

REPORT ON PMTE INTERIM SOLUTION

1. **The Policy Regulation Unit** sets policy direction at Head Office level and finds its application in the business interventions undertaken by the Department. Although it does represent an integral part of the line function, it can however be considered to be a support function as it merely has an advisory role. In this unit functional distinction can clearly be made between Property and Construction. However, because of the size of this function it is not deemed appropriate to separate this function as this proposal will only be an interim arrangement. This Unit can serve both PMTE and the Department on the basis of "shared services" on a cost recovery basis during this period.
2. **The EPWP unit** is not linked to - or dependent on any property or other primary functions of the Department. Its existence and future operations can therefore not find application in the PMTE. As it is undisputedly a Departmental function that will not impact on the outcome of separation of functional responsibilities between the Department and the PMTE, it will not be further considered.
3. **The Projects and Inner City regeneration** functions both deal with construction related initiatives. It is not clear why it is organized in different branches other than to place focus on the priority of inner city regeneration. However, this is not deemed to be an efficient functional arrangement and should be considered for consolidation.
4. **Key Account Management, Asset Investment Management and Property Management** are all branches that are directly involved in the provision of accommodation to client departments. Whilst the existing branches cover all the functional interventions required to deliver this service, it is however also fragmented and can give rise to a "silo" approach that will sacrifice efficiency. Main functions performed in these branches inter alia include:
 - Client engagement and public relations;
 - Maintaining an Immovable Asset Register;
 - Providing state owned properties for occupation;
 - Organising and managing privately leased accommodation;
 - Doing portfolio analyses; and
 - Doing asset investment analyses.

Considering the above functions of the mentioned branches, there is no doubt that these branches should form the nucleus of the PMTE Trading Account in future. It is therefore recommended that the PMTE Trading Account be constituted by the amalgamation of the branches mentioned in the above paragraph 4. In the interim it

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should be placed under the managerial responsibility of a senior manager "Head of Property Management". An appropriate rank can be determined for this purpose as soon as the OFA of the DPSA has been concluded. This individual can in the interim also report to the Director – General.

Support services for Head Office are currently organized into three branches dealing with:

- Corporate Services;
- Internal Audit and Investigation Services; and
- Finance and Supply Chain Management.

The above support services are inclusive and are being rendered in support of both PMTE and departmental functions. It is therefore necessary to take a decision on whether these support services should be split to service Property Management and the Department independently or whether these support units should service both line functional institutions. For the sake of least disruption and to support a quick interim organizational arrangement, it is proposed that all Corporate Services and Internal Audit Services be regarded as "Shared Services". Shared services will provide support to both line function institutions based on mutually agreed upon service level agreements.

The above arrangement can however not be applied to the Finance and SCM support. The **PMTE should have an independent Finance function** to avoid a conflict of interest between officials serving both the Department and PMTE responsibilities as a consequence of the lack of segregation of duties, a key internal control measure . For example the billing between the PMTE and the Department is quite substantial in terms of the number of transactions as well as the amounts involved. The CFO can therefore not be seen to be billing the department whilst he / she is on the other hand also authorizing payments to PMTE. Such conflict of interest is material and constitutes a huge risk. It is therefore unavoidable that independent Finance functions be established for PMTE and the Department each with its own Chief Finance Officer given the complexities and volume of transactions in each environment.

This is not considered to be a major problem as PMTE already has a basic finance function in place currently overseen by a Chief Director: Financial Planning and Reporting (PMTE). This
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finance function for PMTE can be reviewed and enhanced based on accounting responsibilities as soon as the PMTE's business processes have been plotted and appropriate policies have been developed. A linkage of the mentioned processes and policies with the historic number of transactions feeding into PMTE, will inform exactly what capacities are needed and at what levels.

The PMTE will need a substantial SCM capability in order to deliver on all of its functional responsibilities. The nature of the SCM processes will also be distinctly different to the infrastructure (project) requirements that the Department will have. The Turn Around support is at this stage busy defining different procurement processes to meet all of these functional needs. When this is concluded it should be possible to divide this SCM capability according to departmental / PMTE needs. At this stage it is not deemed appropriate to separate this function or to establish a separate SCM functional capability for PMTE. It is therefore **recommended that the full SCM capability of the Department in the meantime also be used as a "shared services" capability for the proposed PMTE.**

SUMMARY OF ALL RECOMMENDATIONS

Based on the above deliberations and motivations it is recommended that:

1. The following recommendations be considered as an interim organizational arrangement to be put in place until the Organisational Functional Analysis of the Department and PMTE can be concluded by the DPSA and subsequently implemented;
2. The principle be adopted that the future PMTE be organized and implemented as a Trading Account as already approved by National Treasury in 2006;
3. PMTE be structured as a government component of the Department of Public Works;
4. The PMTE Trading Account be constituted by the amalgamation of the following branches:
 - Key Accounts Management;
 - Asset Investment Management; and
 - Property Management.
5. The managerial responsibility for PMTE initially be vested in a senior manager "Head of Property Management" - the rank of which can be determined by the outcome of the OFA to be conducted by the DPSA;

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6. The "Head of Property Management" report to the Director – General of Public Works in the interim;
7. An independent Finance function with its own CFO be established for the PMTE based on the current organizational arrangement for Finance that is already in place;
8. Other support services be used by both the Department and the PMTE on the basis of "shared services" as follows:
 - Policy Regulation;
 - Internal Audit;
 - Corporate services; and
 - SCM.
9. The Organisational Functional Analyses be concluded by DPSA as soon as possible and in particular consider:
 - Enhancing efficiencies both for PMTE and the Department;
 - The level of centralisation / decentralisation between head office and the regions;
 - Regional structures be realigned based on the outcome of both the above findings.

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ANNEXURE - ACCOUNTING IMPLICATIONS FOR THE INTERIM SOLUTION

1. A number of issues exist with the current structure. From an accounting perspective, the following is highlighted and discussed below:
 - Functions within the Department have not clearly being separated between the PMTE, operating as a trading entity, and the rest of the Department.
 - The PMTE does not recognise any immovable property, as the asset management function still resides within the Department. The PMTE expenses any direct cost associated with property management, including any capital expenditure budgeted for in planned maintenance.
 - The administrative cost of performing the property management function is currently within the Department. This results in issues around related party transactions and the measurement of this cost (as the Department is incurring costs around the PMTE).
 - Accrual accounting principles has not been fully implemented in the PMTE despite the fact that the PMTE reported in terms of SA GAAP (IFRS). Due to BAS being a transversal system, modifications to ensure proper accrual accounting is not possible.
 - As a result of inadequate costing of the services rendered and to bill for those services accurately, the PMTE is currently not viable and cannot fulfill its function to manage the property portfolio of the DPW. This directly affects the going concern assumption and the reporting of the PMTE.

Each of the issues listed above will be discussed in detail below coupled with a proposed recommendation.

2. KEY RECOMMENDATIONS

2.1 Functions not clearly separated

2.1.1 Current situation

The DPW did not separate operational functions for the PMTE. From a structural perspective the PMTE only consists of a Finance Department as the property management capability still resides within the Department. The PMTE however accounts for expenditure and revenue relating to the property management function in their

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financial statements. The salaries and other overheads relating to the PMTE's finance department are financed by the Department from voted funds.

As a result, the PMTE does not function as an entity within the Department, but only as different accounts, with a separate budget.

2.1.2. Proposed interim solution: Moving property management functions into the PMTE from 1 April 2013

- The accounting impact will be that all expenditure relating to PMTE, including resources and movable assets will have to be accommodated within the PMTE. This will result in a shift of budgets between programmes from the Department to the PMTE (via a transfer payment approved by Treasury)
- This excludes expenditure relating to administrative functions that will still be carried by the Department (Shared Services). Refer to section 4.4. for further explanations
- Although the movement of functions will complicate the accounting treatment within the PMTE, the result will better reflect the cost of performing property management within the PMTE. This is because all costs, including salaries and related overheads of all property management functions will be transferred to the PMTE.
- Given that the PMTE does not yet have a system to record accrual accounting transactions, the timing of moving any functions, is critical.
- In terms of Directive 4 of the OAG, entities may have a three year period to measure certain assets and liabilities as a result of a transfer of functions.
- To enable the PMTE to utilise the transitional provisions included in Directive 2 re transfer of functions effectively, it is recommended that these functions move to the PMTE effective 1 April 2013.

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2.2 Recognition of immovable property and capital expenditure

2.2.1. Current Situation

The asset management function, including immovable property, is currently maintained within the DPW, outside the PMTE. The Department is qualified on the completeness and valuation (measurement) of the asset register.

Due to the NDPW reporting on a modified cash basis, the Department is obligated to add capital expenditure as additions to the fixed asset register. However, as a result of the devolution of the capital budget and the lack of a capitalisation policy, the additions to the fixed asset register are from a historical perspective not complete, nor accurate.

Based on a decision made in 2006 (devolution of capital budgets), client departments are currently including any capital additions within their respective budgets such that National Treasury can get a complete indication of all costs requiring funding to enable a Department to execute its mandate.

The PMTE pays for the capital expenditure, but due to the fact that the physical assets are not being recognized within the PMTE, this expenditure is treated as recoverable expenditure from the relevant Client Departments, within the PMTE. There are furthermore no additions to the fixed asset register of the DPW (even as the custodian of the property management function the DPW has not incurred any expenditure). The immovable asset register of DPW is not updated with these additions resulting in a mismatch between the Department's capital budget and the expense for its own occupied buildings. User departments will face similar, but opposite, issues as they incur capital expenditure without having the physical asset in their immovable asset registers.

Planned maintenance is budgeted for within the PMTE as an expense. This expenditure includes capital expenditure, which should be capitalized and not expensed. As the PMTE cannot capitalise the expenditure (as it does not have the immovable assets), these payments are expensed, resulting in an understatement of the asset values of the DPW.

2.2.2 Proposed solution: The assets management function is transferred to the PMTE.

- The PMTE will recognise the immovable assets and all related liabilities.
- Where the client department still receives the capital budget from Treasury and DPW (PMTE) ultimately controls the capital additions, additions will be recognised by the PMTE. The fees received for capital additions from these client departments will be recognised as accommodation charges and recognised over the lease period (instead of being a "recovery" of the expense)

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- In future the PMTE would charge users a fee to recover the full cost of delivering the required services, including a fee to ensure capital improvements. The PMTE would budget for capital improvements following a strategic asset management plan. The PMTE recognises the revenue received through the Statement of Financial Performance and accumulates funds to ensure continuous capital development.
- Where the client department still receives the capital budget from Treasury and the capital additions are not controlled by the DPW (i.e. client specific leasehold improvements); and the DPW (PMTE) was used as the project manager/ contractor, the amount will be "recovered" from the client department. The PMTE recognises the revenue and the related expenditure in its Statement of Financial Performance. No capitalization will take place in PMTE's financial records. The client department will capitalize.
- The advantage of this is that the accounting mismatches between capital budgets and capital expenditure are resolved.
- The PMTE shows the immovable assets and any additions to it, whilst the user Departments only show the accommodation charge. Leasehold improvements is recognised by the user Department and depreciated over the lease period. This should ease pressure on the National Treasury to budget annually for huge capital outlays in the long term.
- In the shorter term, the PMTE may still be reliant on augmented funds (transfer payments received from DPW) to fund capital outlays.
- As the PMTE is applying accrual accounting principles, challenges exist around the measurement of assets and correcting the legacy around the fixed asset register.
- As Directive 2 transitional provisions will be utilised and the immovable asset register is transferred with its functions, the PMTE intends to use the transitional provisions contained in Directive 2 (see point 1 above). This means that the IAR will move to the PMTE on 1 April 2013, but that the PMTE has three years to value these immoveable assets. This will provide the PMTE sufficient time to complete the physical verifications of all owned and leased buildings per current plans by 31 December 2013. The latest municipal valuation roll will be available will be used to ensure that the immoveable assets are valued at fair value by 31 March 2016.

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2.3 Administrative functions and costs

2.3.1. Current situation

All administrative cost relating to property management are budgeted for and paid within the Department. The PMTE does not budget or pay for any administrative cost, e.g. audit cost, supply chain management, etc.

The PMTE and the Department are currently disclosing these in a related party transactions note to the financial statements. The challenge exists around measurement (allocation) of costs for the DPW and the PMTE.

2.3.2 Proposed Solution: The Department budgets and renders certain administrative functions to the PMTE. The cost is allocated to the PMTE based on a functional analysis of the cost

- The PMTE recognises the cost of the shared expenses and corresponding revenue in the Statement of Financial Performance where the cost of these services can be measured reliably. Where cost/revenue cannot be measured, the fact is disclosed in a note only.
- As a result, administrative and corporate function duplication is avoided.
- However, the financial statements reflects the full cost of receiving the services more accurately, resulting ultimately in better reporting.
- As the Department is still budgeting and paying for these costs, the cost will not be transferred to client departments through any pricing strategy or be recovered from the PMTE
- This will avoid cost duplication of setting up separate structures within both the PMTE and DPW e.g. to comply with Treasury Regulations or instructions e.g. corporate committees and risk managements.

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2.4 Implementing full accrual accounting principles

2.4.1 Current situation

The PMTE is currently accounting for its transactions on BAS, which is a transversal system set-up to account for transactions on the modified cash basis. The system cannot be modified to accommodate separately the needs for the PMTE.

The PMTE has identified the need for a proper accrual accounting system. Together with obtaining a new system, business processes are in the process to be mapped and brought in line to ensure proper accrual accounting. However, the PMTE is currently relying on manual processes to ensure that the financial statements reflect fairly the financial affairs of the reporting structure.

2.4.2 Proposed Solution: The PMTE implement full accrual accounting processes and account for transactions when they occur.

- Transactions is recognised when they occur and classified correctly at initiation. Manual journals will be the exception and not the rule. Payments and receipts are recorded against the appropriate control account and not directly in expenses and revenue.
- To implement full accrual accounting processes takes time as it involved change management processes, adequate skills and will result in additional costs.
- If the PMTE is able to use the transitional provisions in Directive 2 from 1 April 2013, it may provide us with the opportunity to implement accrual accounting principles regarding the measurement of liabilities and assets related to the transfer of functions.

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2.5 Going concern issues

As the PMTE is currently not structured effectively, has a bank overdraft with cash flow problems, has problems collecting money due to it, due to the lack of a proper billing system and lack of written contracts, its ability to be financial viable is an issue.

Impact:

If the Department is not able to make the PMTE financially stable, the PMTE may not be able to continue as a going concern.

As long as there is uncertainty around the PMTEs ability to continue as a going concern, additional disclosures will have to be made about managements' plans to resolve the situation.

If not addressed the Department may be forced to dissolve the entity, without addressing any legacy issues.

If the intention of the Department is for the trading entity to continue as a going concern the issues around its sustainability needs to be addressed though adequate measures.

END

Appendix 2

List of completed and approved policies

LIST OF DPW POLICIES AS AT 2013.04.19

Branch Name	Approved Policies	Date approved	Draft Policies	Estimated approval date	Policies under Review	Estimated approval date
A: OFFICE OF THE DG						
CD: Security	Key Control Policy	2010.02.01	Information Security Procedures (Ministry and DG Office)	2013.07.31		
	Vetting Policy	2013.02.20	Parking Policy: Department and Government	2013.11.30		
			Physical Policy	2013.06.30		
			Information Security Policy and Procedures	2013.06.30		
			Review of Internal Security Policy	2013.11.30		
			Procedures to release information	2013.07.31		
CD: Internal Audit and Investigation Services	Internal Audit and Investigation Service Charter	2013.03.20	Audit and Risk Management Committee Charter	2013.05.31		
	Fraud and Anti-Corruption Policy	2010.12.09			Fraud and Anti-Corruption Policy	2013.07.31
CD: Monitoring and Evaluation	Departmental Performance Monitoring and Evaluation Policy	2011.05.30			Departmental Performance Monitoring and Evaluation Policy	2013.05.31
CD: IGR	None					
CD: Strategic Management Unit	None					
B: BRANCH: CONSTRUCTION AND PROPERTY REGULATION						
CD: Construction Policy	White Paper Enabling Environment	1997.09.30				
Development	White Paper Public Works towards 21st century	1997.09.01				
CD: Property Policy Development	Rental Debtor Management Policy	2008.04.04	Policy: Use of client resources in capital & maintenance projects on State-owned immovable assets	2013.10.31		
	Strategic Framework for Green Building in South Africa	2011.10.01	Policy: Demolition of State-owned buildings & structures	2013.11.30		
	Property Management Strategy on BEE/Job Creation and Poverty	2012.11.12	Policy: Immovable Asset Disposal	2013.05.31		
			Immovable Asset Conditions Assessment Guideline	2013.09.30		

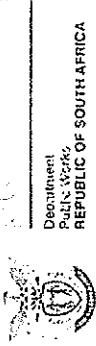
Branch Name	Approved Policies	Date approved	Draft Policies	Estimated approval date	Policies under Review	Estimated approval date
C: BRANCH: ASSET INVESTMENT MANAGEMENT No policies (currently guided by GIAMA Act for implementation)			Inmovable Asset Lifecycle	2013.09.30		
D: BRANCH: INNER CITY REJUVENATION No policies (only guidelines. Innercity is guided by SCM policies)						
E: BRANCH: EPWP No EPWP policies, guided by Departmental policies on Greening the infrastructure of Government (for incorporation of labour-absorbing strategies during the construction of green-friendly buildings, the rehabilitation buildings and the maintenance. All policies should ensure that it is in-line with the EPWP targets for designated groups (55% women, 40% youth and 2% disabilities)						
F: BRANCH: PROJECTS No Policies						
G: CORPORATE SERVICES CD: HR						
Abet Policy	2008.01.29				Bursary Policy	2013.06.30
Bursary Policy	2005.05.09				Employment Equity Policy	2013.06.30
Conflict of Interest Policy	2005.07.08				Funeral Policy	2013.06.30
Employment Equity Policy	2005.07.08				Gender and Women Empowerment	2013.06.30
Funeral Policy	2005.05.09				Career Management Policy	2013.06.30
Gender Policy	2005.07.08					
HIV AIDS Policy	2008.06.08					
Integrated Career Management Policy	2008.01.29					
Job Evaluation Policy	2013.02.20					
Oath of Confidentiality Policy	2005.07.08					
Performance Management and Development Policy (MMS) 1-12	2005.10.12				Performance Management and Development	2013.06.30
Recruitment Policy	2013.02.20					
Resettlement Collective Agreement	2005.02.14					
Special Leave Policy	2005.07.08					
Sports and Social Activities Policy	2013.02.20					
Standby Collective Agreement	2005.02.14					
Training Policy	2008.01.29					
Termination of Services Policy	2005.09.05					
Working hours and overtime Policy	2005.05.09		Recognition of Prior Learning	2013.06.30		
CD: Gender	Disability Policy Guideline	2010.12.10			Working hours and overtime Policy	2013.06.30

Branch Name	Approved Policies	Date approved	Draft Policies	Estimated approval date	Policies under Review	Estimated approval date
CD: Communications	Communications Policy (GCIS Guideline)	2009.08.				
CD: Information Services	Notebook Policy	2006.02.05	Note book Policy Internet Usage Policy E-mail Policy	2013.06.30 2013.06.30 2013.06.30	Note book Policy Internet Usage Policy E-mail Policy	2013.06.30 2013.06.30 2013.06.30
			Allocation of Personal Computers & Laptops	2013.06.30	Allocation of Personal Computers & Laptops	2013.06.30
			Mobile Card - 3G	2013.06.30	Mobile Card - 3G	2013.06.30
			IT Security Policy	2013.06.30	IT Security Policy	2013.06.30
CD: International	None					
H: OFFICE OF THE CFO						
CD: Supply Chain Management Policy	Directive: Car allowance for middle managers (MMS)	2011.06.10	Management of Losses Policy	2013.05.31		
	Directive: Car allowance for Senior managers (SMS)	2012.05.09	Directive: Debt, Claims Receivable and Revenue	2013.05.31		
	Cellular Telephone Policy & Data Cards	2012.03.07	Venues & Facilities	2013.09.30		
	Directive: Stores and Inventory	2012.03.07	Unauthorised, irregular, Fruitless and Wasteful Expenditure	2013.05.31		
	Directive: Logis User Account Management	2012.12.06	Debt Management Policy	2013.09.30		
	Directive: International Travel and subsistence	2008.05.12	Materiality Framework	2013.05.31		
	Travel & Subsistence	2012.03.07	Payments Policy	2013.05.31		
	Movable Asset Management Policy	2012.03.31	Goods & Services	2013.09.30		
	Directive: Records Management	2012.01.31	Directive: Telecommunications	2013.09.30		
	Directive: Subsidised vehicles	2012.03.07	Directive: Photocopying	2013.09.30		
	Irregular Expenditure Management Policy	2011.02.10				
	Directive:Corporate Credit Card	2012.05.09				
	Supply Chain Management Policy	2008.04.29				
	Postal & Courier Services	2012.02.21				
	Entertainment and Catering	2012.03.07				
	Fleet Management Policy	2011.06.11				
	Petty Cash Policy	2011.02.28				

Branch Name	Approved Policies	Date approved	Draft Policies	Estimated approval date	Policies under Review	Estimated approval date
I. BRANCH: REGIONAL COORDINATION						
CD: Property and Facilities Management			Facilities Management and Lease Management Policy	2013.09.30		
			Occupational Health and Safety	2013.09.30		

Appendix 3 -

A comprehensive list of
investigated cases



Department
Public Works
REPUBLIC OF SOUTH AFRICA

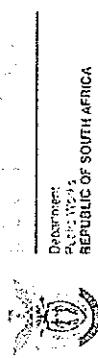
FRAUD AWARENESS AND INVESTIGATIONS - LIST OF ALLEGATIONS (2012/13) FINANCIAL YEAR

No	Reference Number	Allegation	Location	Recorded
1	HO/FAI/01/2012-13	Allegations of fruitless and wasteful expenditure	Head Office	26-Apr-12
2	JHB/FAI/01/2012-13	Irregular procurement process in the Construction of Diepsloot Police Station	Johannesburg	26-Apr-12
3	DRB/FAI/01/2012-13	Irregular awarding of contracts	Durban	26-Apr-12
4	PTA/FAI/01/2012-13	Irregular amendment of Suppliers banking details on Logis	Pretoria	10-May-12
5	BLM/FAI/01/2012-13	Allegations of corruption against Mr Jabari and "Florence"	Bloemfontein	04-Jun-12
6	HO/FAI/02/2012-13	Allegations of irregular expenditure	Head Office	04-Jun-12
7	NEL/FAI/01/2012-13	Investigation into allegations of land appropriation belonging to NDPW - Farm Eunika 294 JU Mpumalanga	Nelspruit	05-Jun-12
8	KIM/FAI/01/2012-13	Allegations of Leave Abuse	Kimberley	08-Jun-12
9	PEL/FAI/01/2012-13	Allegations of recruitment irregularities involving Mrs Clark	Port Elizabeth	18-Jun-12
10	BLM/FAI/02/2012-13	Allegations of maladministration at DCS Virginia	Bloemfontein	26-Jun-12
11	BLM/FAI/03/2012-13	Allegations of maladministration at Goedmoed	Bloemfontein	26-Jun-12
12	PTA/FAI/02/2012-13	Irregular Lease Agreement involving Nedpark Building	Pretoria	04-Jul-12
13	BLM/FAI/04/2012-13	Allegations of Procurement Irregularities	Bloemfontein	27-Jul-12
14	DRB/FAI/02/2012-13	Fraudulent submission of documents by a supplier in responding to a tender	Durban	27-Jul-12
15	HO/FAI/03/2012-13	Allegations of Corruption	Head Office	27-Jul-12

16	MTH/FAI/01/2012-13	Irregular awarding of bursary to Mr N. Nhukwana	Mthatha	27-Jul-12
17	JHB/FAI/02/2012-13	Irregular lease agreement	Johannesburg	31-Jul-12
18	KIM/FAI/02/2012-13	Irregular allocation of DPW Property from DJCD to SASSA	Kimberley	01-Aug-12
19	BLM/FAI/05/2012-13	Irregular exchange of materials	Bloemfontein	22-Aug-12
20	BLM/FAI/06/2012-13	Possible Fraudulent Claim involving Ethnie Trading	Bloemfontein	22-Aug-12
21	BLM/FAI/07/2012-13	Mismanagement of a contract resulting in wasteful expenditure	Bloemfontein	22-Aug-12
22	JHB/FAI/03/2012-13	Allegations of fraud, corruption and nepotism involving Mr Michael Moeketsi	Johannesburg	22-Aug-12
23	KIM/FAI/03/2012-13	Irregularities with regards to the allocation of Portion 146 & 148 of the Farm Kalahari Wes	Kimberley	23-Aug-12
24	PTA/FAI/03/2012-13	Irregularities with regards to awarding of emergency contracts at the pretoria Regional Office	Pretoria	04-Sep-12
25	CPT/FAI/01/2012-13	Irregularities in the appointment of cleaners at the Cape Town Regional Office	Cape Town	04-Sep-12
26	CPT/FAI/02/2012-13	Allegations of fronting involving Hlabeni Properties	Cape Town	04-Sep-12
27	BLM/FAI/08/2012-13	Allegations of Tender rigging	Bloemfontein	04-Sep-12
28	BLM/FAI/09/2012-13	Allegations of soliciting a bribe and tender rigging in the awarding of a security contract	Bloemfontein	04-Sep-12
29	KIM/ FAI/04/2012-13	Possible fraud, forgery, uttering and corruption against service provider	Kimberley	11-Sep-12
30	BLM/FAI/10/2012-13	Allegations of soliciting a bribe by DPW officials	Bloemfontein	19-Sep-12
31	HO/FAI/04/2012-13	Allegations of possible fraudulent activities involving Blackmoon Media and Mpine Consulting Services	Head Office	20-Sep-12
32	PTA/FAI/ 04/2012-13	Allegations of Corruption and related activities at Horticultural and Clearing Services	Pretoria	08-Oct-12
33	KIM/FAI/05/2012-13	Allegations of Corruption Involving Alarm & Radio Data Tech	Kimberley	11-Oct-12
34	PTA/FAI/ 05/2012-13	Allegations of misuse of company time	Pretoria	07-Nov-12
35	PTA/FAI/06/2012-13	Irregular appointments and payments made to ZUFI (Pty) Ltd	Pretoria	07-Nov-12
36	PE/FAI/02/2012-13	Allegations of irregularities with regards to lease entered into involving Winterberg Commando Building - Adelaide	Port Elizabeth	07-Nov-12

37	HO/FAI/05/2012-13	Appointment Irregularities	Head Office	07-Nov-12
38	HO/FAI/06/2012-13	Possible Fraudulent Transaction: SADC Advertising	Head Office	07-Dec-12
39	PTA/FAI/07/2012-13	Mismanagement of a contract involving Matseng	Pretoria	19-Dec-12
40	PTA/FAI/08/2012-13	Allegations of irregularities involving Fence and Gate / MIS (Mavundla Ironclad System)	Pretoria	19-Dec-12
41	KIM/FAI/06/2012-13	Irregular allocation of work to Free State Steam involving Steinkopf Police Station ('8 Air Conditioners)	Kimberley	19-Dec-12
42	NEL/FAI/02/2012-13	Allegations of corruption against DPW officials with regards to a lease involving Germanos Investments CC	Nelspruit	30-Jan-13
43	BLM/FAI/11/2012-13	Non payment of services rendered by Chadu Trading at a wrong Site - SANDF Building no . 723 - 2 X Combi Steamers	Bloemfontein	13-Feb-13
44	JHB/FAI/04/2012-13	Irregular award of lease involving SAPS Garage Krugersdorp	Johannesburg	13-Feb-13
45	KIM/FAI/07/2012-13	Irregular payments made to Phakisa World Fleet Solution / Phakisa Environmental Services	Kimberley	13-Feb-13
46	HO/FAI/07/2012-13	Irregular leakage of suppliers financial details	Head Office	13-Feb-13
47	DRB/FAI/03/2012-13	Allegations of misconduct against Ms N. Xego	Durban	13-Feb-13
48.	BLM/FAI/12/2012-13	ASD Internal Audit - Bloemfontein Regional Office	Bloemfontein	13-Feb-13
49	BLM/FAI/13/2012-13	Allegations of submission of fraudulent compliance certificate involving Keren Kula Construction	Bloemfontein	13-Feb-13
50	BLM/FAI/14/2012-13	Allegations of forged Cession Agreement involving Vulcan Trading Equipment and Director of Projects	Bloemfontein	13-Feb-13
51	HO/FAI/08/2012-13	Allegation of Corruption against various officials within the IT Section	Head Office	13-Feb-13
52	NEL/FAI/03/2012-13	Allegations of irregular lease involving Portion 29 of the farm Groot Viergen Aang	Nelspruit	13-Feb-13
53	HO/FAI/09/2012-13	Allegations of irregularities with regards to DPW officials conducting business with the Provincial Department	Nelspruit	13-Feb-13
54	PTA/FAI/09/2012-13	Allegations of corruption against Mr Shadrack Kutu	Pretoria	05-Mar-13
55	HO/FAI/10/2012-13	Allegations of irregularities in the awarding of a tender involving Phambili Africa Events	Head Office	08-Mar-13
56	MTH/FAI/02/2012-13	Allegations of corruption in the awarded of a contract involving Ngamakwe SAPS: Repairs and Renovations of entire Complex: WCS 021158	Mthatha	11-Mar-13
57	CPT/FAI/03/2012-13	Allegations of irregularities with regards to work conducted by service providers at Western Cape Harbours	Cape Town	25-Mar-13

58	BLM/FAI/15/2012-13	Allegations of irregularities regarding the awarding of Gardening Services Contracts at the Bloemfontein Regional Offices	Pretoria	25-Mar-13
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Department
of Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

FRAUD AWARENESS AND INVESTIGATIONS - LIST OF ALLEGATIONS (2011/12) FINANCIAL YEAR

No	Reference Number	Allegation	Location	Recorded
1	PTA/FAI/01/2011-12	Stolen Printer	Pretoria	4-Jan-11
2	JHB/FAI/01/2011-12	Fronting	Johannesburg	4-Jun-11
3	MTH/FAI/01/2011-12	Irregular submission of quotation, after work has been completed	Mthatha	4-Jun-11
4	NEL/FAI/01/2011-12	Fraud and falsification of claims by a contractor	Neelspruit	20-Apr-11
5	MMB/FAI/01/2011-12	Abuse of sick leave by an official	Mthatha	20-Apr-11
6	HO/FAI/01/2011-12	Irregular amendment of quotation	Head Office	21-Apr-11
7	POL/FAI/01/2011-12	Irregular subletting of DPW Property	Polokwane	5-Oct-11
8	POL/FAI/02/2011-12	Procurement Irregularities with regards to cleaning services	Polokwane	5-Oct-11
9	POL/FAI/03/2011-12	Fraudulent orders	Polokwane	25-May-11
10	PTA/FAI/02/2011-12	Possible fruitless and wasteful expenditure	Pretoria	27-May-11
11	PTA/FAI/03/2011-12	Irregular disposal of DPW property	Pretoria	6-Jul-11
12	DRB/FAI/01/2011-12	Fraudulent orders	Durban	6-Sep-11
13	NEL/FAI/02/2011-12	Bribery of DPW officials by a contractor	Neelspruit	6-Oct-11
14	POL/FAI/04/2011-12	Possible Fronting involving HAT Specialist	Polokwane	21-Jun-11
15	PTA/FAI/04/2011-12	Possible Collusion between DPW officials and Rode and Associates	Pretoria	27-Jun-11

16	DRB/FAI/02/2011-12	Allegation of corruption against DPW officials	Durban	27-Jun-11
17	BLM/FAI/01/2011-12	Non-compliance with Business Processes involving Silver Streak Trading 664	Bloemfontein	27-Jun-11
18	PTA/FAI/05/2011-12	Misuse of Government Vehicle	Pretoria	27-Jun-11
19	CPT/FAI/01/2011-12	Procurement Irregularities - Prestige	Cape Town	20-May-11
20	BLM/FAI/02/2011-12	Possible fraudulent claims by a contractor	Bloemfontein	13-Jul-11
21	DRB/FAI/03/2011-12	Allegation of fraud involving Bambeba Jessu Trading	Durban	29-Jul-11
22	BLM/FAI/03/2011-12	Possible irregular expenditure	Bloemfontein	1-Aug-11
23	BLM/FAI/04/2011-12	Possible irregular expenditure	Bloemfontein	1-Aug-11
24	BLM/FAI/05/2011-12	Possible irregular expenditure	Bloemfontein	16-Aug-11
25	HO/FAI/02/2011-12	Non payment for services rendered	Head Office	25-Aug-11
26	HO/FAI/03/2011-12	Alleged Corruption within IS	Head Office	5-Sep-11
27	BLM/FAI/06/2011-12	Allegation of misrepresentation by service provider	Bloemfontein	15-Sep-11
28	BLM/FAI/07/2011-12	Allegation of irregular expenditure incurred on arrear rental	Bloemfontein	15-Sep-11
29	BLM/FAI/08/2011-12	Allegation of unauthorised appointment of relief worker	Bloemfontein	15-Sep-11
30	BLM/FAI/09/2011-12	Allegation of irregularities in the submission of tender documents for repairs & service of air-conditioners	Bloemfontein	15-Sep-11
31	BLM/FAI/10/2011-12	Allegation of irregular appointment of service provider using pro-quote	Bloemfontein	15-Sep-11
32	BLM/FAI/11/2011-12	Allegation of irregularities on the leasing of office accommodation - SAPS Pays	Bloemfontein	15-Sep-11
33	BLM/FAI/12/2011-12	Allegation of irregular expenditure for the repairs & maintenance using suspense account	Bloemfontein	15-Sep-11
34	BLM/FAI/13/2011-12	Allegation of irregular expenditure on the cleaning services using Variation Order	Bloemfontein	15-Sep-11
35	NEL/FAI/03/2011-12	Allegation of irregularities on the leasing of office space	Netspruit	15-Sep-11
36	DRB/FAI/04/2011-12	Allegation of fraud & corruption in the SCM Unit	Durban	15-Sep-11
37	DRB/FAI/05/2011-12	Allegation of Procurement Irregularities	Durban	15-Sep-11

38	CPT/FAI/02/2011-12	Allegation of procurement irregularities on the security contracts	Cape Town	21-Sep-11
39	MTH/FAI/02/2011-12	Allegations of Irregular Expenditure on the repair of faulty standby generator.	Mthatha	10-Oct-11
40	JHB/FAI/02/2011-12	Irregular appointment of DPW official	Johannesburg	10-Oct-11
41	BLM/FAI/14/2011-12	Allegation of irregular expenditure on the arrear rental escalation - Welkom	Bloemfontein	10-Oct-11
42	BLM/FAI/15/2011-12	Allegation of irregular expenditure on the arrear rental escalation (4644 + 13 605) - Vrede	Bloemfontein	10-Oct-11
43	BLM/FAI/16/2011-12	Allegation of irregular expenditure on the training of DPW staff (2 274.30 + 5 143.68)	Bloemfontein	10-Oct-11
44	BLM/FAI/17/2011-12	Allegation of irregular expenditure on the arrear rental escalation - Bethlehem	Bloemfontein	10-Oct-11
53	BLM/FAI/18/2011-12	Allegation of cover quoting	Bloemfontein	10-Oct-11
46	JHB/FAI/03/2011-12	Non payment of grant	Johannesburg	14-Oct-11
47	JHB/FAI/04/2011-12	Allegations of irregularities against Tibouchina Investments CC	Johannesburg	17-Oct-11
48	DRB/FAI/06/2011-12	Allegation of misrepresentation by contractor and submitting fraudulent invoices to DPW	Durban	18-Oct-11
49	HO/FAI/04/2011-12	Irregularities involving Ghallagher Estate Lease	Head Office	18-Oct-11
50	MTH/FAI/03/2011-12	Allegations of irregular expenditure	Mthatha	18-Oct-11
51	MTH/FAI/04/2011-12	Allegation of irregular expenditure in the procurement of services for the repair of airconditioners	Mthatha	18-Oct-11
52	CPT/FAI/03/2011-12	Allegation of cover quoting	Cape Town	26-Oct-11
45	BLM/FAI/19/2011-12	Allegation of irregular expenditure on the arrear rental escalation - Kroonstad	Bloemfontein	26-Oct-11
54	DRB/FAI/07/2011-12	Allegation of unauthorised approval of tender advertisement	Durban	26-Oct-11
55	DRB/FAI/08/2011-12	allegation of late approval of extension of lease	Durban	26-Oct-11
56	DRB/FAI/09/2011-12	Allegation of unauthorised approval for extension of lease and pay increased rental	Durban	26-Oct-11
57	MTH/FAI/05/2011-12	allegation of irregular in the awarding of tender to refurbish audio video demand centre at prison	Mthatha	1-Nov-11

58	PTA/FAI/06/2011-12	Allegation of irregularities in the appointment of Reakgona Commercial & Industrial Hygiene	Pretoria	22-Nov-11
59	DRB/FAI/10/2011-12	Irregular lease agreement	Durban	22-Nov-11
60	CPT/FAI/04/2011-12	Irregular expenditure and wasteful expenditure	Cape Town	22-Nov-11
61	PEL/FAI/01/2011-12	Allegations of possible contract Management Irregularities	Port Elizabeth	7-Dec-11
62	MTH/FAI/06/2011-12	Allegations of corruption against Mr Mvambo involving Mr Elias Velaphi Laasiok	Mthatha	12-Dec-11
63	DBR/FAI/11/2011-12	Allegations of irregular expenditure involving Only If Management CC	Durban	12-Dec-11
64	CPT/FAI/03/2011-12	Investigations into allegations of gross misconduct	Cape Town	22-Dec-11
65	MTH/FAI/07/2011-12	Allegations of corruption against Mr Mvambo involving Mr Bonisile Makali of Mpankomo Skills Development	Mthatha	22-Dec-11
66	MMB/FAI/02/2011-12	Allegations of irregularities regarding a tender awarded to Malebo - Lebo Cleaning	Mmabatho	30-Jan-12
67	MMB/FAI/03/2011-12	Allegations of corruption against Regional Manager and his Personal Assistant	Mmabatho	30-Jan-12
68	CPT/FAI/05/2011-12	Allegations of irregular awarding of security tender	Cape Town	6-Feb-12
69	PTA/FAI/07/2011-12	Irregular awarding of maintenance work	Pretoria	6-Feb-12
70	DRB/FAI/12/2011-12	Irregular appointment of Deputy Director	Durban	10-Feb-12
71	DRB/FAI/13/2011-12	Possible fruitless and wasteful expenditure	Durban	16-Feb-12
72	CPT/FAI/07/2011-12	Allegation of corruption	Cape Town	17-Feb-12
73	KIM/FAI/01/2011-12	Allegations of irregular expenditure	Kimberly	1-Mar-12
74	HO/FAI/05/2011-12	Irregularities regarding procurement of SAS System	Head Office	5-Mar-12
75	MMB/FAI/04/2011-12	Allegations of corruption at DPW Potchefstroom	Mmabatho	9-Mar-12
76	DRB/FAI/14/2011-12	Allegations of irregularities with regards to procurement of cleaning Material	Durban	12-Mar-12
77	CPT/FAI/08/2011-12	Irregularities in the awarding of a tender	Cape Town	13-Mar-12
78	JHB/FAI/05/2011-12	Irregular lease agreement involving Swanvest 47 (Pty) Ltd	Johannesburg	13-Mar-12

79	JHB/FAI/06/2011-12	Irregular lease agreement involving SAPS 18 Industrial Rd	Johannesburg	13-Mar-12
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FRAUD AWARENESS AND INVESTIGATIONS - LIST OF ALLEGATIONS (2010/11) FINANCIAL YEAR

No	Reference Number	Allegation	Location	Recorded
1	JHB/FAI/01/2010-11	Irregular tampering with a supplier bid documents	Johannesburg	15-Apr-10
2	CPT/FAI/01/2010-11	Fronting	Cape Town	5-Mar-10
3	KIM/FAI/01/2010-11	* Improper conduct by ASD: Facilities Management	Kimberly	25-Jun-10
4	PEL/FAI/01/2010-11	<ul style="list-style-type: none"> * Bribery by DPW officials * Solicitation of bribes * Misuse of state vehicle * Conflict of interest 	Poort Elizabeth	5-Mar-10
5	MMB/FAI/01/2010-11	Irregular disposal of state property	Mmabatho	19-May-10
6	PTA/FAI/01/2010-11	Allegations of corruption within DPW Finance Section	Pretoria	26-May-10
7	HO/FAI/01/2010-11	Preferential treatment by two DPW officials in awarding tenders for prestige work	Head Office	27-May-10
8	HO/FAI/02/2010-11	IT procurement fraud	Head Office	27-May-10
9	BLM/FAI/01/2010-11	Corrupt relationship between DPW officials and a contractor	Bloemfontein	27-May-10
10	JHB/FAI/02/2010-11	Irregular awarding of tender	Johannesburg	6-Jan-10
11	JHB/FAI/03/2010-11	Irregular expenditure incurred in leasing	Johannesburg	24/06/10
12	JHB/FAI/04/2010-11	Corruption and collusive practice by DPW officials	Johannesburg	28-Jul-10
13	JHB/FAI/05/2010-11	Irregularities in the removal & repairs contract	Johannesburg	8-Feb-10
14	CPT/FAI/02/2010-11	Irregularities in leasing	Cape Town	27-Aug-10
15	HO/FAI/03/2010-11	Procurement irregularities involving FASOHO General Construction	Head Office	16-Sep-10
16	DRN/FAI/01/2010-11	Abuse of Government vehicle	Durban	31-Sep-10

17	DRB/FAI/02/2010-11	Irregular lease contract	Durban	31-Sep-10
18	NEUFAI/01/2010-11	Corruption and collusive practice by DPW officials	Nelspruit	11-May-10
19	POLFAI/01/2010-11	Irregular payment made to Neo Architect using suspense account	Poletjwane	11-May-10
20	HO/FAI/04/2010-11	Favouritism and nepotism	Head Office	16-Nov-10
21	CPT/FAI/03/2010-11	Procurement irregularities in repairs of fire system	Cape Town	1-Nov-11
22	MTH/FAI/01/2010-11	Falsification of quotes by DPW officials	Mthatha	28-Feb-11
23	KMB/FAI/02/2010-11	Irregular payment made for a faulty biometric system	Kimberly	2-Mar-11
24	MTH/FAI/02/2010-11	Unfair treatment of supplier	Mthatha	28-Feb-11
25	HO/FAI/05/2010-11	Irregular awarding of tender	Head Office	22-Feb-11
26	JHB/FAI/06/2010-11	Rendering of pest services without authorisation	Johannesburg	28-Mar-11
27	HO/FAI/06/2010-11	Irregular lease agreement entered into between DPW and SANRAL	Head Office	29-Mar-11
28	KIM/FAI/03/2010-11	Irregular recruitment processes and submission of fraudulent S&T claims	Kimberley	31-Mar-11



Department
PUBLIC WORKS
REPUBLIC OF SOUTH AFRICA

FRAUD AWARENESS AND INVESTIGATIONS - LIST OF ALLEGATIONS (2009/10) FINANCIAL YEAR					
No	Reference Number	Allegation	Location	Recorded	
1	A-10 & EO-09	Allegations of Corruption - Tender Rigging	Durban	04 January 2009	
2	B-10 & FQ-09	Allegations of fronting involving Prof O. Kachienga	Pretoria	15 April 2009	
3	C-10 & FS-09	Contractor Misrepresentation	Pretoria	04 January 2009	
4	D-10 & FY-09	Non Compliance with tender processes	Mthatha	04 January 2009	
5	E-10	Outstanding payment for services rendered	Pretoria	07 October 2009	
6	F-10 & GA-09	Fraudulent Tender Award - Yusela Construction	Cape Town	04 January 2009	
7	F-10 & GB-09	Fraudulent changing of banking details on logos	Head Office	04 January 2009	
8	H-10	Corruption - Supply Chain Management	Durban	04 January 2009	
9	I-10 & GF-09	State Property sold without authorisation	Mmabatho	04 January 2009	
10	J-10	Irregular appointment of Mr C Mphahlele	Pretoria	04 January 2009	
11	K-10 & GK-09	Irregular awarding of tender and possible fraudulent behaviour	Head Office	13 August 2009	

12	L-10 & GL-09	Irregular Award of Bid no. J8/044. Supply of delivery of cleaning materials.	Johannesburg	04 January 2009
13	M-10 & GM-09	Bribery - Mr Niemand bribed officials of NDPW to irregularly be awarded a contract	Pretoria	04 January 2009
14	N-10	Irregular sale of state property	Durban	04 January 2009
15	O-10	Corruption allegations against Ms Nokuthula & Ms Nomsa	Durban	04 January 2009
16	P-10	Irregular disposal of state property	Mmabatho	06 April 2009
17	Q-10 & GP-09	Delay on payments of outstanding invoices (Re ema Bohle Engineering)	Pretoria	04 January 2009
18	R-10	Irregular awarding of a contract to a disqualified contractor	Mthatha	25 May 2009
19	S-10	Non-payment for work completed by a contractor	Port Elizabeth	25 June 2009
20	T-10	New CIDB system disadvantaging black professional businesses in construction	Head Office	14 August 2009
21	U-10	Illegal use of State land	Mmabatho	08 September 2009
22	V-10	* 6 Allegations of favouritism * 3 allegations of nepotism * leaking of interview questions * Irregular payment for work not done * Irregular procurement of office furniture * Conflict of interest * Racism by DPW official * Abuse of alcohol during working hours * Irregular appointment of DPW official	Port Elizabeth	17 August 2009

23	W-10	Overriding procurement processes	Pretoria	09 April 2009
24	X-10	* Allegation of duplicate payments * irregular payment of wrong service provider	Johannesburg	09 April 2009
25	Y-10	Irregular appointment of a service provider	Pretoria	09 April 2009
26	Z-10	Overriding procurement processes	Pretoria	09 September 2009
27	AA-10	* Procurement Fraud	Head Office	10 January 2009
28	AB-10	* Conflict of interest * Inflating of prices * Cover quoting * Fronting * Contractors using same physical address	Durban	13 October 2009
29	AC-10	Overpayment of a supplier	Johannesburg	13 October 2009
30	AD-10	Procurement fraud	Durban	23 October 2009
31	AE-10	Fronting	Port Elizabeth	28 October 2009
32	AF-10	Irregular procurement of sceptic tanks	Mthatha	12 April 2009
33	AG-10	Misuse of state vehicle	Pretoria	11 February 2010
34	AH-10	Procurement fraud	Johannesburg	18 February 2010
35	AI-10	Cancellation of contract as a result of unsatisfactory work rendered by a contractor	Cape Town	29 March 2010