



Communicare concludes investigation into collusive practices

12 April 2019

Communicare announced an investigation in October 2018 into alleged collusive practices between suppliers and staff. The investigation has been concluded and these are the key findings, recommendations and actions taken by Communicare, as a result.

The investigation focussed on allegations against employees in the Rental Property Management division. Nine staff took leave in order to conduct the investigation without interference. One of these employees resigned before the investigation was concluded.

The investigation covered the period from 1 July 2017 to 31 August 2018. The aim of the investigation was to determine if there was any substance to the allegation of collusive procurement practices between a few staff and three suppliers.

The investigators conducted interviews with various staff and suppliers, reviewed documents, assessed systems and processes, conducted polygraph tests and inspected some leased premises where maintenance had been conducted.

Key findings of the report:

1. Work conducted by certain suppliers had not been completed satisfactorily.
2. Costs were inflated in some instances.
3. Five staff were complicit in either receiving payment from suppliers or may have assisted to inflate costs.
4. One manager was negligent in his actions when allegations were brought to his attention.
5. In some instances, tenant application processes had been manipulated.

Key recommendations of the report:

1. Disciplinary actions should be instituted against employees where *prima facie* evidence exists of dishonesty and gross negligence.
2. Civil claims should be instituted against suppliers to recover certain costs.
3. Criminal cases should be instituted against employees and affected suppliers where evidence was found of fraud, theft, corruption and racketeering.

Contracts with all implicated employees and suppliers have since been terminated. Employees have been dismissed or have resigned after internal disciplinary processes were instituted.

Communicare has also reported the fraud to the South African Police so that those involved can face criminal charges.

In the course of the investigation counter allegations were made against the leadership of Communicare. The Board appointed a firm of forensic investigators to look into these issues and no evidence of irregular or unethical practices were found. Our senior management, including the CEO, was cleared of any wrongdoing.

Communicare has reviewed its policies, systems and processes and has tightened loopholes that have been exploited.

“I have a zero tolerance approach to corruption. I promised decisive action against those found guilty to ensure justice is metered out. We have made significant progress to root out corruption and commit to our values of clean and accountable governance. I am pleased that the investigation is concluded. We can now forge ahead to deliver social housing for residents of Cape Town,” said Anthea Houston, CEO of Communicare.

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