

Probe into fraud and corruption at National Lotteries Commission

By [Raymond Joseph](#)

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An investigation has been launched into the National Lotteries Commission (NLC) following allegations of fraud and corruption involving grant allocations to "good causes".



Minister of Trade and Industry Rob Davies has ordered an investigation into the spending of Lotto money. Photo: Roxanne Joseph

The investigation by the Department of Trade and Industry (DTI) follows [numerous reports](#) over the past 18 months by investigative journalists describing alleged fraud and corruption involving Lottery grants running into hundreds of millions of rands. The NLC is an agency of the Department of Trade and Industry.

"The Minister has instructed the NLC Board and DTI Internal Audit to institute an investigation," DTI spokesman Sidwell Medupe said in a brief statement via WhatsApp. The investigation is still continuing, he wrote.

The investigation began "a few weeks ago ... at least a month", according to Moosa Ebrahim, Chief of Staff in the office of Trade and Ministry Minister Rob Davies. Ebrahim declined to elaborate on the statement which he said was "the department's official position for the moment".

But a DTI source with knowledge of the investigation said it involved both “forensic and internal audits”. Setting it up had involved “some back and forth” between the DTI and the NLC “on the scope of the investigation”. Finality was reached on the terms of reference and the investigation had now begun,” the source said.

A usually reliable senior NLC source claimed that the DTI had not accepted a report by the NLC board — [see from minute 8.03 of this Carte Blanche report](#) — that found that Lotteries Chief Operating Officer Philemon Letwaba had declared a conflict of interest when a company of which his brother was sole director was awarded a R15 million construction contract for a [rehabilitation centre](#) in Pretoria. The project, where at least R20-million of a total of R27.5 million in Lottery grants is unaccounted for, is now the subject of litigation.

A preliminary report submitted by the NLC to the DTI contradicted the Board’s report and Davies had requested a full forensic audit, the source said. The NLC had attempted to block the auditors’ access to certain documents but had been told that access was “not negotiable”, the source added.

Last year Parliament’s trade and industry committee said it would [ask Davies](#) to investigate the NLC’s use of proactive funding, which amounts to about R140 million annually. This type of funding was introduced in a 2015 amendment to the Lotteries Act and allows the minister, the NLC or its board to identify areas for funding without a grant application being received.

DA spokesperson on trade and industry Dean Macpherson claimed during a meeting of the portfolio committee that proactive funding was being used as a “slush fund” to enrich some people. “We know that there are shady characters that exist in the murkiness of proactive funding,” Macpherson said.

“There are some serious questions that exist within the proactive funding model. The only way to deal with this is to institute a forensic audit into all transactions that have taken place through the proactive fund.”

Joan Fubbs, the chair of the committee in the previous Parliament which was dissolved before last week’s election, said the investigation was ongoing.

“We asked the Minister to investigate. Anything we started will be continued by the new committee when Parliament reconvenes,” she said.

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