



AUDITOR-GENERAL

# REPORT

OF THE  
**AUDITOR-GENERAL**  
ON THE  
**SECRET SERVICES ACCOUNT,  
THE RELATED DEPARTMENTAL ACCOUNTS  
AND THE SECURITY SERVICES SPECIAL ACCOUNT**  
FOR  
**1996-97**

PUBLISHED BY AUTHORITY

VAN DIE **REKENING VIR GEHEIME DIENSTE,**  
**ODITEUR-GENERAAL**  
OOR DIE  
**REKENING VIR GEHEIME DIENSTE,**  
**DIE VERWANTE DEPARTEMENTELE REKENINGS**  
**EN DIE SPESIALE REKENING VIR VEILIGHEIDSDIENSTE**  
VIR  
**1996-97**

UITGEGEE OP GESAG

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Minister of State Expenditure as required in terms of section 2 of the Secret Services Act, 1978 (Act No 56 of 1978), the total amount of R831 070 927 transferred is therefore regarded as unauthorised. However, the Minister of Finance did approve the transfers from the Secret Services Account on 2 February 1998.

#### South African Police Service – Secret Fund

- *Fraud and irregularities by the former commanding officer at Vlakplaas*

The Department has not yet reported on the progress regarding possible prosecution and/or the recovery of money.

- *Amalgamation of the Special Accounts and/or Secret Funds of the former TBVC countries with the Secret Fund of the South African Police Service (SAPS)*

##### (a) Bophuthatswana Police

(i) *Internal control*: The SAPS accepted the fact that totally inadequate internal controls existed, and most of the aspects raised in the Report of the Auditor-General on the Accounts of the National Government for 1995-96 [RP40/1997] (inadequate checking of transactions, non-existent bank reconciliations, cash books, financial statements and vehicle logbooks as well as inadequate measures to prevent duplicate payments) had not yet been rectified.

(ii) *Unauthorised expenditure, R432 363,78*: Unauthorised expenditure of R431 397,78 and R966,00 for the 1995-96 and 1996-97 financial years, respectively, was found during the audit.

(iii) *Assets*: No proper asset registers could be submitted for audit purposes.

##### (b) Ciskei, Transkei and Venda Police

No reply to the issues (relating to the proper finalisation and checking of tangible assets taken over) as mentioned in the report of the Auditor-General on the Accounts of the National Government for 1995-96 [RP40/1997] in respect of these former States had been received on the date of the preparation of this report.

- *Budget process*

The Department did not follow an appropriate zero-based budget approach to preparing the budgets for the 1997-98 financial year.

#### Security Services Special Account

- *Amalgamation of the various Intelligence Services*

##### (a) Bophuthatswana Internal Intelligence Service

The reply received from the National Intelligence Agency (NIA) regarding certain unsatisfactory matters was inadequate owing to the fact that certain documents had still not been submitted for

Minister van Staatsbesteding, soos vereis ingevolge artikel 2 van die Wet op Geheime Dienste, 1978 (Wet No. 56 van 1978) gemaak is, word die totale bedrag van R831 070 927 wat oorgedra is, daarom as ongemagtig beskou. Die Minister van Finansies het egter die oordragte vanaf die Rekening vir Geheime Dienste op 2 Februarie 1998 goedgekeur.

#### Suid-Afrikaanse Polisiediens – Geheime Fonds

- *Bêdrog en onreëlmatighede deur die voormalige bevelvoerder by Vlakplaas*

Die Departement het nog nie oor die vordering rakende moontlike vervolging en/of verhaling van geld verslag gedoen nie.

- *Amalgamasie van die Spesiale Rekenings en/of Geheime Fondse van die voormalige TBVC-state met die Geheime Fonds van die Suid-Afrikaanse Polisiediens (SAPD)*

##### (a) Bophuthatswana Polisie

(i) *Interne beheer*: Die SAPD het die feit aanvaar dat totaal onvoldoende interne kontroles bestaan het en die meeste van die gevalle wat in die Verslag van die Ouditeur-generaal oor die Rekenings van die Nasionale Regering vir 1995-96 [RP40/1997] gemeld is (onvoldoende nasiening van transaksies, nie bestaan van bankrekonstruksies, kasboeke, finansiële state en voertuig-logboeke, asook onvoldoende maatreëls om duplikaatbetalings te voorkom), is nog nie reggestel nie.

(ii) *Ongemagtigde uitgawes, R432 363,78*: Ongemagtigde uitgawes van R431 397,78 en R966,00 vir onderskeidelik die boekjare 1995-96 en 1996-97 is gedurende die audit gevind.

(iii) *Bates*: Geen behoorlike batreësters kon vir auditdoeleindes voorgelê word nie.

##### (b) Ciskei, Transkei en Venda Polisie

Geen antwoord op die aangeleenthede (rakende die behoorlike finalisering en nasiening van tasbare bates wat oorgeneem is) wat in die Verslag van die Ouditeur-generaal oor die Rekenings van die Nasionale Regering vir 1995-96 [RP40/1997] met betrekking tot hierdie voormalige State gemeld is, is op die datum van die voorbereiding van hierdie verslag ontvang nie.

- *Begrotingsproses*

Die Departement het nie 'n gepaste nulbasis begrotingsbenadering gevolg met die voorbereiding van die begrotings vir die boekjaar 1997-98 nie.

#### Spesiale Rekening vir Veiligheidsdienste

- *Amalgamasie van die verskeie Intelligensiedienste*

##### (a) Bophuthatswana Binnelandse Intelligensiediens

Die antwoord wat van die Nasionale Intelligensie-agentskap (NIA) ontvang is rakende sekere onbevredigende aangeleenthede, was onvoldoende weens die feit dat sekere dokumente nog nie vir

audit purposes, amounts transferred had not been reconciled and suspense accounts had not been cleared.

(b) Bophuthatswana National Security Council

At the time of preparing this report, no reply had been received to the audit findings, which included aspects relating to documentation that could not be submitted for audit purposes; funds totalling R2 962 140, which had not been appropriated by the former Bophuthatswana Parliament; possible fruitless expenditure; various cases of possible fraud; and a total lack of internal control.

• *Movable assets*

Exemption and partial exemption from stocktaking for the financial year were granted by the Directors-General. Similar exemptions were also granted for the previous financial year.

During audits it was found that the control of movable assets and the stock ledgers were not adequate.

• *Transfer costs*

NIA and the Office could not agree on certain matters of principle regarding the relocation costs previously incurred in respect of members of the former intelligence structures, e.g. the criteria for the reimbursement of abnormal living expenditure, possible unauthorised expenditure regarding the rental of furnished apartments and the exclusion in the taxable income of certain individuals from certain payments.

• *Budget process*

The budget for the South African Secret Service (SASS) for the 1996-97 financial year overstated actual requirements.

• *Appointment of Inspectors-General*

Inspectors-General had, at the time of the preparation of this report, still not been appointed. This may result in deficient control of the functioning of the Intelligence Services.

• *Ministerial Intelligence Review Commission (Pikoli Commission)*

In order to fulfil the Office's audit mandate properly, the Ministry was requested to provide a copy of the above report to this Office. A copy of the report was received on 15 January 1998 and will be evaluated in due course.

• *Security and internal control*

From the various possible fraud and theft cases with regard to NIA, it would appear that the level and effectiveness of security and internal control are not satisfactory. This is cause for grave concern.

ouditdoeleindes voorgelê is nie, bedrae wat oorgedra is nie gerekonsilieer is nie en afwag-rekenings nie vereffen is nie.

(b) Bophuthatswana Nasionale Veiligheidsraad

Geen antwoord is ten tye van die samestelling van hierdie verslag ontvang oor die ouditbevindinge, wat aspekte ingesluit het soos dokumentasie wat nie vir ouditdoeleindes voorgelê kon word nie; fondse van altesaam R2 962 140 wat nie deur die voormalige Bophuthatswana Parlement bewillig is nie; maandelike vrugtelose uitgawes; verskeie gevalle van maandelike bedrog; en 'n totale gebrek aan interne beheer.

• *Roerende bates*

Vrystelling en gedeeltelike vrystelling van voorraadopnames was vir die finansiële jaar deur die Direkteurs-generaal verleen. Soortgelyke vrystellings was ook vir die vorige finansiële jaar verleen.

Tydens ouditerings was die beheer oor roerende bates en voorraadregisters ontoereikend bevind.

• *Oordragkoste*

NIA en die Kantoor kon nie ooreenkom oor sekere beginselsake rakende die hervestigingskoste wat voorheen aangegaan is met betrekking tot lede van die voormalige intelligensiestrukture nie, bv. die kriteria vir die terugbetaling van abnormale lewenskoste, maandelike ongemagtigde uitgawes rakende huurgeld van gemeubileerde akkommodasie en die uitsluiting van sekere betalings van die belasbare inkomste van sekere individue.

• *Begrotingsproses*

Die begroting vir die Suid-Afrikaanse Geheime Diens (SAGD) het vir die boekjaar 1996-97 die werklike behoefte oorstater.

• *Aanstelling van Inspekteurs-generaal*

Ten tye van die voorbereiding van hierdie verslag was Inspekteurs-generaal nog nie aangestel nie. Dit mag ontoereikende beheer oor die funksionering van die Intelligensiedienste tot gevolg hê.

• *Ministeriële Intelligensie Hersieningskommissie (Pikoli-kommissie)*

Ten einde die Kantoor se mandaat behoorlik te vervul, was die Ministerie versoek om 'n kopie van die bogenoemde verslag aan hierdie Kantoor te verskaf. 'n Afskrif van die verslag is op 15 Januarie 1998 ontvang en sal mettertyd geëvalueer word.

• *Sekerheid en interne beheer*

Na aanleiding van die verskeie gevalle van maandelike bedrog en diefstal in die geval van NIA, wil dit voorkom asof die vlak en effektiwiteit van sekerheid en interne beheer onbevredigend is. Dit is 'n groot bron van kommer.

## CONCLUSIONS

Subject to the remarks in this report, in the opinion of the Auditor-General the financial statements, which are not published for strategic and security reasons, are a fair representation of the accounts for 1996-97 of the results and operations for the year ended 31 March 1997.

## GEVOLGTREKKINGS

Behoudens die opmerkings in hierdie verslag is die finansiële state, wat vir strategiese en sekerheidsredes nie gepubliseer word nie, na die mening van die Ouditeur-generaal 'n redelike weergawe van die rekenings vir 1996-97 van die resultate en aktiwiteite vir die jaar geëindig 31 Maart 1997.



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A U D I T O R - G E N E R A L

# REPORT

OF THE  
AUDITOR-GENERAL  
ON THE  
SECRET SERVICES ACCOUNT, THE RELATED  
DEPARTMENTAL ACCOUNTS AND THE SECURITY  
SERVICES SPECIAL ACCOUNT FOR 1996-97

# VERSLAG

VAN DIE  
OUDITEUR-GENERAAL  
OOR DIE  
REKENING VIR GEHEIME DIENSTE, DIE VERWANTE  
DEPARTEMENTELE REKENINGS EN DIE SPESIALE  
REKENING VIR VEILIGHEIDSDIENSTE VIR 1996-97

## 1. AUDIT ASSIGNMENT

The financial statements of the Secret Services Account, the related departmental accounts and the Security Services Special Account have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and the Auditor-General Act, 1995 (Act No. 12 of 1995). Although these financial statements and the maintenance of effective control measures are the responsibility of the accounting officer, it is my responsibility to audit and report on them.

## 2. REGULARITY AUDIT

### 2.1 NATURE AND EXTENT

(a) The audit was carried out in accordance with generally accepted government auditing standards. These standards require the audit to be planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the financial statements. An audit includes an evaluation of the appropriateness of the accounting policies; an examination, on a test basis, of evidence supporting the amounts and disclosures included in the financial statements; an assessment of the reasonableness of significant provisions, where applicable; and consideration of the appropriateness of the overall presentation of the financial statements.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance, in all material respects, with the relevant legislation.

I consider that the audit procedures were appropriate in the circumstances to enable me to express the opinion presented below.

## 1. OUDITOPDRAG

Die finansiële state van die Rekening vir Geheime Dienste, die verwante departementele rekenings en die Spesiale Rekening vir Veiligheidsdienste is ingevolge artikel 188 van die Grondwet van die Republiek van Suid-Afrika, 1996 (Wet No. 108 van 1996) en die Wet op die Ouditeur-generaal, 1995 (Wet No. 12 van 1995), ge-auditeer. Alhoewel hierdie finansiële state en die instandhouding van effektiewe beheermaatreëls die verantwoordelikheid van die rekenpligtige beampte is, is dit my verantwoordelikheid om dit te auditeer en daarvoor verslag te doen.

## 2. REELMATIGHEIDSOUDIT

### 2.1 AARD EN OMVANG

(a) Die oudit is ooreenkomstig algemeen aanvaarde owerheidsauditstandaarde uitgevoer. Hierdie standaarde vereis dat die oudit beplan en onderneem word om redelike sekerheid te verkry dat redelike aanbieding in alle wesenslike opsigte in die finansiële state bereik is. 'n Oudit sluit in 'n evaluering van die geskiktheid van die rekeningkundige beleid; 'n ondersoek, op 'n toetsgrondslag, van bewyse wat die bedrae en openbaarings wat in die finansiële state ingesluit is, steun; 'n beoordeling van die redelikheid van beduidende voorsienings, waar van toepassing; en oorweging van die geskiktheid van die gehele aanbieding van die finansiële state.

'n Oudit sluit verder 'n ondersoek in, op 'n toetsgrondslag, van bewyse wat nakoming van die toepaslike wetgewing, in alle opsigte, steun.

Ek glo dat die ouditprosedures in die omstandighede geskik was om my in staat te stel om die mening wat hieronder aangebied word, uit te spreek.

- (b) As far as the level of audit assurance is concerned, it should be pointed out that, owing to the nature of certain transactions and the circumstances under which they are incurred and recorded as well as the utilisation of assets, the level of audit assurance that can be furnished will often be lower than is normally the case with ordinary audits.
- (c) With regard to the basis of reporting, only financial regularity criteria as laid down in the relevant legal provisions, are used.

This approach is consistent with the practice followed by successive Auditors-General over the years.

## 2.2 AUDIT OPINION

In my opinion, the financial statements that were submitted to me, which are not published for strategic and security reasons, are a fair representation of the financial position of the institutions concerned as at 31 March 1997, and the results of their activities for the period then ended, in conformity with the prescribed accounting practice.

Proposals have, however, been made for improvements to the financial statements submitted.

Except for the matters contained in this report, the transactions of the various institutions, which came to my attention in the course of the audit, were in my opinion made in accordance with the applicable laws and instructions and were, in all material aspects, in accordance with the mandate of the various institutions.

## 2.3 AUDIT OBSERVATIONS

### (1) Control of payments to sources

With reference to paragraph 6(2)(c) on page 519 and paragraph 3(4) on page 158 of my reports on the Accounts of the National Government for 1995-96 [RP40/1997] and 1993-94 [RP181/94], respectively, as well as the recommendation made on 10 October 1995 regarding control of payments to sources in paragraph 4 of the Fifth Report of the Joint Standing Committee on Public Accounts, improved control measures for payments of this nature have not yet been implemented by the Department of State Expenditure.

### (2) Budget for the Secret Services Account, R821 933 000

According to programme 6 on Vote 33: State Expenditure, the total budget for the Secret Services Account amounted to R821 933 000. From the balance in this Account, R781 095 000 was transferred to the Security Services Special Account, R40 838 000 to the South African Police Service

- (b) Wat die vlak van ouditversekering betref moet uitgewys word dat, weens die aard van sekere transaksies en die omstandighede waaronder dit aangegaan en te boek gestel word, asook die benutting van bates, die vlak van ouditversekering wat verskaf kan word dikwels laer sal wees as wat normaalweg die geval is met gewone oudits.
- (c) Wat die verslagdoeningsgrondslag betref, word slegs finansiële reëlmatigheidskriteria, soos in die betrokke wetlike bepalings neergelê, gebruik.

Hierdie benadering is konsekwent met die praktyk wat oor die jare deur opvolgende Ouditers-generaal gevolg is.

## 2.2 OUDITMENING

Na my mening is die finansiële state wat aan my voorgelê is en wat weens strategiese en veiligheidsredes nie gepubliseer word nie, 'n redelike weergawe van die finansiële stand van die betrokke instellings soos op 31 Maart 1997 en van die resultate van hulle aktiwiteite vir die tydperk geëindig op daardie datum, in ooreenstemming met die voorgeskrewe rekeningkundige praktyk.

Voorstelle is egter gemaak vir verbeterings aan die finansiële state wat voorgelê is.

Behalwe vir die aangeleenthede wat in hierdie verslag vervat is, is die transaksies van die onderskeie instellings wat in die loop van die oudit onder my aandag gekom het, na my mening ingevolge die toepaslike wette en instruksies gemaak en was dit, in alle wesenlike opsigte, ingevolge die mandaat van die onderskeie instellings.

## 2.3 OUDITWAARNEMINGS

### (1) Kontrole oor betalings aan bronne

Met verwysing na paragraaf 6(2)(c) op bladsy 519 en paragraaf 3(4) op bladsy 158 van my verslae oor die Rekenings van die Nasionale Regering vir onderskeidelik 1995-96 [RP40/1997] en 1993-94 [RP181/94], asook die aanbeveling rakende beheer oor betalings aan bronne gemaak op 10 Oktober 1995 in paragraaf 4 van die Vyfde Verslag van die Gesamentlike Staande Komitee oor Openbare Rekenings, is verbeterde beheermaatreëls vir betalings van hierdie aard nog nie ingestel deur die Departement van Staatsbesteding nie.

### (2) Begroting van die Rekening vir Geheime Dienste, R821 933 000

Volgens program 6 van Begrotingspos 33: Staatsbesteding het die totale begroting vir die Rekening vir Geheime Dienste R821 933 000 beloop. Van die saldo van hierdie Rekening is R781 095 000 aan die Spesiale Rekening vir Veiligheidsdienste oorgedra, R40 838 000 aan die Suid-Afrikaanse Poli-

and R9 735 000 to the Department of Foreign Affairs, which brought the total transfers for the year to R831 668 000.

In terms of paragraph 2.2.3 of the directive issued by the Treasury under reference SJ 40/10, dated 6 October 1994, the Department of Foreign Affairs repaid the unspent balance of R597 077 to the Department of State Expenditure. However, the South African Police Service repaid the unspent balances of R1 990 390 and R1 013 058 for the years ended 31 March 1996 and 31 March 1997, respectively, only during January 1998.

In terms of section 3(A) of the Secret Services Act, 1978 (Act No. 56 of 1978), all secret expenditure is subject to the evaluation by the Secret Services Evaluation Committee. Such an evaluation was not performed for the 1996-97 financial year.

**(3) Unauthorised expenditure, R831 070 923**

The prior Ministerial approval required in terms of section 2 of the Secret Services Act, 1978 (Act No. 56 of 1978), was not obtained and the amount of R831 070 923 (total amount transferred less amount repaid by Foreign Affairs) is therefore regarded as unauthorised in terms of section 33 of the Exchequer Act, 1975 (Act No. 66 of 1975). However, the Minister of Finance did approve the transfers from the Secret Services Account on 2 February 1998.

**(4) South African Police Service – Secret Fund**

(a) *Fraud and irregularities by the former commanding officer at Vlakplaas:*

As mentioned in paragraph 6(4)(b) on page 520 of my Report on the Accounts of the National Government for 1995-96 [RP40/1997], the Department indicated that the court records regarding the prosecution of the former commanding officer were being studied with a view to possible prosecution in respect of further cases of fraud and the recovery of monies.

(b) *Amalgamation of the Special Accounts and/or Secret Funds of the former TBVC countries with the Secret Fund of the South African Police Service:*

With reference to paragraph 6(4)(c) on page 520 of my Report on the Accounts of the National Government for 1995-96 [RP40/1997], the following matters require further mention:

(i) *Bophuthatswana Police:*

(aa) *Internal Control:* In paragraph 6(4)(c)(i)(aa) on page 521 of the said report [RP40/1997], it was mentioned that, owing to transactions not having been checked, bank reconcilia-

siediens en R9 735 000 aan die Departement van Buitelandse Sake, wat die totale oordragte vir die jaar op R831 668 000 te staan bring het.

Ingevolge paragraaf 2.2.3 van die voorskrif wat onder verwysing SJ 40/10, gedateer 6 Oktober 1994, deur die Tesourie uitgereik is, het die Departement van Buitelandse Sake die onbestede saldo van R597 077 aan die Departement van Staatsbesteding terugbetaal. Die Suid-Afrikaanse Polisie diens het egter die onbestede saldo's van R1 990 390 en R1 013 058 vir die jare geëindig op onderskeidelik 31 Maart 1996 en 31 Maart 1997 eers gedurende Januarie 1998 terugbetaal.

Ingevolge artikel 3(A) van die Wet op Geheime Dienste, 1978 (Wet No. 56 van 1978), is alle geheime uitgawes onderworpe aan die evaluering deur die Beoordelingskomitee oor Geheime Dienste. So 'n evaluering is nie vir die boekjaar 1996-97 uitgevoer nie.

**(3) Ongemagtigde uitgawes, R831 070 923**

Die vooraf verkreë Ministeriële goedkeuring wat ingevolge artikel 2 van die Wet op Geheime Dienste, 1978 (Wet No. 56 van 1978), vereis word, is nie verkry nie en die bedrag van R831 070 923 (totale bedrag oorgedra minus bedrag deur Buitelandse Sake terugbetaal) word daarom ingevolge artikel 33 van die Skatkiswet, 1975 (Wet No. 66 van 1975) as ongemagtig beskou. Die Minister van Finansies het egter op 2 Februarie 1998 die oordragte vanaf die Rekening vir Geheime Dienste goedgekeur.

**(4) Suid-Afrikaanse Polisie diens – Geheime Fonds**

(a) *Bedrag en onreëlmatighede deur die voormalige bevelvoerder by Vlakplaas:*

Soos vermeld in paragraaf 6(4)(b) op bladsy 520 van my Verslag oor die Rekenings van die Nasionale Regering vir 1995-96 [RP40/1997], het die Departement aangedui dat die hofrekords rakende die vervolging van die voormalige bevelvoerder bestudeer word met die oog op moontlike vervolging in verdere gevalle van bedrog en die verhaling van gelde.

(b) *Amalgamasie van die Spesiale Rekenings en/of Geheime Fondse van die voormalige TBVC-state met die Geheime Fonds van die Suid-Afrikaanse Polisie diens:*

Met verwysing na paragraaf 6(4)(c) op bladsy 520 van my Verslag oor die Rekenings van die Nasionale Regering vir 1995-96 [RP40/1997], vereis die volgende aangeleenthede verdere vermelding:

(i) *Bophuthatswana Polisie:*

(aa) *Interne beheer:* In paragraaf 6(4)(c)(i)(aa) op bladsy 521 van die bogenoemde verslag [RP40/1997], is genoem dat daar, weens die feit dat transaksies nie nagesien is nie, bankrekonversies nie



tions not having been done as well as cash books, financial statements and vehicle logbooks not having been compiled, there was a total lack of internal control. The South African Police Service accepted the fact that there was no internal control and indicated that this was mainly attributable to a lack of knowledge as well as inadequate supervision and guidance. The Department also indicated that certain documentation could not be submitted for audit purposes. Most of the problems raised in the said report could not be rectified by the Department. Furthermore, proper annual financial statements could still not be submitted and, according to those actually submitted, the opening and closing balances were not reconcilable.

- (bb) *Unauthorised expenditure, R432 363,78:* With reference to paragraph 6(4)(c)(i)(bb) on page 521 of the said report [RP40/1997], an amount of R1 398 118,41 was provisionally reported as unauthorised owing to the fact that the budget for 1995-96 had not been approved by either the South African Police Service or in terms of section 2 of the Bophuthatswana Police Special Account Act, 1989 (Act No. 43 of 1989). The actual expenditure to be considered as unauthorised in terms of section 33(i)(d) of the Exchequer Act, 1975 (Act No. 66 of 1975), has now been determined and amounts to R431 397,78 and R966,00, for the 1995-96 and 1996-97 financial years, respectively.
- (cc) *Assets:* No proper asset registers could be submitted for audit purposes and only readily identifiable items were taken on strength during a physical stocktaking. At the time of compiling this report, approval for merely accepting the results of the stocktaking as the opening balances had not yet been applied for by the Department.
- (ii) *Ciskei, Transkei and Venda Police:* As mentioned in paragraphs 6(4)(c)(ii) and (iii) on pages 521 and 522 of the said report [RP40/1997], the South African Police Service was requested by the Office to confirm that all the records had been obtained, that all the funds and other tangible assets had been recovered and that all the finan-

gedoen is nie, asook kasboeke, finansiële state en voertuiglogboeke wat nie opgestel is nie, 'n totale gebrek aan interne beheer was. Die Suid-Afrikaanse Polisie diens het die feit aanvaar dat daar geen interne beheer was nie en het aangedui dat dit hoofsaaklik aan 'n gebrek aan kennis, asook aan onvoldoende toesighouding en leiding toe te skryf is. Die Departement het ook aangedui dat sekere dokumentasie nie vir ouditdoeleindes voorgelê kon word nie. Die meeste van die probleme wat in die genoemde verslag uitgelig is, kon nie deur die Departement reggestel word nie. Verder kon behoorlike finansiële jaarstate steeds nie voorgelê word nie en, volgens dié wat wel voorgelê is, kon die opening- en sluitingsaldo's nie gerekonsilieer word nie.

- (bb) *Ongemagtigde uitgawes, R432 363,78:* Met verwysing na paragraaf 6(4)(c)(i)(bb) op bladsy 521 van die bogenoemde verslag [RP40/1997], is 'n bedrag van R1 398 118,41 voorlopig as ongemagtig gerapporteer weens die feit dat die begroting vir 1995-96 nie deur die Suid-Afrikaanse Polisie diens of ingevolge artikel 2 van die Wet op die Bophuthatswana Polisie Spesiale Rekening, 1989 (Wet No. 43 van 1989), goedgekeur is nie. Die werklike uitgawes wat ingevolge artikel 33(i)(d) van die Skatkiswet, 1975 (Wet No. 66 van 1975), as ongemagtig beskou moet word, is nou bepaal en het R431 397,78 en R966,00 vir onderskeidelik die boekjare 1995-96 en 1996-97 beloop.
- (cc) *Bates:* Geen behoorlike bateregisters kon vir ouditdoeleindes voorgelê word nie en slegs maklik identifiseerbare items is gedurende 'n fisiese voorraadopname op sterkte geneem. Ten tye van die samestelling van hierdie verslag, het die Departement nog nie vir goedkeuring vir die blote aanvaarding van die voorraadopname as die openingsaldo's aansoek gedoen nie.
- (ii) *Ciskei, Transkei en Venda Polisie:* Soos vermeld in paragrawe 6(4)(c)(ii) en (iii) op bladsye 521 en 522 van die bogenoemde verslag [RP40/1997], is die Suid-Afrikaanse Polisie diens deur hierdie Kantoor versoek om te bevestig dat alle rekords verkry is, dat al die fondse en ander tasbare bates verhaal is en dat al die finansiële aan-

cial matters had been finalised regarding the former Transkei, Ciskei and Venda. At the time of writing this report, no reply to the issues mentioned had been received.

- (iii) *Audit opinion:* Owing to the fundamental lack of supporting financial and other records, the inadequacy of internal control and the unauthorised expenditure in respect of the former Bophuthatswana Police, no opinion can be expressed on the regularity of the financial aspects of the amalgamation process.

- (c) *Financial regulations and procedures:* As mentioned in paragraph 6(4)(d) on page 522 of my Report on the Accounts of the National Government for 1995-96 [RP 40/1997], owing to the nature and extent of secret services, the Department could not adhere to certain financial regulations and procedures prescribed by the Treasury. According to a legal opinion that has now been obtained by the Department, the Treasury is authorised to approve deviations from Treasury Instructions.

However, at the time of compiling this report, the Department had not taken any steps to obtain the required Treasury approval.

- (d) *Budget process:* In a letter, dated 20 March 1997, the Department was requested to indicate the process it had followed in preparing its budget.

In reply the Department indicated that, owing to the uncertainty regarding the continued existence of secret funds at the South African Police Service, no inputs were requested from the provinces, and the budget had therefore been prepared nationally and as far as possible in accordance with a zero base. Furthermore, the amount actually awarded did not take into account a zero base process, but comprised the budget of the previous year plus an added fixed percentage. The budget then had to be restructured accordingly.

In the absence of a proper approach, the Department was requested to indicate how budgetary control would be exercised at national and regional levels. A reply had not been received at the time of compiling this report.

The same concerns pertain to the budget of the 1997-98 financial year.

geleenthede rakende die voormalige Transkei, Ciskei en Venda afgehandel is. Ten tye van die samestelling van hierdie verslag was geen antwoorde op die genoemde aangeleenthede ontvang nie.

- (iii) *Ouditmening:* Weens die fundamentele gebrek aan stawende finansiële en ander rekords, die ontoereikendheid van interne beheer en die ongemagtigde uitgawes met betrekking tot die voormalige Bophuthatswana Polisie, kan geen mening oor die reëlmatigheid van die finansiële aspekte van die amalgamasieproses uitgespreek word nie.

- (c) *Finansiële regulasies en prosedures:* Soos vermeld in paragraaf 6(4)(d) op bladsy 522 van my Verslag oor die Rekenings van die Nasionale Regering vir 1995-96 [RP 40/1997], kon die Departement weens die aard en omvang van geheime dienste, sekere finansiële regulasies en prosedures wat deur die Tesourie voorgeskryf is, nie nakom nie. Volgens 'n regsmeening wat nou deur die Departement verkry is, is die Tesourie gemagtig om afwykings van Tesourie-instruksies goed te keur.

Tydens die samestelling van hierdie verslag, het die Departement egter nog nie enige stappe gedoen om die vereiste Tesourie-goedkeuring te verkry nie.

- (d) *Begrotingsproses:* In 'n brief, gedateer 20 Maart 1997, is die Departement versoek om aan te dui watter proses hy in die voorbereiding van sy begroting gevolg het.

In antwoord het die Departement aangedui dat, weens die onsekerheid oor die voortgesette bestaan van die geheime fondse by die Suid-Afrikaanse Polisie diens, geen insette vanaf die provinsies aangevra is nie en dat die begroting dus nasionaal en so ver as moontlik op 'n nulbasis voorberei is. Verder het die bedrag wat werklik toegeken is, nie 'n nulbasisproses in aanmerking geneem nie, maar het dit uit die begroting van die vorige jaar plus 'n bygevoegde vaste persentasie bestaan. Die begroting moes dan dienooreenkomstig herstruktureer word.

In die afwesigheid van 'n behoorlike benadering is die Departement versoek om aan te dui hoe begrotingsbeheer op nasionale en streeksvlak uitgeoefen sou word. Tydens die samestelling van hierdie verslag was 'n antwoord nie ontvang nie.

Dieselfde bekommernisse het betrekking op die begroting vir die boekjaar 1997-98.

- (e) *Rental deposits, R314 728*: During the audit of rental deposits it was found that certain rental deposits paid by the Department were not reflected in the general ledger. In certain other cases, the deposits that had already been refunded to the Department were still reflected as recoverable in the general ledger. An audit opinion on the reasonableness of the recoverable rental deposits could therefore not be expressed.

The matter was taken up with the Department in writing, but at the time of compiling this report, a reply was still outstanding.

- (f) *Theft and losses*: According to the Department, a return regarding theft and losses could not be submitted, and the extent thereof could therefore not be determined by this Office. The losses were not reported to this Office in terms of Financial Regulation 1(4).

#### (5) Security Services Special Account

The following matters warranting special mention were revealed during the audit:

(a) *Amalgamation of the various Intelligence Services*:

(i) *Bophuthatswana Internal Intelligence Service (BIIS)*:

As mentioned in paragraph 6(5)(a)(iii) on page 524 of my Report on the Accounts of the National Government for 1995-96 [RP40/1997], the activities of the BIIS prior to amalgamation were audited and the preliminary findings regarding internal control, the documentation that could not be submitted for audit purposes and the possibility of unauthorised as well as fruitless expenditure were brought to the attention of the National Intelligence Agency (NIA). However, the Office was not satisfied with the reply that was received. The most important of the unsatisfactory issues was that certain documentation had still not been submitted for audit purposes, amounts transferred to NIA had not been reconciled with the registers of the BIIS, the prosecution regarding possible fraud to the amount of R465 178 had not yet been finalised and the suspense accounts had not been cleared.

(ii) *Bophuthatswana National Security Council (BNSC)*:

As mentioned in paragraph 6(5)(a)(iii) on page 524 of my Report on the Accounts of the National Government for 1995-96 [RP40/1997], the activities of the BNSC

- (e) *Huurdeposito's, R314 728*: Gedurende die audit van huurdeposito's is gevind dat sekere huurdeposito's wat deur die Departement betaal is, nie in die algemene grootboek getoon is nie. In sekere ander gevalle is die deposito's wat reeds aan die Departement terugbetaal is steeds as verhaalbaar in die algemene grootboek getoon. 'n Ouditmening oor die redelikheid van die verhaalbare huurdeposito's kon dus nie uitgespreek word nie.

Die aangeleentheid is skriftelik met die Departement opgeneem, maar tydens die samestelling van hierdie verslag was 'n antwoord nog uitstaande.

- (f) *Diefstal en verliese*: Volgens die Departement kon 'n opgawe rakende diefstal en verliese nie voorgelê word nie en die omvang daarvan kon dus nie deur hierdie Kantoor bepaal word nie. Die verliese is nie ingevolge Finansiële Regulasie 1(4) aan hierdie Kantoor gerapporteer nie.

#### (5) Spesiale Rekening vir Veiligheidsdienste

Die volgende aangeleenthede wat spesiale vermelding verg, is gedurende die audit aan die lig gebring:

(a) *Amalgamasie van die onderskeie Intelligensiedienste*:

(i) *Bophuthatswana Binnelandse Intelligensiediens (BBID)*:

Soos vermeld in paragraaf 6(5)(a)(iii) op bladsy 524 van my Verslag oor die Rekenings van die Nasionale Regering [RP40/1997], is die bedrywighede van die BBID voor amalgamasie, geaudit en die voorlopige bevindings rakende interne beheer, die dokumentasie wat nie vir auditdoeleindes voorgelê kon word nie en die moontlikheid van ongemagtigde sowel as vrugtelose uitgawes is onder die aandag van die Nasionale Intelligensie-agentskap (NIA) gebring. Die Kantoor was egter nie tevrede met die antwoord wat ontvang is nie. Die belangrikste van die onbevredigende aangeleenthede is dat sekere dokumentasie nog nie vir auditdoeleindes voorgelê is nie, bedrae wat aan NIA oorgedra is, is nie met die registers van die BBID gerekonsilieer nie, die vervolging rakende moontlike bedrog ten bedrae van R465 178 is nog nie afgehandel nie en die afwagrekenings is nog nie vereffen nie.

(ii) *Bophuthatswana Nasionale Veiligheidsraad (BNVR)*:

Soos vermeld in paragraaf 6(5)(a)(iii) op bladsy 524 van my Verslag oor die Rekenings van die Nasionale Regering vir 1995-96 [RP40/1997], is die aktiwiteite

prior to amalgamation were audited and the audit findings were brought to the attention of NIA. No reply to the audit findings had been received at the time of writing this report. The more important audit findings were:

- Documentation could not be submitted for audit purposes.
- Funds totalling R2 962 140, as mentioned in the report of the Skweyiya Commission, had not been appropriated by the former Bophuthatswana Parliament.
- There was possible fruitless expenditure.
- A material irregularity was reported by Ernst & Young in terms of the Public Accountants' and Auditors' Act, 1991 (Act No. 80 of 1991).
- There were possible illegal payments.
- There were various cases of possible fraud.
- Problems were experienced with certain foreign transactions.
- There was a total lack of internal control.

It should be noted that, owing to ongoing investigations and court cases, some of the above aspects are considered to be sub judice.

During follow-up discussions with NIA on 15 October 1997 regarding the unsatisfactory replies by the BIIS and the BNVC, the Department undertook to submit the required documentation for audit purposes and to reply to the issues outstanding. This will be evaluated as soon as it becomes available.

(b) *Movable assets:*

As mentioned in paragraph 6(5)(a)(ii) on page 523 of my Report on the Accounts of the National Government for 1995-96 [RP40/1997], proper asset registers in respect of the former TBV countries could in most cases not be submitted for audit purposes. During discussions with the South African Secret Service (SASS) on 13 December 1996 the Department undertook to assist in tracing the asset registers in respect of the former BIIS. These registers were submitted only on 26 September 1997 and the audit thereof has not yet been completed.

Approval was subsequently granted by the Minister of Justice and Intelligence on 20 January 1998 for a condonation of the procedure followed by NIA whereby all readily iden-

van die BNVC voor amalgamasie, geouditeer en die ouditbevindinge is onder NIA se aandag gebring. Geen antwoord op die ouditbevindinge is ten tye van die opstelling van hierdie verslag ontvang nie. Die belangriker ouditbevindinge was:

- Dokumentasie kon nie vir ouditdoeleindes voorgelê word nie.
- Fondse van altesaam R2 962 140, soos vermeld in die verslag van die Skweyiya-kommissie, is nie deur die voormalige Bophuthatswana Parlement bewillig nie.
- Daar was maonlike vrugtelose uitgawes.
- 'n Wesenlike onreëlmatigheid is ingevolge die Wet op Openbare Rekenmeesters en Ouditeurs, 1991 (Wet No. 80 van 1991) deur Ernst & Young gerapporteer.
- Daar was maonlike onwettige betalings.
- Daar was verskeie gevalle van maonlike bedrog.
- Probleme is met sekere buitelandse transaksies ondervind.
- Daar was 'n totale gebrek aan interne beheer.

Daar moet kennis geneem word dat sommige van die bogenoemde gevalle vanweë voortgesette ondersoeke en hofsake, as sub judice beskou word.

Gedurende opvolgbesprekings met NIA op 15 Oktober 1997 rakende die onbevredigende antwoorde deur die BBID en die BNVC, het die Departement onderneem om die vereiste dokumentasie vir ouditdoeleindes voor te lê en om op die uitstaande aangeleenthede te antwoord. Dit sal geëvalueer word sodra dit beskikbaar is.

(b) *Roerende bates:*

Soos genoem in paragraaf 6(5)(a)(ii) op bladsy 523 van my Verslag oor die Rekenings van die Nasionale Regering vir 1995-96 [RP40/1997], kon behoorlike batreësters met betrekking tot die voormalige TBV-state in die meeste gevalle nie vir ouditdoeleindes voorgelê word nie. Tydens besprekings met die Suid-Afrikaanse Geheime Diens (SAGD) op 13 Desember 1996, het die Departement onderneem om te help met die opspoor van die batreësters met betrekking tot die voormalige BBID. Hierdie registers is eers op 26 September 1997 voorgelê en die ouditering daarvan is nog nie afgehandel nie.

Goedkeuring is deur die Minister van Justisie en Intelligensie op 20 Januarie 1998 toegestaan vir die kondonering van die prosedure wat NIA gevolg het waardeur alle maklik identifiseerbare

tifiable assets were taken on charge in the joint stock ledger for NIA and SASS without their having been verified against the stock registers of the former TBV intelligence structures.

The Director-General of NIA approved the partial exemption of stocktaking for the 1996-97 financial year owing to the completion of the new Head Office building and the moving of all the relevant divisions. A similar exemption was also granted in the previous year.

Furthermore, owing to the fact that control officers had not been trained fully and that the current control system is outdated, the Director-General of SASS – for the second consecutive financial year – approved an exemption from stocktaking for the 1996-97 financial year.

During audits performed at regional offices of NIA and foreign stations of SASS as well as on stock and equipment, it was found that the control of movable assets and the stock ledgers was not adequate to provide sufficient audit assurance of the proper management of assets and asset control.

Owing to the reasons stated above, no audit assurance can be furnished as to the fairness of the stock records as at 31 March 1997.

(c) *Medical Fund:*

As mentioned in paragraph 6(5)(c) on page 525 of my Report on the Accounts of the National Government for 1995-96 [RP40/1997], the personnel of NIA and SASS are all members of the medical fund, which is administered by NIA. The total medical expenditure (excluding administration costs) for the 1996-97 financial year increased to 4,43% of the total expenditure, compared with 3,95% for the 1995-96 financial year.

The total members and dependants of the fund remained basically the same while the total medical expenditure increased by 27,1%. This calculation includes R2 770 233, which was not paid during March 1997 owing to problems with communication links, but excludes monthly contributions by NIA and SASS members.

In the above report [RP40/1997] it was also mentioned that NIA was engaged in establishing a medical centre for use by its members. The medical centre was completed during the year under review at a cost of R3 913 199 and provides for accommodation of existing administrative personnel as well as medical services.

bates in die gesamentlike voorraadgrootboek vir NIA en SAGD op las geneem is, sonder dat dit teen die voorraadregisters van die voormalige TBV-intelligensiestrukture bevestig is.

Die Direkteur-generaal van NIA het die gedeeltelike vrystelling van voorraadopnames vir die boekjaar 1996-97 goedgekeur weens die voltooiing van die nuwe Hoofkantoorgebou en die verskuiwing van al die betrokke afdelings. 'n Soortgelyke vrystelling is ook in die vorige jaar toegestaan.

Verder, weens die feit dat die beheerbeamptes nie ten volle opgelei was nie en dat die huidige beheerstelsel verouderd is, het die Direkteur-generaal van SAGD vir die tweede agtereenvolgende jaar vrystelling van voorraadopnames vir die boekjaar 1996-97 goedgekeur.

Gedurende oudits wat by streekantore van NIA en buitelandse stasies van SAGD, asook op voorraad en toerusting, uitgevoer is, is gevind dat die beheer oor roerende bates en die voorraadgrootboeke nie voldoende was om genoegsame ouditversekering van die behoorlike bestuur van bates en batebeheer te voorsien nie.

Vanweë die redes hierbo genoem kan geen ouditversekering oor die redelikheid van die voorraadrekords soos op 31 Maart 1997 verskaf word nie.

(c) *Mediese fonds:*

Soos vermeld in paragraaf 6(5)(c) op bladsy 525 van my Verslag oor die Rekenings van die Nasionale Regering vir 1995-96 [RP40/1997], is die personeel van NIA en SAGD almal lede van die mediese fonds wat deur NIA geadministreer word. Die totale mediese uitgawes (uitsluitend administrasiekoste) vir die boekjaar 1996-97 het tot 4,43% van die totale uitgawes gestyg, vergeleke met 3,95% vir die boekjaar 1995-96.

Die aantal lede en afhanklikes van die fonds het basies dieselfde gebly, terwyl die totale mediese uitgawes met 27,1% toegeneem het. Hierdie berekening sluit R2 770 233 in, wat weens probleme met kommunikasieskakeling nie gedurende Maart 1997 betaal is nie, maar sluit maandelik bydraes deur NIA- en SAGD-lede uit.

In die bogenoemde verslag [RP40/1997] is ook genoem dat NIA besig was met die daarstelling van 'n mediese sentrum vir gebruik deur sy lede. Die mediese sentrum is gedurende die jaar onder oorsig teen 'n koste van R3 913 199 voltooi en maak voorsiening vir akkomodasie van die bestaande adminis-

These services were provided at the previous accommodation but the amount also included additional services such as a theatre, recovery room and sick bay for patients amounting to R812 134.

- (d) *Purchase and utilization of an asset - R5 255 969:* As indicated in paragraph 6(5)(d) on page 525 of my Report on the Accounts of the National Government for 1995-96 [RP40/1997], insufficient evidence of a proper, documented viability study and the actual underutilization of the asset resulted in a special committee being appointed to investigate the matter. The findings were forwarded to the Director-General of SASS who instructed that the shortcomings should be addressed immediately. A structure has since been put into place to ensure the better utilization of the asset. The existing procedures have been revised but not yet approved by the Director-General. The effectiveness of these procedures will be evaluated by this Office during the 1997-98 financial year. However, SASS is of the opinion that the utilization of the asset cannot be measured only in economical terms but considers that it has proved to be invaluable in the execution of SASS functions.

- (e) *Transfer costs:* The following disturbing facts reported by the Internal Audit Division of NIA were referred to in paragraph 6(5)(e) on page 525 of my Report on the Accounts of the National Government for 1995-96 [RP40/1997]:

- The cost of furnished accommodation hired to accommodate members appeared excessive. Substantial amounts in respect of rentals were apparently overpaid. Furthermore, members of NIA and SASS were in certain instances the undisclosed owners of properties rented to NIA.
- Subsistence allowances were paid to members and their households after they had occupied permanent accommodation.
- Transfer costs were approved without having been checked.

NIA indicated that the matter is still the subject of a full investigation.

Furthermore, after discussions with NIA, the following aspects on which NIA and the Office could not agree were taken up in a management letter with NIA on 21 August 1997:

tratiwe personeel asook mediese dienste. Hierdie dienste was ook voorsien by die vorige akkomodasie maar sluit die bedrag ook 'n bedrag van R812 134 in vir addisionele dienste soos 'n teater, herstellkamer en siekeboeg vir pasiënte.

- (d) *Aankoop en benutting van 'n bate - R5 255 969:* Soos aangedui in paragraaf 6(5)(d) op bladsy 525 van my Verslag oor die Rekenings van die Nasionale Regering vir 1995-96 [RP40/1997], het ontoereikende bewyse van 'n behoorlike, gedokumenteerde lewensvatbaarheidstudie en, inderwaarheid, die werklike onderbenutting van die bate gelei tot die aanstelling van 'n spesiale komitee om die aangeleentheid te ondersoek. Die bevindinge is na die Direkteurgeneraal van SAGD gestuur wat beveel het dat die tekortkominge onmiddellik aangespreek moet word. 'n Struktuur om die beter benutting van die bate te verseker, is sedertdien daargestel. Die bestaande prosedures is hersien, maar is nog nie deur die Direkteurgeneraal goedgekeur nie. Die effektiwiteit van hierdie prosedures sal gedurende die boekjaar 1997-98 deur hierdie Kantoor geëvalueer word. SAGD is egter van mening dat die benutting van die bate nie slegs in ekonomiese terme gemeet kan word nie, maar beskou dit van onskatbare waarde in die uitvoering van SAGD-funksies.

- (e) *Oordragkoste:* Die volgende onrusbarende feite wat deur die Interne Ouditafdeling van NIA gerapporteer is, is in paragraaf 6(5)(e) op bladsy 525 van my Verslag oor die Rekenings van die Nasionale Regering vir 1995-96 [RP40/1997] vermeld:

- Die koste van gemeubileerde akkomodasie, wat gehuur is om lede te akkommodeer, blyk buitensporig te wees. Groot bedrae met betrekking tot huurgeld is blykbaar te veel betaal. Verder is lede van NIA en SAGD in sekere gevalle die onvermelde eienaars van eiendomme wat aan NIA verhuur is.
- Verblyfstoelaes is aan lede en hulle huishoudings betaal nadat hulle permanente akkomodasie betrek het.
- Oordragkoste is goedgekeur sonder dat dit nagegaan is.

NIA het aangedui dat die aangeleentheid steeds die onderwerp van 'n volledige ondersoek is.

Die volgende aspekte waarop NIA en die Kantoor na samesprekings nie kon ooreenstem nie, is op 21 Augustus 1997 in 'n bestuursbrief met NIA opgeneem:

- Abnormal living expenditure is no longer payable to a person after he/she has moved into new accommodation, except where a portion of his/her household remains behind to complete the rest of the school year, and only if this is duly motivated and approved.
- The rental of furnished apartments is valid only from the approved dates, and any payments made before the approved dates should be regarded as unauthorised expenditure.
- Any approval of expenditure granted at an incorrect level should be approved by the Minister, and in the absence of any provision to grant *ex post facto* approval, any such expenditure should be regarded as unauthorised expenditure.
- If the payments in excess of the actual abnormal costs are not to be recovered, the payments should be regarded as normal taxable income, which should be reported to the Receiver of Revenue.
- It should also be confirmed that the Receiver of Revenue has been informed about payments made to staff members and other individuals for accommodation rented from them.

The comments of NIA on this management letter had not yet been received at the time of writing this report.

(f) *Budget process:*

It would appear from the level of overall savings of 23% in respect of NIA and 14% in respect of SASS, compared with the total amount voted for 1996-97 and the explanations given for the savings on the individual subheadings, that the budgets overstated actual requirements.

According to NIA the savings are mainly owing to:

- overprovision on certain subheadings;
- the rationalisation process;
- the delay in the appointment of members on the establishment of the Inspector-General, the Ministry and Picoc Offices;
- the uncertainty surrounding the outcome of the Ministerial Intelligence Review Commission of Inquiry;
- delays regarding the completion of the new Head Office; and
- other delays with the payment of accounts.

- Abnormale lewensuitgawes is nie meer betaalbaar aan 'n persoon nadat hy/sy nuwe akkomodasie betrek het nie, behalwe waar 'n gedeelte van sy/haar huishouding agterbly om die res van die skooljaar te voltooi en dan slegs as dit behoorlik gemotiveer en goedgekeur is.
- Die huurgeld van gemeubileerde wooneenede is slegs vanaf die goedgekeurde datums geldig en enige betalings wat voor die goedgekeurde datums gemaak is, moet as ongemagtigde uitgawes beskou word.
- Enige goedkeuring van uitgawes wat op foutiewe vlak toegestaan is, moet deur die Minister goedgekeur word en in die afwesigheid van enige bepaling om *ex post facto* goedkeuring te verleen, moet enige sodanige uitgawes as ongemagtigde uitgawes beskou word.
- As die betalings wat die werklike abnormale koste oorskry, nie verhaal moet word nie, moet die betalings as normale belasbare inkomste beskou word, wat aan die Ontvanger van Inkomste gerapporteer moet word.
- Dit moet bevestig word dat die Ontvanger van Inkomste ingelig is oor betalings wat aan personeellede en ander individue gemaak is vir akkomodasie wat van hulle gehuur is.

Die kommentaar van NIA op hierdie bestuursbrief was ten tye van die skryf van hierdie verslag nog nie ontvang nie.

(f) *Begrotingsproses:*

Dit blyk uit die vlak van algemene besparings van 23% met betrekking tot NIA en 14% met betrekking tot SAGD, vergeleke met die totale bedrag bewillig vir 1996-97 en die verduidelikings wat vir die besparings op die individuele subhoofde gegee is, dat die begrotings werklike vereistes oorstateer.

Volgens NIA is die besparings hoofsaaklik vanweë:

- oorvoorsiening op sekere subhoofde;
- die rasionalisasieproses;
- die vertraging in die aanstelling van lede op die personeelsterkte van die Inspekteur-generaal, die Ministerie en Picoc-kantore;
- die onsekerheid rondom die uitkoms van die Ministeriële Intelligensie Hersieningskommissie van Ondersoek;
- vertraging in die finalisering van die nuwe Hoofkantoor; en
- ander vertraging met die betaling van rekenings.

The savings in respect of SASS are mainly owing to the uncertainty regarding the outcome of the Ministerial Review Commission of Inquiry, the resettlement of SASS at the new Head Office and the overbudgeting on certain subheads.

The savings for 1996-97 and the income received have been retained by NIA and SASS.

The processes according to which the 1997-98 budgets were compiled have been audited. In the case of SASS, the total budget for 1997-98 had increased by 28,6% compared with the budget for 1996-97.

(g) *New Head Office complex:*

In paragraph 6(5)(g) on page 527 of my Report on the Accounts of the National Government for 1995-96 [RP40/1997], NIA indicated that the anticipated date of completion of the new Head Office was 11 April 1997. However, NIA indicated that the last section of the new Head Office complex was handed over on 30 May 1997.

During the year under review, progress payments amounting to R45 367 498 were paid in respect of the erection of the complex, bringing the total cost of construction since commencement of this project to R141 791 473 as at 31 March 1997.

The element of fruitless expenditure relating to the redrafting of the original plans as referred to previously can be determined only after the completion of the project during the 1997-98 financial year.

(h) *Fruitless expenditure, rentals of R334 282:*

During the year under review, R334 282 was paid for the rent of buildings that had been vacated without being utilized subsequently, and such expenditure is thus regarded as fruitless.

A further amount of R1 025 266 was paid during the 1997-98 financial year, which brings the total amount of fruitless expenditure in this regard to R1 359 548.

According to NIA, the Ministry, NIA and the Department of Public Works applied their best efforts to limit the fruitless expenditure.

(i) *Appointment of Inspectors-General:*

As mentioned in paragraph 6(5)(h) on page 527 of my Report on the Accounts of the National Government for 1995-96 [RP40/1997], section 7 of the Intelligence Services Control Act, 1994, (Act No. 40 of

Die besparings met betrekking tot SAGD is hoofsaaklik vanweë die onsekerheid rakende die uitkoms van die Ministeriële Hersieningskommissie van Ondersoek, die hervestiging van SAGD by die nuwe Hoofkantoor en die oorbegroting op sekere subhoofde.

Die besparings vir 1996-97 en die inkomste ontvang is deur NIA en SAGD teruggehou.

Die prosesse waarvolgens die 1997-98 begrotings opgestel is, is geouditeer. In die geval van SAGD het die totale begroting vir 1997-98 met 28,6% gestyg vergeleke met die begroting vir 1996-97.

(g) *Nuwe Hoofkantoorkompleks:*

In paragraaf 6(5)(g) op bladsy 527 van my Verslag oor die Rekenings van die Nasionale Regering vir 1995-96 [RP40/1997], het NIA aangedui dat die beoogde afhandelingsdatum van die nuwe Hoofkantoorkompleks 11 April 1997 was. NIA het egter aangedui dat die laaste afdeling van die nuwe Hoofkantoorkompleks op 30 Mei 1997 oorhandig is.

Gedurende die jaar onder oorsig is vorderingsbetalings ten bedrae van R45 367 498 met betrekking tot die oprigting van die kompleks gemaak, wat die totale koste van konstruksie sedert die aanvang van hierdie projek op R141 791 473 soos op 31 Maart 1997 te staan gebring het.

Die element van vrugtelose uitgawes rakende die heropstelling van die oorspronklike planne soos voorheen vermeld, kan eers na die afhandeling van die projek gedurende die boekjaar 1997-98 bepaal word.

(h) *Vrugtelose uitgawes, huurgelde van R334 282:*

Gedurende die jaar onder oorsig is R334 282 betaal aan die huur van geboue wat ontruim is sonder dat dit daarna benut is en sodanige uitgawes word dus as vrugtelos beskou.

'n Verdere bedrag van R1 025 266 is gedurende die boekjaar 1997-98 betaal, wat die totale bedrag van vrugtelose uitgawes in hierdie verband op R1 359 548 te staan bring.

Volgens NIA, het die Ministerie, NIA en die Departement van Openbare Werke hul bes doen om die vrugtelose uitgawes te beperk.

(i) *Aanstelling van Inspekteurs-generaal:*

Soos genoem in paragraaf 6(5)(h) op bladsy 527 van my Verslag oor die Rekenings van die Nasionale Regering vir 1995-96 [RP40/1997], maak artikel 7 van die Wet op Beheer oor Intelligensiedienste, 1994 (Wet No.



1994) makes provision for the appointment of Inspectors-General. Although the President approved the appointment of an Inspector-General with effect from 1 June 1996, the successful candidate for certain reasons was not in a position to accept the position to which the President had appointed him.

During a meeting with the Minister, Deputy Minister and senior personnel of NIA and SASS and a representative of the National Intelligence Co-ordinating Committee, various matters were constructively discussed and amongst others the Minister indicated that the Joint Standing Committee on Intelligence is responsible for the process to appoint the Inspector-General and that they will be initiating the appointment as soon as possible.

The fact that the posts of Inspectors-General have now been vacant for an extended period of time may lead to deficient control of the functioning of the Intelligence Services.

(i) *Ministerial Intelligence Review Commission (Pikoli Commission):*

As mentioned in paragraph 6(5)(i) on page 527 of my Report on the Accounts of the National Government for 1995-96 [RP40/1997], a performance audit was commenced at NIA and SASS. Owing to the appointment of the Pikoli Commission it was decided not to continue with the performance audit. Certain aspects of concern that came to the fore during the audit were, however, the possible duplication of functions and the ineffective utilisation of resources. During the final Audit Steering Committee meeting, NIA and SASS indicated that most of these findings had been addressed by the Pikoli Commission.

In reply to a request of this Office for the Report of the Pikoli Commission to be made available for audit purposes, the Deputy Minister of Intelligence made available the Ministerial Report on the Review Commission as revised.

Owing to the fact that the Ministerial Report refers to specific recommendations of the Pikoli Commission throughout, and in order to obtain a full picture for audit purposes, this Office requested a copy of the Report of the Pikoli Commission from the Ministry on 16 May 1997. A copy of the said Report was received on 15 January 1998 and will be evaluated in due course.

During the meeting mentioned in paragraph (i) above, the Minister explained that the delay in submitting the report was not intentional.

40 van 1994), voorsiening vir die aanstelling van Inspekteurs-generaal. Alhoewel die President die aanstelling van 'n Inspekteur-generaal met ingang van 1 Junie 1996 goedgekeur het, was die suksesvolle kandidaat vir sekere redes nie in 'n posisie om die posisie te aanvaar waarin die President hom aangestel het nie.

Gedurende 'n vergadering met die Minister, Adjunk-minister en senior lede van NIA en SAGD en 'n verteenwoordiger van die Nasionale Intelligensie Koördinerende Komitee, is verskeie aangeleenthede konstruktief bespreek en het die Minister onder andere aangedui dat die Gesamentlike Staande Komitee vir Intelligensie verantwoordelik is vir die aanstelling van 'n Inspekteur-generaal en dat hulle die aanstelling so gou as moontlik sal insteier.

Die feit dat die poste van Inspekteurs-generaal nou vir 'n lang tydperk vakant was, mag lei tot ontoereikende beheer oor die funksionering van die Intelligensiedienste.

(i) *Ministeriële Intelligensie Hersieningskommissie (Pikoli-kommissie):*

Soos genoem in paragraaf 6(5)(i) op bladsy 527 van my Verslag oor die Rekenings van die Nasionale Regering vir 1995-96 [RP 40/1997] is 'n prestasie-oudit by NIA en SAGD begin. Vanweë die aanstelling van die Pikoli-kommissie is besluit om nie met die prestasie-oudit voort te gaan nie. Sekere kommerwekkende aspekte wat gedurende die oudit na vore gekom het, was egter die moontlike duplisering van funksies en die oneffektiewe benutting van hulpbronne. Gedurende die finale Ouditreëlingskomiteevergadering het NIA en SAGD aangedui dat die meeste van hierdie bevindinge deur die Pikoli-kommissie aangespreek is.

In antwoord op 'n navraag van hierdie Kantoor dat die Verslag van die Pikoli-kommissie vir ouditdoeleindes beskikbaar gestel moet word, het die Adjunkminister van Intelligensie die Ministeriële Verslag oor die Hersieningskommissie, soos gewysig, beskikbaar gestel.

Vanweë die feit dat die Ministeriële Verslag deurgaans na bepaalde aanbevelings van die Pikoli-kommissie verwys en ten einde 'n volledige prentjie vir ouditdoeleindes te verkry, het hierdie Kantoor op 16 Mei 1997 'n kopie van die Verslag van die Pikoli-kommissie van die Ministerie aangevra. 'n Kopie van die genoemde Verslag was op 15 Januarie 1998 ontvang en sal mettertyd geëvalueer word.

Gedurende die vergadering vermeld in paragraaf (i) hierbo, het die Minister verduidelik dat die vertraging van die verslag nie opsetlik was nie.

(k) *Security and internal control:*  
Cases of fraud, possible fraud and theft came to the attention of this Office. In a management letter it was indicated to NIA that it would appear as if security and internal control were not satisfactory.

Furthermore, NIA was requested to furnish details about all the cases of fraud and theft of which it was aware, boards of inquiry that were held, cases that had been handed over to the South African Police Service for further investigation and the names of the members who had been suspended.

In reply NIA indicated that since 1995, 37 cases came under investigation including the two cases regarding the theft of the eleven vehicles and computer equipment of more than R1 000 000 which are under special investigation. Furthermore, NIA indicated that, due to investigations and boards of enquiry which are not completed yet, it is impossible to determine the exact or estimated amount applicable in the cases of alleged fraud and theft.

Given the environment and the security measures that should exist, the occurrence of these incidents, especially the two cases mentioned above, are cause for grave concern.

A reply had not been received at the time of compiling this report.

(l) *Collateral investments and guarantees for housing loans to members of SASS - R305 595:*

(i) During the audit of the statement of collateral investments for housing loans to certain members of SASS, it was found that 11 of the 15 collateral investments reflected on the statement – amounting to R232 655 – had lapsed and that the money had not been recovered. The collateral investments and amounts are as follows:

(k) *Sekerheid en interne beheer:*

Gevalle van bedrog, moontlike bedrog en diefstal het onder die aandag van hierdie Kantoor gekom. In 'n bestuursbrief aan NIA is aangedui dat dit wil voorkom of sekerheid en interne beheer nie na wense is nie.

NIA is verder versoek om besonderhede te verskaf oor al die gevalle van bedrog en diefstal waarvan hulle bewus is, rade van ondersoek wat gehou is, gevalle wat vir verdere ondersoek aan die Suid-Afrikaanse Polisiediens oorhandig is en die name van die lede wat geskors is.

NIA het in antwoord aangedui dat sedert 1995, 37 gevalle ondersoek is, insluitende twee sake van diefstal van elf voertuie en rekenaar-toerusting van meer as R1 000 000 wat spesiale ondersoek is. Verder het NIA aangedui dat te wyte aan ondersoeke en rade van ondersoeke wat nog nie afgehandel is nie, dit onmoontlik is om te bepaal wat die presiese of geraamde bedrag van toepassing is in sake van beweerde bedrog en diefstal.

Gegewe die omgewing en die veiligheidsmaatreëls wat behoort te bestaan, is die voorkoms van hierdie gevalle, veral die bogenoemde twee gevalle, 'n ernstige bron van kommer.

Ten tye van die samestelling van hierdie verslag was 'n antwoord nog nie ontvang nie.

(l) *Kollaterale beleggings en waarborge vir behuisingslenings aan lede van SAGD - R305 595:*

(i) Gedurende die audit van die staat van kollaterale beleggings vir behuisingslenings aan sekere lede van SAGD is gevind dat 11 van die 15 kollaterale beleggings wat in die staat weerspieël is – ten bedrae van R232 655 – verval het en dat die geld nie verhaal is nie. Die kollaterale beleggings en bedrae is soos volg:

FINAN		R
1993-94	1	10 550
1994-95	3	75 905*
1995-96	2	34 600
1996-97	5	111 600
<i>Total/Totaal</i>		<b>232 655</b>

\*Includes an amount of R17 200, which was paid back but was not recorded in the financial records/

\*Sluit 'n bedrag van R17 200 in wat terugbetaal is, maar nie in die finansiële rekords te boek gestel is nie.

(ii) At the time of compiling this report an accurate statement regarding the guarantee scheme for housing loans to members of SASS had not yet been submitted for audit purposes.

(m) *Year 2000: Effects on computer applications:*  
NIA indicated that they were in the process of replacing all the current administrative systems with a system that is year 2000 compliant.

Other software packages are also under investigation and, if the function is not supported by the above-mentioned system, a version that is year 2000 compliant will have to be implemented.

Furthermore, the installation and implementation of a new financial system is almost at a stage of running parallel with the old system. However, the version of the new system bought during July 1996 will require another upgrade before it is fully year 2000 compliant.

(n) *Regional offices:*

Nine regional offices of NIA were audited during the year under review. The findings were taken up with NIA and include the following:

- At three of the offices the standing advances did not reconcile with the financial records.
- At five of the offices the control of temporary advances to members was inadequate.
- At five of the offices it was found that the financial records had not been checked, and at two of these offices it was found that not all the transactions had been recorded.

(o) *Audit committees:*

In terms of Financial Regulation 1(1)(m) as promulgated in Government Gazette No. 17520, dated 1 November 1996, the accounting officer is responsible for "the establishment of an effective internal audit function and an audit committee to monitor the scope and effectiveness of the internal audit function".

During the year under review effective audit committees were not in operation at either NIA or SASS.

On 17 October 1997, NIA informed this Office that an audit committee had been established and is functioning.

SASS instituted an audit committee which met once during the year under review. SASS appointed a firm of consultants who, amongst

(ii) Ten tye van die samestelling van hierdie verslag was 'n akkurate staat rakende die waarborgskema vir behuisingslenings aan lede van SAGD nog nie vir auditdoeleindes voorgelê nie.

(m) *Jaar 2000: Uitwerkings op rekenaartoeepassings:*  
NIA het aangedui dat hulle besig is met die verandering van al die huidige administratiewe stelsels met 'n stelsel wat jaar 2000-aanpasbaar is.

Ander programmatuurpakkette word ook ondersoek en as die funksie nie deur die bogenoemde stelsel gesteun word nie, sal 'n weergawe wat jaar 2000-aanpasbaar is, geïmplementeer word.

Verder is die installing en implementering van 'n nuwe finansiële stelsel amper gereed om parallel met die huidige stelsel gebruik te word. Die weergawe van die nuwe stelsel wat gedurende Julie 1996 gekoop is, sal egter nog 'n opgradering vereis voordat dit ten volle jaar 2000-aanpasbaar is.

(n) *Streekkantore:*

Nege streekkantore van NIA is gedurende die jaar onder oorsig geouditeer. Die bevindinge is met NIA opgeneem en sluit die volgende in:

- By drie van die kantore het die staande voorskotte nie met die finansiële rekords gerekonsilieer nie.
- By vyf van die kantore was die beheer oor tydelike voorskotte aan lede onvoldoende.
- By vyf van die kantore is gevind dat die finansiële rekords nie nagegaan is nie en by twee van hierdie kantore is gevind dat nie al die transaksies te boek gestel is nie.

(o) *Ouditkomitees:*

Ingevolge die Finansiële Regulasie 1(1)(m) soos geproklameer in Staatskoerant No. 17520, gedateer 1 November 1996, is die rekenpligtige beaampte verantwoordelik vir "the establishment of an effective internal audit function and an audit committee to monitor the scope and effectiveness of the internal audit function".

Gedurende die jaar onder oorsig was effektiewe ouditkomitees nie by NIA of SAGD in werking nie.

NIA het hierdie Kantoor op 17 Oktober 1997 ingelig dat 'n ouditkomitee daargestel is, en funksioneer.

SAGD het 'n ouditkomitee ingestel wat eenkeer gedurende die jaar onder oorsig vergader het. SAGD het 'n firma konsultante aangestel wat onder

others, submit proposals with regard to the composition and functioning of the committee. The report was submitted during April 1997 and at the time of compiling this report the recommendations were still under consideration.

**(6) Department of Foreign Affairs**

As mentioned in paragraph 6(6) on page 528 of my Report on the Accounts of the National Government for 1995-96 [RP40/1997], the Department has concluded the process of closing down certain foreign structures. An amount of R9 137 923 was paid during the year under review for this purpose.

**3. APPRECIATION**

A word of sincere thanks and appreciation goes to my staff responsible for the audit of the secret services related accounts for the hard work that they have once again done during the past year. I would also like to record my gratitude for the support of the responsible officers of NIA, SASS, the South African Police Service and the Department of Foreign Affairs. Without their co-operation my task would have been impossible.

Pretoria, 17/12/1997.

andere voorstelle voorgelê het in verband met die samestelling en funksionering van die komitee. Die verslag is gedurende April 1997 voorgelê en tydens die samestelling van hierdie verslag was die aanbevelings nog onder oorweging.

**(6) Departement van Buitelandse Sake**

Soos genoem in paragraaf 6(6) op bladsy 528 van my Verslag oor die Rekenings van die Nasionale Regering vir 1995-96 [RP40/1997], het die Departement die proses van die sluiting van sekere buitelandse strukture afgehandel. 'n Bedrag van R9 137 923 is gedurende die jaar onder oorsig vir hierdie doel betaal.

**3. WAARDERING**

'n Woord van opregte dank en waardering gaan aan my personeellede wat verantwoordelik is vir die ouditering van die geheime dienste verwante rekenings, vir die harde werk wat hulle weereens gedurende die afgelope jaar gedoen het. Ek wil ook graag my dank boekstaaf vir die steun deur die verantwoordelike beamptes van NIA, SAGD, die Suid-Afrikaanse Polisiediens en die Departement van Buitelandse Sake en hulle personeel. Sonder hulle samewerking sou my taak onmoontlik gewees het.



**H.E. KLUEVER,**  
*Auditor General. Ouditeur-generaal.*