**PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NO: 125**

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**QUESTION PAPER NO: 01**

**DATE OF REPLY:**

**Ms T Gqada (DA) to ask the Minister of Telecommunications and Postal Services:**

(a) What is the status of the Special Investigating Unit’s (SIU) reports into (i) the SA Post Office, (ii) the Media Corner contract, (iii) the State Information Technology Agency, (iv) the Department of Communications’ role in the ICT Indaba and (v) the Universal Service and Access Agency of South Africa and (b) in respect of each case, what (i) progress has been made in respect of investigations, (ii) subsequent action has been undertaken arising from recommendations made by the SIU and (iii) is the status of the specified actions?

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**REPLY**

I have been advised as follows:-

**South African Post Office (SAPO)**

(a) The President referred the SIU Report to myself for implementation. I in turn submitted it to the Board of the SAPO, with an instruction to comply with the recommendations made in the SIU Report. SAPO is in the process of implementing these recommendations.

(b) The SIU and SAPO are instituting a court process to have the Eco Point lease contract set aside.

(c) At least two matters are being dealt with by the SAPS and NPA:

i) The one matter involves a contravention of the Private Security Industry Regulation Act, 2001, which has been set down for hearing in early March 2016;

ii) The other matter involves Eco Point lease, where the SAPS indicated that it should be able to complete the investigation docket by the end of February 2016, where after the docket will go back to the assigned prosecutor. In this regard, the Asset Forfeiture Unit (AFU) has secured an interim attachment of property to the value of approximately R 2 million. This case is defended and on-going.

**Media Corner**

(a) The SIU is in the process of finalising its report.

(b) The Department of Telecommunications and Postal Services and the SIU instituted civil proceedings against Media Corner (Pty) Ltd and others in the High Court (Gauteng Division) under case number 66037/14 in which the Department and the SIU are requesting the court to declare the tender worth approximately R756 million and the resulting contract unlawful and void ab initio. Since only approximately R58.7 million was paid to Media Corner to date, the Department and the SIU are also claiming approximately R12.7 million from Media Corner and requesting for a type of debating of accounts (to ascertain value for money) in respect of the remaining approximately R 46 million. This case is defended and on-going.

Seven recommendations for the institution of disciplinary proceedings against certain officials of the Department were referred to the Department. Two officials resigned. The Department is instituting disciplinary proceedings against the remaining officials and these have not been finalised and are on-going.

**State Information Technology Agency (SITA)**

(a)(i) & (b)(i) The SIU’s investigations are being conducted on the basis of the following Proclamations:

(1) The investigation mandated in terms Proclamation R. 48 of 2012:

This investigation has been concluded and a report has been submitted to the relevant authority but it has not yet been referred to us. However, the SIU informed us as follows;

* Evidence pointing to the commission of Fraud, forgery, and uttering of a false document, involving an invalid and/or false Tax Clearance Certificate submitted as part of bid documents i.r.o. the so-called “IFMS” contract was referred to the relevant Prosecuting Authority and is currently still be reviewed with a view to decide whether to proceed with prosecution.
* The above matter was also referred to the Asset Forfeiture Unit, who has commenced with certain investigations pending the outcome of the decision of the National Prosecuting Authority.
* A settlement was reached between the SIU, National Treasury, SITA and the supplier/IFMS contractor concerned (Accenture South Africa (Pty) Ltd) to the effect that:

1. The contract allocated to Accenture (to the value of R 223 585 246.00) would be terminated (due to having been procured and awarded on an irregular basis).
2. SITA would pay Accenture an additional amount of R 19 060 553.83 for work already completed but not yet paid for. At the time of the settlement, payments to the value of R 93 175 991.25 for work satisfactorily completed had already been made to Accenture.
3. The IFMS contract was therefore terminated and the balance of the of the contract amount (R 111 348 700.92) was listed as a saving as result of the termination of the agreement.

* The SIU has forwarded 26 disciplinary recommendations to the Chief Executive Officer (CEO) of the SITA recommending that disciplinary action be instituted against the identified SITA officials for failing to comply with various SITA policies in respect of declaring their Conflict of Interest (in 22 instances) and for failing to comply with the provisions of section 57 of the PFMA (in 4 instances). The matter is currently still with SITA’s labour department for consideration of institution of disciplinary action
* As at 31 March 2014 a total of R 24 644 470.01 had been collected from other SITA debtors who were served with letters of demand issued by the SIU. In addition to serving the letters of demand, the SIU also assisted and interacted with debtors who requested information and invoices on accounts.

(2) The investigation mandated in terms of Proclamation R. 53 of 2014, as amended by Proclamation R. 15 of 2015.

* The one leg of this investigation (i.e. the one relating to an entity named iFirm) has largely been concluded. In respect of the remaining leg (pertaining to contracts entered into with IBM) significant progress has been made and a report is expected to be submitted to the President by end of June 2016.
* The SIU found and reported to SITA various irregularities with regard to the irregular award of the R265 million contract to an entity named iFirm. SITA thereupon instructed their own attorneys who, with the support and assistance of the SIU, lodged an application in the High Court, Gauteng Division, Pretoria, under case number, 2847/2016 to have the contract declared invalid. The case is still on-going.

**The Department of Communications’ role in the ICT Indaba**

(a) The SIU is in the process of finalising its report.

(b) Evidence pointing to the commission of an offence has been referred to the National Prosecuting Authority.

**Universal Service and Access Agency of South Africa USAASA**

(a) The SIU is in the process of finalising its report.

(b) The SIU instituted civil proceedings against Mr. Zami Nkosi, USAASA and others in the High Court (Gauteng Division) under case number 43250/14 in which the SIU is requesting the court to declare the appointment of Mr. Zami Nkosi as the Chief Executive Officer of the USAASA unlawful. This case is defended and on-going.