

EOH chief exec clears the air on corruption report and resignations

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Technology services company EOH has expanded on some of the findings of a forensic investigation into corruption at the group, carried out by law firm ENSafrica.

An investigation was conducted after software and technology group Microsoft terminated longstanding partner agreements with EOH. This, after a contract worth R120 million – awarded to subsidiary EOH Mthombo by the Department of Defence – was questioned.

ENSafrica was appointed to conduct an investigation into a number of public sector contracts, amid allegations of corruption and poor governance and compliance.

Speaking to stakeholders on Tuesday (16 July), EOH chief executive Stephen van Coller said that the investigation identified approximately R1.2 billion in suspicious payments at the company, taking place between 2014 and 2017.

These payments were largely isolated to one company within the group – EOH Mthombo – with eight executives identified as the culprits.

Approximately 98% of the suspicious payments came from this group, with 85% of the payments processed by these eight individuals to around 20 suppliers.

These suppliers were identified as single-director companies, or companies not listed as being on projects. The payments to these companies also carried suspicious identifiers like being round number transactions.

The transfers were involved in bribery and corruption issues, but were also simply stealing from the company involving the executives, and things like overpaying suppliers for little to no work done, he said.

The damage done was around R300 million a year for four years.

The company stressed that the exact nature of each of these transactions has not as yet been verified and may relate to legitimate transactions, theft or bribery and corruption payments, and the ENSafrica would be providing bi-monthly updates as the finer investigations continue.

Van Coller noted that there was a silver lining in the findings in that the dodgy payments were picked up quickly and there was a swift response from the company.

Specifically, EOH largely has a new board which have adopted a zero tolerance policy towards bribery and corruption. The business has also split the finance and compliance/legal risk functions so that those signing the deals aren't also signing the cheques.

He added that the company will pursuing criminal charges against those identified in the investigation and will also proceed with civil claims where possible to recoup money lost.

Resignations

On Monday, EOH announced that a number of its board members had resigned, including Pumeza Bam, Zunaid Mayet, and Rob Godlonton.

Bam resigned from the EOH Holdings Board and various other EOH subsidiary boards and trusts with effect from 12 July 2019. He served as executive director for seven

years and non-executive director for two years.

Executive director and Nextec CEO Zunaid Mayet also resigned from his position as CEO and from the EOH board with effect from the same date. He was with the company for 11 years.

Van Coller said that the executives were not implicated in the wrongdoing.

The resignations of these executives were an example of good leadership, he said, allowing new management to take over and move forward following the investigations.

He said that, like former finance minister Nhlanhla Nene stepping down from that role, it wasn't done because they were implicated in any wrongdoing, but because they were in charge while the wrongdoing took place.

"They should be applauded for their amazing leadership," he said.