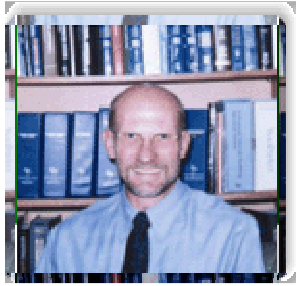


Foreword by the Executive President of SAIGA, Prof. Dieter Gloeck



The government's declared fight against fraud and its commitment to a transparent and accountable administration is well known. The Public Finance Management Act (PFMA) has added a new dimension to the management of the public finances.

However, in order to deal effectively and efficiently with fraud, reliable and relevant information is needed to design anti-fraud strategies and Fraud Prevention Plans.

Current information on fraud is almost exclusively based on the experiences of the private sector. Due to the unique risks and nature of the public sector, the information pertaining to the private sector is of limited use in the public sector.

In view of the above, the Southern African Institute of Government Auditors (SAIGA) decided to contribute towards the prioritized matter of fighting fraud by undertaking a Public Sector Fraud Survey. The results of the survey are intended to assist National Treasury with the implementation of the PFMA and to enable public sector entities to use the information gathered to design effective and efficient anti-fraud strategies and plans.

My sincere appreciation to all persons who have contributed towards making this project possible. The most difficult aspect of this project was undoubtedly to select which of the almost unlimited number of graphs should be published in this report and to formulate the findings. I have no doubt that the wealth of information presented, will serve the public sector well in strengthening their systems and improving accountability and governance aspects.

The Southern African Institute of Government Auditors received numerous offers for sponsorship of this research project and the resultant research report. We do, however, believe that the information and the findings not only have to reflect absolute independence but that SAIGA also has to be seen and perceived to be independent. Consequently, no sponsor's name is therefore associated with the project – it is completely self-funded and independent.

This project focuses on an "uncomfortable" theme to all: fraud. By its very definition, fraud is a negative and destructive phenomenon and a report about fraud can easily be labeled as having a similar effect. Great care has therefore been taken to present the information as objectively, yet as straightforward as possible. Please do not shoot the messenger if the message is not what you expected it to be.

I trust that the reader will, after reading, studying and considering the report in its totality, be also captured by the many positive aspects which flow from it. Ultimately, this project tell us more about the heartbeat of our nation, the very fabric of our South African society.

Having lead the research team and being closely involved in very aspect of this research project, I urge everyone to recognize the tremendous opportunities which every citizen and public sector managers in particular, can seize in order to make a difference – to serve their country – to build this great nation.

Dieter Gloeck
June 2002