

Prasa blew billions

Wide-scale looting of public funds in the Passenger Rail Agency of SA was exposed when Public Protector Thuli Madonsela released her report into tender irregularities at the entity.



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Madonsela has called on the Treasury to conduct a forensic investigation of tenders above R10-million awarded since 2012. Her investigation had revealed a "culture of systemic failure to comply with supply chain management policies", costing Prasa millions of rands in avoidable expenditure and preventable disruption of services.

More than R2-billion was found to have been misappropriated.

Madonsela said the withholding of key tender documents by Prasa management raised suspicions of a corrupt relationship between top officials and the companies awarded the contracts. She said she had to force information out of Prasa officials, saying some documents appeared to have been doctored.

Forensic investigations could analyse phone records to establish the link between officials and service providers. Madonsela fingered axed Prasa CEO Lucky Montana in six of the 19 incidents of tender and financial improprieties in her report.

She found Prasa improperly:

- Extended the scope of a tender awarded to Siyangena Technologies to the tune of R1.95-billion;
- Extended the scope and value of a tender awarded to Siemens beyond what was advertised and approved at a cost of R256-million;
- Appointed and extended the contract of Vimtsire Security Services to the tune of R26.5-million;

- Paid R600,000 to Enlightened Security before signing the contract;
- Appointed KG Media on a three-year contract to produce its Hambanathi publication at a cost of R16.7-million;
- Appointed Ndwandwe Consultancy at a cost of R10.8-million for "value creation and culture change process";
- Increased the scope and price of a marketing and communications tender from R12-million to R29.5-million;
- Awarded Edwin Lekota's Lekga Investment Holdings a R10-million contract for the development of a contingency emergency preparedness programme for Metrorail without a competitive process;
- Awarded a R10.6 million contract to security company Futuris Guarding.

She also found Montana improperly terminated contracts of executives, resulting in fruitless and wasteful expenditure of R5-million, and suspended employees, resulting in labour dispute settlements amounting to R3.35-million.

Madonsela is investigating fresh allegations of corruption and financial mismanagement at Prasa. National Transport Movement deputy general secretary Craig Nte said it would follow up on the criminal case opened with the Hawks against Montana in 2012. Last night Montana said he planned to legally challenge Madonsela's "factually incorrect" report.

The DA said it would announce steps today to ensure Madonsela's remedial action was fully implemented.

Source: The Times

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