

TO: ALL MEDIA
DATE: 07 AUGUST 2009
EMBARGO: NONE

**THE KWAZULU-NATAL DEPARTMENT OF HEALTH CLOSES DOWN ON ALLEGED
"FRAUDSTERS" WHO EMBEZZLED MONIES AIMED FOR TERMINALLY ILL PATIENTS**

The Department of Health has uncovered fraud at a hospice in Durban (Pinetown) run by a pastoral organization; the Dream Centre.

The Department of Health had contracts with three Step-down Care Centres funded through the Global Fund since 2004. These three facilities, namely Dream Centre, Ethembeni Care Centre and Genesis Care Centre provide Step-down Care services to patients. The contract for Dream Centre was initially signed through the Legal Department in 2004, commencing 1st April 2004 and has been renewed annually up until 31st March 2009. The funding from The Global Fund ended on the 31st December 2008 when the grant term ended. The Department of Health did not renew the contract for the 2009/2010 financial year.

According to the Service Level Agreement signed between the Department of Health and the Dream Centre, the Centre was to be reimbursed specifically for operational activities, at a variable monthly amount based on the day care status of the sub-recipient at a rate of R210.00 per patient per day. The facility had a total of 120 beds. Payments were processed retroactively on submission of invoices. The monthly reports and the invoices were forwarded to the department for verification and once satisfied with the reports, the invoices were then forwarded for payment.

The department was informed of alleged fraud by some directors of the Dream Centre. The matter was forwarded to our Audit and Risk Management Services for further investigation. The Audit and Risk Management team conducted an investigation and they identified some maladministration and irregularities in the management of funds by the Dream Centre. A forensic team (Prize, Waterhouse & Coopers) was appointed by the Department to conduct a forensic investigation and with the aim of instituting criminal charges against those fingered by the investigations. It was also discovered that the building was up for auction and the directors were planning to immigrate to Canada.

Yesterday, three directors were appeared in the Durban's Commercial Crimes Court on charges of fraud and are out on bail. It is our hope that justice will be served and where crime was committed; the money will be reimbursed to the department in order to help health care delivery to 88% of the people of KwaZulu-Natal who depend on public health care.

ENDS
ISSUED BY:

Department of Health: KwaZulu-Natal