



Group Forensic and Investigation Service (GFIS)

Understanding the Impact of Corruption on Service Delivery in Local Government

13 June 2019

@Oubaai Golf Estate, George



Acknowledgement

- Let me start by recognizing the Executive Mayor of the Garden Route District Municipality (GRDM), Councillor Memory Booysen.
- Let me also recognize the representative of SALGA, Councillor Wolmaraans
- I also recognize the Acting Speaker of the GRDM, Councillor Barend Groenewald and also recognize the Municipal Manager of the GRDM, Mr Monde Stratu.
- I further take this opportunity to also recognize our Guest Speaker Mr Dumisani Hlope of the University of South Africa as well as other presenters invited here at this very important Summit on Good Governance.



Introduction

- First and foremost I would like to thank the organisers for inviting me and I also want to thank all of you leaders of our people, whatever sector from which you come, for allowing me to address you and for making time available so that you could participate in this critically important Summit.
- Looking at the theme of the Summit “Augmenting public confidence in Local Government” I want to commend the organisers as this is the most important but critical challenge facing all nations of the world and it is also aligned to what the National Development Plan (NDP) 2030 seeks to achieve.



Introduction

- The other day I was listening to the President of the Republic of South Africa, Cyril Matamela Ramaphosa when he was speaking at the “dialogue with professionals and academics” in Sandton. The President spoke about the “***NEW DAWN THAT IS IN THE HORIZON***”
- When I look at the theme of this Summit and when I also listened to the President’s speech about the New Dawn as well as the National Development Plan (NDP) 2030, I find all three to be inseparable.



Introduction

- The National Development Plan (NDP) 2030 Vision and Trajectory speaks about:
 - Chapter 12: Building Capable State
 - Chapter 13: Building Safer Communities
 - Chapter 14: Fighting Corruption
 - Outcome 3: All people in South Africa are and feel safe.
 - Outcome 9: Local Government (LG) in South Africa has the trust of the people, being committed to working with communities to find sustainable ways to meet their social, economic and material need and improve the quality of their lives.



Introduction

- The NDP 2030 Vision and Trajectory
 - **Crime:** In 2030, people living in South Africa should feel safe at home, at school and at work, and they enjoy a community life free of fear. Children play safely outside.
 - Reduced levels of serious and violent crime, road fatalities, businesses are thriving and local and foreign investors are establishing new businesses.
 - The Criminal Justice System (CJS) is well-resourced, professional and is staffed by highly skilled officials who value their work, serve the community, safeguard lives and property without discrimination, protect communities and citizens against violence crime and respect people's right to equality and justice.



Background

- At this point in time let me take this opportunity to give a short historical background on Local Government and Good Governance and how the two relate to each other.
- Post democratic era, there was a realisation by the new government to create a third sphere of government that is closer to the people in order to provide basic services such as houses, sanitation, health care, water and electricity etc. to the benefit of all society – particularly the poor. But when I read King IV it talks about the principles of good governance as follows:
 - Ethical and effective governance
 - Leadership that displays integrity, competence responsibility, accountability, fairness and transparency
 - Instilling ethical culture
 - Leadership to set the tone



TOPIC

**“UNDERSTANDING THE IMPACT OF CORRUPTION
ON SERVICE DELIVERY IN LOCAL GOVERNMENT”**



Practical Example on the impact of corruption and how it affects the citizens (Video Clip 1)



Practical Example on the impact of corruption and how it affects citizens (Video Clip 2)





Impact of Corruption in Local Government

- Political Killings
 - Sindiso Magaqa, top politician in KZN
 - Wandile Bozwana, a top businessman in NW
 - Victor Molosi, Councillor in Knysna
- Who get arrested in between
 - In KZN a Mayor and fellow politicians arrested



Impact of Corruption in Local Government (Example of a House owned by the Mayor)





Understanding the Impact of Corruption in Local Government

- Corruption distorts the allocation of local resources and the performance of local government.
- Corruption breaks down societal norms, erodes good governance and obstruct service delivery.
- As a result it is imperative that every sector combats corruption.
- At local level, municipalities should promote “Basic values and principles governing public administration”.



Understanding the impact of Corruption in Local Government

- These are set out in section 195 of the Constitution and include the following principles which are particularly important in the promotion of good governance and combatting of corruption:
 - A high standard of professional ethics must be promoted and maintained
 - Efficient, economic and effective use of resources must be promoted
 - Public administration must be accountable
 - Transparency must be fostered by providing the public with timely, accessible and accurate information.



Proposed interventions for Local Government

In order to cultivate integrity amongst citizens and government at the local level, municipalities needs to do the following:

- Leadership should walk the talk in setting the tone for good governance and organisational integrity.
- Leaders should provide strategic direction and oversight on ethics and integrity.
- Ethics and integrity should form part of the leaders performance scorecard.
- Ethical leadership and integrity can be upheld by intensifying the fight against corruption, collusion and maladministration in partnership with Civil Society.



Proposed interventions for Local Government

- How do we institutionalise culture of integrity and clean governance:
 - Adopt an approach which is based on the believe that a functioning integrity system with strong oversight system that ensures high level of transparency, accountability and integrity, is the most effective way to prevent unethical behaviour.



Best Practice: GFIS Establishment

- The City of Joburg adopted the 10 point plan and the 9 key priorities which are geared towards giving effect to the expressed commitment to declare war on corruption.
- As a result, corruption was declared to be public enemy no.1.
- Group Forensic Investigation Services (GFIS) was established as an independent department to fight crimes committed against the City in 2016.

Vision and Mission



Vision

- “A City free of fraud, corruption, theft and maladministration”

Mission

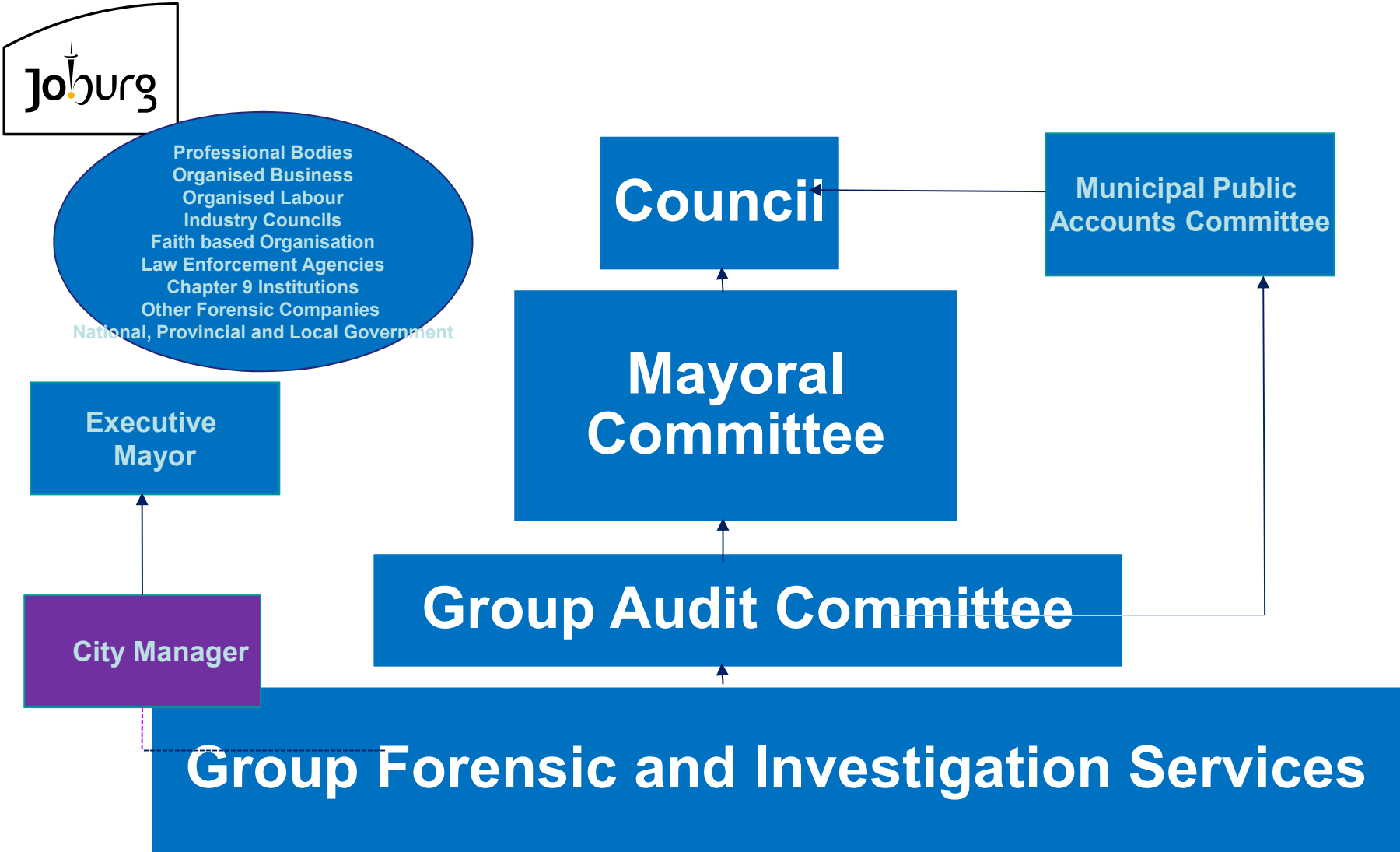
- With speed and impact we strive towards preventing, combatting, investigating and resolving fraud, corruption, theft and maladministration through co-operation with other Law Enforcement Agencies (LEAs).

GFIS alignment to the City's priorities



- **Outcome 5:** An honest, transparent and responsive local government that prides itself on service excellence.
- **Priority 5:** Create an honest and transparent City that fights corruption.
- **10 Point plan:** Corruption public enemy number one.

Reporting Model





Successes

- Since its establishment, GFIS received a total of 5597 cases for investigation between November 2016 and 31 March 2019.
- The potential value for the investigations received is R33 903 010 337, 51.
- The number and potential values involved are for the City's core Departments and Entities
- Over 50 officials were dismissed
- Approved structure by the Council
- Dedicated hotline
- Facebook and twitter account, walk-ins, website
- Outreach programmes
- Terms of Reference for investigations approved by Council
- Approved delegations by the Accounting Officer



Challenges

- Ineffectiveness of the Law Enforcement agencies
- Investigation of the Unauthorised, Irregular, Fruitless and Wasteful Expenditure cases
- Poor convictions
- Slow recoveries
- Increase in the number of hijacked properties (over 600 cases reported)
- Absence of forensic panel due to beaurocratic red tape



How GFIS saved billion of rands

- Operation Buya Mthetho project (multi-disciplinary team)
- Arresting many contractors who are involved in illegal connections (water and electricity)
- Arrest of cashiers involved on illegal dumping at the Licensing Department
- Devaluations of properties
- Upgrading of power stations



Practical examples of discovered fraud

Allegation

Amount recovered

- | | |
|---|--------------|
| 1. Alleged theft of City Power infrastructure (Transformer) | R80 million |
| 2. Head Office Metro Information Centre (cables) | R 2 Million |
| 3. Irregular Procurement of cartridge | R15 million |
| 4. Feasibility report (duplicate invoice) | R1 million |
| 5. Illegal connection Waterfall (City Power & JWater) | R8.2 million |
| 6. Bogus recruitment agency (EMS) | R650 |
| 7. Operation Buya Mthetho | R55 million |
| 8. City Employee | R35 000 |
| 9. Attorneys | R800 000 |
| 10. Counterfeit goods | R 43 million |



OPERATING BUDGET

Budget	Actual Expenditure 17/18 R000	Revised Budget 2018/19 R 000	Approved Budget 2019/20 R 000	Draft 2020/21 R 000	Draft 2021/22 R 000
Employee related costs	29 524	42 702	46 432	51 092	54 360
Depreciation	139	465	570	601	601
Contracted Services	36 997	33 506	36 857	38 847	40 867
Other Expenditure	12 066	24 848	22 519	23 735	24 969
Total	78 726	101 574	106 434	114 334	120 859
Capex	3 100	22 500	0	0	0



Conclusion

- In conclusion it is the responsibility of each citizen in our country to contribute in our fight against corruption. By this contribution, citizens are given the opportunity to join hands and tackle corruption in local government in order to secure and sustain the developmental programmes.
- This Summit should enable the GRDM to take stock of efforts to combat corruption and adopt anti-corruption strategies that transcends political boundaries and tackle corruption holistically through, prevention, detection, investigation and resolution.
- I wish the Summit success and I am confident that it will not disappoint the expectations of our people whose spirit is vexed because they are daily victims of the scourge of corruption which is a blight on society.
- On behalf of the City of Johannesburg , the people of South Africa and in my own name, I wish the GRDM to succeed in the fight against corruption.





Matthew 5: Verse 13 to 20