



STRICTLY PRIVATE AND CONFIDENTIAL

Head of Forensic Audit
Gauteng Provincial Treasury
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19 December 2019

Dear

Final Report: Forensic investigation into findings contained in the performance audit report on the management of the bus subsidy at the Gauteng Department of Roads and Transport

In accordance with our appointment to conduct an investigation with regards to allegations contained in the performance audit report on the management of bus subsidy at the Gauteng Department of Roads and Transport ("GDRT"), we have pleasure in presenting our final report.

This report has been prepared solely for use by Gauteng Provincial Treasury, GRDT and relevant authorities pertaining to potential civil or criminal proceedings. As such, this report or any part thereof should not be disclosed to any other party without our prior written consent, which we may, at our discretion withhold or give subject to conditions. It shall be a condition of such consent, if given, that PricewaterhouseCoopers Inc. ("PwC") accepts no responsibility to that third party and that any such third party will hold PwC harmless in respect of any consequences of such disclosure. Whether or not we have given our consent, we will not accept liability or responsibility to any other party who may gain access to this report or any part thereof.

The attached final report records the results of our forensic investigation and includes findings, conclusions and recommendations regarding appropriate actions to be considered.

Should you have any comments, please do not hesitate to contact me at +27 (11) 797 5526 or +27 (79) 599 4677.

Yours sincerely,

Engagement Leader

Head of Forensic Audit
Gauteng Provincial Treasury
Signed as Accepted

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The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
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NWSD budget allocation 2016/17

- 10.58 According to the North West Provincial Equity, GDRT was allocated an amount of R152,830,000.00 for NWSD for the year 2016/17.

BAS report 2016/17 financial year for NWSD

- 10.59 According to the BAS: Roads and Transport expenditure control account report for the 2016/17 financial year-end, an amount of R27,109,516.76 was the available budget to be surrendered from NWSD Provincial Equity account.

Annual allocation for NWSD 2016/17

- 10.60 The two bus operators were allocated amount of R125 720 483.24 which is inclusive of the 7.82% annual NWSD escalation percentage as contemplated by the NDOT, from the North West Provincial Equity allocation of R152,830,000.00 for the year end 2016/17. The remaining surplus was amount of R27,109,516.76.

Relief payments of 2016/17 financial year

- 10.61 Each of the 13 Bus Operator was paid an equal amount of R10,000,000.00 despite each operator being allocated different routes and travelling different kilometres. The relief payments were not supported by any tangible calculations. The total amount paid is R130,000,000.00 which emanated from PTOG. This amount was due for surrender as unspent surplus funds at the end of 2016/17 financial year.
- 10.62 All Bus Operators were paid equally irrespective of the number of routes and contract value. However, payments made from the roll-over funds approved by the GPT were made proportional to the contract amounts.
- 10.63 The payment of the R130,000,000.00 relief payments was made in two tranches, R30,000,000.00 on the 27 March 2017 and R100,000,000.00 on 30 March 2017 respectively. The Memorandum for the payment of the relief payments was drafted, supported and approved on 27 March 2017, which is the same date as the date on which the first tranche of R30,000,000.00 on was paid to three Bus Operators and the same date as indicated in the R10,000,000.00 relief payments invoices issued by the Bus Operators.

Incorrect calculation of the available PTOG and NWSD budget after Bus Subsidy Contract allocations

- 10.64 Based on the DoRA allocation of R2,033,590,000.00, the roll-over of R29,743,000.00 from 2015/16 and the NWDS allocation of R152,830,000.00, the total budget allocation for both votes was R2 216, 163,000.00.
- 10.65 Based on the total budget allocation of R2 216, 163,000.00 less the relief payments of R130, 000,000.00 and less the surrendered PTOG amount of R27,944,106.30, the total expenditure for the year end amount to R2 058,218,893.70.

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- 10.66 The total amount that was supposed to be surrendered to Treasury from PTOG for the 2016/17 financial year amounts to R157,944,106.30. However, a total amount of R130,000,000.00 was paid as relief payments to the Bus Operators, prior to the surrendering of the remaining funds to Treasury.
- 10.67 The GDRT circumvented the surplus/deficit declaration process by paying the relief payment prior to the end of the financial year. Additionally, the roll-over application process was also circumvented in that the funds were paid to the Bus Operators prior to the declaration of surplus funds. The GDRT would be required to apply for a roll-over if the funds were not paid during the financial year.

Analysis of the Memorandum for relief payments 2016/17

- 10.68 The signatories to the Memorandum, including the approver thereof did not ensure that any due diligence was undertaken prior to the approval and payment of the relief payments to the Bus Operators. There were no conditions provided regarding the relief payments amounting to R130,000,000.00, in terms of what the funds should be utilised for, as such there is no evidence provided as the basis for the payment including that the funds were utilised towards achieving the conditions set out on DoRB.
- 10.69 The payment of the relief payments was to avoid the surrender of the unspent amount, which would have resulted in lower budget allocation in the following financial year.
- 10.70 The GDRT failed to allocate the PTOG budget effectively to Bus Operators to ensure that there is zero balance at the end of the financial year, which resulted in a surplus of R65,549,707.79 as well as the NWSD budget which resulted in a surplus of R27,109,516.76.
- 10.71 The payment of the R130,000,000.00 as relief payments is not in accordance with the requirements set out in DoRB thereby in contravention of Section 22 and 34 of DoRA. The GDRT could not provide a basis for the payment of the relief payments, in consideration that this payment was not regarding kilometres operated within existing contracts which were curbed due to insufficient subsidy funds.

Circumvention of Section 22 and 34 of DoRA

- 10.72 Section 22 of the DoRA 2016 states, *inter alia*, that "any conditional allocation, or a portion thereof, that is not spent at the end of the 2016/17 financial year reverts to the National Revenue fund, unless the roll-over of the allocation is approved", and that the approval must be sought from the relevant provincial Treasury, prior to utilising the surplus funds. This provision was circumvented through the payment of the relief payment which was made prior to the declaration of the surplus funds at the end of the 2016/17 financial year.
- 10.73 The approval of the relief payments amounting to R130 000,000.00 is Irregular and is in contravention of Section 22 and 34 of DoRA and was made solely for the purposes of avoiding surrendering the total unspent amount of R157,944,106.30 to Treasury.
- 10.74 Section 34 (1) of DoRA stipulates the following in respect of financial misconduct "*Despite anything to the contrary in any other legislation, any wilful or negligent non-compliance with a provision of this act constitutes financial misconduct*". The payment of the R130,000,000.00 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2016.

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- 10.75 We note that even though the relief payments were approved by [redacted] as the accounting officer, the approval in itself is irregular in that it was solely for the purposes of avoiding surrendering the total unspent amount of R157,944,106.30 to Treasury.

Unauthorised expenditure in terms of PFMA

- 10.76 In terms of Section 38(1)(i) of the PFMA which stipulates that *"the accounting officer for a department, trading entity or constitutional institution when transferring funds in terms of the annual Division of Revenue Act, must ensure that the provisions of that Act are complied with"*, the payment of R130,000,000.00 is noncompliant with the provisions of Section 22 and 34 of DoRA, thus renders the expenditure therein as Unauthorised.
- 10.77 [redacted] has caused the Unauthorised expenditure of R130,000,000.00 and he has contravened Section 38(1)(i) of the PFMA, which amounts to financial misconduct as defined in Section 81(1)(a) and (b) of the PFMA.
- 10.78 Messrs [redacted] and [redacted] as signatories to the approval of the relief payments and the misrepresentation made therein, have caused the Unauthorised expenditure of R130,000,000.00, in that this payment was in contravention of the requirements of the DoRB. They have contravened Section 45 (a), (b), (c) and (e) of the PFMA and their action amounts to financial misconduct in terms of Section 81(2) of the PFMA.

Fruitless and Wasteful expenditure in terms of PFMA

- 10.79 The payment of R130,000,000.00 as relief payments amounts to Fruitless and Wasteful expenditure as defined in Section 1 of the PFMA, which states that *"Fruitless and Wasteful expenditure is expenditure which was made in vain and would have been avoided had reasonable care been exercised"*.
- 10.80 The payment of R130,000,000.00 relief payment was undertaken without any value or substance and the department cannot demonstrate that the funds were utilised in line with the requirements of DoRB.
- 10.81 [redacted] has caused the Fruitless and Wasteful expenditure to the amount of R130,000,000.00 which is in contravention of Section 38(1)(c)(ii) of the PFMA, his action amounts to financial misconduct as defined in section 81(1)(a) and (b) of the PFMA.
- 10.82 Messrs [redacted] and [redacted] have caused Fruitless and Wasteful expenditure to the amount of R130,000,000.00, in contravention of Section 45 (a), (b), (c) and (e) of the PFMA and their action amounts to financial misconduct in terms of Section 81(2) of the PFMA.

Relief Payments were not paid in accordance with the Outputs and Outcome statement of the DoRB

- 10.83 The outcome statement regarding PTOG as contained in DoRB 2016/2017 states *"The provision of public transport services in terms of contracts which are kilometer based and affordable to the users of the services"*. The payment of R130,000,000.00 as relief payment was not in accordance with DoRB.

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- 10.84 The DoRB 2016/2017 indicated the conditions of the grant and stated *inter alia* the following amongst others: “*The contracting authority must supervise, monitor and verify the correctness of the operators’ claim in terms of the kilometres of service provided and provide a summary report.*” This condition was not met by the GDRT.

Noncompliance with the conditions stipulated in the memorandum for relief payments

- 10.85 The main objective for the payment of R130,000,000.00 relief payments was solely for the purposes of avoiding surrendering the total unspent amount of R157,944,106.30 to Treasury.
- 10.86 There were no conditions set for the utilisation of the relief funds paid to the Bus Operators and GDRT did not determine whether the relief payments were compliant with the various legislative prescripts, such as DoRB, DoRA and PFMA.

Putco Court Order resulting in a payment of R180 million as a settlement amount

- 10.87 A payment of R180 million made to Putco in respect of the settlement agreement resulting from a lawsuit were made from the PTOG and reversed and transferred from the NWSD account to enable the GDRT to pay the relief payments for the 2016/17 financial year. This resulted in NWSD budget deficit. However, the deficit was not reflected in the annual financial statements. This resulted in financial misrepresentation in the annual financial statements
- 10.88 The R100 million was paid from PTOG on 16 September 2016, which has resulted in an Unauthorized expenditure, since it is not in compliance with Section 22 and 34 of DoRA, which stipulates the conditions under which bus operators can be paid. The R80 million was paid from the NWSD Provincial Equity on 7 December 2016.

Payment of PUTCO Legal Claim from PTOG as Unauthorised expenditure in terms of PFMA

- 10.89 Section 1 of the PFMA defines Unauthorised expenditure, “*a) overspending of a vote or a main division within a vote; b) expenditure not in accordance with the purpose of a vote or, in the case of the main division, not in accordance with the purpose of the main division*”
- 10.90 The payment of the R100,000,000.00 legal claim by PUTCO from PTOG is not in compliance with the provisions of Section 22 and 34 of DoRA, thus renders the expenditure therein as Unauthorised.
- 10.91 _____ as well as _____, have caused the Unauthorised expenditure to the amount of R100,000,000.00 which is the amount paid in contravention of the requirements of DoRB. This is also in contravention of Section 45(a), (b), (c), (d) and (e) of the PFMA. Their action amounts to financial misconduct in terms of Section 81(2) of the PFMA.

Reversal Journal processed prior to approval

- 10.92 A Journal amounting to R100,000,000.00 in respect of Putco was passed on the 30 March 2017 and the approval of the Journal entry was done by _____ on 23 August 2017. This indicates that the journal was processed prior to being approved.
- 10.93 The annual budget allocation from the North West Provincial Equity was R152,830,000.00 for the year end 2016/17, an amount of R125,720,483.24 was allocated to Bus Operators and there was only a surplus amount of R 27,109,516.76.

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- 10.94 The NWSD did not have the required amount of R180,000,000.00 available for the settlement of Putco's legal claim. This explains why they paid the claim from the PTOG account which had sufficient funds. The R100,000,000.00 Putco Journal was passed on the same day as the payment of R100 million was paid to the 10 Bus Operators, being the 29 March 2017. The signatories to this Memorandum are indicated as _____ and _____ and it was authored by _____.
- 10.95 _____ as the Chief Finance Officer ought to have known that NWSD had insufficient funds to settle the claim, as such authorising payment of R100,000,000.00 from the PTOG was not erroneous, which further substantiates that he had wilfully caused the Unauthorised expenditure. Further to this on the very payment advice that he signed, it is stated that "Before committing expenditure, officials must ensure that they adhere to Section 45 of the PFMA".
- 10.96 _____ and _____ have contravened section C.4.4; C4.8; C.4.9 of the Code of Ethics and business conduct for the Gauteng Provincial Government due to the misrepresentation made in their submission to Gauteng Finance to pass a journal of R100,000,000.00.

Analysis of Putco relief payment 2016/17

- 10.97 On the 30 June 2015, Putco terminated their eight loss-making contracts and remained with seven contracts and Autopax took over these contracts. Putco was further paid relief payments to the total amount of R15,388,244.18. The first relief payment of R5,388,244.18 was in 2015/16, however the payment of R10,000,000.00 occurred after the settlement agreement. This payment is considered Fruitless and Wasteful expenditure and made without any justifiable basis.
- 10.98 _____ and _____ have caused the GDRT to incur Fruitless and Wasteful expenditure to the amount of R10,000,000.00 which is in contravention of 45 (a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct in terms of Section 81 (2) of the PFMA.
- 10.99 _____ has caused the Fruitless and Wasteful expenditure to the amount of R10 000, 000, 00, which is in contravention of Section 38(1)(c)(ii) of the PFMA, which amounts to financial misconduct as defined in section 81(1)(a) and (b) of the PFMA.

Misstatements on the 2016/2017 Annual Financial Statements

- 10.100 The financial information indicated in the Annual Financial Statements were not the same as the financial information indicated in the BAS reports. This resulted in a misrepresentation in respect of financial information in the 2016/17 financial year.
- 10.101 PFMA Section 43: Virements between main divisions within votes, indicates the following with regards to virements,
"(3) An accounting officer must within seven days submit a report containing the prescribed particular concerning the utilisation of a saving in terms of subsection (1), to the executive authority responsible for the department and to the relevant treasury".
- 10.102 The surplus PTOG amount of R27,944,106.30 to be surrendered was misrepresented in the 2016/17 annual financial statements as a shortfall of R2,513 million.

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- 10.103 The R180,000,000.00 Putco Court Order expense was deducted from the NWSD Provincial Equity account and included in PTOG as an expense. PTOG is indicated as having incurred a loss of R2,513 000,00 instead of the reported surplus of R27,944,000.00 and NWSD Provincial Equity is indicated as having a surplus of R27,546,000.00 instead of the reported loss of R2,912,000.00.
- 10.104 failed to comply with the requirements of Section 40(1)(b) of the PFMA as it requires that the Accounting Officer must prepare financial statements for each financial year in accordance with generally recognised accounting practices.
- 10.105 failed to comply with the requirements of Section 43(3) of the PFMA regarding his failure to submit a report containing prescribed particulars concerning the utilisation of the saving in terms of subsection (1) to the executive authority responsible for the department and the relevant Treasury.
- 10.106 as the officials delegated with financial management within the department, has also failed to execute on his delegation in term of Section 44.

Journal entries processed within the PTOG and NWSD Provincial Equity accounts

- 10.107 An amount of R27,944,106.30 was surrendered after the payment of relief payments. The correct amount which should have been surrendered in respect of the PTOG amounts to R56,152,022.95 (R27,944,106.30 plus R28,207,916.65) and not the R27,044,106.30. A journal entry of R28,207,916.65 was passed on 3 June 2016 from the PTOG account to the NWSD Provincial Equity which relates to invoices from Northwest Star for two contracts.
- 10.108 and contravened Section C.4.4; C4.8; C.4.9 of the Code of Ethics and business conduct for the Gauteng Provincial Government on the basis of the misrepresentation made.

The GDRT did not request approval from the NDOT prior to the distribution of the 1.51% surplus funds as indicated in the NDOT budget escalation letter

- 10.109 The GDRT allocated an amount of R65,549,707.79 to all the 32 Bus Operators Contracts based on the Contract value percentage holding, at the same time in which the 7.82% was allocated. The same method was used in the allocation of both the 7.82% and the 1.51% which was not used in accordance to the terms and conditions as prescribed in the budget escalation.
- 10.110 GDRT did not obtain requisite approval from NDOT prior to the allocation and payment of R65,549,707.79 to the Bus Operators which amounts to Unauthorized expenditure as it is non-compliant to the conditions of the budget escalations.
- 10.111 and have caused the GDRT to incur unauthorised expenditure to the amount of R65,549,707.79, which is in contravention of 45 (a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct in terms of Section 81 (2) of the PFMA.
- 10.112 has caused unauthorised expenditure to the amount of R65,549,707.79, which is in contravention of Section 38(1)(c)(ii) of the PFMA and amounts to financial misconduct as defined in Section 81(1)(a) and (b) of the PFMA.

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Financial reporting anomaly: Financial Information for PTOG and NWSD Provincial Equity incorrectly reported in the 2015/2016 GDRT Annual Report

- 10.113 The financial information indicated in the Annual Financial Statements is not consistent with the financial information indicated in the BAS reports. This resulted in a misrepresentation in respect of financial information in the 2015/16 financial year as follows:
- a) The Annual budget allocation information as indicated on the surrender for 2015/16 payment advice differs from the Annual Report and the BAS expenditure control report;
 - b) A final allocation of R145,203,000.00 is not indicated in the BAS report and in the GDRT 2016 Annual Report, both these reports indicate the final NWSD Provincial Equity allocation of R145,000,000.00, which results in a variance of R203,000.00; and
 - c) The expenditure of R109,674,000.00 exceeds the recalculated expenditure of R109,592,682.01 by R81 317,99, which is further indicated in the NWSD Provincial Equity account on the BAS report.
- 10.114 failed to comply with the requirements of Section 40 (1) (b) of the PFMA requires that the Accounting Officer must prepare financial statements for each financial year in accordance with generally recognised accounting practice.
- 10.115 as the officials delegated with financial management within the department, has also failed to execute his delegation in term of Section 44 of the PFMA.

Roll-over amount was paid to the Bus Operators prior to obtaining approval from the GPT in respect of the 2014/2015 roll-over to the 2015/2016 financial year

- 10.116 Section 6.4 of the Treasury Regulations states the following pertaining to roll-overs
"Roll-overs (Sections 30(2)(g) and 31(2)(g) of the PFMA)
Funds appropriated but not spent in a particular financial year may be rolled over to a subsequent year subject to approval of the relevant treasury".
- 10.117 Section 22(1) and 22(2) of the DoRA 2014, states as follows:
*"(1) any conditional allocation, or a portion thereof, that is not spent at the end of the 2014/15 financial year reverts to the National Revenue Fund, unless the roll-over of the allocation is approved in terms of subsection (2).
(2) The National Treasury may, at the request of a transferring national officer, receiving officer or provincial treasury, approve a roll-over of a conditional allocation to the 2015/16 financial year if the unspent funds are committed to identifiable projects".*
- 10.118 The 2015/16 roll-over of R19,713,428.59 was approved on the 4 November 2015, whereas payments to the Bus Operators were effected in April and May 2015 prior to the approval of Treasury in contravention of Section 6.4 of Treasury regulations and Section 22(1) and 22(2) of the DoRA.
- 10.119 and have contravened Section 30(2)(g) and 31(2)(g) of the PFMA for making payments prior to the approval of Treasury.

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Roll-over amount was paid to the Bus Operators prior to obtaining approval from the GPT and the roll-over amount was not used for its intended purpose

Non-Payment of Relief payments from roll over amount for PUTCO

- 10.120 The approval of rollover for an amount of R29,743,000.00 by Treasury was based on the motivation that the amount would be distributed to the Bus Operators as a temporary relief, in proportion to their Bus Subsidy Contract percentage.
- 10.121 The amount of R18,052,787.03 destined to be paid to Putco and JHB Metro according to the roll-over motivation schedule, was not paid.

Payment of Relief payments from roll over amount for other bus operators

- 10.122 An amount of R11,917,212,98 paid to Bus Operators was paid prior to the approval of the R29,743,000.00 roll-over application.
- 10.123 Section 30(2)(g) and 31(2)(g) of the PFMA requires the GDRT to obtain GPT's approval prior to disbursing of the roll-over amount to the Bus Operators, this was paid on the very same date of the request.
- 10.124 and have contravened Section 30(2)(g) and 31(2)(g) of the PFMA for payment of R11,917,212,98 without obtaining prior approval of the Treasury.

Additional R20 million to Autopax as a relief payment

- 10.125 The GDRT paid an additional relief payment amounting to R20,000,000.00 to Autopax during the 2017/18 financial year, even though the motivation made was for the payment to be effected from the surplus funds of 2016/17 financial year. There was no roll-over application for the 2016/17 financial year, even though surplus funds existed.
- 10.126 The GDRT had recently paid Autopax a temporary relief of R10,000,000.00 in the 2016/17 financial year. The R20,000,000.00 was in contravention of DoRB 2016/17 which resulted in Irregular expenditure.
- 10.127 There were no tangible calculations regarding the relief payment of R20,000,000.00, the allocation of the relief payments was not based on any stipulated conditions which is contravention of DoRB 2017/18.
- 10.128 GDRT committed to paying Autopax on a quarterly basis temporary relief to sustain their operations. The GDRT only paid the R20,000,000.00. There were no further payments made in accordance with this agreement, subsequently Autopax terminated their contract in September 2017.
- 10.129 GDRT did not conduct any due diligence prior to allocating the eight loss making contracts to Autopax. The amount paid to Autopax is 417% more than the relief payment made to PUTCO for the same contracts.

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10.130 has caused Irregular expenditure to the amount of R20,000,000.00 which is in contravention of Section 38(1)(c)(ii) of the PFMA, which amounts to financial misconduct as defined in section 81(1)(a) and (b) of the PFMA.

10.131 and conduct in respect of the R20,000,000.00 relief payments caused Irregular expenditure in contravention of 45 (a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct in terms of Section 81 (2) of the PFMA.

The GDRT Contracted Autopax through a deviation, to take over Putco's "loss making" Contracts

10.132 Autopax fleet was confirmed not to be suitable to operate the routes and additional funds were requested to operate the routes. Autopax also received the relief payments despite having new fleet. Autopax received a total amount of R36,612,097.64 as relief payments from the GDRT.

10.133 GDRT appointed Autopax through a deviation process to take over the eight loss making contracts which were terminated by Putco from 1 July 2015.

10.134 The Appointment of Autopax is in contravention of Section 217 of the Constitution in that it was not done accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

10.135 The appointment of Autopax is Irregular in terms of Section 16A6.4 of the Treasury Regulations. The entire takeover of Putco's loss making contracts by Autopax as Irregular, therefore the GDRT has incurred an Irregular expenditure to the amount of R144,975,296.01, which is made up of subsidies allocated to Autopax and relief payments. GDRT did not record nor submit their reasons for deviation as required to the Provincial Treasury and Auditor General.

10.136 has caused the Irregular expenditure to the amount of R144,975,296.01, regarding the Irregular appointment of Autopax, in contravention of Section 38(1)(a)(i), 38(1)(a)(iii), 38(1)(c)(ii), 38(1)(g), 38(1)(h)(i), 38(1)(ii) of the PFMA, which amounts to financial misconduct as defined in section 81(1)(a) and (b) of the PFMA.

and caused an irregular expenditure to the amount of R144 975, 296.01, in contravention of Section 45 (a), (b), (c) and (e), which amounts to financial misconduct in terms of Section 81 (2) of the PFMA.

Appointment of six SMF's to monitor 34 Bus operators

10.137 GDRT has sourced the services of six SMFs to assist the GDRT in the monitoring of the 34 Bus Operator Contracts SMFs to ensure the accuracy and validity of the PCs and to provide the GDRT with monthly reports which indicates, amongst others, the projected KMs, actual KMs travelled and the DNOs.

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10.138 The recalculation of the Payment Certificates for the four sampled Bus Operators reflect the following anomalies:

- a) JR Choeu PCs are paid based on average monthly allocations and not on KMs as indicated in the DoRB, 2017/2018
 - i. JR Choeu's PCs are incorrectly calculated as the variances are more by figures over a million, and that JR Choeu is being paid based on their monthly average allocation rather than on KMs travelled;
 - ii. JR Choeu in the 2015/2016, 2016/2017 and 2017/2018 was paid a consistent amount which is not based on KMs travelled in accordance with the DoRA; and
 - iii. Based on our recalculation of the JR Choeu's PC for the 2016/2017 financial year, we noted that the amount indicated in FORM A was overstated by R32,598,229.48; and
- b) JR Choeu DNO penalties not charged/ deducted as they are being paid average monthly allocations
 - i. JR Choeu did not pay DNO penalties charged on their Contracts;
 - ii. For 2017/18, a total amount of R212,753.38 in DNO penalties was not charged to JR Choeu, as per normal standard operation procedures in respect of Tendered Contracts; and
 - iii. The JR Choeu PCs are incorrectly calculated and although _____ and _____ were aware of the incorrect JR Choeu payment certificates, none of these individuals have acted to rectify the situation and GDRT continues to pay JR Choeu based on the incorrect calculations.

SMF Contract monitoring by _____

- 10.139 _____ failed to manage JR Choeu's SMF, _____, to ensure that they deliver on their obligations as indicated in their SLA with the GDRT;
- 10.140 Upon a recalculation of Moollas Transport services, we noted that Moollas Transport Services was overpaid by R55,038.80 in the 2016/2017 financial year. They were further overpaid by R18,614.71 in the 2017/2018 financial year. Both _____ and _____ indicated that they had knowledge of the over payment but nothing was done by them to communicate this anomaly with the GDRT senior management or with the Bus Operator in order to recover the overpayments.
- 10.141 SMFs are not conducting 100% verification of the operated trips, however the SMF contracts are ambiguous as it relates to the verification of operated trips.

Incorrect labour index used when calculating the escalation factor in FORM D for Moollas Transport Services

- 10.142 Due to the incorrect Lo factor calculations, Moollas Transport Services was over-paid as follows:
- a) R55,038.86 in the 2016/2017 financial year; and
 - b) R18,614.71 in the 2017/2018 financial year.
 - c) This resulted in an overpayment of R73, 653.57 (R55,038.86 + R18,614.71) that must be recovered.

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Conclusions regarding the conduct of the GDRT employees

, Former HOD of GDRT

- 10.143 The Accounting Officer is the HOD. During the period under review, being 2015/16, 2016/17 and 2017/18, _____ was the Accounting Officer of the GDRT, who has since left the employ of the GDRT until 31 March 2019. We have not been able to interview _____ and therefore our conclusions in respect of the investigation are based on documentary evidence obtained during the investigation. The following conclusions were reached without conducting an interview with _____
- 10.144 _____ contravened Sections 22 and 34 of DoRA as well as the outcome statement regarding PTOG as contained in DoRB in that:
- a) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2015/2016 when he approved the utilisation of surplus funds and the payment of relief payments amounting to R70,047,174.34 during the 2015/16 financial year, without prior approval of the Treasury. The payment of the R70,047,174.34 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2015;
 - b) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2016/17 when he approved the utilisation of surplus funds and the payment of relief payments amounting to R130,000,000.00 during the 2016/17 financial year, without prior approval of the Treasury. The payment of the R130,000,000.00 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2016; and
 - c) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2016/17 when he approved the utilisation of surplus funds and the payment of relief payments amounting to R20,000,000.00 to Autopax during the 2016/17 financial period, without the prior approval of the Treasury. The payment of the R20,000,000.00 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2016.
- 10.145 The general responsibilities of accounting officers are outlined in Section 38 of the PFMA. _____ contravened Sections 38(1)(a)(i); 38(1)(a)(iii); 38(1)(c)(ii); 38(1)(g); 38(1)(h)(ii); 38(1)(h)(iii), 38(1)(i) and 38(1)(n) of the PFMA, in that:
- a) He has caused the Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 during the 2015/16 financial period and he has contravened Section 38(1)(a)(i), 38(1)(c)(ii) and 38(1)(i) of the PFMA, which amounts to financial misconduct as defined in Section 81(1)(a)-(b) of the PFMA;
 - b) He has caused the Unauthorised, Fruitless and Wasteful expenditure amounting to R130,000,000.00 during the 2016/17 financial period and he has contravened Section 38(1)(a)(i), 38(1)(c)(ii) and 38(1)(i) of the PFMA, which amounts to financial misconduct as defined in Section 81(1)(a)-(b) of the PFMA;
 - c) He has caused the Unauthorised expenditure amounting to R20,000,000.00 during the 2016/17 financial period as relief payments paid to Autopax and he has contravened Section 38(1)(a)(i), 38(1)(c)(ii) and 38(1)(i) of the PFMA, which amounts to financial misconduct as defined in Section 81(1)(a)-(b) of the PFMA;
 - d) He failed to report the particulars of the Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 and R130,000,000.00 relating to the 2015/16 and 2016/17 respectively to the relevant Treasury.

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- 10.146 We conclude that _____ has contravened Sections 40 (3)(b)(i) and 40 (3)(b)(ii) of the PFMA, in that he failed to report the Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 and R130,000,000.00 relating to the 2015/16 and 2016/17 respectively incurred as relief payments in the annual report and audited financial statements of the GDRT.
- 10.147 _____ has committed acts of financial misconduct in terms of Section 81(1)(a), (b) of the PFMA in that he failed to prevent Unauthorised, Fruitless and Wasteful expenditure to the amount of R70,047,174.34 and R130,000,000.00 in the 2015/2016 and 2016/2017 financial years respectively.
- 10.148 _____ contravened Section 38(1)(a)(iii) of the PFMA, Section 19.7.1, and 6.4.2 (a), (b), (c) and (d) and 16A6.4 of the Treasury Regulations as well as Section 217 of the Constitution in that:
- a) He wilfully circumvented the requirements to declare and surrender surplus conditional grant available at the end of the 2015/16 (PTOG and NWSD) and 2016/17 (PTOG) financial years, to conceal underspending in PTOG and NWSD, which further resulted in Unauthorised and Fruitless and Wasteful expenditure amounting to R70,047,174.34 and R130,000,000.00 in the 2015/16 and 2016/17 financial years respectively;
 - b) He failed to ensure that prior to the utilisation of the surplus grant funds, due diligence was undertaken to ensure compliance with DoRA, DoRB, PFMA and Treasury Regulations which resulted in Unauthorised and Fruitless and Wasteful expenditure amounting to R70,047,174.34 and R130,000,000.00 in the 2015/16 and 2016/17 financial years respectively; and
 - c) He failed to ensure that proper processes and procedures were followed in the appointment of Autopax. Furthermore, he failed to interrogate the memorandum which motivated for the appointment of Autopax. This amounts to dereliction of his duties as the Accounting Officer.
- 10.149 _____ contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct in that:
- a) He failed to competently execute his duties as the Accounting Officer of the GDRT in ensuring that due diligence was undertaken prior to the payment of the relief payments during the 2015/16 and 2016/17 financial years which resulted in Unauthorised and Fruitless and Wasteful expenditure;
 - b) He failed to ensure that appropriate Supply Chain Management processes were adopted during the appointment of Autopax; and
 - c) _____ caused Unauthorised, Fruitless and Wasteful expenditure in the amount R70,047,174.34 and R130,000,000.00 in the 2015/16 and 2016/17 financial years respectively.
- _____ as the CFO
- 10.150 The following conclusions were reached without conducting an interview with _____ Several attempts were made to schedule an interview with _____ however, _____ did not avail himself for an interview to respond to the findings and conclusions. Consequently, we did not conduct an interview with _____

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- 10.151 Due to the nature of his position and his area of responsibility within GDRT as the CFO, should have been aware of the correct processes and procedures to be followed in the utilisation of grant funding. In this regard, contravened Sections 22 and 34 of DoRA as well as the outcome statement regarding PTOG as contained in DoRB in that:
- a) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2015/16 when he recommended the utilisation of surplus funds and the payment of relief payments amounting to R70,047,174.34 during the 2015/16 financial year, without prior approval of the Treasury. The payment of the R70,047,174.34 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2015;
 - b) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2015/16 for the payment of the R114,106.32 payment to Multimedia Innovation during the 2015/16 financial period from PTOG. This constitutes financial misconduct in terms of Section 34 of the DoRA 2015;
 - c) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2016/17 when he recommended the utilisation of surplus funds and the payment of relief payments amounting to R130,000,000.00 during the 2016/17 financial year, without prior approval of the Treasury. The payment of the R130,000,000.00 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2016; and
 - d) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2016/17 when he recommended the utilisation of surplus funds and the payment of relief payments amounting to R20,000,000.00 to Autopax during the 2016/17 financial year, without prior approval of the Treasury. The payment of the R20,000,000.00 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2016.
- 10.152 contravened Section 45(a), (b), (c), and (e) of the PFMA in that:
- a) He caused the incurrence of Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 during the 2015/16 financial year and he has contravened Section 45(a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA;
 - b) He caused the incurrence of Unauthorised, Fruitless and Wasteful expenditure amounting to R130,000,000.00 during the 2016/17 financial year and he has contravened Section 45(a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA; and
 - c) He caused the incurrence of Unauthorised expenditure amounting to R20,000,000.00 paid to Autopax during the 2016/17 financial year and he has contravened Section 45(a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA.
- 10.153 contravened Section 19.7.1, and 6.4.2 (a), (b), (c) and (d) and 16A6.4 of the Treasury Regulations as well as Section 217 of the Constitution in that:
- a) He wilfully circumvented the requirements to declare and surrender surplus conditional grant available at the end of the 2015/16 (PTOG and NWSD) and 2016/17 (PTOG) financial years, to conceal underspending in PTOG and NWSD, which further resulted in Unauthorised and Fruitless and Wasteful expenditure amounting to R70,047,174.34 and R130,000,000.00 in the 2015/16 and 2016/17 financial years respectively; and

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- b) He failed to ensure that prior to the utilisation of the surplus grant funds, due diligence was undertaken to ensure compliance with DoRA, DoRB, PFMA and Treasury Regulations which resulted in Unauthorised and Fruitless and Wasteful expenditure amounting to R70,047,174.34 and R130,000,000.00 in the 2015/16 and 2016/17 financial years respectively.

10.154 contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct in that:

- a) He failed to execute his duties as the CFO competently and failed to ensure that the system of financial management and internal control established in GDRT were carried out within his area of responsibility;
- b) He failed to ensure that appropriate SCM processes were followed prior to appointment of Autopax;
- c) He failed to ensure the effective, efficient, economical and transparent use of financial resources by causing Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 and R130,000,000.00 in the 2015/216 and 2016/17 financial years respectively; and
- d) He contravened the Code of Conduct for Public Servants in that he failed to co-operate during the investigation which was commissioned by the GPT.

as the Acting DDG: Transport Branch

10.155 The following conclusions were reached without successfully concluding an interview with An interview was scheduled with however, the interview could not be concluded and it was agreed that we will reconvene to conclude the interview. Several attempts were made to schedule an interview with Mr Maloka, however, Mr Maloka did not avail himself for an interview to respond to the findings and conclusions.

10.156 Due to the nature of his position and his area of responsibility within GDRT as Acting DDG: Transport Branch, the mandate of the Public Transport Operations falls within his management purview. As such, he had to ensure that the financial management and internal controls were carried out regarding this programme. In this regard, Mr Maloka contravened Sections 22 and 34 of DoRA as well as the outcome statement regarding PTOG as contained in DoRB in that:

- a) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2015/2016 when he recommended the utilisation of surplus funds and the payment of relief payments amounting to R70,047,174.34 during the 2015/16 financial year, without prior approval of the Treasury. The payment of the R70,047,174.34 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2015;
- b) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2015/16 for the payment of the R114,106.32 payment to Multimedia Innovation during the 2015/16 financial period from PTOG. The constitutes financial misconduct in terms of Section 34 of the DoRA 2015;
- c) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2016/17 when he recommended the utilisation of surplus funds and the payment of relief payments amounting to R130,000,000.00 during the 2016/17 financial year, without prior approval of the Treasury. The payment of the R130,000,000.00 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2016; and

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- d) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2016/17 when he recommended the utilisation of surplus funds and the payment of relief payments amounting to R20,000,000.00 to Autopax during the 2016/17 financial year, without prior approval of the Treasury. The payment of the R20,000,000.00 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2016.

10.157 contravened Section 45(a), (b), (c), and (e) of the PFMA in that:

- a) He caused the incurrence of Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 during the 2015/16 financial year and he has contravened Section 45(a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA;
- b) He caused the incurrence of Unauthorised, Fruitless and Wasteful expenditure amounting to R130,000,000.00 during the 2016/17 financial year and he has contravened Section 45(a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA; and
- c) He caused the incurrence of Unauthorised expenditure amounting to R20,000,000.00 paid to Autopax during the 2016/17 financial year and he has contravened Section 45(a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA.

10.158 contravened Section 19.7.1; Section 6.4.2(a), (b), (c) and (d); Section 15.10.1.2 (c) and 16A6.4 of the Treasury Regulations as well as section 217 of the Constitution in that:

- a) He wilfully circumvented the requirements to declare and surrender surplus conditional grant available at the end of the 2015/16 (PTOG and NWSD) and 2016/17 (PTOG) financial years, to conceal underspending in PTOG and NWSD, which further resulted in Unauthorised and Fruitless and Wasteful expenditure amounting to R70,047,174.34 and R130,000,000.00 in the 2015/16 and 2016/17 financial years respectively;
- b) He failed to ensure that prior to the utilisation of the surplus grant funds, due diligence was undertaken to ensure compliance with DoRA, DoRB, PFMA and Treasury Regulations which resulted in Unauthorised and Fruitless and Wasteful expenditure amounting to R70,047,174.34 and R130,000,000.00 in the 2015/16 and 2016/17 financial years respectively;
- c) He was responsible for the prepayment of R70,047,174.34 as relief payments prior to the conclusion of the contract which constitutes Irregular expenditure;
- d) He recommended the utilisation of surplus funds prior to obtained approval from the treasury to utilise the surplus funds in the PTOG; and
- e) He failed to ensure that proper processes and procedures were followed in the appointment of Autopax.

10.159 contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct in that:

- a) He failed to competently execute his duties as the DDG and failed to ensure that the system of sound financial management and internal controls established within the GDRT were carried out within his area of responsibility;
- b) He failed to ensure that appropriate Supply Chain Management processes were followed during the appointment of Autopax;

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- c) He failed to ensure the effective, efficient, economical and transparent use of financial resources by causing Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 and R130,000,000.00 in the 2015/16 and 2016/17 financial years respectively; and
- d) He contravened the Code of Conduct for Public Servants in that he failed to co-operate during the investigation which was commissioned by the GPT.

DDG: Transport Branch

10.160 Due to the nature of her position and her area of responsibility within the GDRT as the DDG: Public Transport Branch, the mandate of the Public Transport Operations fell within her management purview. As such, she had to ensure that the financial management and internal controls were carried out regarding this programme. In this regard, she contravened Section 45(a), (b), (c), and (e) of the PFMA in that she caused the incurrence of Irregular expenditure amounting to R144,975,296.01 (R59,474,583.30 and 85,500,712.71 incurred during the 2015/16 and 2016/2017 financial years respectively) in respect of the appointment of Autopax, which amounts to financial misconduct as defined in Section 81(2) of the PFMA.

10.161 He contravened Section 16A6.4 of the Treasury Regulations as well as Section 217 of the Constitution in that he failed to ensure that proper processes and procedures were followed in respect of the appointment of Autopax.

10.162 She contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct in that:

- a) She failed to competently execute her duties and failed to ensure that the system of sound financial management and internal controls established by the GDRT were carried out within her area of responsibility;
- b) She failed to ensure that appropriate Supply Chain Management processes were followed during the appointment of Autopax; and
- c) She failed to ensure the effective, efficient, economical and transparent use of financial resources by causing Irregular expenditure amounting to R144,975,296.01 (R59,474,583.30 and 85,500,712.71 incurred during the 2015/16 and 2016/2017 financial years respectively) in respect of the appointment of Autopax.

Chief Director: Financial and Management Accounting

10.163 Due to the nature of his position and his area of responsibility within the GDRT as Chief Director: Financial and Management Accounting, he should have been aware of the correct processes and procedures to be followed in the utilisation of grant funding. In this regard, he contravened Sections 22 and 34 of DoRA as well as the outcome statement regarding PTOG as contained in DoRB in that he contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2015/16 when he recommended the utilisation of surplus funds and the payment of relief payments amounting to R70,047,174.34 during the 2015/16 financial year, without prior approval of the Treasury. The payment of the R70,047,174.34 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2015.

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10.164 contravened Section 45(a), (b), (c), and (e) of the PFMA in that:

- a) He caused the incurrence of Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 during the 2015/16 financial year and he has contravened Section 45(a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA.

10.165 contravened Section 19.7.1, and 6.4.2(a), (b), (c) and (d) of the Treasury Regulations in that:

- a) He wilfully circumvented the requirements to declare and surrender surplus conditional grant available at the end of the 2015/16 (PTOG and NWSD) financial year, to conceal underspending in PTOG and NWSD, which further resulted in unauthorised and fruitless and wasteful expenditure amounting to R70,047,174.34 in the 2015/2016 financial year;
- b) He failed to ensure that prior to the utilisation of the surplus grant funds, due diligence was undertaken to ensure compliance with DoRA, DoRB, PFMA and Treasury Regulations which resulted in Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 in the 2015/16 financial year;
- c) He failed to ensure that proper processes and procedures were followed in the appointment of Autopax. This amounts to dereliction of his duties in his signing capacity as the Chief Finance Officer who is the custodian of Supply Chain Management and also in his capacity as the Chief Director; and
- d) He recommended the utilisation of surplus funds prior to obtained approval from the treasury to utilise the surplus funds in the PTOG;

10.166 contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct in that:

- a) He failed to competently execute his duties and failed to ensure that the system of financial management and internal controls established by the GDRT were carried out within his area of responsibility;
- b) He failed to ensure the effective, efficient, economical and transparent use of financial resources by causing Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 in the 2015/16 financial year;
- c) He contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct due to the misrepresentation made in the submission to Gauteng Finance to pass a journal of R100,000,000.00; and
- d) He failed to ensure the effective, efficient, economical and transparent use of financial resources by causing Irregular expenditure amounting to R144,975,296.01 (R59,474,583.30 and 85,500,712.71 incurred during the 2015/16 and 2016/17 financial years respectively) in respect of the appointment of Autopax.

Director: Management Accounting

10.167 Due to the nature of her position and her area of responsibility within the GDRT as the Director: Management Accounting, the mandate of management accounting fell within her management purview. As such, she had to ensure that the financial management and internal controls were carried out regarding this programme. In this regard, contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct due to the misrepresentation made in the submission to Gauteng Finance to pass a journal of R100,000,000.00.

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Former Director: Public Transport Operations

- 10.168 Due to the nature of his position and his area of responsibility within the GDRT as the former Director: Public Transport Operations, the mandate of the Public Transport Operations fell within his management purview. As such, he had to ensure that the financial management and internal control was carried out regarding this programme. In this regard, contravened Section 45(a), (b), (c), and (e) of the PFMA in that he has caused the Irregular expenditure amounting to R144,975,296.01 (R59,474,583.30 and 85,500,712.71 incurred during the 2015/16 and 2016/17 financial years respectively) in respect of the appointment of Autopax, which amounts to financial misconduct as defined in Section 81(2) of the PFMA.
- 10.169 contravened Section 16A6.4 of the Treasury Regulations as well as Section 217 of the Constitution in that he failed to ensure that proper Supply Chain Management processes and procedures were followed in the appointment of Autopax.
- 10.170 contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct in that:
- a) He failed to competently execute his duties and failed to ensure that the system of financial management and internal controls established by the GDRT were carried out within his area of responsibility;
 - b) He failed to ensure that appropriate Supply Chain Management processes were followed during the appointment of Autopax; and
 - c) He failed to ensure the effective, efficient, economical and transparent use of financial resources by causing Irregular expenditure amounting to R144,975,296.01 (R59,474,583.30 and 85,500,712.71 incurred during the 2015/16 and 2016/17 financial years respectively) in respect of the appointment of Autopax.

Acting Director: Public Transport Operations

- 10.171 Due to the nature of his position and his area of responsibility within GDRT as Acting Director: Transport Branch, the mandate of the Public Transport Operations falls within his management purview. As such, he had to ensure that the financial management and internal controls were carried out regarding this programme. In this regard, contravened Sections 22 and 34 of DoRA as well as the outcome statement regarding PTOG as contained in DoRB in that:
- a) He authored the Memorandum which motivated for the payment of relief payments and recommended the utilisation of surplus funds as relief payments amounting to R70,047,174.34 during the 2015/16 financial year, without prior approval of the Treasury. The payment of the R70,047,174.34 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2015;
 - b) Mr Maringa contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2015/16 in respect of the payment of the R114,106.32 made to Multimedia Innovation during the 2015/16 financial year from PTOG. The constitutes financial misconduct in terms of Section 34 of the DoRA 2015;
 - c) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2016/17 when he recommended the utilisation of surplus funds and the payment of relief payments amounting to R130,000,000.00 during the 2016/17 financial year, without prior approval of the Treasury. The payment of the R130,000,000.00 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2016; and

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- d) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2016/17 when he recommended the utilisation of surplus funds and the payment of relief payments amounting to R20,000,000.00 to Autopax during the 2016/17 financial period, without obtaining prior approval from the Treasury. The payment of the R20,000,000.00 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2016.

10.172 contravened Section 45(a), (b), (c), and (e) of the PFMA in that:

- a) He caused the incurrence of Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 during the 2015/16 financial year and he has contravened Section 45(a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA;
- b) He caused the incurrence of Unauthorised, Fruitless and Wasteful expenditure amounting to R130,000,000.00 during the 2016/17 financial year and he has contravened Section 45(a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA; and
- c) He caused the incurrence of Unauthorised expenditure amounting to R20,000,000.00 paid to Autopax during the 2016/17 financial year and he has contravened Section 45(a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA.

10.173 contravened Section 19.7.1; Section 6.4.2 (a), (b), (c) and (d); Section 15.10.1.2 (c) and 16A6.4 of the Treasury Regulations as well as section 217 of the Constitution in that:

- a) He failed to ensure that all surplus funds were declared to the Treasury at the end of the 2015/16 and 2016/17 financial years; and
- b) He was responsible for the prepayment of R70,047,174.34 as relief payments prior to the conclusion of the contract which constitutes Irregular expenditure;
- c) He recommended the utilisation of surplus funds prior to obtained approval from the Treasury to utilise the surplus funds in the PTOG; and
- d) He failed to ensure that proper Supply Chain Management processes and procedures were followed during the appointment of Autopax.

10.174 contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct in that:

- a) He failed to competently execute his duties as the DDG and failed to ensure that the system of financial management and internal controls established by the GDRT were carried out within his area of responsibility;
- b) He failed to ensure that appropriate Supply Chain Management processes were followed prior to appointment of Autopax; and
- c) He failed to ensure the effective, efficient, economical and transparent use of financial resources by causing Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 and R130,000,000.00 in the 2015/16 and 2016/17 financial years respectively.

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Deputy Director: Subsidies Public Transport Operations

- 10.175 Due to the nature of her position and her area of responsibility within the GDRT as the Deputy Director: Subsidies Public Transport Operations, she contravened Section 45(a), (b), (c), and (e) of the PFMA in that:
- a) She caused the incurrence of Irregular expenditure amounting to R144,975,296.01 (R59,474,583.30 and 85,500,712.71 incurred during the 2015/16 and 2016/2017 financial years respectively) in respect of the appointment of Autopax, which amounts to financial misconduct as defined in Section 81(2) of the PFMA; and
 - b) She failed to report the overpayments made to JR Choeu amounting to R55,038.80 and R18,614.71 during the 2016/17 and 2017/18 financial years respectively, to the Chief Financial Officer and the Accounting Officer for the purposes of recovery.
- 10.176 she contravened Section 16A6.4 of the Treasury Regulations as well as Section 217 of the Constitution in that he failed to ensure that proper processes and procedures were followed in the appointment of Autopax.
- 10.177 she contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct in that:
- a) She failed to execute her duties competently and failed to ensure that the system of financial management and internal controls established by the GDRT were carried out within her area of responsibility;
 - b) She failed to ensure that appropriate Supply Chain Management processes were adopted during the appointment of Autopax; and
 - c) She failed to ensure the effective, efficient, economical and transparent use of financial resources by causing Irregular expenditure amounting to R144,975,296.01 (R59,474,583.30 and 85,500,712.71 incurred during the 2015/16 and 2016/17 financial years respectively) in respect of the appointment of Autopax.
 - d) She failed to ensure the effective, efficient, economical and transparent use of financial resources by failing to report the overpayments made to JR Choeu amounting to R55,038.80 and R18,614.71 during the 2016/17 and 2017/18 financial years respectively, to the Chief Financial Officer and the Accounting Officer for the purposes of recovery.

Deputy Director: Monitoring Public Transport Operations

- 10.178 Due to the nature of his position and his area of responsibility within the GDRT as the Deputy Director: Monitoring Public Transport Operations, he contravened Section 45(a), (b), (c), and (e) of the PFMA in that:
- a) He caused the incurrence of Irregular expenditure amounting to R144,975,296.01 (R59,474,583.30 and 85,500,712.71 incurred during the 2015/16 and 2016/17 financial years respectively) in respect of the appointment of Autopax, which amounts to financial misconduct as defined in Section 81(2) of the PFMA; and
 - b) He failed to report the overpayments made to JR Choeu amounting to R55,038.80 and R18,614.71 during the 2016/2017 and 2017/2018 financial years respectively, to the Chief Financial Officer and the Accounting Officer for the purposes of recovery.
- 10.179 he contravened Section 16A6.4 of the Treasury Regulations as well as Section 217 of the Constitution in that he failed to ensure that proper Supply Chain Management processes and procedures were adopted in respect of the appointment of Autopax.

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10.180 contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct in that:

- a) He failed to competently execute his duties and failed to ensure that the system of financial management and internal controls established by the GDRT were carried out within his area of responsibility;
- b) He failed to ensure that appropriate Supply Chain Management processes were adopted in respect of the appointment of Autopax;
- c) He failed to ensure the effective, efficient, economical and transparent use of financial resources by causing Irregular expenditure amounting to R144,975,296.01 (R59,474,583.30 and 85,500,712.71 incurred during the 2015/16 and 2016/17 financial years respectively) in respect of the appointment of Autopax; and
- d) He failed to ensure the effective, efficient, economical and transparent use of financial resources by failing to report the overpayments made to JR Choeu amounting to R55,038.80 and R18,614.71 during the 2016/17 and 2017/18 financial years respectively, to the Chief Financial Officer and the Accounting Officer for the purposes of recovery.

: Acting Director: Financial Management

10.181 Due to the nature of his position and his area of responsibility within the GDRT as the Acting Director: Financial Management, contravened Section 45(a), (b), (c), and (e) of the PFMA in that he caused the incurrence of Unauthorised expenditure to the amount of R100,000,000.00 which is settlement paid to Putco in contravention of the requirements of DoRA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA.

10.182 contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct in that:

- a) He failed to competently execute his duties and failed to ensure that the system of financial management and internal control established by the GDRT were carried out within his area of responsibility; and
- b) He failed to ensure the effective, efficient, economical and transparent use of financial resources by causing Unauthorised expenditure to the amount of R100,000,000.00 which is settlement paid to Putco in contravention of the requirements of DoRA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA.

Director: Financial Management

10.183 Due to the nature of his position and his area of responsibility within the GDRT as the Director: Financial Management, contravened Section 45(a), (b), (c), and (e) of the PFMA in that he have caused the Unauthorised expenditure to the amount of R100,000,000.00 which is settlement paid to Putco in contravention of the requirements of DoRA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA.

10.184 contravened paragraph C.4.4, C.4.8 and C.4.9 of the Code of Conduct in that:

- a) He failed to competently execute his duties and failed to ensure that the system of financial management and internal controls established by hte GDRT were carried out within his area of responsibility; and
- b) He failed to ensure the effective, efficient, economical and transparent use of financial resources by causing unauthorised expenditure to the amount of R100,000,000.00 which is settlement paid to Putco in contravention of the requirements of DoRA, which amounts to financial misconduct as defined in Section 81(2) of the PFMA.

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Recommendations

- 10.185 The recommendations must be read in conjunction with the detailed findings and conclusions contained in the report. The following corrective action must be taken by the GDRT Accounting Officer:

Reporting responsibilities by the Accounting Officer:

- 10.186 The Accounting Officer must report in accordance to Section 38(1)(g) of the PFMA the Unauthorized, Irregular, Fruitless and wasteful expenditure to the Gauteng Provincial Treasury as follows:
- a) An amount of R70,047,174.34 as Unauthorised, Fruitless and Wasteful expenditure, paid as relief payments during the 2015/16 financial year and account for it in the annual financial statements;
 - b) An amount of R114,106.32 paid to Multimedia Innovation during the 2015/16 financial year as Unauthorised expenditure and account for it in the annual financial statements;
 - c) An amount of R59,474,583.30 as Irregular expenditure, for the appointment of Autopax during the 2015/16 financial year and account for it in the annual financial statements;
 - d) An amount of R100,000,000.00 as Unauthorised expenditure, relating to the settlement of a lawsuit to Putco during the 2015/16 financial year and account for it in the annual financial statements;
 - e) An amount of R130,000,000.00 as Unauthorised expenditure paid as relief payments during the 2016/17 financial year and account for it in the annual financial statements;
 - f) An amount of R85,500,712.71 as Irregular expenditure, relating to the appointment of Autopax during the 2016/17 financial year and account for it in the annual financial statements; and
 - g) An amount of R20,000,000.00 as Irregular expenditure, relating to the relief payments made to Autopax during the 2016/17 financial year and account for it in the annual financial statements.
- 10.187 The Accounting Officer must in line with Section 40(3)(b)(i) and (ii) of the PFMA disclose in the annual financial statements particulars of disciplinary steps taken against the officials herein as a result of such losses and Unauthorised, Fruitless and Wasteful expenditure.
- 10.188 The Accounting Officer must further disclose in the annual report and audited financial statements all losses suffered as a result of Unauthorised, Fruitless and Wasteful expenditure as outlined in this report.
- 10.189 In consideration of the findings contained herein, regarding shifts and virements for the 2015/16 and 2016/17 financial years, GDRT must prepare restatements of these figures and disclose the correct figures in the 2019/2020 financial statements.
- 10.190 Provide the necessary training to the PTO officials to ensure common understanding in respect of the PTOG and NWSD Provincial Equity processes including the payment process for Bus Operators and SMF.

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Recommendations in respect of disciplinary action against

- 10.191 We note that [redacted] is no longer in the employment of the GDRT. However, this does not change the findings as contained in the report. We note that disciplinary action against [redacted] in this instance may not be possible. In the event that [redacted] takes up employment within the public service, the Premier of Gauteng must institute disciplinary action for contravening the following:

Official	Legislation Contravened
	PFMA NO. 1 OF 1999
	Section 38- General Responsibilities of accounting officers
	Section 38(1)(a)(i)
	Section 38(1)(a)(iii)
	Section 38(1)(b)
	Section 38(1)(c)(ii)
	Section 38(1)(g)
	Section 38(1)(h)(ii)
	Section 38(1)(h)(iii)
	Section 38(1)(i)
	Section 38(1)(j)
	Section 38(1)(n)
	Section 40 – Accounting officer's reporting responsibilities
	Section 40(1)(a)
	Section 40(1)(b)
	Section 40(3)(b)(i)
	Section 40(3)(b)(ii)
	Section 81- Financial misconduct by officials in department
	Section 81(1)(a)
	Section 81(1)(b)
	The Constitution
	Section 217
	Code of Conduct for the Gauteng Provincial Government
	C.4.4
	C.4.8
	C.4.9
	DoRA
	Section 22
	Section 34
	Treasury Regulations
	Section 19.7.1
	Section 6.4.2
	Section 16A6.4

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Recommendations in respect of disciplinary action to be taken on other officials

- 10.192 Section 38(1)(h) of the PFMA requires the Accounting Officer to take effective and appropriate disciplinary steps against any official who contravenes or fails to comply with a provision of the PFMA.
- 10.193 We recommend that the Accounting Officer of the GDRT must institute disciplinary action against the following employees for contravening the following:

Official	Legislation Contravened
	PFMA NO. 1 OF 1999
	Section 45(a)
	Section 45(b)
	Section 45(c)
	Section 45(e)
	Section 81- Financial misconduct by officials in department
	Section 81(2)
	DORA
	Section 22
	Section 34
	Treasury Regulations
	Section 6.4.2
	Code of Conduct for the Gauteng Provincial Government
	C.4.4
	C.4.8
	C.4.9

Official	Legislation Contravened
	PFMA NO. 1 OF 1999
	Section 45(a)
	Section 45(b)
	Section 45(c)
	Section 45(e)
	Section 81- Financial misconduct by officials in department
	Section 81(2)
	DORA
	Section 22
	Section 34
	Treasury Regulations
	Section 6.4.2
	Code of Conduct for the Gauteng Provincial Government
	C.4.4
	C.4.8
	C.4.9

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Official	Legislation Contravened
	PFMA NO. 1 OF 1999
	Section 45(a)
	Section 45(b)
	Section 45(c)
	Section 45(e)
	Section 81- Financial misconduct by officials in department
	Section 81(2)
	DORA
	Section 22
	Section 34
	Treasury Regulations
	Section 6.4.2
	Section 16A6.4
	The Constitution
	Section 217
	Code of Conduct for the Gauteng Provincial Government
	C.4.4
	C.4.8
	C.4.9

Official	Legislation Contravened
	PFMA NO. 1 OF 1999
	Section 45(a)
	Section 45(b)
	Section 45(c)
	Section 45(e)
	Section 81- Financial misconduct by officials in department
	Section 81(2)
	Code of Conduct for the Gauteng Provincial Government
	C.4.4
	C.4.8
	C.4.9

Official	Legislation Contravened
	PFMA NO. 1 OF 1999
	Section 45(a)
	Section 45(b)
	Section 45(c)
	Section 45(e)
	Section 81- Financial misconduct by officials in department
	Section 81(2)
	Code of Conduct for the Gauteng Provincial Government
	C.4.4

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Official	Legislation Contravened
	C.4.8
	C.4.9

Official	Legislation Contravened
	PFMA NO. 1 OF 1999
	Section 45(a)
	Section 45(b)
	Section 45(c)
	Section 45(e)
	Section 81- Financial misconduct by officials in department
	Section 81(2)
	The Constitution
	Section 217
	Treasury Regulations
	Section 16A6.4
	Code of Conduct for the Gauteng Provincial Government
	C.4.4
	C.4.8
	C.4.9

- 10.194 It must be noted that we have not interviewed _____ regarding this matter. Therefore, the implementation of the recommendation to discipline _____ must be put in abeyance pending the outcome of the interview. However, this does not change our findings, based on the documentary evidence made available to us.

Official	Legislation Contravened
	PFMA NO. 1 OF 1999
	Section 45(a)
	Section 45(b)
	Section 45(c)
	Section 45(e)
	Section 81- Financial misconduct by officials in department
	Section 81(2)
	The Constitution
	Section 217
	Treasury Regulations
	Section 16A6.4
	Code of Conduct for the Gauteng Provincial Government
	C.4.4
	C.4.8
	C.4.9

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Official	Legislation Contravened
	PFMA NO. 1 OF 1999
	Section 45(a)
	Section 45(b)
	Section 45(c)
	Section 45(e)
	Section 81- Financial misconduct by officials in department
	Section 81(2)
	The Constitution
	Section 217
	Treasury Regulations
	Section 16A6.4
	Code of Conduct for the Gauteng Provincial Government
	C.4.4
	C.4.8
	C.4.9

Official	Legislation Contravened
	Code of Conduct for the Gauteng Provincial Government
	C.4.4
	C.4.8
	C.4.9

- 10.195 It must be noted that we have not interviewed [redacted] regarding this matter. Therefore, the implementation of the recommendation to discipline [redacted] must be put in abeyance pending the outcome of the interview. However, this does not change our findings, based on the documentary evidence made available to us.

Official	Legislation Contravened
	PFMA NO. 1 OF 1999
	Section 45(a)
	Section 45(b)
	Section 45(c)
	Section 45(e)
	Section 81- Financial misconduct by officials in department
	Section 81(2)
	Code of Conduct for the Gauteng Provincial Government
	C.4.4
	C.4.8
	C.4.9

- 10.196 It must be noted that we have not interviewed [redacted] regarding this matter. Therefore, the implementation of the recommendation to discipline [redacted] must be put in abeyance pending the outcome of the interview. However, this does not change our findings, based on the documentary evidence made available to us.

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Official	Legislation Contravened
	PFMA NO. 1 OF 1999
	Section 45(a)
	Section 45(b)
	Section 45(c)
	Section 45(e)
	Section 81- Financial misconduct by officials in department
	Section 81(2)
	Code of Conduct for the Gauteng Provincial Government
	C.4.4
	C.4.8
	C.4.9

Recommendations in respect of criminal action to be taken

- 10.197 We recommend that the Accounting Officer of the GDRT takes, or further pursues, criminal action against the former HOD, in terms of Section 86(1) of the PFMA for contravening Sections 38(1)(a)(i), 38(1)(a)(iii), 38(1)(c)(ii), 38(1)(g), 38(1)(h)(ii), 38(1)(h)(iii) and Section 40 (3)(b)(ii) read with Sections 81(1)(a) and 81(1)(b), in that he caused Unauthorised, Fruitless and Wasteful expenditure and the committed financial misconduct amounting to R70,047,174.34 and R130,000,000.00 relating to the payment of relief payments for the 2015/16 and 2016/17 financial years respectively as well Irregular expenditure amounting to R20,000,000.00 paid to Autopax as a relief payment.

Recommendations in respect of civil action to be taken

- 10.198 The Accounting Officer should consider obtaining a legal opinion with regards to the possible recovery of funds from the SMFs for non-compliance in respect of the 100% verification of actual kilometres travelled by the Bus Operators.
- 10.199 We recommend that the Accounting Officer of the GDRT assess the extent to which the GDRT can take, or further pursue a civil action against the following entities for the losses suffered by the GDRT:
- Recover a total overpayment of R73, 653.57 (R55,038.86 and R18,614.71 for 2016/2017 and 2017/18 financial years respectively) from Moollas Transport services;
 - Recover a total of R10,000,000.00 in relief payments for 2016/17 from Putco; and
 - Recover a total amount of R212,753.38 in DNO penalties from JR Choeu.

2015/16 Relief Payments

- In consideration of the findings contained herein, the Accounting Officer should determine the extent to which the Bus Operators utilised the funds to purchase buses as per the SLAs concluded between the GDRT and the relevant Bus Operators. Wherein buses were not purchased, recover the amount paid to each Bus Operator (as applicable).

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12.128 has caused Irregular expenditure to the amount of R20,000,000.00 which is in contravention of Section 38(1)(c)(ii) of the PFMA, which amounts to financial misconduct as defined in section 81(1)(a) and (b) of the PFMA.

12.129 and conduct in respect of the R20,000,000.00 relief payments caused Irregular expenditure in contravention of 45 (a), (b), (c) and (e) of the PFMA, which amounts to financial misconduct in terms of Section 81 (2) of the PFMA.

The GDRT Contracted Autopax through a deviation, to take over Putco's "loss making" Contracts

12.130 Autopax fleet was confirmed not to be suitable to operate the routes and additional funds were requested to operate the routes. Autopax also received the relief payments despite having new fleet. Autopax received a total amount of R36,612,097.64 as relief payments from the GDRT.

12.131 GDRT appointed Autopax through a deviation process to take over the eight loss making contracts which were terminated by Putco from 1 July 2015.

12.132 The Appointment of Autopax is in contravention of Section 217 of the Constitution in that it was not done accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

12.133 The appointment of Autopax is Irregular in terms of Section 16A6.4 of the Treasury Regulations. The entire takeover of Putco's loss making contracts by Autopax as Irregular, therefore the GDRT has incurred an Irregular expenditure to the amount of R144,975,296.01, which is made up of subsidies allocated to Autopax and relief payments. GDRT did not record nor submit their reasons for deviation as required to the Provincial Treasury and Auditor General.

12.134 has caused the Irregular expenditure to the amount of R144,975,296.01, regarding the Irregular appointment of Autopax, in contravention of Section 38(1)(a)(i), 38(1)(a)(iii), 38(1)(c)(ii), 38(1)(g), 38(1)(h)(i), 38(1)(ii) of the PFMA, which amounts to financial misconduct as defined in section 81(1)(a) and (b) of the PFMA.

and caused an irregular expenditure to the amount of R144 975, 296.01, in contravention of Section 45 (a), (b), (c) and (e), which amounts to financial misconduct in terms of Section 81 (2) of the PFMA.

Appointment of six SMF's to monitor 34 Bus operators

12.135 GDRT has sourced the services of six SMFs to assist the GDRT in the monitoring of the 34 Bus Operator Contracts SMFs to ensure the accuracy and validity of the PCs and to provide the GDRT with monthly reports which indicates, amongst others, the projected KMs, actual KMs travelled and the DNOs.

12.136 The recalculation of the Payment Certificates for the four sampled Bus Operators reflect the following anomalies:

- a) JR Choeu PCs are paid based on average monthly allocations and not on KMs as indicated in the DoRB, 2017/2018
 - i. JR Choeu's PCs are incorrectly calculated as the variances are more by figures over a million, and that JR Choeu is being paid based on their monthly average allocation rather than on KMs travelled;
 - ii. JR Choeu in the 2015/2016, 2016/2017 and 2017/2018 was paid a consistent amount which is not based on KMs travelled in accordance with the DoRA; and
 - iii. Based on our recalculation of the JR Choeu's PC for the 2016/2017 financial year, we noted that the amount indicated in FORM A was overstated by R32,598,229.48; and
- b) JR Choeu DNO penalties not charged/ deducted as they are being paid average monthly allocations
 - i. JR Choeu did not pay DNO penalties charged on their Contracts;
 - ii. For 2017/18, a total amount of R212,753.38 in DNO penalties was not charged to JR Choeu, as per normal standard operation procedures in respect of Tendered Contracts; and
 - iii. The JR Choeu PCs are incorrectly calculated and although Mr Maringa and Mr Mkhathshwa were aware of the incorrect JR Choeu payment certificates, none of these individuals have acted to rectify the situation and GDRT continues to pay JR Choeu based on the incorrect calculations.

SMF Contract monitoring by

12.137 failed to manage JR Choeu's SMF, , to ensure that they deliver on their obligations as indicated in their SLA with the GDRT;

12.138 Upon a recalculation of Moollas Transport services, we noted that Moollas Transport Services was overpaid by R55,038.80 in the 2016/2017 financial year. They were further overpaid by R18,614.71 in the 2017/2018 financial year. Both and indicated that they had knowledge of the over payment but nothing was done by them to communicate this anomaly with the GDRT senior management or with the Bus Operator in order to recover the overpayments.

12.139 SMFs are not conducting 100% verification of the operated trips, however the SMF contracts are ambiguous as it relates to the verification of operated trips.

Incorrect labour index used when calculating the escalation factor in FORM D for Moollas Transport Services

12.140 Due to the incorrect Lo factor calculations, Moollas Transport Services was over-paid as follows:

- a) R55,038.86 in the 2016/2017 financial year; and
- b) R18,614.71 in the 2017/2018 financial year.

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- c) This resulted in an overpayment of R73, 653.57 (R55,038.86 + R18,614.71) that must be recovered.

Conclusions regarding the conduct of the GDRT employees

Former HOD of GDRT

- 12.141 The Accounting Officer is the HOD. During the period under review, being 2015/16, 2016/17 and 2017/18, [redacted] was the Accounting Officer of the GDRT, who has since left the employ of the GDRT until 31 March 2019. We have not been able to interview [redacted] and therefore our conclusions in respect of the investigation are based on documentary evidence obtained during the investigation. The following conclusions were reached without conducting an interview with [redacted]
- 12.142 [redacted] contravened Sections 22 and 34 of DoRA as well as the outcome statement regarding PTOG as contained in DoRB in that:
- d) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2015/2016 when he approved the utilisation of surplus funds and the payment of relief payments amounting to R70,047,174.34 during the 2015/16 financial year, without prior approval of the Treasury. The payment of the R70,047,174.34 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2015;
 - e) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2016/17 when he approved the utilisation of surplus funds and the payment of relief payments amounting to R130,000,000.00 during the 2016/17 financial year, without prior approval of the Treasury. The payment of the R130,000,000.00 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2016; and
 - f) He contravened Sections 22 of DoRA and the outcome statement regarding PTOG as contained in DoRB 2016/17 when he approved the utilisation of surplus funds and the payment of relief payments amounting to R20,000,000.00 to Autopax during the 2016/17 financial period, without the prior approval of the Treasury. The payment of the R20,000,000.00 as relief payment constitutes financial misconduct in terms of Section 34 of the DoRA 2016.
- 12.143 The general responsibilities of accounting officers are outlined in Section 38 of the PFMA. [redacted] contravened Sections 38(1)(a)(i); 38(1)(a)(iii); 38(1)(c)(ii); 38(1)(g); 38(1)(h)(ii); 38(1)(h)(iii), 38(1)(i) and 38(1)(n) of the PFMA, in that:
- a) He has caused the Unauthorised, Fruitless and Wasteful expenditure amounting to R70,047,174.34 during the 2015/16 financial period and he has contravened Section 38(1)(a)(i), 38(1)(c)(ii) and 38(1)(i) of the PFMA, which amounts to financial misconduct as defined in Section 81(1)(a)-(b) of the PFMA;
 - b) He has caused the Unauthorised, Fruitless and Wasteful expenditure amounting to R130,000,000.00 during the 2016/17 financial period and he has contravened Section 38(1)(a)(i), 38(1)(c)(ii) and 38(1)(i) of the PFMA, which amounts to financial misconduct as defined in Section 81(1)(a)-(b) of the PFMA;
 - c) He has caused the Unauthorised expenditure amounting to R20,000,000.00 during the 2016/17 financial period as relief payments paid to Autopax and he has contravened Section 38(1)(a)(i), 38(1)(c)(ii) and 38(1)(i) of the PFMA, which amounts to financial misconduct as defined in Section 81(1)(a)-(b) of the PFMA;