###### National Assembly

###### Question Number: 1915

**Mr. M S de Freitas (DA) to ask the Minister of Transport:**

With reference to her reply to question 421 on 23 March 2016, (a) what were the terms of reference for the investigation undertaken by the Passenger Rail Agency of SA into contracts awarded by its former Chief Executive Officer, Mr. Lucky Montana, (b) on what date did the specified investigation commence, (c) what are the details of the legal processes that determine the envisaged time frames and (d)(i) what budget was allocated for the specified investigation and (ii) what has been spent to date? NW2226E

**REPLY**

1. Werksman’s Attorneys were engaged by PRASA to investigate the irregular expenditure transactions identified by the Auditor-General in his report of the 2014/2015 financial year and those transactions that were related to these transactions, that were above R10 milllion and that were concluded by PRASA between 2012 and 2015 as per the remedial steps recommended by the Public Protector in her report of August 2015, titled Derailed.
2. August 2015.
3. The time frames of the different legs of the investigation:
* I am informed that at the beginning of the investigation, it became clear that there was no reliable retention of information and documents being destroyed and concealed, there was information and documents that were forensically removed from computers belonging to key employees and key former employees of PRASA. At that point, the focus of the investicgation, was in piercing together the information and documents, ensuring that the information and documentation may be used in legal proceedings. It was therefore impossible to determine the time frames of the investigation.
* It is further reported that the the information gathered showed some glaring irregularities that led to the decision to litigate in respect of the concerned contracts.
* The glaring irregularities led to a suspicion by the Board that there may be commissin of criminal offences provided for in section 34(1) of the Prevention and Combating of Corrupt Activities Act, 2004 (PRECCA).
* 41 Section 34(1) letters were sent to the Directorate for Priority Crimes and Investigation (the DPCI) on the 18th May 2016.
* The launch of the civil litigation necessitated the provision of litigation support by the investigators. The major litigation is now at an advanced stage and the need for the support of the investigators has declined. The need will be on an as-an-when basis. The time frames are being discussed and will be finalised within the next two months.
* PRASA is now at a point where it can define a clear scope of the forensic investigation. Discussions are underway with the investigators to determine this scope and a decision will be reached in this regard by the end of October 2016.
1. (i) the forensic investigation started after the annual budgets had been finalised for the 2015/2016 financial year. The exercise that is being undertaken during October 2016, is to determine the extent of the remaining isssues and to agree on a budget and time frames for the remainder of the matters that require investigation.

(ii) R 97, 248,211.15, this amount covers the services of a team Advocates (Senior Counsel and Junior Councel), Attorneys with extensive experience in forensic investigations and litigation, Forensic Chartered Accountants, Chartered Accountants, Auditors and Forensic IT Specialists.