



REPUBLIC OF SOUTH AFRICA

KEYNOTE ADDRESS

BY

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MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION

**LIFESTYLE AUDIT INDABA: “BUILDING AN ETHICAL PUBLIC SERVICE
THROUGH LIFESTYLE AUDITS”**

17-18 MARCH 2022

PROTOCOLS

Deputy Minister for the Public Service and Administration: Dr Chana

Pilane-Majake,

Director-Generals

Heads of Law enforcement agencies and representatives

Head of the Anti-Corruption Task Team

Chair and Deputy Chair of the National Anti-Corruption Strategy Steering Committee

Representatives of the United Nations Office on Drugs and Crime
Regional Officer for Southern Africa

Representatives of the World Bank

Chairperson and Deputy Chairperson of the National Anti-Corruption Strategy Steering Committee

Esteemed Ethics Officers

Corruption undermines democracy and the rule of law, it leads to violations of human rights, distorts markets, erodes the quality of life and allows organized crime, terrorism and other threats to human security to flourish. While both developing and developed countries are battling with this scourge, empirical evidence suggests to us that corruption hurts everyone, but in particular, the poorest of the poor and the youth!

It is for this reason that the South African government remains steadfast in its commitment to eradicate corruption. Our government has put several programmes in place for this purpose. These programmes are directed by a National Development Plan, aimed to reduce the levels of corruption by 2030, and informed by a National Anti-Corruption Strategy that is based on the values of integrity, transparency and accountability, respect for the rule of law, and zero tolerance for corruption.

The theme of this Indaba, “BUILDING AN ETHICAL PUBLIC SERVICE THROUGH LIFESTYLE AUDITS”, ties perfectly in with the aims of the National Anti-Corruption Strategy, as lifestyle audits are one of the priorities outlined in this Strategy. But, lifestyle audits are only one part of the broader drive of Government to professionalise, modernise and optimize the public service. Lifestyle audits will not only probe unexplained wealth, but it will also detect conflicts of interests that have an impact on the productivity of public service employees and on service delivery. Thus, although lifestyle audits are a mechanism or tool to address corruption, in its essence, it is aimed at restoring ethics to be at the centre of the public service.

The link between ethics and the fight against corruption was aptly captured in the foreword to the National Anti-Corruption Strategy, where the President of South Africa, Mr Cyril Ramaphosa says: “Corruption, wherever it occurs, represents a decline in our value system as a nation. If left unchecked, it poses a grave threat to our democratic values and our dream of being an ethical and developmental state.”

It is for this reason that the Public Service embarked on a process to implement lifestyle audits for national and provincial employees and to do it within an ethics management framework. In terms of this, lifestyle audits are a decentralised function, where Heads of Departments, supported by the ethics officers, are expected to analyse ethics and corruption risks as part of a department’s system of risk management, guided by an ethics management strategy to prevent and deter unethical conduct and acts of corruption.

By adopting lifestyle audits, the Public Service demands of its employees to reconnect with the values espoused by our Constitution. Especially to section 195, which requires public service employees to maintain and

promote a high level of professional ethics! When we do that, when we prioritise ethics, we effectively fight corruption and prioritise the needs of our citizens. This paves the road to a developmental State.

Lifestyle audits are not a punitive measure and was certainly not adopted because we regard corruption amongst public servants to be alarming. But, we cannot deny the fact that we do have corrupt public service employees. This was painfully laid bare during the COVID-19 Pandemic, where public service employees were found to be involved in procurement theft and other criminal conduct. The exposure of this behaviour in a number of investigative reports, the last released by the Special Investigating Unit in December 2021, clearly shows the need for departments to manage corruption and ethics risks better.

Today, I want to make it clear: If a public service employee is involved in criminal conduct, he or she must know, that sooner or later, they will be detected through the lifestyle audit process and steps will be taken against them. We cannot professionalize the public service, improve service delivery or have economic growth, if we condone unethical conduct and ignore corrupt behaviour. The screws are being tightened against public servants who engage themselves in wrong-doing and corruption. These employees know who they are, as they have already been identified by law enforcement agencies and are currently under investigation.

Honourable guests,

To get to this stage where we are implementing lifestyle audits was not easy. Firstly, the Public Service Regulations had to be reviewed to prepare for the effective implementation of lifestyle audits. This included the adoption of the concept of “Ethics Officer” and that of “Ethics Committee”. It was necessary to establish ethics infrastructure in each

department, to take responsibility for the managing of ethics and to ensure that lifestyle audits are implemented in a coordinated way.

Secondly, it required systems and processes to be developed and implemented. In this regard, the electronic capturing of financial declarations of public service employees was made compulsory and the system was expanded to include the declarations from employees on salary level 9 to salary level 16. Today the eDisclosure System also contains the financial declarations of all ethics officers, all supply chain management personnel and all employees in finance units. This risk management system provides departments with the capability to identify conflicts of interests, as well as to determine if an employee is living beyond his or her means.

To strengthen a culture of transparency, the revised Code of Conduct also provided for an obligation to be placed on public service employees to report unethical conduct and corruption. This resulted in the adoption of a Reporting Guide to guide departments on adopting a whistle-blower system and process, as well as to outline the need for protecting those who do report. An electronic copy of this Guide is included in the promotion pack, as well as an electronic copy of a whistle-blowing toolkit for public service employees, developed by the Public Affairs Research Institute.

This groundwork paved the way for the adoption of a *Guide on implementing lifestyle audits in the Public Service*, which made lifestyle audits compulsory for all national and provincial departments, as from 1 April 2022. In terms of this Guide, the lifestyle audit process is divided into three distinct phases. The first phase comprises ethics reviews, which are conducted by ethics officers. The second comprises of lifestyle investigations, and is conducted by departmental investigators. Lastly,

those cases that are extremely complex and that require specialist intervention, will be referred to qualified auditors to perform a lifestyle audit.

Honourable guests,

Let me pause for a moment and acknowledge the immense role of Ethics Officers in managing ethics in their respective departments. As change agents in your departments, you have a great responsibility, as you are responsible for institutionalising the values, norms and standards of the public service! As the Minister for the Public Service and Administration who is responsible for setting norms and standards on ethics and integrity in the public service, I want to express my appreciation for your dedication and support, acknowledging that ethics management is an over and above task. I want to encourage you and the departmental investigators to continue with your good work in conducting lifestyle reviews and investigations. Keep on being diligent and ethical, so that we can build ethical departments and an ethical public service.

During this Indaba, you will have the opportunity to listen to the Public Service Commission on the role of Ethics Officers to institutionalise the Constitutional values in national and provincial departments. You will also have an opportunity to hear from the National School of Government on compulsory online courses that are available to support you. Tomorrow, all ethics officers present and online will be trained on the verification of financial disclosures and assets. This critical training will prepare you as Ethics Officers to identify conflicts of interest and unexplained wealth. I would like to thank the United Nations Office on Drugs and Crime as well as the World Bank for the expert support and assistance provided to the Technical Assistance Unit (TAU) in developing this much needed course.

Honourable guests,

On 1 April 2021, the conducting of lifestyle audits became compulsory. In terms of legislation, Heads of Departments are tasked with ethics and anti-corruption functions, thereby placing the responsibility to fight corruption and to build ethical departments squarely on their shoulders. They are also responsible to implement lifestyle audits in their respective departments.

Yesterday in the Portfolio Committee, I reported that by the end of January 2022, sixteen (16) national and seventeen (17) provincial departments commenced with lifestyle audits. Some of these departments not only performed lifestyle audits, but even went further with conducting lifestyle investigations. The Western Cape Department of Health for example referred more than 700 non-SMS members for investigations, to investigate possible conflicts of interest. The Western Cape Provincial Treasury also referred three senior officials for investigations into possible conflicts of interest. These departments followed the *Guide on implementing lifestyle audits in the public service*, which is proof that the lifestyle audit process is working. The TAU is monitoring the progress of those departments who did not submit, and indicated that slowly but surely more departments are starting to conduct lifestyle audits.

Although this is a start, it is not good enough. We need a 100% compliance and we will achieve it! I therefore urge those departments that have not started to conduct lifestyle audits yet, to do so speedily.

Esteemed guests,

I also want to acknowledge the role and support of those departments invited to the Indaba who are stakeholders in this journey: the Directorate for Priority Crime Investigation, the National Prosecuting Authority, the

Financial Intelligence Centre, Auditor-General South Africa, the Presidency, Department of Planning, Monitoring and Evaluation, Office of the Public Service Commission, and the National School of Government. Without your support, the implementation of lifestyle audits will not succeed. Your commitment to this cause provides the necessary energy and drive needed to focus on ethics and to fight corruption.

This is important, as we experienced how coordination for example on the issue of Public Service employees conducting business with the State, yielded positive results. In 2017, more than 1 500 public service employees were registered on the Central Supplier Database to be able to tender for business in Government, and the figure increased yearly. After the South African Police Service, the National Prosecuting Authority and the TAU formed a task team to address this issue, we observed a remarkable drop in the number of public servants registering on this database. More importantly, due to this collaboration, three public service employees were found guilty and was convicted of contravening section 8 of the Public Administration Management Act. This sent a clear message that employees conducting business with the State will not be tolerated.

Within the Fusion Centre, under the guidance of the Anti-Corruption Task Team, law enforcement is working as a collective to address the issue of public service employees involved in COVID related corruption. As part of the team, the TAU is monitoring departments to make sure they take disciplinary action against employees with criminal cases instituted against them. As part of a Task Team reporting to the Presidency, TAU is also monitoring departments to make sure disciplinary action is instituted against those employees investigated by the Special Investigating Unit.

Ladies and gentlemen,

Only as a collective will we be able to conduct effective and efficient lifestyle audits, and by doing that, we will make the necessary impact on corruption. But, as suggested by our President, to win the war against corruption, an ethical culture must be inculcated in our societies. This is the responsibility of all of us here, not only that of Ethics Officers.

So, let us work together, to fight corruption, to promote an ethical culture and to implement lifestyle audits.

I thank you.