

## RESURGENT - EXECUTIVE SUMMARY

<b>INVESTIGATION RESULTS - BACKGROUND SEARCHES</b>	
<b>SUMMARY OF MAJOR FINDINGS &amp; CONCLUSIONS</b>	<b>RECOMMENDATIONS</b>
<p>SARS responded that it did not issue RRM's TCC with ref no 0064/2015/0005510417</p> <p>RRM denied that SARS did not provide it, and referred the issue for legal advice.</p>	<p>Further follow-up with SARS should be conducted before any steps are considered, as it is possible that SARS' records may be incorrect.</p>

<b>INVESTIGATION RESULTS - APPOINTMENT OF RRM THROUGH CONFINEMENT</b>	
<b>SUMMARY OF MAJOR FINDINGS</b>	<b>RECOMMENDATIONS</b>
<p>The GCEO instructed that the confinement process should be followed as sourcing method.</p> <p>The CPTC never recommended or approved the confinement application as contained in the recommendation report signed by the GCEO. The statement in the recommendation memorandum that the CTPC had approved the confinement application is incorrect.</p> <p>There are numerous material and irreconcilable contradictions between the CTPC's resolution in December and the approved conditions in the approved memorandum.</p> <p>The confinement application was substantively unjustifiable (no urgency / emergency; expertise that was unique; or secrecy).</p> <p>A budget was not secured for the SRTVA project before or after the GCEO signed the confinement request.</p> <p>The amounts of R43 291 621,06 (FY 2016) and R9 580 216,26 (FY 2017) were spent</p>	<p>Disciplinary action against Mantsane for financial misconduct (contravention of section 57), inter alia for -</p> <ul style="list-style-type: none"> <li>o Dereliction of duties</li> <li>o Failing to prevent irregular expenditure</li> </ul> <p>Criminal action against Phungula and Mantsane on a charge of fraud, for misrepresenting what the CTPC had approved in the recommendation report</p> <p>Criminal action against the GCEO for failing to comply with his fiduciary duties</p>

**INVESTIGATION RESULTS - APPOINTMENT OF RRM THROUGH CONFINEMENT**

<b>SUMMARY OF MAJOR FINDINGS</b>	<b>RECOMMENDATIONS</b>
irregularly.	
<b>SUMMARY OF MAJOR CONCLUSIONS</b>	
<p>Mantsane failed to prevent irregular expenditure when participating in the process that followed after the 2014 December meeting, which culminated in the 1 March approval (<b>Exhibit 13</b> - which he drafted)</p> <p>Phungula, having been present at the September and December 2014 meeting, had to have had intimate knowledge of the CTPC’s view on the confinement request. He, when signing the recommendation report; misrepresented to the GCEO and/or PRASA what the CTPC approved</p> <p>The GCEO, when instructing the end-user to follow the confinement process, acted grossly negligent in the execution of his duties</p> <p>The findings and conclusions pertaining to the actions of Mantsane, the GCEO and Phungula, falls within the ‘manner of action’ described and prohibited in sections 4 and 12(1)(i) of PRECCA.</p> <p>It cannot be excluded that the disregard for proper process as per our findings and conclusions above, was as a result of, or in lieu of; gratification as defined in PRECCA.</p>	<p>(section 50) and general responsibilities (section 51) in his capacity as a member of the Accounting Authority.</p> <p>That the Board considers reporting the RRM contract to the SA Police Services in terms of section 34 of PRECCA, to ensure compliance with its reporting duty.</p>

<b>INVESTIGATION RESULTS - CONTRACT COMMENCEMENT AND MOBILISATION FEE</b>	
<b>SUMMARY OF MAJOR FINDINGS</b>	<b>RECOMMENDATIONS</b>
<p>Khuzwayo, having attended both CTPC meetings, had to have known or at least suspected that the approval of the confinement was irregular. As such, Khuzwayo failed to act reasonably when notifying SCM of the approval, and thereby ensuring the process progresses.</p> <p>The payment plan (where the mobilisation fee is provided for) attached to the SLA was a result of an irregular approval</p> <p>The mobilisation fee was not justified as per <b>paragraph 2.4</b> of the October 2014 memorandum of Phungula, and therefore irregular</p> <p>Mantsane, when he accepted the invoice for the mobilisation fee and submitted it for payment, failed to prevent irregular expenditure</p> <p>RRM did commence with work on 1 April 2015.</p>	<p>PRASA should consider the institution of disciplinary proceedings against Khuzwayo and Mantsane on charges of financial misconduct (contravention of section 57).</p>
<p>We are unable to make any finding as to whether the mobilisation fee constitutes fruitless and wasteful expenditure as well, due to the lack of evidence within PRASA on the deliverables received.</p>	
<p><b>SUMMARY OF MAJOR CONCLUSIONS</b></p> <p>Khuzwayo and Mantsane failed to take effective and appropriate steps to prevent irregular expenditure.</p>	

<b>INVESTIGATION RESULTS - CONTRACT EXECUTION</b>	
<b>SUMMARY OF MAJOR FINDINGS &amp; CONCLUSIONS</b>	<b>RECOMMENDATIONS</b>
<p>RRM provided numerous reports to PRASA on the SRTVA, and provided services to PRASA</p> <p>The logistics management on PRASA's side has not been according to the contract, in that</p>	<p>It was not within our scope to investigate where documentation is, or who is directly</p>

Steering Committees were not held

PRASA has been struggling to pay the contract, due to a lack in budget

RRM has been paid the amounts as per the payment schedule, although not always on time.

We were severely hampered by the lack of PRASA evidence pertaining to the monitoring and logistics in respect of the contract.

responsible for the delay in providing the documentation and data, or for misplacing / destroying / losing the documentation / data. The PRASA Board should investigate the root causes for the delay or omission in providing the required data / documentation; and act accordingly.