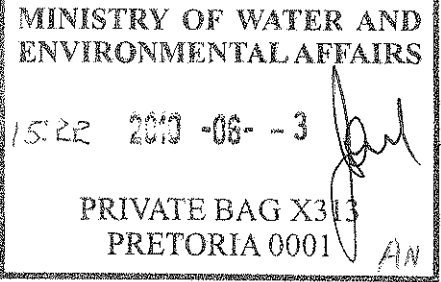




water affairs

Department:
Water Affairs
REPUBLIC OF SOUTH AFRICA



Enquiries: M. Kubheka
Telephone: 012-336 8457
Reference: 3/8/9/9-2011

MINISTER OF WATER AND ENVIRONMENTAL AFFAIRS

NATIONAL ASSEMBLY: QUESTION 1636 FOR WRITTEN REPLY

A draft reply to the above-mentioned question asked by Mrs A Steyn (DA); is attached for your consideration.


DIRECTOR-GENERAL (Acting)

DATE: 3/6/10


DRAFT REPLY APPROVED/AMENDED


MS B P SONJICA, MP
MINISTER OF WATER AND ENVIRONMENTAL AFFAIRS

DATE: 04.06.2010

NATIONAL ASSEMBLY

FOR WRITTEN REPLY

QUESTION NO 1636

DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 21 MAY 2010
(INTERNAL QUESTION PAPER NO. 14)

1636. Mrs A Steyn (DA) to ask the Minister of Water and Environmental Affairs:

- (1) Whether any forensic audits have been instituted by her department into its administration or the administration of its entities (a) in the (i) 2007-08, (ii) 2008-09 and (iii) 2009-10 financial years and (b) during the period 1 April 2010 up to the latest specified date for which information is available; if not, what is the position in this regard; if so, in each case, (aa) what was the subject of the audit, (bb) what was the finding of the audit, (cc) which entity or company or person was used to conduct the audit and (dd) what was the cost of the audit;
- (2) whether the results of the audits have been made public; if not, why not; if so, (a) when and (b) what are the further relevant details;
- (3) whether any criminal or disciplinary proceedings have been instituted as a result of the audits; if not, what is the position in this regard; if so, what are the relevant details?

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REPLY:

- (1)(a) My Department has during the specified period conducted forensic audit on several cases mainly emanating from the Office of the Public Service Commission Hotline, as well as internal referrals. In regard to the entities of my Department, the complaints or allegations are referred to the relevant entity to investigate them and report back to the Director-General. My Department only monitors the progress of such investigations and ensures that the outcomes are communicated.
- (1)(b) There has been forensic audits performed from the 1 April 2010, and majority of them are still in the process of being finalised. Refer to **Annexure A**.
- (1)(aa) Refer to **Annexure A**.
- (1)(bb) Refer to **Annexure A**.
- (1)(cc) My Department mostly use the internal audit staff to perform this function, but in some cases the function were outsourced. Refer to **Annexure A**.
- (1)(dd) Refer to **Annexure A**.
- (2) The results of every forensic audit are communicated to the relevant managers/supervisors to implement the recommendations.
- (3) My Department does take disciplinary or appropriate measures against anyone found to have contravened the policies. Refer to **Annexure A**.

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Cases from the National Anti-Corruption Hotline

2007/2008 FINANCIAL YEAR

| Project Number | REGION | (1)(aa) What was the subject of the audit | (1)(bb) What was the finding of the audit | (1)(cc) Which entity or company or person was used to conduct the audit | (1)(dd) What was the cost of the audit | 3. Whether any criminal or disciplinary proceedings have been instituted as a result of the audits; if not, what is the position in this regard; if so, what are the relevant details? |
|--------------------|-----------------------------------|---|--|---|--|--|
| 3/6/3/2/12/0708/1 | Mpumalanga - Nelspruit | Procurement irregularities | The investigation revealed that proper procedures were followed when a Professional Service Provider was appointed. The allegations were therefore unfounded. | Internal Audit Staff | Internal resources used | Not applicable |
| 3/6/3/2/12/0708/2 | Mpumalanga - Nelspruit | Procurement irregularities | The investigation was conducted and it was found that proper policies and procedure were followed when procuring goods and services. The allegations were therefore unfounded. | Internal Audit Staff | Internal resources used | Not applicable |
| 3/6/3/2/12/0708/3 | Kwa Zulu Natal - Pietermaritzburg | Sexual harassment, theft and procurement irregularities | There was no evidence to support the allegations as both the accused and official said to be victim denied the allegations. | Umgeni Water Board | Internal resources used | Not applicable |
| 3/6/3/2/12/0708/9 | Mpumalanga - Nelspruit | Fraudulent claims wrt official kilos travelled Officials submits travel claims whereas he does not have a drivers license. | The investigation revealed that the official obtained a code 8 drivers license in 1990 and a code 10 driver license in February 2009. The allegations were therefore unfounded. | Forest Fire Association Operations (PTY) Ltd | Internal resources used | Not applicable |
| 3/6/3/2/12/0708/11 | Kwa Zulu Natal - Durban | Fraudulent claims wrt official kilos travelled | The official inflated his official kilometres and the supervisor did not verify the validity of the kilometres claimed. It was recommended that disciplinary proceedings should be taken against the official and his supervisor. | Internal Audit Staff | Internal resources used | The official resigned prior to disciplinary action being taken against him. |
| 3/6/3/2/12/0708/12 | Gauteng - Head Office | Procurement irregularities | The investigation was conducted and it was found that proper policies and procedure were followed when procuring goods and services. The allegations were therefore unfounded. | Internal Audit Staff | Internal resources used | Not Applicable |
| 3/6/3/2/12/0708/13 | Gauteng - Head Office | Employment irregularities | The investigation was conducted and it was found that proper policies and procedure were followed when recruiting the officials. The allegations were therefore unfounded. | Internal Audit Staff | Internal resources used | Not Applicable |
| 3/6/3/2/12/0708/15 | North West - Brits | Misuse of state vehicle over weekends | The was no evidence to prove the allegations. The case was therefore closed. | Internal Audit Staff | Internal resources used | Not Applicable |
| 3/6/3/2/12/0708/16 | Gauteng - Head Office | Corruption and procurement irregularities | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/12/0708/17 | Gauteng - Head Office | Fraudulent claims wrt official kilos travelled | It was found that the implicated official inflated his official kilometres and the supervisor did not verify if the said kilometres claimed were genuine. Disciplinary proceedings were instituted against the official and the official was found guilty. | Internal Audit Staff | Internal resources used | Disciplinary action was taken against the official. The official pleaded guilty to charges. The sanctions have not been pronounced by the Presiding Officer. |
| 3/6/3/2/12/0708/19 | Limpopo - Venda | Procurement irregularities | Irregular appointment of staff and procurement irregularities were identified during the investigation. Management decided to outsource the audit and expand the scope of the audit. | Internal Audit staff and Kwinane & Associates/Sirus Consortium | R 7 Mill | Not yet. |
| 3/6/3/2/12/0708/20 | Gauteng - Head Office | Procurement irregularities | In progress | Internal Audit Staff | Internal resources used | - |

| 2008/2009 FINANCIAL YEAR | | | | | | |
|--|-----------------------------------|--|--|---|--|--|
| Project Number | AREA | (1)(aa) What was the subject of the audit | (1)(bb) What was the finding of the audit | (1)(cc) Which entity or company or person was used to conduct the audit | (1)(dd) What was the cost of the audit | 3. Whether any criminal or disciplinary proceedings have been instituted as a result of the audits; if not, what is the position in this regard; if so, what are the relevant details? |
| 3/6/3/21/2/0708/21 | Kwa Zulu Natal - Pietermaritzburg | Abuse of power, theft and procurement irregularities | There was no evidence to support the allegations as both the accused and official said to be victim denied the allegations. | Umgeni WaterBoard | Internal resources used | Not applicable |
| 3/6/3/21/2/0708/22 | Free State - Bloemfontein | Racism, theft and misappropriation of funds | There was no evidence to support the allegations. The officials concerned were taken to teambuilding and transferred to different units. | Internal Audit Staff | Internal resources used | Not applicable |
| 3/6/3/21/2/0809/1 | Regional Office | Failure to comply with policies and procedures | Two officials were found to be occupying offices at the Gauteng Regional Office whereas they are on the establishment of the Limpopo Regional Office. These officials refused to be transferred to Polokwane when the Limpopo Regional Office moved to Polokwane. They are not supervised by anyone. The two officials were instructed to report to the Limpopo Regional Office. One of them decided to resign. The other official refused to report to the Limpopo Regional Office which resulted in his salary being frozen. | Internal Audit Staff | Internal resources used | Salary is still frozen until the official reports to the Regional Office. |
| 3/6/3/21/2/0809/2 | Pietermaritzburg | Abuse of power, theft and procurement irregularities | There was no evidence to support the allegations as both the accused and official said to be victim denied the allegations. | Umgeni WaterBoard | Internal resources used | Not applicable |
| 3/6/3/21/2/0809/4, 3/6/3/21/2/0809/21 & 3/6/3/21/2/0809/23 | Levubu | Procurement irregularities | It was found that only one company was used for security purposes for a period of more than five (5) years. It was also noted that an amount more than R14 million was paid to the service provider during the same period. Management decided to extend the scope of investigation. | Internal Audit staff and Kwinane & Associates/Sirius Consortium | R 7 Mill | Not yet. |
| 3/6/3/21/2/0809/5 | Head Office | Abuse of state vehicle | It was found that the official abused a state vehicle by traveling without having an approved trip authorisation form and using the official for private purposes while on leave. | Internal Audit Staff | 0 | Disciplinary action was instituted against the official. However, he resigned prior to the sanctions being pronounced |
| 3/6/3/21/2/0809/6 | Levubu | Procurement irregularities | It was found that only one company was used for security purposes for a period of more than five (5) years. It was also noted that an amount more than R14 million was paid to the service provider during the same period. Management decided to extend the scope of investigation. | Internal Audit staff and Kwinane & Associates/Sirius Consortium | R 7 Mill | Not yet. |
| 3/6/3/21/2/0809/8 | Head Office | Employment irregularities | The investigation revealed that proper recruitment processes were followed when recruiting an official. The allegations were therefore not founded. | Internal Audit Staff | Internal resources used | Not applicable |
| 3/6/3/21/2/0809/10 | Bloemfontein | Alleged Corruption | There was no evidence to support the allegations. The officials concerned were taken to teambuilding and transferred to different units. | Internal Audit Staff | Internal resources used | Not applicable |

| | | | | | | |
|--------------------------|-------------------|--|--|----------------------|-------------------------|---|
| 3/6/3/2/12/0809/11 | Darnall | Alleged Corruption | It was noted that GR Transport had been paid large sums of money in order to supply tankering services within the Lembe District. The exact amount, specifically focused on Zamani Township area could not be determined, and as such the alleged expenditure detailed as per the allegation could not be objectively ascertained. However, the allegation led to an investigation around tanker services in general, where a certain staff member has been suspended and a disciplinary enquiry was held. The staff member concerned was found guilty and has been dismissed. | Internal Audit | Internal resources used | The staff member concerned was found guilty and has been dismissed. She is presently fighting the case legally. |
| 3/6/3/2/12/0809/12 | Head Office | Appointment irregularity & Theft of Govt funds | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/12/0809/13 | Hoedspruit | Procurement irregularities | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/12/0809/15 | Head Office | Procurement irregularities | A review of the procurement procedures revealed that my Department has followed the correct procedures in the allocation of the tender. The allegations were therefore unfounded. | Deloitte | R 45 600.00 | Not applicable |
| 3/6/3/2/12/0809/16 | Midmar Dam | Fraudulent claiming of Rent | Although certain shortcomings (lack of proper control on the side of my Department with regard to retention of risk assessment documents and formalising agreements with service providers) has been identified, we could not find evidence that Rotek Engineering has defrauded my Department with regard to the using of Departmental housing during the refurbishment period and risk assessments at Spioenkop. | Deloitte | R 45 600.00 | Not applicable |
| 9920080912025710 | Gariep Dam | Procurement irregularities | The investigation revealed that correct processes were followed in the recruitment and selection of an official in a position of Administrative clerk. The allegations were therefore unfounded. | Deloitte | R 45 600.00 | Not applicable |
| 3/6/3/2/12/0809/18 | Bloemfontain | Procurement irregularities | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/12/0809/22 | King Williamstown | Procurement irregularities | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/12/0809/26 | Haarbeespoort Dam | Alleged Appointment irregularities | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/12/0809/28 | Head Office | Alleged Corruption | In progress | Internal Audit Staff | Internal resources used | - |
| 2009/2010 FINANCIAL YEAR | | | | | | |

| Project Number | AREA | (1)(aa) What was the subject of the audit | (1)(bb) What was the finding of the audit | (1)(cc) Which entity or company or person was used to conduct the audit | (1)(dd) What was the cost of the audit | 3. Whether any criminal or disciplinary proceedings have been instituted as a result of the audits; if not, what is the position in this regard; if so, what are the relevant details? |
|----------------------|--------------------|---|---|---|--|--|
| 3/6/3/2/1/2/09/10/1 | Potkhwane | Alleged corruption See also 99 20090310 115249 | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/2/09/10/4 | Durban | Alleged procurement irregularities | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/2/09/10/10 | Kimberley | Alleged corruption | The investigation was conducted. We however could not find any evidence that my Department's official requested a bribe and a Department's official requested a bribe and a | Internal Audit Staff | Internal resources used | Not Applicable |
| 3/6/3/2/1/2/09/10/11 | Kimberley | Alleged corruption - additional information | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/2/09/10/13 | Hartebeespoort Dam | Alleged Unethical Behaviour | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/2/09/10/16 | Potkhwane | Alleged Corruption See also 99 20090213 084535 | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/2/09/10/17 | Head Office | Unethical Behaviour | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/2/09/10/20 | Head Office | Alleged corruption and nepotism | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/2/09/10/25 | Durban | Procurement irregularities see 99 20090331 045934 | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/2/09/10/31 | Potchestroom | Alleged procurement irregularities | In progress | Internal Audit Staff | Internal resources used | - |

MANAGEMENT REQUESTS

2008/2009 FINANCIAL YEAR

| Project Number | AREA | (1)(aa) What was the subject of the audit | (1)(bb) What was the finding of the audit | (1)(cc) Which entity or company or person was used to conduct the audit | (1)(dd) What was the cost of the audit | 3. Whether any criminal or disciplinary proceedings have been instituted as a result of the audits; if not, what is the position in this regard; if so, what are the relevant details? |
|-------------------|-------------|---|---|---|--|--|
| 3/6/3/2/1/08/09/1 | Levubu | Procurement irregularities | Irregular appointment of staff and procurement irregularities were identified during the investigation. Management decided to outsource the audit and expand the scope of the audit. SEE ALSO 3/6/3/2/1/2/08/09/4, 3/6/3/2/1/2/08/09/21 & 3/6/3/2/1/2/08/09/23 | Internal Audit staff and Kwhana & Associates/Sirus Consortium | R 7 Mil | Not yet. |
| 3/6/3/2/1/08/09/2 | Nelspruit | Procurement Irregularities | It was discovered that the allegations appeared have some degree of validity however further investigation into the policies and procedures showed that good controls are in place. It is recommended that these allegations be noted and that stricter security regarding the appointment of contractors be followed. The officials needs to be charged with misconduct for bringing my Department into disrepute due to unethical behaviour for not declaring his interest in a protected manner to my Department | Ernst & Young | R 89 841.60 | Awaiting feedback from Management. The Official has resigned. |
| 3/6/3/2/1/08/09/3 | Cape Town | Procurement Irregularities | The allegations were proven to be true. It was recommended that disciplinary action be instituted against the Official. | Deloitte | R 45 600.00 | Awaiting feedback from Management. |
| 3/6/3/2/1/08/09/4 | Head Office | Petty Cash Theft | The official who was no longer employed by my Department entered the premises and completed the Petty Cash Requisition Form. He submitted the form to the cashier for payment. The cashier issued petty to him as he was not aware that the official was no longer employed by my Department. | Internal Audit Staff | Internal resources used | A criminal case has been opened with the SAPS. |

| Project Number | AREA | (1)(aa) What was the subject of the audit | (1)(bb) What was the finding of the audit | (1)(cc) Which entity or company or person was used to conduct the audit | (1)(dd) What was the cost of the audit | 3. Whether any criminal or disciplinary proceedings have been instituted as a result of the audits; if not, what is the position in this regard; if so, what are the relevant details? |
|-------------------|---------------|---|--|---|--|--|
| 3/6/3/2/1/0809/5 | Tugel Vaal | Procurement Irregularities | It was found that the procurement processes were not followed by the official requesting quotations, and the adhoc Economic Control Committee. The allegations were therefore not founded. | Internal Audit Staff | Internal resources used | Not Applicable |
| 3/6/3/2/1/0809/7 | Head Office | Procurement Irregularities | Our investigation revealed that an official of my Department was submitting fraudulent invoices in respect of catering services. Disciplinary action was taken against the official and she was dismissed. It was recommended that a criminal case be opened against her. | Internal Audit Staff | Internal resources used | Disciplinary action was taken against the official and she was dismissed |
| 3/6/3/2/1/0809/8 | Polekwane | Fraudulent invoices | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/0809/10 | Rooiblaai | Fraud, Corruption | In progress | - | Internal resources used | - |
| 3/6/3/2/1/0809/11 | Pretoria West | Fraudulent orders | The investigation revealed that my Department did not issue these orders and the goods were not delivered to my Department. Payment could therefore not be made to the supplier. The SAPS is currently investigating this matter as several other government departments were facing the same problem. | Deloitte | R 45 600.00 | Not Applicable |
| 3/6/3/2/1/0809/12 | Limpopo | Termination of service | The was no evidence to indicate any wrong doing by my Department's official. Termination of an official was indeed an error. | Internal Audit staff | Internal resources used | Not Applicable |

2009/2010 FINANCIAL YEAR

| Project Number | AREA | (1)(aa) What was the subject of the audit | (1)(bb) What was the finding of the audit | (1)(cc) Which entity or company or person was used to conduct the audit | (1)(dd) What was the cost of the audit | 3. Whether any criminal or disciplinary proceedings have been instituted as a result of the audits; if not, what is the position in this regard; if so, what are the relevant details? |
|-------------------|------------------------|---|---|---|--|--|
| 3/6/3/2/1/0910/3 | Polekwane | Loss of BID documents | The bid documents were found during the Forensic Audit. | Internal Audit Staff | Internal resources used | Disciplinary Action was taken against the official for negligence |
| 3/6/3/2/1/0910/5 | Head Office | Alleged Corruption (Water Services) | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/0910/6 | Nelspruit | Alleged Corruption & abuse of power | It was found that the relatives of an official were conducting business with my department, however, the official recused himself from the Bid Adjudication Committee meetings when these bids were dealt with. | Internal Audit Staff | Internal resources used | Not applicable |
| 3/6/3/2/1/0910/7 | Kingwilliamstown | Officials dealing with own Department: Amanz abantu (Davey E.D) | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/0910/8 | Polekwane | Officials dealing with own Department: Hlakenyane Business Enterprise (M/R Maeko) | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/0910/9 | Nandoni | Officials dealing with own Department: Limmet Business Enterprise (Nethondra MR) | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/0910/10 | Head Office/Hohoyandou | Officials dealing with own Department: Shudu Development Services (MM Madaru) | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/0910/11 | | Officials dealing with own Department: CSS Tirisano Computer Systems (Maitala ML) | In progress | Internal Audit Staff | Internal resources used | - |

| Project Number | AREA | (1)(aa) What was the subject of the audit | (1)(b) What was the finding of the audit | (1)(cc) Which entity or company or person was used to conduct the audit | (1)(dd) What was the cost of the audit | 3. Whether any criminal or disciplinary proceedings have been instituted as a result of the audits, if not, what is the position in this regard; if so, what are the relevant details? |
|--------------------|-------------|--|--|---|--|--|
| 3/6/3/2/1/09/10/12 | | Officials dealing with own Department: MP Mookahane Construction (Masango DRG) | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/09/10/13 | | Officials dealing with own Department: The ledges Guest Farm (BALL, JA) | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/09/10/14 | | Officials dealing with own Department: Trail Surveys (Mare D) | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/09/10/15 | Head Office | Review of Transfer payments: Sunday's River Municipality | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/09/10/20 | Potlswane | Fraudulent Orders | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/09/10/22 | Mmabatho | Deviation from procedure | In progress | Internal Audit Staff | Internal resources used | - |
| 3/6/3/2/1/27 | Head Office | Procurement and Management of Professional Service Providers for the Branch-Regions at the Department | Based on the documentation reviewed, we conclude that there is no evidence to suggest that there were any irregularities in respect of the contracts reviewed for the Branch-Regions | Ernst & Young | R 89 841.60 | Not applicable |
| 3/6/3/2/1/12 (GP) | | Allegations made in respect of the appointment of a service provider for establishing the woman's organisation and the training of the woman in water, sanitation and forestry awards. | A Manager of my Department was warned to pay closer attention to projects that she is responsible for with reference to National Treasury Practice Note 6 of 2007/2008 specific reference to paragraph 2.5 and a letter written to the Consultants informing them of the process that was followed in appointing a service provider. | Ernst & Young | R 89 841.60 | Not applicable |
| DG REFERRAL | HEAD OFFICE | Alleged hindrances in the implementation of Water Efficiency Drive Project | In progress | KPMG | R498 000 | |
| 3/6/3/2/1/12 (EC) | | Allegation of misuse of government vehicles and materials at Uitenhage office. | Management should consider giving the two officials a warning letter in respect of the vehicles travelled with Government vehicles to off load their personal belongings at their private residence respectively. In these instances and based on the available facts, warning letters should suffice and no disciplinary hearing should be considered. Management should consider providing clear guidelines in respect of the travel policy as to what personal belongings will be allowed to be transported with Government vehicles. | Ernst & Young | R 89 841.60 | Not applicable |