# PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA NATIONAL ASSEMBLY

**WRITTEN REPLY**

**QUESTION NO: 554**

**Mr C MacKenzie (DA) to ask the Minister of Communications:**

Has the SA Post Office been subjected to any Special Investigating Unit in the period 1 June 2014 to 30 June 2019; if so, (a) what was the subject and nature of each investigation, (b) what was the outcome of each finalized investigations and (c) what is the current status of each incomplete investigation? **NW1551E**

# REPLY:

**I have been advised by SA Post Office as follows:**

The SA Post Office was subjected to a Special Investigating Unit investigation in terms of Proclamation No R5 of 2014 read with Proclamation R56 of 2014 into certain affairs of the SA Post Office.

1. The terms of Proclamation R5 of 2014 was to investigate the following:
	1. The procurement of goods, works or services by or on behalf of the SAPO and payments made,
	2. Irregularities, malpractices or maladministration in the affairs of the SAPO in relation to:
		1. The management of immovable property;
		2. The implementation of the WebRipost system;
		3. Loans granted to Courier and Freight Group (Pty) Ltd; and
		4. The failure by officials or employees of the SAPO to take necessary steps to prevent the SAPO from suffering financial losses or damages as a result of industrial action.
	3. Irregularities relating to the recruitment, selection and appointment of officials or employees of the SAPO.
	4. Payments which were made by the SAPO to fictitious officials or employees.
	5. Any undisclosed or unauthorized interests the officials or employees of the SAPO have had with regard to –
		1. Vendors, contractors, suppliers or service providers who bid for work or did business with the SAPO;
		2. Contracts awarded by or on behalf of the SAPO;
	6. The Terms of Proclamation R56 of 2014 was to investigate the following:
		1. The further extension of Proclamation R5 of 2014, by addition of the following paragraph after paragraph 5 of the Schedule;
		2. “6” Irregular conduct by the Board members of the SAPO in relation to the matters set out in paragraphs 1 and 3 above”.

# What was the outcome of each finalised investigation and;

Response:

The outcome of the investigations is contained in the recommendations in the table below. In addition a criminal case has been lodged with the South African Police Services and the National Prosecuting Authority as well as a civil case seeking to set aside the lease contract for the Ecopoint building together with a claim for all rentals paid by SAPO to M&T Properties. The civil case has been set for the 18 – 22 November 2019 in the North Gauteng High Court. SAPO officials implicated in the investigation have faced disciplinary action and as at current date, no officials implicated are still in the employ of SAPO.

# What is the current status of each incomplete investigation?

Response:

SAPO received correspondence from the Presidency on the 2nd October 2018 advising it that the SIU had concluded its investigations in respect of the above proclamations. Consequently, all investigations by the SIU have been completed, however, there are recommendations from the reports that still need to be finalised. The table below indicates the status of the various recommendations:

|  |  |  |
| --- | --- | --- |
| Recommendation | Response | Status |
| SAPO should approach the Auditor General for purposes of dealing with the irregular expenditure amounting to R 2 735 | SAPO established a Financial Misconduct Committee (FMC) in 2015 and has since its inception led to a significant reduction in irregular expenditure.This matter was not initially addressed, as the SIU report had not been shared with management in its totality. The FMC will in addition process this irregular expenditure for condonation with the Auditor-General, and also review the SIU Report in its entire in order to identify and strengthenany control weaknesses | *SAPO has submitted a the request for condonation to National Treasury. Further information required by National Treasury was provided including the fact that action was taken against the employees involved. SAPO still awaiting final outcome from National Treasury* |
| The SAPO should approach the Auditor-General for purposes of | SAPO established a Financial MisconductCommittee (FMC) in 2015 | *SAPO has submitted a the request for**condonation to National* |

|  |  |  |
| --- | --- | --- |
| dealing with the fruitless and wasteful expenditure amounting to R125 187 961 | and has since its inception led to a significant reduction in irregular expenditure. This matter was not initially addressed, as the SIU report had not been shared with management in its totality. The FMC will addition process this irregular expenditure for condonation with the Auditor-General, and also review the SIU Report in its entire in order to identify and strengthenany control weaknesses | *Treasury. Further information required by National Treasury was provided including the fact that action was taken against the employees involved. SAPO still awaiting final outcome from National Treasury.* |
| The SAPO should approach the Auditor- General for purposes of dealing with the fruitless and wasteful expenditure amounting to R15 700 309.84 | A submission was prepared and submitted to National Treasury for the condonation of this irregular expenditure.National Treasury had acknowledged receipt of this application for condonation and requested for additional information is being provided through theFMC. | *SAPO has submitted a the request for condonation to National Treasury. Further information required by National Treasury was provided including the fact that action was taken against the employees involved. SAPO still awaiting final outcome from National Treasury.* |
| The SAPO should engagethe services of | The SAPO engagedWerkmans Attorneys in | *Policies are being**developed on the basis of* |

|  |  |  |
| --- | --- | --- |
| appropriate experts who would assist it in the developing policies and/or procedures relating to its relationships with its subsidiaries. These should include all aspects relating to the granting of loans by the SAPO to its subsidiaries | determining the processes and options that should be explored with respect to its relationship with CFG. That opinion is available. The process for the development of a broader set of policies and/or procedures to deal with intra-company transactions hascommenced. | *advice from experts and these will be completed in this third quarter.* |
| The SAPO should take the necessary action to create and maintain a register to record the receipt of declaration of interest forms. | A file with all declarations of interest for Board members is kept, and copies of declaration of interests for staff is kept on employee’s personal files. Line managers has ensure completion of declaration forms and HR has commenced the development of a database for all declarations of interests across the organisation. | *This should be reflected as complete, the recommendation has been implemented* |
| The SAPO should take the necessary action to recover the placement feethat was paid to Interim | Placement fee, Interim Consulting – SAPO Legal department assessing thematter in terms of | *Due to the time that it took management to be aware of the**recommendation the* |

|  |  |  |
| --- | --- | --- |
| Consulting in respect of the appointment of Mr Jacobs. | conscription and prospects of success. | *matter had prescribed. Furthermore actual service was rendered by the employee concerned. There are no reasonable prospects of recovering**these fees.* |
| The SAPO should consider entering into a Memorandum of Understanding or Intergovernmental Protocol with the Department of Home Affairs in order that the SAPO can verify and authenticate the identity numbers of all SAPO employees. | The recruitment policy was reviewed to ensure that all experience and education requirements are reviewed by HCM and the line manager prior to the advertisement being issued. Verifications are part of the interview process. Candidates completed affidavits in the interim to mitigate the risk, where verifications could not be done due to financial constraints. In 2018 as part of the SASSA process all management employees were vetted by State Security Agency. This is an on-going process.SAPO will be meeting with department of Home Affairs to engage on amemorandum of | *This item should reflect as complete. Not only has SAPO considered the entering into an agreement with DHA, they actually have a working relationship with respect to the issue at hand. A MOU with Home Affairs is in the process of been completed and will be a holistic agreement taking into account all potential aspects for collaboration. That MOU should be concluded and signed by the parties in this third quarter 2019/20 financial year.* |

|  |  |  |
| --- | --- | --- |
|  | understanding in this regard to verify all ID numbers in the system. SAPO and Home Affairs already have an arrangement to verify ID Number and life status of all pensioners. Currently all ID number are verified during the recruitment process. |  |
| The SAPO should ensure that properly qualified, skilled and or/experienced staff are appointed in order to ensure that all data regarding the current SAPO immovable property inventory is kept up to date. | The skills required for this function are currently not at the required level as these employees are recruited from within SAPO. The skills development of employees within SAPO is underway and a process has started with the Services SETA to address these criticalskills development needs. | *SAPO has appointed Broll Properties to assist in this regard including the transfer of skills. Currently all property inventory is up to date.* |
| The SAPO in respect of the SAPO properties that are at present being leased or occupied by Telkom, take steps to: | After rental and utilities reconciliations Telkom has agreed to pay SAPO R60m.Further reconciliation is being done to recover | *Various engagements have been entered into with Telkom. The reconciliations have been concluded and each party is aware of the obligations**they have in regard to the* |

|  |  |  |
| --- | --- | --- |
| * Finalise the reconciliation/audit of all outstanding amounts (including arrear property rates and taxes) due to the SAPO by Telkom and take the necessary action to collect any outstanding amounts in this regard (if

applicable). | outstanding utilities since April 2017 from Telkom which is estimated at R11m. | *properties. Therefore this item should be recorded as complete.* |
| In the future ensure that the records pertaining to all rental properties are regularly updated and consolidated. | Signed lease schedules are now being submitted by Telkom and loaded onto the SAPO system for the collection of outstanding and future rentals. Currently SAPO has 29 signed lease Schedules out of the 118 have been received from Telkom and a follow- up meeting is being scheduled to discuss theoutstanding leases. | *SAPO has appointed Broll Properties to assist in this regard including the transfer of skills. Currently all property inventory are up to date. This item should therefore be considered complete.* |

# MS STELLA NDABENI-ABRAHAMS MINISTER