



# LIMPOPO

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## PROVINCIAL GOVERNMENT

REPUBLIC OF SOUTH AFRICA

### Media Statement

**For Immediate Release**

**Date: 28 August 2018**

#### **Provincial Government Introduces Forensic investigation team to municipalities who invested in VBS Mutual Bank**

The Limpopo Provincial Treasury MEC Rob Tooley, MEC for CoGHSTA Jerry Ndou, VBS affected municipalities and the appointed team of forensic investigators (GT Prodody Product Services Technology) held a meeting at new Peter Mokaba Stadium today.

The forensic team has been given three month to complete its forensic investigation with the affected municipalities. All affected municipalities were requested to fully cooperate with the team to ensure that a proper investigation and a report is submitted to the Executive Council.

This investigation follows the Limpopo Provincial Government's Executive Council directive to institute an urgent forensic audit, in which the audit must determine whether the municipalities broke any legal provisions when they invested funds with VBS. Government will make its decision once the report is completed within that time.

The Provincial Treasury has developed terms of reference for the undertakings of the forensic investigations. They are as follows:

- From 2014 to date, what were the terms of the investment made by these municipalities the Mutual Bank, including the amounts, date of investment,

investment period, interest earned/accrued, investments pay outs and balances due by Mutual Bank;

- Which funds were invested by these municipalities? (be it equitable share, conditional grants or own revenue);
- Is the municipality's investment policy consistent with the requirements of the Municipal Finance Management Act (MFMA) and the Municipal Investment Regulations?
- How and why did the municipalities take these investment decisions?
- What processes were followed to invest the funds in Mutual Bank and were these processes consistent with the Municipality's Investment Policy, MFMA and Municipal Investment Regulations?
- Did the decision to invest in Mutual Bank go through the respective municipality's council?
- Which officials were involved in recommending and/or approving these investment decisions?
- What remedial steps, if any have been taken by these municipalities?  
What actions have been taken by these municipalities since Mutual Bank was placed under curatorship?
- Was the investment decisions contrary to the MFMA and related Treasury regulations and if so, which officials should be charged with financial misconduct and what are the charges they should face?
- Did any municipal official or councillor involved in the investment decision receive any incentives and/or commission or loan(s) from Mutual Bank? If yes, please provide names of officials, type of incentives, date of transaction and the monetary or rand value of such incentives/commissions/loans;
- What communication and/or reports were submitted to Provincial and/or National Treasury on these specific Mutual Bank investment?

The forensic team is expected to submit monthly reports as and when required to the Provincial Treasury Head of Department. Weekly progress reports can be requested based on the need.

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