

Towards an Evidence-Based Corruption Index in South Africa

The First Step

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ABSTRACT

The article is the first serious attempt in South Africa and Africa in general to produce an Evidence-based Corruption Index in the country and the Continent. It begins with a variety of internationally accepted definitions of corruption, followed by the widely accepted definitions of the phenomenon in the South African landscape. It includes widely accepted definitions from government and civil society sources.

The discourse of how can a comprehensive Evidence-based Corruption Index can be built with information available in South Africa begins with a critical view and analysis of existing and flourishing perception-based Indices. User's Guide to measuring corruption as structured by the United Nations Development Program Oslo Governance Centre in cooperation with Global Integrity, is utilised as a thinking basis in terms of the methodological approach upon which the proposed, planned, designed and implemented Evidence-based Corruption Index is produced.

A comprehensive categorisation of levels and general and specific acts of corruption outlines key elements of the Index as an integral part of the gist of corrupt categorisation. The methodological approach is based on an exhaustive scrutiny and dissection of anti- corruption and Section 9 institutions amongst others; content analysis of selected newspaper reports and personal interviews with senior administrators , politicians and consultants with direct and continuous involvement of the case study. The Evidence-based Corruption Index is then presented.

Keywords: *Evidence-based Corruption Index, corruption, newspaper reports, personal interviews*

INTRODUCTION

The first step to something new, especially dealing with the question of embedded corruption globally and in South Africa in particular is possibly as brave a step as this dared by of thousands of students in Paris shouting “ Be realistic , strive for the impossible” in 1968. It is an extremely difficult task, some will say perhaps impossible.

To be sure for an answer one has to try, research, think, debate, re-think and decide. The first step, in itself a research experiment, will attempt to build such an Index having it as a center of analysis in a provincial Health Department.

Such an experiment demands serious, methodical, continuous and an all-encompassing research utilising a number of methodological tools, both qualitative and quantitative.

The present one will deal with corruption in the public sector only.

First of all the difficult task of defining corruption in most of its variations, types and forms.

The rest will follow.

CORRUPTION DEFINITIONS

The beginning is an inclusion of the most widely accepted and quoted definitions of corruption in a historical and presents perspective.

- Corruption in its most general terms concerns acts or offences of dishonesty usually in the pursuit of personal gain on the part of the perpetrator.
- The misuse of office for personal gain.
- Personal gain as the foundation of the benefit of an individual or group holding political office.
- Deceit on the part of a perpetrator to receive direct or indirect pecuniary or other benefit defrauding an organisation or entity.
- Acceptance or extortion of material benefits by officials or private groups or individuals illegally.
- Corruption occurs as a result of illegitimate collusion between members of the private or public sectors.
- Political corruption is a variation of rent-seeking of individuals or groups using their political position to enrich themselves and takes a wide variety of forms



(Rose-Ackerman 1999; Spector 2005; Rose-Ackerman 2007; Shah 2007; Nuijten and Anders 2008; Woods and Mantzaris 2012).

THE SOUTH AFRICAN CORRUPTION DEFINITION LANDSCAPE

The first fairly elaborate list of manifestations, types and forms of corruption at an official level was produced by the DPSA (Department of Public Service and Administration) in the context of the anti-corruption strategy adopted by the Department in 2002.

The forms, types and/or manifestations included were:

- Nepotism
- Conflict of interest
- Abuse of power
- Extortion
- Fraud
- Embezzlement
- Favouritism
- Abuse of privileged information /insider trading
- Bribery

There have been a number of debates regarding the use of a number of the terms in the document such as the 'abuse of power' and the 'conflict of interest' as they have a wide variety of meanings and connotations especially in the public service. There have been questions for example on the direct or indirect relationship of the terms and realities of 'nepotism' and 'conflict of interest' and their 'real differences' in reality within the context of the public service (Department of Public Service and Administration 2002; Woods and Mantzaris 2012).

The PSC (Public Service Commission) has released a number of reports on '*the most common manifestations of corruption*' of which the one published in 2011 is considered the most comprehensive.

It was based on an enumeration and categorisation of a wide variety of complaints received by their hotline (NACH) (N=7 766) during a period of six years.

- Social grant fraud

- Identity document fraud
- Appointment irregularities
- Procurement irregularities
- Abuse of government resources
- Unethical behaviour
- Reconstruction and Development Programme (RDP) housing irregularities
- Criminal conduct
- Mismanagement of government funds
- Criminal conduct
- Fraud and bribery
- Other

Fraud and bribery topped the list (19%) followed by government resources abuse (13%) and government funds mismanagement (11%).

These are very general, overlapping, conflated, and unclear but usable for comparisons at a number of levels.

The PSC's contribution to measuring corruption is invaluable through their various reports, especially those related public service misconduct in respect of finances.

Their classification is as follows:

- Fraud
- gross negligence,
- corruption,
- misappropriation and
- theft,
- abuse, and
- Financial mismanagement (PSC 2008; 2011a; 2011b).

Corruption in the PSC's sense in this case is directly related to financial misconduct, according to the PRECCA dictates.

In general both the DPSA report and PSC reports the term 'corruption' is used in a very broad sense.

Respected civil society organisation CORRUPTION WATCH, the South African arm of TRANSPARENCY INTERNATIONAL has also provided its own corruption classification



extracted the items based on the anonymous calls to their anti-corruption line and their categories are:

- Procurement corruption
- Abuse of government resources by government official
- Bribe
- Corruption in employment
- Bribe
- Other

There is certainly overlapping between the categories with clarifications missing.

David Bruce in a seminal article categorises corruption in the public sector as follows:

Corruption in procurement which includes extortion and bribery, the involvement of the private sector with administrative officials; *misappropriation, embezzlement, fraud or theft* that includes abuse of telephones. The use of state resources to secure votes for a specific party or politician in local or other elections; petty cash fraud and fraud in general; *nepotism in employment and promotions* including favouritism and nepotism (Bruce 2012:15–28).

HOW CAN A COMPREHENSIVE EVIDENCE-BASED CORRUPTION/ANTI-CORRUPTION INDEX BE BUILT WITH THE INFORMATION AVAILABLE IN SOUTH AFRICA?

An evidence based Corruption/anti-corruption Index will be based on the power of *objectively collected and corroborated data*.

It will not be only about Corruption but Governance more broadly as corruption is always related and integrated into a specific governance framework.

The Anti-Corruption Center for Education and Research at Stellenbosch University (ACCERUS) collective work to date has been based on the empirical reality that corruption is a multi-layered, multi-cultural, and multi-faced phenomenon that is predominantly a symptom of human and social realities as well as failure in governance of entities and institutions, administrative, red tape, asset allocation, supply chain and organisational weaknesses in particular.

Table 1: Evidence based corruption index

Corruption Type	Figures	Comments (where applicable)
Theft	289 (31.1%)	For cases of theft, (including medicine, cell phones, departmental property, cars, kitchen equipment)
Absenteeism	196 (21.1%)	
Fraud	100 (10.8%)	(Including making use of government stamps to validate fraudulent birth certificates, misrepresenting educational qualifications, etc.)
Absent Without Leave	56 (6%)	
Insubordination	44 (4.7%)	
Negligence	44 (4.7%)	
Supply Chain and Procurement Fraud	42 (4.5%)	
Falsification of Records for Cash (Bribery)	36 (3.9%)	
Desertion of Post	26 (2.8 %)	
Misappropriation of Departmental Property	21 (2.3%)	
Total of corruption acts		

It is driven through political, administrative, and private sector common interests that lead to corruption issues that have been un-tackled by official or other sources including all those already mentioned .

These ‘details’ can be better understood from the finding of a South African Public Service Commission research in 2009 which pointed out that 44% of public officials in the country of those interviewed believed that they should be allowed to accept gifts under certain circumstances (Woods and Mantzaris 2012).

Corruption can be objectively measured in considerable detail, but it is a tough task with possibilities of a certain amount of bias in the final outcome; but it can be done.

This Index cannot become a reality without the absolute commitment and cooperation of a number of state institutions and entities.



ON THE PERCEPTION-BASED INDICES

There is no doubt that TRANSPARENCY INTERNATIONAL (TI) is considered over the years a very significant factor in the fight against corruption globally, and its reports and interventions are widely read, quoted and debated. It is considered and in fact is a leading perception based index utilising 13 data sources in order to construct its Corruption Perceptions Index together with a number of other methodologies associated with:

The World Justice Project Rule of Law Index; IMD World Competitiveness Yearbook; Political and Economic Risk Consultancy Asian Intelligence; Freedom House Nations in Transit; Economist Intelligence Unit; African Development Bank Governance Ratings; Transparency International Bribe Payers Survey; World Economic Forum Executive Opinion Survey (EOS); Global Insight Country Risk Ratings; Political Risk Services; World Bank–Country Policy and Institutional Assessment; Bertelsmann Foundation Transformation Index and the Bertelsmann Foundation Sustainable Governance Indicators.

An exhaustive perusal of such annual reports has shown that all of them base their findings on the impressions, perceptions, knowledge and assessment of groups of “country experts”, including local economists, “two experts per country,” and “a variety of experts based primarily in London, but also in a number of cities such as Shanghai, Hong Kong, Beijing and New York”.

These expert groups are assisted by internationally-based groups of consultants, business specialists many of them operating in-house, and over 4000 business executives, freelance operators and analysts, networks of 110 business executives in a wide variety of countries, and finally “over 2 000 experts and 66 000 other individuals from around the world” (Cobhan 2013:3).

(It is interesting to note that there are no state officials/representatives in these groups, basically meaning that the aggregation of interviewees’ responses result in perceptions lacking a sense of diversity).

Without denying the significance of the experts’ knowledge, experience and understanding of the realities of the respective countries it can be assumed that the statistical correlations regarding shared opinions are in most probability highly similar because of their positions in the private sector.

But the question is whether this shade of perceptions and opinions can provide the truth in terms of corruption in their countries.

On the other hand the WIG (*Worldwide Governance Indicators*) (WGI) have utilised rule of law; control of corruption; political stability and absence of violence; regulatory quality; government effectiveness and voice and accountability as indicators of an “aggregate of good governance”.

These emanate from perceptions and knowledge of a large number of private sector entities, academic experts and a large quantity of sources of data produced by higher institutions of learning, think tanks, NGOs and auditing companies.

These groups base their research on a list of variables which are described as ‘independent from each other’ and the existing sources of data that are utilised which are the following:

- WMO
- Irregular Payments in Public Utilities;
- GWP is corruption in government widespread?
- Irregular payments in tax collection
- Irregular payments for judicial decisions
- Representative Sources;
- CS Public Trust in Politicians;
- Irregular Payments in Export and Import;
- Irregular Payments in Public Contracts ;
- EIU Corruption among public officials;
- GCS Public Trust in Politicians;
- State Capture;
- Level of corruption between administrations and local businesses;
- Level of corruption between administrations and foreign companies;
- PRS Corruption ;
- IPD Level of “petty” corruption between administration and citizens.

The findings are based on a composite combination of questions set in empirical studies by a wide variety of entities throughout the world:

In terms of non-representative sources questions include the involvement of members of Parliament in corruption; the involvement of legal officials; border and tax officials; how ethical, accountable and transparent are public servants; how much private sector companies pay public officials; how private sector companies bribe the judiciary, borders and the tax authorities; the effects of corruptions on one’s business; the office abuse of the prosecution office; how often a household bribes authorities; how corrupt public institutions are; how corruption takes place in rural areas; how negative



are the consequences of corruption for foreign companies; what are the consequence of bribing officials for the economy of the country; what are the key factors leading to corruption of public officials; what are the consequences of corruption of the public sector; what are the repercussions of corruption in the private sector (Kaufmann *et al.* 2010).

It is understandable that the Worldwide Governance Indicators have offered throughout the years a significant overview of a wide variety of perceptions of citizens in a much extended array of countries internationally.

The variety of questions as well as the methodology followed have received a series of research related criticisms.

The fundamental criticism revolves around the methodological complexities and the large number of sourcing combinations as well as the lack of conceptual clarity of key issues such as ‘good governance’ as well as the arbitrary nature of indicators such as ‘environmental regulations hurt competitiveness’.

There is a critic pointing out that there is an absence of an underlying theory of “good” governance as no normative concept or unifying single theory exists able to distinguish between good or bad governance.

There is also the belief that there are ‘hidden biases’ in the WGI as it is written in such a way that the emphasis of a number of agencies relies more on the opinion of households instead of international experts.

The extensive utilisation of tens of different combinations of questions is seen as confusing to interviewees as is the lack of continuation of reasoning in response to negative or positive answers to questions

There is criticism of ‘over-selling’ the concept and the methodology as “reliable measurements of governance”, despite the fact that WGI relies heavily on the Gallup World Poll, a world-wide survey of households that does not even carry weights in response to four of the WGI data.

It has been written that in comparative terms the reports lack of conceptual clarity and examples point out amongst other things that:

- The WGI existing are tautological.

- The aspects of governance and the existing indices emanating from the research reflect only perceptions, not realities.
- Because of this reality such research cannot guide state policies or further serious academic research.
- Such research and their findings are not helpful in understanding the realities of corruption in all sectors of society.

Given the length of many of these reports because of the abundance of questions, there is a serious call on the part of the critics, that the introduction and utilisation of qualitative methodologies in the future is of key importance (Hopkin 2002, cited in Kurtz and Shrank 2007:542 ; Golden and Picci 2005; Kaufmann *et al.* 2006; 2007; Knack, S. 2006; Arndt and Oman, 2006; Olken 2006; Sapford 2006; Soreide 2006; Tresman 2007; Urta 2007; UNDP 2008; Apaza 2009:142; Andersson and Heywood 2009; Kenny 2009:317; Tresman 2007; Hawken and Munck 2009:2; Transparency International 2009; 2010; Langbein and Knack 2010:351–352).

A USER'S GUIDE TO MEASURING CORRUPTION

The OGC (United Nations Development Program Oslo Governance Centre) in cooperation with Global Integrity, an international non-governmental organisation produced in 2008 a user's guide in measuring corruption in collaboration with organisations throughout the world that fight corruption internationally, including researchers and practitioners.

It paints a picture of corruption through a scientific dissection of a very wide range of different Indexes and perception approaches with a critical view and its final verdict is that corruption can be scientifically measured through utilisation of combined scientific methodologies.

Its key element identified is:

Composite indicators combining different methods of research techniques; *objective indicators* that include facts that cannot be disputed; *perception-based indicators*; *undisputed corruption indicators*; *assessments* that concentrate on corruption perpetrators; *corruption indicator* levels; *pro-poor and gender-sensitive indicators*; *experience-based indicators* based on peoples' personal experiences; *proxy indicators* the aggregation of indirect phases and existence of corruption; *output based indicators* that attempt to dissect the consequences of corruption on society; *input-based indicators* that examine existing laws, rules and regulations in a country and *governance*. (UNDP 2008).



BUILDING AN EVIDENCE-BASED CORRUPTION INDEX FOR SOUTH AFRICA: THE METHODOLOGICAL APPROACH

Having briefly examined the strengths, weaknesses and challenges of the nationally and internationally quoted and widely accepted perception-based research and findings the reality of an evidence-based Corruption/Anti-Corruption Index will unfold.

Such an effort is not founded on the belief that the empirically based perception indices lack internationally credibility despite their critics, but that an evidence-based index will be based on a different methodological outlook.

Such an index when methodologically sound and having all available public primary sources at the researchers' disposal will have a minimal margin of error.

The Index which is the outcome of such a research endeavour will not utilise exclusively standard measurements as they tend to treat corruption as a one-dimensional phenomenon that can vary in incidences between countries.

It is a composite index rooted on both qualitative and quantitative, measurable, evidence and internal/local assessments that will utilise a combination of approaches instrumental in widening the understanding of the 'drivers' of corruption within a specific state level or institution (local, provincial or national). It is a methodology that takes seriously into account the existing realities of history, culture, institutions, societal and economic realities that shape the dynamics of power relationship (UNDP 2008:25).

The Corruption Index is principally based on the truth that corruption is not a single-dimension phenomenon as the previously mentioned South African attempts alluded to. It aspires to be based on a much broader corruption concept that deals with forms, types, perpetrators, relationships, processes, systems, types and corruption settings.

Quantity as a part of measurement in this exercise is important, but form is more so as corruption is not bribery and fraud alone; causal relations are crucial (Philp 2015:19–20).

If the form of corruption is not identified even in its quantitative dimension, the magnitude of the challenge will be most likely lost. This means that the more empirically comprehensive the form is dissected especially in respect of the relationship between public and private actors, the more the understanding of corruption will occur (Hood 1991 4–5; Hood & Dixon 2015).

The methodological and conceptual basis of the Index is rooted on the reality that a uni- dimensional definition and measurement distort the understanding of corruption because they ignore the variations of the phenomenon in terms of sectors, forms, levels, and organisational locations/settings.

Unless these realities are researched, examined and dissected methodically and in depth there will be no easy solutions in the fight against corruption because of the confusion, and misinterpretation of its nature, root causes prevalence and continuity in a particular setting.

In our view, this is the best way to fight corruption and its varieties within society, in the private and public sectors and amongst human, group, private, political, social and organisational vulnerabilities.

The issue of fraud and bribery that dominate significant policy, legal, regulatory and social terrains and societies are multi-dimensional because they take place globally under a multiplicity of circumstances, cultures, historical and present variables, political and social dynamics, social and group dynamics and power relationships.

There is a difference when a bribe takes place between a politician and a business owner in a particular organisational setting of the Supply Chain and Procurement Department from the one taking place in the same setting between the same business person and a senior administrator of the same entity.

The first one is 'political corruption', the second is 'administrative'; but in the end they are both corrupt acts.

Thus, it can be understood that the Index will be based on a multidimensional approach.

It will involve a combination of available quantitative data where various corruption types and forms are evident which is related and take into account the public-private relationships as well as in-depth and largely qualitative interviews with people who have first-hand experience of corruption within their own organisational environment.

A meticulous dissection of official documents provides a measurement picture that is comparative and quantitative. Because of the fact that they are crucial in generating ratings, such scores provide the 'objective', 'composite' picture. They are useful when they are interpreted appropriately within their existing context.

The analysis of corruption cases reported to and investigated by legal authorities,



anticorruption agencies, courts or private sector investigations/audits have the advantage of providing hard data founded on tangible and proven corruption cases.

On the other hand the deep honesty and intimate knowledge of a senior manager in a municipality or a provincial office who is devoted to a fair and integrity-driven in his commitment to fight corruption provides the 'living experience' of a 'professional source' that can be classified as an 'objective source' (Linde & Erlingsson 2013:587–578).

For the process to take place so that minimal margin of error can be achieved there are a number of factors that are imperative:

- The key 'gatekeepers' (Treasury, PSC, SIU, NPA, SALGA, DPSA, and Auditor General amongst others) must agree to open their documentary evidence available such as scrutiny of human resources, SCM, asset allocation, and such other corrupt-prone evidence. So far there has been an agreement between SAICA and the Auditor General as a supporter of the initiative.
- All layers of government must agree to cooperate, and in the process efforts for the gradual acceptance and even the necessity of three-layered INTEGRITY AWARDS can ensue.
- A high degree of confidence on the part of both public and private sector on the bona fide of the exercise is of key importance in this instance.
- It is important that institutional support from all layers of leadership is an integral part of a combined effort in convincing both the private and the public sector to cooperate in this pioneering effort.

The following empirical are the base of the preliminary and final reports (in order of importance, preference and utilisation in index measurements:

- Objective Indicators
- Minimal Perception-based Indicators
- Output-based Corruption Indicators: de facto indicators.
- Experience-based Indicators.
- Integrity governance management.
- Composite Indicators.
- Input-based Corruption Indicators.

The Index is based on research covering the last five financial years.

The INDEX is based on the following:

A comprehensive study of the following documents:

The Auditor General's Reports; all Public Service Commission's relevant documents; all Law Reports dealing with the subject of investigation; Annual Reports and relevant documents of SAPS; all available policy and developmental documents of the entity; the Annual Reports and relevant documents of NPA.; the Annual Reports and relevant documents of the Parliamentary Monitoring Group (PMA); the Annual Reports and relevant investigative documents of SIU.

Content analysis of existing reports appearing in the print media over the last 5 years is the final leg of the research that focuses on corruption, fraud, bribery, supply chain and procurement as the key concepts. The analysis is based only on corruption cases that have been finalised, hence there is exclusion of cases that did not report-specific cases of corruption. The variables are those found in the context of the present article and identify acts, or/and relationships, settings and/or actors.

The study, dissection and analysis of the official documents assessed in the institutions named above are based on the methodological dictates of content analysis, followed through a meticulous categorisation

The same process is followed in the selective telephonic and personal interviews with key role players and analysts in the private and public sectors (Stemler 2001; Kimberly 2002; Krippendorff 2004).

The 'experience-based evidence' consisted of eight interviews, six with administrative leaders in the sector, one senior politician of the ruling party and one consultant who has worked in the healthcare field for over 5 years. These were semi structured interviews with a group of people who have first-hand experience and knowledge and revolved around the forms of corruption their extent of corruption in the specific work setting all based on personal knowledge or experience in the last five years.

This included knowledge of direct or/and indirect relations of people or groups involved in corrupt acts including politicians, business people, suppliers, funders, senior or middle managers. They were corroborated with the existing quantitative items and material. Responses were coded and categorised accordingly in relation with the items already identified in the content analysis and these were informed by the existing conceptual framework including new items that arose out of the interviews. In terms of these corruption realities, ACCERUS research has identified a wide array of corrupt acts with fundamental tenets upon which the Index will be based.



These will be utilised in measurements on occasions in a combined form.

LEVELS AND GENERAL CATEGORIES OF CORRUPTION

Grand corruption

Grand corruption takes place at the upper echelons of the political state apparatus and leads to direct and indirect of laws, politics and economic development. The culprits take advantage of laws and anti-corruption agencies' weaknesses, inadequacies, and lack of capacity (Hale 2015; Bauhr, and Charron 2017:416–417).

Systemic corruption

Systemic corruption is rooted on weaknesses, inadequacies and lack of capacity of organisational systems and processes. It is encouraged by monopolistic power relations, impunity and lack of transparency and could be either decentralised or centralised in terms of functions (Persson *et al.* 2012:451–452; Lever 2014).

Bureaucratic corruption

It is associated with corruption associated with public servants operating at different organisational and professional levels and abuses their positions for their own personal benefit (Gould and Mukendi 2007:428; Nwankwo *et al.* 2015:680; Gans-Morse *et al.* 2018: 173–174).

Political corruption

This is one of the most debated concepts in the corruption literature and is associated with the greed, avarice and irregular actions of politicians at different levels of position and authority.

Petty corruption

Petty corruption is associated usually with corrupt practices by middle and lower grade public servants who in most cases deal daily with the public (also described as 'survival corruption') (GAB The Global Anticorruption Blog 2017; Van Vuuren, no date; Stahl *et al.* 2017).

Management Fraud

Management fraud is simply that corruption or fraud perpetrated by a wide range of managers and cuts across all of the above categories. Management fraud is also synonymous with “fraudulent financial statements” (McKinney 2004; Lyer and Samociuk 2006; Mbaku 2007).

Principal-Agent type corruption

This can be the creation of unnecessary ‘middlemen’/ ‘agents’ to facilitate deals/transactions. The agent employed can be either an external or an internal party to the organisation (Miller 2005; 203–204; Mungiu-Pippidi, A. 2013:102–103; GAB | GAB the Global Anticorruption Blog 2015).

Economic/Financial corruption

Economic crime and financial corruption are fairly encompassing terms given to any activity which concerns perpetrators attempting to dishonestly and illegally seek economic benefit from another source.

Specific types of typical/common corrupt practices

When studying a listing of the various types of corruption, it is informative to bear in mind that there are a number of interpretations and misrepresentation of specific corrupt acts. There have been studies that indicate that asset misappropriation (which comprises various activities) to be the largest category of corrupt activities, while there have been others that believe that bribe and fraud are the most committed corrupt activities.

Employee-related Fraud/corruption

These include backdating salary increases; use of department credit cards for personal use; commission schemes; falsified wages; fake educational qualifications and falsified curriculum vitae; other misrepresentations of relevant personal information; irregular promotions; illegal gratuities; irregular loans; duplicated reimbursements; irregular bonuses; expense reimbursement schemes; payroll/remuneration scheme; fraudulent subsidy and travel claims; fictitious expenses; irregular promotions; patronage; irregular bonuses; nepotism (Woods and Mantzaris 2012).



Asset misappropriation

Larceny (theft): from cash on hand, from cash deposits received; Cash movements: unrecorded cash transactions, transactions in foreign currencies; inventory and other assets (e.g. stocks); theft of tangible assets; use of organisation's equipment (or staff) for private purposes; assets purchases; asset transfers; inventory schemes; asset movements.

Debtors

Sales schemes; unrecorded or under-recorded sales; invoice kickbacks; credit notes and refunds; short deliveries; false invoices; discounts; diversion of payments; various use of bribes. (Gilander and Neselevska 2017).

Creditors

Shell companies; double billing; mispricing; fraudulent disbursements/payments; over-payments; fraudulent credit notes; false refunds (In the case of imports these are primary methods used to smuggle capital out of developing countries) (Huefner 2011:123–124; Coenen 2012:234–250; Leuthner 2016).

Procurement fraud

Purchasing schemes

Fictitious invoices and quotes; fictitious invoices; discounts; ghost suppliers; and manipulated "preferred and ghost service providers". (Mantzaris 2014a:67–89).

Various forms of bribery through mediators; violations of "preferential procurement" and "Broad-Based Black Economic Empowerment" arrangements; policy.

Petty Corruption

Various forms of rent seeking, i.e. officials getting members of the public to pay them for the service they administer, for example: subsidies schemes; tax concessions; pensions schemes; fines, penalties etc.; issuing of identity docs, passports etc.; charging handling fees; bribes to process documentation; bribes to qualify for subsidies, grants, licences etc. (Angelucci and Russo 2015; Lambert-Mogilianci *et al.* 2015:353–354).

Computer/IT Fraud/Corruption (cyber-crime)

Financial Statement Fraud, Schemes, Misrepresentation (Management crime)

The overstatement of assets and income through amongst others:

the understatement of liabilities and expenses through: false or omitted disclosures; improper revenue recognition: misclassification of gains; less-than-arms-length transactions; revenue recognition in wrong period; improper income accounting; improper percentage-of-completion accounting; inadequate disclosure of related party transactions; sham agreements inadequate or false disclosures.

Cross cutting a number of the above mentioned corruption related activities are those which are classified or defined as:

Bribery is one of the worlds (and especially its public sector component) most serious areas of corruption and is where many such acts take place – both big and small. While perhaps most prevalent in procurement transactions, it is in fact also found in many other areas of corruption (MBPC 2016; Mantzaris 2014b:82–83).

A “*Quiet*” service is a low level of corruption where public servants fail to deliver the service they are paid to deliver, for example: absenteeism by teachers, nurses, and gross laziness by police. Hospital staffs who steal drugs or baby milk, agriculture officials who dilute the state subsidised fertilizer (World Bank 2010; U4 2017).

THE CORRUPTION INDEX

In order to build the Index in such a way as to have minimal margin for error, the following documents were scrutinised:

The Auditor General’s Reports

- All Public Service Commission’s relevant documents
- All Law Reports dealing with the Department’s cases
- The Annual Reports and relevant documents of SAPS
- The Annual Reports and relevant documents of the Health Department under investigation
- The Annual Reports and relevant documents of the NPA



- The Annual Reports and relevant documents of the Parliamentary Monitoring Group (PMA)
- • The Annual Reports and relevant investigative documents of SIU

The findings of the Index were based *solely* on objective indicators; output-based corruption indicators, i.e. *de facto indicators*; experience-based indicators; integrity governance management; composite indicators and input-based corruption indicators.

Content analysis of over 145 reports that appeared in the print media over the past 5 years was the final leg of the research that focused on corruption, fraud, bribery, supply chain and procurement as key concepts, amongst others.

The analysis was based only on corruption cases that have been finalised, hence there was exclusion of cases that did not report specific corruption. The variables used were those identifying types of corruption and settings.

The study, dissection and analysis of the official documents assessed in the institutions named above were based on the methodological dictates of content analysis, followed by meticulous categorisation. The same process was followed in the selected personal interviews with a number of key role players in the field ('experience based evidence').

The interviews were aimed directly at corroborating the existing quantitative items and material collected and/or add to the information already collected through the provision of tangible and concrete evidence.

The Department under investigation employs over 69 000 health workers and provides health services to over 20 million patients for Primary Health Care (PHC) facilities. It receives 400 000 calls to emergency medical services, and 5 million patient visits to hospital outpatient departments in addition to those trauma patients seen at the Accident and Emergencies (Gauteng Provincial Department of Health 2017).

A number of milestones have been achieved in the province through the expansion of the Ward Based Primary Health Care Outreach Teams, with the number of teams increasing by over 38% from the previous year and their coverage expanding by 39% from 316 to 439 wards.

The Department includes 3 Tertiary Hospitals, 3 District Hospitals, 9 Provincial Regional Hospitals, 4 National Central Hospitals, 373 Clinics, Nursing Training Colleges and

Ambulances. Its budget in the current financial year is R37b with the bulk going towards Tertiary and Central Hospitals (R13b) and District Health Services (R12b). In the previous financial year, it employed 56 314 staff members (Gauteng Provincial Department of Health 2017).

The Department has a qualified audit in 2013–2014 (Auditor General 2014) while during the next financial year an amount of R1 201 597 000 was recorded for payables which exceeded the payment term of 30 days and no concrete evidence was produced for the Auditor General regarding goods and services valued below R500 000 (Auditor General 2015).

During the next financial year services and goods valued at above R500 000 were procured without inviting competitive bids. All deviations were approved by the accounting officer despite the fact that all conditions dictated invitations of competitive bids (Auditor General 2016). The same patterns was evident in the procurement process during the next year despite the strict requirements of treasury regulations. This non-compliance led to an irregular expenditure totalling R490 977 016 (Auditor General 2017).

Over payment of employee costs sky-rocketed by R724 923 000, there was a funding gap of R10.9b funding gap. This because budgeted funds were taken up by salaries, meaning that debt was accumulated substantially (Auditor General 2017).

Corruption was declared by the Provincial MEC as a key factor in the dire situation within the Department and a direct result of weak organisational structures and processes. The number of finalised cases of corruption, leading to dismissal or jail sentences, appears below in the Corruption Index (Gauteng Provincial Department of Health 2017).

CONCLUSION

The article, thought to be the first attempt to produce an Evidence-based Corruption Index in South Africa and the African Continent was based on an exhaustive study and critical analysis of the relevant literature. It is an extremely contested terrain of debates and contradictions given the diversity of opinions, empirical and theoretical challenges and different schools of thoughts.

The Corruption Index that resulted was founded upon primary and secondary sources utilising doubly corroborated South African information data and for this particular case study comprehensive categorisation of levels and general and specific acts of



corruption outlining key elements of the Index as an integral part of the gist of corrupt categorisation.

The Evidence-based Corruption Index presented as a result was based on objective indicators; output-based corruption indicators, i.e. *de facto indicators*; experience-based indicators; integrity governance management; composite indicators and input-based corruption indicators.

The findings of the Index were based *solely* on objective indicators; output-based corruption indicators, i.e. *de facto indicators*; experience-based indicators; integrity governance management; composite indicators and input-based corruption indicators.

The corruption acts identified in the Index based on the number of finalised cases of corruption, leading to dismissal or jail sentences as well as the almost frightening figures and acts presented by the country's Auditor General confirm as correct the declaration of the political Head of the Provincial Health Department pointing out that corruption is a key factor shaping the realities facing the institution.

Human greed, avarice, lack of accountability and un-ethical behaviour as well weak organisational structures and processes are the root causes of the existing situation.

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