



SABS

South African Bureau of Standards

Update on the implementation of the TSU Investigation Services (Pty) Ltd (“TSU”) Report
A presentation to the Parliamentary Portfolio Committee on Trade, Industry and Competition

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Table of Contents

SABS

- List of Delegates
- Legislative Mandate
- Our Values
- Executive Summary
- Background
- Summary of recommendations on ten (10) forensic reports and update on the action plan

- Prof Bismark Tyobeka – Chairperson of the Board
- Mr Griffith Zabala – Chairperson of the Human Capital, Social and Ethics Committee (HCSEC)
- Ms Deidre Penfold – Chairperson of Audit and Risk Committee (ARC)
- Mr Blake Mosley-Lefatola – Acting Chief Executive Officer
- Ms Kholofelo Masoga – Chief Financial Officer
- Mr Thabo Sepuru – Acting Chief Operations Officer / Head: Laboratory Services
- Ms Patricia Tomotomo – Acting Chief Corporate Service Officer / Head: Human Capital (HC)
- Mr Joseph Leotlela – Acting Company Secretary / Head: Compliance, Risk and Legal Services

The SABS is the apex national standardisation institution in South Africa, established by the Standards Act, 1945 (Act 24 of 1945). The SABS exists as a public entity under the Standards Act, 2008 (Act 8 of 2008)

The objectives of SABS are as follows:

- *Develop, promote, and maintain South African National Standards (SANS)*
- *Promote quality with respect to commodities, products, and services*
- *Render conformity assessment services and matters connected therewith*

The SABS maintains over 7,600 South African National Standards (SANS), operates 28 testing laboratories and has one of the largest pool of technical experts and technical signatories in Southern Africa.



- Significant implementation progress has been registered since receipt of the TSU report.
- The **final set of ten (10) reports** was presented by TSU to the Board on **18 March 2026**.
- The SABS developed **action plans on each focus area**, presented these to **various Board Committees** and finally, to the **Board on 30 April 2026**.
- **All recommendations** by the TSU are being implemented. Over **fourteen (14) recommendations** have been implemented and finalised/closed. About **nine (9) recommendations**, which include disciplinary hearings, are being implemented and ongoing. It is envisaged that the disciplinary hearings will be **finalised in July 2026**.
- **the dtic** oversight, will be facilitated through quarterly progress report submissions.

- **the dtic** commissioned an investigation into various allegations of governance, procurement, labour and ICT irregularities at the SABS.
- TSU was appointed by **the dtic** to conduct a forensic investigation of the allegations received mainly through whistleblowing. The whistleblowing reports mainly informed the investigation focus areas. The investigation commenced on 05 February 2025, and it covered the previous financial years, including the 2025/26 financial year. TSU has concluded its investigations and produced investigation reports.
- The Minister concluded that the TSU Reports constitutes a prima facie factual record that warrants immediate governance and consequence management action. Hence, the Minister referred the TSU Reports to the Board, with a directive to adopt and submit an implementation plan setting out actions, timelines, responsible Executives and Board oversight arrangements.

Background and Timelines

- The Board received the first report on suspensions in January 2026 and the **final set of ten (10) reports from the TSU, on 18 March 2026**. The focus areas included:
 - Suspensions – Item 1.1 to 1.3
 - Duplicate payment – Item 2.1
 - Change in Chief Executive Officer (CEO) – Item 3.1
 - Interview panel for Head: Human Capital interviews – Item 4.1
 - Contracts of 8 officials – Item 5.1
 - Permanent appointments – Item 6.1
 - Recruitment – Item 7.1 – 7.3
 - Executive salaries – Item 8.1
 - Payroll – Item 9.1
 - New Laboratories – Item 10.1
 - Building Management System (BMS) – Item 10.2
- The SABS developed action plans on each focus area, presented these **to various Board Committees and finally, to the Board on 30 April 2026**.

Allegation & Focus Area by TSU (1)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>1.1 Suspensions</p> <p>In or around October 2024, a recommendation of companies/firms to be appointed on a panel was concluded without evaluating the proposals against the minimum requirements.</p> <p>In or around March 2024, suspicion of irregularities in the evaluation process by the Cross Functional Sourcing Team (CFST).</p>	<p>TSU found various allegations of improper conduct of various employees, that resulted in their suspensions and also resulted in various positions in which employees are acting.</p> <p>A service provider was recommended to chair disciplinary hearings although not having been evaluated by the CFST.</p>	<p>Employees who served as members of the CFST should be held responsible for the irregular expenditure incurred regarding the recommendation of companies/firms to be appointed on a panel without evaluating the proposals against the minimum requirements as defined in the RFQ.</p>	<p>The Board considered these matters and resolved that the disciplinary processes be instituted against the affected employees.</p> <p>Consequence management towards 6 employees was instituted as follows:</p> <ul style="list-style-type: none"> • 2 employees received written warning • 3 employees received progressive discipline and counselling • 1 employee was dismissed <p>Regarding the matters on disciplinary processes which have been finalised, the positions have been filled reducing the number of employees who are acting, across the organisation.</p>

Allegation & Focus Area by TSU (1)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>1.2 Suspensions</p> <p>The SABS was hacked in November 2024.</p> <p>Partial suspension of accreditation of cement laboratories in July 2024.</p>	<p>The SABS did not implement the recommendations since they were raised in February 2022.</p> <p>Executives and Management had knowledge of the fact that SANAS would return to verify the effectiveness of interventions taken, to resolve the non-conformities raised since December 2023, but failed to address the non-conformities resulting in the partial suspension of the certification of the cement scheme.</p>	<p>The respective Executives should be held accountable for the cyberattack for failure to ensure the implementation of any of the recommendations made since the incident in 2022, by the service provider, Auditor General of South Africa and the State Security Agency.</p> <p>Executives and Management should be held accountable for the partial suspension of the accreditation of the cement scope.</p>	<p>The Board has noted the recommendation, and disciplinary action is being taken against the affected executives. Charges have been proffered on 14 May 2026 and the disciplinary hearing has been scheduled for first week of June 2026.</p> <ul style="list-style-type: none"> Charges have been proffered on 14 May 2026 towards the 2 executives, and the disciplinary hearing has been scheduled for first week of June 2026. 1 employee was issued with an Audi Alteram Partem (Audi) letter, he provided his responses, and a progressive discipline was implemented. 2 employees' suspensions were uplifted, following the outcome of disciplinary hearing on one of them.

Summary of recommendations

Allegation & Focus Area by TSU (1)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>1.3 Suspensions</p> <p>Failure to disclose reasons for leaving the previous employers.</p> <p>Disclosure of confidential information.</p>	<p>The employee was suspended for omitting information pertaining to the reasons leaving the employment of previous employers from their CV resulting in their appointment within the SABS.</p> <p>The employee has been running a business without the required permission.</p>	<p>An independent firm should evaluate the case to assess the probability of the SABS to win the CCMA case.</p> <p>The disciplinary process needs to continue based on the evidence of the report issued by the service provider.</p>	<p>The Board considered the recommendation and noted that the matter has been taken under review with the Labour Court.</p> <p>The disciplinary hearing has been finalised on the basis of the employee's disregard for company policies and workplace procedures and policies. The employee has since been dismissed and has lodged a case for unfair dismissal at the CCMA.</p>

Summary of recommendations

Allegation & Focus Area by TSU (2)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>2.1 Duplicate payment on Board fees</p>	<p>A possible duplicate payment made to a Board Member, from the previous Board, for a Special Board Meeting.</p>	<p>Management to appoint an independent investigator, alternatively to approach SABS Finance Division via Internal Audit to conduct a reconciliation of payments made to the former Board Member. Should a duplicate payment be confirmed, the SABS must, through the office of the Company Secretary issue a letter of recovery.</p>	<p>The Internal Audit conducted a preliminary assessment, and is currently finalising on the investigation which will be concluded by 30 June 2026 due to capacity constraints.</p>

Summary of recommendations

Allegation & Focus Area by TSU (3)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>3.1 Change in CEO (rotations of acting CEO)</p>	<p>The appointment of an Executive as the Acting CEO should be set aside as the appointment was made by the Chairperson of HSCEC, who did not have the authority to appoint the Acting CEO.</p>	<p>The former Chairperson of HCSEC was not authorised to implement the appointment of the Acting CEO. As such, the former Chairperson of the HCSEC acted <i>ultra vires</i>.</p>	<p>The Board considered this matter and found that the Chairperson of the HCSEC acted <i>ultra vires</i>, by implementing the decision to appoint the said Executive as Acting CEO. Be that as it may, the TSU recommendation is moot as the Executive is no longer acting as CEO. Hence the implementation of the recommendation is impractical. However, this does not abrogate the responsibility of the current Board to review the decisions of the previous Board, where necessary and in the best interest of the organisation.</p>

Summary of recommendations

Allegation & Focus Area by TSU (4)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>4.1 Interview panel for the position of Head: Human Capital (HC)</p>	<p>The interview panel be held accountable for interviewing and recommending the former Head: Human Capital for appointment, as she did not meet the minimum criteria per the advert requirements.</p>	<p>Human Capital representatives must fulfil their role in the recruitment and selection process as defined in the SABS Corporate Policy and Procedure: Recruitment and Selection.</p> <p>Human Capital Business Partners must ensure that proper records are kept during and after the interview process, for audit purposes.</p>	<p>This finding has been included as part of the disciplinary charges against one of the employees which have been proffered on 14 May 2026. The disciplinary hearing has been scheduled for first week of June 2026.</p> <p>The recommendation is noted and measures have been put in place to ensure proper records management. There is a dedicated Administrator to manage and oversee the registry of employees' files.</p>

Summary of recommendations

Allegation & Focus Area by TSU (5)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
5.1 Contracts of 8 officials (no proper capturing on the payroll system)	The payroll system should be updated to reflect the correct information pertaining to the appointment status of employees.	The SABS is obligated to ensure that there is proper record keeping with accurate information. There shouldn't be confusion between permanent employees and employees who are on fixed term contracts to avoid disputes arising out of the uncertainty, due to the nature of the appointment.	HC has implemented the Sage 300 payroll system. As part of the migration, audit of information was conducted to ensure that the correct information is captured on Sage 300.

Summary of recommendations

Allegation & Focus Area by TSU (6)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>6.1 Permanent Appointments (conversion of nature of appointment)</p>	<p>Executives were appointed on a permanent basis during the placement process. Their contracts can thus not be converted to a fixed term contract. However, executive positions must be converted to 5-year contracts, if they resigned from these positions.</p>	<p>Executive positions must be converted to 5-year contracts, when they become vacant.</p>	<p>The Policy and Procedure: Recruitment and Selection is currently being reviewed and it will make provision on the nature of appointment for executives (fixed term or permanent).</p> <p>The review of the policy will be concluded by 31 May 2026.</p>

Summary of recommendations

Allegation & Focus Area by TSU (7)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>7.1 Recruitment</p>	<p>Employees should not be appointed on a fixed term contract for a position that is permanent on the organisational structure.</p>	<p>Positions currently been filled by employees on a fixed term contracts should be reviewed, and a proper recruitment process should be conducted to fill these positions on a permanent basis, if extended on a regular basis.</p>	<p>The Board has considered this matter and instituted a process for the review of Recruitment and Selection Policy to determine positions that need to be filled on fixed-term contract and/or permanent basis. The Policy is scheduled to be concluded by 31 May 2026.</p> <p>HC has profiled the current fixed term contracts and measures have been put in place to ensure that recruitment project plan considers the contract expiry dates for current fixed term contracts.</p>
		<p>Contracts of employees who are permanently employed after following due process should not be converted into fixed term contracts.</p>	

Summary of recommendations

Allegation & Focus Area by TSU (7)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>7.2 Recruitment</p>	<p>Only designated Human Capital employees should be involved in recruitment processes.</p>	<p>The Executive responsible must be held accountable for involving employees who are not in Human Capital to handle recruitment processes.</p>	<p>The Board has noted this recommendation and has advised Management to institute disciplinary actions against the Executive concerned, and to advise the affected employee to desist from involving themselves outside of their job responsibilities.</p> <p>Management has issued the advisory letter which serves as progressive discipline and counselling, to the employee concerned on 06 May 2026.</p>

Summary of recommendations

Allegation & Focus Area by TSU (7)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>7.3 Recruitment</p>	<p>An employee misrepresented their working experience on the CV, resulting in their subsequent appointment.</p>	<p>Disciplinary action should be instituted against an employee for misrepresenting their working experience on the CV, resulting in their subsequent appointment.</p> <p>Candidates scoring the highest points during the interview process should be appointed.</p>	<p>The Board has noted this recommendation and has recommended disciplinary action to be taken against the employee concerned.</p> <p>Management has issued an <i>Audi Alteram Partem</i> letter to the employee to respond to the findings which has been responded to by the said employee and disciplinary process will be instituted by 29 May 2026.</p> <p>With respect to the matter of candidates scoring the highest points, the Board has taken a decision that the highest point scoring candidate(s) is not the only criterion for consideration. Other factors such as competency assessments and probity checks must be a consideration for suitability. The Recruitment and Selection Policy will be reviewed by 31 May 2026 to consider this provision.</p>

Summary of recommendations

Allegation & Focus Area by TSU (8)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
8.1 Executive Salaries (salary harmonisation)	A presentation was made to HCSEC on 11 March 2024 regarding the harmonisation process. This presentation included the harmonisation process of the Executives and proposed certain adjustments to the salaries of Executives.	Executives who drafted the harmonisation resolution (for executives), were conflicted. There is a clear conflict of interest.	The Board has noted the recommendation. This finding has been included as part of the disciplinary charges against one of the employees which have been proffered on 14 May 2026. The disciplinary hearing has been scheduled for first week of June 2026.

Summary of recommendations

Allegation & Focus Area by TSU (9)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>9.1 Payroll (cybersecurity attack disabled the payroll function and manual payments had to be made. Issue of payroll segregation of duties raised)</p>	<p>A manual pay-run occurred for the months of November 2024 and December 2024. The inaccuracies within November 2024 were rectified during the month of December 2024.</p>	<p>Human Capital should streamline its processes to fill roles quicker.</p> <p>Stricter guidelines need to be enforced for overtime claims to ensure that employees are not paid overtime for an entire year.</p>	<p>Payroll inaccuracies were addressed during January to March 2025.</p> <p>The new payroll system, Sage 300 has been onboarded.</p> <p>With regards to the enforcement of stricter guidelines on overtime claims, the Board has instructed Management to review the policy on Overtime Allowance and Standby Allowance. The Policy will be reviewed simultaneously with the Policy on Conditions of Service, which will be concluded by 31 May 2026.</p>

Allegation & Focus Area by TSU (10)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>10.1 New Laboratories</p>	<p>Four (4) new labs were added to the SABS Groenkloof Campus with stand-alone conditions during 2017.</p> <p>These labs were called X1 (Rubber and Plastic) and X2 (Fiber and Polymer).</p> <p>The total amount spent on the project resulted in a contract increase of 22.26%.</p> <p>The accreditation of the suppliers could not be reviewed and verified during the investigation due to a lack of information.</p>	<p>Bids and quotes submitted by all prospective suppliers on all RFPs / RFQs should be stored / filed effectively and should be readily available for audit / investigative reviews.</p> <p>National Treasury should be informed of the irregular expenditure incurred of R621 878.37 in 2017 on the four (4) new labs and proper control measures should be implemented to prevent irregular expenditure from incurring in the future.</p>	<p>The Board has considered the recommendation submitted by TSU, and has resolved as follows:</p> <ul style="list-style-type: none"> To institute disciplinary charges against the employee (s) responsible for the irregular and wasteful expenditure which exceeded the allowable PFMA threshold of 20% and to report the irregular expenditure to the National Treasury as required by the PFMA and Treasury Regulations which have been proffered on 14 May 2026. The disciplinary process has been scheduled for first week of June 2026. Instructed Management to review the SCM Policy with the view to clarifying the conditions applicable to single source supplier and where possible, to digitise the SCM processes at the SABS. Management has already instituted the review of the SCM Policies which will be finalised by 31 May 2026.

Summary of recommendations

Allegation & Focus Area by TSU (10)	Finding (s) by TSU	Recommendation (s) from TSU	Status Update
<p>10.2 Building Management System (BMS)</p> <p>(discontinuation of BMS and relocation of the BMS servers)</p>	<p>An amount of R24 020 072,03 was paid to a service provider after the work completed was verified by the SABS consulting engineers.</p> <p>The payments made to a service provider included an amount of R4 501 871,51 paid on 26 October 2020 for the supply, delivery, installation and commissioning of the BMS.</p>	<p>The BMS formed part of the plant-room refurbishment tender RFP/19/406 which was awarded to the service provider on 10 December 2019.</p> <p>The R4 501 871.51 cost incurred on the BMS, constitutes fruitless and wasteful expenditure in terms of the PFMA because the BMS was working and then terminated.</p>	<p>The Board has considered the findings, and has resolved as follows:</p> <ol style="list-style-type: none"> 1) To institute disciplinary charges against the employee (s) responsible for the fruitless and wasteful expenditure if found to be valid. 2) To request Legal Services to assess the dispute on claims and payments to the service provider, based on submissions by the service provider, that they were not responsible for the dysfunctional system which was installed. 3) Legal Services to advise the Board with regards to the action that must be taken to resolve the dispute with the service provider on this matter.

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