



SPECIAL INVESTIGATING UNIT

**Presentation on the Status of SIU's investigations
relating to the Department of Water and Sanitation**

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8 June 2022



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

Presentation Outline

- 
- 1. Legislative Mandate**
 - 2. SIU Operating Model**
 - 3. SIU Proclamations**
 - 4. Status and Outcomes of SIU Investigations**
 - Mhlathuze Water Board
 - Various allegations at the Department of Water Affairs
 - The awarding of a contract by the DWS to SAP (SA)
 - The awarding of contracts to LTE Consulting by the Lepelle Northern Water and Gauteng Department of Human Settlements
 - The awarding of a contract by LNW to Blackhead Consulting
 - Umgeni Water
 - Thukela Goedertrouw Water Scheme
 - The awarding of 4 contract by DWS to EOH
 - Amatola Water Board
 - 5. New matters received by the SIU**



Legislative Mandate

The SIU

Empowering Legislation

Special investigating units and special tribunals act, 1996 (act no. 74 of 1996) (“SIU act”).

Vision

“The State’s preferred and trusted forensic investigation and litigation agency.”

Mission

“We are the State’s preferred provider of forensic investigating and litigating services working together with other agencies in the fight to eradicate corruption, malpractice and maladministration from society.”



Major Functions

- Investigate corruption, malpractice and maladministration
- Institute civil proceedings



SIU Powers

- Able to subpoena, search and seize evidence, and interrogate witnesses under oath (once a proclamation has been issued)
- Institute civil litigation to recover state funds lost or to prevent future losses



Out of SIU Mandate

- Arrest or prosecute offenders
- Implement disciplinary actions
- Works closely with other relevant agencies where its powers fall short



SIU Investigation Outcomes



**Civil litigation
instituted in SIU's
name**

**Evidence of
criminality
referred to
National
Prosecuting
Authority and
Asset Forfeiture
Unit**

**Evidence of
misconduct
referred to the
Accounting
Officer**

**Evidence of any
other
transgressions
referred to
relevant
authorities
(Institute of
Directors, IRBA,
SARS, various
regulatory
bodies, Financial
Intelligence
Centre)**

**Presidential
Report
presented to
the Office of
the
President**

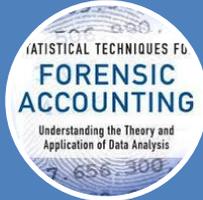
- SIU does not wait until the Presidential Report is issued, we take immediate remedial action as soon as evidence is sufficient.
- SIU will pursue officials who are employed elsewhere within government service when they resign from the Department to avoid disciplinary action.



SIU
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**Forensic
Data
Analytics**



**Forensic
Accounting**



**Forensic
Investigation**



**Civil
litigation**



Legal's



**Cyber
Forensic**

SIU KEY SKILLS



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PROCLAMATIONS



Proclamations Under Discussion

The proclamations discussed in the presentation are;

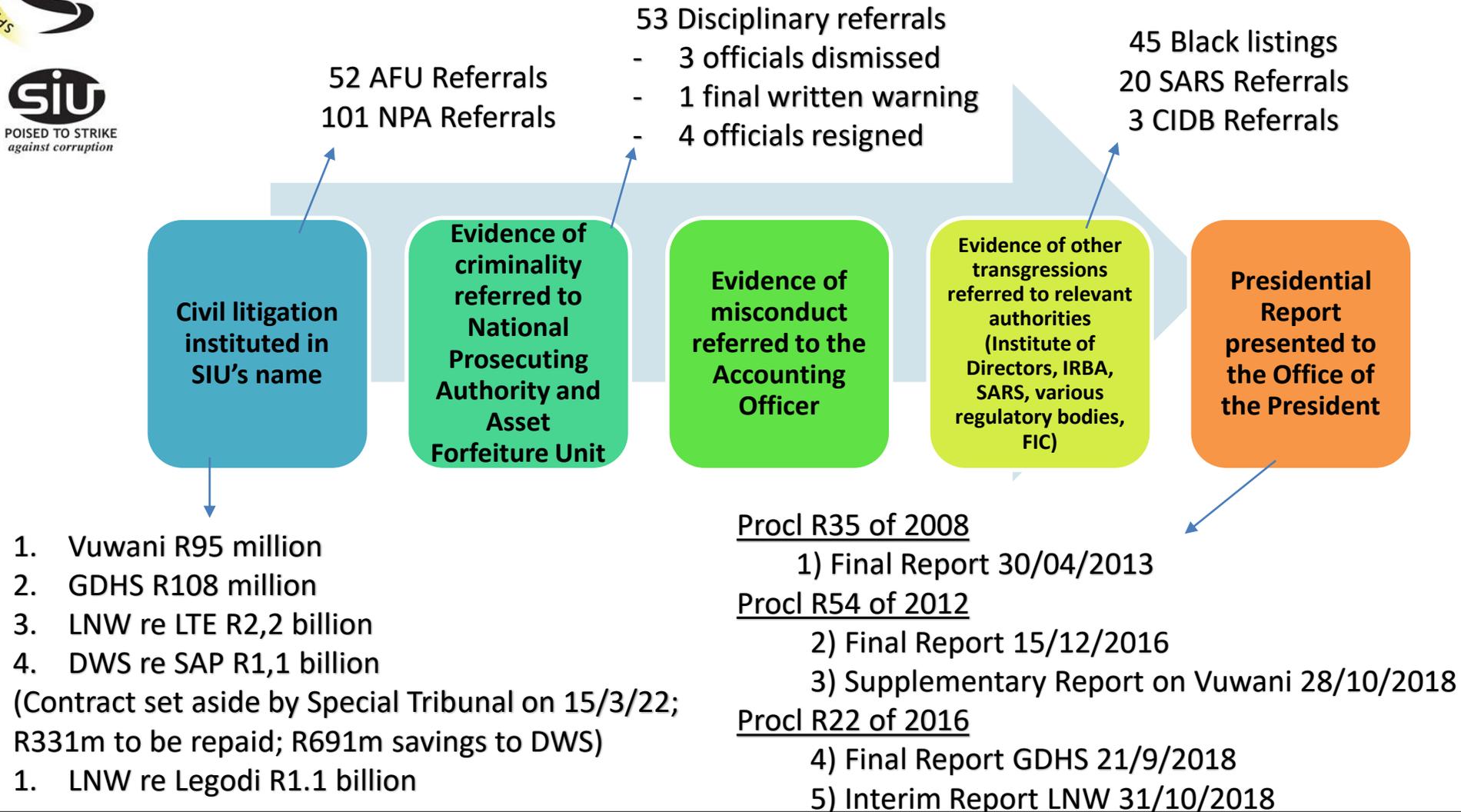
1. **Proclamation No R35 of 2008: Allegations at the Mhlathuze Water Board**
2. **Proclamation No R54 of 2012: Various allegations at the Department of Water Affairs**
3. **Proclamation No R22 of 2016: The awarding of contracts to LTE Consulting by the Lepelle Northern Water and Gauteng Department of Human Settlements (extended by Proclamation No R27 of 2019 to include Blackhead Consulting)**
4. **Proclamation No R27 of 2018: The awarding of a contract by the DWS to SAP (SA) (extended by R44 of 2019)**
5. **Proclamation No R4 of 2019 Umgeni Water**
6. **Proclamation No R28 of 2019 Thukela Goedertrouw Water Scheme**
7. **Proclamation No R33 of 2021: 4 contracts awarded to EOH**
8. **Proclamation R 23 of 2020: Amatola Water Board**



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

Overview of outcomes on all SIU proclamations



OUTCOMES ON INVESTIGATIONS





Proclamation R35 of 2008

Mhlatuze Water Board



Proclamation R35 of 2008: Mandate Mhlatuze Water Board

- Proclamation R35 of 2008 issued in 04 September 2008
- Procurement and background to the procurement of services by Mhlatuze Water for the inspection, repair and maintenance of underwater pipes conveying effluent from the Mondi Business Papers Plant into the sea, contrary to applicable legislation or internal prescripts, policy or regulations that regulate such procurement in respect of Mhlatuze Water, and losses suffered by Mhlatuze Water as a result thereof.
- The procurement and background to the procurement of goods or service from various entities by Mhlatuze Water contrary to applicable legislation or internal prescripts, policy or regulations the regulate such procurement and losses suffered by Mhlatuze Water as a result thereof.
- Any actual or prospective interest that a member of the governing Board of Mhlatuze Water or employee of Mhlatuze Water may have had in any of the transaction set out in paragraphs 1 and 2 above.



Proclamation R35 of 2008

Mhlatuze Water Board: Focus Areas

- The use of advance payments by Mhlatuze Water received from entities for purposes other than those intended.
- The failure by Mhlatuze Water to settle contractual obligation within a reasonable period of time and losses suffered as a result thereof.
- The non-compliance with prescribed procurement and tender procedures by Mhlatuze Water.
- The unlawful or constrictive dismissal of staff which resulted in financial prejudice or losses to the Board.
- The use of resources of Mhlatuze Water by employees of Mhlatuze Water for private business purposes.
- The financial prejudice and losses suffered by Mhlatuze Water as a result of the sale of houses owned by Mhlatuze Water.
- The failure by Mhlatuze Water to rent out houses at a market related value and the absence of a control system to ensure that rent in respect of the property was collected by Mhlatuze Water.



Proclamation R35 of 2008 Mhlatuze Water Board: Focus Areas

- The fruitless and wasteful expenditure incurred by Mhlatuze Water as a result of –
 - a value chain analysis which was conducted by consultants on behalf of Mhlatuze Water, which was never finalized;
 - the collapse of an electronic records management system that was introduced in 2003 at Mhlatuze Water; and
 - a project undertaken to value the assets of Mhlatuze Water.
- Irregular expenditure incurred by Mhlatuze Water in respect of security guards that were appointed to guard the house of the Chief Executive Officer of Mhlatuze Water.
- Financial prejudice and losses suffered by Mhlatuze Water as a result of excessive spending on travel, accommodation and other expenses by members of the governing Board of Mhlatuze Water.

Proclamation R35 of 2008

Mhlatuze Water Board: Summary of Findings

- Correct SCM processes were not followed.
- Controls and Policies in place were not sufficient to mitigate the risk of financial loss suffered by Mhlatuze Water Board.
- Documentation critical to the investigation was either lost or destroyed negligently or intentionally and that hampered the investigation.
- Mhlatuze Water Board failed to keep records of financial transaction which reflected that R9 977 577.50 of payment vouchers were untraced.
- Majority of original contracts for tender awarded totalling over 19 million were not found and/or did not exist.
- The entity failed to protect its records and thereby contravening section 50(1) and section 51(1)(a)(i) read with section 86 of Public Finance Management Act (Act 1 of 1999).
- Failure to enter into written contract with its suppliers contravened section 32 of the Water Act (Act 103 of 1997).



Proclamation R35 of 2008 Mhlatuze Water Board: Outcomes

- A **criminal case of fraud and corruption** was opened against an employee of the **Mhlatuze Water Board and the service provider** who paid gratification. The case was reported at Richards Bay, CAS 164/11/2010 refers.
- A **criminal case of contravention of section 50(1)(a) and section 51(1)(a)(i) read with section 86 of the Public Finance Management Act** was opened against the **board members of Mhlatuze Water Board**. The case was reported at Richards Bay, CAS 227/03/2010 refers.
- The DPCI are handling these two criminal investigations.
- Three implicated employees of the Mhlatuze Water Board resigned prior to the completion of our investigation.
- During the period of our investigation, which was from 01 January 2004 to 04 September 2008, there were two different boards.
- The **SIU's Final Presidential Report was submitted on 30 April 2013.**



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Proclamation R54 of 2012

Department of Water and Sanitation



Proclamation R54 of 2012: Mandate Department of Water Affairs

The Proclamation No. R.54 must be read with the Schedule thereto. The Schedule provides for investigation of the following matters:

1. The procurement of, and contracting for, goods, works or services by the Department and payments made in relation thereto, in a manner that was-

(a) Not fair, equitable, transparent, competitive and/ or cost – effective; or

(b) Contrary to the applicable –

(i) legislation;

(ii) manuals, guidelines, practice notes and instructions issued by the National

Treasury; or

(iii) manuals, policies, procedures, instructions or practices of, or applicable to, the Department.





Proclamation R54 of 2012: Mandate Department of Water Affairs

2. *Maladministration in respect of the affairs of the Department and any losses or prejudice suffered by it as a result of such maladministration by its officials or employees (hereinafter collectively referred to as “ the Department’s personnel”) or its agents in relation to –*
 - (a) *Variation orders being granted which exceeded the allowable percentage of the original contract price in respect –*
 - (i) *the Forest Fire Association (WP9191)*
 - (ii) *Syringa Bioscience (Pty) Ltd (WP9341)*
 - (iii) *Buca Management and Projects; and*
 - (iv) *Brainwave CC projects;*
 - (b) *the appointment of 86 contract labourers (which followed the dismissal of the originally appointed 104 contract labourers) in respect of the Expanded Public Works Programme, which included the construction of infrastructure in the Province of Mpumalanga;*



Proclamation R54 of 2012: Mandate Department of Water Affairs

(c) the involvement of the Department in –

(i) the Sundays River Municipality Regional Bulk Water Scheme; and

(ii) the Patterson Bulk Water Supply Project

(d) the lease by the Department of the Continental Building in Pretoria;

(e) Payments made to TWM Projects (Pty) Ltd; and

(f) Conflicting interests of the Department's personnel or agents in entities contracting with the Department, including the causes of such maladministration.

3. Any undisclosed or unauthorised interest the Department's personnel may have had with regard to-

(a) contractors, suppliers or service providers who bid for work or did business with the Department;

or

(b) contracts awarded by or on behalf of the Department.



Proclamation R54 of 2012

Department of Water Affairs

- Proclamation No R54 of 2012 was published on 21 September 2012.
- The SIU conducted the investigation into approximately **34 allegations** all of which were completed with significant and successful outcomes.
- The investigations are completed and the Presidential Report on the outcomes was presented to the Presidency on **15 December 2016**.
- Prior to the finalisation of the Presidential Report new allegations were received by the SIU relating to the procurement process of the **Vuwani Steel Pipeline**, which the SIU commenced investigating in late 2014 under the same proclamation.
- The SIU presented the **Final Presidential Report** to the President on the Vuwani Steel Pipeline on **28 October 2018**.



Proclamation R54 of 2012

Department of Water Affairs

Investigation Status/Progress on SIU's referrals

- As a result of the investigation conducted by the SIU, **58 different referrals** were made in respect of the outcomes of the investigations, these are all detailed in the slides to follow.
- The SIU has regularly followed up with the National Prosecuting Authority (NPA) to determine the status of the referrals made to them. To formalise feedback the SIU and NPA have signed a **Memorandum of Understanding**. The NPA has also appointed a **dedicated capacity** to track progress on all the SIU's criminal referrals. We will continue to pursue these matters and see them through to prosecution.
- The SIU also regularly meets with the DWS's Internal Consequence Management Team (HR, Legal and Internal Audit) and liaises with the acting DG to obtain regular updates on the status of all the disciplinary referrals made by the SIU.



Proclamation R54 of 2012

General Procurement Findings

Procurement of goods and services by the Department of Water and Sanitation which were not fair, transparent or equitable and conflict of interest of departmental personnel in entities contracting with the Department

In respect of the above, the SIU has found evidence during the course of the investigation that indicated:

- fruitless and wasteful expenditure
- irregular expenditure
- fraud and theft
- corruption
- officials who appear to have defrauded the Department by being complicit in the manipulation of procurement processes concerned to their personal benefit
- a contravention of section 17(1) of the Prevention and Combatting of Corrupt Activities Act No. 12 of 2014



Proclamation R54 of 2012

General Procurement Findings

- a contravention of paragraph C4.5 of the Public Service Regulations of 1 July 1999
- **dishonesty/fraud**, and
 - the **contravention of the Code of Good Conduct for the Public Service C. 4. 5** (by engaging in any transaction or action that is in conflict with or infringes on the execution of his official duties) and
 - the **contravention of the Code of Good Conduct for the Public Service C. 5.3** (by using his official position to obtain private gifts or benefits for himself during the performance of his official duties and accepting gifts or benefits that may be construed as bribes).



Proclamation R54 of 2012

Mr Senokwane matter

The SIU assisted the Department with the oversight and recovery of monies in respect of Mr Senokwane, a SAP consultant on contract with the Department.

As a result:

- The criminal prosecution was fast tracked.
- The accused was charged with and **convicted on 13 July 2012 of 3 counts of theft** to the value of **R2 843 699.30**.
- In essence he simply transferred DWS monies into his personal bank account using the access he had to the SAP payment system at the DWS.
- The accused was sentenced to **seven years imprisonment**.
- The SIU pursued the civil recovery of the stolen monies by way of court action and **obtained a default judgement for the full R2 843 699.30**.
- There was no actual recovery as his business was liquidated and he was in jail.



Proclamation R54 of 2012

Sundays River Valley Municipality

- The DWS funded an R18 million upgrade to the Patterson Bulk Water Supply Project in the Eastern Cape. This was done via the Amatola Water Board, who used the Sundays River Valley Municipality (SRVM) as the implementing agent.
- The SRVM failed to utilise the funds correctly and was unable to account for R7 904 800 of the capital spend it had been granted, instead using it to pay salaries.
- The SIU was instrumental in assisting the DWS and declared a formal intergovernmental dispute.
- On 14 February 2014 the SIU attended the mediation and a repayment agreement was secured for the outstanding balance of R5 804 800.
- The SIU continued to monitor the monthly instalments of these monies and **successfully recovered the R5 804 800** for the DWS.



Proclamation R54 of 2012

Disciplinary referrals relating to conflicts of interest identified by the SIU

No	Employee	Official Rank	Employee owned business entity	Date SIU referred disciplinary referral to the DWS	Charges and Value	Status of disciplinary action as advised by the DWS on 10 June 2020
1	Mpho Patricia Lekeba	Admin Clerk (Now Senior Admin Clerk)	Night Breeze Nosande Trading 99	7 November 2013	Fraud c/PACOCA R6 200 000 + R653 512	File reconstructed and handed to DWS on 7/3/2019. Official submitted representations to the Department. Pursuant to an audi alteram process, aDG accepted that there was no mismanagement of state funds and the official had procedurally disclosed, in 2010, her interest in the company. After pleading to aDG in mitigation, the charges were not pursued and the case was closed.
2	Morris Mbazima Nkuna	Admin Clerk	Chief Morris Business Enterprises	7 November 2013	Fraud c/PACOCA R678 756	Dismissed from the Department
3	Maria Sizani Nontanjana Moshidi	Admin Clerk (Now Director: Raw Water Pricing Regulation)	Ntsakkonoe General Trading	7 November 2013	Fraud c/PACOCA R528 291	File reconstructed and handed to DWS on 7/3/2019. Official submitted representations to the Department. Pursuant to audi alteram process, aDG accepted that in 2010, the official was not an SMS member, therefore the rule was not applicable to her in 2010 and she provided proof of resignation in 2010 which was only processed by CIPC in 2015. aDG decided not to pursue the matter further.



Proclamation R54 of 2012

Disciplinary referrals relating to conflicts of interest identified by the SIU

No	Employee	Official Rank	Employee owned business entity	Date SIU referred disciplinary referral to the DWS	Charges and Value	Status of disciplinary action as advised by the DWS on 10 June 2020
4	Nancy Semphete Motebe	Admin Clerk	Tsa Lefatse Consulting	7 November 2013	Fraud c/PACOCA R349 541	Resigned from the Department on 31 December 2015 before finalisation of the matter.
5	Simphiwe Hombisa Xinwa	Admin Clerk	Buhle Graphix CC	7 November 2013	Fraud c/PACOCA R151 807	Resigned from the Department on 30 April 2016 .
6	Simangaliso Margaret Malaza	Admin Clerk (Now Senior Admin Clerk)	Lunga Thandiwe and Thandeka Construction and Project	7 November 2013	Fraud c/PACOCA R117 700	DC File was reconstructed and handed over to DWS. Official was dismissed from the Department on 27 September 2017. Matter reopened after she was reinstated. Pursuant to audi alteram process, aDG accepted that in 2010, the official was not an SMS member, therefore the rule was not applicable to her in 2010 and she provided proof of resignation in 2010 which was only processed by CIPC in 2015. aDG decided not to pursue the matter further.



Proclamation R54 of 2012

Disciplinary referrals relating to conflicts of interest identified by the SIU

No	Employee	Official Rank	Employee owned business entity	Date SIU referred DC to DWS	Charges and Value	Status of disciplinary action as advised by the DWS on 10 June 2020
7	Mathebula Riimate Amos	Admin Clerk (Now Senior State Accountant)	Makhekhe Developments	7 November 2018	Fraud c/PACOCA R49 987	Official found guilty and sanctioned with a Final Written Warning and 3 months suspension without pay.
8	Mahlodi Caroline Ramanyeme	Admin Clerk	Appetite Vision Caterers	7 November 2018	Fraud c/PACOCA R38 460	Official resigned on 31 July 2017
9	Alex Tsietsi Nkane	Admin Clerk	RAB Building Services	7 November 2018	Fraud c/PACOCA R37 369	File reconstructed and DWS. Official submitted representations to the Department. Pursuant to a further investigation by DWS it was discovered that the official was a handyman employed by RAB Building Services and not a Director prior to joining DWS. RAB fraudulently acquired his signature, for (BEE purposes) to secure State work. aDG therefore elected not to pursue the charges against him.

Total paid by DWS to official's doing business with DWS: R8 928 490



Proclamation R54 of 2012

Disciplinary referrals relating to SCM investigations

No	Employee	Official Rank	Employee owned business entity	Date DC sent to DWS	Charges and Value	Status of disciplinary action as advised by the DWS on 10 June 2020
1 & 2	Ms NI Khuluse	Senior Admin Clerk	Botsi trading and Ndimeni Training and Development	17 October 2014	c/PACOCA Dishonesty/ fraud c/217 of the Constitution F&W exp R468 400	Resigned from the Department on 12 October 2016. The SIU traced the official and disciplinary was referred to the HOD at DSD where Khuluse was employed.
3	Mr Lekhoane	Project Manager	Appointment of 86 contract workers: Expanded PWP	17 October 2014	Fraud c/PACOCA R283 749 + R70 000 gratification	Not an official of the DWS, currently working within Environmental Affairs. The SIU traced the official and disciplinary was referred to the HOD at Environmental Affairs.
4	Ms Joy Letsau	Senior Accounting Clerk	Payments made to TWM Projects	9 December 2013	Dishonesty/fraud/financial misconduct F&W exp R1 647 603	DC File was reconstructed and handed over to DWS. Official was dismissed from the Department on 31 July 2017. Matter reopened after she was reinstated. Official submitted representations to the Department. Official not charged and based on a lack of evidence the Department did not pursue the matter and the matter was closed.



Proclamation R54 of 2012

Disciplinary referrals relating to SCM investigations

						
No	Employee	Official Rank	Employee owned business entity	Date SIU DC to the DWS	Charges and Value	Status of disciplinary action as advised by the DWS on 10 June 2020
5	Ms Sarah Tema	Chief Accounting Clerk	Payments made to TWM Projects	9 December 2013	Dishonesty/fraud/f inancial misconduct F&W exp R1 647 603	The official was given a final written warning after making representation to the department as to why formal disciplinary action should be instituted against her.
6	Ms Rosina Korong/Tefu	Admin Officer	Payments made to TWM Projects	9 December 2013	Dishonesty/fraud/f inancial misconduct F&W exp R1 647 603	Finalised. Final Written warning.
7	Ms Ntandokasi Mda	Admin Officer (Now HR Administrator)	Payments made to TWM Projects	9 December 2013	Dishonesty/fraud/f inancial misconduct F&W exp R1 647 603	File reconstructed and handed to DWS. Official submitted representations to the Department.



Proclamation R54 of 2012

Summary of Criminal/AFU/SARS Referrals

Matter	Criminal Referral	Referral for Civil/AFU Recovery	Disciplinary Referral	Vat Referral	Status
Accommodation Services re Botsi Trading	3	R468 400	1	-	NPA Dedicated capacity tracking the progress
Contract Workers re Ndimeni Training and Development CC	3	R354 990	2	-	NPA Dedicated capacity tracking the progress
Timber and Shutter Boards re Metric Industrial Suppliers CC	3	R30 000 000	-	-	Matter referred by NPA to SCCU. NPA Dedicated capacity tracking the progress
Buca Management and Projects	1	R176 400	-	-	Matter referred by NPA to SCCU. NPA Dedicated capacity tracking the progress



Proclamation R54 of 2012

Summary of Criminal/AFU/SARS Referrals

Matter	Criminal Referral	Referral for Civil/AFU Recovery	Disciplinary Referral	Vat Referral	Status
Appointment of 86 Contract Workers re Expanded Public Works Programme	3	-	1	-	Matter with NPA for decision. To be referred to SCCU. NPA Dedicated capacity tracking the progress
Payments made to TWM Projects (Pty) Ltd	2	R1 647 603	4	-	Prosecutor appointed to proceed with prosecution.
Night Breeze Nosanda Trading 99	1	R6 200 000 + R653 512 = R6 853 000	-	-	NPA Dedicated capacity tracking the progress



Proclamation R54 of 2012

Summary of Criminal/AFU/SARS Referrals

Matter	Criminal Referral	Referral for Civil/AFU Recovery	Disciplinary Referral	Vat Referral	Status
Chief Morris Business Enterprises CC	2	R678 756	-	-	NPA advised sufficient evidence to proceed. NPA Dedicated capacity tracking the progress
Conflict of interests x 10 Officials	10	-	9 (see table below for details)	5	NPA Dedicated capacity tracking the progress
8 Duplicate payments re Department	-	-	-	8	NPA Dedicated capacity tracking the progress
Totals	28	R40 249 661	17	13	



Proclamation R54 of 2012

Value of potential loss prevented

- Judgment in Case No 7104/2014 Minister of Water and Sanitation vs Metric Industrial Suppliers CC in a matter that was in court prior to SIU starting our investigations at DWS.
- The SIU did conduct an investigation and referred evidence pointing towards criminality to the NPA.
- The lead SIU investigator was called as a witness and testified in the High Court civil trial in this matter which has aided the successful court order for payment of some R25 million back to the DWS.
- The value of this recovery for the DWS was quantified at R45 949 160.75 as at 17 February 2021.



Proclamation R54 of 2012

Concerns regarding delays on consequence management

- The SIU wrote to the acting Director-General of DWS in October 2018 requesting the reasons for the delay in the implementation of the SIU's recommendations to discipline the officials, which in some instances was in excess of 4 years.
- A concern was also raised as to the disciplinary matters that have been closed where there were representations made by the officials and without consulting the SIU regarding evidence to rebut those representations.
- The SIU has also written to the Director-General of DPSSA to inquire whether the officials that have resigned have taken up employment in another government department.
- In terms of section 16B of the Public Service Act, the Accounting Authority may refer the disciplinary evidence to the officials new accounting Authority to take action against the official. The SIU will facilitate and monitor the execution of this provision. The Disciplinary Cases sent on to the new Accounting Authorities in respect of Ms NI Khuluse and Mr Lekhoane refers.

Proclamation R54 of 2012

Department of Water Affairs: Vuwani Pipeline

SIU's observations of the state of service delivery (observed late 2018)

- There was no water going through the pipeline and the communities are still not getting the benefit;
- The 3km part of the pipeline that was damaged had not been repaired;
- There are parts of the lining inside the pipe that are loose and must be repaired;
- This confirmed, by the project managers, Bigen Africa; and
- The Department doesn't have funds to pay the Ascul or Bigen.



Proclamation R54 of 2012

Department of Water Affairs: Vuwani Pipeline

Project Management Issues Identified by the SIU

Investigations revealed serious maladministration and malpractice as follows:

- The Department's supervising engineer (Bigen Africa) duly alerted the Department timeously to the risks involved, they cannot be held accountable for the officials' refusal to heed to their advice. The officials concerned, for example cited the promotion of BEE as justification to irregularly split the tender and thereupon extend the contractor's contract despite Bigen's advices to the contrary. This official is in the process of being disciplined.
- Failure to comply with Public Service management and its regulations with regard to supply chain management.
- Failure to heed professional engineering advice
- Poor Project Management and oversight by the Department
- Poor financial management and poor record keeping

Proclamation R54 of 2012

Department of Water Affairs: Vuwani Pipeline

Status of Vuwani Investigation: Contract W0497 WTE (Part B) Luvuvhu River GWS: Construction of the 800mm diameter Vuwani Steel Pipeline

- The SIU investigation has been completed. The Final Presidential Report on the Vuwani Pipeline investigation was submitted to the Office of the President on **26 October 2018**.
- The contract was awarded in 2012 with a value of **R50 048 759.01**, with a construction completion period of 45 weeks. A total of **R29 million has been paid** to Ascul to date .
- Subsequent to the award of the contract, Ascul Construction, as from 6 July 2012 onwards, failed to perform on time. Instead of enforcing the penalty clauses, the Department allegedly unlawfully entered into a supplementary agreement which made provision for the waiving of the penalties.
- The agreement also provided for a R16 million advance payment to Ascul Construction with a view to improve its cash flow. The extension is alleged to constitute a complete disregard of and/or contravention of the provisions of the original contract and the PFMA.

Proclamation R54 of 2012

Department of Water Affairs: Vuwani Pipeline

Status of Vuwani Investigation (continued...)

- On 9 February 2016, SIU advised the Director General of the Department, not to proceed with the payment of R8 500 000 to Ascul Construction.
- The Director General accepted the SIU's recommendation and instructed the two DWS CFO's not to approve the R8 500 000 payment to Ascul Construction, thereby **saving the DWS R8 500 000**.
- The SIU further advised the Department that the **R13 242 998.10 paid to Ascul Construction** under the premises of it being an "advance payment" was **irregular as well as fruitless and wasteful expenditure**.



Proclamation R54 of 2012

Department of Water Affairs: Vuwani Pipeline

Status of Vuwani Investigation Outcomes (continued...)

- **NPA referral** of evidence pointing towards **fraud** involving the company, Ascul Construction and the Director on 18 September 2018.
- **Disciplinary referral** of evidence pointing towards possible misconduct of **DDG** at the Water Trading Entity, at the Department on 30 July 2018. The disciplinary hearing was finalised and Ms Mathe was found not guilty. The DWS has filed a review application at the Labour Court.
- The misconduct involved: Gross negligence in the performance of her duties, contravening various prescripts including the PFMA, Constitution, Treasury Regulations, the Department's SCM Policy and the CIDB Act.



Proclamation R54 of 2012

Department of Water Affairs: Vuwani Pipeline

Status of Vuwani Investigation Outcomes (continued...)

- **3 SARS referrals** against the Ascul Construction and the two DWS officials for tax discrepancies and unexplained income. SARS pursuing the matters as per letter received from SARS on 17 July 2019.
- **Referred evidence to the Construction and Industry Development Board** in February 2018 pointing towards fraud committed by the company in the grading process. Follow up letter received by CIDB on 17 July 2019 confirming that the CIDB is conducting their inquiry.



Proclamation R54 of 2012

Department of Water Affairs: Vuwani Pipeline

Status of Vuwani Investigation Outcomes (continued...)

Civil litigation:

- The SIU has instituted **civil action** by way of a claim for damages to the **value of R140 million, which was amended to R95 631 945.35** and the particulars of claim were amended following an exception that was raised.
- The **summons was issued on 6 February 2018 in the name of the SIU** as the plaintiff against out of the High Court of South Africa, Gauteng Division, Pretoria, Case No 7760/18 refers:
 - **Ascul Construction, Dan Lucas Sikhosana (Director of Ascul), Zandile Yvonne Mathe nee Makhathini (DDG at DWS) and Mpho Joseph Mofokeng (Former CFO at DWS)**



Proclamation R54 of 2012

Department of Water Affairs: Vuwani Pipeline

Status of the Civil litigation continued:

- Following an exception raised by one of the Defendants, amended Particulars of Claim were filed on 24 July 2018. The Defendants responded to this with amended Pleas, which were filed during November 2018.
- To refute the defences raised, which were of a highly technical nature, an engineer was procured to perform an additional investigations and to revise the quantification of the damage suffered. This process resulted in a delay. The engineer has since provided his preliminary report.



Proclamation R54 of 2012

Department of Water Affairs: Vuwani Pipeline

Status of the Civil litigation continued:

Following the engineer's report and the appointment of a judge in respect of the case management process, the SIU has filed a Notice to further amend its Particulars of Claim. Third Defendant's attorneys has since withdrawn from record. The above has resulted in delays which have been exacerbated by the effect on the court's procedures caused by the advent of the Covid 19 pandemic. Whereas Third Defendant has since appointed a new attorney, her Plea that has been filed since was abortive, to the extent that the SIU is in the process of compiling and filing an application for an exception.



Proclamation R54 of 2012

Department of Water Affairs: Vuwani Pipeline

Status of the Civil litigation continued:

During the course of the latter events, it has come to the SIU's notice that, in an attempt to address problems relating to the completion of the pipeline, the Department had embarked on steps that could be considered as amounting to a repudiation of their obligations in terms of the contract concerned. The SIU thereupon assisted with the provision of legal advice as to the correct manner in which the contract could be terminated, which the Department has accepted and undertook to implement.



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Proclamation R27 of 2018

Contracts awarded by DWS to SAP



Proclamation R27 of 2018

DWS SAP Investigation - Mandate

The proclamation was published on 21 September 2018, Proclamation No. R27 of 2018 and government gazette number 41915 refers.

1. The procurement of, or contracting for, Information Technology from SAP by the Department on 26 July 2016, in a manner that was -
not fair, competitive, transparent, equitable or cost-effective; or contrary to applicable-legislation, manuals, guidelines, circulars, practice notes or instructions issued by the National Treasury; or manuals, policies, procedures, prescripts, instructions or practices of or applicable to the Department; and related unauthorised, irregular and fruitless and wasteful expenditure incurred by the Department.
2. Any unlawful or improper conduct by –
 - (a) officials or employees of the Department; or
 - (b) the service provider, its directors, employees or agents or any other person or entity, relating to the allegation set out in paragraph 8.1 above.



Proclamation R27 of 2018

DWS SAP Investigation



- The allegations received by the SIU are:
 - purchasing of SAP Licences for more than R500 million which it is alleged that it was not necessary, without correct tender process, and
 - the payment of R35 million in kickbacks.
- The SIU team commenced work on 21 September 2018 and immediately uplifted computers and documentation from the Department.
- The SIU's Letter of Engagement setting out the SIU's mandate, scope of the proclamation, estimated timeframes and cost was presented to the acting DG.



Proclamation R27 of 2018

DWS SAP Investigation



The SIU has found evidence thus far that indicates that:

- The contract value is approximately **R950 million excl VAT**, consisting of R450 million for the SAP licence fees plus maintenance over 5 years;
- There was no needs analysis conducted;
- There was no budget for the purchase of the SAP licences;
- No virement or approval of the payments made to SAP;
- A total of R285 million was paid to SAP thus far; and
- SITA was not consulted as is required for such purchases, and in fact SITA advised the DWS against proceeding with this contract.



Proclamation R27 of 2018 DWS SAP Investigation



The SIU has found evidence thus far that indicates that in respect of the **2015 Agreement** it is irregular and ought to be set aside.

- Firstly, it was entered into pursuant to misrepresentation that the 2012 Agreement was due to expire 31 December 2015. Whereas it was only going to expire 31 December 2016;
- Secondly, there was no budget for it;
- Thirdly, the Department did not comply with its own SCM policy, the statutory prescripts as can be found in section 217(1) of the Constitution, the provisions of the PFMA, SITA Act, National Treasury Regulations and National Treasury Practice Notes.



Proclamation R27 of 2018 DWS SAP Investigation

The SIU has found evidence thus far that indicates that in respect of the **2016 Agreement** it is irregular and ought to be set aside.

- The Department procured IT related software for entities which the Department has no authority to procure goods and services;
- The ITC and the CIO who are the subject matter experts on IT at the Department did not support the procurement of the licenses;
- The Department nor any of its entities received any services nor were any products and/or software license deployed by the Department in respect the 2016 Agreement;
- The Department did not comply with its own SCM policy, the statutory prescripts as can be found in section 217(1) of the Constitution, the provisions of the PFMA, SITA Act, National Treasury Regulations and National Treasury Practice Notes.



Proclamation R27 of 2018 DWS SAP Investigation

- There was no budget.
- This led to the Department incurring fruitless and wasteful expenditure in the amount of R285 000 000 (VAT inclusive).



Proclamation R27 of 2018

DWS SAP Investigation

Status of DWS SAP Investigation Outcomes

- **Civil litigation was launched in the Special Tribunal by the SIU with DWS as a co-applicant.** The court papers were issued on **30 July 2020**. The SIU's application was to seek an order to set aside contract between DWS and SAP to the value of **R1 104 240 752.09**
- SIU in its papers prays for an order declaring the decision taken by the Respondents or any functionary of the Department to appoint the service provider for the licences with unlimited user access framework for a period of 5 years is inconsistent with the provisions of the Constitution of the Republic of South Africa, 1996, the Public Finance Management Act, No. 1 of 1999, and the Treasury Regulations issued in terms thereof *alternatively* the principle of legality and/or the common law, and unlawful, invalid and of no force and effect and void *ab initio*.



Proclamation R27 of 2018

DWS SAP Investigation

Status of DWS SAP Investigation Outcomes

- On 15 March 2022 the Special Tribunal ordered that the 2015 and 2016 contracts valued at R1 104 240 752.09 are declared constitutionally invalid and set aside.
- The court further ordered that SAP repay the amount of R413 121 283.40 (which represents the total amount received pursuant to the 2015 and 2016 contracts).
 - Less a set off amount of R68 337 036.00 owing to SAP for yearly maintenance fees in terms of the 2012 agreement)
 - The disputed amount of approximately R83 million for 3rd party costs incurred by SAP and the no profit principle will be adjudicated on by the ST and a further order made as to the repayment of any further portion of the R83m to DWS.
- Savings in the amount of R691 123 914.60 million were incurred for the DWS and the payment of R263 282 173.78 was received by the DWS on 18 March 2022.



Proclamation R27 of 2018

DWS SAP Investigation

Status of DWS SAP Investigation Outcomes

- **NPA Referral** for PFMA contraventions of the former Acting DG on 4 November 2019.
- **AFU Referral** on 31 January 2020.
- **Disciplinary Referral's** against:
 - the **DDG** on 17 October 2019. The status of this referral is that the official has been served with the charges and the hearing was set down for 28 April 2020 and has been concluded. The DDG was found guilty on 9 of the 10 charges. The judgement is expected in July 2022; and
 - the **Chief Director** on 15 June 2020. The DWS is in the process of appointing an Initiator and a Chairperson.
- **BBBEE Referral** on 29 August 2019.
- **SARS referral** on 9 July 2019 for tax discrepancies and verifying VAT registration. Delivered to SARS on 9 July 2019. SARS confirmed that they will review the matter.
- **NPA Referral** on 15 March 2022, for the Commission of offences i.t.o the POCA No 12 of 2004, the Companies Act No 71 of 2008 as well as offences of fraud and/or corruption.



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Proclamation R22 of 2016

Lepelle Northern Water: Contract awarded to LTE Consulting (Pty) Ltd

Proc R22 of 2016 Lepelle Northern Water & Gauteng Department of Human Settlements

The Schedule provides for the investigation of the following matters:

1. The appointment of the LTE Consulting (Pty) Limited (“LTE”) by the Department to render services to the Department in respect of Tender No: G05020078/1 – Tender for Sweetwaters (Kanana Park Extension 6) Reticulation Networks: The Construction of Sweetwaters Reticulation Network for Water and Sewer – and payments made to LTE in a manner that was:

(a) not fair, equitable, transparent, competitive or cost – effective; or

(b) contrary to applicable-

(i) legislation

(ii) manuals, guidelines, practice notes or instructions issued by the National Treasury; or

(iii) manuals, policies, procedures, prescripts, instructions or practices of or applicable to the Department; and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the Department.

Proc R22 of 2016 Lepelle Northern Water & Gauteng Department of Human Settlements

2. *The appointment of LTE by Lepelle Northern Water (LNW) to render services to LNW in respect of the **Mopani Water and Waste Water Emergency Intervention** which includes Giyani Water and Waste Water Schemes on a turnkey basis and payments made to LTE in a manner that was:*

(a) not fair, equitable, transparent, competitive or cost-effective; or

(b) contrary to applicable-

(i) legislation;

*(ii) manuals, guidelines, practice notes or instructions issued by the
National Treasury; or*

*(ii) manuals, policies, procedures, prescripts, instruction or practices of or
applicable to LNW; and any related unauthorised, irregular or fruitless and wasteful expenditure
incurred by LNW.*



Proclamation R22 of 2016

Background

- On 14 August 2014 Mr Thulani Majola from LTE attended the imbizo called by former Minister of Water and Sanitation, Ms Nomvula Mokonyane, to address the water challenges in Giyani. During the Section 5(2) (b) (c) hearing held at the SIU offices, Mr Thulani Majola confirmed that he was present at the imbizo held in Giyani on 14 August 2014. He further mentioned that after the imbizo was concluded, he met with the CEO of LNW, Mr Legodi and proposed ideas that can resolve water challenges in Giyani through in Company, LTE.
- On the following day, 15 August 2014, LTE representatives were present at the Task Team meeting called by the Minister even though the task team was supposed to be attended by officials from Mopani District Municipality, the Department and LNW. It should be noted that LTE was present at the task team meetings before LNW started with the supply chain management process to appoint a service provider for the project.



Proclamation R22 of 2016

Background continues

- LTE was initially appointed on an emergency basis on the 20 August 2014 for the repair and refurbishment of the water and waste water works for the value of R90 150 000, 00. The appointment dated 20 August 2014 was informed by a directive issued by the Minister on 25 August 2014 requesting LNW to intervene on emergency with regards to the water challenges in Giyani. The former Minister indicated that Giyani Water Treatment Works should be completed by no later than **30 September 2014**.
- On 25 September 2014, LNW appointed LTE for non emergency works to the value of R2,2 billion excluding tax. It should be noted that no procurement processes were followed when the project was extended from R90 150 000,00. to R2.2 billion. It must further be noted that the directive issued by the Minister on 25 August 2014 was not extended to include non emergency projects. LNW thus extended the project to include non-emergency works increasing the amount from R90 150 000, 00. to R2.2 billion, without authorisation from the Department as there was no extension to the directive issued on 25 August 2014.



Proclamation R22 of 2016 Background continues

- The SIU is of the view that if a new directive was issued to include the non – emergency works, LNW would have been required to go out on a competitive bid



Proc. R22 of 2016

Value for money exercise - boreholes

VALUE FOR MONEY

- The SIU Team secured the services of Quantity Surveyor to conduct a value for money exercise on 5 of 167 boreholes installed for the project.
- The 5 sampled boreholes were selected based on price categories in order to ensure that all prices were included.
- Findings submitted by the Quantity surveyor are tabled in the next slide.



Proclamation R22 of 2016 Lepelle Northern Water

VALUE FOR MONEY

	VILLAGE	BOREHOLE ID	DCE ESTIMATED COST	ACTUAL COST	VARIANCE IN COST
1	Mphagani	H14-0051	R 1 192 787.94	R 1 250 646.45	R 57 858.51
2	Bambeni	H14-0785	R 1 252 272.01	R 2 117 331.68	R 865 059 .67
3	Mninginisi (BB)	MNG-001	R 1 013 873.67	R 2 678 969.58	R 1 665 095.91
4	Mapayeni	H14-0488	R 1 093 207.52	R 3 029 636.06	R 1 936 428.54
5	Phalaubeni	H14-0164	R 1 486 196.30	R 4 010 466.02	R 2 524 269.72
Total			R 6 038 337.44	R 13 087 049.79	R 7 048 712.35



Proc. R22 of 2016

Value for money -boreholes

VALUE FOR MONEY continued

The Quantity further reported the following;

- Total amount of **R7 048 712.35** is a loss due to an overly inflated cost.
- Total amount of about **R2 503 300.00** was fruitless expenditure as all the water purification plants are all non-functional leaving communities exposed to unsafe drinking water.
- A total prejudice of about **R9 552 012.35** has occurred either due to non-performance or significantly inflated project costs.



Proc. R22 of 2016 Value for money Pipelines and wastewater

Value for money - Pipelines and wastewater

- The Services of an Engineer were secured to conduct a value for money exercise on the Pipelines and waste water
- Extracts of the Engineer report indicating potential savings are tabled in the next two slides

Value for money continued

No.	Deliverable / Description	Amount Paid (R)	Estimated Cost based on 2019 Pricing and Assumptions (R)	Potential Savings (R)
1	Deliverable No. 6: "Determine whether the water supply to the Nkensani Hospital was normalized for the amount of R 500,00.00."			
1.1	Construction Costs	12 990 904.06	6 921 449.35	6 069 454.72
1.2	Engineering Costs	1 005 024.46	830 573.92	174 450.54
1.3	Project Management Costs	435 112.21	346 072.47	89 039.74
			Total Potential Saving	6 332 945.00
2	Deliverable No. 17 : "To determine if the refurbishment for the Murhologo and IK Nxumalo pump stations took place regarding the spillages into the river for an amount of R4 500,000.00."			
2.1	Construction Costs	5 931 192.78	5 482 275.83	448 916.95
			Total Potential Saving	448 916.95
3	Deliverable No's: 18,19and 26 : "Determine if the refurbishment of the existing WWTW-Mechanical was done to improve the effluent quality for an amount of R17 500,000.00." "Determine if the refurbishment of existing WWTW-Electrical improved the effluent quality for an amount of R10 000,000.00." "Determine if the Giyani WWTW revitalization of the package plant, refurbishment and installation of the new 20 MI/day plant/schemes were done to the value of R353 000,000.00."			
1.1	Construction Costs	85 293 035.16		31 453 647.36
1.2	Engineering Costs	9 260 544.46	4 311 252.69	4 949 291.77
			Total Potential Saving	36 402 939.13
4	Deliverable No. 23 : "Determine whether the Giyani Groundwater Augmentation was done relating to the boreholes (Hospital and Priority Villages) and Schemes assessment to the value of R65 000,000.00."			
1.1	Construction Costs (154)	217 396 393.10	137 569 581.76	91 002 564 .93
1.2	Construction Costs (11)	10 898 606.09	5 249 600.00	5 649 006.09
			Total Potential Saving	96 651 571.02
5	Deliverable No. 34 : "Determine if water conservation and demand management was implemented at an amount of R340 000,000.00."			
1.1	Construction Costs	1 316 744 274.84	678 326 363.90	638 420 91094
1.2	Engineering + PM Costs	163 577 245.68	84 412 380.54	79 164 865.14
			Total Potential Saving	717 585 776.07

Value for money continued

No.	Deliverable / Description	Amount Paid (R)	Estimated Cost based on 2019 Pricing and Assumptions (R)	Potential Savings (R)
5	Deliverable No. 30 : "Determine if the new Nwemibra Dam designs were finalized, planned and if the permits were obtained for the amount of R80 000,000.00"			
1.1	Preliminary Design Costs	80 000 000.00	56 000 000.00	24 000 000.00
	Total Potential Saving			24 000 000.00
5	Deliverable No. 31 : "Determine if the Nandoni-Mhingra Water supply's feasibility study was done with the planning and designs and if the permits were obtained for an amount of R40 000,000.00."			
1.1	Preliminary Design Costs	40 000 000.00	38 000 000.00	12 000 000.00
	Total Potential Saving			12 000 000.00

A Total "Potential Saving" of R 893 422 148.17 excluding VAT exists on the work investigated.

Proc. R22 of 2016 SCM Investigation

The investigation into the SCM has been completed and we found that the contract was irregularly awarded, and as a result:

- The SIU issued summons on 26 November 2018 in the High Court, Limpopo Division, Polokwane, case number 7209/18.
- The **civil litigation action is to set aside the contract to the value of R4.1 billion.**
- The contract was unlawfully and irregularly concluded.
- The **parties to the litigation** are: SIU v LNW, LTE Consulting (Pty)Ltd, Khato Civils (Pty) Ltd, South Zambezi Engineering (Pty) Ltd, Mopane District Municipality, Department of Water and Sanitation.
- The matter has been set down for hearing on the 19th October 2022 at Polokwane High Court.



Proc. R22 of 2016 Lepelle Northern Water

- The SIU has referred **evidence to the Construction and Industry Development Board** pointing toward a contravention of the CIDB Act on 6 December 2017. The current status of the matter is that the CIDB is currently conducting an investigation into the matter based on the SIU 's recommendation.
- **Disciplinary referral** was made in respect of the LNW CEO who later resigned before the disciplinary hearing was held. The disciplinary referral was referred on 26 February 2018 for negligence and contravening the PFMA.
- The DC against the Manager: Planning GIS at LNW was referred on 20 September 2018 for collusion, fraud and forgery.



Proclamation R22 of 2016 Lepelle Northern Water

- **NPA referral** was made on 3 April 2018 for former CEO for contravening the PFMA.
- **NPA referral** was made in respect of one official on 20 September 2018 for collusion, and fraud, in particular forgery.
- **Blacklisting referral** is under review.
- SIU is assisting the Hawks with the criminal investigation and they are almost done with their investigation.
- The investigation has been concluded .
- The SIU team is finalising the Final Presidential report to be submitted to the Presidency.



Proclamation R22 of 2016 Lepelle Northern Water

Interdict – SIU Investigation

Mr Legodi and LNW Board applied for an interdict against the SIU to prevent the Unit from conducting further investigations. Mr Legodi and former LNW Board brought interdict proceedings against the SIU for orders in the following terms:

- (a) The purported investigation by the SIU of the private/ personal financial affairs of Legodi is not authorised by the Proclamation;
- (b) The purported investigation by the SIU of the private/ personal financial affairs of Legodi is unlawful and unconstitutional.



Proclamation R22 of 2016 Lepelle Northern Water

Interdict – SIU Investigation continued

(c) The SIU is directed to desist and refrain from carrying on with the said investigation.

2. LNW Board withdrew as party (2nd Respondent) and Legodi later abandoned the process.

Freezing of pensions and Preservation of assets – Mr Legodi

- Following the submission of the Disciplinary referral of Mr Legodi to the LNW Board , Mr Legodi resigned as an employee of LNW.
- The SIU submitted a court application to the Special Tribunal to preserve the pensions of Mr Legodi and preserve his immovable assets pending the finalisation of the court case in Polokwane
- Mr Legodi’s pension is frozen and four immovable properties have been preserved pending the finalisation of said court case.



Proclamation R22 of 2016 Lepelle Northern Water

Observations

- LNW abused the directive from the Minister in that they decided to appoint all service providers by deviation instead of following normal procurement processes.
- Even though billions of rands have been spent in the project so far, the project is still incomplete as a result people of Giyani are not getting any water from the project.
- Over charging by service providers
- The project was initially stopped because of payment dispute between the service providers and the Department. LNW/ the Department terminated the service providers contract.
- Poor project management on the part of LNW and the Department



Proclamation R27 of 2019

Lepelle Northern Water: Contract awarded to Blackhead



AMENDED PROCLAMATION R27 OF 2019 LEPELLE NORTHERN WATER

An extension to the proclamation was applied for and granted on 5 July 2019.

The scope of the investigation include the following:

- SCM Investigations into the appointment of Blackhead Consulting (Pty) Ltd for the raising of the Tzaneen dam wall project.
- The ward of the CIDB grading.
- Allegations of Corruption in respect of the raising of the Tzaneen dam wall project.
- Investigation into payments made to Blackhead in respect of the raising of the Tzaneen dam wall project (value for money investigation).

AMENDED PROCLAMATION R27 OF 2019 LEPELLE NORTHERN WATER

SCM Investigation Findings

- The SCM process followed in the appointment of Blackhead Consulting (Pty) Ltd was not compliant with Section 217 of the Constitution in that the process was not fair, equitable, transparent, competitive and cost effective.
- LNW did not follow their SCM processes in appointing the service provider.
- There was no emergency/ urgency in the appointment of the service provider for the Raising of the Tzaneen dam wall. LNW was supposed to have gone out on a normal competitive SCM process. The project was part of the Departments planning approved in 2012.



AMENDED PROCLAMATION R27 OF 2019 LEPELLE NORTHERN WATER

CIDB Investigation Finding

- The SIU has determined that this was not a construction project therefore CIDB grading was not required.
- The Project was identified as an Engineering Project.

Value for money Investigation

- The SIU is in a process of acquiring the services of an Engineer / Quantity Surveyor to conduct the value for money exercise. SCM process is underway to the appoint the QS.



AMENDED PROCLAMATION R27 OF 2019 LEPELLE NORTHERN WATER

Corruption investigation findings

- The investigation is currently ongoing. The team is currently following up on allegations of kickbacks paid to a Senior government official by the service provider.



AMENDED PROCLAMATION R27 OF 2019 LEPELLE NORTHERN WATER

Observations

- LNW abused the directive from the Minister to appoint Blackhead on deviation based on urgency even though the project was not urgent.
- Seven years later, the project still remains unfinished.
- The purpose of the project was to increase water capacity at Tzaneen dam. The spillway of the dam was demolished in 2016 which means the dam capacity is now lower than it used to be. It remains like that since the project is not yet been completed.



PROCLAMATION R28 OF 2019





Proclamation No R28 of 2019

Thukela Goedertrouw Water Scheme



PROCLAMATION R28 OF 2019

Department of Water and Sanitation

GG: 42562 OF 5 JULY 2019

MANDATE

1. The appointment by the Department of a service provider under contract number 1/2/4/25/2017/1/NWRI/MIHLOTI for eighteen months to render services for the emergency upgrading of the Thukela Goedertrouw Transfer Scheme and payments made in respect thereof in a manner that was –
 - a) not fair, competitive, transparent, equitable or cost-effective; or
 - b) contrary to applicable-
 - i) legislation;
 - ii) manuals, guidelines, practice notes, circulars or instructions issued by the National Treasury or
 - iii) manuals, policies, procedures, prescripts, instructions or practices of, or applicable to the Department, and any-
 - (aa) related unauthorized, irregular or fruitless and wasteful expenditure incurred by; or



PROCLAMATION R28 OF 2019

Department of Water and Sanitation

GG: 42562 OF 5 JULY 2019

MANDATE

2. Any unlawful or improper conduct by:
 - a) officials or employees of the Department,
 - b) the service provider referred to in paragraph 1 of this schedule, its directors, employees or agents or
 - c) any other person or entity, relating to the allegation set out in paragraph 1.



PROCLAMATION R28 OF 2019

ALLEGATIONS

- The appointment of a professional service provider to render services for the emergency upgrading of the Thukela Goedertrouw Scheme under contract number 1/2/4/25/2017/1/NWRI/MIHLOTI for a contract period of eighteen months was irregular as it did not conform to procurement prescripts;
- The appointed service provider for the upgrade was not on a panel of professional service providers for the Department;
- The service provider was appointed on the pretence of an emergency which was not justifiable;
- The appointed service provider was paid an amount of R419 963 588.30 excluding VAT whilst the upgrade was not completed after the contract period expired in March 2019.



PROCLAMATION R28 OF 2019

INVESTIGATION STATUS

PROCUREMENT OF A SERVICE PROVIDER FOR THE EMERGENCY UPGRADING OF THE THUKELA GOEDERTROUW TRANSFER SCHEME

- During May 2021, the SIU Civil Litigation Unit granted authority to brief Counsel for civil litigation.
- On consultation with Counsel, it was revealed that some members of the Top Management Structure may be guilty of fraud. As a result, the team has drafted an additional criminal referral against the former Acting Director General.
- Evidence against the former Acting DG has been packaged for delivery to the NPA.
- SIU investigation found that the procurement process to appoint AECOM was not compliant with applicable procurement prescripts.
- The team conducted meetings with the DWS Disciplinary Committee to discuss the implementation of the disciplinary referrals against 5 BEC members. The disciplinary proceedings have not commenced.



PROCLAMATION R28 OF 2019

INVESTIGATION STATUS

PROJECT PERFORMANCE AND EXPENDITURE

- Counsel has drafted papers to the Special Tribunal seeking civil remedies to declare the contract unlawful, set it aside and recover the losses suffered by the Department.
- Financial Report of the analysis of bank statements of AECOM, CMC and identified officials to identify possible links between officials and the service provider has been submitted.
- Analysis of property information (movable and immovable) of the service provider and the sub-contractor in preparation of the civil case has been submitted.
- The final report with findings and quantum of loss has been received from the Quantity Surveyor (“**QS**”) after site assessments were conducted to complete the value for money exercise.
- The Closeout Report to the President has been submitted for final review.

Project Underperformance

Sites

OBSERVATION

Picture 1



Incomplete water storage tank

Picture 2



Incomplete pipeline subjected to deterioration (due to rust)

Project Underperformance

Picture 3



Temporary dam built by service provider, which needs to be removed

picture 4: pump station 1



Pump station empty

Project Underperformance

Picture 5: pump station 2



Incomplete pump station

Picture 6



Incomplete extraction point

Project Underperformance

Site

OBSERVATION

Picture 7



Incomplete chamber



PROCLAMATION R28 OF 2019

OUTCOME	VALUE / COUNT	STATUS UPDATE
Administrative decision/ action to set aside or deem the contract invalid	Contract value: R646 502 802.80 (Incl. VAT)	Counsel drafting of papers to the ST underway
Potential recovery	R429 291 313.28	Quantification by the QS under way
Disciplinary referrals against the BEC	5	Handed over to the Department
NPA referral against former Acting DG	1	To be handed over to NPA

STATUS

The investigation is completed and the final closeout report to the President has been submitted for quality review.



UMGENI WATER Proclamation R4 of 2019





UMGENI WATER Proclamation R4 of 2019



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PROCLAMATION R4 OF 2019



MANDATE

1. The key objectives and mandate to the SIU as set out in the Schedule to Proclamation R4 of 2019 are to investigate the following:

- The procurement of, or contracting, including subcontracting, for goods, works or services by or on behalf of Umgeni and payments made in respect thereof in a manner that was –
 - (a) not fair, competitive, transparent, equitable or cost-effective;
 - (b) contrary to applicable –
 - (i) legislation;
 - (ii) manuals, guidelines, practice notes, circulars or instructions issued by the National Treasury;
 - (iii) manuals, policies, procedures, prescripts, instructions or practices of, or applicable to Umgeni;
 - (c) fraudulent;
 - (d) conducted by, or facilitated through the improper or illegal conduct of –
 - (i) board member, officials or employees of Umgeni;
 - (ii) contractors, suppliers or service providers of Umgeni or their subcontractors; or
 - (iii) any others person or entity,

to corruptly or unduly benefit themselves or any other person or entity, and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by Umgeni or the State or any resulting losses suffered by Umgeni or the State in relation to the –



PROCLAMATION R4 OF 2019



MANDATE

- (aa) Contract Participation Goal Programme of Umgeni;
- (bb) provisioning or upgrading of emergency boreholes in the Umkhanyakude District
- (cc) repair or refurbishment of the Nagle Aqauduct;
- (dd) replacement of filter slabs, pipelines and nozzles in terms of the Contract Participation Goal Programme of Umgeni;
- (ee) provisioning or upgrading of chlorine distribution equipment, the distribution of chlorine and the upgrading of shat pumps and lifts at the Durban Heights Plant;
- (ff) provisioning of emergency pipelines in the area of the Ugu District Municipality;
- (gg) purchase and installation of control valves in terms of the Contract Participation Goal Programme of Umgeni, and
- (hh) installation of Nungwane pipelines in the area of Amanzimtoti



PROCLAMATION R4 OF 2019:



MANDATE

2. Maladministration in respect of the implementation of the Contract Participation Goal Programme by Umgeni and any losses, damage or actual or potential prejudice suffered by Umgeni, or the State, including the causes of such maladministration.

3. Any unlawful or improper conduct by –
 - board members, officials or employees of Umgeni;
 - contractors, supplier or service provider of Umgeni or their sub-contractors, or
 - any other person or entity,
 - in relation to the allegations set out in paragraphs 1 and 2 of this Schedule



PROCLAMATION R4 OF 2019



FOCUS AREAS

Focus area 1:

To investigate the procurement of, or contracting, including subcontracting, for goods, works or services by or on behalf of Umgeni and payments made in respect of the following projects:

- 1.1. Contract Participation Goal (CPG) Programme of Umgeni;
- 1.2. The Project to upgrade emergency boreholes in the Umkhanyakude District: Contract value of R51 million.
- 1.3. The project to repair or refurbish the Nagle Aqueduct: Contract value of R57 million.
- 1.4. The project to replace filter slabs, pipelines including nozzles : Contract value of R65 million.
- 1.5. The project to provide or upgrade chlorine distribution equipment and to distribute chlorine at the Durban Heights Plant which project was later extended to include the upgrading of shaft pumps and lifts : Contract value of R130 million.
- 1.6. The project to provide emergency pipelines in the area of the Ugu District Municipality: Contract value of R27 million.
- 1.7. The project to purchase and install control valves: Contract value of R55 million.
- 1.8. The project to install pipelines in the Nungwane area of Amanzimtoti: Contract value of R80 million.



PROCLAMATION R4 OF 2019



FOCUS AREAS cont.

Focus area 2:

To investigate any maladministration in respect of the implementation of the Contract Participation Goal Programme by Umgeni and any resulting prejudice or losses suffered by Umgeni or the State.

Focus area 3:

To investigate any fraudulent or corrupt activities conducted by or facilitated through the improper or illegal conduct of board members, officials or employees of Umgeni; contractors, suppliers or service providers of Umgeni or their sub-contractors and any other person or entity who corruptly or unduly benefits themselves or any other person or entity

Focus area 4:

To determine related unauthorized irregular or fruitless and wasteful expenditure incurred by Umgeni or the State or any resulting losses suffered by Umgeni or the State.



PROCLAMATION R4 OF 2019

OUTCOMES

The SIU has completed its investigation and we have the following outcomes:

- Referral made to the **National Prosecuting Authority for Fraud, Corruption**: Contravention of the *Prevention and Combating of Corrupt Activities Act, 12 of 2004* and **Money Laundering**: Contravention of the *Prevention of Organized Crime Act, No 121 of 1998* against **57 individuals and entities**.
- Referrals made to the AFU in respect of **45 individuals and entities to recover the proceeds of Crime** in terms of the *Prevention of Organized Crime Act, No 121 of 1998*.
- 18 Disciplinary referrals to Umgeni Water
- 45 Administrative Action referrals to Umgeni Water for placing the entities and individuals on the Umgeni Water's Vendor List of Defaulters and National Treasury's Database of Restricted Suppliers



PROCLAMATION R4 OF 2019

POTENTIAL OUTCOMES

CIVIL RECOVERY

- The SIU has briefed the Civil Litigation Unit in respect of **5 contracts** in the total contractual value of **R328 million** in order to institute civil proceedings in the Special Tribunal to set aside the contracts and / or to declare them void *ab initio* and to recover the State Funds.
- The SIU has appointed a Quantity Surveyor to assist in the quantification of actual losses to Umgeni Water with a view to institute civil action to recover same. The Quantity Surveyor has completed the work and is drafting his final report.



PROCLAMATION R4 OF 2019

PROGRESS ON INVESTIGATIONS

- The SIU is in the final reporting phase.
- All the matters referred to NPA have been actioned and dockets have been opened.
- The criminal matters are with Head Office DPCI in the Serious Corruption Offences component and the SIU is providing ongoing support in respect of these matters.
- Umgeni water has briefed a team of attorneys and advocates to deal with the disciplinary matters and administrative action referrals. The SIU is currently consulting with them



PROCLAMATION R4 OF 2019

CONCLUSION

- The SIU is in the reporting phase of the project. The final Presidential report is drafted and is in the final review process at the SIU.
- The project end date was 31 May 2022. The investigation is complete and the project will be extended to 30 November 2022 for the support phase and to institute civil proceedings in the Special Tribunal.
- **The SIU is motivating for an extension to the proclamation as more allegations have been uncovered during the course of the investigation.**



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against corruption





Proclamation R33 of 2021

4 contracts awarded to EOH



SIU's Mandate and Focus Areas

On 30 July 2021, Proclamation R33 of 2021 was gazetted and published. In terms of the proclamation, the SIU was directed to investigate the procurement of, contracting and implementation of information technology in respect of contract numbers –

- a) WP 0538;
- b) 1/2/4/233/2014/15 Finance/Manahano
- c) 1/2/4/241/2015/2016 Information Technology/Mihloti
- d) 1/2/4/36/2016/17 Supply Chain Management/Mihloti

by DWS

All of the above contracts were concluded between the DWS and EOH Mthombo

Key Objectives

- Review compliance with prescribed legislation, regulations, policies, procedures, and directives in relation to the contracts specified in the Schedule.
- Investigate instances of alleged irregular and/or unlawful conduct by Departmental officials and/or private individuals/entities.
- To collect lawfully admissible evidence with a view of facilitating the institution of criminal, civil and/or disciplinary proceedings against complicit parties;
- To recover, through civil proceedings, losses suffered by the Department or the State and to prevent further losses;
- To identify systemic weaknesses that resulted in the failure to prevent and/or detect the irregularities perpetrated and to make recommendations to address such weaknesses;

Key Deliverables

- Institute and/or recommend institution of civil proceedings by the Department for the necessary relief, including the recovery of any losses suffered by the Department;
- Refer evidence of misconduct for the institution of disciplinary or corrective action;
- Refer evidence indicating, or points to a criminal offence to the NPA;
- Identify systemic gaps and make systemic recommendations to avoid identified instances of maladministration from occurring in future;
- Compile closure reports on all sub-investigations conducted; and
- Submit Presidential reports, as envisaged in sections 4(1)(f) and (g) of the SIU Act.



Allegations

- The contracts were awarded irregularly
- The value of the contracts were inflated and unnecessarily varied and included additional scope of works.
- EOH paid large sums of money to subcontractors who allegedly did not perform any work on the contracts. The sub-contractors were disguised as Enterprise Development (“**ED**”) partners.
- There were unusual and irregular upfront payments made on the contracts. While upfront payments are provided for in Treasury Regulations, contractually this was not the case.
- The need for some services were fabricated and did not exist and still does not exist.
- Invoicing was made long after the projects had ended.



OFFER BY EOH

- EOH contacted the SIU and reported allegations of possible fraud and corruption involving some of its employees and other third parties who may have colluded with DWS officials in relation to these contracts.
- EOH has indicated to the SIU that it is prepared to discuss settlement and made a written offer of R52m in respect of 2 of the 4 contracts.



Status of the Investigation

- The investigation kicked off on 10 August 2021.
- The SIU has collected and analysed the relevant documents in relation to the contracts under investigation
- The SIU has considered the offer by EOH and cannot accept the offer.
- The SIU has quantified the amount payable to the DWS is R 236m.
- The SIU has appointed counsel with a view of approaching the Special Tribunal.
- The SIU has informed EOH of its findings and EOH has undertaken to consider the findings and revert to the SIU
- The SIU is currently involved in conducting life-style audits on implicated officials from the DWS.



PROCLAMATION



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Proclamation R23 of 2020

AMATOLA WATER BOARD



MATTERS UNDER INVESTIGATION

SIU investigation covered the following matters:

A total of 118 contracts were investigated listed hereunder as follows:

- 36 service providers for the supply, delivery and installation of rainwater harvesting tanks;
- 17 service providers for water carting trucks;
- 20 service providers for water tankers through NT transversal contract;
- 8 service providers for drilling and equipping of boreholes; and
- 37 service providers for Rapid Response Unit

INVESTIGATION FINDINGS

Procurement of 36 service providers for rainwater harvesting tanks

- On 26 March 2020, the AWB appointed 33 service providers through an open tender and three others were also appointed through an RFQ, all for the supply, delivery and installation of Rain Water Harvesting tanks to different Municipalities in the Eastern Cape.
- About 3 850 water tanks were procured by the AWB for all the Municipalities. Each 5 000 litre tank cost up to R12 000 and if not available then 2 x 2 500 litre tanks were provided.
- An RFQ and a deviation process was used for this procurement. No needs assessment was conducted and the tanks were to be delivered at the premises of each Municipality until they had a plan as to where they were going to be installed.
- The AWB acted as the implementing agent for the National Department of Water and Sanitation and any tank brand was acceptable.
- The BAC disregarded the recommendations of the BEC when they recommended service providers who were not responsive during evaluation and the CEO and former SCM Manager were found to have interfered with the recommended list by including suppliers who were found not responsive by the BEC into the list to be appointed.



FINDINGS ON PROCUREMENT OF RAIN WATER HARVESTING TANKS

- The three service providers appointed *via* RFQ were received directly by the CEO and the SCM manger.
- The appointed service providers did not install the tanks according to the agreed tender specifications and they claimed for delivery fees which were in most already included in the price of the tanks and delivered by the manufacturers themselves.
- The SIU also found that an intern at AWB was a Director of a company that was registered as a service provider at AWB. This company was also appointed to supply, deliver and install the harvesting tanks by Amatola Water. The intern is a sister of a buyer at AWB who was also involved in the procurement of the said water harvesting tanks.
- These two officials failed to disclose or declare their interest during the procurement of the water harvesting tanks.

INVESTIGATION FINDINGS

Procurement of 17 service providers for water carting trucks

- The SIU investigation found that the AWB appointed 17 service providers to provide water carting through an RFQ. In terms of this process, 35 service providers submitted quotations and 18 of the service providers were responsive as they met all the requirements of the tender. 17 service providers were appointed on 31 March 2020 on condition that they accept the R4 310 rate proposed by the AWB. One service provider that was part of the 18 service providers that were responsive, was not allocated work.
- A buyer that was responsible for requesting quotations up to the value of R500 000 per service provider sent the appointment letters to the service providers. The recommendation was supported by the former CFO and approved by the CEO. The SIU investigation found that ten service providers were paid double the RFQ threshold of R500 000 as per the NT regulations, although they submitted only one RFQ, The SIU also found over pricing related to the kilometers charged for the delivery of the water by 17 service providers
- The SIU also found that Amatola Water arranged that these Service Providers receive the water for free from various Municipalities and in return the same water was sold to Amatola Water for R4 310 per 15 000 litres of water and also charged R10 per Km for delivery.

INVESTIGATION FINDINGS

Procurement of 20 service providers for water tankers through the NT transversal contract

- The SIU investigation found that the AWB procured water carting trucks through a NT transversal contract. Initially the AWB was to procure 10 trucks at a cost of R10 million but this was later increased to 20 trucks at a cost of R30 Million. The AWB also changed the specification of the trucks that were included in the original transversal contract by including extras that significantly increased the price.
- The SIU investigation found that on 9 February 2021 the then Acting CEO requested an approval of a deviation from NT, because the steel water tanks which were to be affixed in the vehicles were not included in the initial quote and the AWB had to re-negotiate with the service provider to include it.
- The SIU found that the changing of the specification from 10 to 20 trucks was irregular. AWB changed the scope of work, budget after the award of the contract instead of going out on a new tender.

INVESTIGATION FINDINGS

Procurement of 20 service providers for water tankers through the NT transversal contract

Cont.

- AWB was aware of the makeup of the truck they were procuring through this contract and the addition of water tanks to the truck should have been done through a new and separate procurement process.
- The SIU also found that the deviations were presented to the National Treasury after they had concluded the procurement of the trucks.
- National Treasury later approved the deviation in this regard without justifiable reasons and it was only then that the AWB was able to pay Barloworld. In February 2021, the AWB stated that the reason for the variation in price was an oversight although the evidence the SIU has obtained and reviews shows that it was not.

INVESTIGATION FINDINGS

Procurement of 8 service providers for drilling and equipping of boreholes

- The Bid Specification Committee did not meet to discuss specifications of this tender as well as the bill of quantities.
- The tender was only advertised for six days and not the 21 days required by the NT regulations before closure.
- The following were not provided and approved:
 - The deviation approved for advertising less than prescribed days.
 - The reasons were not recorded on any document provided.
- There were no Bid specifications overview, compulsory clarification meeting attendance register or compulsory clarification meeting minutes.
- The Bid Specification Attendance Register was signed few days after the tender was advertised and evaluated.
- No bill of quantities (BoQ) was available at the time when the BEC report was handed over to the BAC.
- The BOQ was only provided to the BEC one month after the first BAC meeting.
- According to the bid documents, ten (10) service providers were responsive in terms of the BEC report , however, only 8 were approved by the BAC for appointment on a rotational basis as per tender advert,

INVESTIGATION FINDINGS

Procurement of 8 service providers for drilling and equipping of boreholes

- One service provider was given the bulk of the work and paid far higher than the rest without any justification.
- One official was found to have a conflict of interest in that he was made to manage the project, allocate and monitor work and approve payments of the above mentioned company which has his brother as an employee. This conflict was not declared to AWB.
- The PMU manger removed a Project Manager who was initially appointed to manage this project and replaced him with this conflicted manager.

INVESTIGATION FINDINGS

Procurement of 37 service providers for Rapid Response Unit

- The Bid Specification never met to put specifications together for this tender
- The tender was only advertised for six days and not the 21 days required by the NT regulations before closure, and the following were not provided and approved:
 - The deviation approved for advertising less than prescribed number of days.
 - The reasons were not recorded on any document provided.
- Thirty seven (37) service providers were recommended for appointment by the BEC and the BAC approved the recommendations on a rotation basis.
- Out of the 37 service providers, only 3 were used repeatedly. In terms of their pricing these service providers were actually number 3, 5 and 6 on the Bid Evaluation list.
- Number 1 and 2 were overlooked without any justification. One of the 3 Service Providers BM Engineers was appointed as a JV with Mizotech but operated alone outside the JV and got paid as such without a new appointment.
- There was no predetermined scope of work for this tender
- The three service providers were allocated geographical areas which was not the condition of the tender.

INVESTIGATION FINDINGS - CIVIL LITIGATION

Focus Area	Description	Date Referred	Progress
Procurement of 36 service providers for rainwater harvesting tanks	Senior Counsel was appointed on 21 October 2020. Civil proceedings will be instituted in the Special Tribunal for the contracts against the 36 service providers to be declared invalid and unlawful and for the contracts to be set aside. The SIU also wants to interdict the AWB from continuing with the contracts between them and the 36 service providers. The SIU is also seeking a just and equitable relief against these service providers.	21 October 2021	
Procurement of 17 service providers for water carting trucks	The SIU has submitted a request for Counsel to be appointed in respect of these matters and to declare these contracts invalid and unlawful. They are to be set aside and all irregular payments will be recovered from the suppliers. The irregular payments for overpricing is R3,5m and the issue of the free water is also being considered for recovery.		
Procurement of 20 service providers for water tankers though the NT transversal contract	Civil litigation processes have been initiated to declare these contracts invalid and unlawful. They are to be set aside and all irregular payments will be recovered from the suppliers. The irregular payments are still being quantified on a just and equitable remedy basis.		
Procurement of 8 service providers for drilling and equipping of boreholes	Evidence was referred to institute civil proceedings in the Special Tribunal seeking to declare the contract invalid, unlawful and irregular and for the Special Tribunal to set it aside. The case is being processed to the CLU CAC for consideration. The team is sourcing the services of a Hydrologist to quantify the value for money in this case.		
Procurement of 37 service providers for Rapid Response Unit	Evidence is being considered by PFL to be referred to CLU to institute civil proceedings at the Special Tribunal. The relief sought is to declare the contract invalid, unlawful and irregular and for the Special Tribunal to set the contract aside. The case is being processed to the CLU CAC for consideration. The team also seek the services of a Hydrologist to quantify the value for money in this case.		

INVESTIGATION FINDINGS - DISCIPLINARY ACTION

Focus Area	Description	Charges	Date Referred	Progress
Procurement of 36 service providers for rainwater harvesting tanks	<p>2 x Disciplinary referrals against an intern and a buyer were submitted to AWB</p> <p>The SIU investigating team is preparing evidence in support of disciplinary action against following official: Director: Planning and Development</p>	<p>Contraventions of applicable sections of the Constitution and the contravention of the applicable sections of the PFMA and the AWB SCM Policy.</p> <p>Contraventions of applicable sections of the Constitution and the contravention of the applicable sections of the PFMA and the AWB SCM Policy</p>	<p>3 March 2021</p> <p>The DC is being packaged for referral as it was the last to be decided on in this regard.</p>	<p>A intern's internship was not renewed A Buyer was dismissed.</p> <p>N/A at this stage.</p>
Procurement of 17 service providers for water carting trucks	No DC as the employees involved have resigned and others have already been disciplined and dismissed in matters.	Contraventions of applicable sections of the Constitution and the contravention of the applicable sections of the PFMA and the AWB SCM Policy	N/A	N/A
Procurement of 20 service providers for water tankers though the NT transversal contract	All possible DCs hinges on the current discussions between the investigating team, Forensic Lawyers, National Treasury, the CLU CA. The officials will be clearly identified as soon as these discussions are settled			
Procurement of 8 service providers for drilling and equipping of boreholes	The SIU investigating team is preparing evidence in support of disciplinary action against the Director: Planning and Development	Contraventions of applicable sections of the Constitution and the contravention of the applicable sections of the PFMA, NT practice notes, Instructions and the AWB SCM Policy		
Procurement of 37 service providers for Rapid Response Unit	The SIU investigating team is preparing evidence in support of disciplinary action against the Director: Planning and Development	Contraventions of applicable sections of the Constitution and the contravention of the applicable sections of the PFMA, NT practice notes, Instructions and the AWB SCM Policy		

INVESTIGATION FINDINGS - CRIMINAL REFERRALS

Focus Area	Description	Charges	Date Referred	Progress
Procurement of 36 service providers for rainwater harvesting tanks	10 X Criminal referrals have been submitted to the NPA against the current and former officials of AWB and service providers as listed herein below: Former CEO; Former Manager: SCM; Former CFO; Acting Director: Planning and Development; and Manager, Project Management Unit.	contravention of the sections of MFMA, corruption, fraud and money laundering.	18 October 2021	The Hawks have had a number of consultations with the SIU investigators in this regard. No arrests have been made thus far.
Procurement of 17 service providers for water carting trucks	The criminal referrals are being considered by Principal Forensic Lawyers in this regard.			
Procurement of 20 service providers for water tankers though the NT transversal contract	Most of the Officials involved have resigned and evidence against the few that are left are being considered by the Principal Forensic Lawyers.			
Procurement of 8 service providers for drilling and equipping of boreholes	4 x Criminal referrals have been referred to the HOU against: Former SCM Manager; Former CFO Former Manager: Project Management Unit. Director: Planning and Development	contravention of Section 217 of the Constitution and various sections of the PFMA		
Procurement of 37 service providers for Rapid Response Unit	4 x Criminal referrals are being prepared against: Former SCM Manager; Former CFO Former Manager: Project Management Unit. Director: Planning and Development	contravention of Section 217 of the Constitution and various sections of the PFMA		

NEW ALLEGATIONS





ALLEGATIONS REPORTED TO THE SIU IN RESPECT OF LEPELLE NORTHERN WATER BOARD

1. It is alleged that the LNWB procured -
 - (a) drought relief technology services; and
 - (b) investigation servicesfrom service providers in a manner that was contrary to the provisions of section 217(1) of the Constitution as well as the LNWB's procurement prescripts.
2. It is further alleged that –
 - (a) one of the service providers was appointed on an expedited basis without just cause; and
 - (b) the procurement (in respect of both matters) was not budgeted for.

The SIU has assessed the allegations and has applied to the President for a proclamation to investigate these matters.



ALLEGATIONS REPORTED TO THE SIU IN RESPECT OF AMATOLA WATER BOARD

1. It is alleged that the AWB procured-
 - (a) drought relief technology services; and
 - (b) investigation servicesfrom the same service providers appointed by the LNWB in a manner that was contrary to the provisions of section 217(1) of the Constitution as well as the AWB's procurement prescripts.
2. It is further alleged that:
 - (a) of the R230 million allocated to the AWB for drought relief solutions, 60% was earmarked for the drought relief technology service provider;
 - (b) the procurement of both services was not budgeted for.

The SIU has assessed the allegations and has applied to the President for a proclamation to investigate these matters.



CONCERNS IN OTHER FOCUS AREAS

The SIU is aware of various allegations and concerns voiced in the media and elsewhere regarding **The War on Leaks Program, Drop a Block, Sedibeng Water Board.**

The SIU has requested and reviewed reports from the AGSA, OUTA, Parliament and the DWS in order to thoroughly assess the matter and the allegations around the billions of rands of irregular and unauthorized expenditure.

The SIU has assessed the allegations and has applied to the President for a proclamation to investigate these matters.



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