



REPORT TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

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| SUBJECT: | REPORT TO SCOPA RELATING TO FORENSIC REPORT INTO ALLEGATIONS OF IRREGULARITIES RELATED TO FUNERAL SERVICES PROCURED BY THE DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE |
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1. PURPOSE

The Standing Committee on Public Accounts (Scopa) met on Tuesday, 3 March 2020, for a Public Hearing on the Department of Public Works and Infrastructure. In the meeting, the Committee raised several concerns and requested a report back to SCOPA within 14 days.

SCOPA requested the following information

- The Minister of Public Works and Infrastructure will provide a report within 14 days regarding the implementation of the recommendation that necessary corrective action must be taken against the Director-General.
- Scopa requested a report from the Minister on the interaction with the President on the process of reviewing the procedures for state and official funerals that address the management of the funeral process, to curb vulnerabilities to fraud and corruption.
- The Committee directed the Minister to interact with the President in so far as the disciplinary processes of the Director-General within this period of 14 days are concerned.
- Provide SCOPA with a status update regarding the implementation of corrective measures emanating from an investigation conducted into allegations of irregularities related to services procured by the Department for official funeral services.

2. INTRODUCTION

2.1. The Department of Public Works Anti-Corruption and Fraud Awareness Unit (ACU) investigated allegations of irregularities related to services rendered by Crocia Events (PTY) LTD (Crocia) within the Department.

2.2. It was suspected that funeral costs paid to Crocia were exorbitant and not in

accordance with the contract entered into with the Department. It was further alleged that the Department did not receive value for money in respect of payments made.

- 2.3. The ACU appointed and mandated PriceWaterhouseCoopers Inc. (PwC) to investigate the allegations referred to above.

3. RECOMMENDATIONS EMANATING FROM THE INVESTIGATION CONDUCTED.

- 3.1. A high-level investigation conducted into the procurement process that led to the appointment of Crocia indicated that the process was flawed.
- 3.2. The investigation conducted further concluded that Departmental Officials that administered the three (3) funerals in question including approval of payments made to the service provider failed to exercise due care in executing their duties leading to irregular, fruitless and wasteful expenditure.
- 3.3. The investigation further concluded that the service provider committed misrepresentation to the Department while submitting invoices resulting in financial losses to the Department.

4. ACTIONS TAKEN THUS FAR BY DPWI

- 4.1. In an endeavour to ensure immediate implementation of the recommended disciplinary processes against the identified officials, the Department's Governance, Risk and Corruption (GRC) branch informed me that it will solicit the assistance of the Acting Chief Director Legal Services with a view that the latter source and secure the assistance of the office of the State Attorney to process the disciplinary hearings
 - 4.2. The request for assistance from the Office of the State Attorney will allow to independently administer the disciplinary processes against Ms Ralarala, Ms Mabuela, Mr Kgasoane and Mr Sazona. The GRC informed me that the Department would formally request the Office of the State Attorney on 20 March 2020.
 - 4.3. In terms of civil legal action, the Department has informed me that the matter was referred to the Special Investigating Unit ("SIU") on 16 March 2020 to investigate and recover all or alternatively some of the funds paid to Crocia Events.
 - 4.4. Regarding criminal complaints, the Department's GRC branch has informed me that the matter will be referred on 20 March 2020 to the Directorate of Priority Crime Investigation ("Hawks") or such other competent authority. The criminal
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complaints will be made in terms of the Prevention of Organised Crime Act, 121 of 1998.

5. REVIEW OF PROCEDURES FOR STATE AND OFFICIAL FUNERALS

- 5.1.** To improve controls and to curb future occurrences of the irregularities DPWI branches were instructed to implement the following:
- 5.2.** The Supply Chain Management (SCM) function was requested to review the procurement strategy that was utilised to secure the services for previous state and official funerals.
- 5.3.** The Department should consider appointing a panel of service providers as opposed to a single service provider. This will assist the Department to better monitor and manage pricing and performance with relation to goods and services acquired from service providers and will ensure that the Department is able to access the best pricing for the individual items required
- 5.4.** The Department must enhance financial controls in place with respect supporting documents accompanying invoices submitted for payment to DPWI.

6. DEVELOPMENT OF NORMS AND STANDARDS

- 6.1.** In August 2019, I started a process with the Presidency and other Ministers to develop norms and standards for official State and Official funerals. This matter must still be finalised.

7. MATTERS RELATING TO THE DIRECTOR GENERAL

- 7.1** On 20 February 2020, I wrote a letter directly to President Ramaphosa to inform him of the investigation conducted by the GRC and PwC and the findings made against the Director-General, Adv Sam Vukela.
- 7.2** On 17 March 2020, President Ramaphosa sent a President's Minute to inform me of his decision in terms of section 42A(3)(a), read with sections 12(1)(a), 16A, 16B, 17(1) and 17(2)(d) of the Public Service Act, 1994 (promulgated under Proclamation No. 103 of 1994) to delegated the power to the Minister of Public Works and Infrastructure to initiate disciplinary processes against the Director-General, Adv Sam Vukela in terms of the Disciplinary Code applicable to heads of department as envisaged in Chapter 7 of the Senior Management Service Handbook.

P. de Lille

MS P DE LILLE, MP

MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE

DATE: 17 March 2020
