the Court, and these values are not included in the financial statements as final reports / accounts have not been received from the relevant curators. A final account is only submitted once the assets have been realised or the assets are handed over to the Asset forfeiture Unit for distribution and/or caretaking. This account details the net proceeds to be deposited into CARA and is not available at any earlier stage of the process.

3. Revenue

Monies deposited into the CARA. These amounts deposited and disclosed represent the net revenue/ proceeds as the Court Order provides for the deduction of curator fees and other related expenses from the proceeds.

4. Expenditure Disbursements

Section 69 of the POC Act provides that monies and property in the CARA may only be distributed to beneficiaries on recommendation by the CARC and after approval by National Cabinet.

5. Presentation currency

All amounts have been presented in the currency of the South African Rand which is also the functional currency of the NPA.

6. Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

7. Comparative figures

Prior period comparative information has been presented in the current year's financial statements.

8. Distribution of CARA Assets

In terms of section 69 A of the POC Act monies and property in the CARA may only be distributed to beneficiaries on recommendation by the CARC and after approval by National Cabinet. The property and money may be allocated to specific law enforcement agencies, any institution, organisation or fund established with the object of rendering assistance in any manner to victims of crime and for the administration of the Account. The distribution of assets and money effected has been in terms of the POC Act for the financial year ended 31 March 2007.

9. Cash and cash equivalents

Cash and cash equivalents consist of cash deposited in the Cara account held at the South African Reserve Bank.



Statement of Financial Performance for the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
REVENUE			
Funds brought forward from previous year		-	-
Funds deposited during the year	1	19 291	20 015
Total Revenue		<u>19 291</u>	<u>20 015</u>
EXPENDITURE			
Current Expenditure			
Transfers and subsidies (Funds allocated by Cabinet)	2	(40 100)	-
TOTAL EXPENDITURE		<u>(40 100)</u>	<u>-</u>
SURPLUS/(DEFICIT)		(20 809)	20 015
SURPLUS/(DEFICIT) FOR THE YEAR		<u>(20 809)</u>	<u>20 015</u>
Reconciliation of Net Surplus/(Deficit) for the year			
CARA fund		(20 809)	20 015
SURPLUS/(DEFICIT) FOR THE YEAR		<u>(20 809)</u>	<u>20 015</u>

Statement of Financial Position for the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
ASSETS	6		
Current assets		78 475	99 284
Criminal Assets Recovery Account	4	78 475	99 284
TOTAL ASSETS		78 475	99 284
LIABILITIES			
Current liabilities		34 057	-
Payables	5	34 057	-
TOTAL LIABILITIES		34 057	-
NET ASSETS		44 418	99 284
Represented by			
Retained funds (Legislatures/Parliament/CARA Fund assistance)	3	44 418	99 284
TOTAL		78 475	99 284



Statement of Changes in Net Assets for the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
	6		
Retained funds			
Opening Balance		99 284	79 269
Transfer from Statement of Financial Performance		(20 809)	20 015
Cara Funds not transferred to South African Police Service		(33 700)	-
Other unidentified deposits and payments due to victims of crime		(357)	-
Closing Balance		44 418	99 284
TOTAL		44 418	99 284

Cash Flow Statement for the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
	6		
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts		19 291	20 015
Funds deposited during the year	1	19 291	20 015
Transfers and subsidies paid	2	(40 100)	-
Net cash flow available from operating activities		(20 809)	20 015
Net increase/(decrease) in cash and cash equivalents		(20 809)	20 015
Cash and cash equivalents at beginning of period		99 284	79 269
Cash and cash equivalents at end of period		78 475	99 284



Notes to the Annual Financial Statements for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
1. Funds deposited during the year	19 291	20 015
1.1 Cara funds deposited during the year	18 934	20 015
1.2 Unidentified deposits	330	-
1.3 Payments due to victims of crime	27	-
2. CARA funds transfer (Funds allocated by Cabinet)	(40 100)	-
2.1 National Prosecuting Authority of South Africa	(31 800)	-
2.2 Department of Social Development	(3 300)	-
2.3 South African Revenue Service	(5 000)	-
3. Retainable funds	44 418	99 284
Opening Balance Transfer from Statement of Financial Performance	99 284	79 269
Cara funds not transferred to South African Police Service	(20 809)	20 015
Other unidentified deposits and payments due to victims of crime	(33 700)	-
	(375)	-
4. Cash and cash equivalents at end of period		
Opening balance in the CARA at the South African Reserve Bank	99 284	79 269
Funds Deposited during the year	19 291	20 015
Transfers from the National Revenue Fund	(40 100)	-
Closing Balance in the CARA at the South African Reserve Bank	78 475	99 284
5. Payables	34 057	-
South African Police Service	33 700	-
Unidentified deposits	330	-
Payment to victims of crime	27	-

6. Prior Year Statements

The comparative Statement of Financial Position, the Cash Flow Statement and the Statement of Changes in Net Assets in the AFS for the year ended 31 March 2006 have been included in the current financial statements of CARA for the year ended 31 March 2007.

The Statement of Financial Position and the Statement of Changes in Net Assets was inadvertently omitted from the published financial statements in the prior year.

The figures in the Cash Flow Statement for the prior year have been restated to reflect the correct figures in the current financial statements.

Disclosure Notes to the Annual Financial Statement for the Year Ended 31 March 2007

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

7. Assets forfeited by to the state

Assets not yet realised are under the Control of Curators, and are not included in the financial statements as final reports / accounts have not been received from the relevant curators. A final account is only submitted once the assets have been realised or the assets are handed over to the State for distribution and/or care taking. Any values provided by curators in interim reports, will not accurately represent the net proceeds and will be misleading to the readers of the financial statements. The forfeited assets amongst others include fixed property, motor vehicles, boats, machinery, equipment, cell phones and containers. At a meeting held on 16 March 2006, the CARA recommended that certain of the assets to the value of approximately R1 million be allocated for use by crime fighting agencies, state departments and non-governmental agencies. The recommendation of the Committee were approved by Cabinet on 11 October 2006. The Cabinet approved the allocation of funds to the following Departments:

- * The National Prosecuting Authority - R31.8 million
- * The Department of Social Development - R3.3 million
- * The South African Revenue Service - R5 million and
- * The South African Police Service - R33.7 million.

The SAPS have not utilised any of the funds allocated to them as at 31 March 2007. The distribution of assets approved by Cabinet was not fully implemented by CARU as at 31 March 2007, due to problem of obtaining documentation for the transfer of motor vehicles and the transfer of certain assets that have deteriorated in condition and value due to unforeseen circumstances.

