

**Media Statement: A Company that defrauded the KZN Department of Health
R20 million snatched and appears in court**

**TO: ALL MEDIA
DATE: 15 NOVEMBER 2010
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Today, a service provider who colluded with employees of the Department of Health appeared in the Durban's Commercial Crimes Court in connection with charges of fraud and corruption estimated at around R 20 million.

It is alleged that the service provider who is contracted by the department to provide cleaning and security services to various hospitals; colluded with government employees to make fraudulent claims for work that was not done and got paid to the tune of more than R700 000. When confronted with the allegations and asked to name his accomplices, he refused and was arrested on Friday evening by the South African Police Service (SAPS), Commercial Crimes Unit. The department and the police are investigating fraud of around R 20 million which is suspected to have been paid to him.

The Head of Department, Dr Sibongile Zungu believes; *"Corruption has a devastating effect on poor people - especially corruption in the public health service. Corruption costs the government millions every year, money that could have been spent on delivering health services. Where resources are scarce and many people need those resources, corruption can often set in. We hope to make significant strides in reducing fraud and corruption risks through rigorous preventive measures that we are implementing and others that we will announce in due course."*

Last week Thursday, the department presented a report to the Finance Portfolio Committee at the KwaZulu-Natal Legislature where it reported that there are a number (24) of high priority cases that are currently under investigation that are estimated to be more than R1 billion. The department's Chief Financial Officer, Mr. Ndoda Biyela, told the portfolio committee that; *"These range from Human resource practice irregularity, Supply Chain Management, Qualifications and Overtime Fraud, Corruption, Nepotism and misconduct and negligence. There are cases that involve multimillion rand transactions."*

The department has, since August last year (2009), been involved in an effort to turn the financial situation around following over expenditures that ran into R2 billion in previous financial years with the implementation of the Cabinet's financial turnaround strategy, The Fiscal Adjustment Plan. An interdepartmental task team was set up and is yielding positive results. These include significant financial stability and even savings in some programmes due to forced cost containment measures. The department is projecting to stay within budget at the end of the financial year and it attributed this to major changes in financial management and its fight against corruption and fraud.

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**ISSUED BY:
CORPORATE COMMUNICATION
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