

# Measuring of the Effectiveness of the National Anti-corruption Hotline: Second Biennial Report



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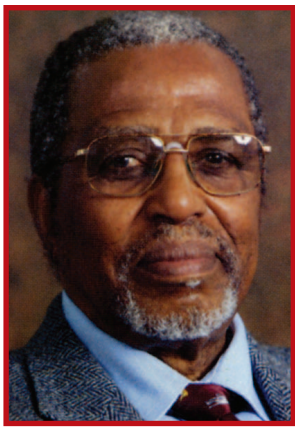
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# Foreword

Corruption in South Africa remains a challenge, and impacts on the success of the State to deliver on its promise of a better life for all. Concerted efforts have therefore been made on the part of government to prevent and combat corruption in society. Much of these efforts have been focused on the Public Service as the machinery through which government ensures delivery to the community. A comprehensive legislative and infrastructural framework has been put in place to thwart corrupt activities. An important part of the infrastructural framework has been the establishment of a National Anti-Corruption Hotline (NACH) for the safe and anonymous reporting of corruption in the Public Service.



The NACH, which has been in operation since September 2004, is managed by the Public Service Commission (PSC) and has already achieved tangible results in the relatively short period of its existence. To ensure that it continues to be relevant and effective the PSC actively monitors the NACH. The first such exercise was completed in 2007 when the PSC released its report on “Measuring the Effectiveness of the National Anti-Corruption Hotline”. This is the second biennial report to be released by the PSC on the effectiveness of the NACH. This report reflects on emerging trends in the reporting of alleged corruption as well as the challenges and successes in managing the NACH.

Encouragingly, notable achievements have been made since the establishment of the NACH and the effects of its role as an anti-corruption mechanism are starting to manifest. Not only have departments successfully investigated allegations but these have resulted in disciplinary action being taken against officials. As a result, officials found guilty of misconduct were imposed sanctions such as suspension and dismissal and large sums of money involved in the acts of corruption have also been recovered.

Based on this assessment of the effectiveness of the NACH, the PSC has made action oriented recommendations aimed at assisting departments and the PSC to strengthen areas of concern identified, improve the effective management of the NACH and build on the successes that have already been achieved.

I would like to thank all departments that participated during this assessment and trust that this report will assist them to further deepen integrity within their organisations by effectively dealing with corruption.

A stylized, handwritten signature in black ink that reads "Sangweni". The signature is fluid and cursive, with the first letter 'S' being particularly large and looping.

**PROFESSOR S. S. SANGWENI**  
**CHAIRPERSON**

# Table of Contents

FOREWORD	ii
EXECUTIVE SUMMARY	vi
<b>CHAPTER 1: INTRODUCTION</b>	<b>1</b>
1.1 Background	2
1.2 Mandate of the PSC	2
1.3 Objectives of the evaluation	3
1.4 Research Methodology	3
1.5 Limitations	4
<b>CHAPTER 2: OPERATIONAL COMPONENTS OF THE NACH</b>	<b>5</b>
2.1 Introduction	6
2.2 What is the NACH?	6
2.3 Imperatives for the effective functioning of the NACH	6
2.4 Understanding the functioning of the NACH	7
<b>CHAPTER 3: CASES OF ALLEGED CORRUPTION REPORTED TO THE NACH</b>	<b>11</b>
3.1 Introduction	12
3.2 Languages used by callers in reporting to the NACH	12
3.3 Methods of reporting alleged corruption	13
3.4 Statistics on the number of cases referred to departments	14
3.5 Feedback received from Departments	24
3.6 Cases of alleged corruption closed on the CMS	25
3.7 Summary	26
<b>CHAPTER 4: TREND ANALYSIS OF THE NATURE OF CORRUPTION REPORTED ON THE NACH</b>	<b>27</b>
4.1 Introduction	28
4.2 Overview of the nature of cases reported	28
4.3 Summary	34
<b>CHAPTER 5: ADDRESSING CORRUPTION REPORTED ON THE NACH</b>	<b>35</b>
5.1 Introduction	36
5.2 Provincial Departments	36
5.3 National Departments	39
5.4 Summary	40
<b>CHAPTER 6: IMPROVING THE EFFECTIVENESS OF THE NACH</b>	<b>41</b>
6.1 Introduction	42
6.2 Provision of training on the principles contained in the PSC's NACH Toolkit	42
6.3 Review of provincial referral protocols.	43
6.4 Strengthening investigative capacity within departments.	43
6.5 Marketing the Hotline within a department	46
6.6 Strengthening internal controls and managing risks in departments	47
6.7 Promoting the Code of Conduct for Procurement Practitioners	47
6.8 Promoting awareness of professional ethics in departments.	47

6.9	Challenges encountered by Departments in the handling of NACH cases	47
6.10	Suggested improvements made by departments	48
6.11	Management of the NACH when measured against international best Practice	48
6.12	Summary	50

## CHAPTER 7: RECOMMENDATIONS 51

7.1	Introduction	52
7.2	Improving capacity for the management of the Call Centre of the NACH and the Case Management System of the PSC	52
7.3	Improving existing protocols for the referral of NACH cases	52
7.4	Enhancing investigative capacity	52
7.5	Enforcing compliance	53
7.6	Providing full investigative reports	53
7.7	Strengthening prevention of corruption	53
7.8	Managing the reemployment of public servants dismissed as a result Of corrupt activities	54
7.9	Increasing access to the Hotline	54
7.10	Marketing of the NACH	54

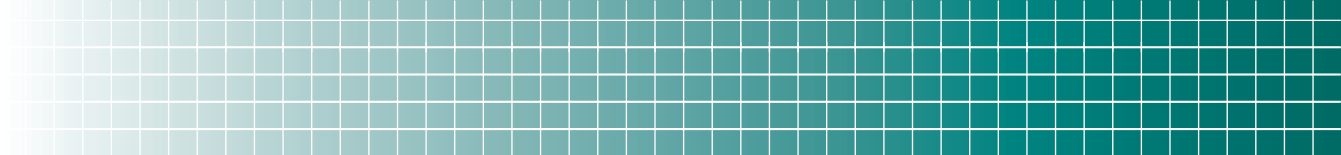
## CHAPTER 8: CONCLUSION 55

### LIST OF TABLES

Table 1:	Breakdown of cases of alleged corruption logged on the CMS
Table 2:	Cases not referred to Departments
Table 3:	Cases referred to Provincial Departments as at 01 September 2004 to 31 March 2008
Table 4:	Cases referred to National Departments as at 01 September 2004 to 31 March 2008
Table 5:	Cases referred to Public Bodies and Entities as at 01 September 2004 to 31 March 2008
Table 6:	Cases of alleged corruption received by SASSA Fraud Hotline, 2007
Table 7:	Feedback received per year
Table 8:	Cases closed on the CMS
Table 9:	Categories of corruption reported to the NACH
Table 10:	Top five corruption cases
Table 11:	Outcome of investigations into alleged corruption in provincial departments
Table 12:	Outcome of investigations into alleged corruption in provincial departments
Table 13:	Investigative capacity in Western Cape Province
Table 14:	Investigative capacity of the Mpumalanga Province
Table 15:	Investigative capacity of the Gauteng Province

### LIST OF FIGURES

Figure 1:	Imperatives in managing the Hotline
Figure 2:	Process at the call center
Figure 3:	Case management system
Figure 4:	Language breakdown for 2007 to 2008
Figure 5:	Language breakdown for 2004 to 2006
Figure 6:	Source of allegations during 2007 to 2008
Figure 7:	Source of allegations during September 2004 to December 2006
Figure 8:	Rate of cases of alleged corruption received
Figure 9:	Rate of feedback to CMS
Figure 10:	Cases closed on the CMS
Figure 11:	Types of allegations received from 2004 to 2006 and from 2007 to 2008
Figure 12:	Nature of corruption reported since the inception of the NACH
Figure 13:	Marketing of the NACH



# GLOSSARY OF ABBREVIATIONS

Abbreviation	Description
NACH	National Anti-Corruption Hotline
OPSC	Office of the Public Service Commission
PSC	Public Service Commission
CMS	Case Management System
GSSC	Gauteng Shared Services Center
ICD	Independent Complaints Directorate
NPA	National Prosecuting Authority
HPCSA	Health Professions Council of South Africa
NGO	Non Governmental Organizations
PALAMA	Public Administration Leadership and Management Academy
SAPS	South African Police Service
SARS	South African Revenue Service
SITA	State Information Technology Agency
SIU	Special Investigating Unit
SLA	Service Level Agreement
SMS	Short Message Service
SASSA	South African Social Security Agency
RDP	Reconstruction and Development Projects





# Executive Summary

## 1. INTRODUCTION

South Africa has responded actively to the fight against corruption. Apart from comprehensive anti-corruption legislation, a wide range of instruments have been introduced to deepen integrity and to strengthen the fight against corruption. Possibly the most visible and collaborative anti-corruption effort post 2004 was the creation of the NACH. The NACH came into effect on 1 September 2004 under the management of the PSC, and provides a “one-stop” mechanism for members of the public to report acts of corruption, and also creates opportunities for different role-players to cooperate better in receiving and handling allegations of corruption.

While the NACH has turned out to be a widely used mechanism to report corruption, as is witnessed by the increase in its utilization each year, the PSC recognises that more will have to be done to sustain its integrity and credibility amongst its stakeholders. This will ensure the retention of the public’s confidence in the NACH and its utilization. Recognising this responsibility, the PSC has embarked upon the regular monitoring and evaluation of the effectiveness of the hotline. A first report on the effectiveness of the NACH was published in 2007.

This report is the Second Biennial Report on Measuring the Effectiveness of the NACH and reflects on the management of cases received through the NACH from January 2007 to 31 March 2008. In doing so, the report examines the number and nature of cases received, successes achieved and constraints experienced in the management of the NACH. Information on cases covered by the first report is also provided for comparative purposes, and to assess the extent to which progress has been made with the finalisation of such cases.

## 2. OBJECTIVES

The PSC in conducting this assessment of the effectiveness of the NACH set out to achieve the following objectives:

- To provide a statistical overview of cases of alleged corruption reported through the NACH during 01 September 2004 to 31 March 2008
- To assess the outcome of cases referred to departments through the NACH following investigation
- To assess the implementation of the following recommendations made in the PSC’s Report on the effectiveness of the NACH, 2007:
- To pronounce on the effectiveness of the NACH

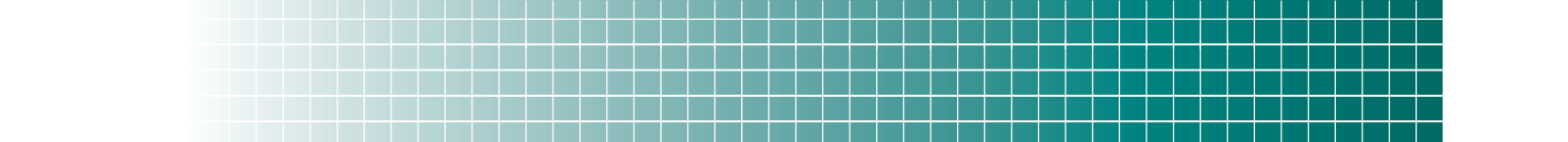
## 3. METHODOLOGY

The methodology applied by the PSC in this evaluation focused on gathering information from departments through questionnaires, analyzing statistical data from the Case Management System of the NACH, conducting consultative workshops with departments and research on international best practice.

## 4. FINDINGS

### 4.1 Languages in which corruption is reported

The Hotline receives calls in all official languages. In the 2007/2008 financial year calls were received in English (60%), IsiZulu (10%), Afrikaans (6%), isiXhosa (6%), seSotho (5%), isiSwati (4%), Xitsonga (3%), Tshivenda (2%), Sepedi (2%) and SeTswana (2%). There were no cases of alleged corruption reported through the Isindebele language. The languages in which cases of alleged corruption were reported during 2007/2008 correlates to a large extent with the manner in which such cases were reported from the inception of the Hotline to December



2006 as reflected in the first report on the effectiveness of the NACH. The majority of cases covered by the first report were also reported in English (76%) and IsiZulu (11%). This trend may be as a result of the fact that cases may be reported predominantly in urban areas where there are telephone facilities. Callers appear to be more inclined, however, to report corruption in their first languages as the percentage of callers that used languages other than English increased from 24% in the period covered by the first Report to 40% in the period January 2007 to March 2008.

## 4.2 The manner in which corruption is reported

Analysis of the cases received indicates that during 2007/2008 forty percent (40%) of alleged corruption cases received through the NACH were reported by anonymous callers. In 50% of cases callers identified themselves. Twenty five percent (**25%**) of these cases were reported by members of the public and **15%** by officials (whistleblowers) who were willing to disclose their personal details. A further **10%** of such cases were reported by detainees who request that investigating officers contact them. The number of anonymous disclosures received during 2007/2008 has decreased compared to the period covered by the first report on the effectiveness of the NACH from **60%** to **40%**. This could be an indication that members of the public and public servants are more confident in disclosing their identities.

## 4.3 Referral and feedback on cases

Since the inception of the NACH in September 2004 up to March 2008 a total of four thousand two hundred and two (**4202**) cases of alleged corruption were referred to national and provincial departments as well as public bodies and entities, by the PSC. A total of two thousand one hundred and eighty one (**2181**) cases of alleged corruption were referred to Provincial Departments for investigation. Of these cases, the largest proportion of allegations was in relation to the Gauteng Province with six hundred and sixteen cases (**616**) cases. Other provinces accounting for large numbers of alleged corruption were Mpumalanga Province with three hundred and ninety five (**395**) cases (**18%**), Eastern Cape Province with two hundred and seventy one (**271**) cases (**12.4%**) and KwaZulu-Natal Province with two hundred and thirty nine (**239**) cases (**10.9%**). The Northern Cape Province has the smallest number of cases of alleged corruption reported with **37** (**1.9%**) which largely correlates with the relative small size of the public service in the province.

A total of one thousand nine hundred and twenty three (**1923**) cases were referred to National Departments for investigation. The largest number of allegations was in respect of the Department of Correctional Services, with four hundred and fourteen (**414**) cases. The number of allegations made against departments largely correlates with the size of the department. However, in the case of Social Development (two hundred and sixty five (**265**) cases) a contributing factor may also be the nature of services that it provides in the form of social grants. The fact that a separate hotline is managed for this purpose indicates that this area of service delivery may be susceptible to corruption.

The success of the NACH is largely dependent on the extent to which feedback to callers is provided. It is therefore of concern that the PSC received feedback on only one thousand two hundred and ninety two (**1292**) cases (**31%**) out of the four thousand two hundred and two (**4202**) that were referred to Departments. The slow rate of feedback could be attributed to a lack of investigative capacity by departments or it could be due to a lack of accountability by senior managers to deal effectively with NACH cases referred to departments.

Once the PSC receives feedback, it critically evaluates the information provided by the departments to determine whether the allegation has been adequately investigated and can therefore be closed on the CMS. However, not all departments submit detailed reports when providing feedback. This makes it difficult to monitor whether all allegations reported were investigated or not. Since inception of the NACH, three hundred and thirty five (**335**) cases were closed on the CMS after investigations were finalized. A total of one hundred and eighty two (**182**) cases were closed on CMS in respect of national departments and one hundred and forty six (**146**) cases in respect of provincial departments. Seven (**7**) cases relating to public bodies were closed on the CMS.

## 4.4 Nature of allegations reported

The PSC found that the most common type of allegations received since the inception of the Hotline was fraud and bribery, with a total of seven hundred and seventy one (**781**). Other cases with a high frequency include mismanagement of Government funds were six hundred and sixty two (**662**), abuse of Government vehicles were five hundred and four (**504**), procurement irregularities were three hundred and eighty five (**385**), unethical behaviour were three hundred and seventy (**370**), social grant fraud were three hundred and thirty (**336**), appointment irregularities were two hundred and thirty (**230**) and corruption relating to RDP Housing were one hundred and thirty six (**156**).

## 4.5 Outcome of investigations

The successful investigation of cases resulted in the recovery of R86 million from perpetrators. As a result of the successful investigation of cases, 81 officials were found guilty of misconduct. Of these cases 15 officials were suspended, 25 officials were given final written warnings and 29 officials were dismissed.

## 4.6 Improving the management of the NACH

Problems experienced by departments in the handling of NACH cases appears to be linked to the lack of investigative capacity and the fact that departments do not have appropriate structures or specialized units to deal with cases of alleged corruption as required by the Minimum Anti-Corruption Capabilities set by Cabinet. Lack of investigative capacity notwithstanding, the PSC has noted that there are cases which need verification only into departmental records, but departments do not give feedback on these cases e.g. abuse of Government-owned vehicles. Another observation is that sometimes there seems to be lack of will/reluctance to investigate cases by departments and lack of investigative capacity therefore is used as an excuse. There is also a need to improve the skills base for the investigation of cases of alleged corruption. The PSC is concerned that adequate financial and human resources are not allocated to combat and prevent corruption by departments and their political principals.

The uptake of the PSC's recommendations contained in the first report has not been encouraging. Problems still persist in respect of referral protocols and departments appear to be restricted in their approach of promoting the Code of Conduct.

## 5. Recommendations

The PSC remains committed to combat corruption in the Public Service and will continue to strengthen its own management of the NACH. The same commitment is required from all departments if the integrity of the NACH is to be maintained and strengthened. Based on its assessment of the effectiveness of the NACH, the PSC has identified a number of areas that require further strengthening. As such, the following recommendations are made:

- The PSC has through this assessment noted that the volume of calls received through the NACH increases on an annual basis. The PSC will have to respond to the increase in call volumes by strengthening the capacity of the call center and its CMS. No additional resources have been allocated for this purpose since the inception of the Hotline and it is therefore recommended that additional funding for the operation and management of the NACH be considered by National Treasury as a priority.
- The PSC has since the inception of the NACH only received feedback on 31% of all cases referred to departments. During NACH workshops held in the provinces, a concern was raised that there is poor coordination with regard to the referral of cases from the Offices of the respective provincial Directors-General to the relevant provincial departments. This has negative consequences for the credibility of the NACH as this causes a delay in providing feedback to the PSC. In this regard, Provinces should review their referral protocols.

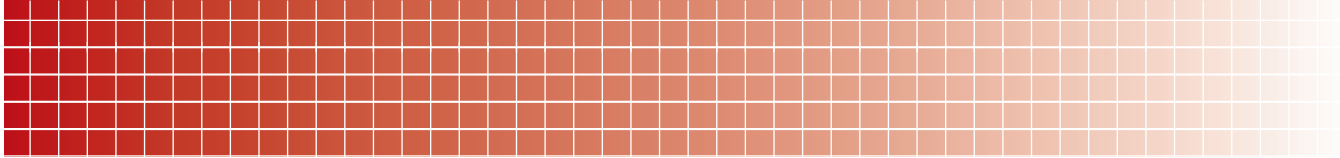


- Departments must ensure strict compliance with the requirement that feedback on progress must be provided within 40 days of referral and that such feedback must be updated on a continuous basis with the necessary documentation attached. The slow rate of feedback by departments is impacting negatively on the credibility of the NACH.
- Whilst the PSC requires departments to submit feedback within 40 days of referral of a case, this requirement is not regulated. In order to enforce compliance in respect of feedback to the NACH, it is recommended that Regulations on the management of the Hotline be issued by the Minister for the Public Service and Administration. The envisaged Regulations could address issues such as timelines for the referral and feedback of cases of alleged corruption and the management of investigations by departments.
- As a matter of urgency, government should commit as much resources as possible to the investigation of corruption. In particular Forensic Investigative Capacity must be created through the appointment of appropriately skilled persons and through the training of officials in the discipline of Forensic Investigation. Failure to do so will impact negatively on the success of the NACH and will erode efforts to build integrity within the Public Service.
- This report has highlighted various forms of risk associated with corrupt practices. These include fraud and bribery, appointment irregularities, abuse of Government-owned vehicles, abuse of schools and social grant fraud. The PSC is of the view that these should be dealt with decisively so as to instill public confidence in the commitment of government to fight corruption.
- The PSC has noted that section I.5 I of the draft Public Service Regulations, 2008, circulated by the Department of Public Service and Administration provides periods of prohibition for the reappointment of public servants dismissed from the Public Service on various grounds including corrupt activities and is in support of the draft Regulations.
- In many of the rural poor provinces access to telephone lines is limited and therefore reporting of corruption in vernacular language is minimal. Members of the public may, however, have access to cell phones which can also be used to report alleged corruption to the NACH. However, calls from cell phones are not toll free and the introduction of an SMS facility should therefore be considered to increase access to the NACH. The cost of SMS is significantly less than making telephone calls from a cell phone. Collaboration with business on reduced SMS rates in rural areas to report corruption to the NACH must be pursued.
- Raising public awareness on the NACH is important if the public is to take ownership of the Hotline by reporting corruption. The PSC is aware that this can only be achieved through country-wide awareness campaigns by the PSC and all departments. This could be done by issuing regular brochures, displaying the Hotline number at strategic service delivery points and by raising awareness on the NACH during induction training courses. The communication campaign must be closely linked to an increase in the resources of the NACH to ensure its ability to respond to increased users.

## 6. CONCLUSION

Since its inception in 2004, the NACH has proven to be an important mechanism in the fight against corruption. This report has highlighted significant achievements through the investigation of cases of alleged corruption that were reported to the NACH. Large sums of money have also been recovered. Whilst these achievements are laudable various constraints continue to be experienced by departments in the management of cases referred to them through the NACH.

Detecting and confirming the presence of corruption requires rigorous processes of identification, verification and investigation. However, departments are found wanting in this regard as witnessed by the lack of feedback to the NACH and their inability to conclude investigations. The lack of investigative capacity is of particular concern



as this has a negative effect on the promotion of integrity within the Public Service. As a result of such capacity constraints, backlogs in the investigation of cases continue to mount with the net effect that corrupt officials are not appropriately dealt with through the disciplinary process. By not ensuring that the necessary investigative capacity is in place, departments also fail to comply with Cabinet's requirements in respect of the creation of minimum anti-corruption capacity.

The PSC is confident, despite the constraints identified, that the NACH is fulfilling the purpose for which it has been designed. As capacity within departments grows the positive results that have been referred to will continue to increase and the impact of the NACH on corruption prevention and combating will become even more visible.

# Chapter One

## Introduction

## 1.1 Background

Corruption is a global concern that seriously hampers development and diverts resources from where they are needed most. The unfortunate reality is that the poor suffer most. Given these serious adverse effects, government must be seen to drive the fight against corruption. In turn, the Public Service which is a critical vehicle of delivery for government, must promote accountability and integrity.

South Africa has responded actively to the fight against corruption. Apart from comprehensive anti-corruption legislation, a wide range of instruments have been introduced to deepen integrity and to strengthen the fight against corruption. Possibly the most visible and collaborative anti-corruption effort post 2004 was the creation of the NACH<sup>1</sup>. The NACH came into effect on 1 September 2004 under the management of the PSC, and provides a “one-stop” mechanism for members of the public to report acts of corruption, and also creates opportunities for different role-players to cooperate better in receiving and handling allegations of corruption.

While the NACH has turned out to be a widely used mechanism to report corruption, as is witnessed by the increase in its utilization each year, the PSC recognises that more will have to be done to sustain its integrity and credibility amongst its stakeholders. This will ensure the retention of the public's confidence in the NACH and its utilization. Recognising this responsibility, the PSC has embarked upon the regular monitoring and evaluation of the effectiveness of the hotline. A first report on the effectiveness of the NACH was published in 2007.<sup>2</sup>

This report is the Second Biennial Report on Measuring the Effectiveness of the NACH and reflects on the management of cases received through the NACH from January 2007 to 31 March 2008. In doing so, the report examines the number and nature of cases received, successes achieved and constraints experienced in the management of the NACH. Information on cases covered by the first report is also provided for comparative purposes, and to assess the extent to which progress has been made with the finalisation of such cases.

## 1.2 Mandate of the PSC

The PSC has a very specific mandate in relation to the promotion of professional ethics in the Public Service. In terms of this mandate the following sections of the Constitution, 1996<sup>3</sup> are applicable:

- “195 (4)(a) to promote a high standard of professional ethics in the Public Service”,
- “196(4)(b) to investigate, monitor and evaluate the organisation and administration, and the personnel practices, of the public service;”
- “196(4)(f)(i) to investigate and evaluate the application of personnel and public administration practices, and to report to the relevant executing authority and legislature;”

The following sections of the Public Service Commission Act, 1997 are applicable.

8. Subject to the provisions of the Constitution, the Commission may exercise the powers and shall perform the duties entrusted to the Commission by or under this Act, the Constitution or the Public Service Act.
9. The Commission may inspect departments and other organisational components in the Public Service, and has access to such official documents or may obtain such information from heads of those departments or organisational components or from other officers in the service of those departments or organisational components as may be necessary for the performance of the functions of the Commission under the Constitution or the Public Service Act.”

Given the above, the PSC has a Constitutional mandate to promote professional ethics and to investigate, monitor and evaluate public administration practices. The PSC is therefore empowered to report on the management of the NACH.

<sup>1</sup> Republic of South Africa, State of the Public Service Report 2008, Public Service Commission, 2008.

<sup>2</sup> Republic of South Africa, Measuring the Effectiveness of the National Anti-Corruption Hotline. Public Service Commission, 2007.

<sup>3</sup> Republic of South Africa, the Constitution of the Republic of South Africa, 1996, Act 108 of 1996.

## 1.3 Objectives of the evaluation

The PSC in conducting this assessment of the effectiveness of the NACH set out to achieve the following objectives:

- To provide a statistical overview of cases of alleged corruption reported through the NACH during 01 September 2004 to 31 December 2008
- To assess the outcome of cases referred to departments through the NACH following investigation
- To assess the implementation of the following recommendations made in the PSC's Report on the effectiveness of the NACH, 2007:
  - Provision of training on the principles contained in the PSC's NACH Toolkit to improve the management of the NACH
  - Stringent application of the code of conduct for procurement practitioners to avoid conflicts of interest occurring
  - Strengthening internal controls and managing risks in departments identified through allegations of corruption reported to the NACH
  - Promoting awareness of professional ethics in departments in order to strengthen a culture of integrity
  - Bolstering investigative capacity within departments to ensure that cases referred by the PSC are acted upon and feedback is provided
  - Improving the management of the NACH call center to ensure that the referral of cases is done timely
  - Creating investigative capacity within the PSC to investigate urgent cases of misconduct
  - Review of provincial referral protocols to ensure that cases referred by the PSC reach the intended
  - Marketing the Hotline to ensure that the public and public servants are aware of the access mechanism created through the NACH to report corruption
- To pronounce on the effectiveness of the NACH.

## 1.4 Methodology

The methodology applied by the PSC in this evaluation focused on gathering information from departments through questionnaires, analyzing statistical data from the Case Management System of the NACH, conducting consultative workshops with departments and research on international best practice. The methodology applied can be summarized as follows:

### 1.4.1 Obtaining feedback through questionnaires

A questionnaire regarding the management of the NACH by departments was designed by the PSC to assess the handling of NACH cases by departments, ascertain the extent to which the PSC's recommendations contained in the first Report on the NACH was implemented and to establish constraints experienced by departments in the management of NACH cases. This questionnaire was forwarded to the Offices of Premiers in all the provinces and to the following ten (10) selected national departments:

- Department of Justice and Constitutional Development
- Department of Home Affairs
- Department of Trade and Industry
- Independent Complaints Directorate
- South African Police Service
- Department of Correctional Services
- Department of Water Affairs and Forestry
- South African National Defence Force

- Department of Safety and Security
- The South African Social Security Agency (SASSA)

Responses were received from all the provinces as well as eight national departments. The Department of Water Affairs and the South African Social Security Agency did not submit responses timeously to the PSC despite several requests.

#### 1.4.2 Analysis of data on the Case Management System (CMS) of the PSC

Information was drawn from the CMS of the PSC on the number of cases referred, the nature of allegations reported and the outcome of investigations since the inception of the Hotline in September 2004. A comparison was made between the information extracted in respect of each of the financial years since the inception of the Hotline in order to establish trends. The data received from departments was compared to data available on the CMS of the PSC in order to verify if all cases referred by the PSC to such departments have been received by them and that such cases are being investigated.

#### 1.4.3 Consultative workshops on the management of the NACH

Five consultative workshops were held with departments in the Free State, Mpumalanga, North West, Western Cape, and Gauteng Provinces during August 2008. During these workshops information on the challenges experienced by the PSC and departments in the management of the NACH was exchanged. The information obtained during the workshops were subsequently analysed and used in the assessment of the effectiveness of the NACH. Information was also drawn from the workshops previously held in the Eastern Cape, KwaZulu-Natal, Limpopo and with National Departments during 2006 and 2007.

#### 1.4.4 Research on international best practice in the management of Hotlines

Imperatives for the effective management of Hotlines at an international level were researched through a desktop analysis of reports drawn from the internet. Based on this research conclusions have been made on the effectiveness of the management practices applied in respect of the NACH.

### 1.5 Limitations

The PSC's analysis of information was limited by the fact that, in some instances, the responses of departments to the questions raised and information required by the PSC were not adequate. This limited the PSC's ability to compare information on the CMS against what is contained on departmental data bases and to identify all constraints experienced and successes achieved by departments in the handling of NACH cases.

As indicated, the Department of Water Affairs and the South African Social Security Agency did not submit responses timeously to the PSC despite several requests. As such the PSC was not in a position to assess the constraints experienced and successes achieved by these departments in managing the NACH.

Despite these limitations, the PSC believes that it has provided a report that allows for engagement on the effectiveness of the NACH.

# Chapter Two

## Operational Components of the NACH

## 2.1 Introduction

The Management of the Hotline requires infrastructure to ensure its effective day to day operation. This Chapter provides a brief overview of the operation of the NACH by the PSC and the infrastructure that has been created in respect thereof. Key elements in ensuring the success of the Hotline and the different components that play a role in the day to day operation of the Hotline are summarised. For a more detailed discussion of the functioning of the NACH, please refer to the first Report on Measuring the Effectiveness of the NACH, 2007.<sup>4</sup>

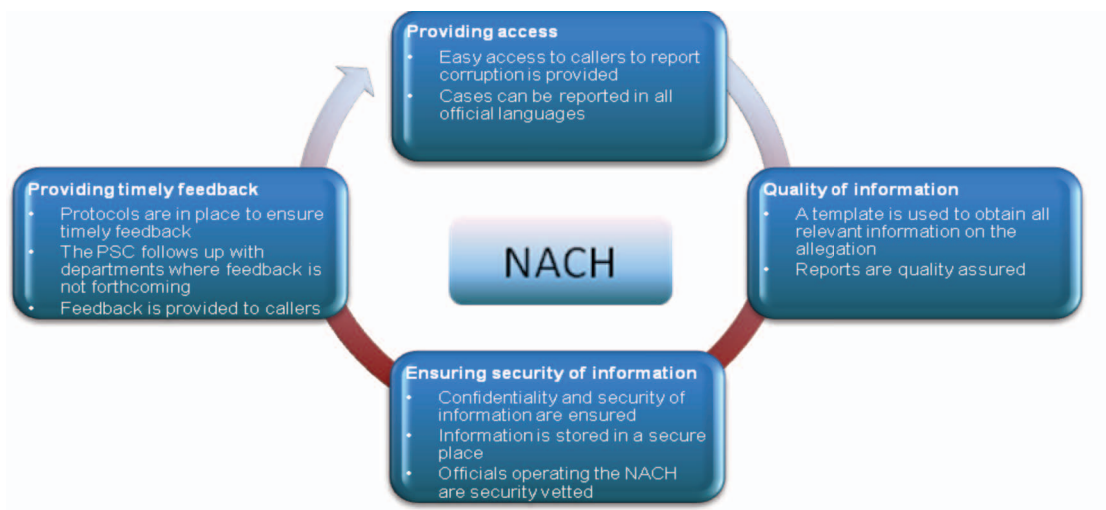
## 2.2 What is the NACH?

The NACH provides members of the public as well as public servants with an easy accessible mechanism to report allegations of corruption in the Public Service. The NACH is toll-free and operates 24 hours per day and seven days a week. While the public interfaces mainly with the call center, the NACH has a broader infrastructure which contains various components. These components are elaborated upon further in this Chapter.

## 2.3 Imperatives for the effective functioning of the NACH

In order for the NACH to serve its purpose as an instrument in the fight against corruption, it is important that the Hotline complies with specific imperatives necessary for the successful operation of a Hotline as illustrated in **Figure I**.

**Figure I: Imperatives in managing the Hotline**



### 2.3.1 Providing access

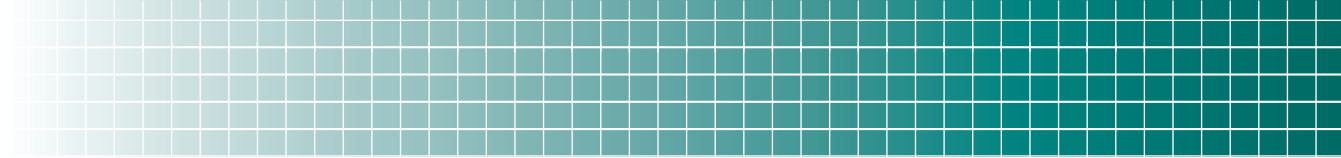
The NACH provides the opportunity for the public and public servants to telephonically report concerns to a call operator at the Call Centre. Cases of alleged corruption can also be reported to the PSC regional offices through “walk in disclosures”, faxes and e-mails. These options are designed to obtain detailed information from the caller that reports a case of alleged corruption. Should the information prove insufficient, the call operator is allowed to make follow-up contact with the whistleblower if such contact details are provided. This process is explained to the whistleblower at the point of initial contact. All information received by fax or e-mail, are entered onto a template to ensure that it is captured on the database.

### 2.3.2 Ensuring quality of information

When an operator receives an allegation of corruption he/she completes a custom-designed template by raising relevant questions to the person who reports the case of alleged corruption. The template was designed by the PSC to ensure that the maximum amount and relevant information is obtained from the caller by the operator.

<sup>4</sup> Measuring the Effectiveness of the National Anti-Corruption Hotline, Public Service Commission, 2007.





This custom-designed template or case report is then quality assured by supervisors of the operator, investigators at the Call Centre and officials at the PSC to ensure the information obtained complies with the agreed protocols and that departments obtain adequate information to investigate cases referred to them. Although NACH reports are subjected to quality assurance, such efforts are reliant on how much information is given by the caller in order to populate the template. It is for this reason that departments sometimes receive reports that contain relatively scant information which makes investigations more difficult.

### 2.3.3 Ensuring security of information

Confidentiality and security of information are key imperatives in managing a hotline. In respect of the management of the NACH, the PSC therefore ensures that the security of the information received from the whistleblower or caller is not compromised. In this respect, it must be noted that as a first step the PSC through the Service Level Agreement (SLA) with the Service ensured that all call operators are security vetted. Moreover, the PSC conducts routine in-house investigations and evaluations of the networking systems associated with the NACH.

In addition to this, the Service Provider managing the Call Centre is contractually bound in terms of the SLA not to compromise the security of the information received from a whistleblower. In compliance with this requirement, the Call Centre maintains a data-base server which is housed in a secure server room. The data-base which contains details on all cases of alleged corruption reported to the NACH is backed up 3 times a day locally and once a day to tape. Power issues caused by load shedding or the environment are efficiently dealt with by state of the art UPS's and generators which ensure that the call centre is functioning 24 hours a day and seven days a week. Reports are transmitted via an encrypted e-mail facility to departments by the PSC in urgent cases which is detached from the PSC's CMS so as to protect the integrity of the CMS by not allowing any illegal access thereto.

Officials operating the CMS at the PSC are also security vetted. Departments are further obligated to ensure that officials who are investigating cases of alleged corruption from the NACH are security vetted.

### 2.3.4 Ensuring timely feedback

An essential requirement for the successful management of the NACH is that timely feedback must be provided to callers. When referring a case of alleged corruption to departments, the PSC requires departments to submit feedback on the status of investigations within 40 days from the date of referral. The PSC also follows up continuously with departments where such feedback is outstanding. Once feedback is received from departments, the PSC updates the CMS which then can be accessed by call operators to provide feedback to callers when they require about the status of cases. Despite the processes put in place by the PSC to facilitate feedback, it relies heavily on the cooperation of departments in providing such feedback.

## 2.4 Understanding the functioning of the NACH

The components that ensure the effective operation of the Hotline are integrated to ensure the fluent processing of alleged corruption reported. The main components are as follows:

## 2.4.1 The Call Centre

### 2.4.1.1 Staffing of the call centre

The operation of the NACH Call Centre has been outsourced to an external Service Provider in terms of a SLA. The Service Provider employs key senior personnel in order to ensure the smooth running of the Call Centre. These operators are specifically selected and trained to service the NACH on a full-time basis on behalf of the PSC. The Service Provider recently also appointed a Senior Operations Manager as well as a dedicated Report Analyst to assist with the operations at the Call Centre.

Services at the Call Centre operate on a multi-lingual basis and operators are appropriately trained to obtain the maximum relevant information. The interpreters are carefully screened and tested in telephone interpretation, customer service skills, confidentiality issues and customer-specialized terminology.

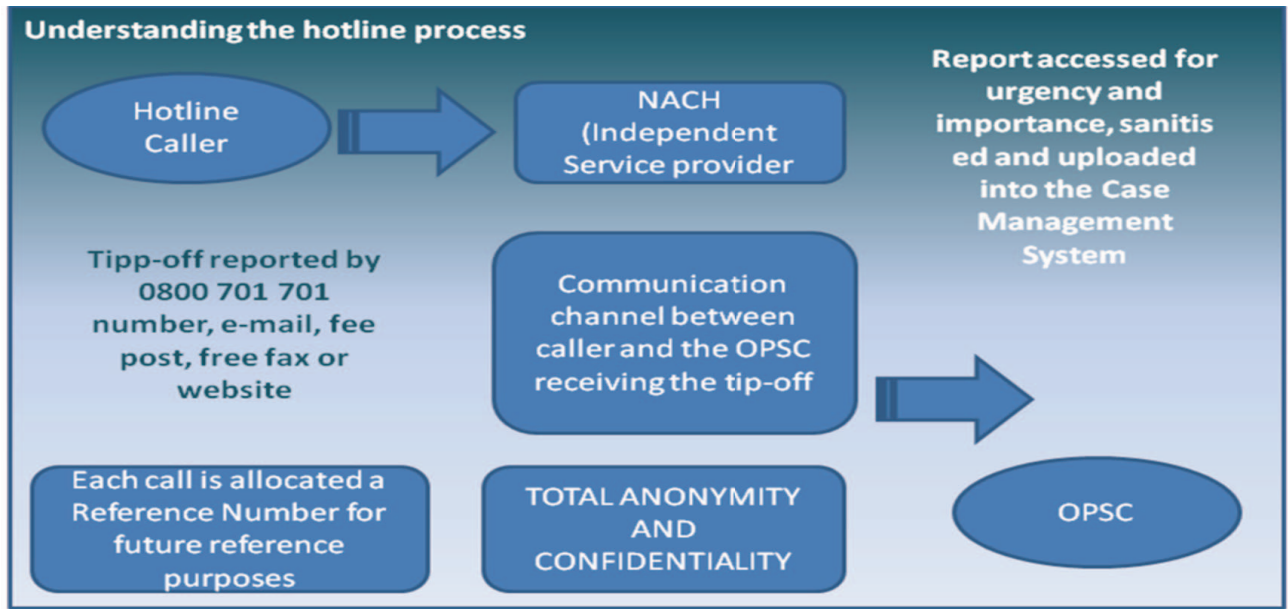
### 2.4.1.2 Meeting the electronic requirements of the call centre

Software specifically tailored to meet the exact requirements of the NACH has been developed. The system has exceptional reporting capabilities which provide a wide range of statistics relating to the number of calls received, type of calls and categories of crime. The software has a user friendly interface.

### 2.4.1.3 Process of receiving allegations of corruption

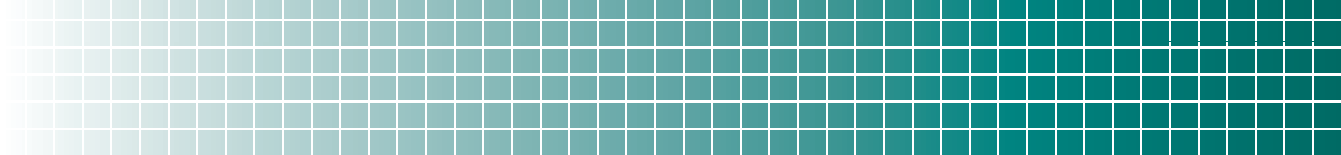
**Figure 2** below outlines the call center process when a caller reports a case of alleged corruption at the call center:

**Figure 2: Process at the call center<sup>5</sup>**



When a call is received, the caller's concerns are documented and allocated a call reference number for future reference purposes. The call operators, through the use of a template designed by the PSC, attempt to obtain adequate information to ensure that a specific allegation can be investigated. The template includes questions which prompt callers to provide detailed information on the specific allegation that they are making. Reports are generated and transmitted in English.

<sup>5</sup> Information supplied by Deloitte Tip-Offs Anonymous



Seventy five percent (75%) of the callers who report cases of alleged corruption through the Hotline request anonymity. The call centre for the NACH used a variety of mechanisms to ensure anonymity including:

- no caller id;
- no taping of phone calls; and
- keeping information secured.

After all information has been obtained from the caller and processed, a call report is generated, edited and corrected. The Report Analyst classifies the information whereafter the Contact Centre Manager performs a quality assurance review.

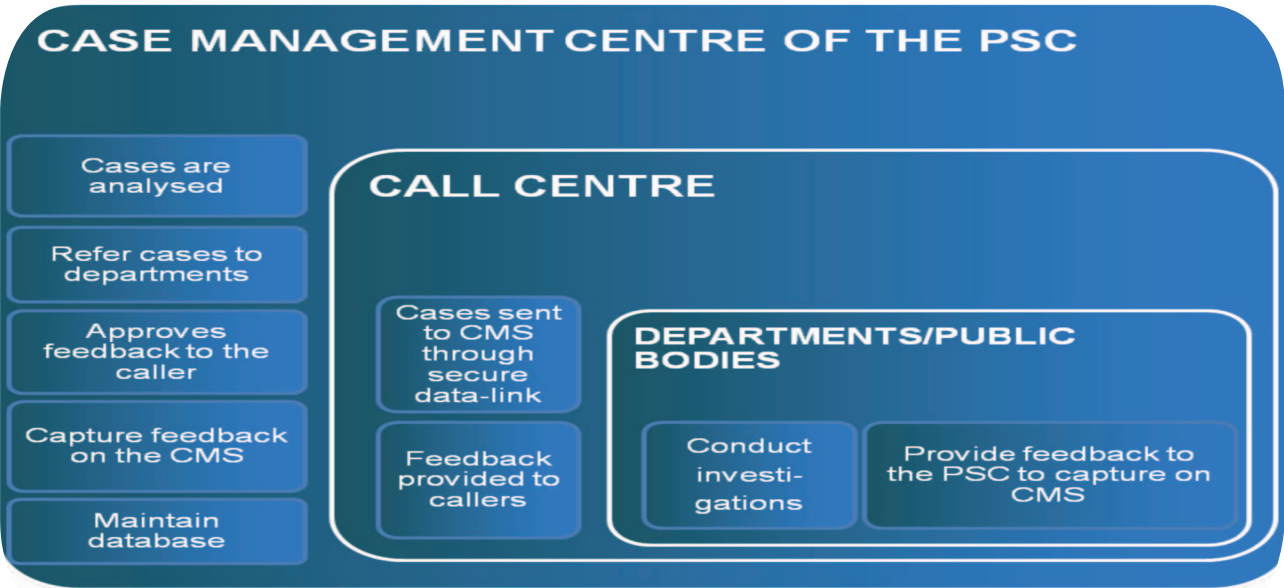
#### 2.4.1.4 Transmitting reports to the PSC’s CMS

Once the report is quality assured, it is electronically uploaded onto the Case Management System of the PSC. Urgent calls (regarded as an immediate threat to person, property or environment) are brought to the attention of the PSC within an hour. Essential details are relayed immediately by phone, and a written report is forwarded after being put through an expedited quality assurance editing process.

#### 2.4.2 Process at the the Case Management Centre [CMC]

The Case Management System of the PSC comprises the process through which the PSC receives cases from the call center; evaluates the contents of such cases, decides on the referral of cases and captures feedback. The process applied by the PSC through the CMS is illustrated in **Figure 3** below.

**Figure 3: Case Management System**



##### 2.4.2.1 Receiving cases of alleged corruption from the Call Centre of the NACH

The PSC through its CMS receives cases of alleged corruption from the Call Centre through a secure data-link. The case management staff at the PSC is able to access case management software on a server which resides at the contact centre, which is connected to the Pretoria Case Management office via an encrypted Telkom Diginet line and as such there are no external links.

### 2.4.2.2 Analyses of NACH reports

Once the PSC has received a report on the CMS the contents of the report is analysed to determine whether there is sufficient information contained in the report in order for it to be successfully investigated and to establish which department or institution in the Public Service is most appropriately located to investigate the relevant allegation. The official that receives the report also determines the sensitivity and urgency attached to the report. Reports generated by the CMS are submitted by the Office of the PSC to the PSC with a recommendation on where the case should be referred to or whether the case should be closed due to insufficient information. Cases are classified as restricted, confidential, secret or top secret.

### 2.4.2.3 Referral of cases by the PSC

After considering the advice of the Office, the PSC then refers the alleged corruption to Departments for investigation with a covering letter addressed to the respective Directors-General. This is done in line with the agreed protocols developed to protect departments and user interest. Certain departments have made arrangements to physically collect their cases at the OPSC. Urgent/sensitive cases are fast-tracked to departments through a secure e-mails and fax facility.

### 2.4.2.4 Providing feedback to the PSC

In the referral report to departments, feedback on progress is requested within forty days in order to enable the CMS to provide such feedback to the Call Centre through a secure data-link. It is not expected of departments to finalise investigations in the forty days but report on progress. When providing feedback, departments are requested to quote case reference numbers and to provide full investigation reports. The PSC is heavily reliant on the cooperation of departments for the provision of feedback to callers.

### 2.4.2.5 Analysis of feedback by the PSC

Once feedback is received the PSC analyses the feedback to determine whether sufficient detail has been provided and whether a case has been fully investigated. If a case has not been sufficiently investigated by a department, the PSC refers such a case back and indicates what additional information is required. Only once the PSC is satisfied that all aspects of an allegation have been sufficiently investigated by a department will it close such a case on the CMS.

### 2.4.2.6 Providing feedback to callers

Once the PSC is satisfied with the nature of feedback provided, the relevant information is uploaded onto the CMS. The Call Centre has access to the CMS and when caller enquire about a specific allegation that they have made and provide the call reference number, call operators are able to provide feedback to the caller. The system makes provision for operator to give the following information:

- Cases referred to the relevant departments/ agency for investigation
- Investigation in progress
- Investigation complete – referred for prosecution
- Investigation complete – no prosecution possible due to insufficient evidence
- Action taken against perpetrator (e.g. disciplinary action being taken against those involved)
- Other milestones indicating levels of progress

# Chapter Three

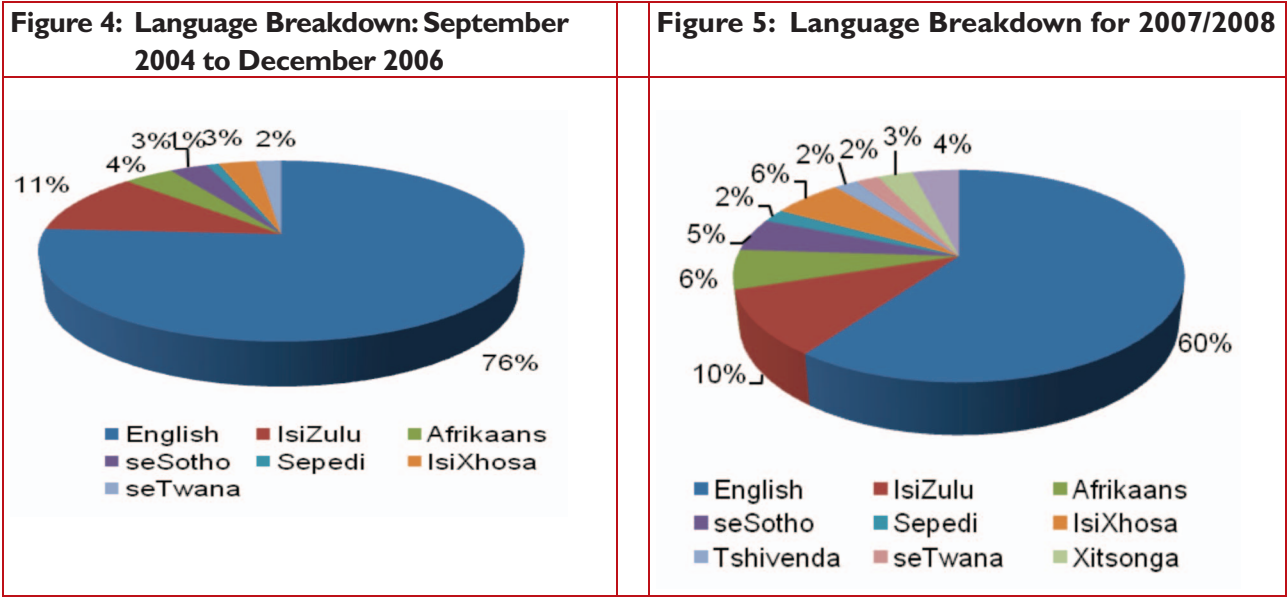
Cases of alleged corruption  
reported to the NACH

3.1 Introduction

This biennial report covers cases of alleged corruption reported to the NACH during the period 1 January 2007 to 31 March 2008. To allow for comparative analysis, however, the statistical overview covered in this Chapter covers all cases of alleged corruption received through the NACF since 1 September 2004. This Chapter provides information on the languages in which alleged corruption was reported, the manner in which it was reported, the number of allegations received and the extent of feedback provided by departments. The statistical data was drawn from the CMS of the PSC.

3.2 Languages used by callers in reporting to the NACH

As indicated, the NACH provides for the reporting of corruption in all official languages of South Africa. **Figures 4 and 5** below illustrates languages used by callers in reporting cases of alleged corruption to the NACH during the period covered by the first report on the effectiveness of the NACH and 2007/2008.



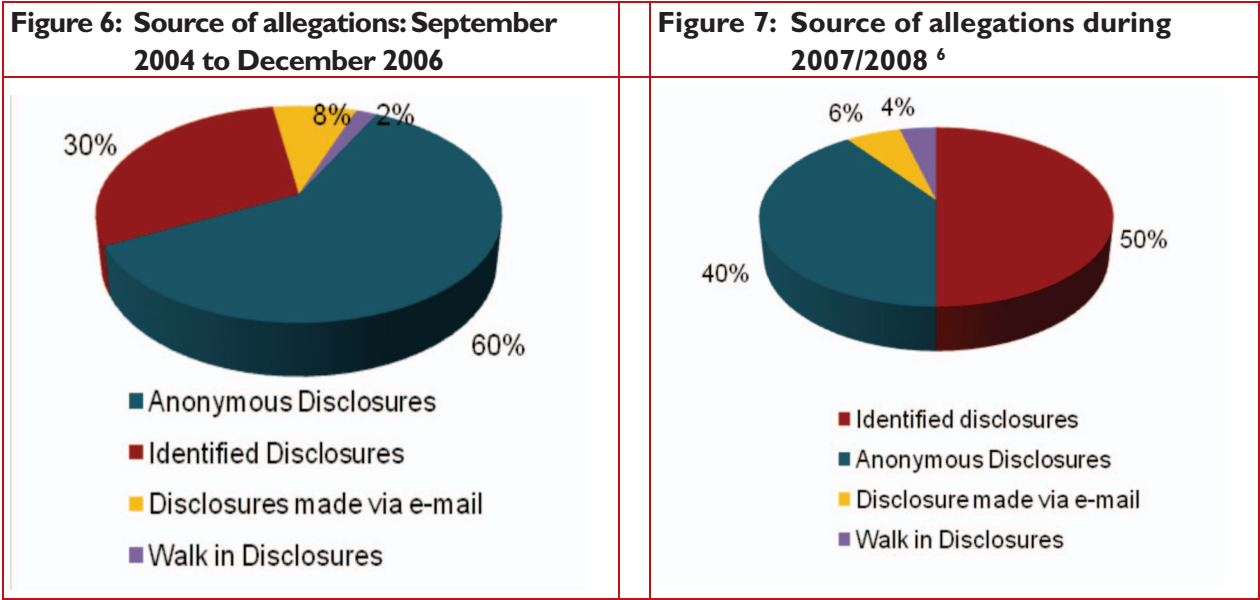
During the 2007/2008 financial year calls were received in English (60%), IsiZulu (10%), Afrikaans (6%), isiXhosa (6%), seSotho (5%), isiSwati (4%), Xitsonga (3%), Tshivenda (2%), Sepedi (2%) and SeTswana (2%). As reflected in **figure 5** above, the majority of cases of alleged corruption were reported in English. However, if cases are reported in other languages, the Call Centre has operators available to converse in the relevant language with the caller. Such information is then translated into English before it is captured on the CMS.

The languages in which cases of alleged corruption was reported during 2007/2008 correlates to a large extent with the manner in which such cases were reported from the inception of the Hotline to December 2006 as reflected in the first report on the effectiveness of the NACH (see **Figure 4**). The majority of cases covered by the first report were also reported in English (76%) and IsiZulu (11%). This trend may be as a result of cases being reported predominantly in urban areas where there are telephone facilities. Callers appear to be more inclined, however, to report corruption in their first languages as the percentage of callers that used languages other than English increased from 24% in the period covered by the first Report to 40% in the period January 2007 to March 2008.

Encouragingly, during the period January 2007 to March 2008 callers that converse in Tshivenda and Xitsonga also made use of the Hotline considering that they did not do so during the period since the inception of the Hotline up to December 2006. There were, however, no cases of alleged corruption reported through the Isindebele and IsiSwati languages during both periods.

3.3 Methods of reporting cases of alleged corruption

The public and public servants have various avenues to report corruption to the PSC. Allegations can be reported anonymously or by providing personal details to the call center by using telephone (0800 701 701), fax, through the NACH website or through walk in disclosures at the Offices of the PSC. Figures 6 and 7 illustrates the manner in which cases of alleged corruption is reported to the NACH.



Analysis of the cases received indicates that during 2007/2008 fourty percent (40%) of alleged corruption cases received through the NACH were reported by anonymous callers. In 50% of cases callers identified themselves. Twenty five percent (25%) of these cases were reported by members of the public and 15% by officials (whistleblowers) who were willing to disclose their personal details. A further 10% of such cases were reported by detainees who request that investigating officers contact them. This is mainly because the South African justice system allows prisoners to express their dissatisfaction in cases where they are unfairly treated or where they observe wrong doing. These cases mainly involve prison officials colluding with prisoners for private gain. Other sources of allegations include faxes and walk in disclosures by members of the public.

The number of anonymous disclosures received during 2007/2008 has decreased compared to the period covered by the first report on the effectiveness of the NACH (see Figures 6 and 7) from 60% to 40%. This could be an indication that members of the public and public servants are more confident in disclosing their identities.

While anonymous reporting of corruption is promoted through the NACH, this does create practical difficulties in that crucial information or evidence, if not supplied in the first instance, is difficult to obtain as callers cannot be traced for follow-up purposes.

<sup>6</sup> Information supplied by Deloitte Tip-Offs Anonymous.



### 3.4 Statistics on the number of cases referred to departments

#### 3.4.1 Number of cases of alleged corruption

**Table 1** represents the number of cases of alleged corruption received through the NACH since the inception of the Hotline. A total of **7288** cases of alleged corruption were logged on the CMS. This number includes cases referred to departments and cases not referred to departments due to lack of details.

After the call reports were classified and analysed, the PSC referred four thousand two hundred and two (**4202**) cases of alleged corruption to provincial departments, national departments and public bodies for investigation (see **table 1**) which constitutes 57% of all cases logged.

**Table 1: Breakdown of cases of alleged corruption logged on the CMS<sup>7</sup>**

OVERALL STATISTICS					
Cases referred to Departments	2004-2005	2005-2006	2006-2007	2007-2008	TOTAL
No. Provincial Departments	362 (17%)	488 (22%)	525 (24%)	806 (37%)	2 181 (52%)
National Departments	204 (11%)	527 (27%)	542 (25%)	650 (34%)	1 923 (46%)
Public Bodies	3 (3%)	8 (8%)	19 (19%)	68 (69%)	98 (2%)
TOTAL	569 (14%)	1 023 (24%)	1 086 (26%)	1 524 (36%)	4 202 (100%)

**Note:**

**Corruption cases referred to Departments:** Bribery, embezzlement, fraud, favouritism and nepotism, conflict of interest, abuse of government equipment, maladministration, etc.

**Matters closed due to a lack of detail (SPAM):** Cases of a frivolous/ vexatious nature or those which seek to abuse the complaint rules of the Public Service or allegations in which a critical factual gap exists, rendering the likelihood of a successful conclusion unlikely, doubtful or impossible (e.g. no or inadequate description of persons (s) involved).

**Cases outside the mandate of the PSC closed on the CMS:** Cases which do not fall within the jurisdiction of the Public Service.

**Cases withdrawn at callers' request:** The caller requested to withdraw the case for fear of intimidation/victimisation.

**Nil report:** Caller decided to terminate the call before it has been recorded.

**Add on information:** Refers to additional information provided by the caller to the original report.

**Complaints/ service delivery:** Refers to cases which on closer scrutiny refer to non-corruption related cases involving lack of service delivery etc.

Since the inception of the Hotline, 52% of all cases have been referred to provincial departments, 46% to national departments and 2% to other public entities.

As indicated in **table 2**, **3086** cases (42%) were not investigated or forwarded to the departments, agencies and other public bodies as the cases did not involve corruption. Of these, **1430** cases were associated with service delivery complaints. These cases were referred to another section within the PSC that deals with complaints. A total of **676** cases were Public Service related and **507** cases were closed due to a lack of detail. Only **23** cases were withdrawn on the caller's request. In a further **150** cases, callers decided to terminate the call before it was recorded.

<sup>7</sup> Information as contained in the CMS of the PSC at 31 March 2008.

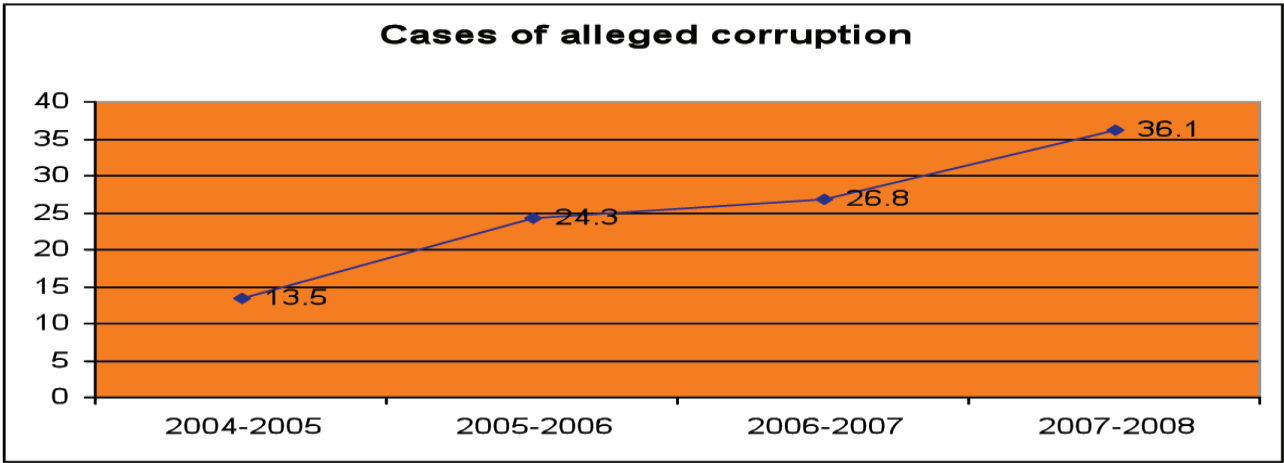


Table 2: Cases not referred to departments

Cases not referred to Departments	No. of allegations	Average percentage per allegation
Matters closed due to lack of detail (SPAM)	507	16.4
Cases outside the mandate of the PSC closed on the CMS	676	21.9
Cases withdrawn at callers' request	23	0.7
Nil report	150	4.8
Add on information	300	9.7
Complaints/ service delivery	1 430	46.6
TOTAL	3 086	100
<b>Cases logged on the CMS</b>		
Corruption cases referred to Departments	4 202	57.7
Cases not referred to departments	3 086	42.3
	<b>7 288</b>	<b>100</b>

As indicated in **Figure 8**, the number of cases of alleged corruption increased on a regular basis from year to year since the inception of the Hotline from **569 (14%)** in 2004/2005 to **1 524 (37%)** in 2007/2008.

Figure 8: The rate of cases of alleged corruption received (2004-2008) <sup>8</sup>



The reasons for such increase could be the following:

- Advertisement of the NACH in the media and salary slips of public servants.
- Heightened public awareness about the NACH and an increased willingness of citizens to report alleged corruption.
- Events of corruption reported in the media that draws attention to corruption.
- An increase in the actual extent of corruption.

Generally there are perceptions that such increase in reporting reflects an increase in corruption levels, however, there is insufficient information available to identify the reason for the increase.

### 3.4.2 Cases of alleged corruption referred to Provincial Departments

As indicated in **Table 2** a total of **2 181** cases of alleged corruption were referred to Provincial Departments for investigation. Of these cases, the largest proportion of allegations was in relation to the Gauteng Province with **616 (28%)**.

<sup>8</sup> Information as contained in the CMS of the PSC at 31 March 2008.

Other provinces accounting for large numbers of alleged corruption were Mpumalanga Province with **395** cases (**18%**), Eastern Cape Province with **271** cases (**12.4%**) and KwaZulu-Natal Province with **239** cases (**10.9%**). The Northern Cape Province has the smallest number of cases of alleged corruption reported with **37** (**1.9%**) which largely correlates with the relative small size of the public service in the province.

**Table 3: Cases referred to Provincial Departments as at 01 September 2004 to 31 March 2008 <sup>9</sup>**

PROVINCIAL DEPARTMENTS							
NAME OF PROVINCE	DESCRIPTION	2004-2005	2005-2006	2006-2007	2007-2008	TOTAL	% of Total cases referred
KwaZulu Natal	No. of Cases Referred	87	51	80	21	239	10.9
	Feedback Received	76	28	21	0	125	
	Cases Closed	5	5	0	0	10	
Free State	No. of Cases Referred	31	31	25	51	138	6.3
	Feedback Received	27	1	0	0	28	
	Cases Closed	5	0	0	0	5	
Mpumalanga	No. of Cases Referred	71	23	90	211	395	18.1
	Feedback Received	29	23	61	56	169	
	Cases Closed	17	5	9	9	40	
Western Cape	No. of Cases Referred	22	25	28	29	104	4.7
	Feedback Received	22	15	27	14	78	
	Cases Closed	7	0	0	0	7	
North West	No. of Cases Referred	55	46	29	66	196	8.9
	Feedback Received	47	27	15	1	90	
	Cases Closed	13	8	1	0	22	
Eastern Cape	No. of Cases Referred	50	99	62	60	271	12.4
	Feedback Received	29	15	22	0	66	
	Cases Closed	7	0	0	0	7	
Limpopo	No. of Cases Referred	25	30	51	69	175	8.0
	Feedback Received	26	24	33	0	83	
	Cases Closed	5	5	1	0	11	
Northern Cape	No. of Cases Referred	8	4	9	16	37	1.9
	Feedback Received	12	2	3	0	17	
	Cases Closed	8	1	3	0	12	

<sup>9</sup> Information as contained in the CMS of the PSC at 31 March 2008.

PROVINCIAL DEPARTMENTS							
NAME OF PROVINCE	DESCRIPTION	2004-2005	2005-2006	2006-2007	2007-2008	TOTAL	% of Total cases referred
Gauteng	No. of Cases Referred	46	179	185	222	616	28.2
	Feedback Received	46	61	69	50	226	
	Cases Closed	12	25	4	10	51	
TOTAL		362	488	525	806	2181	100
Item		2004-2005	2005-2006	2006-2007	2007-2008	TOTAL	
No. of cases referred		362	488	525	806	2181	100
Feedback received		314	196	251	133	894	41%
No. of cases closed		79	49	18	19	165	7%

As indicated in **Table 3** it would appear that the rate of feedback from provincial departments decreased since the establishment of the NACH in 2004 from **314** in 2004/2005 to **133** in 2007/2008. However, feedback on cases referred in 2004/2005 was received as late as 2007/2008.The number of cases in respect of which feedback has been received per financial year may therefore be misleading in that the feedback was not necessarily received in the same year in which the case was referred. Overall feedback has been received in respect of only **41%** of all cases referred to provincial departments.This is of concern as the credibility of the NACH depends on its ability to provide feedback to callers.

Also of concern is the fact that out of the 2181 cases referred only **165 (7%)** have been closed following investigation. This raises concern about the investigative capacity within departments to deal with cases of corruption referred to them.

### 3.4.3 Cases of alleged corruption referred to National Departments

As indicated in **Table 4**, a total of **1923** cases were referred to National Departments for investigation. The largest number of allegations was in respect of the Department of Correctional Services, with **414** cases. The number of allegations made against departments largely correlates with the size of the department. However, in the case of Social Development (**265** cases) a contributing factor may also be the nature of services that it provides in the form of social grants.The fact that a separate hotline is managed for this purpose indicates that this area of service delivery may be susceptible to corruption.

In terms of the existing protocol, the ICD investigates cases of alleged corruption concerning police officers. The Prevention and Combating of Corrupt Activities Act, Act No.12 of 2004<sup>10</sup> requires that all cases of alleged corruption involving an amount of over R100 000 and more be reported to the SAPS for investigation. Although the PSC had referred more than **20** cases involving an amount of over R100 000 to the SAPS, no successes in terms of the recovery of funds and /or actions against officials involved have been reported by the SAPS to the PSC.This concern correlates with a finding in the PSC’s Overview of Financial Misconduct in the Public Service in the 2006/2007 financial year<sup>11</sup> in that there were 14 instances of financial misconduct involving amounts of R100 000 and more where no criminal charges were laid and no reasons for this omission could be provided.

<sup>10</sup> Prevention and Combating of Corrupt Activities Act, Act no. 12 of 2004.  
<sup>11</sup> Republic of South Africa. Overview of Financial Misconduct for the 2006/2007 financial year, Public Service Commission, 2007

**Table 4: Cases referred to each National Department as at 01 September 2004 to 31 March 2008 <sup>12</sup>**

NATIONAL DEPARTMENTS							
NAME OF DEPARTMENT	Description	2004-2005	2005-2006	2006-2007	2007-2008	TOTAL	% of total cases referred
Agriculture	No. of Cases Referred	0	1	0	1	2	0.1
	Feedback Received	0	0	0	1	2	
	Cases Closed	0	0	2	0	2	
Arts & Culture	No. of Cases Referred	0	0	0	4	4	0.1
	Feedback Received	0	0	0	0	0	
	Cases Closed	0	0	0	0	0	
Communications	No. of Cases Referred	3	0	2	4	9	0.4
	Feedback Received	3	0	0	0	3	
	Cases Closed	0	0	0	0	0	
Correctional Services	No. of Cases Referred	31	83	102	198	414	21.5
	Feedback Received	15	29	11	22	77	
	Cases Closed	9	19	10	0	38	
Defence	No. of Cases Referred	3	13	9	7	32	1.8
	Feedback Received	3	1	9	0	13	
	Cases Closed	2	0	0	0	2	
Education	No. of Cases Referred	2	-	2	1	5	0.1
	Feedback Received	1		3	0	4	
	Cases Closed	0	0	0	0	0	
Environmental Affairs & Tourism	No. of Cases Referred	0	0	2	12	14	0.7
	Feedback Received	0		2	3	5	
	Cases Closed	0	0	0	0	0	
Foreign Affairs	No. of Cases Referred	0	3	3	4	10	0.2
	Feedback Received	0	0	0	0	0	
	Cases Closed	0	3	0	0	3	
Government Communications (GCIS)	No. of Cases Referred	4	0	0	0	4	0.1
	Feedback Received	0	0	0	0	0	
	Cases Closed	0	0	0	0	0	
Health	No. of Cases Referred	6	0	0	7	13	0.7
	Feedback Received	0	0	0	1	1	
	Cases Closed	1	0	0	0	1	

<sup>12</sup> Information as contained in the CMS of the PSC at 31 March 2008.

## NATIONAL DEPARTMENTS

NAME OF DEPARTMENT	Description	2004-2005	2005-2006	2006-2007	2007-2008	TOTAL	% of total cases referred
Home Affairs	No. of Cases Referred	25	122	62	116	325	16.9
	Feedback Received	25	6	12	2	45	
	Cases Closed	4	3	1	0	8	
Housing	No. of Cases Referred	4	4	5	2	15	0.7
	Feedback Received	2	4	1	0	10	
	Cases Closed	1	0	0	0	1	
Independent Complaints Directorate (ICD)	No. of Cases Referred	3	27	57	67	154	8.0
	Feedback Received	3	27	46	12	88	
	Cases Closed	3	18	14	0	36	
Justice & Constitutional Development	No. of Cases Referred	25	12	14	48	99	5.1
	Feedback Received	25	6	6	0	37	
	Cases Closed	4	2	0	0	6	
Labour	No. of Cases Referred	5	21	9	4	39	2.0
	Feedback Received	6	1	1	0	8	
	Cases Closed	0	4	0	0	4	
Land Affairs	No. of Cases Referred	3	4	13	17	37	1.9
	Feedback Received	3	4	7	1	15	
	Cases Closed	0	0	0	0	0	
Minerals & Energy	No. of Cases Referred	0	1	0	1	2	0.1
	Feedback Received	0	1	0	0	1	
	Cases Closed	0	0	0	0	0	
National Intelligence Agency	No. of Cases Referred	0	0	1	0	1	0.1
	Feedback Received	0	0	0	0		
	Cases Closed	0	0	0	0	0	
National Treasury	No. of Cases Referred	0	6	2	1	9	0.7
	Feedback Received	0	3	1	0	4	
	Cases Closed	0	0	0	0	0	
Provincial & Local Government	No. of Cases Referred	11	39	39	42	131	6.8
	Feedback Received	2	0	1	0	3	
	Cases Closed	1	1	0	0	2	

## NATIONAL DEPARTMENTS

NAME OF DEPARTMENT	Description	2004-2005	2005-2006	2006-2007	2007-2008	TOTAL	% of total cases referred
Public Enterprises	No. of Cases Referred	0	1	0	0	1	0.1
	Feedback Received	0	0	0	0	1	
	Cases Closed	0	1	0	0	1	
Public Protector	No. of Cases Referred	0	1	0	3	4	0.1
	Feedback Received	0	1	1	0	2	
	Cases Closed	0	0	1	0	1	
Public Service & Administration	No. of Cases Referred	0	3	0	1	4	0.1
	Feedback Received	0	1	0	0	1	
	Cases Closed	0	0	0	0	0	
Public Service Commission	No. of Cases Referred	0	1	2	0	3	0.1
	Feedback Received	0	1	2	0	3	
	Cases Closed	0	1	2	0	3	
Public Works	No. of Cases Referred	3	2	3	7	15	0.7
	Feedback Received	3	0	1	0	4	
	Cases Closed	3	0	1	0	4	
Science & Technology	No. of Cases Referred	1	0	0	2	3	0.1
	Feedback Received	1	1	1	0	3	
	Cases Closed	1	1	0	0	2	
Secretariat for Safety & Security	No. of Cases Referred	5	1	1	0	7	0.4
	Feedback Received	0	1	0	0	1	
	Cases Closed	0	0	0	0	0	
SA Management Development Institute	No. of Cases Referred	0	0	0	1	1	0.1
	Feedback Received	0	0	0	0	0	
	Cases Closed	0	0	0	0	0	
SA Police Service	No. of Cases Referred	0	26	72	54	152	7.9
	Feedback Received	0	14	8	6	28	
	Cases Closed	0	14	30	3	46	
SA Revenue Service	No. of Cases Referred	4	9	13	3	29	1.5
	Feedback received	4	0	0	0	4	
	Cases closed	0	0	1	0	1	

NATIONAL DEPARTMENTS							
NAME OF DEPARTMENT	Description	2004-2005	2005-2006	2006-2007	2007-2008	TOTAL	% of total cases referred
SA Secret Service	No. of Cases Referred	0	0	0	0	0	0
	Feedback Received	0	0	0	0	0	
	Cases Closed	0	0	0	0	0	
Social Development	No. of Cases Referred	60	131	74	0	265	13.7
	Feedback Received	0	1	0	0	1	
	Cases Closed	0	1	0	0	1	
Sport & Recreation South Africa	No. of Cases Referred	0	0	0	1	1	0.1
	Feedback Received	0	0	0	0	0	
	Cases Closed	0	0	0	0	0	
Statistics South Africa	No. of Cases Referred	0	1	1	2	4	0.1
	Feedback Received	0	0	1	0	1	
	Cases Closed	0	0	0	0	2	
The Presidency	No. of Cases Referred	0	1	0	0	1	0.1
	Feedback Received	0	0	0	0	0	
	Cases Closed	0	0	0	0	0	
Trade & Industry	No. of Cases Referred	1	17	39	18	75	3.9
	Feedback Received	0	17	0	0	17	
	Cases Closed	0	17	0	0	17	
Transport	No. of Cases Referred	5	0	1	0	6	0.3
	Feedback Received	1	0	0	0	1	
	Cases Closed	1	0	0	0	1	
Water Affairs & Forestry	No. of Cases Referred	3	10	14	22	49	2.5
	Feedback Received	1	3	2	0	6	
	Cases Closed	1	3	0	0	4	
<b>TOTAL</b>		204	527	542	650	1 923	
No. of cases referred		204	527	542	650	1 923	100
Feedback received		98	118	114	48	378	19.6
No. of cases closed		31	88	59	4	182	9.5

It would appear that the rate of feedback from national departments decreased since the establishment of the NACH in 2004 from 98 to 48 in 2007/2008. However, feedback on cases referred in 2004/2005 was received as late as 2007/2008. The number of cases in respect of which feedback has been received per financial year may therefore be misleading in that the feedback was not necessarily received in the same year in which the case was referred.

Overall the rate of feedback from national departments has only been 19.6% which continues to raise concerns about investigating capacity in departments.

3.4.4 Cases of alleged corruption referred to Public Bodies and Entities

Cases of alleged corruption referred to agencies and other public bodies and entities since the inception of the NACH are reflected in **Table 5**. The largest proportion of allegations (**60** cases) was received in relation to social grant fraud allegedly committed by members of the public and certain government officials. These cases were referred to the South African Social Security Agency (SASSA) for investigation. Other public bodies to which alleged corruption was referred are the National Prosecuting Authority (**25**), and Magistrate Commission (**6**). Cases of alleged corruption referred to the National Prosecuting Authority involved syndicates or organized crime.

Table 5: Cases referred to Public Bodies and Entities as at 01 September 2004 to 31 March 2008 <sup>13</sup>

Public Bodies/Entities							
NAME OF DEPARTMENT	DESCRIPTION	2004-2005	2005-2006	2006-2007	2007-2008	TOTAL	% of total cases referred
Gauteng Provincial Legislature	No. of Cases Referred	0	0	2	0	2	0.1
	Feedback Received	0	0	0	0	0	
	Cases Closed	0	0	0	0	0	
HPCSA	No. of Cases Referred	0	0	1	0	1	0.1
	Feedback Received	0	0	0	0	0	
	Cases Closed	0	0	0	0	0	
Independent Electoral Commission	No. of Cases Referred	0	1	0	0	1	0.1
	Feedback Received	0	1	0	0	1	
	Cases Closed	0	1	0	0	1	
Judicial Service Commission	No. of Cases Referred	0	0	1	0	1	0.1
	Feedback Received	0	0	0	0	0	
	Cases Closed	0	0	0	0	0	

<sup>13</sup> Information as contained in the CMS of the PSC at 31 March 2008.



Public BODIES/ENTITIES							
NAME OF DEPARTMENT	DESCRIPTION	2004-2005	2005-2006	2006-2007	2007-2008	TOTAL	% of total cases referred
Magistrate Commission	No. of Cases Referred	0	0	3	3	6	0.3
	Feedback Received	0	0	3	0	3	
	Cases Closed	0	0	1	0	1	
National Prosecuting Authority	No. of Cases Referred	3	7	11	4	25	1.3
	Feedback Received	3	7	2	1	13	
	Cases Closed	1	2	0	0	3	
North West Provincial Legislature	No. of Cases Referred	0	0	0	1	1	0.1
	Feedback Received	0	0	1	1	2	
	Cases Closed	0	0	1	0	1	
South African Social Security Agency	No. of Cases Referred	0	0	0	60	60	3.1
	Feedback Received	0	0	0	0	0	
	Cases Closed	0	0	0	0	0	
Special Investigating Unit	No. of Cases Referred	0	0	1	0	1	0.1
	Feedback Received	0	0	1	0	1	
	Cases Closed	0	0	1	0	1	
<b>Total</b>		<b>3</b>	<b>8</b>	<b>19</b>	<b>68</b>	<b>98</b>	
<b>No. of cases referred</b>		<b>3</b>	<b>8</b>	<b>19</b>	<b>68</b>	<b>98</b>	<b>100</b>
<b>Feedback received</b>		<b>3</b>	<b>8</b>	<b>7</b>	<b>2</b>	<b>20</b>	<b>20</b>
<b>No. of cases closed</b>		<b>1</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>7</b>	<b>7</b>

A sign of the confidence placed in the management of the NACH is the fact that a number of public bodies have requested to join the NACH during April 2008. These include the State Information Technology Agency (SITA), National Research Foundation, Municipality Demarcation Board, Film and Publication Board, Broadband Infraco Limited and the South African Social Security Agency (SASSA). Should these bodies join the NACH it will have a significant effect on the volume of calls received through the Hotline.

An example of the possible impact that the inclusion of these public bodies will have on the NACH is the number of cases of alleged corruption dealt with through the SASSA Hotline. SASSA has recently requested that its hotline merges with the NACH and consultation on this request between SASSA and the PSC has commenced. Should SASSA join the NACH this will have far reaching implications as the SASSA Hotline receives a very high volume of reports on social grant fraud. As indicated in **Table 6** the SASSA Fraud Hotline receives between 2483 and 6575 cases of alleged corruption per month.

**Table 6: Cases of alleged corruption received by SASSA Fraud Hotline in 2007 <sup>14</sup>**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
English	542	519	544	762	655	1122	2491	2028	1628	1787	1707	1155
Afrikaans	378	492	507	9939	612	513	8822	640	582	604	451	275
IsiZulu	1134	802	742	986	740	831	1525	1292	929	1081	1093	711
Tshivenda	71	73	45	79	52	72	124	71	83	94	69	54
Xitsonga	38	66	51	52	20	87	208	136	129	154	213	79
Sotho	613	482	594	747	654	667	1405	1196	1368	1602	1361	825
TOTAL	2776	2437	2483	3565	2733	3292	6575	5363	4719	5322	4894	3099

Should the SASSA Fraud Hotline join the NACH this will increase the volume of calls handled by the NACH appreciably.

**3.5 Feedback on referred cases of alleged corruption received from Departments**

As indicated, the success of the NACH is largely dependent on the extent to which feedback to callers is provided. It is therefore of concern that, as indicated in **Table 7**, the PSC received feedback on only **1292** cases (**31%**) out of the **4202** that were referred to Departments. The slow rate of feedback could be attributed to a lack of investigative capacity by departments or it could be due to a lack of accountability by senior managers to deal effectively with NACH cases referred to departments.

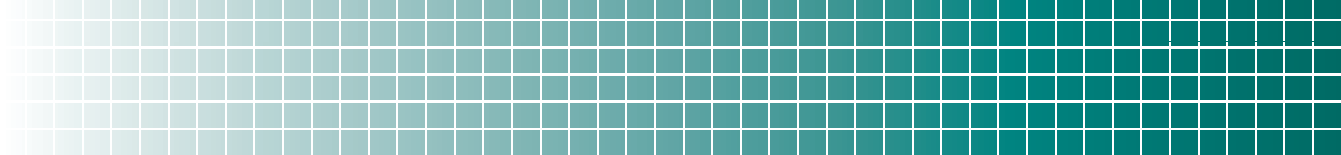
Once the PSC receives feedback, it critically evaluates the information provided by the departments to determine whether the allegation has been adequately investigated and can therefore be closed on the CMS. However, not all departments submit detailed reports when providing feedback. This makes it difficult to monitor whether all allegations reported were investigated or not.

**Table 7: Feedback received per year <sup>15</sup>**

OVERALL STATISTICS: FEEDBACK					
Item	2004-2005	2005-2006	2006-2007	2007- 2008	TOTAL
Provincial Departments Referred	362	488	525	806	2 181
Provincial Departments Feedback received	314	196	251	133	894 (41%)
National Departments Referred	204	527	542	650	1 923
National Departments Feedback received	98	118	114	48	378 (19.6%)
Public Bodies Referred	3	8	19	68	98
Public Bodies Feedback received	3	8	7	2	20 (20%)
TOTAL	415	322	372	183	1 292
Percentage	32.1	24.9	28.7	14.2	100

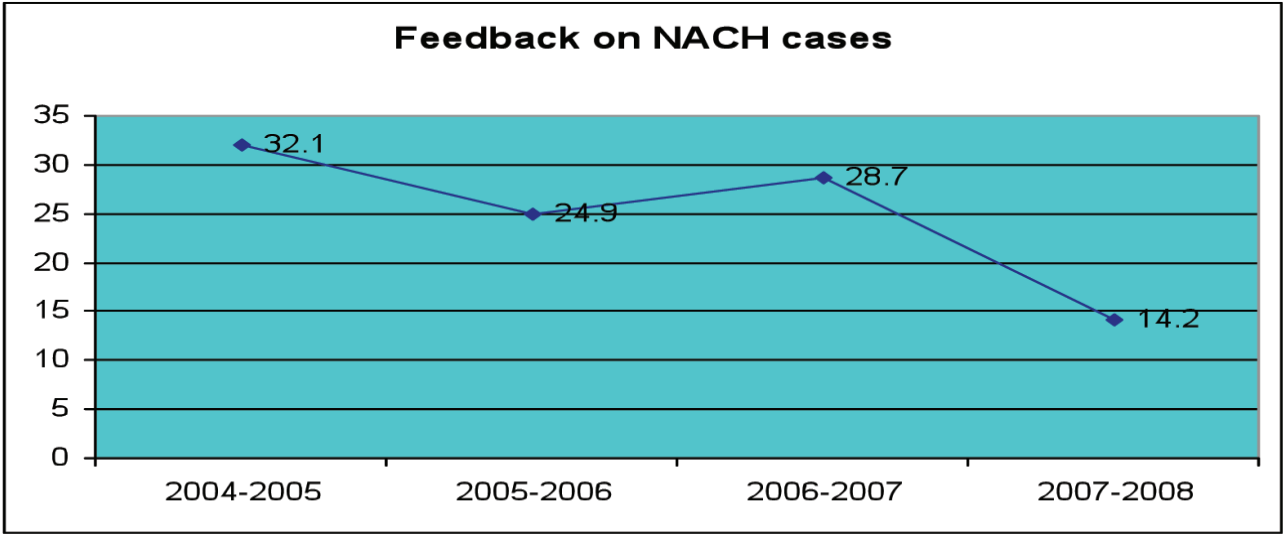
<sup>14</sup> Information supplied to the PSC by SASSA

<sup>15</sup> Information as contained in the CMS of the PSC at 31 March 2008.



**Figure 9** below appears to indicate a decrease in the rate of feedback received from **32.1%** to **14.2%** since the inception of the Hotline. However, feedback on cases referred in 2004/2005 was received as late as 2007/2008. The number of cases in respect of which feedback has been received per financial year may therefore be misleading in that the feedback was not necessarily received in the same year in which the case was referred. However, the slow rate of feedback received from departments remains a major concern to the PSC. It is therefore disconcerting that national departments only provided feedback on 19% of cases referred to them whilst the 41% rate of feedback from the provinces

**Figure 9: Rate of feedback to the CMS (2004 to 2008) <sup>16</sup>**



The PSC held a number of workshops during the reporting period with national and provincial departments where the management of NACH with specific emphasis on feedback was discussed. In order to increase the compliance rate of departments to respond to the 40 day time-line for feedback of the PSC, rigorous monitoring is also done through the CMS of the PSC. The PSC sends regular reminders to departments from whom feedback is not forthcoming.

**3.6 Cases of alleged corruption closed on the CMS**

A case is closed on the CMS when all matters associated with it has been thoroughly investigated and a conclusion is reached. In order for cases to be closed, departments must therefore provide detailed investigative reports to the PSC. The time taken for an investigation to be finalised, however, takes very long. Based on the CMS, the shortest period of time taken by departments to finalize cases is approximately three months. However, the reality is that investigations into the majority of cases take several months if not years to be completed. If cases are not effectively and speedily dealt with, the integrity of the NACH will be compromised.

**Table 8** illustrates the number of cases of alleged corruption closed on the CMS after investigation by departments. Since inception of the NACH, **335** cases were closed on the CMS after investigations were finalized. A total of **182** cases were closed on CMS in respect of national departments and **146** cases in respect of provincial departments. Seven (**7**) cases relating to public bodies were closed on the CMS.

<sup>16</sup> Information as contained in the CMS of the PSC at 31 March 2008.

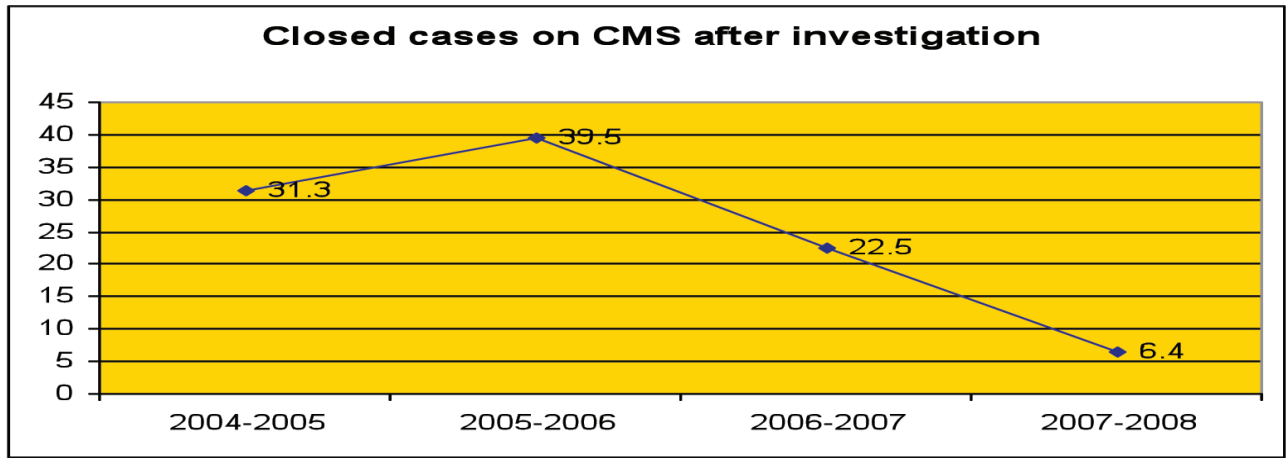


Table 8: Closed cases <sup>17</sup>

OVERALL STATISTICS: CLOSED CASES					
Item	2004-2005	2005-2006	2006-2007	2007- 2008	TOTAL
No. Provincial Departments	79	49	18	19	165
National Departments	31	88	59	4	182
Public Bodies	1	3	3	0	7
TOTAL	111	140	80	23	354
Percentage	31.3	39.5	22.5	6.4	100

As indicated in **Figure 10** the highest number of cases closed following investigation was in 2005/2006. Only 6.4% of the total number of cases was closed in 2007/2008.

Figure 10: Cases closed on the CMS <sup>18</sup>



### 3.7 Summary

The number of cases of alleged corruption reported through the NACH increases on a yearly basis and as such pressure on departments to deal with alleged corruption increases as well. The PSC is concerned about the ability of departments to investigate cases referred to them given the poor track record regarding feedback and the conclusion of cases. The fact that calls to the Hotline are increasing may lead to further frustration by callers if their cases are not investigated which will have a negative impact on the credibility of the NACH. The limited resources of departments curtail their ability to build the required investigative capacity to deal with cases of alleged corruption, and the PSC believes that the time has come to commit as much resources as possible to departments to address these capacity constraints. <sup>19</sup>

<sup>17</sup> Information as contained in the CMS of the PSC

<sup>18</sup> Information as contained in the CMS of the PSC

<sup>19</sup> Republic of South Africa. State of the Public Service Report 2008, Public Service Commission, 2008

# Chapter Four

## Trend Analysis of the Nature of Cases Reported to the NACH

## 4.1 Introduction

Corruption as defined by the prevention and Combating of Corrupt Activities Act, 2004<sup>20</sup> in respect of public officials focuses on the accepting, or agreeing to accept, offers of any gratification from any other person<sup>21</sup>, whether for the benefit of himself or herself or for the benefit of another person. This narrow definition of corruption appears to limit corruption to the giving and receiving of bribes. This is not a view shared by the general public as unethical behaviour by public officials, which includes preferential treatment of certain members of the public over others, resulting in poor service delivery are frequently reported to whistle-blowing hotlines.<sup>22</sup>

The NACH has received various forms of alleged corruption since its inception ranging from fraud and bribery to appointment irregularities. This Chapter reflects on the nature of corruption reported through the NACH.

## 4.2 Overview of the nature of cases reported

The types of alleged corruption reported through the NACH are covered under umbrella terms such as fraud and theft and mismanagement of government funds. For purposes of identifying trends, the PSC has, however, attempted to indicate the types of allegations received through the NACH during the reporting period in order to show specific high risk areas. This assists departments in conducting risk assessments.

In the first Report on the effectiveness of the NACH, 19 different categories of corruption were identified. The PSC has, however, realized that some of these categories are related and has therefore grouped the categories together into 11 main forms of corruption reported through the NACH. An overview of the different types of alleged corruption reported to the NACH as well as a description thereof is provided in **Table 9**.

**Table 9: Categories of corruption reported to the NACH**

Nature of cases	Description of allegation	2004-2006	2007-2008	TOTAL
Abuse of government owned vehicles	<ul style="list-style-type: none"><li>Officials using Government-owned vehicles without permission or for private purposes and driving GG vehicles recklessly and at high speed.</li><li>Theft of petrol arising from the use of Government-owned vehicles.</li></ul>	233	271	504 (12%)
Procurement irregularities	<ul style="list-style-type: none"><li>Officials disclosing classified information to contractors or service providers.</li><li>Officials awarding government tenders without following policies and procedures.</li><li>Tenders awarded to friends and family members.</li></ul>	234	151	385 (9.2%)
Alleged corruption RDP relating corruption	<ul style="list-style-type: none"><li>Bricks and equipment meant for building RDP Houses are used to erect houses of certain councilors and municipal officials for personal benefit and some are stolen by members of the community.</li><li>Certain municipal officials and Councillors are allegedly selling or renting RDP houses out to members of the public for personal benefit.</li></ul>	129	27	156 (3.7%)

<sup>20</sup> Republic of South Africa, Prevention and Combating of Corrupt Activities Act, 2004

<sup>21</sup> Republic of South Africa, Understanding the Prevention and Combating of Corrupt Activities Act, 2004

<sup>22</sup> Republic of South Africa, Report on the Effectiveness of the National Anti-Corruption Hotline, Public Service Commission, 1996.

Nature of cases	Description of allegation	2004-2006	2007-2008	TOTAL
<b>Alleged corruption RDP relating corruption</b>	<ul style="list-style-type: none"> <li>RDP houses used as taverns and occupied by illegal immigrants.</li> <li>RDP housing projects not being completed.</li> <li>Housing officials are paid bribes to ignore the use of inferior materials in the construction of RDP houses.</li> </ul>	129	27	156 (3.7%)
<b>Appointment irregularities</b>	<ul style="list-style-type: none"> <li>Appointments of persons without following policies and correct procedures.</li> <li>Appointments of friends and family members to various positions in the department.</li> <li>Fraudulent Matriculation Certificates are presented to the department by officials when applying for positions.</li> </ul>	122	108	230 (5.5%)
<b>Social grant fraud</b>	<ul style="list-style-type: none"> <li>Submission of false information by members of the public in order to qualify for a pension, child or disability grant.</li> <li>Creation of "ghost" social grant beneficiaries by officials for personal benefit.</li> <li>Beneficiaries fraudulently receiving child grants on behalf of non existing children through obtaining fraudulent ID's from Home Affairs.</li> <li>Fraudulent receipt of child grants on behalf of deceased children.</li> <li>Fraudulent receipt of child grants for a child whose father is paying maintenance.</li> <li>A person fully recovered from illness and able to work but still accessing disability grants.</li> <li>A person assisted by a doctor to receive disability grants.</li> <li>Beneficiary is employed, or spouse or both are employed.</li> <li>Forged papers and receiving benefits for children not staying with the beneficiary.</li> </ul>	193	143	336 (8%)

Nature of cases	Description of allegation	2004-2006	2007-2008	TOTAL
Construction	<ul style="list-style-type: none"><li>Obtaining clinic cards or birth certificates fraudulently in order to qualify for a grant.</li><li>A person who does not qualify to receive grants but was assisted by court officials or social workers to obtain documents to access grants.</li></ul>			
Identity document fraud	<ul style="list-style-type: none"><li>Officials from the Department of Home Affairs fraudulently selling South African identity documents, passports, death, birth and marriage certificates to foreign nationals in return for money.</li></ul>	175	80	255 (6.1%)
Unethical behaviour	<ul style="list-style-type: none"><li>Officials coming to work late or being absent from work without permission.</li><li>Unprofessional conduct or behaviour of officials e.g. Violation of the Code Conduct for the Public Service.</li></ul>	300	70	370 (8.8%)
Criminal conduct	<ul style="list-style-type: none"><li>Assault of inmates by prison warders or by prison gangs at the instigation of certain prison warders.</li><li>Members of the public reporting suspected terrorists or bomb-threats.</li><li>Criminal acts by members of the public as well as 419 scams (e-mail based fraud).</li><li>Police being reported for stealing fire arms for private use.</li><li>Certain teachers stealing government furniture at schools.</li><li>Officials stealing government computers.</li><li>Nurses stealing medicines at hospitals.</li></ul>	358	135	358 (8.5%)

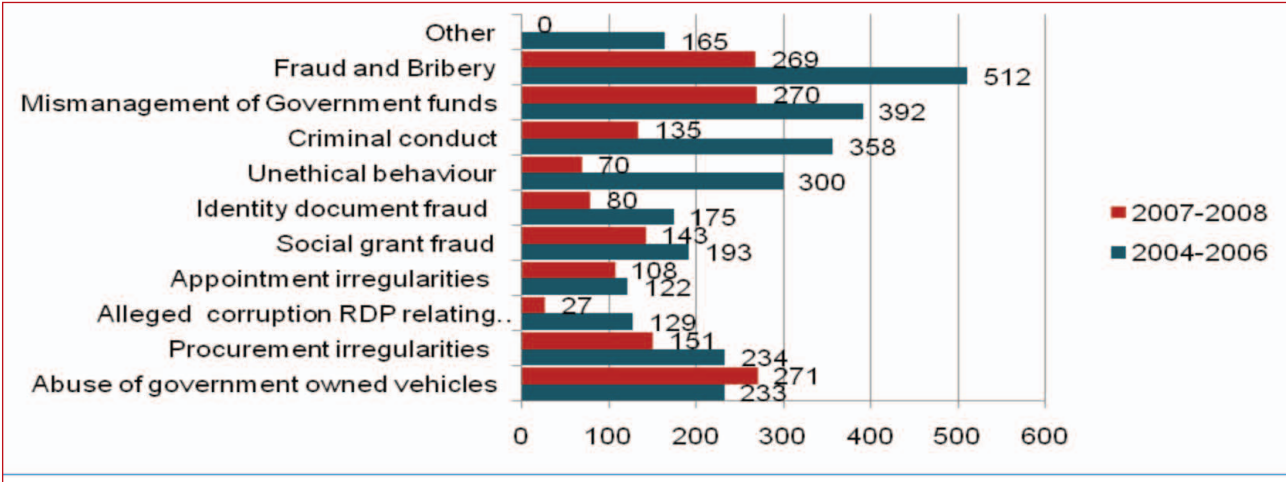


Nature of cases	Description of allegation	2004-2006	2007-2008	TOTAL
Mismanagement of Government funds	<ul style="list-style-type: none"> <li>• Senior managers giving unlawful instructions to junior officials.</li> <li>• Financial statements that are not audited.</li> <li>• Receipts not issued for school fees received.</li> <li>• Lack of proper bookkeeping.</li> <li>• Signing of blank cheques by school principals.</li> <li>• No proper management of school funds and depositing of funds into certain school principals' accounts.</li> <li>• Teachers getting salaries (ghost workers) from Education Departments although they are not employed at schools.</li> </ul>	392	270	662 (15.8%)
Fraud and Bribery	<ul style="list-style-type: none"> <li>• Officials claiming overtime without rendering any activities or claiming subsistence allowance on trips not undertaken or unauthorized trips.</li> <li>• Officials receiving kickbacks from members of the public in order to obtain Government tenders.</li> <li>• Traffic officials receiving bribes from motorists.</li> <li>• Officials demanding bribes in order to issue illegal driver's licenses and roadworthy certificates.</li> <li>• Prison warders accepting bribes in order to help inmates escape from prison.</li> </ul>	512	269	781 (18.6%)
Other	<ul style="list-style-type: none"> <li>• Departments or officials for poor service.</li> </ul>	165	0	165 (3.9%)
Total		2678	1524	4202

**Figure 11** illustrates the number of cases of alleged corruption received by the NACH since the inception of the Hotline, categorized in terms of the nature of the corruption reported during the periods covered by the first report and from January 2007 to March 2008.

<sup>23</sup> Information obtained from the CMS of the PSC as at 31 March 2008.

Figure 11: Types of allegations received from 2004 to 2006 and from 2007 to 2008<sup>23</sup>

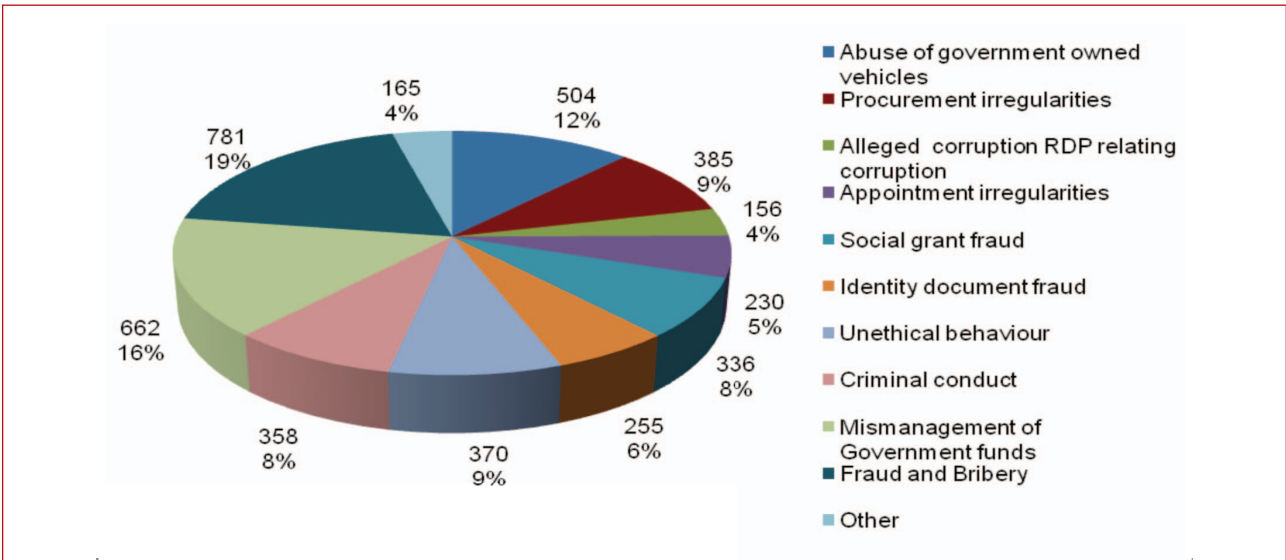


The nature of corruption reported to the NACH varied during the two periods. During the period September 2004 to December 2006, fraud and bribery accounted for the highest number of cases reported to the NACH (**512 or 19% of all cases**). Cases involving fraud and bribery during 2007/2008 were, however, only ranked third with 269 cases (17.6%) received. During 2007/2008 the highest number of cases related to the abuse of government owned vehicles (**271 or 17.8% of all cases**) whilst the mismanagement of government funds accounted for the second highest number (**270 or 17.7% of all cases**).

The reporting of abuse of government owned vehicles may be as a result of reports in the media which placed specific emphasis on such abuse and therefore heightened public awareness. In comparison to 2004–2006, cases of criminal conduct has reduced significantly during the period 2007-2008 from **358 (13,3%)** to **135 (8.8%)**. Call operators when receiving calls that are clearly of a criminal nature, informs the public about the South African Police Service’s contact details for the reporting of crime and this may have contributed to the reduction in the number of criminal cases reported to CMS of the NACH.

An overview of the total number of cases received in the different categories of corruption since the inception of the NACH is provided in **Figure 12**.

Figure 12: Nature of corruption reported since the inception of the NACH



Based on the overview provided on Figure 13 the top five categories of alleged corruption reported through the NACH since its inception on 1 September 2004 are listed in **Table 10**.

Table 10:Top five (5) corruption cases

Nature of cases	Number of alleged corruption reported	% of total cases
Fraud and Bribery	781	18.6
Mismanagement of Government funds	662	15.6
Abuse of Government vehicles	504	12.0
Procurement irregularities	385	9.2
Unethical behaviour	370	8.8

The most common type of allegations received since the inception of the Hotline on 1 September 2004 was fraud and bribery, with a total of **781** cases. This constitutes **18.6%** of all allegations reported through the NACH. This raises concerns about the levels of integrity within departments and the extent to which professional ethics is promoted. Through these practices officials seek to enrich themselves at the expense of the Public Service and as a consequence at the expense of the public.

Of all the cases that were reported to the NACH, **662 (15.6%)** concerns matters of alleged mismanagement of Government funds by public officials. Sixteen percent (**16%**) of these cases relate to the mismanagement of school funds by teachers and school principals whilst **10%** involves senior managers giving unlawful instructions to junior officials to authorize expenditure. Other allegations include irregular and fruitless expenditure (**23%**) and non compliance with the operational policies of a department or public entity (**34%**). Sound financial management is one of the pillars of accountability and the number of cases involving irregular financial transactions reported to the NACH should be seen as a risk to the Public Service.

Five hundred and four (**504 or 12%**) cases of alleged abuse of Government-owned vehicles by public service employees were reported through the NACH. These include cases where officials drive Government-owned vehicles recklessly and at high speed (**50%**). Theft of petrol from Government-owned vehicles as well as cases of abuse of petrol cards were further reported (**15%**). Thirty five percent (**35%**) of callers in this category alleged that Government-owned vehicles are being used as taxis for personal benefit.

A total of **385** cases (9.2%) involved procurement irregularities. These cases involve collusion between a person issuing a tender and an associate which is often a family member or friends seeking to win the tender. Such practices place a strain on government resources and increase the cost of public services. Based on the PSC’s investigations into public administration practices emanating from complaints lodged in terms of its Complaints Rules<sup>24</sup> the area of procurement is a high risk area for corruption and maladministration in the Public Service. The monetary value associated with procurement transactions makes this an area specifically susceptible to collusion between private companies or individuals and public officials.

A total of 370 cases of alleged unethical behaviour by public servants (**8.8%**) such as non-adherence to official working hours were reported in respect of both national and provincial departments. Such unethical conduct may appear trivial when measured against other forms of corruption reported but the negative consequences in terms of service delivery are in fact significant. Unethical conduct within the workplace further erodes the culture of integrity within an organisation.

<sup>24</sup> Republic of South Africa. Complaints Rules of the Public Service, 19 July 2003



### 4.3 Summary

High risk areas of corruption can be addressed by the use of effective control systems. The information generated through the NACH on the nature of cases reported, provides valuable information which departments can use in identifying risks and to strengthen internal controls. This assessment has identified a number of areas within the domain of public administration that appears to be at risk of corruption. Based on the information provided departments should be able to take the necessary steps in ensuring that controls in these areas are strengthened.

# Chapter Five

## The Outcome of Investigations of Alleged Corruption

## 5.1 Introduction

This chapter provides information on how corruption reported through the NACH since its inception has been dealt with. According to the Cabinet decision on the Management of the NACH, successes achieved as a result of the Hotline must be communicated through the media to build confidence in the system. It is also a requirement in terms of the Cabinet decision that departments should provide information on the successes achieved through the NACH to the PSC.

## 5.2 Provincial Departments

Provincial departments reported various successes emanating from the investigation of allegations of corruption referred to them through the NACH as reflected in **table 11**. The investigation of cases of alleged corruption reported through the NACH cases at provincial level resulted in the recovery of R86 million from perpetrators. In addition, 69 officials were found guilty of misconduct. Of these, 19 officials were suspended, 15 officials were given final written warnings and 28 officials were dismissed. As the investigation of cases are expedited and concluded, the full effect of the NACH will become even more visible.

**Table 11: Outcome of investigations into alleged corruption in provincial departments**

Province	Outcome of investigations
<b>Mpumalanga</b> (395) cases were referred (169) feedback received (40) cases closed	<ul style="list-style-type: none"><li>• A Head of Department was dismissed from the public service, for security tender irregularities;</li><li>• Four (4) Accounting Officers were found guilty for contravening the Municipal Supply Chain Management Regulations. It was indicated that disciplinary action is in progress;</li><li>• Fruitless and wasteful expenditure amounting to R2 543.00 was recovered from a perpetrator;</li><li>• An amount of R82 779.39 was recovered from an official who submitted fraudulent travel and subsistence claims. The culprit was found guilty of misconduct and was cautioned;</li><li>• The province recovered an amount of R17 912.00 from a service provider who did not adhere to a Service Level Agreement and a further R98 382.00 was recovered from a former Head of Department;</li><li>• Travel claims of an amount of R4 099.00 was recovered from three officials for fraudulent kilometers traveled;</li><li>• An amount of R1 076 445.00 was recovered from a Bid Adjudication Committee for conflict of interest;</li><li>• An official was arrested by SAPS for changing the number plates of a Government vehicle using it for private purposes. An amount of R598.01 was recovered from the official and disciplinary action is in progress;</li><li>• An allegation concerning fraudulent bank accounts being changed for suppliers and irregular payments paid into these bank accounts was confirmed. The Department suffered a loss of R113 800.00 and an amount of R55 175.00 was recovered by the Department;</li><li>• An allegation concerning the investigation into 24 students who unlawfully paid a lecturer an amount of R1 200.00 at the Mpumalanga Nursing College was confirmed. An amount of R28 800.00 was recovered by the Department;</li></ul>

Province	Outcome of investigations																								
	<ul style="list-style-type: none"><li>• An amount of R35 000.00 concerning the abuse of a Government owned vehicle was recovered by the Department;</li><li>• An official was charged for misconduct for issuing clearance certificates on outstanding accounts, which resulted in the Thaba Chweu Municipality suffering huge financial losses in December 2006 and January 2007;</li><li>• Two (2) Officials were suspended for the irregular procurement of Medical Equipment from Duma Health Care for Amajuba Hospital;</li><li>• A syndicate involving officials and a service provider who withdrew R80 000 and later deposited it back into the Department's account was confirmed. A criminal case was opened against the service provider and disciplinary action was taken against the officials involved in transferring the funds; and</li><li>• An official was given a written warning for being involved in appointment irregularities.</li></ul>																								
	<p>In collaboration between the Office of the Premier in Mpumalanga and the Provincial Departments more than R6 million was recovered during the financial year 2007/2008. Details of irregular transactions where money was recovered are reflected below.</p> <table><tr><th>Department</th><th>Transferred to Suppliers</th><th>Recovered</th><th>Loss</th></tr><tr><td>Health and Social Services</td><td>R168,975.00</td><td>R55,175.00</td><td>R113,800.00</td></tr><tr><td>Education</td><td>R994,500.00</td><td>R994,500.00</td><td>Nil</td></tr><tr><td>Public Works</td><td>R2,632,568.75</td><td>R1,970,922.28</td><td>R661,646.47</td></tr><tr><td>Local Government / Housing</td><td>R502,650.58</td><td>R495,950.58</td><td>R6,700.00</td></tr><tr><td><b>Total</b></td><td><b>R4,298,694.33</b></td><td><b>R3,516,547.86</b></td><td><b>R782,146.47</b></td></tr></table>	Department	Transferred to Suppliers	Recovered	Loss	Health and Social Services	R168,975.00	R55,175.00	R113,800.00	Education	R994,500.00	R994,500.00	Nil	Public Works	R2,632,568.75	R1,970,922.28	R661,646.47	Local Government / Housing	R502,650.58	R495,950.58	R6,700.00	<b>Total</b>	<b>R4,298,694.33</b>	<b>R3,516,547.86</b>	<b>R782,146.47</b>
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<b>Western Cape</b> (104) cases were referred (78) feedback received (7) cases closed	<ul style="list-style-type: none"><li>• An amount of R62 million has been recovered after officials were found guilty of corruption; and</li><li>• Three officials were given final written warnings.</li></ul>																								
<b>Free State</b> (138) cases were referred (28) feedback received (5) cases closed	<ul style="list-style-type: none"><li>• A Station Commissioner was prosecuted for misuse of a state vehicle, demoted and transferred to another police station;</li><li>• An official was found investigating his own case concerning a fraudulent amount of R1.5 million; and</li><li>• Five officials were found guilty of corruption and disciplinary action is in progress.</li></ul>																								
<b>Gauteng</b> (616) cases were referred (226) feedback received (51) cases closed	<ul style="list-style-type: none"><li>• A traffic officer who was found guilty of the abuse of a Government-owned vehicle was given a final written warning;</li><li>• The Principal at the Lefa Ila Secondary School was dismissed for irregular appointments at the school;</li><li>• The principal at the Thefele High School was demoted after being involved in the irregular enrolment of students;</li><li>• An official who abuse his authority which resulted that SA Call Centre be awarded a contract was dismissed; and</li><li>• Three (3) officials who were involved in nepotism were given a written warning.</li></ul>																								

Province	Outcome of investigations
<b>Limpopo</b> (175) cases were referred (83) feedback received (11) cases closed	<ul style="list-style-type: none"> <li>• Disciplinary action was taken against an official in the Department of Health and Social Development who failed to comply with the procurement guidelines and procedures contained in the Public Finance Management Act;</li> <li>• An official at the Department of Roads and Transport was dismissed for issuing fraudulent drivers' licences. An amount of R7 000 was recovered from the official;</li> <li>• A criminal case involving theft of government equipment was referred to the South African Police Service;</li> <li>• Twenty (20) officials have been dismissed as a result of corrupt practices and a further seventeen (17) officials at the Department of Roads and Transport were suspended for issuing fraudulent driver's licence;</li> <li>• Two (2) Housing Project Managers of the Department of Local Government and Housing were demoted for fraudulently approving payment claims for work not done. An amount of R 307 274.58 was recovered by the Department;</li> <li>• Two (2) Housing Project Managers of the Department of Local Government and Housing were dismissed from the Public Service for fraudulently approving payment claims for work not done;</li> <li>• The Department of Local Government and Housing in Limpopo Province indicated that disciplinary action has been taken against an official involved in the mismanagement of housing funds amounting to R8 494 678.88 for housing development material;</li> <li>• The Department of Local Government and Housing in Limpopo Province indicated that a Chief Financial Officer was suspended for theft of municipality cheques and failure to safeguard municipal assets. An amount of R1084 189.00 was recovered by the Department; and</li> <li>• The Department of Local Government and Housing in Limpopo Province indicated that disciplinary action has been taken against an official involved in the mismanagement of People Housing Process Funds at the Marble Hall Municipality amounting to R294 302.77.</li> </ul>
<b>Northern Cape</b> (37) cases were referred (17) feedback received (12) cases closed	<p>The Northern Cape indicated that a Chief Financial Officer from the Department of Local Government and Housing was dismissed from the Public Service due to corrupt activities.</p>
<b>Eastern Cape</b> (271) cases were referred (66) feedback received (7) cases closed	<p>A total of two hundred and seventy one to the Eastern Cape Province and the following achievements were reported by the Province:</p> <ul style="list-style-type: none"> <li>• An official at the Department of Education was suspended for misuse of government funds. In this case, the Department loss R8 000.00; and</li> <li>• A company that was given a tender in the Department of Education in the Eastern Cape failed to complete its work and the Department suffered a loss of R84 9085.00 and the money will be recovered.</li> </ul>



Province	Outcome of investigations
<b>KwaZulu-Natal</b> (239) cases were referred (125) feedback received (10) cases closed	Out of two hundred and thirty nine (239) cases of alleged corruption referred to the KwaZulu-Natal, no substantive feedback on successes was received in response to the questionnaire. However, 10 cases were closed following investigation.
<b>North-West</b> (196) cases were referred (90) feedback received (22) cases closed	Out of one hundred and ninety six (196) cases of alleged corruption referred to the North-West Province, no substantive feedback on successes was received in response to the questionnaire. However, 22 cases were closed following investigation.

The successes achieved by provincial departments are encouraging especially when the funds recovered emanating from corrupt practices are considered. However, when measured against the total number of cases referred to the provinces (2181) the rate of finalizing investigations is still too slow and impacts negatively on the credibility of the NACH.

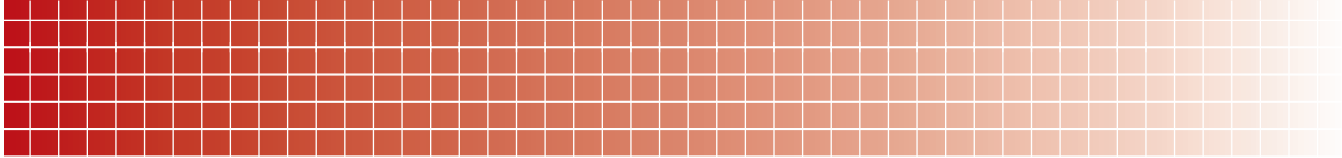
### 5.3 National Departments

The ten national departments that participated in the assessment were requested to provide details of successes achieved through the NACH. Only four departments provided details of the outcome of investigations conducted as reflected in Table 12.

The investigation of cases of alleged corruption reported through the NACH cases in the participating national departments resulted in 12 officials being found guilty of misconduct. Of these, 10 officials were given final written warnings and 1 official was dismissed.

**Table 12: Outcome of investigations into alleged corruption in national departments**

Department	Outcome of investigations
<b>Correctional Services</b> (414) cases were referred (77) cases referred (38) cases closed.	<ul style="list-style-type: none"> <li>Six (6) officials were found guilty of corruption.</li> <li>One (1) official was dismissed from the Public Service and five (5) officials were given a final written warning.</li> </ul>
<b>Defence</b> (32) cases were referred (13) cases referred (2) cases closed.	<ul style="list-style-type: none"> <li>One (1) official was found guilty of fraud and disciplinary action has been taken against the official.</li> </ul>
<b>Trade and Industry</b> (75) cases were referred (17) cases referred (17) cases closed.	<ul style="list-style-type: none"> <li>Two (2) officials were found guilty of fraud and these officials were given final written warnings.</li> </ul>
<b>Agriculture</b> (2) cases were referred (2) cases closed.	<ul style="list-style-type: none"> <li>Furthermore, two (2) officials were found guilty of corruption and were served with final written warnings. One of these employees has since committed suicide.</li> </ul>



Very little has been achieved in respect of dealing with alleged corruption by the 10 national departments that participated in the assessment. As indicated in Chapter 3, out 1923 cases referred to national departments, only 182 have been closed following investigation. Clearly, a more concerted effort is required from national departments if the NACH is to succeed as a mechanism to address corruption within the Public Service.

### 5.4 Summary

Despite the concerns raised, the successful investigation of cases of alleged corruption reported through the NACH cases resulted in the recovery of R86 million from perpetrators. In addition, 81 officials were found guilty of misconduct. Of these, 15 officials were suspended, 25 officials were given final written warnings and 29 officials were dismissed. As the investigation of cases are expedited and concluded, the full effect of the NACH will become even more visible.

# Chapter Six

## Improving the Effectiveness of the NACH

## 6.1 Introduction

A report on Measuring the Effectiveness of the National Anti-Corruption Hotline was released by the PSC in 2007 and departments were required to implement the recommendations made in that report. In order to enable the PSC to measure the uptake of the recommendations, departments were requested to indicate the extent to which these recommendations were implemented. The following recommendations were made by the PSC:

- Provision of training on the principles contained in the PSC's NACH Toolkit;
- Review of provincial referral protocols;
- Strengthening investigative capacity within departments;
- Marketing of the NACH;
- Strengthening internal controls and managing risks in departments;
- Promoting the Code of Conduct for Procurement Practitioners; and
- Promoting awareness of professional ethics in departments.

This Chapter reflects on the implementation of these recommendations by departments. The constraints identified during workshops with departments as well as suggestions to improve the management of the NACH are discussed. The PSC further conducted research to determine whether the NACH complies with international best practice in order to identify whether improvements could be introduced. The findings in this regard are also reflected.

## 6.2 Provision of training on the principles contained in the PSC's NACH Toolkit

With regard to the training on the principles contained in the PSC's NACH Toolkit, 80% of respondents indicated that they have attended the NACH Workshops conducted by the PSC. Only 7% of respondents indicated that information sharing on the NACH Toolkit was done at Provincial Anti-Corruption Forums.

The Western Cape Province indicated that 17 employees were trained by the Specialist Commercial Crimes Unit on the following critical areas:

- Interview and Interrogation skills;
- Evidence handling and confiscations;
- Statement taking; and
- Analyzing bank statements.

The North West, Limpopo, Northern Cape, KwaZulu-Natal, Free State and Eastern Cape indicated that no training has been conducted with regard to forensic investigation.

Training programmes relating to the investigation of corruption are designed by the Public Administration Leadership and Management Academy (PALAMA) to create opportunities for investigators to improve and increase their skills, talents and creativity. It is crucial that departments should facilitate training on the principles of the NACH Toolkit and the programmes designed by PALAMA in order to improve their skills base for the investigation of cases of alleged corruption.

Based on the above information, it is clear that departments are not conducting training on the principles contained in the PSC's Toolkit as well as on the investigation of corruption. Most of the investigators have only attended NACH workshops which are primarily designed to share information and not to facilitate training. The fact that investigators are not trained appears to manifest itself in the slow rate at which cases are investigated and the relative poor quality of investigation reports received by the PSC. On many occasions the PSC has to request additional information before closing a case.

### 6.3 Review of provincial referral protocols

The PSC refers cases of alleged corruption to the Directors-General in the Offices of the Premiers for investigation. In its evaluation of the NACH in 2006 the PSC recommended that there should be a review of the referral protocol as some provincial departments are unable to adhere to the 40 day requirement in terms of providing feedback to the PSC. However, no review of the referral protocol in provinces took place. This is of concern as based on the feedback received, only 20% of provincial respondents were satisfied with the referral protocol and that cases are referred timeously to provincial departments.

Five national departments, namely, Correctional Services, the South African Police Service, Trade and Industry, Justice and Constitutional Development and the Independent Complaints Directorate, have requested that cases of alleged corruption reported through the NACH be referred for the attention of the Senior Manager responsible for the Integrity Management Unit within the department. Other national departments who participated in the assessment indicated that existing protocol of referring cases to their Director-General is adequate.

The protocols in place in the provinces are clearly not adequate. Based on the responses received from provincial departments through the questionnaire as well as feedback during the workshops, delays are still experienced in the referral of cases from the Offices of Premiers to departments. As a result such departments are not in a position to provide the PSC with timely feedback. The late submission of feedback on NACH cases undermines the integrity of the Hotline as callers are not updated on progress with cases.

### 6.4 Strengthening investigative capacity within departments

In the report of 2007, the PSC recommended that departments must enhance investigative capacity in order to improve the handling of NACH cases. The PSC's State of the Public Service Report, 2008, further calls on government to commit as much resources as possible to address capacity constraints in relation to the investigation of corruption.<sup>25</sup>

The Western Cape Province indicated that it has established a Forensic Investigative Unit which is responsible for investigation of NACH cases. The Forensic Investigative Unit comprises of officials at the following levels:

**Table 13: Investigative Capacity in Western Cape Province<sup>26</sup>**

Salary Level	Rank Designations
Level 13	Director
3 X Level 12	Deputy Director
1 x Level 11	Deputy Director
2 x Level 10	Assistant Director
4 x Level 9 ( Contract)	Forensic Investigator
8 x Level 8	Forensic Investigators
2 x Level 8	Forensic Accountants
4 x Level 8	Forensic Advisory Officer

The investigative unit has had a measure of success in that R61 million was recovered from officials who were found guilty of misconduct. It was, however, highlighted during the NACH workshop held in the Western Cape Province in August 2008, that some provincial departments are slow in providing feedback to the Office of the Premier due to a lack of investigate capacity. The investigative capacity within departments therefore appears to be inadequate to assist the investigative unit in the Office of the Premier. This is supported by the fact that out of the 104 cases of alleged corruption referred to the province, only 7 cases have been closed.

<sup>25</sup> Republic of South Africa. State of the Public Service 2008, Public Service Commission, 2008  
<sup>26</sup> Information obtained from the Western Cape Province.

In response to the recommendations of the PSC, the Mpumalanga Province indicated that it has established an Integrity Management Unit which is divided into two Directorates namely, Forensic Investigations and Education and Governance. The Directorate: Forensic Investigations is responsible for the investigation of cases of fraud and corruption whilst the Directorate: Education and Governance is responsible for education and training in professional ethics as well as the marketing of the National Anti-Corruption Hotline. The Integrity Management Unit comprises the following officials:

**Table: I4: Investigative capacity of the Mpumalanga Province <sup>27</sup>**

Salary Level	Rank Designations
Level I4	General Manager: IMU
Level I3	Senior Manager: Education and Governance
Level I I	Manager: Forensic investigation
Level 9	Asst. Manager: Education & Gov.
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The Integrity Management Unit has had a positive impact on the handling of NACH cases referred to the province. Detailed investigative reports are received from the Unit which has resulted in 40 cases being closed on the CMS of the NACH. However, the rate of feedback from the province could further be improved. Out of 395 cases referred feedback has only been received in respect of 169. As in the case of the Western Cape the province may be over-reliant on the capacity of the Unit in the Premier's office and the necessary capacity may not be available within departments themselves.

The Gauteng Province indicated that it has 30 officials in the Forensic Services Division of the Gauteng Shared Service Centre (GSSC) who are responsible for investigation of fraud and corruption cases as displayed in **Table I5** below:

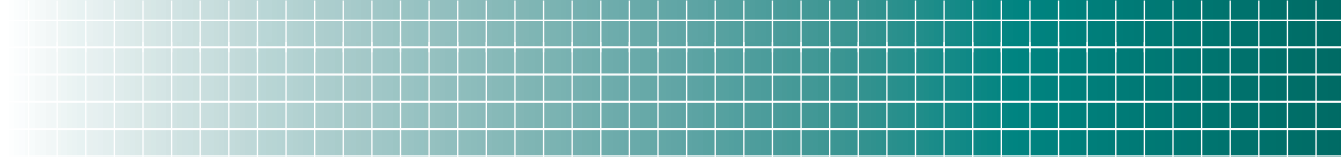
**Table I5: Investigative capacity of the Gauteng Province <sup>28</sup>**

Salary Level	Rank Designations
Level I5	Deputy General Manager: Head of Forensic Services
3 x Level I3	Senior Manager
6 x Level I2	Deputy Directors
6 x Level I0	Senior Forensic Auditors
6 x Level 9	Forensic Auditors
5 x Level 6	Trainee Auditors
2 x Level 5	Trainee Auditors

The Senior Forensic Auditors, Forensic Auditors and Trainee Forensic Auditors have been enrolled for a Diploma in Forensic and Criminal Justice. Sixteen (16) staff members of the unit have attended the conference training by the Association of Certified Fraud Examiners on approaches and techniques to combat fraud and corruption.

Although, the Gauteng Province through the GSSC has created capacity to investigate cases of alleged corruption, complaints was raised during the NACH workshops by the GSSC that some departments are slow in providing feedback and information on cases under investigation. As a result, out of the 616 cases of alleged corruption referred to the province feedback was only received in respect of 226 by the PSC.

<sup>27</sup> Information obtained from the Mpumalanga Province.  
<sup>28</sup> Information obtained from the GSSC of the Gauteng Province.



The KwaZulu-Natal Province has a major problem with the investigation of cases of alleged corruption. It is stated by the province that the Office of the Premier in the province does not investigate cases of alleged corruption as referred to it by the PSC since there is no dedicated unit that deals primarily with cases of alleged corruption. As such, cases are referred to the relevant departments for investigation and the process of referral experiences unnecessary delays. The lack of investigative capacity is evident in the fact that the not a single case out of the 239 referred to the province has been closed following investigation.

The North West Province indicated that it only has one Director: Security and Anti-Corruption and one (1) Assistant Director that are responsible for receiving and managing NACH cases. The Office of the Premier does not investigate cases of alleged corruption as cases of alleged corruption are referred to provincial departments for investigation. The province acknowledged that its resources for the investigation of corruption are not adequate. As a result, feedback on the investigation of NACH cases is very slow (feedback was received on 90 out the 196 cases referred).

The Free State Province indicated that there is no dedicated unit responsible for the investigation of NACH cases in the Office of the Premier. Cases are referred to provincial departments for investigation and even in the individual departments; the necessary capacity has not been created. As a result, feedback on the investigation of NACH cases is very slow with only 28 cases that have been reported on out of 138 that have been referred.

The Limpopo Province indicated that two officials at the level of Deputy Manager are responsible for receiving NACH cases. The Office of the Premier no longer investigates cases of alleged corruption from the NACH and cases are referred to Provincial Departments for investigation. Investigative capacity within the province remains inadequate as witnessed by the fact that out of 175 cases referred through the NACH only 11 has been closed on the CMS following investigation.

The Northern Cape Province indicated that one official is responsible for receiving NACH cases and cases of alleged corruption are referred to provincial departments for investigation. Since the inception of the Hotline, only 37 cases of alleged corruption have been referred to the province yet only 12 of these have been closed on the CMS following investigation. It is therefore clear that investigative capacity in the province is inadequate.

With regard to referral of cases of alleged corruption to national departments, the Department of Correctional Services indicated that it has 15 Assistant Directors, 2 Deputy Directors and a Director responsible for investigation of NACH cases. Despite this seemingly well resourced investigative capacity the Department has only concluded 38 out of the 414 cases of corruption referred to it.

The South African National Defence Force remarked that it has two (2) Deputy Directors and two (2) Assistant Directors: Forensic Audit and Special Investigations responsible for handling NACH cases. Again this capacity appears to be inadequate as the department has only successfully investigated 2 out of the 32 cases of corruption referred to it through the NACH.

The remaining national departments that participated in the assessment did not provide feedback on investigative capacity. Based on the rate of feedback from national departments (only 378 out of 1923 cases referred) investigative capacity appears to be inadequate across the board.

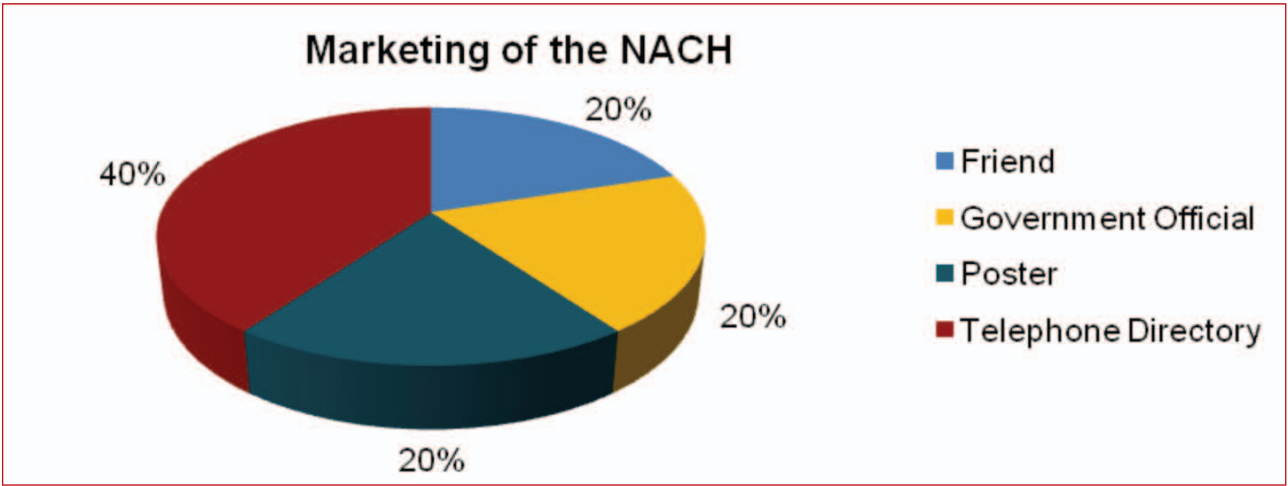
Based on the slow rate of feedback and the limited number of cases closed after investigation, the PSC must conclude that the necessary investigative capacity has not been created in departments. Non-compliance to do so impacts negatively on the success of the NACH and will erode efforts to build integrity within the Public Service.

### 6.5 Marketing the Hotline

The success of the NACH is largely dependent on the extent to which the public and public servants are aware of its existence and use. An important aspect of the management of the NACH is therefore the extent to which it is marketed amongst potential whistle-blowers.

**Figure 13** below represents the marketing and publications strategy of the NACH. The majority of departments publicize the Hotline number on posters and brochures.

**Figure 13: Marketing of the NACH**



Forty percent (40%) of callers became aware of the Hotline through a telephone directory, whilst twenty percent (20%) of callers became aware of the NACH through government officials. A total of twenty percent (20%) of callers learned about the hotline from friends whilst a further twenty (20%) saw the Hotline number on posters. The PSC has not been able to market the NACH widely due to funding constraints. The Hotline number is, however, displayed on all the PSC reports and has also been printed on Government Gazettes.

Departments indicated that they use promotional material such as banners, posters and pamphlets to market the NACH. The NACH number is further displayed on vehicles and buildings. Furthermore, anti-corruption awareness training sessions are conducted in departments. Some departments highlighted that key themes dealt with during these sessions include whistle-blowing, detection and prevention methodologies, the National Anti-Corruption Strategy, the Prevention and Combating of Corrupt Activities Act, 12 of 2004 and preventing and detecting of computer fraud.

The Mpumalanga Integrity Management Unit has embarked on an Ethics Education Campaign in schools. The aim of the campaign was to target learners from Mpumalanga Province to talk about ethics in schools. A target of 2000 learners was reached in each year. A school debate is also scheduled for learners from the entire province to discuss professional ethics. The Western Cape Province produced Hotline Brochures and other promotional materials as part of raising awareness on the NACH.

Although marketing of the NACH has improved, departments are encouraged to continue with their actions in this regard and by so doing to enhance the effectiveness of the NACH.



## 6.6 Strengthening internal controls and managing risks in departments

Seventy percent (70%) of respondents indicated that risk assessments were conducted by their Internal Audit Units in each financial year. The Integrity Management Unit in each department review controls that need to be strengthened and inform Accounting Officers. Accordingly fifty percent (50%) of respondents mentioned that spot checks on the misuse of Government-owned vehicles are being conducted. Government vehicles were checked on certain days of the month in order to verify whether or not officials comply with prescripts, such as being in possession of valid trip authority. If not the vehicles are impounded.

Based on the continuous influx of calls to the NACH on alleged corruption within departments, the internal controls of departments appear to be in need of further strengthening. The fact that 30% of the departments did not conduct risk assessments is cause for concern as this is a basic requirement for the successful implementation of risk assessment and fraud prevention plans as provided in section 38 of the Public Finance Management Act, 1999<sup>29</sup>. The absence of such plans could be a contributing factor in the increase in NACH cases received. It is therefore essential that internal controls and managing risks in departments be strengthened in order to improve the effectiveness of the NACH.

## 6.7 Promoting the Code of Conduct for Procurement Practitioners

The majority of departments indicated that they have implemented the Code of Conduct for Procurement Practitioners and that Departmental Tender Committees are required to disclose conflicts of interest prior to the commencement of each meeting. Furthermore, members who have a conflict of interest are not allowed in the meetings or to participate in decision-making.

Although departments have complied with the promotion of the Code of Conduct for the Procurement Practitioners, the number of procurement cases of alleged corruption reported to the NACH since its inception, suggests that this area requires further strengthening.

## 6.8 Promoting awareness of professional ethics in departments

Ninety three percent (93%) of respondents confirmed that the promotion of the Code of Conduct for the Public Service as well as an Explanatory Manual on the Code of Conduct for the Public Service is done through an induction and orientation programme and that each employee has been given a copy of the Code.

However, there appears to be no follow-up on the promotion of the Code of Conduct with serving officials. The increase in the number of allegations of unethical behaviour received on the NACH also suggests that ethical conduct is not being promoted to the extent it should be in departments. In order for a culture of integrity to be promoted, officials must continuously be reminded of the ethical values that should be present in the execution of their day to day activities.

## 6.9 Challenges encountered by Departments in the handling of NACH cases

During the reporting period the PSC held various workshops with provinces geared towards promoting the NACH and the problems experienced by provinces regarding the implementation and finalization of NACH cases.

During this interaction the PSC found that in KwaZulu-Natal, North West Province, Northern Cape, Free State and Limpopo Province there are no dedicated units such as Integrity Management Units or Forensic Investigative Units for investigating NACH cases. In these provinces, it was found that a lack of coordination and investigation of cases remains a challenge. The following was of a particular concern:

<sup>29</sup> Republic of South Africa, Public Finance Management Act, 1999.

- In the KwaZulu-Natal Province, it was found that the NACH cases are received by the Directorate: Service Delivery Improvement which maintains a database of cases referred. However, the Directorate is not responsible for monitoring and investigation of NACH cases. This is a cause of concern as more than 229 cases of alleged corruption referred to the province are still not resolved. In addition, detailed reports on the investigation of cases are not submitted to the PSC in order to evaluate whether all allegations were investigated. The KwaZulu-Natal Province indicates that its Provincial Anti-Corruption Strategy requires that an investigative capacity should be centralised within the Office of the Premier. However, this has not yet been implemented.
- In the North-West Province NACH cases are received by two officials namely, a Director: Anti-Corruption and Security Services and an Assistant Director. These cases are referred to the Provincial Departments for investigation. The Office of the Premier only keeps a database of cases referred and is not responsible for monitoring and investigation of NACH cases. Whistleblowers are complaining that cases in the North-West Province are not being investigated. In addition, detailed reports on the investigation of cases are not submitted to the PSC in order to evaluate whether all allegations were investigated.

### 6.10 Suggested improvements made by departments

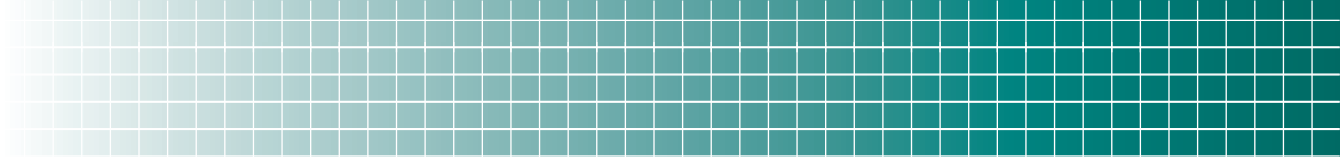
The following suggestions were made by departments during the workshops held for the improvement of the NACH:

- It is necessary that urgent cases be communicated to the respective Integrity Management Units to ensure that evidence is not tampered with and cases are thoroughly investigated.
- The service provider should ensure that detailed information is provided by callers to enable the investigators to initiate investigations timeously.
- All departments must submit a full investigation report when submitting feedback on alleged cases of corruption to the PSC so as to effectively verify if the allegations reported were properly investigated or not.
- A Web Enabled System must be installed in government departments in order to fast-track the referral of cases.
- Regulations around the NACH should be promulgated to ensure the effective management of the NACH.
- A Short Message Service (SMS) facility must be created.

### 6.11 Management of the NACH when measured against International Best Practice

In order to determine whether the management of the NACH conforms to best practice, the PSC researched international hotline best practices through a desktop analysis of reports drawn from the internet. The information obtained was used to assess whether the existing management processes of the NACH require improvement. It was found that five countries, the United Kingdom, the United States of America, France, Netherlands and Belgium guaranteed absolute anonymity for the whistleblower. Common principles adopted by these countries in developing and managing whistle-blowing hotlines indicate that such hotlines need to be:

- **Available:** Whistle-blowing hotlines should be available outside normal office hours, allowing employees and members of the public to make calls and discuss their concerns in complete 24 hours a day, 7 days a week.
- **Free:** There should be no cost barrier to deter would-be-whistleblowers; it is important that employees recognize that their organization supports a free and readily accessible whistle-blowing service.

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- **Friendly:** Callers should not be interrogated or treated with suspicion but handled in a compassionate and professional manner by well trained staff.
  - **Multi-lingual:** Fraud or anti-social behaviour does not recognize national boundaries; it is important that callers are able to blow the whistle in their home language.
  - **Secure:** Callers need the certainty that their concerns will only be reported to the department's authorized recipient, that their anonymity will be preserved and that no details of their complaint will be kept once the investigation process is under way.
  - **External:** Employees place greater trust in whistle-blowing service which is not part of their company or overseen by the individuals that the whistleblower may suspect are committing fraud or other anti-social behaviour.
  - **Anonymous:** Whistleblowers need to be given the option to remain anonymous.<sup>30</sup>

Based on the PSC's assessment of the management of the NACH, it complies in all respects with these principles.

<sup>30</sup> Expolink whistleblowing hotline, [www.expolink.com](http://www.expolink.com)



## 6.12 Summary

Problems experienced by departments in the handling of NACH appears to be linked to the lack of investigative capacity and fact that departments do not have appropriate structures or specialized units to deal with cases of alleged corruption as required by the Minimum Anti-Corruption Capabilities set by Cabinet. Lack of investigative capacity notwithstanding, the PSC has noted that there are cases which need verification only into departmental records, but departments do not give feedback on these cases e.g. abuse of Government-owned vehicles. Another observation is that sometimes there seems to be lack of will/reluctance to investigate cases by departments and lack of investigative capacity therefore is used as an excuse. There is also a need to improve the skills base for the investigation of cases of alleged corruption. The PSC is concerned that adequate financial and human resources are not allocated to combat and prevent corruption by departments and their political principals.

As indicated throughout this Chapter, the uptake of the PSC's recommendations has not been encouraging. Problems still persist in respect of referral protocols and departments appear to be restricted in their approach of promoting the Code of Conduct. The NACH as whistle-blowing mechanism complies in all respects with international best practice and it is incumbent on all stakeholders to ensure its success.

# Chapter Seven

## Recommendations

## 7.1 Introduction

The PSC through this assessment has also conducted an introspection of its own management of the NACH and will improve on the deficiencies that it has identified. The same commitment is required from all departments if the integrity of the NACH is to be maintained and strengthened. Through this assessment, the PSC has identified a number of areas that require further strengthening. As such, recommendations are made in this Chapter which must be actively pursued by all stakeholders in the interest of preventing and combating corruption through the NACH.

## 7.2 Improving capacity for the management of the Call Centre of the NACH and the Case Management System of the PSC

The PSC has through this assessment noted that the volume of calls received through the NACH increases on an annual basis. Since the inception of the NACH call volumes has increased by nearly 200%. However, the increase in call volumes has not been matched by an increase in funding allocation for the management of the NACH. The PSC will have to respond to the increase in call volumes by strengthening the capacity of the call center and its CMS. Should additional capacity be created in the PSC to handle NACH cases lodged on the NACH the PSC is of the view that this will enhance the functioning of the Hotline immeasurably.

## 7.3 Enhancing investigative capacity

In the first report on the effectiveness of the NACH the PSC recommended that investigative capacity in departments should be strengthened. This recommendation was given emphasis in the State of the Public Service Report, 2008 of the PSC where it was indicated that government must commit as much resources as possible to address capacity constraints in relation to the investigation of corruption<sup>31</sup>. The PSC is of the opinion that improving investigative capacity would result in a higher rate of feedback and therefore enhance the effectiveness of the NACH.

Based on the slow rate of feedback and the limited number of cases closed after investigation, the PSC must conclude that the necessary investigative capacity has not been created in departments. The PSC therefore recommends that, as a matter of urgency, government should commit as much resources as possible to the investigation of corruption. In particular, Forensic Investigative Capacity must be created through the appointment of appropriately skilled persons and through the training of officials in the discipline of Forensic Investigation. Failure to do so will impact negatively on the success of the NACH and will erode efforts to build integrity within the Public Service.

## 7.4 Improving existing protocols for the referral of NACH cases and increasing the rate of feedback

The PSC has since the inception of the NACH only received feedback on 31% of all cases referred to departments. During NACH workshops held in the provinces, a concern was raised that there is poor coordination with regard to the referral of cases from the Offices of the respective provincial Directors-General to the relevant provincial departments. This has negative consequences for the credibility of the NACH as this causes a delay in providing feedback to the PSC. In this regard, Provinces should review their referral protocols.

It is also disconcerting that national departments only provided feedback on 19% of cases referred to them as apposed to the 41% rate of feedback from the provinces. Departments are again reminded that feedback is required on **progress** with cases and that departments should not wait until an investigation is completed. The PSC therefore recommends that departments must ensure strict compliance with the requirement that feedback must be provided within 40 days of referral and that such feedback must be updated on a continuous basis.

<sup>31</sup> Republic of South Africa. State of the Public Service 2008, Public Service Commission, 2008

## 7.5 Enforcing Compliance

The slow rate of feedback by departments is impacting negatively on the credibility of the NACH. Whilst the PSC requires departments to submit feedback within 40 days of referral of a case, this requirement is not regulated. In order to enforce compliance in respect of feedback to the NACH, it is recommended that Regulations on the management of the Hotline be issued by the Minister of Public Service and Administration. The envisaged Regulations could address issues such as timelines for the referral and feedback of cases of alleged corruption and the management of investigations by departments.

## 7.6 Providing full investigation reports

The PSC has since the inception of the NACH only closed 335 of all cases referred to departments. This has negative consequences for the credibility of the NACH and must be addressed urgently. The rate of closure of cases by departments may be influenced by the fact that departments are not providing full investigation reports when investigation has been concluded. This helps the PSC to determine whether the allegations were successfully investigated or not. The PSC therefore recommends that departments must provide full investigative reports when submitting their feedback to the PSC.

## 7.7 Strengthening internal controls

This report has highlighted various forms of risk associated with corrupt practices. These include fraud and bribery, appointment irregularities, abuse of Government-owned vehicles, abuse of schools and social grant fraud. The PSC is of the view that these should be dealt with decisively so as to instill public confidence in the commitment of government to fight corruption.

### 7.7.1 Addressing fraud and bribery

A total of 781 cases associated with fraud and bribery has been reported to the NACH. Given the volume of fraud and bribery cases received through the NACH, the PSC recommends that internal controls in areas of procurement and financial management should be strengthened. Departments should periodically conduct surprise procurement audits of selected projects to identify weaknesses and malpractices in procurement processes. The risk assessment plans and fraud prevention plans of departments must further be updated to address the risks identified.

### 7.7.2 Ensuring compliance with recruitment and selection norms and standards

The Public Service Regulations adequately addresses recruitment, and promotion of candidates in the Public Service. However, despite the provisions of the Regulations, three hundred and eighty five (385) cases of appointment irregularities were reported through the NACH. The PSC therefore recommends that Departments should ensure strict adherence to the Regulatory requirements and devise or amend internal policies to prevent acts such as nepotism in appointments.

### 7.7.3 Improved management of Government-Owned vehicles

Over 500 cases of alleged abuse of Government-owned vehicles by public service employees were reported through the NACH. Most of these cases involve reckless driving, alleged petrol cards and using vehicles as taxis during weekends. In order to address such abuse, the PSC recommends that Departments should further strengthen their control over the issuing of vehicles and the monitoring of log sheets.

#### 7.7.4 Accountability for the management of school funds by teachers

More than two hundred (200) cases implicating teachers and school principals regarding the mismanagement of school funds were received through the NACH. The major concerns are that receipts are not issued in respect of school fees received, financial statements are not audited and that proper bookkeeping in schools are non-existent.

In line with section 40 (a) to (c) and 45 (b) and (c) of the Public Finance Management Act, 1999, the PSC recommends that the Department of Education must ensure that Heads of Schools are held responsible for the effective, efficient, economical and transparent use of financial and other resources within that official's area of responsibility. In addition, he or she must take effective and appropriate steps to prevent, within his/her area of responsibility any unauthorized expenditure and fruitless and wasteful expenditure and any under collection of revenue due.

#### 7.7.5 Creating awareness of Social Grant Fraud

Despite the fact that SASSA has its own Fraud Hotline, the PSC received 336 cases of social grant fraud reported through the NACH. A major concern is that some of these cases involve public servants who are also registered on the social grant system and who are receiving irregular benefits on a monthly basis. The Department of Social Development should strengthen the involvement of society at large to identify such fraud. This could be done through awareness campaigns initiated by SASSA. The prosecution of those that are found guilty should be made known as wide as possible.

#### 7.8 Managing the reemployment of persons dismissed as a result of corrupt activities

The PSC has noted that section 1.51 of the draft Public Service Regulations, 2008, circulated by the Department of Public Service and Administration provides periods of prohibition for the reappointment of public servants dismissed from the Public Service on various grounds including corrupt activities and is in support of the draft Regulations.

#### 7.9 Increasing access to the Hotline

In many of the rural areas access to telephone lines is limited. Members of the public may, however, have access to cell phones which can also be used to report alleged corruption to the NACH. However, calls from cell phones are not toll free and the introduction of an SMS facility should therefore be considered to increase access to the NACH. The cost of SMS' is significantly less than making telephone calls from a cell phone. Collaboration with business on reduced SMS rates in rural areas to report corruption to the NACH must be pursued.

#### 7.10 Marketing of the Hotline

Raising public awareness on the NACH is important if the public is to take ownership of the Hotline by reporting corruption. The PSC is aware that this can only be achieved through country-wide awareness campaigns by the PSC and all departments. This could be done by issuing regular brochures, displaying the Hotline number at strategic service delivery points and by raising awareness on the NACH during induction training courses. However, the communication campaign must be closely linked to an increase in the resources of the NACH to ensure its ability to respond to increased users.



# Chapter Eight

## Conclusion



## 8.1 Conclusion

Since its inception in 2004, the NACH has proven to be an important mechanism in the fight against corruption. This report has highlighted significant achievements through the investigation of cases of alleged corruption that were reported to the NACH. Large sums of money have also been recovered. Whilst these achievements are laudable various constraints continue to be experienced by departments in the management of cases referred to them through the NACH.

Detecting and confirming the presence of corruption requires rigorous processes of identification, verification and investigation. However, departments are found wanting in this regard as witnessed by the lack of feedback to the NACH and their inability to conclude investigations. The lack of investigative capacity is of particular concern as this has a negative effect on the promotion of integrity within the Public Service. As a result of such capacity constraints, backlogs in the investigation of cases continue to mount with the net effect that corrupt officials are not appropriately dealt with through the disciplinary process. By not ensuring that the necessary investigative capacity is in place, departments also fail to comply with Cabinet's requirements in respect of the creation of minimum anti-corruption capacity.

The PSC is confident, despite the constraints identified, that the NACH is fulfilling the purpose for which it has been designed. As capacity within departments grows the positive results that have been referred to will continue to increase and the impact of the NACH on corruption prevention and combating will become even more visible.

## Notes

## Notes