

ANNEXURE A

IRREGULAR EXPENDITURE SCHEDULE 2017 / 2018

#	Description	Amount (R)	Root cause	Non-compliance with?	Responsible Employee/s (alleged)	PFMA section 38 (1) (h) – matters to consider when disciplinary action is taken	Consequence mgt: Offence (category and charge)	Approved /Not Approved
1	AMD CENTRAL BASIN OPERATIONS AND MAINTENANCE: Contract – 08 – 030, Intelligent Water Solutions (IWS) Appointment of IWS to operate the AMD Central Basin.	42 571 905	Single sourcing within TCTA's DOA, however subsequently linked to irregular IWS appointment. See item 2, below.	N/A (Fraudulent)	<ul style="list-style-type: none"> Former CEO (JN) Former SCM (responsible people, as per item 2 below)	<ul style="list-style-type: none"> Circumstance of transgression: Extent of expenditure: Nature and seriousness of transgression: 	Final written warning: CFO (oversight since Board was not informed in terms of NT circular 24 Apr 2012) See item 2, below re Former CEO and former SCM Manager.	Not Approved
2	AMD CENTRAL BASIN OPERATIONS AND MAINTENANCE: Contract – 08 – 030, Intelligent Water Solutions (IWS)	40 474 856	Irregular letter of award by former SCM Manager.	N/A (Fraudulent)	<ul style="list-style-type: none"> Former CEO (JN) Former SCM Manager 	<ul style="list-style-type: none"> Circumstance of transgression: Extent of expenditure: Nature and seriousness of transgression: 	Dismissal of former SCM Manager. Laid criminal charges against former CEO and former SCM Manager.	Not Approved

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3	AMD CENTRAL BASIN OPERATIONS AND MAINTENANCE: Contract – 08 – 030, Intelligent Water Solutions (IWS) The December 2016 settlement agreement provided for the continued operations with revised costs to operate the plant from 1 January 2017 until 30 June 2017 to allow for an operator to be appointed through an open tender process. The irregular expenditure declared is for the period 1 January 2017 to 31 March 2017.	22 246 073	Board and NT approved, however linked to irregular letter of award by former SCM Manager.	N/A (Irregular by association)	<ul style="list-style-type: none"> Board Former CEO (LR) Exco 	<ul style="list-style-type: none"> Circumstance of transgression: Extent of expenditure: Nature and seriousness of transgression: 	Annexure B3, B4 and B5 - consequence management report, mediation report and list of employees served with sanction letters.	Not Approved
4	AMD CENTRAL BASIN OPERATIONS AND MAINTENANCE:	49 823 227	Board approved.	N/A (Irregular by association)	<ul style="list-style-type: none"> Board Former CEO (LR) Exco 	<ul style="list-style-type: none"> Circumstance of transgression: 	Annexure B3, B4 and B5 - consequence management report,	Not Approved

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	Contract – 08 – 030, Intelligent Water Solutions (IWS)		NT approved until 30 June 2017. However, linked to irregular letter of award by former SCM Manager.			<ul style="list-style-type: none"> Extent of expenditure: Nature and seriousness of transgression: 	mediation report and list of employees served with sanction letters.	
5	AMD EASTERN BASIN & CENTRAL BASIN OPERATIONS AND MAINTENANCE: Suppliers of Consumables and Spares Contracts	22 499 489	Delay in award of contract by accounting authority. Resulted in emergency single sourcing.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	<ul style="list-style-type: none"> Former CEO (LR) Exco 	<ul style="list-style-type: none"> Circumstance of transgression: Extent of expenditure: Nature and seriousness of transgression: 		Not Approved
6	AMD EASTERN BASIN OPERATIONS AND MAINTENANCE: Contract – 08 – 030, CMC-PG Mavundla	1 978 031	Operated plant without NT prior approval for single sourcing.	Legislation	<ul style="list-style-type: none"> Former CEO (LR) Exco 	<ul style="list-style-type: none"> Circumstance of transgression: Extent of expenditure: Nature and seriousness of transgression: 		Not Approved

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7	AMD EASTERN BASIN OPERATIONS AND MAINTENANCE: Contract – 08 – 032, Tecroveer Thanda Manzi JV	14 433 840	Delay in award of contract by accounting authority. Resulted in emergency single sourcing and subsequent extension.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	<ul style="list-style-type: none"> Former CEO (LR) Exco 	<ul style="list-style-type: none"> Circumstance of transgression: Extent of expenditure: Nature and seriousness of transgression: 		Not Approved
8	AMD CENTRAL BASIN OPERATIONS AND MAINTENANCE: Contract – 08 – 030, Proxa Propriety Limited	12 549 173	Delay in award of contract by accounting authority. Resulted in emergency single sourcing and subsequent extension.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	<ul style="list-style-type: none"> Former CEO (LR) Exco 	<ul style="list-style-type: none"> Circumstance of transgression: Extent of expenditure: Nature and seriousness of transgression: 		Not Approved
9	CLAIMS: AMD STI, MCWAP 1 and ORWRDP 2C	96 257 051	Failure to obtain NT prior approval for the expansion of a contract in excess of 20% or R20 million.	Legislation	No employee responsible. (Outcome of the independent contractual adjudication process)	<ul style="list-style-type: none"> Circumstance of transgression: Extent of expenditure: Nature and seriousness of transgression: 	Annexure B3, B4 and B5 - consequence management report, mediation report and list of employees served with sanction letters.	Not Approved

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10	CONSTRUCTION OF THE MMTS-2 WATER TRANSFER SYSTEM: CONTRACT NO. TCTA 04-005, WBHO Construction (Pty) Ltd.	12 956 427	Failure to obtain NT prior approval for the expansion of a contract in excess of 20% or R20 million.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	EM: PMID Project Manager MMTS-2.	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 		Not Approved
11	VARIATIONS ORDERS: AMD STI and MMTS-2	9 112 754	Failure to obtain NT prior approval for the expansion of a contract in excess of 20% or R20 million or 15% or R15 million.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	EM: PMID Project Managers AMD and MMTS-2.	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 		Not Approved
12	MOKOLO PIPELINE: Contract 007-001, AVENG (AFRICA) LTD/ UMBUTHO CIVIL & ELECTRICAL JV:	5 682 360	Failure to obtain NT prior approval for the expansion of a contract in excess of 20% or R20 million.	Legislation (PFMA section 51, NT instruction)	EM: PMID Project Manager	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: 	Annexure B3, B4 and B5 - consequence management report, mediation report and list of employees served with sanction letters.	Not Approved

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				note 3 of 2016/2017)		<ul style="list-style-type: none"> Nature and seriousness of transgression: 		
13	MMTS-2: Contract 004-041, AECOM SA (FORMERLY BKS) FOR CONSULTANCY SERVICES FOR MOOI MGANI TRANSFER SCHEME, PHASE 2.	4 533 309	Failure to obtain NT prior approval for the expansion of a contract in excess of 15% or R15 million.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	EM: PMID Project Manager	<ul style="list-style-type: none"> Circumstance of transgression: Extent of expenditure: Nature and seriousness of transgression: 		Not Approved
14	Olifants River Water Resource Development Project: Contract 005-084	2 323 912	Failure to obtain NT prior approval for the expansion of a contract in excess of 20% or R20 million.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	EM: PMID Acting Project Manager	<ul style="list-style-type: none"> Circumstance of transgression: Extent of expenditure: Nature and seriousness of transgression: 		Not Approved

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15	MOOI MGENI TRANSFER SCHEME PHASE 1 (MMTS-1): CONTRACT NO. TCTA 04-003, REFURBISHMENT OF MEANS PUMP STATION.	878 036	Failure to obtain NT prior approval for the expansion of a contract in excess of 15% or R15 million.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	EM: PMID Project Manager	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 	Annexure B3, B4 and B5 - consequence management report, mediation report and list of employees served with sanction letters.	Not Approved
16	Variation Orders	280 020 107	Failure to comply with TCTA Operational DOA.	Internal Policy	EM: PMID	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 		Not Approved
17	Appointment of Edward Nathan Sonnenberg (ENS) through single sourcing to provide labour law advisory services to TCTA with regards to investigation and institution of disciplinary action. Request for	10 426 126	Failure to obtain NT prior approval for a deviation.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	Audit Committee ACEO (LR) CFO	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 	Annexure B3, B4 and B5 - consequence management report, mediation report and list of employees served with sanction letters.	Not Approved

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	deviation was rejected by National Treasury.							
18	The budget for legal fees for MMTS-2 and AMD was exceeded as a result of new legal matters which did not form part of the initial budget.	3 417 686	The budget was exceeded as a result of several legal matters that needed attention.	Internal Policy	CRO Head of Legal	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 	Annexure B3, B4 and B5 - consequence management report, mediation report and list of employees served with sanction letters.	Not Approved
19	Appointment of Tshisevhe Gwina Ratshimbilani Incorporated through single sourcing to render legal advisory services on fund raising activities for LHWP. Request for deviation was rejected by National Treasury.	1 320 047	Failure to obtain NT prior approval for a deviation.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	CRO Head of Legal	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 		Not Approved
20	Lesotho Highlands Operations and Maintenance: Continuous use of Lifton	1 224 474	Failure to comply with the NT instruction note on open ended contracts.	Legislation (PFMA section 51, NT instruction	EM: PMID Head of Engineering	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: 		Not Approved

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	Construction to provide services to TCTA for the operation and maintenance of the LHWP on an open-ended contract basis, which contravenes National Treasury Instruction Number 3 of 2017/2016.			note 3 of 2016/2017)		<ul style="list-style-type: none"> Nature and seriousness of transgression: 		
21	DENTONS KAPDITWALA Inc. was appointed through a quotation process for R 404 408.00. This amount was then exceeded, given the extent of the matter.	1 217 488	The legal budget was exceeded and there were no funds available.	Internal Policy	CRO Head of Legal	<ul style="list-style-type: none"> Circumstance of transgression: Extent of expenditure: Nature and seriousness of transgression: 	Annexure B3, B4 and B5 - consequence management report, mediation report and list of employees served with sanction letters.	Not Approved
22	Lesotho Highlands Operations and Maintenance: PV	685 251	Failure to comply with the NT instruction note on open ended contracts.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	EM: PMID ACEO (LR) CFO Head of Engineering	<ul style="list-style-type: none"> Circumstance of transgression: Extent of expenditure: Nature and seriousness of transgression: 		Not Approved

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	Engineering							
23	Appointment of Selomo Attorneys through a single sourcing to represent and advise TCTA in labour disputes and disciplinary actions. Request for deviation was rejected by National Treasury.	531 198	Failure to obtain NT prior approval for a deviation.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	EM: HR ACEO	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 		Not Approved
24	Procurement for goods and services with a value under R30 000 was followed expiry of the contract with two travel agencies, whilst the tender process was being finalised. However, majority of travel agencies did not	439 557	Failure to obtain NT prior approval for a deviation.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	EM: ESS Facilities Manager Shared Services Manager SCM Front of House	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 	Annexure B3, B4 and B5 - consequence management report, mediation report and list of employees served with sanction letters.	Not Approved

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	respond on time. This resulted in the following travel agencies being awarded work in excess of the R30 000 limit.							
25	Appointment of Ellen of Overy law firm on a single source to represent TCTA on a dispute with Tecrover.	411 582	Failure to obtain NT prior approval for a deviation.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	Acting CEO (LR)	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 		Not Approved
26	Appointment of Fluxman’s attorneys on a single source to represent TCTA on a legal matter.	387 481	Failure to obtain NT prior approval for a deviation.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	Board/ ACEO (LR)	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression. 		Not Approved

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27	Appointment of Corporate Executive Board on a single source.	222 620	Failure to obtain NT prior approval for a deviation.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	EM: HR ACEO (LR) CFO EXCO	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 	Annexure B3, B4 and B5 - consequence management report, mediation report and list of employees served with sanction letters.	Not Approved
28	Appointment of VUMA Reputation Management on a single source to manage an urgent media matter.	189 810	Failure to obtain NT prior approval for a deviation.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	Former ACEO (MC) Board	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 		Not Approved
29	Extension of Banqobi Consulting for the placement of a Senior Manager: Company Secretary for a period of six months.	184 680	Failure to obtain NT prior approval for a deviation.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	EM: HR	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression: 		Not Approved

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30	Appointment of M2TD to provide Adobe license. Three (3) Authorisation quotations not obtained.	55 751	Failure to comply with SCM policies.	Internal Policy	Acting SCM Manager (MS) Procurement Specialist (N M-M)	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression 	Annexure B3, B4 and B5 - consequence management report, mediation report and list of employees served with sanction letters.	Not Approved
31	Appointment of Werksmans on a single source basis to advise TCTA Board on a labour matter.	27 379	Failure to obtain NT prior approval for a deviation.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	Former ACEO (LR) Board	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression 		Not Approved
32	Lesotho Highlands Operations and Maintenance: Lifton Authorisation Construction not yet initiated. Continuous use of Lifton Construction to provide services to TCTA for the operation and maintenance of the LHWP	10 469 993	Failure to comply with the NT instruction note on open ended contracts.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	EM: PMID Head of Engineering	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression 		Not Approved

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	on an open-ended contract basis which contravenes National Treasury Instruction Number 3 of 2017/2016.							
33	Provision of Disaster Recovery services with Continuity SA after the contract had expired.	58 965	Failure to obtain NT prior approval for an expansion of a contract.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	Former CEO (JN) EM: ESS CRO CFO	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression 	Annexure B3, B4 and B5 - consequence management report, mediation report and list of employees served with sanction letters.	Not Approved
34	Irregular appointment of Ernst & Young to conduct forensic investigation on the appointment of three executives and awarding of a photocopier tender.	749 721	Failure to obtain NT prior approval for a deviation.	Legislation (PFMA section 51, NT instruction note 3 of 2016/2017)	Audit Committee Former Head of Internal Audit (TM)	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: • Nature and seriousness of transgression 		Not Approved
35	Irregular changing of the evaluation criteria for the photocopier tender.	1 033 065	Contravention of the PFMA, PPPFA	Legislation	BAC Exco	<ul style="list-style-type: none"> • Circumstance of transgression: • Extent of expenditure: 		Not Approved

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						<ul style="list-style-type: none"> Nature and seriousness of transgression 		
	Total	650 298 024						