



Minutes of meeting – Project Bessie

Client meeting

Privileged and Confidential

Client name: Project Bessie

Held on 7 August 2015 at SARS La Hae Pretoria at 15:00

Present:

Luther Labelo (Client Liaison) - LL

Jonas Makwakwa (Head of Internal Audit) - JM

Roedolf Mastenbrook (Non-Executive board member) - RM

Bonga Mukwena (Non-Executive board member) - BM

Johan van der Walt (KPMG) - JvdW

Ulett Gibbon (KPMG) – UG

Minutes keeper

UG

1 Introduction

BM – Engaging further with KPMG based on the board decision. We are mandated to further engage with KPMG having noted findings and additional comments and the key findings. Should any questions arise can we accept the report. We need to be able to show what process was applied to understand the findings and accept it. Need to engage with KPMG on their findings to make sure no findings can be disproved. We need to give the Commissioner advice on what to do and process forward. We need to resolve the matter and steps needed to close it.

BM – We are independent and views shared are Board views, based on yesterday's meeting. We will give our conclusion for your consideration. We want to share four points for your consideration.

2 First Point

BM – It is the view of the Board that the report is substantive and factual. The findings are based on key issues and phenomenon of stake holders and the media. The report is detailed. The report however is lacking an executive summary. The executive summary should be high level. Spend 20% on background and 80% on key findings, conclusions, recommendations and value add comments. Basically what needs to be taken into consideration to close the chapter, best practises etc.



3 Second point

BM – It is the view of the Board that the report was put together in such a manner that one can make different inferences in terms of key findings. Key findings such as, the involvement of people and who new and who did not. Report make inferences that they ought to have known and is not clear enough. Need to surface in black and white. There was evidence that...

JM – The settlement of Skollie and Pillay's retirement:

- Who knew about it
- Who signed

The Unit – Informed the Minister to obtain budget and approval but the unit was already formed. This is a violation of the PFMA and need to state as such.

JvdW – The two memos proposed different views.

JM – Was different to what Minister was saying.

JvdW – Was picked up from yesterday.

BM – The report needs firm conclusions

4 Third point

BM – There are certain inaccuracies in the report for instance:

- Pauw
- Reference to Gordhan as Finance Minister, but he was not at that stage.

JvdW – The subject of the email is Sunday Times and it's possible that Pauw was a freelance journalist. The report says Manual and not Gordhan as indicated during yesterday's meeting. I apologise.

BM – The report should be beyond reproach and no-one should be able to punch holes in the report.

5 Fourth point

BM – The report needs strong recommendations

6 General comments

JvdW – The executive summary should stand on its own.

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BM – Yes as you choose, maybe a cover letter. You need to stand by your report and your KPMG brand as you may be called upon as an expert witness.

RM – We come from a different place and therefore open to make comments due to the political nature of the findings and therefore we should make sure that it's bulletproof. There is a lot at stake. Good work overall. The executive summary should include a recommendations page. The role of the then Commissioner is important for us. The Board wants to make comments about Leadership and accountability and execs that hold high stakes. The facts in the report can do with further factual conclusions. Should be more direct, especially **Gordhan and Manual**. X

Skollie was appointed before the memo, if so Ministry was engaged informally in February 2007. What were the implications of the activities? If the unit had already begun what were the implications? Where was the money drawn from? Implications for the then Commissioner, considering the PFMA. What was the role of the Commissioner and Deputy Commissioner? Roles and responsibilities with Government. What does the two memos mean? Did SARS already start with the unit beforehand? The Minister was possibly deceived by the memo.

The facts are correct, just needs a clear conclusion.

JvdW – There are two memos, one to the Minister and one to NIA. The difference is who will be responsible for paying. There was a structure and Pillay approved it before Minister saw the memo and approved it. Possible that the Minister thought that the unit would sit somewhere else.

BM – Enrich the report with this stating things explicitly. Is there prove that the Minister was informed subsequently, if so must be stated explicitly.

Jvdw – Can only comment on what we saw based on documents.

LL – Last option for SARS to fix this. Want to know if Pillay assisted Kasrils with his tax. Gordhan paid 1.2 million to Pillay and allowed him to stay. Should SARS recover the money?

JvdW – Pillay had no intention to retire.

LL – Conclude - what good governance will mean.

JM – Kasrils received preferential treatment and it's unfair to other tax payers.

RM – If it is your finding that the pension was irregular, state so and recommend that SARS recover the money.



LL – Conduct was irregular.

RM – The report will retract fire

BM – The unit existed, it was covert and rogue. The unit was not totally legal so thereby illegal by implication. Are there document to prove this?

JvdW – The purpose of the unit.

Exhibits were requested.

RM – The purchase of the equipment is vague. ✕

JvdW – We could not find except for minor instances such as list of equipment handed back. We could not find invoices saying that they bought the GSM ✕ equipment.

LL – Would have bought it stating it's something else.

JM – The person that declared the equipment said that similar equipment was used in the president's house.

JvdW – May find similar equipment in other spaces. We will fix the errors but we understand your concerns. Thank you for the comments.

7 Points going forward

Exhibits will be written on a CD and handed to RM. CD will be encrypted and password protected.

JvdW – Will send an email on the meeting and will email Takalani to recall the report.

Timeframe:

- As soon as possible.
- +/- Two to three weeks
- Latest end of August.