



27 February 2018

**To: Mr MS Motimele**

 Chairperson: Portfolio Committee on Defence and Military Veterans

**From: Mr S. Esau**

 Member of the Portfolio Committee on Defence and Military Veterans

**SERIOUS CONCERNS RAISED AND ALLEGATIONS MADE AGAINST THE CASTLE OF GOOD HOPE**

**INTRODUCTION**

Serious allegations of mismanagement, financial irregularities and other management concerns related to the Castle of Good Hope have been brought under the attention of me, Hon S. Esau (MP). These matters are in urgent need of parliamentary oversight and possible further investigations where warranted. This Memorandum seeks to outline the key accusations made to alert the Chairperson of the Portfolio Committee and Defence and Military Veterans (PCDMV), and the Committee as a whole, of the reported irregularities. The following overarching irregularities should be noted (with the discussion to follow):

**1.1 Irregular procurement**

**1.2 Maintenance concerns**

**1.3 Events management concerns**

**1.4 Policy concerns**

**1.5 Information Technology (IT) management irregularities**

**1.6 Human Resources concerns**

**1.7 Heritage management concerns**

**1.8 Alleged racist comments**

These main concerns and accusations noted above are discussed in the sections below.

**1. IRREGULAR PROCUREMENT**

**There is an internal database of service providers being utilised at the Castle – the national Central Supplier Database (CSD) is not being used for procurement at the Castle**

* Who got the job to make the uniforms of the Castle? (It is alleged that a very close friend of the Marketing Manager got the work of making the Castle uniforms)
* What procurement processes were followed? Where exactly was it advertised?
* Who got the job to be the Event Organizer for Heritage Day 2017 at the Castle? What procurement processes were followed? Where exactly was it advertised?
* Where exactly was the advertisement put for the upgrade and erection of a Khoi Kraal. What was the closing date?
* Was any correspondence entered into after the closing date?

**What happened to the information given to the CEO stating that a certain service provider (ENRA Technologies) never met mandatory requirements and was not to be considered for the R5m tender of the Conference Centre?**

* This particular service provider in question subsequently got the tender for the Conference Centre. How?

**Procurement for the building of a new Khoi Kraal was extended beyond the advertised date. Further discussions were held by Castle Management regarding the procurement even after the closing date for suppliers to bid for the contract.**

* What discussions were held after the closing date of the advertisement?
* Were any suppliers allowed to bid for the construction of the Khoi Kraal after the closing date on the advertisement?

**The statues (African leaders) on display during the 350 years celebrations were on loan. They have since been replaced.**

* What processes were followed for the replacement of the statues?
* What was the cost involvement of the loan of the statues?
* What were the costs involved in the procurement of the replacement statues?
* What are the projected costs involved to move the Ms Murphy statue to another location in the Castle precinct?

**Questions regarding the procurement process of CCTV Cameras.**

* For how long was the procurement for CCTV cameras advertised (exact dates needed)?
* Was the procurement in line with procurement policy?
* What were the final costs and which company received the tender?

**Alleged procurement irregularities regarding Forefront Security. It is alleged that management at the Castle requested a quote for static security services. The management indicated that they only have R20,000 and requested the company to indicate ‘what they (Forefront Security) can offer’ for that amount?**

* What contracts have been engaged with Forefront Security?
* Is Forefront Security on the CSD?
* What is the total amount paid to Forefront Security for services rendered?
* Why is there a need for security services when the SANDF provides such a service?

**2. MAINTENANCE CONCERNS**

**R110 million was recently spent on refurbishing the Castle, yet another R3million was sought for “maintenance” / upkeep of the Castle, for things like toilets, windows etc. All of these were included in the refurbishment, who did the audit (not the site visit) to confirm that this “maintenance” was indeed required? How do we know it is not “ghost maintenance”**

* Why did the Castle CEO want the R3million to come “directly to the Castle”, instead of using Simonstown for procurement?

**The general state of facilities of the Castle raises significant concerns, including the following:**

* Garbage has been piling up at the back of the Castle for at least 2 months (by January 2018).
* The Pool outside the Het Bakhuys is in a poor condition. No effort is made to clean the pool or to remove papers and other garbage form the pool.
* In certain areas, despite recent maintenance, paint is peeling off the walls of the Castle.

**3. EVENTS MANAGEMENT CONCERNS**

**With the large number of events that have taken place at the Castle over the last few years, how are we assured of the validity and credibility of the numbers coming through the gates (especially with after hour events) when there is no Castle staff on the till or at the door.**

* How do we allow those who are supposed to be monitored in terms of compliance and financial governance, to do the monitoring?
* Why has a verifiable counting system not been put into place?
* Do we only have the Castle’s word on how many feet come through the door and get charged for?
* Does Iziko, the other stakeholder on the site, agree with the “feet through the door” figures?

**What is the selection process for events which are held at the Castle of Good Hope, specifically with it being a national heritage site, as many events without any connection to the site are seemingly being held there?**

* Workers who witnessed male-on-male sex in the open at the Mother City Queer Party which took place at the Castle of Good Hope, as well as having to pick up semen- filled condoms which lay all over the site the morning after – reported this to the CEO and all managers, and are seemingly being victimized because of speaking up.
* Staff members can tell of guns being brought on the site with events and
* SAPS has been called on more than on occasion to investigate alcohol and drug related issues on the site (all of this in regard to under age children as well)
* Many events are being held on the site – where liquor is sold, without the Castle or the event organisor having a liquor licence for the space in which this takes place
* Huge events like “Kamers Vol Geskenke” - which his mentioned in the Castle 350 report and the Cape Town Flower Show have vowed never to return to the Castle of Good Hope. Why is that?
* If the Conference Centre has not yet been signed over to the Castle, why is it being hired out for events
* Exactly how many paid events (from the Castle, Het Bakhuys and others) have been held on the site?
* Exactly how much money has come in from these events?
* Do we have a system to verify the number of events?
* Do we have a system to verify the number of people at events
* Castle staff has seen managers receiving cash from event organisers, have seen managers partying and drinking with event organisers – is this accepted practice at the Castle of Good Hope?

**4. POLICY CONCERNS**

**Why is there no proper lock and key system in place at the Castle of Good Hope, leading to valuable artefacts from the Chinese Government exhibition to be stolen from an on-site exhibition? Also, recently (6 January 2018) leading to equipment being stolen from an event organizer, and subsequently leading to major losses. Investigations by the military police point directly to negligence on behalf of the Castle management for not having a lock and key system in place. Why is this basic security protocol not being adhered to and implemented by Castle management?**

* In 2016, at the height of the Castle350 event, the Castle350 Manager’s office was broken into without any forced entry and files containing sensitive and confidential documentation (including tender information) were stolen. The Castle 350 manager and the 2 interns assigned to her reported this to the CEO, without any further investigation or police docket being opened.
* Where, when and who was this then reported to for investigation? What was the official outcome of the investigation – specifically in light of the tenders being re-evaluated, adjudicated and awarded shortly afterwards?

**Were all event organisers informed that the Castle was in breach of fire and health compliance in accordance with the City of Cape Town when they booked events? This was brought to light, not by the Castle itself, but by the media.**

* There are still event organisers awaiting their refundable deposits from the Castle of Good Hope, why is this?

**5. INFORMATION TECHNOLOGY (IT) MANAGEMENT IRREGULARITIES**

**Recently, (late January 2018) a former employee of the Castle informed Management that there has been a breach in IT security at the Castle, and that internal emails were finding their way out to the media and general public.**

* Who is the Castle on-site and back-end IT service provider?
* Has a formal investigation into proceedings been launched?
* Has the former staff member mentioned in these emails been called in and questioned about the whereabouts of the Castle keys?

**Why is there a process underway for a service provider for a new website, when Hashtopic was paid in 2015 for a new updated website?**

* The Castle of Good Hope’s social media and website updates leave a lot to be desired – who is being paid to do it?

**It is common knowledge that the Castle350 managers laptop crashed in 2016, and that between 2016 and 2017 the Events Managers laptop crashed up to 3 times?**

* Where are the detailed maintenance logs for the Castle laptops on which these “crashes” took place?
* Where are all the information back-ups for these “crashes”
* Were there any other informational crashes to Castle equipment?

**6. HUMAN RESOURCES CONCERNS**

**It is common knowledge that 2 senior managers, the current Events Manager, as well as the current Marketing and Tourism Manager, have both worked very closely with the Castle CEO in his previous place of employment (CT Routes Unlimited).**

* How were they allowed to become part of senior management with the CEO in charge, if this were the case?
* Though a recruitment company was hired to oversee the process, the CEO made no secret that he wanted Ms Faith Mtabati (Events Manager) and Ms Doreen Hendricks (Tourism Manager) in their respective roles, going so far as to tell other staff members that the “recruitment company was just a ruse, he had already made up his mind”

**Why is special treatment being given to certain staff members with regard to salary advances and housing at the Castle?**

* In January, Military Veteran and Castle Precinct Officer, Mr. Marthinus Conradie, who has been employed by the Castle for 3 years, was thrown off the site (even though he had a signed letter of consent from the CEO to stay on the site) and told to (with immediate effect), find accommodation elsewhere.
* At a later stage in the month (21 January 2018), he asked for an advance of R560 on his salary so that he may pay for his current accommodation, or else land up on the street.
* He was denied this salary advance.
* But on 10 May 2016, a mere month into her job as Events Co-ordinator at the Castle of Good Hope, Ms. Faith Mtabati requested a R15 000 advance on her salary as she was experiencing problems with her living arrangements.
* She was granted and paid this advance on the same day –as well as being allowed to live with her boyfriend (a Nigerian national) and her son, on the premises (in the Waterblommetjie) for at least 6 months, without any payment of rent.
* This was not the only salary advance Ms. Mtabati received in 2016. There were 2 more, of similar value.
* As well as the Castle paying for an A-class vehicle in the Eastern Cape at the funeral of Ms Mtabati’s brother, Ms Mtabati received approximately another loan of R10, 000.

**Why is there such huge staff dissatisfaction, especially in the manner in which staff is treated by Ms. Doreen Hendricks?**

* Staff members have taken the Castle to the CCMA
* Staff members have taken protection orders against the Castle of Good Hope management and CEO
* Allegations have been made by staff that they have never signed contracts, that contracts have been signed on their behalf to appease auditors. Who actually signed the contracts?
* Why are people in positions of “intern” from 2015 to 2018? Case in point, disabled military veteran, Sis Beauty.

**Why are sensitive, confidential, financial information being shared between the CEO, the CFO and all senior management and subsequently by certain members?**

* What does this familiarity point to?
* Leaked emails suggest that the books and numbers are being manipulated to appease the auditors

**Allegations were made that one of the interns has an ongoing problem with drug abuse.**

* Is it correct that one of the interns has a substance abuse concern?
* What steps have been taken by management to assist the individual?
* Has the contract of the intern been renewed even if management was aware of the substance abuse?

**Appointment of Military Veterans and their contracts require clarification.**

* Are the Military Veterans appointed to the Castle appointed on a fixed term contract?

**7. HERITAGE MANAGEMENT CONCERNS**

**Why is there huge anger and discontent amongst indigenous groups towards the Castle of Good Hope?**

* Internal communications have been leaked which show huge disrespect towards the Khoi and other indigenous groups
* This is unacceptable as the Castle of Good Hope has huge links to the indigenous people of South Africa –and should be fostering relationships not breaking them
* Various indigenous groups have become severely aggravated by the disrespect they are shown by Castle Management

**8. ALLEGED RACIST COMMENTS**

It has come under my attention that racist comments were made by a senior Castle Manager in relation to the Khoi Chiefs and, on a separate occasion, in relation to a ‘black employee on a white team’. These allegations relate to electronic communication by the Senior Manager and further investigation in this regard is urgently needed.

For your consideration and further action by the PCDMV

Sincerely,

**S. Esau (MP)**