



a world class African city



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## CITY POWER TAKES DECISIVE ACTION TO ROOT OUT FRAUD AND CORRUPTION

18 March 2025

City Power has launched a full-scale disciplinary and legal process following a forensic investigation that exposed financial irregularities within the organisation. The investigation, which was sanctioned by CEO Tshifularo Mashava, uncovered serious breaches in procurement and payment processes, weakening internal control systems and leading to financial losses. The report was finalised and submitted to the CEO's office on 7 March 2025, but before the organisation could act on its findings and recommendations, it was leaked to external parties including the media.

Findings from the investigation revealed serious irregularities in the procurement system, including fraudulent job numbers, duplicate approvals, and collusion between employees and contractors. This led to City Power suffering significant financial losses, with fraudulent invoices inflating costs unnecessarily. In some instances, it was discovered that some of the employees implicated, approved payments of contractors' invoices, that contained equipment sourced from our very own stores. One of the contractors invoiced City Power for a mini-substation that already belonged to the entity, with the approval of a manager. This contravened the Code of Conduct for Municipal Staff Members contained in Schedule 2 of the Municipal Systems Act.

The internal investigation was initiated on 18 October 2023, following concerns raised by our Group Executive for Operations, Charles Tlouane, regarding procurement and invoicing processes. A thorough forensic audit was authorized and conducted by our Chief Audit Executive, Sandy Makola, revealing systemic gaps of our procurement framework. The Auditor General also flagged some of these contracting flaws and recommended tougher sanctions on those implicated.

"We have been relentless in our efforts to clean up City Power's systems. This investigation confirmed what we had long suspected—there were individuals within and outside of the company exploiting weaknesses for personal gain. That some of the challenges we are dealing with are very close to home. We will not tolerate such behavior as it robs the city and its tax-paying citizens," said City Power CEO Ms. Tshifularo Mashava.

### The investigation resulted in the following key actions:

- 15 employees have been identified for disciplinary action, with one employee facing criminal prosecution.
- Several contractors have been implicated, and payments to them have been frozen. A deeper analysis of their dealings with City Power is underway.
- A comprehensive audit of all expenditure and contracting work is ongoing to detect and eliminate further fraudulent activities.
- Internal controls have been tightened to prevent a repeat of such misconduct, including with the centralization of procurement approvals and stricter monitoring.

Our suspicion and deep concern is that this collusion between our employees and contractors could also be at the centre of the scourge of cable theft and vandalism that is crippling our infrastructure. In the past year, we intensified the fight against theft and vandalism - with key focus on internal staff and service providers. All indications at that stage was that those responsible for stealing and destroying our infrastructure had a deep knowledge of our operations and network. They had possible inside information which allowed them to target certain cables and transformers that are vulnerable.

**Non-Executive Directors:** M Kharodi (Chairperson of the Board), M Kekana, N Kgope, W Mathamela, S Mlauzi, P Mokhele, N Mtembu, S Nkwanyana, M Seopela, M Qhomane

**Executive Directors:** T Mashava (Chief Executive Officer), R Sadiki (Chief Financial Officer) - Company Secretary: M Smith

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Between July 2024 and February 2025, we arrested 279 suspected criminals, including 11 of our own employees. Three of them have already been dismissed as part of a broader strategy to clean house and bolster the security of essential services. Over the weekend, two more suspects were apprehended, including one of our contracts

The two men were nabbed on Friday, 14 March 2025 along Rifle Range Road. The suspects, aged 37 and 52, were discovered opening an electrical supply pillar box without valid authorisation or necessary documentation, including job cards or wayleaves. One of the individuals was in possession of a City Power access card, while the other had no identification. Verification by the Project Area Manager confirmed that neither suspect had permission to be on site. The pair was handcuffed and handed over to the local police station where they were charged with a case of tampering with essential infrastructure. This arrest is part of a sustained crackdown that has seen City Power, in collaboration with law enforcement agencies, intensify efforts to dismantle syndicates targeting Johannesburg's energy infrastructure, marking a 99% increase in arrests compared to the same period last year.

"It's clear that the collusion between contractors and employees even extends beyond the scope of our investigation. We believe that they collaborate with some of these syndicates that are destroying our network and causing untold damage to the economy of the city.

Meanwhile, the outcomes of the forensic probe which unearthed financial irregularities and fraud comes at the back of a report from the Auditor-General which previously flagged financial and operational inefficiencies within municipal-owned entity, emphasising the urgent need for accountability and governance improvements. We are reviewing our internal control environment to ensure that the gaps that were flagged by the AG and the recent investigation are closed to avoid recurrence. City Power is committed to ensuring that every cent is accounted for and spent correctly for the benefit of Johannesburg residents.

"The net is closing in on all internal collaborators who are actively contributing towards reversing the gains we have made in trying to improve the quality of services to the residents of Johannesburg. We are sending a strong message to anyone who thinks they can manipulate the system—we are coming for you. Whether you are an employee or a contractor, if you are found to be engaging in fraudulent activities, you will face the consequences," Mashava warned.

City Power is also cooperating with law enforcement agencies to ensure that criminal elements are dealt with swiftly. The utility will not hesitate to take further legal action against any individuals or entities found implicated in any corrupt activities. It is worth noting that the Board at City Power is supportive of executives' actions against corruption and have welcomed the developments thus far. A final report will be presented to the Board when the investigation has been finalized.

"We are committed to restoring trust in City Power and ensuring that the public knows we are actively cleaning up the rot within the entity. Those who have stolen from the company have stolen from the people of Johannesburg, and that is unacceptable," Mashava concluded.

**ISSUED BY CITY POWER**  
**Isaac Mangena, General Manager**  
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