



FINAL REPORT

to the President in terms of section 4(1)(f) of the Special Investigating Units and Special Tribunals Act No. 74 of 1996 In Re: Investigation into the procurement of, or contracting for goods, works and services, including the construction, refurbishment, leasing, occupation and use of immovable property, during, or in respect of the National State of Disaster, as declared by Government Notice No. 313 of 15 March 2020, by or on behalf of the State Institutions

Proclamation No R23 of 2020

23 July 2020 to 30 September 2021

10 December 2021



DISTRIBUTION LIST

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| Copy 1 of 2 | Mr Matamela Cyril Ramaphosa: The Honourable President of the Republic of South Africa |
| Copy 2 of 2 | Advocate JL Mothibi: Head of the Special Investigating Unit |

CONFIDENTIAL

EXECUTIVE SUMMARY

The SIU is honoured to now present the final report to His Excellency, President Matamela Cyril Ramaphosa in terms of section 4(1)(g) of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996) (“the SIU Act”) pursuant to the publication of Proclamation R23 of 2020 (“the Proclamation”)

On 23 July 2020, and with the publication of the Proclamation the President referred certain allegations of impropriety in connection with the affairs of all State institutions (as defined in the SIU Act) to the SIU and provided the SIU with its terms of reference, which are fully set out in the Schedule to the Proclamation.

The investigation spans primarily the period 1 January 2020 and 23 July 2020 (i.e. the date of publication of the Proclamation), but also authorises investigations into matters which took place prior to 1 January 2010 or after 23 July 2020, but are relevant to, connected with, incidental or ancillary to the matters mentioned in the Schedule to the Proclamation or involve the same persons, entities or contracts investigated under authority of the Proclamation.

The Proclamation further specifically tasked and authorised the SIU to exercise or perform all the functions and powers assigned to, or conferred upon it by the SIU Act, including the recovery of any losses suffered by State Institutions or the State, in relation to the said matters in the Schedule to the Proclamation.

In terms of the SIU Act, as read with Proclamation No. R118 of 2001 and the Proclamation, among the matters that the SIU was required to investigate were:

Any alleged –

- a) serious maladministration in connection with the affairs of the State Institutions;
- b) improper or unlawful conduct by officials or employees of the State Institutions;
- c) unlawful appropriation or expenditure of public money or property;
- d) unlawful, irregular or unapproved acquisitive act, transaction, measure or practice having a bearing upon State property;
- e) intentional or negligent loss of public money or damage to public property;
- f) offence referred to in Parts 1 to 4, or section 17, 20 or 21 (in so far as it relates to the aforementioned offences) of Chapter 2 of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004) (“PaCoCA Act”) and which offences were committed in connection with the affairs of the State Institutions; or

- g) unlawful or improper conduct by any person, which has caused or may cause serious harm to the interests of the public or any category thereof,

in relation to following matter(s) as envisaged in the Schedule to the Proclamation, which took place between 1 January 2020 and 23 July 2020 (i.e. the date of publication of the Proclamation) or which took place prior to 1 January 2020 or after 23 July 2020, but is relevant to, connected with, incidental or ancillary to the matters mentioned in the Schedule or involve the same persons, entities or contracts investigated under authority of the Proclamation:

1. The procurement of, or contracting for, goods, works and services, including construction, refurbishment, leasing, occupation and use of immovable property, during, or in respect of the national state of disaster as declared by Government Notice No. 313 of 15 March 2020, by or on behalf of the State Institutions and payments made in respect thereof in a manner that was—

- a) not fair, competitive, transparent, equitable or cost-effective;

- b) contrary to applicable—

(i) legislation;

(ii) manuals, guidelines, practice notes, circulars or instructions issued by the NT or the relevant Provincial Treasury; or

(iii) manuals, policies, procedures, prescripts, instructions or practices of or applicable to the State Institutions;

- c) conducted by or facilitated through the improper or unlawful conduct of—

(i) employees or officials of the State Institutions; or

(ii) any other person or entity,

to corruptly or unduly benefit themselves or others; or

- d) fraudulent,

and any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the State Institutions or the State.

2. Any improper or unlawful conduct by the officials or employees of the State Institutions or any other person or entity, in relation to the allegations set out in paragraph 1 above, including the causes of such improper or unlawful conduct and any loss, damage or actual or potential prejudice suffered by the State Institutions or the State.

Section 4(1)(f) of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996) (“the SIU Act”) provides that among the functions of the Special Investigating Unit (“SIU”)

are, from time to time as directed by the President, to report on the progress made in the investigation and matters brought before the Special Tribunal or any court of law.

When the Proclamation was issued, the President directed the SIU to report to him on a six weekly basis regarding the progress of the investigation. To date the SIU has submitted six individual progress reports and one interim report to the Presidency. The reports were submitted on the following dates:

- 1st progress report covered the period 24 July 2020 to 28 August 2020 and was submitted on 1 September 2020;
- 2nd progress report covered the period 29 August 2020 to 2 October 2020 and was submitted on 14 October 2020;
- 3rd progress report covered the period 6 October 2020 to 17 November 2020 and was submitted on 25 November 2020;
- Interim report covered the period 23 July 2020 to 31 January 2021 and was submitted on 26 February 2021;
- 4th progress report covered the period 22 February 2021 to 16 April 2021;
- 5th progress report covered the period 17 April 2021 to 31 May 2021; and
- 6th progress report covered the period 1 June 2021 to 9 July 2021.

1. Number of contracts deemed to be under investigation by the SIU

The total number of PPE contracts awarded for Covid-19 related services that were under investigation by the SIU was **5 468**. These contracts were awarded to **3 067** service providers. The value of the contracts was R15 451 534 105.

| Number of contracts deemed to be under investigation by the SIU | | | |
|--|---------------------------------|--|--|
| Contracts' Investigation Status | No. of Service Providers | No. of Contracts awarded to service providers | Value of contracts awarded to service providers |
| Finalised | 2 591 | 4 504 | R14 489 873 576 |
| Ongoing | 476 | 964 | R961 660 529 |
| Total | 3 067 | 5 468 | R15 451 534 105 |

2. Final number of contracts under investigation by the SIU

In preparation for the final report a full reconciliation was done in respect of the number and value of the total number of PPE contracts awarded for Covid-19 related services under investigation by the SIU. The difference before and after the reconciliation done is because of an allegation that was received in the KwaZulu-Natal province in respect of the KwaZulu-Natal Department of Education. The allegation was received in respect of Rand Water and the value of the contract was estimated to be R1 148 000 000. After their investigation the KwaZulu-Natal investigation team determined that the matter was a National matter and referred it to the National investigation team for further action. The National investigation team was already investigating the matter but the actual value of the contract was only R244 526 234.

After the above reconciliation the final number of contracts under investigation is **5 467**. These contracts were awarded to **3 066** service providers. As a percentage of the number of the contracts under investigation, 82% of these contracts have been finalised and 18% are currently ongoing.

| Final number of contracts under investigation by the SIU after reconciliation completed | | | | |
|--|---------------------------------|--|--|--|
| Contracts' Investigation Status | No. of Service Providers | No. of Contracts awarded to service providers | Value of contracts awarded to service providers | Percentage of the number of contracts |
| Finalised | 2 590 | 4 503 | R13 341 873 576 | 82% |
| Ongoing | 476 | 964 | R961 660 529 | 18% |
| Total | 3 066 | 5 467 | R14 303 534 105 | 100% |

The percentage of finalised matters is 82% however there were matters that were classified as new matters because the investigation into these matters only started after 1 May 2021 and it was anticipated that they would not be completed by 31 August 2021. The finalised matters and the ongoing matters are further shown as existing and new to reflect the actual percentage of the number of contracts completed.

| Final number of contracts under investigation by the SIU that were expected to be completed by 31 August 2021 | | | | |
|--|---------------------------------|--|--|--|
| Contracts' Investigation Status | No. of Service Providers | No. of Contracts awarded to service providers | Value of contracts awarded to service providers | Percentage of the number of contracts |
| Finalised | 2 264 | 4 138 | R12 660 903 417 | 99.9% |
| Ongoing | 2 | 2 | R4 602 505 | 0.1% |
| Total | 2 266 | 4 140 | R12 665 505 922 | 100% |

| Final number of new contracts under investigation by the SIU that were expected to be completed after 31 August 2021 | | | | |
|---|---------------------------------|--|--|--|
| Contracts' Investigation Status | No. of Service Providers | No. of Contracts awarded to service providers | Value of contracts awarded to service providers | Percentage of the number of contracts |
| Finalised | 357 | 411 | R705 022 703 | 31% |
| Ongoing | 443 | 916 | R933 005 479 | 69% |
| Total | 800 | 1 327 | R1 638 028 182 | 100% |

It was previously reported that the matters in the above table would be completed by 31 March 2022 and 31 May 2022. These will be included in a supplementary report to this final report at a later date.

The number of contracts that have been finalised where an irregularity or where no irregularity was found is shown below. There were also contracts that were deemed to be out of scope because they fell outside of the mandate of the proclamation and therefore were not investigated.

| Finalised Matters with type of irregularity | | | |
|--|------------------------------------|---|--|
| Irregularity | Number of service providers | Number of contracts awarded to service providers | Value of contracts awarded to service providers |
| No irregularity | 1 313 | 1 655 | R5 313 995 534 |
| Irregularity identified | 1 217 | 2 803 | R7 872 752 561 |
| Out of scope | 91 | 91 | R179 178 026 |
| Total | 2 621 | 4 549 | R13 365 926 121 |

For the contracts that fell outside of the scope of the proclamation the SIU will consider applying for an extension of the proclamation or a new proclamation that covers these matters.

3. Steps Taken

The following outcomes have been achieved to date from inception of the investigation:

| SIU Outcome | Total achieved |
|--|-----------------------|
| Number of matters enrolled in the Special Tribunal | 45 |
| Value of matters enrolled in the Special Tribunal | R2 101 075 696 |
| Number of referrals made for Disciplinary Action against officials | 224 |
| Number of referrals made to the Relevant Prosecuting Authority (NPA) | 386 |
| Number of referrals made for Executive Action | 3 |
| Number of referrals made for Administrative Action (which includes Blacklisting) | 330 |
| Rand value of potential cash and/or assets to be recovered | R551 542 405 |
| Rand value of actual cash and/or assets recovered | R34 266 462 |
| Value of potential loss prevented | R114 203 509 |
| Contracts set aside | R170 413 350 |

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1. BACKGROUND TO THE ISSUANCE OF PROCLAMATION R23 of 2020

On 15 March 2020, the Minister of Co-operative Governance and Traditional Affairs, as designated under section 3 of the Disaster Management Act, No. 57 of 2002, declared a national state of disaster having recognised that special circumstances exist to warrant the declaration of a national state of disaster.

The Minister’s decision was informed by consideration of the magnitude and severity of the Covid-19 outbreak which had been declared a global pandemic by the World Health Organisation and classified as a national disaster by the Head of the (South African) National Disaster Management Centre.

Emergency procurement measures were subsequently implemented by the National Treasury (“NT”). A brief exposition of such measures is set out in the section of this Report which deals with the regulatory framework that is applicable to the matters under investigation.

Pursuant to the declaration of the national state of disaster, the allegations mentioned herein were reported to the SIU.

The allegations upon which the SIU’s motivation for a proclamation was based emanated from:

- a) the Director-General (“DG”) in the Office of the Premier (“OTP”), Gauteng;
- b) whistle-blowers whose identities are known to the SIU; and
- c) anonymous whistle-blowers via the SIU whistle-blowing hotline.

The allegations involved certain affairs of state institutions in the national, provincial and local spheres of government in relation to the procurement of goods, works or services in response to the Covid-19 pandemic.

The allegations reported to the SIU involved the procurement of Personal Protection Equipment (“PPE”), hospital and quarantine sites, catering services (food parcels), ventilators, disinfecting equipment and motorized wheelchairs.

It was alleged that-

- a) suppliers/service providers were paid in the absence of proof of delivery;
- b) duplicate payments were made to suppliers/service providers;
- c) suppliers/service providers did not have valid tax clearance certificates or were otherwise not tax compliant;
- d) PPE were procured at exorbitant prices; and
- e) officials disqualified legitimate service providers and replaced them with entities belonging to their friends and/or family.

In summary, it appeared that the procurement did not comply with section 217(1) of the Constitution of the Republic of South Africa, 1996 (“Constitution”) as well as the applicable measures announced by the NT in relation to procurement undertaken by state institutions in response to the Covid-19 pandemic.

After careful consideration and assessment of the allegations, the SIU applied to the President for a proclamation to investigate maladministration and corruption regarding procurement by all state institutions across all three tiers of government, in response to the Covid-19 pandemic.

2. SIU’S MANDATE

2.1. KEY OBJECTIVES

The objectives of the investigation are as follows:

- Review compliance with the prescribed legislation, policies, procedures, directives and other relevant or applicable prescripts in respect of the procurement of goods and services by the State Institutions in response to the national state of disaster.
- Identify irregular/unlawful conduct on the part of the officials or employees of the State or any other person.
- Collect lawfully admissible evidence to institute civil proceedings to:
 - set aside contracts awarded by the State Institutions, if appropriate;

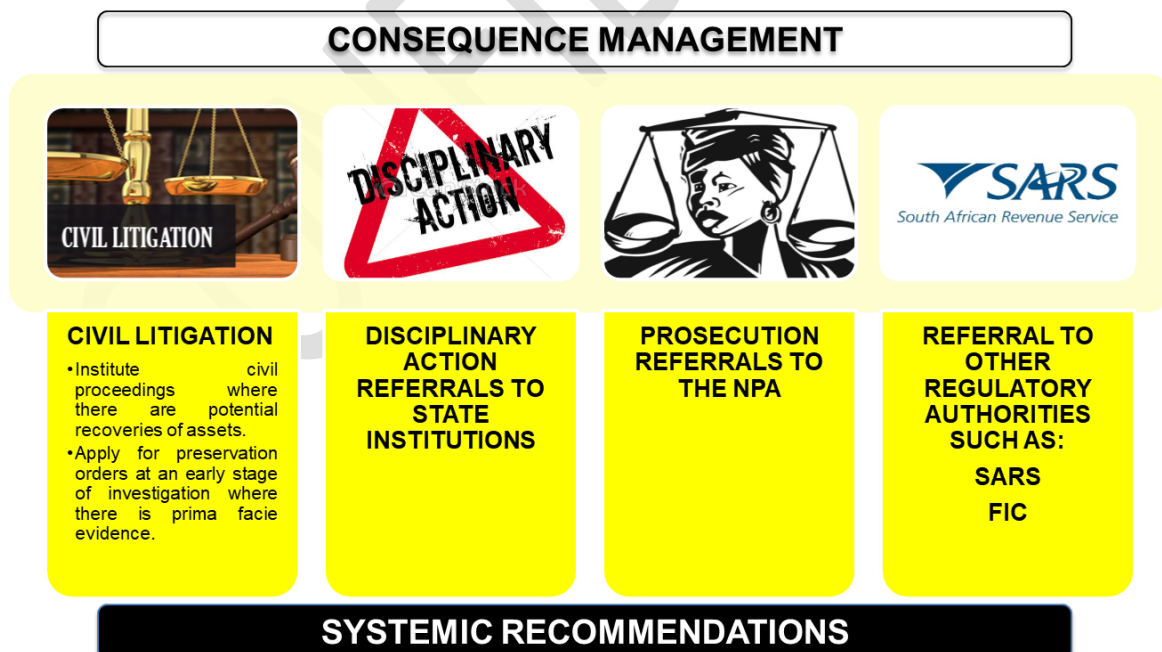
- recover public money that was not due, owing or payable in respect of the procurement process that was followed by the State Institutions; and/or
- prevent further losses to the State.
- Refer such evidence for the institution of appropriate disciplinary, administrative, executive and/or criminal proceedings against complicit parties.
- Provide recommendations on improvements of systemic weaknesses identified.

2.2. KEY DELIVERABLES

The deliverables of the investigation are as follows:

- To investigate allegations pertaining to the procurement of goods and or services.
- To institute civil proceedings in the Special Tribunal for the recovery of losses and/or the prevention of further losses.
- To refer evidence in respect of criminal, administrative, executive and/or disciplinary action, and to make systemic recommendations.
- To compile and submit progress Reports and a final Report to the President in respect of the investigation conducted.

The key outcomes, which are underpinned by the need to ensure consequence management, may be illustrated as follows:



2.3. INVESTIGATION METHODOLOGY

The SIU investigation methodology includes the following:

- A review of all legislative prescripts governing the areas under investigation;
- The collection of documents utilizing the powers as set out in sections 5 and 6 of the SIU Act;
- A review of all applicable documents against the legislative prescripts;
- Interviews with keys witnesses, officials and whistle blowers;
- Conducting site visits;
- Obtaining computer forensic evidence through Cyber Forensic;
- Conducting Data analytics and searches on available data bases
- Quantification of losses for recovery/prevention of future losses through forensic accounting analysis.

3. REGULATORY FRAMEWORK

The measures applicable to procurement by State institutions may be divided into two broad categories:

- Those applicable to State institutions in general under “normal” circumstances.
- Those applicable to State institutions when they cannot procure my means of their normal procurement processes, and where they have to procure under the emergency circumstances resulting from the declaration of a national state of disaster on 15 March 2020.

Since the declaration of the national state of disaster, the NT has put certain measures in place to further regulate public sector procurement.

These additional measures include the issuance of a communication on 25 March 2020 to all Accounting Officers and Accounting Authorities advising that no new tenders be issued during the national lock-down period so as not to deprive a prospective bidder of the opportunity to be able to respond to such tender.

The communication, referred to above, was superseded by a further communication dated 5 May 2020, which provided, *inter alia*, that new bids could be issued during the lock-down period, but that such was required to be done in a manner that ensured that no prospective bidder was deprived of the opportunity to be able to respond to such tender, and without contravening the other lock-down restrictions such as social distancing etc.

This was to ensure that public procurement, under the circumstances, remains fair, equitable, transparent, competitive and cost-effective, as required by section 217(1) of the Constitution.

Further measures include the issuing of:

- a) Regulation 9 of the Disaster Management Regulations of 18 March 2020 stated that emergency procurement is subject to the Public Finance Management Act, 1999 (Act No. 1 of 1999) (“PFMA”), and the applicable emergency provisions in the Regulations or Instructions made by NT.
- b) NT Instruction No. 08 of 2019/2020: Emergency Procurement in response to National State of Disaster (“Practice Note No. 08 of 2019/2020”), which applied from 19 March 2020 to 14 April 2020. Practice Note No. 08 of 2019/2020 was repealed by NT Instruction No. 3 of 2020/21 – see paragraphs (c) and (l) below.
- c) NT Instruction No. 3 of 2020/21, dated 15 April 2020 (“Practice Note 3 of 2020/2021”) purportedly applied from 15 April 2020 to 27 April 2020. Practice Note 3 of 2020/2021 was repealed by Practice Note No. 5 of 2020/2021 – see paragraphs (d) and (m) below.
- d) NT Instruction No. 5 of 2020/2021, dated 28 April 2020 (“Instruction No. 5 of 2020/2021”) (as amended and supplemented from time to time) applied from 28 April 2020 to 31 August 2020. Instruction No. 5 of 2020/2021 was repealed by NT Instruction No. 11 of 2020/21.
- e) An Amendment to Instruction No. 5 of 2020/2021 “*Update of Price List and Supplier List*” dated 20 May 2020 (“Amendment to Instruction No. 5 of 2020/2021”) – see paragraph (o) below.
- f) NT Instruction No. 7 of 2020/21 “*Preventative measures in response to the Covid-19 pandemic that resulted in the national state of disaster*”, dated 26 May 2020 (“Instruction No. 07 of 2020/2021”) applied as from 1 June 2020 – see paragraph (p) below.
- g) GNR. 448 of 3 April 2020: Tribunal Rules for Covid-19 Excessive Pricing Complaint Referrals (Government Gazette No. 43205), which were issued by Ebrahim Patel, Minister of Trade, Industry and Competition in consultation with the Chairperson of the Competition Tribunal and in terms of section 27(2) of the Competition Act, 1998 (Act No. 89 of 1998) (“Competition Commission Excessive Pricing Regulations”). In terms of this notice, Regulations were issued relating to the functions of the Competition Tribunal – see paragraph (q) below.
- h) MFMA Circular No. 100 is dated 19 March 2020 (emergency procurement in response to Covid-19 pandemic) gave directives to Accounting Officers of Municipalities and Municipal entities to facilitate emergency procurement to deal with Covid-99 and to avoid the abuse of the supply chain management system to deal with the Disaster. It

applied from 19 March 2020 to 14 April 2020 when it was replaced by MFMA Circular 101.

- i)** MFMA Circular 101 (Covid-19 bulk central procurement strategy for government institutions). Its purpose was to advise municipalities and municipal entities disaster management central emergency procurement process for PPE that may be implemented by accounting officers. It had to be read in conjunction with Circular 100. It states that it updates and replaces circular 100. It applied from 14 April 2020 to 5 May 2020 when it was repealed by MFMA Circular 102.
- j)** MFMA Circular 102. The specific purpose of this Circular is to advise of emergency procurement procedures of Covid-19 PPE items and cloth masks for ease of supply by small, medium and micro enterprises (SMMEs) and create an environment for stimulation of local supply and manufacturing. It applied from 5 May 2020. It is stated in the circular that it served to withdraw Circulars 100 relating to Emergency Procurement in Response to Covid-19 Pandemic, and MFMA 101 relating to Covid-19 Bulk Central Procurement Strategy for Government Institution.
- k)** MFMA Circular 103 was signed on 27 May 2020 (Preventative Measures in Response to the Covid-19 pandemic that resulted in the National State of Disaster. It took effect from 1 June 2020.
- l)** Practice Note No. 08 of 2019/2020 applied from 19 March 2020 to 14 April 2020. In terms of this practice note:

 - NT sought to regulate prices in order to avoid uncompetitive and inflated pricing, including price gouging (see Annexure “A” dated 19 March 2020).
 - Furthermore, the use of transversal contracts (as supplemented by additional PPE related items that were added by NT based on written quotations) for procuring items related to Covid-19 relief measures was prescribed in order to assist with Pre-negotiated prices based on economies of scale; Security of supply; and Preventing rogue and panic buying.
 - Any items not listed in Annexure A: Table 1 or Table 2 of Practice Note No. 08 of 2019/2020 cannot be procured under the Transversal Contract or the special arrangements made between the NT and the suppliers, in such cases, the State institutions had to:
 - Apply the normal Supply Chain Management (“SCM”) processes, which may include a SCM Deviation under Regulation 16A6.4 of the Treasury Regulations. In this regard, it must be emphasised that the emergency procurement provisions

as contained in Regulation 16A6.4, as read with SCM Instruction Note 3 of 2016/17¹ and NT Practice Note No. 8 of 2007/2008² had to be complied with.

- Report to the relevant Treasury within 30 days, any emergency procurement done.
- In as far as the State institutions can procure such items or any item listed in Annexure “A” under any existing contracts (including Facilities Management Contracts):
 - The State institutions or the relevant Treasury is still bound by the terms and conditions of such existing contracts – i.e. they can and must still order under such existing contracts.
 - NT waives the prescripts of Paragraph 9.2 of the NT SCM Instruction Note 3 of 2016/17 “*Preventing and Combating abuse in the Supply Chain Management System*”, dated 19 April 2016 (“SCM Instruction Note 3 of 2016/17”).
 - As such, the State institutions can vary/expand those contracts to a contract value in excess of 15 % of the original contract value or R15 million (whichever is the lesser amount), when purchasing any items related to Covid-19.
- Furthermore, the State institutions may approach any other supplier to obtain quotes and may procure from any such supplier on condition that:
 - The items are according to the minimum Specifications as determined by the National Department of Health (“DoH”);
 - The prices are equal to or lower than the prices set out in Annexure “A”; and

¹ In terms of paragraph 8 of SCM Instruction Note 3 of 2016/17, an Accounting Officer “must only deviate from inviting competitive bids in cases of emergency and sole supplier status”. Furthermore, emergency procurement may be invoked “when there is a serious and unexpected situation that poses an immediate risk to health, life, property or environment which calls an agency to action and there is insufficient time to invite competitive bids”. In addition, sole source procurement may occur when there is evidence that only one supplier possesses the unique and singularly available capacity to meet the requirements of the institution. The Instruction Note goes on to provide that the Accounting Officer must invite as many suppliers as possible and select the preferred supplier using the competitive bid committee system. Lastly, any other deviation will be allowed in exceptional cases subject to the prior written approval from the relevant treasury.

² Practice Note 8 of 2007/2008, issued on 29 November 2007, amplifies Practice Note 6 of 2007/2008 which was issued on 18 April 2007. Practice Note 6 deals with the procurement of goods and services by means other than through the invitation of competitive bids. It points out the following. First, the deviation permitted under Treasury Regulation 16A6.4 is “*intended for cases of emergency where immediate action is necessary or if the goods and services required are produced or available from sole service providers*”. Second, government institutions have abused it in order to circumvent the required competitive bidding process. Third, lack of proper planning by departments does not constitute a reason for dispensing with the prescribed bidding processes. Fourth, accounting officers and authorities are accordingly directed to ensure that Treasury Regulation 16A6.4 is “*utilized strictly to procure goods and services of critical importance and only in specific cases when it is impractical to invite competitive bids.*” To ensure compliance, Practice Note 6 henceforth requires accounting officers and authorities to report, within ten days to the relevant Treasury and the Auditor-General, all cases where goods and services above R 1 million were procured in terms of Treasury Regulation 16A6.4. The report must include the description of the goods or services, the names of the suppliers, the amounts involved and the reasons for dispensing with the prescribed bidding processes.

- The supplier is registered on the Central Supplier Database (“CSD”).
- Practice Note No. 08 of 2019/2020 was repealed by NT Instruction No. 3 of 2020/21 – see paragraph (m) below.
- m)** Practice Note 3 of 2020/2021 purportedly applied from 15 April 2020 to 27 April 2020. In terms of this practice note:
 - As the pandemic impacts both the public and private sectors, it was imperative to collaborate and join forces. Thus, a decision for a public and private sector central procurement strategy was made at the National Joint Operations and Intelligence Structure (“NATJOINTS”). The NATJOINTS accepted voluntary support from Business South Africa (“BSA”) to provide the services of Imperial Health Sciences (“IHS”) as the Central Implementing Agent for the public and private sector to utilise its logistical expertise and capabilities on a non-profit basis.
 - It is also important that Government sets the maximum price per product it will pay. In the current disaster environment, which is more akin to a war situation with serious shortages and where rationing and price controls may be required. The National DoH and the NT Procurement Team determines the prices that Government will pay for products (revised and updated Annexure “A”).
 - In terms of Practice Note 3 of 2020/2021, the needs of the State institutions would be submitted to the National DoH and the NT Procurement Team, who will do the forecasts and identify the Net requirement of supplies. The Procurement Team approaches the Solidarity Fund for funding.
 - A Purchase Requisition from the Procurement Team and approval of funding from the Solidarity Fund is sent to the IHS as the Central Implementing Agent. The IHS will execute the Purchase Order (“PO”) to the Approved SA Suppliers and/or Approved Global Suppliers (i.e. placing the order with such suppliers).
 - The Approved Suppliers will deliver the goods to the IHS Warehouse, where the IHS will receive and inspect the goods received.
 - The Solidarity Fund will provide working capital to the IHS – who is working on a non-profit basis.
 - The Approved Suppliers will invoice the IHS and the IHS will make payment of such invoices to the Approved Suppliers.
 - The goods will be stored, warehoused and distributed (including transport to state institutions) by IHS on a non-profit basis. All incoming stock of PPE items are centrally warehoused at IHS and proper inventory management is maintained. Ordering

government institutions will receive products at specified delivery addresses, check goods against the order and sign the 'Proof of Delivery' note.

- IHS will invoice and recover the cost of the goods (on a non-profit basis) from the State institutions that placed the original Order Requisitions or from the State institutions that received the goods. Such recovered funds must be redeposited with the Solidarity Fund or used as working capital by IHS.
- The National DoH and NT Procurement Team will execute bulk procurement orders on behalf of the State from both local and global suppliers. The IHS will only execute orders on instructions from the National Department of Health and NT Procurement Team.
- All local suppliers have been invited through a NT Media Statement to provide their details and Covid-19 related health products, based on specifications provided by the National DoH to a central e-mail address.
- If an item or service is not covered in Practice Note 3 of 2020/2021, and is considered to be a specific requirement for the State institution to combat Covid-19, the emergency procurement prescripts may be followed.
- Where a State institution already has a contract (including a Facilities Management Contract) in place, or order placed in terms of Practice Note No. 08 of 2019/2020 for the same items listed in this Treasury Instruction, the State institution must honour these contracts or orders. Contracts may be expanded or varied by up to 15 % of the original contract value or R15 million (whichever is the lesser amount). However, the State institutions must not pay prices in excess of the prices provided for in Annexure "A".
- State institutions may approach [presumably only if the item or service is not covered by Practice Note 3 of 2020/2021] any other supplier to obtain quotes and may procure from such supplier on condition that:
 - the items are to the specifications as determined by the National DoH;
 - the prices are equal or lower than the prices in Annexure "A"; and
 - the supplier is registered in the CSD.
- According to NT: *"Mis information about the process, issues of local participation and process followed in appointing the private sector service provider, interference by interest parties and negative media publicity made this approach impossible to implement"*.
- Notwithstanding the statement by NT, as set out above, and the fact that the SIU found no proof of any goods having been procured under Practice Note 3 of 2020/2021 by the Gauteng DoH, the National DoH informed the SIU that:

- Practice Note 3 of 2020/2021 was in fact implemented and used by a number of State institutions in other provinces;
- IHS and BSA diligently performed quality assurance test via reputable Laboratories and Clinicians in respect of all goods procured by IHS for the State; and
- Goods to the value of approximately R1.1 billion were procured by IHS, which was later changed into a donation by BSA, who has or is in the process of refunding all such payments to the State institutions concerned.
- Practice Note 3 of 2020/2021 was repealed by Practice Note No. 5 of 2020/2021, see paragraph (n) below.
- n)** Instruction No. 5 of 2020/2021 (as amended and supplemented from time to time) applied from 28 April 2020 to 31 August 2020. In terms of this practice note:
 - The State institutions must comply with the normal procurement prescripts. However, Covid-19 will qualify as ‘emergency’ and procurement may be done in terms of a SCM Deviation as envisaged in Regulation 16A6.4 of the Treasury Regulations.
 - All the prescripts applicable to SCM Deviations must be complied with, including reporting within 10 working days any purchases above R1 million (Inclusive of VAT) to the relevant Treasury and the Auditor General of South Africa (“AGSA”).
 - SCM Deviations do not require prior approval by the relevant Treasury.
 - Extension of downstream contract price variations: Previous threshold of 15 % of the original contract value or R15 million (whichever is the lesser amount) may be increased for the national state of disaster to 25% of the original contract value or R25 million (whichever is the lesser amount), but only in respect of goods or services relevant to the national state of disaster. Any contract variations or increases above these thresholds may only be done with the prior written approval of the relevant Treasury.
 - During the national state of disaster, the supply of PPE items will be open to all suppliers, who can deliver PPE to the specification level.
 - NT has prescribed:
 - Minimum specifications for PPE goods and cloth masks. The Specifications for the PPE are set out in Annexure “B” to Instruction No. 5 of 2020/2021; and
 - Maximum prices per item for PPE goods and cloth masks, as set out in an updated and revised Annexure “A” to Instruction No. 5 of 2020/2021.
 - Paragraph 4.6 of Instruction No. 5 of 2020/2021 states that the State institutions may approach any supplier to obtain quotes and may procure from any such supplier on condition that:

- The items are according to the minimum Specifications (i.e. those of Annexure “B” to Instruction No. 5 of 2020/2021);
- The prices are equal to or lower than the maximum prices prescribed by Annexure “A” to Instruction No. 5 of 2020/2021; and
- The supplier is registered on the CSD or any other database approved by NT.
- “For the cloth masks, only suppliers that are registered with the Department of Small Business Development and are registered on CSD will be considered. The details of these suppliers will be updated and published on the NT Website on a weekly basis” [Emphasis added]. This requirement seemed to have applied until 20 May 2020, when registration on the Small Business Development database was removed as a requirement, because their prices were higher than what was available in the market.
- If a State institution or the relevant Treasury has any existing contracts (including Facilities Management contracts) in place for the supply of PPE items, as listed in Annexure “A” to Instruction No. 5 of 2020/2021, then the State institution or the relevant Treasury is still bound by the terms and conditions of such existing contracts – i.e. they can and must still order under such existing contracts.
 - However, the State institution or relevant Treasury may not pay any price higher than the maximum price, as prescribed by Annexure “A” to Instruction No. 5 of 2020/2021 – except for an allowed deviation of 10 % more than the maximum price prescribed in Annexure “A” (but obviously only if the contract price is higher than that prescribed by Annexure “A”).
 - In addition, the increase to variations to the existing contract value would most probably also be allowed to the 25 % or R 25 million (whichever is the lesser amount).
- The State institutions may order PPE and other items provided for under any existing Transversal contracts that were arranged by NT or the relevant Treasury, even where the State institutions have not yet received permission to participate in such Transversal contracts.
 - Furthermore, even where the State institutions are already participating in a Transversal contract, the State institutions are not bound only to order PPE from under such a Transversal contract, but the State institutions can also procure PPE by other procurement means (this would normally not have been allowed).
 - However, the State institutions may not pay any price higher than the maximum price, as prescribed by Annexure “A” to Instruction No. 5 of 2020/2021, except for an allowed deviation of 10 % more than the maximum price prescribed in

Annexure “A”, but obviously only if the contract price is higher than that prescribed by Annexure “A”.

- Instruction No. 5 of 2020/2021 was repealed by NT Instruction No. 11 of 2020/21 with effect from 1 September 2020, but only in respect of new Letters of Commitment or Purchase Orders (POs) placed – old Letters of Commitment or POs must be processed under then applicable Practice note(s).
- o) An Amendment to Instruction No. 5 of 2020/2021 “*Update of Price List and Supplier List*” dated 20 May 2020. As from 20 May 2020, NT:
 - Issued an updated or revised fixed maximum price list for all PPE (Annexure “A” to Amended Instruction No. 5 of 2020/2021); and
 - Issued a directive of the required Local Contents (in terms of NT Instruction dated 16 July 2012) in respect of a number of PPE – most of which required 100 % Local content, while Furniture, beds and mattresses required 90 % Local content.
- p) Instruction No. 07 of 2020/2021 applies as from 1 June 2020. In terms of this practice note:
 - Emergency requirements may be addressed through the emergency procurement provisions as stipulated in Regulation 16A6.4 of the Treasury Regulations and NT Instruction 3 of 2016/17 and Instruction No. 07 of 2020/2021 reiterated the contents of Instruction No. 5 of 2020/2021.
 - o Accounting Officer must only deviate from inviting competitive bids in cases of emergency and sole supplier status. These deviations do not require the approval of the relevant treasury.
 - o Emergency procurement may occur when there is:
 - a serious and unexpected situation that poses an immediate risk to health, life, property or environment; and
 - insufficient time to invite competitive bids.
 - o The emergency procurement provisions provide for Accounting Officer to procure the required goods or services by other means, such as price quotations or negotiations in accordance with Regulation 16A6.4 of the Treasury Regulations. The reasons must be recorded and approved by the Accounting Officer or his/her delegate.
 - o Paragraph 3.4.3 of NT Practice Note No. 8 of 2007/08, requires Accounting Officer to report within 10 working days to the relevant treasury and the AGSA all

cases where goods and services above the value of R1 million (VAT inclusive) were procured in terms of Regulation 16A6.4 of the Treasury Regulations.

- Emergency procurement must be limited to goods, services and works that addresses the programme of preventing the spread of the Covid-19 virus.
- Accounting Officer must ensure that audit of emergency transactions is made a priority to provide assurance on the value for money spent during emergency operations and to identify actions to strengthen controls in emergency transactions.

q) Competition Commission Excessive Pricing Regulations applies during the national state of disaster. In terms of these Regulations:

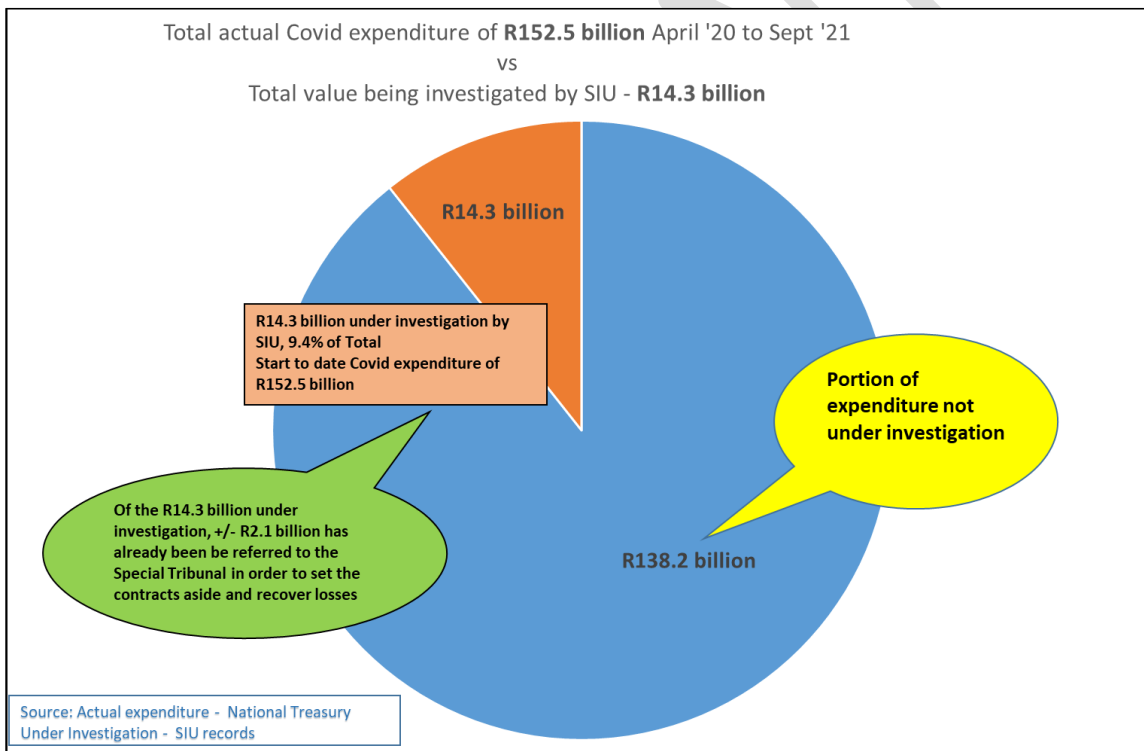
- The purpose of these Regulations is to provide for Competition Tribunal rules regulating complaint referrals for alleged contraventions of section 8(1)(a) of the Competition Commission Act, as read with Regulation 4 of the Consumer Protection Regulations, the National Disaster Management Regulations and the relevant Directions, during the period of the declaration of a National State of Disaster in respect of Covid-19.
- Regulation 3 states that “...*Subject to subrule 3.4, these Rules shall be of no force or effect when the Covid-19 outbreak is declared to no longer be a national disaster. Unless the Tribunal directs otherwise, these Rules will apply to any complaint referral that has commenced before the Covid-19 outbreak is declared to no longer be a national disaster*”.
- Regulation 5 states, *inter alia* that “*A complaint referral for an alleged contravention of section 8(1)(a) of the Act read with Regulation 4 of the Consumer Protection Regulations may be dealt with by the Tribunal on an urgent basis. ... A respondent who wishes to oppose the Complaint Referral must serve a copy of their Answering Affidavit on the Complainant within 72 hours of service of the Complaint Referral. The person who filed the Complaint Referral may serve a copy of their Reply within 24 hours after being served a copy of the Answering Affidavit. The Tribunal shall determine the date and time for the hearing of the complaint referral ...*”
- Regulation 8 states that “*The Tribunal may, inter alia, impose a pricing order on a respondent found to have contravened section 8(1)(a) of the Act. A respondent may apply to appeal or review such a pricing order on an urgent basis to the Competition Appeal Court provided that the pricing order will remain in force unless set aside by the court on appeal or review*”.
- Regulation 8 states that “*The Commission may any time before, during or after an investigation, conclude a consent agreement with a firm in respect of a complaint under s 8 (1) (a) in full and final settlement of the matter, including settlement of any civil*

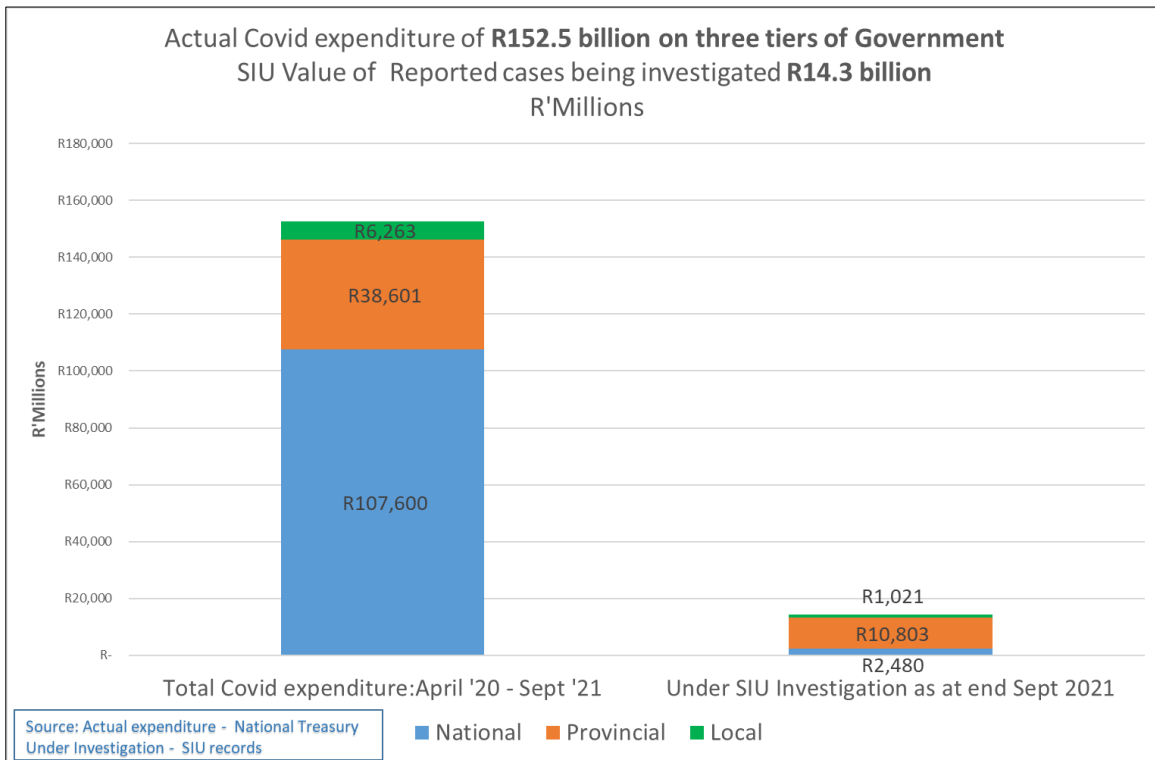
proceedings. The Tribunal may confirm such a consent agreement without hearing any evidence”.

- The Competition Tribunal has imposed significant fines on any suppliers or retailers who sold PPE related goods at excessive prices during the national state of disaster. In one instance a supplier was ordered to pay one and a half times its excessive profit as a fine to the National Revenue Fund. Currently, the Competition Commission deems a profit of 30% as a reasonable profit margin, and any profit in excess thereof is deemed to be *prima facie* excessive, where the supplier or retailer must then prove that its expenditure during the national disaster increased to warrant any such price increases.

The SIU's investigation is thus focused on testing procurement by State institutions after the declaration of the national state of disaster against the regulatory framework mentioned above.

4. RELEVANT EXPENDITURE STATISTICS ON COVID-19





5. LIMITATIONS

| Limitations | Steps Taken |
|--|--|
| <p>Very limited original documentation was created (e.g. a number of aspects were done telephonically) or kept by the State institutions relating to the appointment of service providers for the procurement of PPE. In many instances the SIU received only partial records and had to go back for more comprehensive records. Physical searches for documents were conducted to try and find the documents. The SIU managed to obtain some electronic documents and also obtain some documents from the service providers in order to re-create paper trails. There was also a delay in the</p> | <ul style="list-style-type: none"> • 5(2)(b) and (c) hearings were conducted. • Conducted search seizures in terms of section 6 of the SIU Act. • Physical visits to the State institutions and/or service providers were conducted to obtain documentation. • Requested electronic documentation. • Extensive interviews were conducted to understand the processes followed and recreate the scenario leading to the acquisitions. • Requested documents from suppliers. |

| Limitations | Steps Taken |
|--|--|
| <p>submission of some documents by the State institutions.</p> | <ul style="list-style-type: none"> • Imaging of computers/laptops. • Reasonable attempts were made to obtain all relevant documents and evidence. If additional or new documentation or information is brought to the attention of the SIU after the date of this report and which affects the findings detailed in this report, the SIU reserves the right to amend and qualify its findings accordingly. |
| <p>Destruction of evidence (documentation, hardware devices such as computers and mobile phones were either lost or deleted).</p> | <ul style="list-style-type: none"> • Computers were seized and imaged. • Conducted search seizures in terms of section 6 of the SIU Act. |
| <p>Some of the officials at the State institutions worked on a rotational basis so there were delays in collecting the required documents. Some State institutions also had to close their offices because of Covid-19 infections</p> | <ul style="list-style-type: none"> • Telephonic consultations with witnesses. • Through the interventions of the Administrators in the Provinces, most of the documents were obtained from the state institution. • Conducted section 5(2)(c) hearings in terms of the SIU Act to obtain evidence. • Appointments with affected officials were re-scheduled according to their availability. • Arrange interviews and meetings through MS Teams, use of other electronic means like emails. Where possible members visited employees at home. |
| <p>Unavailability of officials who had to sign off affidavits that had been provided. After the commencement of remedial action by the SIU and as a result of negative media reports, a number of witnesses, who were interviewed,</p> | <ul style="list-style-type: none"> • We continued making referrals based on the IO statements and supporting evidence. |

| Limitations | Steps Taken |
|---|---|
| <p>are now refusing to sign their witness statements.</p> | <ul style="list-style-type: none"> The concerns were resolved through meetings with the affected employees and senior officials of the Department. |
| <p>Unavailability of officials who had to quarantine or were working from home and did not want to have face-to-face interviews. ICT problems made virtual interviews very difficult and in certain instances, such interviews had to be rescheduled.</p> | <ul style="list-style-type: none"> Interviews were conducted at neutral venues and most of the witnesses came to the SIU offices for interviews. Telephonic interviews and virtual meetings were conducted to overcome this challenge Reschedule meetings with officials at their preference and provide alternate dates. |
| <p>Unavailability of witnesses because of Covid-19, specifically staff that had to be interviewed at hospitals. Witnesses and SIU staff also had to quarantine.</p> | <ul style="list-style-type: none"> Interviews were conducted at neutral venues and most of the witnesses came to the SIU offices for interviews. Telephonic interviews and virtual meetings were conducted to overcome this challenge Reschedule meetings with officials at their preference and provide alternate dates. Some urgent meetings and interviews were held over Ms Teams to avoid delays. Where possible members visited witnesses at home. |
| <p>Witnesses fear victimisation and/or feel unsafe and are hesitant to be interviewed, provide statements and/or evidence.</p> | <ul style="list-style-type: none"> Witnesses were allowed to bring their legal representatives and some were sent interview questions which they had to respond to and send it back to the investigating team. |

| Limitations | Steps Taken |
|---|---|
| | <ul style="list-style-type: none"> Protected their identity and requested them to report matter to the SIU and the SAPS if they feel unsafe. Engagements held with the affected witnesses and were advised on their protection in terms of the Protected Disclosure Act and the Witness Protection Act. |
| <p>Unavailability of staff in the banking industry. Most banks operated with skeleton staff because of Covid-19 which delayed the release of bank records that had been requested.</p> | <ul style="list-style-type: none"> Constant follow up were done with bank manager and/or delegated officials. Some bank statements were received and some are still outstanding Appointments with affected bank officials were re-scheduled according to their availability. Regularly communicate with banks/senior management to prioritise requests. The SIU is part of the fusion hub and the Financial Intelligence Centre ("FIC") and they have been instrumental with financial profiling of all relevant service providers. |
| <p>Non-availability of officials to receive and acknowledge receipt of our disciplinary referrals because no face-to-face meetings were allowed at some of the State institutions. Slow action by State Institutions due to Covid-19 on the referrals made.</p> | <ul style="list-style-type: none"> Referrals were sent to the Administrators in the Provinces and/or delegated officials. Accounting officers were contacted to make available alternate officials to receive the hand overs. Arrange with Head of Departments for delivery and receipt. Arrangements were made for delivery of these at alternative locations to avoid delays. |

| Limitations | Steps Taken |
|---|--|
| Information and Communication Technology (“ICT”) problems made virtual interviews very difficult | <ul style="list-style-type: none"> • Interviews were rescheduled when the system were up and running. Arrangements were made with individuals to interview them at a place that was safe and secure. |
| The geographical location of many of the State institutions concerned (e.g. local municipalities etc.) and having to travel extensive distances | <ul style="list-style-type: none"> • Planning and coordinating trips to collect documents and interview witnesses so that all work in a specific direction is covered in one trip. • Delivery was made to those institution irrespective of the distance that had to be travelled. • Projects were pre-planned and travel was grouped into clusters to ensure that one trip achieved several outcomes thus limiting travel. • Virtual meetings were also conducted to minimise travel. • Request assistance from other regions. |
| The riots in KwaZulu-Natal resulted in the SIU KwaZulu-Natal office being unable to conduct interviews and site visits. | <ul style="list-style-type: none"> • The team prioritized other work that needed to be conducted in the investigation and conducted their interviews and site visits once the riots subsided. |
| Death of crucial officials with institutional knowledge | <ul style="list-style-type: none"> • The death of senior officials meant that we could not verify information or evidence against them. Other officials found a scape goat of pinning their actions on the deceased. We relied on the available evidence and documents at our disposal |

| Limitations | Steps Taken |
|---|---|
| | where the deceased person signed or was involved. |
| State institutions reluctant to implement the recommendations | <ul style="list-style-type: none"> • Escalated to the Director-General of the Eastern Cape Province. |

As at the time of the submission of this final report, the SIU's view is that the steps taken to address the limitations were effective and assisted the investigations.

6. OBSERVATIONS

- It appears that persons in positions of authority within Provincial Government believed that the declaration of a 'national state of disaster' meant that all procurement is automatically now conducted on an 'emergency' basis, and without compliance with any of the normal prescripts regulating public sector procurement, but without realising that even 'emergency' procurement must still be conducted in accordance with certain minimum prescripts to ensure (in as far as possible) that such processes remain fair, equitable, transparent, competitive and cost-effective as prescribed by section 217(1) of the Constitution (e.g. to motivate to the Accounting Officer/Authority of the State institution concerned why it is wholly or partially impractical to invite competitive bids, and have that Accounting Officer/Authority record the reason for such impracticality and approve a SCM Deviation in terms of Regulation 16A6.4 of the Treasury Regulations, which must be reported to the relevant Treasury and the AGSA, etc.
- Various officials of Provincial Government:
 - merely rubber-stamped decision taken by; and/or
 - accepted and gave effect to 'unlawful' instructions from, officials more senior than them, which resulted in a complete break-down of the checks and balances protection normally afforded by the principle of 'segregation of duties' (e.g. the first capture the transaction, the second approves the transaction and the third authorises the transaction etc.). Consequently, officials working within support services processed Commitment Letters, Purchase Orders, Invoices and payments without ensuring compliance with normal SCM prescripts and other control measures.

- Furthermore, it appears that certain influential people within Provincial Government do not trust procurement processes undertaken by the National Government (e.g. the procurement processes undertaken by NT to secure Transversal contracts), and hold, in the SIU's respectful considered view, the false, incorrect or unwarranted view that such procurement processes and resulting contracts create monopolies in public sector procurement, which excludes fair opportunity for local, provincial, black empowerment and/or SMMEs (i.e. Small, Medium and Micro Enterprises) suppliers or service providers to compete fairly for such contracts. This perception seemingly resulted in the Provincial Government intentionally:
 - a) avoiding the use of Transversal contracts, as inter alia prescribed by Practice Note 8 of 2019/2020; and
 - b) ignoring the prescripts of Practice Note 3 of 2020/2021, which required from all State institutions to centralize all their procurement within the NT Procurement Team (which comprised of the National Department of Health and the Chief Procurement Officer in NT), as assisted by Business South Africa on a non-profit basis,

which resulted in procurement irregularities and grave loss and prejudice to the Provincial Government and the *fiscus*.
- Bearing in mind that the national state of disaster was declared on 15 March 2020, where after PPE procurement commenced in earnest certain service providers were found to have only been registered on the CIPC during February and March 2020 (and thus would and could not have had demonstrable track records).
- Companies awarded contracts were not registered on the CSD.
- Certain service providers were already in the de-registration process when they quoted and were awarded contracts (their tax status is being verified as this would have impacted on their registration on the CSD).
- The type of goods supplied were not consistent with the nature of the business registered on the CIPC and CSD, i.e. they should not have been requested to quote for the supply of goods or the rendering of services not related to their core business, as set out in their CIPC and CSD records.
- Product specifications were ignored and products that were not suitable for its intended purposes were purchased and in several instances against the advice of experts who expressed opinions on the usefulness of the products.

- Certain companies were awarded BBEE points as level 1 contributors when they in fact did not qualify.
- Many companies were awarded contracts for the supply of PPE, which included certain items that qualified as 'medical devices', in circumstances where such companies did not have the necessary licenses from SAHPRA to import, sell or distribute such medical devices. Furthermore, the prescripts relating to the packaging, transportation and storage of such medical devices were not complied with in many instances.
- Political pressure played a role in the procurement of PPE.
- It appears that the names of the service providers were determined before any SCM process commenced.
- The delivery of substandard and/or PPE that does not comply with the technical specifications contained in the invitation to submit quotations. Furthermore certain PPE were not packed according to predetermined standards.
- There was no attempt to negotiate with suppliers in bringing prices within the thresholds suggested by Treasury. This resulted in overpayment for goods.
- Certain State institutions lacked basic control measures that will establish correct product delivery. In several instances we found under delivery of items or the receipt of incorrect items.
- There appears to be no verification protocols on supplier registration details. This has resulted in several suppliers claiming VAT when they were not registered with SARS as VAT vendors.
- Suppliers using front companies to obtain multiple contracts from a department.
- Cover quoting by officials and suppliers.
- Splitting of bids to meet the quotation and/or delegation threshold.
- Misrepresentation from suppliers by not disclosing their close friendships with officials who were involved in awarding PPE contracts.
- PPE was packaged under a false/forged, cloned label.
- Witnesses provided false information to the SIU.
- Some staff in the State institutions appear to have taken responsibility for the irregularities relating to the PPE procurement instead of Senior Management or Executive Authorities.

- eThekweni Metropolitan Municipality (“EMM”):
 - EMM did not include a copy of the CSD printout which was a requirement in the tender documents. The CSD would have provided proof of the suppliers’ tax status. Alternatively, a copy of the Tax Status screen view or letter was not filed where the service provider supplied a Tax Compliance Status - Pin.
 - EMM did not make structural certificates for the erection of marquees (confirming that the proposed structure will support the loads for which it had been designed) as mandatory requirements during the quotation process, whilst these certificates were legal requirements as prescribed. In some cases, contracts were awarded for the erection of marquees; without ensuring that valid structural certificates were issued by a qualified engineer, thereby compromising the safety of the occupants. EMM as the custodian of the process relating to the legal requirements for the erection of temporary structures, made no attempt ensure that suppliers complied with such legal requirements. No attempts were made to either validate or authenticate the certificates despite legal liability for any potential structural collapse, resting with them. Some structural certificates were found to have been fraudulent.
 - Certificates of Acceptability (“**COA**”) for catering services were found to be either invalid or fraudulent, this despite the fact that EMM were the custodians of the COA’s issued to catering service providers. There was either poor or no proper record-keeping of supporting documentation relating to catering services, particularly in relation to catering for staff and volunteers in contrast to the deviation which was approved for “catering for homeless people” rather than for staff and volunteers. There was no record or list of either staff and/or volunteers that were catered for.
 - Suppliers were found to have not been registered with the South African Health Products Regulatory Authority (“**SAHPRA**”).
- Umdoni Local Municipality (“ULM”):
 - ULM had a poor or improper archiving system which resulted in the SIU experiencing difficulties in obtaining documentation from the Municipality.
 - There was no approval from the Municipal Manager of ULM authorising the section 36 deviations. While ULM ought to have obtained 3 quotes from suppliers for all contracts that were above R200, 000, this did not take place thereby rendering the procurement processes as irregular.

- uMngeni Local Municipality (“uMLM”):
 - uMngeni Local Municipality utilised the Municipal Infrastructure Grant (“MIG”) to fund the contracts awarded to the suppliers under the national state of disaster, without prior approval from the Department of Cooperative Governance and Traditional Affairs (“CoGTA”). In some instances, the Municipal Manager to authorised payments as both the Head of Department and Municipal Manager.
 - Suppliers were found to have not been registered with the SAHPRA.
- The Department of Social Development (“DSD”):
 - DSD did not follow Supply Chain Management (“SCM”) processes in awarding contracts to suppliers.
 - DSD awarded contracts for PPE to some of the suppliers without ensuring that the pricing of PPE was in line with NT Instruction Notes and not market-related. Prices quoted by suppliers were not cross referenced against the pricing regulated by NT.
 - DSD used single sourcing of service providers contrary to the SCM policy.
 - DSD procured blankets while they still had bulk stock on hand.
 - Suppliers awarded contracts in excess of R1 million, were found to have not been registered with South African Revenue Services (“SARS”) as Value Added Tax (“VAT”) vendors.
- Department of Education (“DoE”):
 - The SIU found evidence of collusion and corruption between certain service providers and officials.
 - In some cases, SCM processes were not followed and officials failed to observe due diligence during the processes.
 - NT pricing was ignored and suppliers were awarded contracts despite the pricing of PPE being higher the NT regulated pricing.
 - Non-Covid essential items were found to have been procured thereby incurring fruitless and wasteful expenditure.
 - Suppliers were found to have not been registered with the SAHPRA. Suppliers awarded contracts in excess of R1 million, were found to have not been registered with SARS as VAT vendors.

7. OUTCOMES ACHIEVED TO DATE

7.1. CIVIL LITIGATION CASES INSTITUTED

7.1.1. Civil litigation cases instituted in the High Court

7.1.1.1. On 23 October 2020, the Dr BEW Masuku, the former MEC of Gauteng Provincial Department of Health (“Gauteng DoH”) (“MEC”) filed an urgent application in the High Court of South Africa (Gauteng Division, Pretoria) under Case No. 55372/2020 to review and set aside the SIU referrals as being unlawful, unconstitutional and therefore invalid. The SIU opposed the application. The matter was set down for hearing on 21 January 2021 before the full bench of the High Court. On 21 January 2021, Sutherland ADJP, Raulinga J and Siwendu J presided over the hearing of the application that was brought by the former MEC, and judgment was reserved. The court on 12 April 2021 handed down judgment and dismissed Dr Masuku’s application to review and set aside the SIU referrals with costs. **Impact: The court confirmed that SIU reports and or recommendations are subject to legality review. The Executive Authority can be held accountable for dereliction of duties.**

7.1.1.2. On 27 November 2020 the SIU instituted proceedings against the Matzikama Municipality in the Western Cape High Court under Case no WC 17797/20. The matter involves bid manipulation and leaked bid information, resulting in an unlawful procurement process. The Municipality irregularly concluded a contract with Rural Impact Training Centre to the value of R650 378 and the matter also involves the Municipal Manager. The SIU applied to court to have the contract set aside and recover losses suffered. The respondent filed its opposing affidavit and the SIU its replication on 13 August 2021. The matter is set down for hearing on 3 February 2022.

7.1.1.3. Proceedings were instituted in the Port Elizabeth High Court under case number ECP 2807/2020 by HT Paletona Projects against the Nelson Mandela Bay Metropolitan Municipality. The evidence obtained by the SIU reveals that the Municipality irregularly and unlawfully contracted with Pelatona to construct toilets to the value of R24 million. It is alleged that the service provider was appointed on the basis of a sole service provider under circumstances where this was not justified. Pelatona issued summons against the Municipality for payment in the amount of R4.3 million. The SIU through its investigation found that the amount claimed is not due and owing. The SIU is seeking to join the legal proceedings instituted in the High Court against the Municipality by

Pelatona. The parties exchanged pleadings and an application was set down for hearing on 19 August 2021. Judgement was reserved.

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7.1.2. Civil litigation cases instituted in the Special Tribunal

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|--------------|---|------------------|-----------------|--|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| 1 | Eastern Cape | Department of Health: SIU v Fabkomp (Pty) (Ltd) and Others: (EC04/2020) | R10 148 750 | 18/09/2020 | <p>The cause of action is based on the irregular procurement by the Eastern Cape DoH of motorcycles with a “sidecar” to transport patients, which resulted in a process that was not fair, competitive or cost-effective. The matter was heard in the Special Tribunal and the Eastern Cape DoH was interdicted from making any payments to the supplier and from accepting delivery of any goods from the supplier, pending the finalisation of Review proceedings to challenge the validity of the award and resulting contract.</p> <p>The Review proceedings have been instituted in the Special Tribunal and the matter was heard on 22/04/2021. On 22/04/2021 the Special Tribunal set aside the contract and interdicted the Eastern Cape DoH from making any payments in respect of the contract. The matter is finalised.</p> <p>Impact: Eastern Cape DoH interdicted from making payment to the service provider and the contract set</p> |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|--------------|--|------------------|-----------------|---|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | | | | aside as a result of the irregular procurement process undertaken by the Department. |
| 2 | Eastern Cape | The OR Tambo Municipality "Door-to-door" case: (EC06/2020) | R4 899 000 | 26/10/2020 | This matter relates to an investigation into the irregular procurement of an awareness campaign that was conducted in the Eastern Cape. Civil proceedings were instituted against an entity called Phathilizwi Training in the Special Tribunal to review and set aside the award and the resulting contract. The matter was not opposed and was set down on the unopposed roll in the Special Tribunal. The matter was heard in the Special Tribunal on 2/03/2021. On 20/04/2021 the Special Tribunal set aside the contract and interdicted the Municipality from making any payments in respect of the contract. On application by the respondent the Special Tribunal rescinded the order and will direct further trial procedures. |
| 3 | Eastern Cape | The Alinani Trading-matter (EC05/2020) | R2 785 276 | 30/10/2020 | This matter relates to the procurement of PPE for the Eastern Cape DoE. The SIU successfully applied to the Special Tribunal to have the bank accounts of the first |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|---------------------|--|------------------|-----------------|--|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | | | | four Respondents frozen and to interdict the Eastern Cape DoE from making any further payments to them. The SIU is seeking to recover losses suffered by the Eastern Cape DoE. Summons was issued and the matter was enrolled in the Special Tribunal for case management on 25/06/2021. The matter was set down for trial on 20 – 27/09/2021. The trial was postponed and the SIU will apply to amend its particulars of claim. The SIU applied for Case Management on 14/10/2021 and awaits a date from the Registrar of the Special Tribunal. |
| 4 | Free State Province | SIU v MEC for Treasury in the Free State Province and 31 others (FS/01/2020) | R39 000 000 | 27/11/2020 | This matter relates to the irregular procurement of PPE by the Free State DoH. It is alleged that the SCM process was flawed and that non-sterile isolation gowns were supplied, instead of sterile isolation gowns. An Application to recover losses was launched in the Special Tribunal on 27/11/2020. The Case Management hearing was scheduled for 3/05/2021. The matter was set down for 25 and 26/08/2021 and judgement was reserved. |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|---|------------------|-----------------|---|
| 5 | Gauteng | The SIU v Ledla Structural Development (Pty) Ltd and 43 Others: (GP07/2020) | R139 000 000 | 06/08/2020 | <p>In this matter a contract to deliver PPE was irregularly awarded by the Gauteng Department of Health, while unit prices were also artificially inflated by between 211% and 542%.</p> <p>Notwithstanding the fact that the Gauteng DoH was aware that the SIU was investigating the contract and the Gauteng DoH had stopped almost all payments in respect of suppliers under investigation by the SIU, on 3/08/2020, the Gauteng DoH made payment of R38 758 155 to the supplier. This had immediate clearance and substantial amounts were moved from the bank account of the supplier to the bank accounts of two other entities, who in turn transferred/paid the funds to at least 36 other entities.</p> <p>On or about 06/08/2020, at the request of the SIU, the FIC implemented a directive to freeze a total of R26 449 526 in the bank accounts of 39 entities. This attachment was only valid for 10 working days.</p> <p>Civil proceedings were instituted in the Special Tribunal under Case No. GP 07/2020 and it was enrolled for</p> |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|-------------|------------------|-----------------|---|
| | | | | | <p>20/08/2020. On 20/08/2020, the Special Tribunal granted, <i>inter alia</i>, the following interim orders:</p> <ul style="list-style-type: none"> • The 1st to 39th Respondents were prohibited from dealing with the funds to the value of R26 449 526 that were frozen in their bank accounts; • The implementation of the contract between the Department and the 1st Respondent was suspended and the 1st to 42nd Respondents were interdicted from giving effect thereto; • The 43rd and 44th Respondents (i.e. the GEPF and GPAA) were interdicted from releasing the pension benefits due to the 42nd Respondent (a former Chief Financial Officer (“CFO”) of the Gauteng DoH), pending the outcome of a damages claim to be instituted against the 42nd Respondent; • The Gauteng DoH was interdicted from making any further payments to the 1st Respondent. |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|-------------|------------------|-----------------|--|
| | | | | | <p>The return date for the interim order was 06/10/2020. A case management meeting was held by the Special Tribunal on 09/09/2020.</p> <p>The case was opposed by almost all the Respondents. On 06/10/2020, the Special Tribunal postponed the matter to 20 and 21/11/2020, and the interim order was extended to 20/11/2020.</p> <p>Prior to the hearing, the SIU withdrew the Application against:</p> <ul style="list-style-type: none"> (a) the Twenty Sixth Respondent, after it agreed to refund the R2 000 000 that it received from the Third Respondent to the Third Respondent and for that amount to also be attached as part of the funds frozen in the account of the Third Respondent (i.e. the amount frozen in the account of the Third Respondent increased from R9 670.37 to R2 009 670.37); and (b) the Thirty Fifth Respondent, because it had never received any payments from Ledla, and the relevant |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|-------------|------------------|-----------------|---|
| | | | | | <p>bank had erroneously provided the FIC and the SIU with incorrect information.</p> <p>The matter was heard on 20/11/2020 wherein judgement was reserved and the interim order was extended. Judgement was then handed down on 10/12/2020.</p> <p>On 10 December 2020 the Special Tribunal handed down its judgment:</p> <ul style="list-style-type: none"> (a) Reviewed and set aside the R139 million contract that was concluded between the Department and the 1st Respondent; (b) Extended its interim order made on 20 August 2020 to interdict the GEPF from paying out the pension benefits due to the 42nd Respondent (i.e. a former CFO of the Gauteng DoH) until the finalisation of the action proceedings that the SIU instituted against that former CFO in which the SIU seeks to hold the former CFO and one other liable for losses and damages allegedly suffered by the Gauteng DoH; |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|-------------|------------------|-----------------|---|
| | | | | | <p>(c) Confirmed the interim orders that were granted against the First Respondent, the Second Respondent, the Thirteenth Respondent and the Fourteenth Respondent, and the Special Tribunal declared the funds held in their bank accounts (i.e. a total amount of approximately R16 661 065) forfeit to the State;</p> <p>(d) Discharged the interim orders that were granted against the Fifth Respondent, the Twelfth Respondent, the Twenty Second Respondent, the Twenty Eight Respondent, the Thirty First Respondent and the Thirty Seventh Respondent, and the funds held in their bank accounts (i.e. a total amount of approximately R173 945) were released; and</p> <p>(e) Ordered the SIU to obtain an independent audit report in respect of the remaining Respondents who may have sold PPE directly or indirectly to the 1st Respondent for delivery to the Gauteng DoH to quantify the loss suffered by the Department in</p> |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|-------------|------------------|-----------------|---|
| | | | | | <p>having paid more for PPE than the maximum prices prescribed by NT and to submit that report to the Special Tribunal no later than 22/01/2021, where after the Special Tribunal will consider making supplementary orders, and the interim order of 20/08/2020 was extended to 26/01/2021, and later again extended to 02/02/2021 and again to 04/02/2021.</p> <p>On 04/02/2021, and after considering the independent audit report and further submissions from the relevant Respondents, the Special Tribunal discharged its interim order, in terms of which certain funds were frozen in respect of 7 Respondents (i.e. the 3rd, 4th, 9th, 30th, 34th 38th and 39th Respondents). A total amount of R2 257 475 was released. The Special Tribunal, however confirmed its interim order in respect of 20 other Respondents (i.e. the 6th, 7th, 8th, 10th, 11th, 15th, 16th 17th, 18th, 19th 20th, 21st, 23rd, 24th, 25th, 27th, 29th, 32nd, 33rd and 36th Respondents) . A total amount of R7 401 705 was forfeited to the State. This</p> |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|-------------|------------------|-----------------|--|
| | | | | | <p>brings the total amount forfeited to the State to R24 062 770. Leave to appeal was heard on 30/03/2021 and judgment was reserved.</p> <p>On 25/05/2021, the applications for leave of appeal by the 1st, 3rd, 8th, 13th, 14th, 27th, 33rd and 42nd Respondents were dismissed with costs in favour of the SIU. The 2nd and the 28th Respondents filed Notices of Appeal directly to the full bench of the High Court (Gauteng Division, Pretoria) under Case No. A60/2021, without seeking or obtaining leave to appeal. These appeals are still pending. Up to 2/06/2021, the SIU received a total of R23 588 881.73 in its trust account.</p> <p>Impact: Contract to the value of R139 million was set aside and R26 million was forfeited to the State (further amount awaiting outcome of appeal). Respondent filed for leave to appeal in the Constitutional Court. The SIU filed and served its answering affidavit on 28/10/2021 and await a date from the registrar of the Constitutional Court.</p> |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|--|------------------|-----------------|--|
| 6 | Gauteng | SIU v Kabelo Mantsu Lehloenya, Professor Mkhululi Lukhele and MEC for Gauteng Health (GP11/2020) | R43 532 709 | 11/09/2020 | <p>In the Ledla matter, the Special Tribunal interdicted the 43rd and 44th Respondents (i.e. the GEPP and GPAA) from releasing the pension benefits due to Ms Lehloenya (i.e. the 42nd Respondent, who is a former CFO of the Gauteng DoH), pending the outcome of a damages claim to be instituted against her. On 11/09/2020, the SIU issued Summons in the Special Tribunal under Case No. GP11/2020 against Ms Lehloenya (1st Defendant), Professor Lukhele (a former Head of Department for the Gauteng DoH) (Second Defendant) and the MEC for Gauteng DoH (3rd Defendant – who represents the Gauteng DoH as an interested party and against whom no relief is sought) in which the SIU seeks to recover losses suffered by the Gauteng DoH in the total amount of R43 532 709. Both Defendants are defending the civil case. The matter was initially set down for hearing from 01/06/2021 to 18/06/2021, but the parties could not get the case ripe for hearing in time. As such, the matter is now set down for hearing on 16/08/2021 to 20/08/2021. The matter</p> |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|----------|---|------------------|-----------------|---|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | | | | was postponed for an interlocutory application (joinder) to be heard on 19/08/2021. The judgment in the aforesaid application would determine if the trial will proceed on 19/10/2021 to 29/10/2021. The Joinder application was dismissed on 25/10/2021. An application was filed to join the parties in the SIU v Beadica (GP 08/21) to this matter. The application is opposed and parties are exchanging pleadings. Hearing date will be assigned by the registrar of the Special Tribunal. |
| 7 | Gauteng | SIU v Mlangeni Brothers Events CC (GP07/2021) | R24 000 000 | 15/03/2021 | The Gauteng DoH irregularly concluded a contract with Mlangeni Brothers Events CC for the procurement of PPE in the total amount of R24 000 000. The Review Application was issued in the Special Tribunal on 15/03/2021. The SIU has applied for a date. The Registrar would advise of a date by 15/06/2021. The SIU applied for Case Management in the Special Tribunal on 15/07/2021. The matter was set down for trial/ hearing on 11 – 12/11/2021. Judgment was |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|----------|---|------------------|-----------------|--|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | | | | reserved. The Respondent challenged the adequacy of record of decision and judgment is reserved. |
| 8 | Gauteng | SIU v Beadica 423 CC (GP08/2021) | R168 597 000 | 23/04/2021 | The Gauteng DoH irregularly concluded a contract with Beadica 423 CC for the procurement of PPE in the total amount of R168 597 000. The Review Application was issued in the Special Tribunal on 23/04/2021. The SIU applied for case management on 03/06/2021. The matter was set down for trial on 9 - 10/09/2021. The matter was postponed sine die. The SIU applied to join the parties in the SIU v Beadica (GP 08/21) to SIU v Ms Kabelo Mantsu Lehloeny, Professor Mkhululi Lukhele and MEC for Gauteng DoH (GP11/2020). |
| 9 | Gauteng | SIU v Zakheni Strategic Supplies (Pty) Ltd (GP09/2021) | R103 770 000 | 23/04/2021 | The Gauteng DoH irregularly concluded a contract with Zakheni Strategic Supplies (Pty) Ltd for the procurement of PPE in the total amount of R103 770 000. The Review Application was issued in the Special Tribunal on 23/04/2021. The SIU applied for Case Management in the Special Tribunal on 16/09/2021. The case is set down for hearing from 01 – 02//02/2022. |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|---|---|-----------------|---|
| 10 | Gauteng | SIU v Fikile and Others GP13/2021 | R30 000 000 Review application R431 000 000 | 14/05/2021 | The SIU applied to the Special Tribunal for restraint order to attach proceeds in the bank accounts of the respondent. The application is based on the evidence obtained by the SIU. The evidence reveals that the Gauteng DoE irregularly and unlawfully procured deep cleaning and sanitation services from the respondents and that the respondents unlawfully benefitted from the award of tenders by the Gauteng DoE. Review application issued to set aside contract to the value of R431 000 000. An interim order was confirmed and the Case Management hearing date issued by the Special Tribunal was 27/08/2021. Case GP15/21 is joined under GP13/2021 and the review application was set down for trial from 24 – 25/11/2021. Judgment reserved. |
| 11 | Gauteng | SIU v Lukhele, the GEPF and the GPAA (GP11/2021) | R17 000 000 | 19/05/2021 | On 19/05/2021, the SIU issued papers to apply for the freezing of the pension of Prof Lukhele (a former HoD and Accounting Officer of the Gauteng DoH) who has since resigned. The papers are being served and the SIU will place the matter on the roll if it remains |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|----------|--------------------------------|------------------|-----------------|--|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | | | | unopposed by 10/06/2021. The respondents agreed to the order of the SIU and The SIU applied to have the matter heard on the unopposed roll and are awaiting hearing date from registrar of the Special Tribunal. |
| 12 | Gauteng | SIU V JOSHCO & 4 Others | R 500 000 000 | 28/05/2021 | The SIU issued an interim application against Joshco, City of Johannesburg Municipality, Rembu Construction cc, SKS Business Solutions and Pro Power Group (Pty) Ltd for an order interdicting Joshco from making any further payments to the three contractors pending the finalization of the review application. The interim application was set down for 29/06/2021. The SIU withdrew the applications. The matter is finalised. |
| 13 | Gauteng | SIU v Chachulani GP 15/2021 | R22 400 000 | 31/05/2021 | The SIU applied to the Special Tribunal for restraint order to attach proceeds in the bank accounts of the respondent. The application is based on the evidence obtained by the SIU. The evidence reveals that the Gauteng DoE irregularly and unlawfully procured deep cleaning and sanitation services from the respondents and that the respondents unlawfully benefitted from the |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|---|------------------|-----------------|--|
| | | | | | awards of tenders by the Gauteng DoE. An interim order was confirmed and the Case Management hearing date issued by the Special Tribunal was 27/08/2021. Case joined under GP12/2021 and the matter is set down for trial from 24 – 25/11/2021. The matter is proceeding under GP13/2021. |
| 14 | Gauteng | SIU v Pro-Serve Consulting, Thenga Holdings and 3 Others (Anglo Gold Ashanti) (GP20/2021) | R8 000 000 | 17/09/2021 | <p>Following a FIC blocking order that was set to expire on 17/09/2021, the SIU brought an Application for an Interim Preservation Order or Interdict to freeze a total of R7 940 667 held in FNB for the credit of Pro-Serve Consulting (Pty) Ltd (one of the Professional Service Provider(s)) in the amount of R1 706 302 and for Thenga Holdings (Pty) Ltd (one of the Contractors) in the amount of R6 234 365, pending the outcome of a Review Application that the SIU must institute within 60 days from the date of the Interim Interdict Order.</p> <p>The Interim Order was granted on 17/09/2021. As such, the SIU must serve and file the Review Application by no later than 14/12/2021 which will involve a total of 19</p> |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|-------------|------------------|-----------------|---|
| | | | | | <p>Respondents (including Anglo Gold, Harmony Gold and Golden Core, who are the owners and operators of the premises where the AngloGold Ashanti field Hospital is situated).</p> <p>On 28/09/2021, Pro-Serve Consulting and Thenga Holdings filed an Application for the Reconsideration of the Interim Order. A first Case Management Meeting was held on 4/10/2021, where it was directed that:</p> <ul style="list-style-type: none"> a) The Respondents will ask for further discovery in a letter dated 05/10/2021 (which was done); b) The SIU will consider the request for further discovery and if in agreement will make such further discovery by no later than 08/10/2021 (which was done); c) The Respondents will file their Answering Affidavits by no later than 11/10/2021 (which was done by Pro-Serve, but Thenga Holding only filed its papers on 18/10/ 2021, but it Applied for Condonation); |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|---|------------------|-----------------|--|
| | | | | | <p>d) The SIU will file a Replying Affidavit by no later than 15/10/2021 (which was done in respect of Pro-Serve, but the SIU only filed its Reply in respect of Thenga Holdings on 22/10/2021;</p> <p>e) The SIU would file Heads of Argument by no later than 29/10/2021;</p> <p>f) The Respondents would file Heads of Argument by no later than 8/11/2021; and</p> <p>g) The Hearing of the Application to Reconsider the Interim Interdict is set down for hearing on 16/11/2021. Judgment has been reserved.</p> |
| 15 | National | National Department of Public Works and Infrastructure: The SIU v Caledon River Properties (Pty) (Ltd) and Others Beitbridge Border matter: | R40 800 000 | 18/11/2020 | <p>This matter relates to the procurement process of a service provider/contractor for the erection of a fence along the SA border with Zimbabwe, near Beitbridge. The SIU investigation found evidence that the procurement process was irregular. The contract has a value of R40 million. The SIU instituted civil proceedings in the Special Tribunal for an order to “freeze” the bank account of the First and Second Respondents,</p> |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|---------------------------|------------------|-----------------|--|
| | | (GP12/2020 and LP01/2020) | | | <p>alternatively for the Respondents to provide bank guarantees of R21 819 878 (Magwa Construction) and R1 843 004 (Profteam CC). The parties agreed to an order that the Respondents undertake not to claim from the Department any payments and the Department undertake not to make any further payments under the contract. The SIU thereafter instituted a review application in the Special Tribunal on 18/11/2021. In the application the SIU seeks to set aside the contract.</p> <p>The respondents raised points in law, challenging the jurisdiction of the Special Tribunal to grant the relief sought by the SIU. The hearing was held on 26/01/2021 and the judgement was reserved. Judgment will be delivered on 26/02/2021. The Special Tribunal dismissed the interlocutory application challenging the jurisdiction of the Special Tribunal. The review application was scheduled for case management and the parties met on 03/05/2021. Case management was set down for 25/06/2021. The matter was set down for trial from 04 – 08/10/2021. Judgment was reserved.</p> |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|----------|--|------------------|-----------------|---|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | | | | Impact: The Special Tribunal ruled that it has the same competency as a court and has the jurisdiction to hear and make orders in terms of Section 217 of the Constitution. |
| 16 | National | SIU v Hlatswayo (Black Dot) (GP 20/2020) | R12 000 000 | 14/12/2020 | This is a matter from the Department of Land Reform and Rural Development. A PPE-contract was awarded to an entity called Black Dot. It is alleged that bid rigging took place and there appears to be no evidence of service delivery. The SIU brought an Application to freeze the pension of an official, Mr. Hlatswayo, who was involved in the SCM process. The Application was granted as an interim order and civil proceedings must be instituted before 01/03/2021. The matter is set down for 24/05/2021. A Final order was granted interdicting the pension fund. The SIU amended the summons and applied for Case Management on 22/07/2021. The matter was set down for trial on 22 – 26/11/2021. This matter was postponed and the SIU awaits a hearing date from the Registrar of the Special Tribunal. |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|----------|---|--|-----------------|---|
| 17 | National | SIU v Digital Vibes and 11 others (KN03/2021) | R266 000 000 (including an interim order for R22 000 000) | 04/06/2021 | <p>The Gauteng DoH irregularly concluded a contract with Digital Vibes (Pty) Ltd for the procurement of a media awareness campaign in respect of the National Health Insurance (“NHI”) for R141 million in terms of which R25 million was paid thus far, which was irregularly extended to include a Covid-19 awareness campaign in terms of which R125 million was paid thus far. Between 04/06/2021 and 14/06/2021, at the request of the SIU, the FIC implemented a directive to freeze a total of R22 million held in 10 accounts. This attachment was only valid for 10 working days. On 17/06/2021, the SIU applied for and successfully obtained an Interim Preservation Order or Interdict to freeze a total of R22 million held in 10 accounts, pending the outcome of a Review Application to be brought by the SIU before 29/07/2021 to review and set aside the appointment of Digital Vibes in respect of both the NHI and Covid-19 media campaigns for a total value of R266 million. Review application were filed on 29/07/2021 and parties exchanged pleadings. The SIU applied for Case</p> |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|-------------------------------|--|------------------|-----------------|---|
| | | | | | Management with the Special Tribunal on 16/09/2021. The SIU launched an application to join further respondents and pleadings are being exchanged by the parties. Hearings of the interlocutory and review application will be allocated by the registrar of the Special Tribunal. |
| 18 | National | SIU & NHLS v Ndlovu and 5 Others (GP19/2021) | R172 742 175 | 25/08/2021 | The SIU launched a preservation and review application based on irregular procurement and subsequent contract for the supply of goods and services to the National Health Laboratory Services. The Pleadings have closed and the trial date has been set for 11-12/03/2022. |
| 19 | KwaZulu-Natal (KwaZulu-Natal) | Rosette Investments (KN01/2020) | R4 899 000 | 25/10/2020 | This matter relates to the irregular procurement of blankets for the KwaZulu-Natal Department of Social Development (KwaZulu-Natal DSD). The investigation revealed that in fact less blankets were distributed than the KwaZulu-Natal DSD had in its stores prior to embarking on the procurement process. |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|---------------|--------------------|------------------|-----------------|--|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | | | | <p>Civil proceedings have been instituted against the suppliers in the Special Tribunal to review and set aside the award and the resulting contracts to the value of R18.5 million, and to recover losses suffered by the KwaZulu-Natal DSD.</p> <p>Rosette Investment (KN01/2020) agreed to refund the KwaZulu-Natal DSD the profits in the amount of R864 000. The agreement is subject to the Special Tribunal making the settlement agreements an order of the Special Tribunal. The aforesaid parties further agreed that the contract be set aside. On 09/04/2021 the Special Tribunal set aside the contract in KN01/2020 and ordered the service provider to pay the KwaZulu-Natal DSD R864 000. The matter is now finalised.</p> |
| 20 | KwaZulu-Natal | Gibela (KN02/2020) | R6 708 000 | 25/10/2020 | This matter relates to the irregular procurement of blankets for the KwaZulu-Natal DSD. The investigation revealed that in fact less blankets were distributed than the KwaZulu-Natal DSD had in its stores prior to embarking on the procurement process. |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|---------------|--------------------------------|------------------|-----------------|--|
| | | | | | <p>Civil proceedings have been instituted against the suppliers in the Special Tribunal to review and set aside the award and the resulting contracts to the value of R18.5 million, and to recover losses suffered by the KwaZulu-Natal DSD.</p> <p>KN02/2020 has been set down on the unopposed role for Default Judgment. The judge will allocate dates. The Special Tribunal heard the matters on 26/04/2021. In Gibela the parties must file a statement of account. The matter was re-rolled on 30/06/2021. The matter was opposed and the SIU applied for a Case Management date on 03/09/2021. The respondent has filed a rescission of judgement which the SIU has opposed. The SIU filed answering affidavits. The Applicant in the rescission application has to file replying affidavit and thereafter the Registrar will allocate a hearing date.</p> |
| 21 | KwaZulu-Natal | LNA Communications (KN03/2020) | R3 960 000 | 25/10/2020 | This matter relates to the irregular procurement of blankets for the KwaZulu-Natal DSD. The investigation revealed that in fact less blankets were distributed than |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|---------------|---------------------------|------------------|-----------------|--|
| | | | | | <p>the KwaZulu-Natal DSD had in its stores prior to embarking on the procurement process.</p> <p>Civil proceedings have been instituted against the suppliers in the Special Tribunal to review and set aside the award and the resulting contracts to the value of R18.5 million, and to recover losses suffered by the KwaZulu-Natal DSD.</p> <p>KN03/2020 has been set down on the unopposed role for Default Judgment. The judge will allocate dates. The Special Tribunal heard the matter on 26/04/2021. It was ordered that LNA papers must be reserved and set down. The matter was re-rolled on 30/06/2021. The matter was opposed and the SIU applied for a Case Management date on 03/09/2021. The SIU applied for a hearing date and awaits a date from the Registrar of the Special Tribunal.</p> |
| 22 | KwaZulu-Natal | Zain Brothers (KN04/2020) | R4 800 000 | 25/10/2020 | This matter relates to the irregular procurement of blankets for the KwaZulu-Natal DSD. The investigation revealed that in fact less blankets were distributed than |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|---------------|---|------------------|-----------------|---|
| | | | | | <p>the KwaZulu-Natal DSD had in its stores prior to embarking on the procurement process.</p> <p>Civil proceedings have been instituted against the suppliers in the Special Tribunal to review and set aside the award and the resulting contracts to the value of R18.5 million, and to recover losses suffered by the KwaZulu-Natal DSD.</p> <p>Zain Brothers (KN04/2020) agreed to refund the KwaZulu-Natal DSD the amount R718 000. The agreement is subject to the Special Tribunal making the settlement agreements an order of the Tribunal. The aforesaid parties further agreed that the contract be set aside. On 29/01/2021 the Special Tribunal set aside the contract in KN04/2020 and ordered the service provider to pay the KwaZulu-Natal DSD R718 550. The matter is finalised.</p> |
| 23 | KwaZulu-Natal | SIU v Ngome Steam Pot (Pty) Ltd (KN02/2021) | R1 740 000 | 1/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|---------------|--|------------------|-----------------|--|
| | | | | | pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The SIU applied for Case Management and awaits a date from the Registrar of the Special Tribunal. |
| 24 | KwaZulu-Natal | SIU v Bhomelela General Trading Enterprise (KN04/2021) | R1 759 200 | 1/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The SIU and respondent are involved with settlement negotiations which will be finalized by 15/11/2021. The SIU applied for a hearing date with the Registrar of the Special Tribunal. |
| 25 | KwaZulu-Natal | SIU v Velakabusha General Trading (Pty) Ltd (KN05/2021) | R2 052 000 | 1/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|---------------|---|------------------|-----------------|---|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | | | | pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The matter remain unopposed and the SIU has applied for the matter to be heard in an unopposed motion court. The SIU is awaiting the date of hearing from the Registrar of the Special Tribunal. |
| 26 | KwaZulu-Natal | SIU v Ntente Trading (Pty) Ltd (KN06/2021) | R1 800 000 | 1/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The matter remain unopposed and the SIU has applied for the matter to be heard in an unopposed motion court. The SIU is awaiting the allocation of the date of hearing from the Registrar of the Special Tribunal. |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|---------------|--|------------------|-----------------|---|
| 27 | KwaZulu-Natal | SIU v Ibusaphi Trading (KN07/2021) | R1 184 908 | 1/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The matter remain unopposed and the SIU has applied for the matter to be heard in an unopposed motion court. The SIU is awaiting the allocation of the date of hearing from the Registrar of the Special Tribunal. |
| 28 | KwaZulu-Natal | SIU v Umunyeovou Trading (Pty) Ltd (KN08/2021) | R247 106 | 1/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The matter remain unopposed and the SIU has applied for the matter to be heard in an |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|---------------|--|------------------|-----------------|---|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | | | | unopposed motion court. The SIU is awaiting the allocation of the date of hearing from the Registrar of the Special Tribunal. |
| 29 | KwaZulu-Natal | SIU v Info Tech Evolution (Pty) Ltd (KN09/2021) | R1 335 380 | 1/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The SIU and respondent are involved with settlement negotiations which will be finalized by 22/11/2021. The SIU has now applied for a hearing date from the Registrar of the Special Tribunal. |
| 30 | KwaZulu-Natal | SIU v King Trading (KN10/2021) | R308 300 | 8/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|---------------|---|------------------|-----------------|--|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | | | | the PPE contract. The SIU and respondent are involved with settlement negotiations which had to be finalised by 14/12/2021 –if not the SIU will apply for hearing date with the Special Tribunal on 15/12/21. |
| 31 | KwaZulu-Natal | SIU v Umunyeovou Trading (Pty) Ltd (KN11/2021) | R450 724 | 8/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The matter remains unopposed and the SIU has applied for the matter to be heard in an unopposed motion court. The SIU is awaiting the date of hearing from the Registrar of the Special Tribunal. |
| 32 | KwaZulu-Natal | SIU v Ntente Trading (Pty) Ltd (KN12/2021) | R104 700 | 8/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|---------------|--|------------------|-----------------|---|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | | | | losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The matter remains unopposed and the SIU has applied for the matter to be heard in an unopposed motion court. The SIU is awaiting the date of hearing from the Registrar of the Special Tribunal. |
| 33 | KwaZulu-Natal | SIU v Mpumelelo Dlaba (Pty) Ltd (KN13/2021) | R232 200 | 8/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The matter remains opposed and the SIU will apply for the matter to be placed for Case Management. The SIU is awaiting CM date from the registrar of the Special Tribunal. |
| 34 | KwaZulu-Natal | SIU v Inqikithi Trading Enterprise CC (KN14/2021) | R307 000 | 8/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|---------------|--|------------------|-----------------|--|
| | | | | | claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The matter remains unopposed and the SIU has applied for the matter to be heard in an unopposed motion court. The SIU is awaiting the date of hearing from the Registrar of the Special Tribunal. |
| 35 | KwaZulu-Natal | SIU v Siphwenonkosi Trading (Pty) Ltd (KN15/2021) | R425 000 | 8/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The matter remains unopposed and the SIU has applied for the matter to be heard in an unopposed motion court. The SIU is awaiting the date of hearing from the Registrar of the Special Tribunal. |
| 36 | KwaZulu-Natal | SIU v Ngezolusha Trading (Pty) Ltd (KN16/2021) | R586 629 | 8/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|---------------|--|------------------|-----------------|--|
| | | | | | pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The matter remains unopposed and the SIU has applied for the matter to be heard in an unopposed motion court. The SIU is awaiting the date of hearing from the Registrar of the Special Tribunal. |
| 37 | KwaZulu-Natal | SIU v Youth Development 12 (Pty) Ltd (KN17/2021) | R440 080 | 8/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The matter remains unopposed and the SIU has applied for the matter to be heard in an unopposed motion court. The SIU is awaiting the date of hearing from the Registrar of the Special Tribunal. |
| 38 | KwaZulu-Natal | SIU v Beyond Hospitality Solutions (Pty) Ltd | R37 120 | 8/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured personal protective equipment form the |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|---------------|--|------------------|-----------------|--|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | (KN18/2021) | | | service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The respondent has indicated that he wishes to settle which will be finalised by 09/12/2021. If no settlement the SIU will on 10/12/2021 apply for a hearing date with the registrar of the Special Tribunal. |
| 39 | KwaZulu-Natal | SIU v Mabugana Group CC (KN19/2021) | R567 617 | 8/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The matter remains unopposed and the SIU has applied for the matter to be heard in an unopposed motion court. The SIU is awaiting the date of hearing from the Registrar of the Special Tribunal. |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|----|---------------|---|------------------|-----------------|---|
| 40 | KwaZulu-Natal | SIU v Henque 2200 CC t/a Zama Trading (KN20/2021) | R28 065 | 8/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The respondent wishes to settle and the SIU is waiting for the settlement offer which is due on 09/12/2021. If no settlement the SIU will on 10/12/2021 apply for a hearing date with the registrar of the Special Tribunal. |
| 41 | KwaZulu-Natal | SIU v Henque 2200 CC t/a Zama Trading (KN21/2021) | R31 220 | 8/07/2021 | The KwaZulu-Natal DSD unlawfully and irregularly procured PPE from the service providers. The SIU issued an application to set aside PPE contracts pursuant to an unlawful procurement process and to claim consequential relief for the recovery of financial losses suffered by the KwaZulu-Natal DSD flowing from the PPE contract. The respondent wishes to settle and the SIU is waiting for the settlement offer which is due |

| Rand value and number of matters instituted in the Special Tribunal | | | | | |
|---|------------|---|------------------|-----------------|---|
| No | Province | Description | Value of outcome | Date instituted | Progress to date |
| | | | | | on 10/12/2021. If no settlement the SIU will on 14/12/2021 apply for a hearing date with the registrar of the Special Tribunal. |
| 42 | North West | SIU v Modiko Thabang Selemale and another (GP19/2020) | R100 000 | 04/12/2020 | <p>The SIU brought an Application to freeze the pension of Mr Selemale, the SCM manager at JB Marks Municipality. The order was granted.</p> <p>Impact: The pension benefits of the SCM manager were frozen in lieu of an action proceedings to claim losses of R2.8 million.</p> |
| 43 | North West | SIU v Selemale (GP20/2020) | R2 796 537 | 01/02/2021 | <p>The SIU instituted civil proceedings against Mr. Selemale, the SCM Manager at JB Marks Municipality, with the aim of recovering losses suffered as a result of irregular PPE procurement on behalf of the Municipality. The SIU applied for case management on 30/04/2021. The matter was set down for trial from 04 – 08/10/2021. The trial was postponed and the SIU applied for a new date on 26/10/2021. The SIU awaits the trial date from the Registrar of the Special Tribunal.</p> |

Rand value and number of matters instituted in the Special Tribunal

| No | Province | Description | Value of outcome | Date instituted | Progress to date |
|---|------------|------------------------------|------------------|-----------------|--|
| 44 | North West | SIU v Mothupi (NW03/2021) | R3 100 000 | 19/07/2021 | This matter relates to the North West Department of Public Works and Roads. An application was issued to interdict the pension fund from making payment of the benefits to the respondent. The application was heard on 16/08/2021 and judgment was reserved. The Special Tribunal ordered that the pension be restrained. The Special Tribunal issued summons by 24/09/2021 and the matters remains undefended. The SIU applied for default judgment on 14/11/2021 and is awaiting a hearing date from the Registrar of the Special Tribunal. |
| 45 | WCP | SIU v Kanga (WC 02/2021) | R3 400 000 | 23/08/2021 | The SIU launched a review application to set the contract aside between the National Department of Environment, Fisheries and Forestry based on evidence obtained which reveals that the procurement of 3-ply surgical masks and hand sanitizers by the Department from Kanga was irregular and unlawful. The SIU has applied for a hearing date from the Registrar of the Special Tribunal. |
| The total value of the 45 PPE matters instituted in the Special Tribunal is R2 101 075 696 | | | | | |

7.2. VALUE OF ORDERS GRANTED IN THE SPECIAL TRIBUNAL

| Rand value and number of matters instituted in the Special Tribunal where orders have been granted | | | | | |
|--|--------------|---|------------------|-----------------|---|
| No | Province | Description | Value of outcome | Date instituted | Outcome achieved |
| 1 | Eastern Cape | Department of Health: SIU v Fabkomp (Pty) (Ltd) and Others: (EC04/2020) | R10 148 750 | 18/09/2020 | The Eastern Cape DoH was interdicted from making payment against the contract and the Special Tribunal set the contract aside with costs. |
| 2 | Eastern Cape | The OR Tambo Municipality "Door-to-door" case: (EC06/2020) | R4 899 000 | 26/10/2020 | The Municipality was interdicted from making payment against the contract and the Special Tribunal set aside the contract. On 25/08/2021 the Special Tribunal rescinded the order granted and directed that the matter be set down for trial. The SIU is awaiting the date of the hearing from the Registrar of the Special Tribunal. |
| 3 | Gauteng | The SIU v Ledla Structural Development (Pty) Ltd and 43 Others: (GP07/2020) | R139 000 000 | 06/08/2020 | Judgement was granted by the Special Tribunal in favour of the SIU and R26m were forfeited to the State. A number of respondents appealed the decision and were awaiting dates from the SCA and the High Court. The appeals have been dismissed in the SCA and High Court and further appeals have been lodged with the |

Rand value and number of matters instituted in the Special Tribunal where orders have been granted

| No | Province | Description | Value of outcome | Date instituted | Outcome achieved |
|----|---------------|---|------------------|-----------------|--|
| | | | | | Constitutional Court where the parties are awaiting hearing dates. |
| 4 | KwaZulu-Natal | Department of Social Development: Rosette Investments (KN01/2020) | R4 899 000 | 25/10/2020 | The Special Tribunal set aside the contract and ordered that the respondent pay the profit of R864 000. Payment has been received and the agreement made an order by the Special Tribunal. |
| 5 | KwaZulu-Natal | Department of Social Development: Gibela (KN02/2020) | R6 708 000 | 25/10/2020 | The Special Tribunal set the contract aside and ordered that the respondent file a statement of account. The SIU will apply for Case Management on 03/09/2021. The SIU is awaiting the date of the hearing from the Registrar of the Special Tribunal. |
| 6 | KwaZulu-Natal | Department of Social Development: LNA Communications (KN03/2020) | R3 960 000 | 25/10/2020 | The Special Tribunal ordered that SIU must ensure personal service by 31/05/2021. The SIU will apply for Case Management on 03/09/2021. The SIU is awaiting the date of the hearing from the Registrar of the Special Tribunal. |

Rand value and number of matters instituted in the Special Tribunal where orders have been granted

| No | Province | Description | Value of outcome | Date instituted | Outcome achieved |
|----|---------------|---|------------------|-----------------|--|
| 7 | KwaZulu-Natal | Department of Social Development: Zain Brothers (KN04/2020) | R4 800 000 | 25/10/2020 | The Special Tribunal set aside the contract and ordered that the respondent pay the profit of R718 550. Payment has been received and the agreement made an order by the Special Tribunal. |
| 8 | North West | SIU v Modiko Thabang Selemale and another (GP19/2020) | R100 000 | 04/12/2020 | Final order granted to freeze pension. The SIU issued summons to recover damages/ losses under new case number. |

The total value of the 8 orders granted is R174 514 750

7.3. NUMBER OF REFERRALS MADE FOR DISCIPLINARY ACTION AGAINST OFFICIALS

| Number of referrals made for Disciplinary Action against officials | | | | | |
|--|--|--|-----------------|---------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| Amatola Water Board | Ms N Mlungu, a buyer | Fraud, Corruption | 1 | 03/03/2021 | The official was dismissed on 27/10/2021 |
| Amatola Water Board | Ms S Gwaleza, an intern | Fraud, Corruption | 1 | 03/03/2021 | Internship contract was not renewed |
| Eastern Cape DoE | Ms N Tembo, a Director: Logistics and Disposal Management. | Contravention of PFMA, Public Service Act and Code of Conduct, Fraud, Corruption | 1 | 12/04/2021 | Disciplinary process is ongoing |
| Eastern Cape DoE | Mr S Qhomfo, the Acting Director: Internal Control Unit. | Contravention of PFMA, Public Service Act and Code of Conduct, Corruption | 1 | 16/04/2021 | Found guilty and the SIU is awaiting formal communication from the Department of the sanction |
| Eastern Cape DoE | Mr M Harmse: Chief Director, SCM | Corruption and contravention of public service regulations and code of conduct | 1 | 30/08/2021 | Eastern Cape DoE referred the referral for a legal opinion. Awaiting further feedback. |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--------------------------|---|--|------------------------|----------------------|---|
| Eastern Cape DoH | Mr T Mangoloti, a Vehicle Quality Management Officer. | Contravention of Reg 13 of Code of Conduct of the Public Service Regulations and Section 32 of the Pubic Service Act | 1 | 28/04/2021 | Sanction of a Final Written Warning was handed down on 29 July 2021 |
| Eastern Cape DoH | Dr T Mbengashe, the former SG of the Department of Health | Contravention of the Section 38 (1) and 81 (1) of the PFMA | 1 | 01/02/2021 | No disciplinary action has yet been instituted. The State Law Advisor is of the view that Dr T Mbengashe was employed as a Consultant and therefore the PSA is no applicable. We are awaiting a written response from the Acting HoD of Eastern Cape DoH. |
| Eastern Cape SASSA | Mr Lungile Qabisisa, Manager | Fraud and contravention of the PFMA | 1 | 07/10/2021 | The referrals were acknowledged, however, not yet actioned |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--|--|---------------------------------------|------------------------|----------------------|---|
| Eastern Cape SASSA | Mr V Bukula, Senior Manager | Fraud and contravention of the PFMA | 1 | 07/10/2021 | The referrals were acknowledged, however, not yet actioned |
| Eastern Cape SASSA | Mr Y Depha, Manager | Fraud and contravention of the PFMA | 1 | 07/10/2021 | The referrals were acknowledged, however, not yet actioned |
| Eastern Cape SASSA | Ms S Kimbili, Snr Admin Officer | Fraud and contravention of the PFMA | 1 | 07/10/2021 | The referrals were acknowledged, however, not yet actioned |
| Eastern Cape SASSA | Mr B Maqethuka, Regional Manager | Fraud and contravention of the PFMA | 1 | 07/10/2021 | The referrals were acknowledged, however, not yet actioned |
| Nelson Mandela Bay Metropolitan Municipality | Mr R Ferreira, Head of Logistics Management Section. | Failure to comply with MFMA Circulars | 1 | 09/06/2021 | Disciplinary process was initiated against Mr Ferreira, however, not yet finalized. |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--|--|---|-----------------|---------------|---|
| Nelson Mandela Bay Metropolitan Municipality | Mr M Mapu, the Acting Executive Director: Human Settlements Ms N Nqwazi, former Acting City Manager | Flouting of processes and failure to follow processes | 2 | 31/03/2021 | The official suspended and back at work In respect of Ms Nqwazi, the Municipality is awaiting Council Resolution |
| Nelson Mandela Bay Metropolitan Municipality | Mr S Nogampula | Financial misconduct in terms of Section 78(1) f the MFMA | 1 | 27/09/2021 | |
| OR Tambo District Municipality | Mr J Gwadiso – Senior Manager: Whippery Services Unit | Contravention of MFMA | 1 | 20/11/2020 | The SIU evidence was presented at two Municipal Council meetings on the 26/01/2021 and 19/03/2021 respectively. No action has been taken by the Municipality due to political instability at the Municipality. |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--------------------------------|--|---|------------------------|----------------------|---|
| OR Tambo District Municipality | Mr T Tseane – Director: Legislative Services | Contravention of MFMA | 1 | 20/11/2020 | The SIU evidence was presented at two Municipal Council meetings on the 26/01/2021 and 19/03/2021 respectively. No action has been taken by the Municipality due to political instability at the Municipality. |
| OR Tambo District Municipality | Mr O Hlazo – Municipal Manager | Contravention of MFMA | 1 | 25/11/2020 | Deceased |
| Eastern Cape DPWI | Ms B Mapisa-Jada: Assistant Director: Facilities Manager | Contravention of section 45(c) of the PFMA, Contravened Code of Conduct of the Public Service Regulations. | 2 | 1/09/2021 | Eastern Cape DPWI acknowledged receipt of the referral and will update the SIU of the outcome. |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--|---|---|------------------------|----------------------|--|
| Eastern Cape DPWI | Mr S Diko: Quantity Surveyor and a Project Leader | Contravention of section 45(c) of the PFMA, Contravened Code of Conduct of the Public Service Regulations. | 1 | 23/09/2021 | Referral sent to Labour Relations Section for processing. |
| Free State Department of Human Settlements | Mr Mokhesi, Head of Department | Financial misconduct in terms of Section 81 of the PFMA Fairure to comply with Regulation 11 and 14 of Chapter 2 of the Public Service Regulations | 1 | 02/02/2021 | The matter is under consideration by the Office of the Premier |
| Free State Provincial Treasury | Mr Mokoena, former CFO | Misconduct in that he failed to comply with the provisions of section 45(a) – (e) of the PFMA Failure to comply with the provisions of regulation 11.(a), 11.(b), 11.(d) and 14.(a), 14.(d), 14.(f) and 14.(j) of Chapter 2 of the Public Service Regulations published in | 1 | 09/11/2020 | Mr Mokoena resigned 30 June 2021 |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---|-----------------|---------------|---|
| | | Government Notice No. R877 of 29 July 2016 | | | |
| Gauteng DoE | Mr JI van Coller; Mr S Mhlophe; Mr KH Baloyi; Mr VN Manngo. | Their role in the appointment and/or payment of the service providers and/or their lack of oversight in respect of the appointment process: | 4 | 22/07/2021 | The disciplinary hearing against Mr. Mhlophe; Mr. Baloyi; and, Mr. Manngo started on 9/11/2021. The proceedings are ongoing and postponed to early 2022, the exact date to be confirmed. The Gauteng DoE decided not to proceed with steps against Mr van Coller as his duties in respect of the day to day management of the SCM department is delegated to Mr. Mhlophe. |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---|------------------|--|--|
| Gauteng DoH | Ms TL Pino, Chief Director: Supply Chain and Asset Management | Financial misconduct as envisaged in Section(s) 81 (2) of the PFMA; or alternatively committed gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the GDoH | 2 4 3 1 | 14/05/2021 21/04/2021 05/01/2021 18/09/2020 | The SIU was informed that Ms Pino was found guilty and dismissed from the Gauteng DoH. |
| Gauteng DoH | Ms KLN Diko, former Presidential Spokesperson | Material Misrepresentations to the Presidency in respect of declarations submitted to the Presidency 2018 2019 and 2020 which resulted in: The Presidency and the State suffering actual financial loss suffering actual or potential prejudice and grave reputational damage and/or: committed acts and/or may have been responsible for omission in respect of her duty, declarations of | 1 | 10/11/2020 | The Presidency confirmed that action was instituted against Ms Diko and sanction of a warning was given. |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---|-----------------|--|---|
| | | interest and potential conflict of interest. | | | |
| Gauteng DoH | Professor M Lukhele, Head of Department | Gross financial misconduct in contravention of Section 86(1) read with section 38(1)(a)(i)(iii) (b) c (ii)(iii) (h)(i)(ii)(iii) (n) of the PFMA | 2 | 23/09/2020 25/09/2020 | Prof Lukhele resigned from the Gauteng DoH before the disciplinary process commenced. |
| Gauteng DoH | Mr A Gwabeni, Deputy Director General - Human Resources and Corp | Gross Negligence resulting in Contravention of Section 217 of the Constitution and Contravening of NT Contravening the sections of the PFMA Contravening Code of Conduct Contravening of the SCM Processes. Receipt attached to letter. | 1 | 18/09/2020 | Mr Gwabeni was found guilty but resigned before any sanction could be issued |
| Gauteng DoH | Ms T Ravele, Acting Chief Director Supply Chain and Asset Management | Financial Misconduct of the PFMA and alternatively committed gross and serious misconduct. | 1 1 1 | 21/09/2021 07/09/2021 22/06/2021 | The Gauteng DoH confirmed receipt of the |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|--|-----------------|--------------------------|--|
| | | | 1 | 15/04/2021 | referral made. Action is pending |
| Gauteng DoH | Ms N Msimanga, Assistant Director and Data Management Analyst | Gross Negligence contravening Section 217 of the Constitution contravening par. 3.3.1 of the NT Instruction SCM note 3 and par 26 of Gauteng DoH SCM. Contravening par 8.5 of NT Instruction SCM Note 3 of 2016/17. Contravening PFMA Section 45(a) PFM Section 45(b). Contravention of par 17 of SCM .Contravention of par 16A6.4 of Treasury Regulations with par 31 of SCM and Financial Misconduct of the PFMA | 1 1 | 14/04/2021 30/03/2021 | The Gauteng DoH confirmed receipt of the referral made. The completed sanction is outstanding. |
| Gauteng DoH | Mr. M Modiba, Chief Director Communications | Committed financial misconduct and alternatively committed gross and serious misconduct | 1 | 07/09/2021 | The Gauteng DoH confirmed receipt of the |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---|-----------------|---------------|---|
| | | | | | referral made. Action is pending |
| Gauteng DoH | Mr E Ngcobo Deputy Director – Procurement | Failed to act in terms of the Safety Compliance Emergency Compliance and fire equipment compliance as provided for in terms. of the SANS 10400 part T of 2011 | 1 | 14/09/2021 | The Gauteng DoH confirmed receipt of the referral made. Action is pending |
| Gauteng DoH | Mr S Sibisi, Logistic Support Officer Facility Management Unit | Failed to act in terms of the Safety Compliance Emergency Compliance and fire equipment compliance as provided for in terms. of the SANS 10400 part T of 2011 | 1 | 14/09/2021 | The Gauteng DoH confirmed receipt of the referral made. Action is pending |
| Gauteng DoH | DR S Senabe, Chief Director – Employee Health Welness Programme | Committed financial misconduct and alternatively committed gross and serious misconduct | 1 | 07/09/2021 | The Gauteng DoH confirmed receipt of the referral. The Gauteng DoH further informed that that he is currently on precautionary suspensionon another |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--|--|--|-----------------|---------------|--|
| | | | | | matter. Action in respect of the referral is pending |
| Gauteng DoH | Mr B Mgudiwa, ER Manager | Conflict of Interest policy document of SAA express | 1 | 03/12/2020 | The SAA confirmed receipt of the referral but refused to take action as the SAA was under administration at the time. |
| City of Johannesburg | Ms B Lephadi, the Acting SCM Manager. | Misconduct: Contravention of Sec 105(1)(a) of the MFMA | 1 | 07/06/2021 | City Manager has acknowledged receipt and is considering SIU's recommendations |
| City of Johannesburg / Johannesburg Property Company JPC | Helen Botes, CEO; Imraan Bhamjee, CFO; Nandisa Zondo, Manager: SCM; Fitzgerald Ramaboea, Senior Manager: SCM; | Committed financial misconduct, as envisaged in section(s) 172(1) of the MFMA: | 5 | 30/03/2021 | An external service providers has been appointed to assess the SIU's referral and advice the JPC board on how to proceed |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--|--|---|-----------------|---------------|--|
| | Gowrie Sunker, General Manager: Special Projects. | | | | |
| City of Tshwane Municipality | Mr T Mphefu, Division Head: SCM; Mr T Mekhoe, Group Head: Community Social Development Services. | Committed gross and serious misconduct which prejudiced administration discipline or efficiency of the Municipality | 2 | 03/12/2020 | The Municipality after legal advice declined to institute disciplinary proceedings |
| National Department of Correctional Services | Mr Marumule, Deputy Commissioner: SCM; Ms Motoma, Deputy Director: Regional Coordinator SCM; Ms Klokow, Assistant Director: Procurement; | Failure to comply with the provisions of section 45 (a) to (e) of the PFMA Failure to comply with the provisions of NT Instruction No. 03 of 2020/2021 and DCS SCM Circular 1 of 2020/21 dated 20 April 2020 Failure to comply with Par 14.4.2.2 and Par 14.4.2.4 of the DCS Procurement Procedure Manual | 6 | 21/09/2021 | Recommendation under consideration by National DCS |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|---|--|---|-----------------|---------------|--|
| | Mr Bikane, Regional Head: Corporate Services; Ms Ndlovu, Regional Coordinator: Human Resource Management & Support. | | | | |
| National Department of Transport | Ms Reinette de Villiers, Director SCM; Ms Dalian Mabula, Acting Chief Financial Officer | SCM non-compliance in terms of Section 45 (a) and (b) | 2 | 16/09/2021 | The matters are currently with the Director- General for consideration. |
| National Department of Public Works and Infrastructure Investigation under secondment | Advisor to the Minister: Ms Whitehead; Director General: Adv. Vukela; | SCM non compliance | 13 | 27/07/2020 | The hearing of all implicated officials commenced on 8/11/2021. The matter was postponed to a further date not yet determined. |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---------|-----------------|---------------|------------------|
| | Deputy DG: Construction, Mr Mokhothu; Director: Special Projects, Ms Mabaso (Project Manager); Acting CFO and Chairperson of the NBAC: Ms Prinsloo; Mr Mekwa; Mr Sigwavhulimu; Mr Makaurau; Mr Sibeko; Mr Rametse; Mr Naidoo; Mr de Klerk; | | | | |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--|---|--------------------|-----------------|---------------|---|
| | Mr Hadebe. | | | | |
| National DCS | Mr Nick D Ligege, CFO; Mr TV Netshimbupfe, Director: Procurement and Administration; Mr H Mapasa, Director: Logistics; Mr MP Rammai, Deputy Director: Procurement and Administration. | SCM non compliance | 4 | 18/02/2021 | The SIU testified in the disciplinary hearings during the week of 4 to 8/10/2021. The case was postponed to the week of 8 to 11/11/2021 for cross examination. The matter was postponed to 29 and 30/11/2021. |
| National Department of Employment and Labour | Ms L Briedenhann, Acting CFO; Mr M Buthelezi, Director: Communications and Marketing; | SCM non compliance | 7 | 11/12/2020 | The SIU attended and testified at the hearings of four officials. All four officials pleaded guilty to the charges. The disciplinary hearings of the other three |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--|--|--------------------|-----------------|---------------|---|
| | <p>Ms MM Ramoshaba, Director: SCM;</p> <p>Mr V Moodley, Deputy Director: SCM;</p> <p>Mr VL Kwinika, Deputy Director: ICT;</p> <p>Ms AM Lodi, Deputy Director: Communications and Marketing;</p> <p>Ms ME Smith, Assistant Director: Purchasing and Stores.</p> | | | | officials will continue from 17/11/2021. |
| National Department of Employment and Labour | Mr TS Maruping, Commissioner of the UIF. | SCM non compliance | 1 | 21/05/2021 | The Department has confirmed receipt of the referral. |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--|--|----------------------------------|-----------------|---------------|---|
| National Department of Employment and Labour | Mr T Puzi, CFO. | SCM non compliance | 1 | 23/04/2021 | The Department has confirmed receipt of the referral. |
| National Health Laboratory Services | Mr T Mabundza, Head: SCM; Mr M Sass, CFO; Ms A Noganta, Manager: Procurement; Ms N Manaba, Procurement Supervisor; Ms F Mthembu, Procurement Officer; Ms K Ramosotho, Procurement Officer; Ms L Moleko, Procurement Officer; | Dishonesty SCM non compliance | 8 | 10/02/2021 | The hearing was set down for 27/09/2021 and 1/10/2021. Mr Mabundza resigned before the disciplinary hearings commenced. Mr. Sass lodged an application for the postponement of his DC based on ill health). The outcome is pending Arbitration Ms. Noganta resigned before the disciplinary hearings commenced. |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---------|-----------------|---------------|---|
| | <p>Ms M Thulo – SCM Administrator.</p> | | | | <p>Ms Manaba was suspended without pay for 3 months and has since been reinstated.</p> <p>The outcome of the disciplinary hearing for Ms Mthembu is still pending.</p> <p>Ms. K Ramosotho resigned before the disciplinary hearing commenced.</p> <p>Ms Moleko has been dismissed.</p> <p>A final written warning was issued to Ms Thulo and she has since been reinstated.</p> |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--------------------------------------|--|---|-----------------|---------------|---|
| South African National Defence Force | Ms N Tyibilika; Colonel TK Sibene; Captain LT Ngoepe; Lieutenant D Modise; Lieutenant Colonel VS Peu; Captain MA Tshikosi; Major N Sobekwa; S/Sgt. HS Letlape; Ms F Khumalo; Leading Seaman S Jiane; Brigadier General MR Mongo. | Dishonesty SCM non compliance | 11 | 02/09/2021 | SIU briefed the Secretary of Defence. SIU have not been informed of any action taken by SANDF |
| KwaZulu-Natal DoH | Mr Khondlo Elben Mtshali, Chief Director: SCM | Contravention of section 45 of the PFMA Act 56 of 2003, contravention | 3 | 17/11/2021 | The KwaZulu-Natal DoH has acknowledged receipt of the referrals and will |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|--|-----------------|---------------|---|
| | Ms Michelle Govender, Acting Personnel Assistant / SCM Assistant Ms V Bently, SCM Clerk | of NT instruction Note 8 of 2019/2020 | | | provide the SIU with feedback. |
| KwaZulu-Natal DoH | Mr Khondlo Elben Mtshali, Chief Director: SCM Ms Michelle Govender, Acting Personnel Assistant / SCM Assistant Ms Govender, SCM Practitioner | Contravention of section 45 of the PFMA Act 56 of 2003, contravention of NT instruction Note 8 of 2019/2020 | 3 | 17/11/2021 | The KwaZulu-Natal DoH has acknowledged receipt of the referrals and will provide the SIU with feedback. |
| KwaZulu-Natal DoE | Dr Nzama, Head of Department Mr Rambarran, Acting CFO | Contravened section 38 (1) (a)(iii) and 38(1)((c)(ii) of the PFMA | 2 | 29/09/2021 | The matter is receiving attention by the Office of the MEC. |
| KwaZulu-Natal DoE | Mr Mlambo, Chief Director; | Contravened section 45(a), 45(c) of the PFMA Act 1 of 1999. Contravened C.1.4. and C.4.4 of the | 4 | 28/07/2021 | Matter receiving attention at the Office of the HoD. |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---|-----------------------------|---------------|---|
| | Mr Mncube, Senior Admin Clerk; Mr Radebe, Deputy Director: Demand and Acquisitions; Ms Mvelase, Senior Admin Clerk | Code of Conduct for the Public Service | | | |
| KwaZulu-Natal DoE | Mr Mhlongo - Financial Manager, KwaZulu-Natal DoE Infrastructure Department; Mr Sikhakhane – Admin Officer, KwaZulu-Natal DoE Infrastructure Department | Contravened section 4(a)(i)(aa) and (ii)(bb) and (cc) of the PACOCA Act. Contravention of the Public Service Act 103 of 1994, Public Administration Act 11 of 2014. Contravened clause C.1.3, C.1.4 of the Public Service Code of Conduct | 2 | 13/05/2021 | The KwaZulu-Natal DoE has been contacted to provide an update on the referrals. Liaisons with the HoD of KwaZulu-Natal DoE are ongoing. |
| KwaZulu-Natal DoE | Ms Khumalo, Director: Demand and Acquisitions; | Contravened section 45(a) of the PFMA by failing to ensure that the system of financial management and | 7 PPE procurement | 11/02/2021 | The matter was referred to the MEC who in turn wrote back to the SIU to review its |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---|-----------------|---------------|--|
| | <p>Mr Radebe, Deputy Director: Demand and Acquisitions;</p> <p>Dr Nzama, ;</p> <p>Mr Rambarran, Acting CFO;</p> <p>Mr Mlambo, Chief Director;</p> <p>Ms Bhengu, Administrative Officer; and</p> <p>Ms Mntambo, Administrative Officer</p> | <p>internal control established for KwaZulu-Natal DoE was carried out within their area of responsibility.</p> <p>Contravened section 45(c) of the PFMA by failing to take appropriate steps to prevent, within their area of responsibility, any unauthorised, irregular or fruitless and wasteful expenditure.</p> <p>Contravened the Code of Conduct for the Public Service in terms of clause C.1.4 failed to familiarize themselves with and abide by all statutory and other instructions applicable to their conduct and duties; clause C.1.3 failed to loyally execute the policies of the Government in the performance of their official duties as contained in all</p> | | | <p>findings in light of further submissions. The SIU responded indicating that it maintains its stance and that disciplinary action must be instituted. A copy of a letter from the Minister to the MEC was received in which the Minister requested the MEC to engage further with the SIU. The matter is under further consideration by the MEC.</p> |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---|-----------------|---------------|--|
| | | statutory and other prescripts; clause C.4.4 failed to execute their duties in a professional and competent manner. | | | |
| KwaZulu-Natal DoE | Ms Khumalo, Director: Demand and Acquisitions; Ms Xulu, Director: Assets and Logistics; Ms Masinga, Deputy Director: Demand and Acquisitions; Ms A Mthembu, Deputy Director: Demand and Acquisitions; Ms G Hadebe, Deputy Director: Demand and Acquisitions; and | Contravened section 45(a) of the PFMA by failing to ensure that the system of financial management and internal control established for KwaZulu-Natal DoE was carried out within their area of responsibility. Contravened section 45(c) of the PFMA. Contravened the Code of Conduct for the Public Service in terms of clause C.1.4 , C.1.3 and C.4.4 | 6 | 05/11/2020 | The KwaZulu-Natal DoE has been contacted to provide an update on the referrals. Liaisons with the HoD of KwaZulu-Natal DoE ongoing. Feedback is awaited. |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|----------------------------|--|---|-----------------|--|--|
| | Mr Radebe, Deputy Director: Demand and Acquisitions. | | | | |
| uMngeni Local Municipality | Ms T Cibane, the Municipal Manager | Contravention of clauses 2(a) and (b) of the Code of Conduct for Municipal Staff Members as set out in Schedule 2 of the MSA; and with sub-paragraphs 1, 5 and 13 of the Disciplinary Regulations for Senior Managers | 2 | 13/05/2021 23/07/2021 | The matters were received by the Mayor and have been tabled before the Municipal Council, which resulted in the Municipal Manager being suspended. |
| Limpopo DoH | Dr. TF Mhlongo, Head of Department | Contravention of Section 81(b) of the PFMA; | 6 | 05/05/2021 11/05/2021 12/10/2021 | Limpopo DoH is considering the SIU recommendations |
| Limpopo DoH | Mr MJ Mudau, CFO | Contravention of section 45(a), (b) and (c) of the PFMA, and paragraph 14(d) and (j) of the Public Service | 7 | 05/05/2021 11/05/2021 29/06/2021 | Officials of the Limpopo DoH are currently subjected to disciplinary hearings |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|-----------------------------------|---|-----------------|--|---|
| | | Regulations of 2016, Chapter 2, Part 1 Code of Conduct ("PSR 2016"); Contravention of section 13(a) and (f) of the PSR 2016 and paragraph 19.6(b) and (c) of the Departmental SCM Policy dated 23 September 2016 | | 08/10/2021 20/10/2021 | |
| Limpopo DoH | Mr MS Khosa, Chief Director: SCM | Contravening section 45(a), (b) and (c) of the PFMA, and paragraph 14(d) and (j) of the Public Service Regulations of 2016, Chapter 2, Part 1 Code of Conduct ("PSR 2016") | 5 | 05/05/2021 11/05/2021 08/10/2021 20/10/2021 | Officials of the Limpopo DoH are currently subjected to disciplinary hearings |
| Limpopo DoH | Ms MP Ramakgoakgoa, Director: SCM | Contravening section 45(a), (b) and (c) of the PFMA, and paragraph 14(d) and (j) of the Public Service Regulations of 2016, Chapter 2, Part 1 Code of Conduct ("PSR 2016") | 5 | 05/05/2021 11/05/2021 08/10/2021 20/10/2021 | Officials of the Limpopo DoH are currently subjected to disciplinary hearings |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|----------------------------------|--|---|-----------------|--|---|
| Limpopo DoH | Ms T Simango, Deputy Director: SCM | Contravening section 45(a), (b) and (c) of the PFMA, and paragraph 14(d) and (j) of the Public Service Regulations of 2016, Chapter 2, Part 1 Code of Conduct ("PSR 2016") | 3 | 05/05/2021 11/05/2021 20/10/2021 | Officials of the Limpopo DoH are currently subjected to disciplinary hearings |
| Limpopo DoH | Dr. M Dombo, DDG | Contravening section 45(a), (b) and (c) of the PFMA, and paragraph 14(d) and (j) of the Public Service Regulations of 2016, Chapter 2, Part 1 Code of Conduct ("PSR 2016"). | 1 | 08/10/2021 | Officials of the Limpopo DoH are currently subjected to disciplinary hearings |
| Sekhukhune District Municipality | Mr MJ Mofokeng, Acting Municipal Manager | Contravention of section 171 (1) of MFMA | 1 | 30/09/2020 | Mr Mofokeng resigned before the commencement of the disciplinary process. |
| Sekhukhune District Municipality | Mr T Maroga, Manager PMU | Contravention of paragraph 66.2(a) and (d) of the SDM SCM policy 2019-2021; | 1 | 30/09/2020 | Disciplinary process in progress |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|----------------------------------|---|--|-----------------|---------------|---|
| | | Contravention of Schedule 2 of Municipal System Act | | | |
| Sekhukhune District Municipality | Mr KD Rankwe, Deputy Director: Infrastructure & Water Services | Contravention of paragraph 66.2(a) and (d) of the SDM SCM policy 2019-2021; Contravention of Schedule 2 of Municipal System Act | 1 | 30/09/2020 | Mr Rankwe resigned before the commencement of disciplinary processes. |
| Sekhukhune District Municipality | Mr V Masemola, Manager: SCM | Contravention of paragraph 66.2(a) and (d) of the SDM SCM policy 2019-2021; Contravention of Schedule 2 of Municipal System Act | 1 | 30/09/2020 | Disciplinary process in progress |
| Sekhukhune District Municipality | Mr F Phaswana, Acting Director: Infrastructure & Water Services | Contravention of paragraph 66.2(a) and (d) of the SDM SCM policy 2019-2021; Contravention of Schedule 2 of Municipal System Act | 1 | 30/09/2020 | Disciplinary process in progress |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-----------------------------------|--|--|-----------------|---------------|---|
| Mpumalanga DoE | MM Shogole; VM Makhuhleni; SMC Mpangane; PJ Shoba; SJ Chuene; SA Mashau; MS Hlangwane; WM Mabizela; MO Mophogoane; GT Ngwenya; GN Nkuna. | The Project Manager submitted Practical Completion Certificates and project close out reports for various schools indicating 'No challenges encountered' and 'Work was delivered successfully' whereas the work was not fully not completed. | 11 | 29/04/2021 | The SIU has requested feedback from the Mpumalanga DoE but no feedback has been received. The SIU will make further follow ups. |
| Mpumalanga Economic Growth Agency | Ms C Mametja, Acting CEO; Mr MM Gaffane, General Manager: Property Management. | Par 14 of PSR Section 45 of the PFMA | 2 | 14/04/2021 | The employees were found not guilty on 31/08/2021 |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|---|--|--|-----------------|---------------------------|--|
| Mpumalanga Economic Growth Agency | Mr E Potgieter, CFO; Ms Z Sibanda, Chief Risk Officer. | Sec 217 of the Constitution. Section 45 of PFMA Par 14 of PSR. Section 45 of PFMA | 2 | 09/03/2021 | The employees were found not guilty on 31/08/2021 |
| Mpumalanga Economic Growth Agency | Mr MS Mkhabela, the Acting General Manager. | Par 14 of PSR. Section 45 of PFMA | 1 | 21/01/2021 | The employee was found not guilty on 31/08/2021 |
| Mpumalanga DoH | Mr TD Moralo, Acting Director; Mr LD Mahlalela, Chief Director: Financial Accounting. | Par 14 of PSR. Section 45 of PFMA | 4 2 | 03/11//2021 29/10/2020 | Date of disciplinary hearings are unknown. |
| Mpumalanga Department of Culture, Sports and Recreation | Mr P Bembe - Acting Manager: SCM; Mr M Thobela – CFO. | Par 14 of PSR. Section 45 of PFMA | 3 1 | 22/02/2021 09/03/2021 | The matters were finalised on 21/4/2021, Both received a written warning |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---------------------------------|---|-----------------|---------------|--------------------------|
| Mpumalanga CoGTA | Mr Manzini, Deputy Director | Section 17 of PRECCA. Par 14 of PSR. Section 217 of Constitution | 1 | 14/7/2021 | In progress |
| Northern Cape DoH | Dr Theys- the former Acting HoD | Contravention of Section 86(1) of the PFMA, 1999; Public Service Regulations 2016, Chapter 2, Section 14; Disciplinary Code and Procedures for the Public Service as contained in Resolution No.1 of 2003 of the Public Service Co-ordinating Bargaining Council. | 1 | 04/10/2021 | Receipt was acknowledged |
| Northern Cape DoH | Mr Gaborone, CFO | Contravention of Section 45 (a), (b) and (c) of the PFMA; Public Service Regulations 2016, Chapter 2, Section 14; Disciplinary Code and Procedures for the Public Service as contained | 1 | 04/10/2021 | Receipt was acknowledged |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--------------------------------------|--|--|-----------------|---------------|---|
| | | in Resolution No.1 of 2003 of the Public Service Co-ordinating Bargaining Council. | | | |
| City of Matlosana Local Municipality | NM Grond, the CFO. | Section 217 of the Constitution Section 78 of the MFMA | 1 | 14/05/2021 | He resigned from the Municipality on 30/04/2021. Counsel has been appointed to bring an urgent interdict to freeze his pension pending the finalization of the civil proceedings against him. |
| City of Matlosana Local Municipality | Mr Thebe Moeng, Store Manager. | Section 217 of the Constitution Section 78 of the MFMA | 1 | 09/03/2021 | Disciplinary hearing finalised and Mr Moeng was given a final written warning. |
| North West DoE | • PG Tsatsimpe – Deputy Director: SCM; | Sec 217 of the Constitution, Act 108/1996. | 3 | 23/04/2021 | Disciplinary hearing for Ms Tsatsimpi started on the |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---|-------------------|-------------------------------------|---|
| | <ul style="list-style-type: none"> G Molema – CFO; and MM Jansen – Chief Director: Financial Management Services. | Irregular appointment of service providers for PPE | | | <p>18/10/21 and postponed to 11-12 Nov 2021.</p> <p>Disciplinary hearing for Mr Molema was finalised and he was found guilty and dismissed on 28/09/2021.</p> <p>The disciplinary of Ms Jansen commenced on 29/11/2021 and is underway.</p> |
| North West DoE | <ul style="list-style-type: none"> Mr L Daantjie – Assistant Director. Ms JS Ditalame – Administrative Assistant: SCM. | <p>Sec 217 of the Constitution, Act 108/1996.</p> <p>Irregular appointment of service providers for PPE</p> | <p>1</p> <p>1</p> | <p>30/09/2020</p> <p>13/11/2020</p> | <p>Disciplinary hearing for Mr Daantjie was finalised and he was dismissed on 24/08/2021.</p> <p>The hearing against Ms Ditalame was held and she</p> |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|---|--|---|-----------------|---------------|--|
| | | | | | was found not guilty on all charges. |
| North West DoH | Mr JM Mokoena, the Station Manager at EMRS Matlosana. | | 1 | 15/12/2020 | Proceedings in respect of this referral have not yet started and the SIU is awaiting a response from the North West DoH. |
| JB Marks Local Municipality in the North West | B Sekolopo, a Performance Management and Compliance Officer. | Section 217 of the Constitution Section 78 section 171 of the MFMA Contravention of section 171 of the MFMA | 1 | 22/04/2021 | Disciplinary hearing for Ms Sekolopo commenced on 05/10/21. Awaiting outcome of the hearing |
| JB Marks Local Municipality in the North West | Mr MSS Shuping - Side Manager | Section 217 of the Constitution Section 78 section 171 of the MFMA Contravention of section 171 of the MFMA | 1 | 26/11/2020 | Disciplinary hearing for Ms Shuping is underway. |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|---|---|--|------------------------|----------------------|--|
| JB Marks Local Municipality in the North West | Mr L Ralekgetho – Municipal Manager; and Ms TE Moeketsane – CFO. | Section 217 of the Constitution Section 78 section 171 of the MFMA Contravention of section 171 of the MFMA | 2 | 08/10/2020 | Disciplinary hearing for Mr Ralekgetho is underway. Disciplinary hearing for Ms Moeketsane has not yet commenced. |
| Ratlou Local Municipality in the North West | Ms MA Ledingoane – Acting: CFO; and Ms M Manja – Procurement Accountant. | Contravention of section 171 of the MFMA, section 217 of the Constitution; gross financial misconduct that resulted in an irregular expenditure. | 2 | 06/10/2020 | Consultation held with the employer representative on 13/10/21 and awaiting a hearing date for Ms Ledingoane. No action taken against Ms Manja yet. |
| Department of Forestry, Fisheries and the Environment | Ms NP Ngcobo, the Chief Director: Facilities Management | Contravention of Section 45 (a)(b) and (c) of the PFMA and/or negligence in the performance of her duties. | 1 | 25/02/2021 | The disciplinary hearing is scheduled for 6 December 2021 |

Number of referrals made for Disciplinary Action against officials

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|---------------------------------|--|---|------------------------|----------------------|--|
| Western Cape DoE | Mr LJ Ely, Deputy Director General: Finance; Mr W Jantjies, Director: Institutional Management and Governance; Ms L Schaffers, Deputy Director: SCM Operations | Contravention of Section 45 (a)(b) and (c) of the PFMA | 3 | 01/10/2021 | The Western Cape DoE has acknowledged receipt of the referrals. |
| Kannaland Local Municipality | Mr E van Rooi, Kannaland: Manager SCM; Mr P Mngeni, Kannaland: Acting CFO | Failure to comply with the provisions of the Municipal Finance Management Act, Act 56 of 2003 and the provisions of the Municipal Systems Act, Act 32 of 2000 | 2 | 08/09/2021 | The Kannaland Local Municipality has yet to commence with the disciplinary hearings |
| | Total | | 224 | | |

Observations and recommendations:

The SIU observed that there is generally a slow pace in the implementation of disciplinary action. It is therefore recommended that the Presidency issue letters to the relevant State institutions requesting an update on the implementation of the SIU referral of evidence to implement disciplinary action.

7.4. NUMBER OF REFERRALS MADE TO THE RELEVANT PROSECUTING AUTHORITY

| Number of referrals made to the National Prosecuting Authority | | | | | |
|--|--|---|-----------------|---------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| Amatola Water Board | Ms V Zitumane, former Chief Executive Officer at the AWB | Contravention of the PFMA, Fraud, corruption and money laundering | 1 | 26/10/2021 | Referral has been acknowledged. The SIU is awaiting case number |
| Amatola Water Board | Mr C Bhana, former Manager: Supply Chain Management at the AWB | Contravention of the PFMA, Fraud, corruption and money laundering | 1 | 26/10/2021 | Referral has been acknowledged. The SIU is awaiting case number |
| Amatola Water Board | Mr L Fokazi, former Chief Financial Officer at the AWB | Contravention of the PFMA, Fraud, corruption and money laundering | 1 | 26/10/2021 | Referral has been acknowledged. The SIU is awaiting case number |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|---|--|---|------------------------|----------------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| Amatola Water Board | Mr S Qweleka, Acting Director: Planning and Development at the AWB | Contravention of the PFMA, Fraud, corruption and money laundering | 1 | 26/10/2021 | Referral has been acknowledged. The SIU is awaiting case number |
| Amatola Water Board | Mr M Mabulu Manager, Project Management Unit at the AWB | Contravention of the PFMA, Fraud, corruption and money laundering | 1 | 26/10/2021 | Referral has been acknowledged. The SIU is awaiting case number |
| Eastern Cape DoE | Tanaka Soft Solutions Ms Linda Muthana, Director | Fraud | 2 | 08/06/2021 | Zwelitsha CAS: 81/08/2021. Hawks arrested the Director for Tanaka Solutions and they appeared in Court briefly. Remanded to 29 November 2021 |
| Eastern Cape DoE | Ms Lukhophe, the Director of Tsunami Civils; Tsunami Civils; | Fraud | 4 | 30/11/2021 | Referral has been acknowledged. The SIU is awaiting case number |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---|-----------------|---------------|---|
| | Lukhophe, the Director of Amabongwe Civils and Contractors; Amabongwe Civils and Contractors | | | | |
| Eastern Cape DoE | Mr T Chetty, the Director of Ukuakha Projects; Ukuakha Projects | Fraud | 2 | 30/11/2021 | Referral has been acknowledged. The SIU is awaiting case number |
| Eastern Cape DoH | Oshlanga Enterprise CC Ms A Naidoo | Referral against and director for fraud | 2 | 25/08/2021 | Referral has been acknowledged. The SIU is awaiting case number |
| Eastern Cape DoH | Vortex Healthcare; Mr J Naidoo | Fraud, forgery and uttering | 2 | 19/07/2021 | East London CAS 112/09/2021 Prosecutor still to be assigned |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---|-----------------|---------------|---|
| Eastern Cape DoH | Prometheus Capital; Mr X Zakhe; Mr R Meyer | Fraud | 3 | 19/07/2021 | East London CAS 111/09/2021 Prosecutor assigned |
| Eastern Cape DoH | Mr Matinise, a former messenger | The offence is fraud, alternatively forgery and uttering. | 1 | 02/03/2021 | A criminal case was registered under Mthatha CAS365/04/2021. The accused was arrested on 8 July 2021 and released on R1000 bail. The criminal case was remanded to 26 January 2022. |
| Eastern Cape DoH | Ms Gomba, former Member of the Executive Council (MEC) | Corruption. | 1 | 12/11/2020 | A criminal case (CAS 08/09/2020) is under investigation by the Hawks and the SIU is collaborating with the NPA and the Hawks. An NPA Prosecutor was assigned to this matter. |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|--|---|---|-----------------|---------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | | | | | The Matter is still under investigation by the Hawks. Pending the NPA decision. |
| Eastern Cape DoH | Dr Mbengashe – former Superintendent- General | Corruption. | 1 | 12/11/2021 | A criminal case (CAS 08/09/2020) is under investigation by the Hawks and the SIU is collaborating with the NPA and the Hawks. An NPA Prosecutor was assigned to this matter. The Matter is still under investigation by the Hawks. Pending the NPA decision. |
| OR Tambo District Municipality | Mr Gwadiso – Senior Manager: Whippery Services Unit | The offence is fraud and contravention of section 61(1) and section 173 of the MFMA (financial misconduct). | 1 | 13/11/2020 | A criminal case is already under investigation by the Hawks (CAS 64/07/2020). The Hawks arrested the Director of Phathilizwi |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|--|---|---|-----------------|---------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | | | | | Training Institute and Mr Gwadiso. The criminal case was remanded until 1 – 4 February 2022 |
| OR Tambo District Municipality | Mr T Tseane, Director: Legislative Services | The offence is fraud and contravention of section 61(1) and section 173 of the MFMA (financial misconduct). | 1 | 13/11/2020 | Still awaiting update from NPA |
| OR Tambo District Municipality | Mr Owen Hlazo, Municipal Manager | The offence is fraud and contravention of section 61(1) and section 173 of the MFMA (financial misconduct). | 1 | 13/11/2020 | The accused is now deceased |
| Eastern Cape SASSA | Mr Yanga Depha, Manager | Fraud | 2 | 7/10/2021 | Referral has been acknowledged. The SIU is awaiting case number |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|---|---------------------------------------|---|------------------------|----------------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| Eastern Cape SASSA | Mr V Bukula, Senior Manager | Fraud | 2 | 7/10/2021 | Referral has been acknowledged. The SIU is awaiting case number |
| Eastern Cape SASSA | Mr L Qabisisa, Manager | Fraud | 2 | 7/10/2021 | Referral has been acknowledged. The SIU is awaiting case number |
| Eastern Cape SASSA | Mr Bulelani Booi, Director. | Fraud | 1 | 7/10/2021 | Referral has been acknowledged. The SIU is awaiting case number |
| Eastern Cape SASSA | Mr P Mama, Director | Fraud | 1 | 7/10/2021 | Referral has been acknowledged. The SIU is awaiting case number |
| Free State Department of Human Settlements | Mr Mokhesi, Head of the Department | Faulure to comply with Section 38(1) of the PFMA and therefore he is guilty of an offence in terms of Section 86 of the PFMA | 1 | 11/12/2020 | The NPA has acknowledged receipt of the referral and a copy was also handed over to the Directorate Priority Crime |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--------------------------------|---|---------|-----------------|------------------------------|---|
| | | | | | Investigations. Park Road CAS 572/03/2021 was registered and is currently being investigated by the Directorate Priority Crime Investigations. A prosecutor has also been assigned to the matter |
| Free State Provincial Treasury | Mr Mokoena, Former CFO of FSP Provincial Treasury; Mr Moseme (CEO of C-Squared Consumer Connectedness (Pty) Ltd) C-Squared Consumer Connectedness (Pty) Ltd | Fraud | 3 3 | 30/09/2020 12/11/2020 | Criminal cases were registered at Parkroad Police Station and are currently being investigated by the Directorate Priority Crime Investigations under CAS 933/11/2020 (SCMQ608 & 609/20/21) and CAS 665/10/2020 (SCMQ3/2020). A |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---------|-----------------|---------------|--|
| | | | | | prosecutor has been assigned to the matters |
| Free State PT | Abi Kundu (Pty) Ltd / Ms Hlohlolo Africa Hlahla Investments CC / Mr Makhalemele Andzile Group (Pty) Ltd / Mr Moloji Blaq Aig Trading CC / Mr Ludada Bahurutsi Projects (Pty) Ltd / Mr Moilwa Basadzi Pele Management Consulting and Projects CC / Ms Mbokazi | Fraud | 54 | 20/04/2021 | A criminal case (Park Road CAS 553/06/2021) has been registered and is currently being investigated by the Directorate Priority Crime Investigations. The matter has also been referred to the NPA for the appointment of a prosecutor |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---------|-----------------|---------------|------------------|
| | Bathosi Trading Enterprise (Pty) Ltd / Mr Ramokhoase Bazix First (Pty) Ltd / Mr Phooko DS Trading and Projects (Pty) Ltd / Ms Elliot Halcyon Import and Export (Pty) Ltd / Mr Florio Hero Investments (Pty) Ltd / Mr Nake Hope Med (Pty) Ltd / Mr Lebusho Le Di Phaka Phaka (Pty) Ltd / Mr Motaung Maphcon Consulting (Pty) Ltd / Mr Mathibela | | | | |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---------|-----------------|---------------|------------------|
| | Mohau and Son Investment (Pty) Ltd / Mr Mohlouoa Mphore 101 Trading (Pty) Ltd / Mrs Molete- Matlanyane Newtongate (Pty) Ltd / Mr Motaung NNMZ Trading and Projects (Pty) Ltd / Ms Radebe Philetha Projects and Services (Pty) Ltd / Ms Mngomezulu Qwanthu Trading CC / Mr Thinda | | | | |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--------------------------------|--|--|-----------------|---------------|--|
| | Seholoholo Trading CC / Mr Moeletsi Silver Power Medical (Pty) Ltd / Mr Lehoko Slydeb (Pty) Ltd / Ms Debedu Tribusat (Pty) Ltd / Ms Montwedi Veseal Trading (Pty) Ltd / Mr Modise VMD Innovations (Pty) Ltd / Mr Sesoga Yatola Projects CC / Ms Bhengut | | | | |
| Free State Provincial Treasury | Abi Kundu (Pty) Ltd / Ms Hlohlo | Contravention of Sections 14, 19 and 22C(6) of the Medicines and Related Substances Act, Act No. | 60 | 19/07/2021 | A criminal case (Park Road CAS 351/09/2021) has been registered and is |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|--|-----------------|---------------|---|
| | Africa Hlahla Investments CC / Mr Makhalemele Andzile Group (Pty) Ltd / Mr Moloji Blaq Aig Trading CC / Mr Ludada Bahurutsi Projects (Pty) Ltd / Mr Moilwa Basadzi Pele Management Consulting and Projects CC / Ms Mbokazi Bathosi Trading Enterprise (Pty) Ltd / Mr Ramokhoase Bazix First (Pty) Ltd / Mr Phooko | 101 of 1965, as amended, which constitutes an offence in terms of Section 29 | | | currently being investigated by the Directorate Priority Crime Investigations |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---------|-----------------|---------------|------------------|
| | DS Trading and Projects (Pty) Ltd / Ms Elliot Halcyon Import and Export (Pty) Ltd / Mr Florio Hero Investments (Pty) Ltd / Mr Nake Hope Med (Pty) Ltd / Mr Lebusho Le Di Phaka Phaka (Pty) Ltd / Mr Motaung Maphcon Consulting (Pty) Ltd / Mr Mathibela Mohau and Son Investment (Pty) Ltd / Mr Mohlouoa | | | | |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---------|-----------------|---------------|------------------|
| | Mphore 101 Trading (Pty) Ltd / Mrs Molete-Matlanyane Newtongate (Pty) Ltd / Mr Motaung NNMZ Trading and Projects (Pty) Ltd / Ms Radebe Philetha Projects and Services (Pty) Ltd / Ms Mngomezulu Qwanthu Trading CC / Mr Thinda Seholoholo Trading CC / Mr Moeletsi Silver Power Medical (Pty) Ltd / Mr Lehoko | | | | |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---------|-----------------|---------------|------------------|
| | Slydeb (Pty) Ltd / Ms Debedu Tribusat (Pty) Ltd / Ms Montwedi Veseal Trading (Pty) Ltd / Mr Modise VMD Innovations (Pty) Ltd / Mr Sesoga Yatola Projects CC / Ms Bhengut Luyolwe Holding (Pty) Ltd / Mr Tsopo Ral Corporation (Pty) Ltd / Ms Mosima Rise Now Trading 34 (Pty) Ltd / Mr Govender | | | | |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---|--|--|--|
| Gauteng DoE | Ms AY Magodi Mr M Magodi Maita Solutions Pty Ltd Mr Manngo | Section 3 of the Prevention and Combating of Corrupt Activities Act, Act 12 of 2004 | 4 | 02/11/2021 | |
| Gauteng DoH | Professor M Lukhele, Head of Department | Gross Financial Misconduct in Contravention of Section 86(1) read with Section 38(1)(a)(i)(iii) (b)(c)(ii)(iii) (h)(i)(ii)(iii) (n) of PFMA 1999 Act no.1 | 1 1 2 1 1 1 1 6 3 5 | 22/09/2020 25/09/2020 14/01/2021 29/03/2021 19/04/2021 06/05/2021 04/06/2021 08/06/2021 26/07/2021 01/07/2021 | A criminal case was opened with reference Johannesburg CAS 484/12/2020. Prosecutors were appointed to the matters. |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|--|---|-----------------------|----------------------------|--|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | | | 3 1 1 3 2 1 | 19/07/2021 25/08/2021 06/09/2021 08/09/2021 11/11/2021 01/10/2021 | |
| Gauteng DoH | Mr P Naidoo, Director; Beadica 423 CC | The offence is fraud. | 2 | 23/10/2020 | A criminal case was opened with reference Johannesburg CAS 360/12/2020. Prosecutors were appointed to the matter. |
| Gauteng DoH | Mr KN Dodkins, Director; Ms RJ Bathibeng, Director; Ikati Health (Pty) Ltd; | The offence is fraud. | 4 | 17/12/2020 | The NPA has confirmed receipt of the referrals made. Prosecutors were |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|--|--|---|-----------------|---------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | Kat Laboratory and Medical | | | | appointed to the matters. Boksburg CAS 264/04/2021 |
| Gauteng DoH | Mr ES Nkuna, Director; Mlangeni Brothers Events CC. | The offence is fraud. | 2 | 09/12/2020 | The NPA has confirmed receipt of the referrals made. Prosecutors were appointed to the matters. |
| Gauteng DoH | Ms M Pillay, Director; Future Advertising; | The offence is fraud, alternatively forgery and uttering. | 2 | 17/03/2021 | The NPA has confirmed receipt of the referrals made. Prosecutors were appointed to the matters. |
| Gauteng DoH | LNG Scientific; LT Lekoana; P Ben Lam; A Lin | The offence is money laundering, fraud, alternatively forgery and uttering. | 4 | 17/03/2021 | The NPA has confirmed receipt of the referrals made. Prosecutors were appointed to the matters. |
| Gauteng DoH | Ms K Radebe Ms NP Radebe | The offence is fraud. | 2 | 08/09/2021 | The NPA has confirmed receipt of the referrals |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|--|--|--|-----------------|---------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | | | | | made. Prosecutors were appointed to the matters. |
| Gauteng DoH | Mr SJ Matlala Polkadots Properties 193 (Pty) Ltd | The offence is fraud, alternatively forgery and uttering. | 2 | 08/09/2021 | The NPA has confirmed receipt of the referrals made. Prosecutors were appointed to the matters. |
| Gauteng DoH | Mr DC Neaves Synopsis One (Pty) Ltd | Fraud | 2 | 30/09/2021 | The NPA has confirmed receipt of the referrals made. Prosecutors were appointed to the matters. |
| City of Johannesburg | Ms B Lephadi, the Acting SCM Manager | Financial misconduct. | 1 | 11/06/2021 | The NPA has confirmed receipt of the referrals made. Prosecutors were appointed to the matters. |
| City of Johannesburg / Johannesburg | Helen Botes, CEO; Imraan Bhamjee, CFO; | Contravention of section 105(1) read with section 173(3) of the MFMA | 5 | 30/03/2021 | The NPA has confirmed receipt of the referrals |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|--|--|----------------------|-----------------|---------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| Property Company JPC | Nandisa Zondo, Manager: SCM; Fitzgerald Ramaboea, Senior Manager: SCM; Gowrie Sunker, General Manager: Special Projects. | | | | made. Prosecutors were appointed to the matters. |
| National DoT | Ecko Green (Pty) Ltd; Mistralog (Pty) Ltd; Recital Investment Corporation (Pty) Ltd; Pendowell (Pty) Ltd; Ms CL Buthelezi, representative of Mistralog (Pty) Ltd; Mr N Buthelezi, representative of Recital | Fraud and corruption | 8 | 16/09/2021 | The matter is still under consideration by the NPA. The AFU is currently also dealing with the matter. |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------------------------|---|--|-----------------|---------------|--|
| | Investment Corporation (Pty) Ltd and Pendowell (Pty) Ltd; Ms MS Bhimjee, representative of Ecko Green (Pty) Ltd; Mr M Shivambo | | | | |
| National Health Laboratory Services | Mr Ndlovu, Director: Hamilton Holdings (Pty) Ltd; Mr K Mbewe, Director: Joritans (Pty) Ltd; Mr ML Lowa, Director: Joritans (Pty) Ltd; Mr LD Ndlovu, Director: Hamilton N Projects (Pty) Ltd; | Fraud, Corruption and Money Laundering | 11 | 11/12/2020 | The SAPS investigator from the HAWKS informed the SIU that the case will appear in court on 15/11/2021 for the first leg and the investigations are still ongoing. |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---------|-----------------|---------------|------------------|
| | <p>Mr PC Rabosiwana, Director: Persto (Pty) Ltd;</p> <p>Mr GM Matlala, Director: Kgudomo (Pty) Ltd;</p> <p>Ms F Sekete, Director: Feliham (Pty) Ltd;</p> <p>Mr KT Kgame, Director: Bugatti Private Security and Projects (Pty) Ltd;</p> <p>Mr TO Kunene, Director: Abompetha (Pty) Ltd;</p> <p>Mr K Sekgaolelo, Director: Abompetha (Pty) Ltd;</p> <p>Mr STT Mokone, Director: Mok Plus One (Pty) Ltd.</p> | | | | |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--------------------------------------|---|----------------------|-----------------|---------------|--|
| National DPWI: Beitbridge Matter | Ms Mabaso, Project Manager: NDPWI; Mr W Hlabangwane, Chief Director: Construction NDPWI; Mr B Pringle, Director Magwa; Mr MI Lejaka, Director Magwa; Mr KS Mtshali, Director Profteam; Profteam CC; Caledon River Properties. | Fraud | 7 | 28/09/2020 | The SIU referred allegations pointing to the commission of fraud to the NPA. No case number has been allocated to the matter as yet. |
| South African National Defence Force | A matter was referred because of syndicates who were submitting false purchase orders and | Fraud and Corruption | 1 | 17/03/2021 | Matter still under investigation by the SAPS |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--------------------------------------|---|----------------------|-----------------|---------------|--|
| | delivery to the SANDF and who were claiming for services not rendered | | | | |
| South African National Defence Force | Colonel TK Sibene; Lieutenant D Modise; Lieutenant Colonel VS Pieu; Esn VW Ratshivanda; Captain Lieutenant Ngoepe; Warrant Officer LD Masanabo; Captain TI Mengu; Captain MA Tshikosi; Staff Sergeant S Moeketsi; | Fraud and Corruption | 33 | 10/09/2021 | Matter still under investigation by the SAPS |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---------|-----------------|---------------|------------------|
| | Major N Sobekwa; Warrant Officer BG Mntambo; Captain M Bologo; Captain Thie; Captain KH Saal; Ms N Tyibilika; Nzuribuhle Investments; NM Tyibilika; LH Mavuba; JJ Madoda; Nyathela Consulting Pty Ltd; PLM Nyathela; HS Letlape; | | | | |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------------------------|---|--|-----------------|---------------|---|
| | T Padayachy; Y&P Logistics CC; Silven Seelen Foundation Pty Ltd; Salusise Medical Supplies Pty Ltd; Ropad Tools and Industrial Supplies Pty Ltd; Y&P Trading CC; Mabasa Trading CC; Velepa Trading CC. | | | | |
| eThekweni Metropolitan Municipality | Singila Distributors & Suppliers (Pty) Ltd Mr S Msomi, Director of Singila | Contravention of Section 14 (3) of the National Building Regulations and Buildings Standards Act 103 of 1977 by submitting a false | 4 | 23/11/2021 | Matter is receiving attention by the SCCU DPP. Awaiting appointment of a Prosecutor |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|---|---|--|------------------------|----------------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | A-Z Consulting Civil and Structural Engineers Mr M Mahlangu, representative of A-Z Consulting | structural certificate as per section 14 (2A) | | | |
| eThekwini Metropolitan Municipality | Drakewood Pinetown Simandlovu Trading Techno Zone Trading 8 CC Mr Z Karrim; Mr MR Simamene; Mr P Mudaly; Mr T Mudaly. | Contravention of section 22c(1(b) and (6) of the MaRS Act for the supply of medical device without being registered with SAHPRA | 7 | 05/11/2021 | Matter is receiving attention by the SCCU DPP. Awaiting appointment of a Prosecutor |
| eThekwini Metropolitan Municipality | Kuhle Kimi Trading Pty Ltd Mr PT Msomi, Director of Kuhle Kimi | Contravention of Section 14 (3) of the National Building Regulations and Buildings Standards Act 103 of 1977 by submitting a false | 4 | 04/11/2021 | Matter is receiving attention by the SCCU DPP. Awaiting appointment of a Prosecutor |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------------------------|---|--|-----------------|---------------|---|
| | A-Z Consulting Civil and Structural Engineers Mr M Mahlangu, representative of A-Z Consulting | structural certificate as per section 14 (2A) | | | |
| eThekwini Metropolitan Municipality | A Way Group (Pty) Ltd Ms TS Mbuyazi, Director of A Way Group A-Z Consulting Civil and Structural Engineers Mr M Mahlangu, representative of A-Z Consulting | Contravention of Section 14 (3) of the National Building Regulations and Buildings Standards Act 103 of 1977 by submitting a false structural certificate as per section 14 (2A) | 4 | 04/11/2021 | Matter is receiving attention by the SCCU DPP. Awaiting appointment of a Prosecutor |
| eThekwini Metropolitan Municipality | Bonokuhle and Busi Trading (Pty) Ltd | Contravention of Section 14 (3) of the National Building Regulations and Buildings Standards Act 103 of 1977 by submitting a false | 4 | 04/11/2021 | Matter is receiving attention by the SCCU DPP. Awaiting appointment of a Prosecutor |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------------------------|--|--|------------------------|----------------------|---|
| | Mr SS Thethwayo, Director of Bonokuhle A-Z Consulting Civil and Structural Engineers Mr M Mahlangu, Representative of A-Z Consulting | structural certificate as per section 14 (2A) | | | |
| eThekwini Metropolitan Municipality | Degenesix Holdings (Pty) Ltd Mr K Serero, Director of Degenesix | Contravention of Section 14 (3) of the National Building Regulations and Buildings Standards Act 103 of 1977 by submitting a false structural certificate as per section 14 (2A) | 2 | 21/10/2021 | Matter is receiving attention by the SCCU DPP. Awaiting appointment of a Prosecutor |
| eThekwini Metropolitan Municipality | Ms BT Ndamase, sole member of Sizonwaba A-Z Consulting Civil and Structural Engineers | Contravention of Section 14 (3) of the National Building Regulations and Buildings Standards Act 103 of 1977 by submitting a false | 3 | 21/10/2021 | Matter is receiving attention by the SCCU DPP. Awaiting appointment of a Prosecutor |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|--|-----------------|---------------|--|
| | Mr M Mahlangu, representative of A-Z Consulting | structural certificate as per section 14 (2A) | | | |
| KwaZulu-Natal DoE | Blue Jay Development; Mr SW van der Merwe; Mr JJ van der Merwe; Esomkhulu Trading; Ms ZW Mkhize; K & L Consulting; Mr MR Khumalo; Mr G Labuschange; Mahambayedwa Trading; Ms PR Miya; Neosta Electronic Distributors; | Contravention of section 22c(1(b) and (6) of the MaRS Act for the supply of medical device without being registered with SAHPRA | 21 | 05/10/2020 | Matter is receiving attention by the SCCU DPP. Awaiting appointment of a Prosecutor |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|--|-----------------|---------------|---|
| | Mr V Reathlall; Ogabazini Holdings; Oshlanga Enterprises; Ms A Naidoo; RMSP Trading; Mr P Govender; Siphon Segugu Trading; Ms GM Ngcobo; Trufix Industrial Services; Ms S Ramsamy. | | | | |
| KwaZulu-Natal DoE | Njiki Yesizwe Projects; Mashibela Business Solutions; Ms T Hlengwa, | Contravention of section 3(a) and 3(b)(i)(aa) and 3(ii)(bb) and (cc) of the PACOCA Act | 5 | 31/05/2021 | Prosecutor has been appointed. Engagements ongoing. |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|--|---|---|-----------------|---------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | Mr PS Mabaso; Ms S Xaba. | | | | |
| KwaZulu-Natal DoE | Bulum Trading; Ms NFM Mthembu, Director; Mr LS Mhlongo Manager, KwaZulu-Natal DoE Infrastructure; Mr BS Sikhakhane, Admin Officer KwaZulu-Natal DoE Infrastructure. | Contravention of section 3(a) and (b)(i)(aa) and (ii)(bb) and (cc) of the PACOCA Act. | 4 | 13/05/2021 | Prosecutor has been appointed. Engagements ongoing. |
| KwaZulu-Natal DoE | Office Code Enterprise 20; Ms MJ Ndimande, Director; Sbal'Khulu Trading1939; Ms JB Nzama, Director; | The offence is fraud, alternatively forgery and uttering | 6 | 31/03/2021 | Prosecutor has been appointed. Engagements ongoing. |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|----------------------------|--|--|-----------------|--|---|
| | Slovas Agencies 25; Mr MJ Ndimande, Director. | | | | |
| KwaZulu-Natal DoE | Esomkhulu Trading; Ms ZW Mkhize, Director; Mr S Mjwara, Manager; Espani Labour Outsourcing; Ms JB Nzama, Director; Mr MP Ndimande, Manager. | The offence is fraud, alternatively forgery and uttering | 3 3 3 | 15/10/2020 20/10/2020 27/10/2020 | Espani Labour Outsourcing - <i>nolle prosequi</i> (decline to prosecute). The NPA has been requested to provide the basis for declining to prosecute. |
| uMngeni Local Municipality | Ms T Cibane, the Municipal Manager. | Contravention of the section 173(1) of the MFMA | 1 | 13/05/2021 | Prosecutor appointed. Engagements ongoing |
| KwaZulu-Natal DSD | Mr SG Ngubane, the Acting HoD. | The offence is financial misconduct. | 1 1 | 07/12/2020 08/10/2020 | Prosecutor appointed. Engagements ongoing |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|---|------------------------------------|---|------------------------|--------------------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| Limpopo DoH | Dr. T Mhlongo, HoD | Contravention of Section 38(1) of PFMA | 6 | 10/05/2021 08/10/2021 | DPCI is conducting further investigations |
| Limpopo DoH | Mr JM Mudau, CFO | Contravention of section 3,4 and 12 of PACOCA | 1 | 24/06/2021 | A case docket is under investigation by the DPCI |
| Limpopo DoH | Mr U Mudau, CFO's son | Contravention of section 3,4 and 12 of PACOCA | 1 | 24/06/2021 | A case docket is under investigation by the DPCI |
| Limpopo DoH | Confidence Number 1 | Contravention of section 3,4 and 12 of PACOCA | 1 | 24/06/2021 | A case docket is under investigation by the DPCI |
| Limpopo DoH | Ms N Mphephu, Confidence Director | Contravention of section 3,4 and 12 of PACOCA | 1 | 24/06/2021 | A case docket is under investigation by the DPCI |
| Limpopo CoGHSTA | Ms C Mohlala, Director of Aventino | Fraud | 1 | 02/12/2020 | Ms Mohlala was arrested by the Hawks |
| Limpopo CoGHSTA | Aventino | Fraud | 1 | 02/12/2020 | Ms Mohlala was arrested by the Hawks |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|---|---|--|------------------------|----------------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| Sekhukhune District Municipality | Mr MJ Mofokeng, Acting Municipal Manager | Contravention of 173(1) of MFMA. | 1 | 30/09/2020 | This matter is being investigated by the Hawks |
| Sekhukhune District Municipality | Mr T Maroga, Manager PMU | Fraud | 1 | 30/09/2020 | This matter is being investigated by the Hawks |
| Mpumalanga DoE | Mr J Nkosi, Acting HoD | Section 38 and 86 of PFMA. | 1 | 18/8/2021 | Matter with SAPS for further investigation |
| Mpumalanga CoGTA | Mr R Manzini, Deputy Director | Section 17 of PRECCA | 1 | 14/7/2021 | Matter with SAPS for further investigation under CAS 212/8/2021. |
| Mpumalanga Department of Community Safety, Security and Liaison | Clifford Bheki Methule, Director; Amukelani Okuhle Trading | Fraud. | 2 | 29/7/2021 | Matter with SAPS for further investigation. NELSPRUIT CAS 355/8/2021 refers |
| North West DoH | Mr Renier Botha, the Acting Depot Manager at the Medical Store. | Gross Financial misconduct in contravention of section 38 and 86 of the PFMA | 1 | 04/02/2021 | NPA returned the referral with queries. The amended |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|--|--|---|-----------------|---------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | | | | | referral was then sent on 27 October 2021 |
| Ratlou Local Municipality | Mr T Chanda, Municipal Manager | Gross Financial misconduct in contravention of sections 173 and 174 of the MFMA | 1 | 08/10/2020 | NPA has made a decision to prosecute Mr Chanda and a case number has been opened with the HAWKS under CAS 29/09/2020 and the prosecutor instructed the HAWKS to obtain further witnesses statements |
| JB Marks Municipality | Mr L Ralekgetho, the Municipal Manager | Gross financial misconduct in contravention of sections 173 and 174 of the MFMA | 1 | 23/04/2021 | The NPA has requested further information from the Hawks and a case has been opened under CAS323/07/20 |

Number of referrals made to the National Prosecuting Authority

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|---|---|--|-----------------|---------------|--|
| Department of Forestry, Fisheries and the Environment | Kanga Business Management; Mr KM Madima, the owner. | Fraud, forgery and uttering | 2 1 | 08/10/2020 | Detective W/O Nialla from the Hawks advised that he has issued a J175 summons on Mr Madima. The matter will be in court on 02/12/2021. |
| Matzikama Local Municipality | Mr J Klazen, CEO of Duneco CC Duneco CC Ms T Cloete, owner of Tarryn Losper Trading Tarryn Losper Trading Mr I Jenner, Manager: Administration & Legal, Matzikama M J Booysen, Former CFO, Mzikama | Fraud, forgery and uttering of false documents | 9 | 08/09/2021 | The matter is with the prosecutor who is drafting the charge sheet. |

| Number of referrals made to the National Prosecuting Authority | | | | | |
|--|--|---------|-----------------|---------------|------------------|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | Mr A Hendricks, former Municipal Manager Mr A Blanckenberg, owner of Rural Impact Trading Rural Impact Trading | | | | |
| | Total | | 386 | | |

7.5. NUMBER OF REFERRALS MADE FOR EXECUTIVE ACTION

| Number of referrals made for Executive Action | | | | | |
|---|--------------------------------------|---|-----------------|---------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| Eastern Cape DoH | Ms Gomba: MEC of Eastern Cape DoH | A referral was made against Ms S Gomba, the MEC for Health, for the contravention of section 136(1) and 217(1) of the Constitution; Contravention of section 63(1)(b) | 1 | 01/02/2021 | The MEC was discharged from office by the Premier on 18 February 2021. |

| Number of referrals made for Executive Action | | | | | |
|---|-------------------------------|---|-----------------|---------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | | and section 64(1)(2)(3) of the PFMA and contravention of section 2(2)(a)(i) (b)(iv)(v) of the Executive Members Ethics Act. | | | |
| Gauteng DoH | Dr BEW Masuku, the former MEC | According to the SIU's investigation, he failed to fulfil his obligations to comply with the Constitution; with his general oversight responsibilities in respect of the Department which contributed thereto that the Department failed to comply with the prescripts of the Constitution, and his obligations in terms of the PFMA. | 1 | 18/09/2020 | The MEC has since been discharged. On 23 October 2020, the former MEC filed an urgent application in the High Court of South Africa (Gauteng Division, Pretoria) under Case No. 555372/2020 to review and set aside the SIU referrals as being unlawful, unconstitutional and therefore invalid. The SIU opposed the application. The matter was set down |

| Number of referrals made for Executive Action | | | | | |
|---|----------------------|---|-----------------|---------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | | | | | <p>for hearing on 21 January 2021 before the full bench of the High Court and on the same day judgment was reserved.</p> <p>The court on 12 April 2021 handed down judgment and dismissed Dr Masuku's application to review and set aside the SIU referrals with costs.</p> |
| JB Marks Local Municipality | Mr Mr Kgotso Khumalo | A referral was made against the Executive Mayor, Mr Kgotso Khumalo, for disciplinary action to be taken against an office bearer in respect of the awarding of a donation to an entity. The SIU met with the newly appointed MEC of | 1 | 12/11/2020 | No action taken yet against Mr Khumalo. He had subsequently resigned and vacated his position on 12/05/2021. However, he has not resigned as a councilor and is thus still on |

| Number of referrals made for Executive Action | | | | | |
|---|--------------------|--|-----------------|---------------|---|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | | CoGHSTA who confirmed that they are taking the necessary steps. They will continue to update the SIU with the progress made. | | | the JB Marks's payroll. It is important that this matter is attended to. The SIU has raised this with the relevant MEC for attention. |
| | Total | | 3 | | |

CONFIDENTIAL

7.6. NUMBER OF REFERRALS MADE FOR ADMINISTRATIVE ACTION

| Number of referrals made for Administrative Action (which includes blacklisting) | | | | | |
|---|---|--|------------------------|----------------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| Free State Provincial Treasury | Abi Kundu (Pty) Ltd / Ms Hlohlolo Africa Hlahla Investments CC / Mr Makhalemele Andzile Group (Pty) Ltd / Mr Moloji Blaq Aig Trading CC / Mr Ludada Bahurutsi Projects (Pty) Ltd / Mr Moilwa Basadzi Pele Management Consulting and Projects CC / Ms Mbokazi | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 60 | 21/06/2021 | The SIU was informed by Adv. Nthotso from SAHPRA that a meeting is scheduled to discuss the way forward in this matter |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---------|-----------------|---------------|------------------|
| | Bathosi Trading Enterprise (Pty) Ltd / Mr Ramokhoase Bazix First (Pty) Ltd / Mr Phooko DS Trading and Projects (Pty) Ltd / Ms Elliot Halcyon Import and Export (Pty) Ltd / Mr Florio Hero Investments (Pty) Ltd / Mr Nake Hope Med (Pty) Ltd / Mr Lebuso Le Di Phaka Phaka (Pty) Ltd / Mr Motaung | | | | |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---------|-----------------|---------------|------------------|
| | <p>Maphcon Consulting (Pty) Ltd / Mr Mathibela</p> <p>Mohau and Son Investment (Pty) Ltd / Mr Mohlouoa</p> <p>Mphore 101 Trading (Pty) Ltd / Mrs Molete-Matlanyane</p> <p>Newtongate (Pty) Ltd / Mr Motaung</p> <p>NNMZ Trading and Projects (Pty) Ltd / Ms Radebe</p> <p>Philetha Projects and Services (Pty) Ltd / Ms Mngomezulu</p> | | | | |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---------|-----------------|---------------|------------------|
| | Qwanthu Trading CC / Mr Thinda Seholoholo Trading CC / Mr Moeletsi Silver Power Medical (Pty) Ltd / Mr Lehoko Slydeb (Pty) Ltd / Ms Debedu Tribusat (Pty) Ltd / Ms Montwedi Veseal Trading (Pty) Ltd / Mr Modise VMD Innovations (Pty) Ltd / Mr Sesoga Yatola Projects CC / Ms Bhengut | | | | |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-----------------------------------|--|---------|-----------------|---------------|--|
| | Luyolwe Holding (Pty) Ltd / Mr Tsopo Ral Corporation (Pty) Ltd / Ms Mosima Rise Now Trading 34 (Pty) Ltd / Mr Govender | | | | |
| Free State Provincial Treasury | Abi Kundu (Pty) Ltd / Ms Hlohlolo Africa Hlahla Investments CC / Mr Makhalemele Andzile Group (Pty) Ltd / Mr Moloi Blaq Aig Trading CC / Mr Ludada Bahurutsi Projects (Pty) Ltd / Mr Moilwa | Fraud | 54 | 28/04/2021 | The SIU was informed by the Chief Director that a meeting is scheduled with their Legal Department for guidance on the process |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---------|-----------------|---------------|------------------|
| | Basadzi Pele Management Consulting and Projects CC / Ms Mbokazi Bathosi Trading Enterprise (Pty) Ltd / Mr Ramokhoase Bazix First (Pty) Ltd / Mr Phooko DS Trading and Projects (Pty) Ltd / Ms Elliot Halcyon Import and Export (Pty) Ltd / Mr Florio Hero Investments (Pty) Ltd / Mr Nake Hope Med (Pty) Ltd / Mr Lebushe | | | | |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---------|-----------------|---------------|------------------|
| | Le Di Phaka Phaka (Pty) Ltd / Mr Motaung Maphcon Consulting (Pty) Ltd / Mr Mathibela Mohau and Son Investment (Pty) Ltd / Mr Mhlooua Mphore 101 Trading (Pty) Ltd / Mrs Molete- Matlanyane Newtowngate (Pty) Ltd / Mr Motaung NNMZ Trading and Projects (Pty) Ltd / Ms Radebe | | | | |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---------|-----------------|---------------|------------------|
| | Philetha Projects and Services (Pty) Ltd / Ms Mngomezulu Qwanthu Trading CC / Mr Thinda Seholoholo Trading CC / Mr Moeletsi Silver Power Medical (Pty) Ltd / Mr Lehoko Slydeb (Pty) Ltd / Ms Debedu Tribusat (Pty) Ltd / Ms Montwedi Veseal Trading (Pty) Ltd / Mr Modise | | | | |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---|-----------------|---------------|--|
| | VMD Innovations (Pty) Ltd / Mr Sesoga Yatola Projects CC / Ms Bhengut | | | | |
| Gauteng DoH | Beadica 423 CC 2011/085389/23 Zakheni Strategic supplies 2015/365589/07 Mlangeni Brothers Events CC 2009/126190/23 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 3 | 09/11/2020 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Synopsis One Pty Ltd 2019/384062/07 Tuwo Rhodesia Pty Ltd 2019/450715/07 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 2 | 11/12/2020 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---|-----------------|---------------|--|
| Gauteng DoH | Royal Bhaca Projects Pty Ltd 2018/643405/07 Ledla Structural Development 2011/000486/24 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 2 | 17/02/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Bakuthi Trading CC 2007/233856/23 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 22/02/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Best Enough Trading and Projects 412 CC 2010/133474/23 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 27/02/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--------------------------|--|---|------------------------|----------------------|--|
| Gauteng DoH | Ixodox Pty Ltd 2012/037654/07 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 9/03/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | LNG Scientific Pty Ltd 2014/009577/07 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 11/03/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Afripam Holdings (Pty) Ltd 2013/102827/07 Gramendo Projects CC 2011/009011/23 Grassroots Development and Investments Pty Ltd 2012/094230/07 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 3 | 12/03/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |

| Number of referrals made for Administrative Action (which includes blacklisting) | | | | | |
|---|--|---|------------------------|----------------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| Gauteng DoH | Emanzini Construction Projects Pty Ltd 2017/482263/07 Nascency Medicals Pty Ltd 2013/107451/73 Vharanga Phanda Trading CC2007/004112/23 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 3 | 29/03/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Seebo Group Pty Ltd 2009/009599/23 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 30/03/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Mokone Trading and Projects Pty Ltd 2015/013441/07 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 31/03/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---|-----------------|---------------|--|
| Gauteng DoH | TIM 73 General Project Pty Ltd 2008/005204/23 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 16/04/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Solsimtha Projects Pty Ltd 2019/405226/07 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 16/04/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Forest Furn Pty Ltd 2014/014005/07 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 16/04/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--------------------------|---|---|------------------------|----------------------|--|
| Gauteng DoH | Kraft Medical Pty Ltd 2017/082671/07 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 19/04/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Umnothozwide Trading Enterprise Pty Ltd 2009/167940/23 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 19/04/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | KD Supplies t/a Kwadines Pty Ltd 2019/493659/07 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 29/04/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--------------------------|--|---|------------------------|----------------------|--|
| Gauteng DoH | <p>Maponya Medical Solutions Pty Ltd 2010/010938/07</p> <p>Polkadots Properties 193 Pty Ltd 2012/011129/07</p> <p>HSB Mercantile Investments Pty Ltd 2019/121105/07</p> <p>SenatlaTrading Enterprise 180 CC 2011/001880/23</p> | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 4 | 10/05/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | <p>Future Advertising Pty Ltd 2005/009752/23</p> <p>Bliss Pharmaceuticals Pty Ltd 2011/100593/07</p> | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 3 | 21/05/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |

| Number of referrals made for Administrative Action (which includes blacklisting) | | | | | |
|---|--|---|------------------------|----------------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | Be-Sure Events Pty Ltd 2014/096753/07 | | | | |
| Gauteng DoH | Macduke Trading and Projects CC 2011/019093/23 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 21/05/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | SAI Medicals Pty Ltd 2015/173530/07 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 20/07/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Opal Sky Pty Ltd 2015/297231/07 Baju Chemicals Pty Ltd 2016/212081/07 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 3 | 20/07/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |

| Number of referrals made for Administrative Action (which includes blacklisting) | | | | | |
|--|--|---|-----------------|---------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | Taste Africa Pty Ltd 2016/359768/07 | | | | |
| Gauteng DoH | Eubee Events Management 2012/103924/07 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 17/09/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Babonolo Holdings CC 2004/028793/23 | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 11/10/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |
| City of Johannesburg / Johannesburg property Company JPC | KM Mashigo Trading CC; Triple SL Tech CC; Mizana Trading (Pty) Ltd; | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 4 | 01/04/2021 | The Competition Commission confirmed receipt of the referrals and are reviewing the evidence provided. |

| Number of referrals made for Administrative Action (which includes blacklisting) | | | | | |
|--|---|--|-----------------|---------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | Omphile Turnkey Solutions (Pty) Ltd | | | | |
| Gauteng DoH | Beadica 423 CC 2011/085389/23 Zakheni Strategic Supplies Pty Ltd 2015/365589/07 Mlangeni Brothers Events CC 2009/126190/23 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 3 | 24/11/2020 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Eubee Events Management Pty Ltd 2012/103924/07 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 1 | 12/02/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | LNG Scientific Pty Ltd 2014/009577/07 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related | 1 | 11/03/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|--|-----------------|---------------|--|
| | | Substances Act, Act No. 101 of 1965 | | | |
| Gauteng DoH | HSB Mercantile Investments Pty Ltd 2019/121105/07 MacDuke Trading and Projects CC 2011/019093/23 Polkadots Properties 193 Pty Ltd 2012/011129/07 Maponya Medical Solutions Pty Ltd 2010/010938/07 SenatlaTrading Enterprise 180 CC 2011/001880/23 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 5 | 30/03/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|--|-----------------|---------------|--|
| Gauteng DoH | Forest Furn Pty Ltd 2014/014005/07 TRC Africa Consultancy CC 2015/156388/23 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 2 | 20/04/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Nascency Medicals Pty Ltd 2013/107451/07 Vharanga Phanda Trading CC 2007/004112/23 Cibacon Consulting Solutions Pty Ltd 2017/288196/07 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 3 | 20/04/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |

| Number of referrals made for Administrative Action (which includes blacklisting) | | | | | |
|--|---|--|-----------------|---------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| Gauteng DoH | Umnothozwide Trading Enterprise Pty Ltd 2009/167940/23 Kraft Medical Pty Ltd 2017/082671/07 Dinaane Consulting Services Pty Ltd 2016/200130/07 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 3 | 20/04/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Gramendo Projects Pty Ltd 2011/009011/23 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 1 | 27/05/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|--|-----------------|---------------|--|
| Gauteng DoH | Modulelwa Holdings Pty Ltd 2013/153887/07 Afermall Pty Ltd 2019/222721/07 Dot Lighter Pty Ltd 2012/186646/07 Red Chair Holdings Pty Ltd 2013/113485/07 TRC Africa Consultancy CC 2015/156388/23 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 5 | 08/06/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Future Advertising and Marketing CC 2005/009752/23 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 1 | 24/05/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |

| Number of referrals made for Administrative Action (which includes blacklisting) | | | | | |
|---|---|--|------------------------|----------------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| Gauteng DoH | OSC Med Solutions Pty Ltd 2013/204284/07 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 1 | 15/06/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Olwe 2 Project Management Consultancy Pty Ltd 2014/184445/07 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 1 | 13/08/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Kushesh Trading CC 2008/171904/23 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 1 | 16/08/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|--|-----------------|---------------|--|
| Gauteng DoH | 3G Relocations and Transport CC 2006/124840/23 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 1 | 16/08/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Envirocon Instrumentations CC 1988/008931/23 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 1 | 16/08/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |
| Gauteng DoH | Grimshaw Supplies Pty LTD 2017/216135/07 | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 1 | 08/11/2021 | The SAHPRA confirmed receipt of the referrals and are reviewing the evidence provided. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|--------------------------|---|---|------------------------|----------------------|--|
| Gauteng DoH | Mr P Naidoo, Director Beadica 423 CC | Contravention of NT's Rules and Practice. Motivation to be placed on NT's Central Database/List of Restricted Suppliers/Service Providers | 2 | 10/02/2021 | The SIU has recommended that the Gauteng DoH and/or the NT place(s) the above entity and director on the database/list of restricted suppliers, after having followed the required administrative process. |
| Gauteng DoH | Mr ES Nkuna, Director Mlangeni Brothers Events CC. | Contravention of NT's Rules and Practice. Motivation to be placed on NT's Central Database/List of Restricted Suppliers/Service Providers | 2 | 10/02/2021 | The SIU has recommended that the Gauteng DoH and/or the NT place(s) the above entity and director on the database/list of restricted suppliers, after having followed the required administrative process. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---|-----------------|---------------|--|
| Gauteng DoH | Royal Bhaca Projects (Pty) Ltd; Ledla Structural Development (Pty) Ltd; Madzikane Diko, Director; Kgodisho Norman Lehong; Molatelolo Albert Lehong; Rhulani Lehong; Josephine Sizakele Lehong. | Contravention of NT's Rules and Practice. Motivation to be placed on NT's Central Database/List of Restricted Suppliers/Service Providers | 7 | 24/02/2021 | The SIU has recommended that the Gauteng DoH and/or the NT place(s) the above entity and director on the database/list of restricted suppliers, after having followed the required administrative process. |
| Gauteng DoH | Ms M Pillay Future Advertising CC 2005/009752/23 | Contravention of NT's Rules and Practice. Motivation to be placed on NT's Central Database/List of Restricted Suppliers/Service Providers | 2 | 30/07/2021 | The SIU has recommended that the Gauteng DoH and/or the NT place(s) the above entity and director on the database/list of restricted suppliers, after having |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|----------------------------------|--|---|-----------------|---------------|--|
| | | | | | followed the required administrative process. |
| Gauteng DoH | Mr J Matlala Polkadots Properties 193 Pty Ltd 2012/011129/07 | Contravention of NT's Rules and Practice. Motivation to be placed on NT's Central Database/List of Restricted Suppliers/Service Providers | 2 | 02/09/2021 | The SIU has recommended that the Gauteng DoH and/or the NT place(s) the above entity and director on the database/list of restricted suppliers, after having followed the required administrative process. |
| National Department of Transport | Ecko Green (Pty) Ltd; Mistralog (Pty) Ltd; Recital Investment Corporation (Pty) Ltd; Pendowell (Pty) Ltd; | Contravention of NT's Rules and Practice. Motivation to be placed on NT's Central Database/List of Restricted Suppliers/Service Providers | 7 | 16/09/2021 | The matter is still under consideration by National DoT |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|---|--|--|-----------------|-------------------|---|
| | <p>Ms CL Buthelezi, representative of Mistralog (Pty) Ltd;</p> <p>Mr N Buthelezi, representative of Recital Investment Corporation (Pty) Ltd and Pendowell (Pty) Ltd;</p> <p>Ms MS Bhimjee, representative of Ecko Green (Pty) Ltd;</p> <p>Mr M Shivambo</p> | | | | |
| <p>South African National Defence Force</p> | <p>Zakheni Strategic Supplies; Mavuba Investments.</p> | <p>Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices.</p> | <p>2</p> | <p>25/03/2021</p> | <p>The Commissioner is attending to the referrals</p> |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|----------------------------|---|---|------------------------|----------------------|--|
| Umdoni Local Municipality | Khula-Gedeza Properties; Pre-Eminent Trading Enterprise; Accunomics (Pty) Ltd. | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 3 | 04/11/2021 | SAHPRA Advocate drafting affidavit for criminal referrals. |
| uMngeni Local Municipality | Paluflo (Pty) Ltd | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 1 | 04/11/2021 | SAHPRA Advocate drafting affidavit for criminal referrals. |
| KwaZulu-Natal DoE | Njiki Yesizwe Projects; Mashibela Business Solutions; Ms Hlengwa, Director; Mr PS Mabaso, Director; Ms Xaba, teacher at KwaZulu-Natal DoE | Contravention of section 4(a)(i)(aa) and 4(ii)(bb) and (cc) of the PACOCA Act. Recommendation to blacklist the entities and individuals. | 5 | 03/06/2021 | The KwaZulu-Natal DoE has been contacted to provide an update on the referrals. Liaisons with the HoD of KwaZulu-Natal DoE ongoing. Feedback is awaited. |

| Number of referrals made for Administrative Action (which includes blacklisting) | | | | | |
|---|--|---|------------------------|------------------------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| KwaZulu-Natal DoE | Bulum Trading; Ms NFM Mthembu, Director. | Contravention of section 4(a)(i)(aa) and 4(ii)(bb) and (cc) of the PACOCA Act. Recommendation to blacklist the entities and individuals. | 2 | 13/05/2021 | The KwaZulu-Natal DoE has been contacted to provide an update on the referrals. Liaisons with the HoD of KwaZulu-Natal DoE ongoing. Feedback is awaited. |
| KwaZulu-Natal DoE | 888 Business Solutions; African Grey Trading; Azucare; Bluejay Development; Bonganjalo Holdings; EGS Investments Solutions; Esomkhulu Trading; | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 21 1 | 21/04/2021 06/12/2021 | 10 Criminal Referrals submitted after feedback was received from SAHPRA. SAHPRA Advocate drafting affidavit for outstanding matters. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|---------|-----------------|---------------|------------------|
| | K & L Consulting t/a Gold Developments; Khanyisile Agency; Ka-Myaluza; Magamedge Trading; Mahambayedwa Trading; Mobility Solutions; Neosta Electronic Distributors; Ogabazini Holdings; Oshlanga Enterprise; RMSP Trading; Sebenzani Trading 622; Sekakhona Trading Enterprise; | | | | |

| Number of referrals made for Administrative Action (which includes blacklisting) | | | | | |
|--|---|--|-----------------|--------------------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | Siphosegugu Trading; Trufix Industrial; Usuthu Group Pty) Ltd. | | | | |
| KwaDukuza Local Municipality | Dhanasagri Trading and Projects; Get Smart Safety Medical and General Supplies; Impumelelo CKA Darnal; Life Employee Health Solution; Sgwerango Holdings 16; Shayimpi Security and Training; T and T Chemicals; Vesta Creations; | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 8 2 | 21/04/2021 24/03/2021 | SAHPRA Advocate drafting affidavit for criminal referrals. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------------------------|--|--|-------------------|--|--|
| | Konkrit Business Solutions; Khehloz Wheel Projects. | | | | |
| eThekwini Metropolitan Municipality | Simandlovu Trading; Dimed; Drager South Africa; Drakewood Pinetown; Technozone Trading 8; Tee's Industrial and General Supplies; Zumaan Group; Alert Stationers; Caliding Trading; Fastcomm Solutions; Inhlanhla Projects; | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 7 15 1 1 | 24/03/2021 13/08/2021 04/11/2021 06/12/2021 | SAHPRA Advocate drafting affidavit for criminal referrals. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---------|-----------------|---------------|------------------|
| | Kayosi Trading; Lelanguka Trading; Magnet Electrical Supplies; Mavuka 010115 Trading; Phithizie Trading; Prostar Paints; Pure Stream Cleaning Services; Surgical and General Supplies; Umbuso Wamaqadi Investments; Vawdas Promotions; YNT Trading; | | | | |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|--|-----------------|---------------|---|
| | Brandfin Trade 110; Bifood KZN. | | | | |
| Limpopo CoGHSTA | Ms CHS Mohlala, Director Aventino; Aventino Group CC. | The commission of a criminal offence of fraud. The SIU has recommended that the Housing Development Agency requests NT to place the above entity and director on the database after having followed the required administrative process. | 2 | 27/01/2021 | The Housing Development Agency has escalated the matter to NT for guidance. |
| Limpopo DoH | Ms Mphephu, Director; Confidence Trading No 1 | The commission of a criminal offence of fraud. The SIU has recommended that the Housing Development Agency requests NT to place the above entity and director on the database after having followed the required administrative process. | 2 | 21/07/2021 | The Limpopo DoH has acknowledged receipt of the referrals. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|--|--|-----------------|--------------------------|---|
| Limpopo DoH | Tshivhe Trading Enterprise; Nomageba Medical; Mmazwi Civil and Construction Services; Makhavhani Trading CC; R R A Trading CC; RIHM Media and Marketing (Pty) Ltd NMM Investment Solution (Pty) Ltd; Ngoako GM Holding (Pty) Ltd; King Kone Resources (Pty) Ltd; | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 3 31 | 11/08/2021 10/03/2021 | SAHPRA has referred these matters to the Hawks for further investigation. The investigation is still ongoing. |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---------|-----------------|---------------|------------------|
| | Confidence no 1 Trading (Pty) Ltd; Sedi Laka Trading Project Management CC; Enpro Laboratories (Pty) Lt; Rebantle Trading & Projects (Pty) Ltd; Glen Life Group & Project (Pty) Ltd; Ndia Business Trading (Pty) Ltd; Pro Secure (Pty) Ltd; Luhura Trading and General Suppliers CC; | | | | |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---------|-----------------|---------------|------------------|
| | Hudi Medical Equipment Solution (Pty) Ltd; T7 Mash (Pty) Ltd; Mizana Trading (Pty) Ltd; Mmapadi Group (Pty) Ltd; Mamello Clinical Solution (Pty) Ltd; C Matodzi (Pty) Ltd; Devine Catering and Events (Pty) Ltd Tshimangadzo Accommodation and Cash Loan (Pty) Ltd; Smandi Project Management CC; | | | | |

Number of referrals made for Administrative Action (which includes blacklisting)

| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
|-------------------|---|---|-----------------|---------------|--|
| | Tshiamiso Trading 135 (Pty) Ltd; Murunwa Consulting CC; Hipco Trading (Pty) Ltd; Lennymed Pharmacy Inc; Gigy's Trading (Pty) Ltd; Basani IT Solution (Pty) Ltd; North Siders Managers Consultations (Pty) Ltd; Kobuhla Engineering Building Services (Pty) Ltd | | | | |
| Limpopo DoH | Mmazwi Civil and Construction Services; | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but | 2 | 21/07/2021 | The Commissioner is reviewing the referrals made |

| Number of referrals made for Administrative Action (which includes blacklisting) | | | | | |
|---|--|---|------------------------|----------------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | Mizana Trading | charging excessive, unfair and unreasonable prices. | | | |
| Northern Cape DoH | Macronym 37 (Pty) Ltd MKV Investments (Pty) Ltd Asijiki Soundbytes (Pty) Ltd Revolt Headboy (Pty) Ltd CMED Suppliers | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 5 | 19/07/2021 | Receipt was acknowledged on 19 July 2021. Awaiting feedback. |
| Northern Cape DoH | DNS Supplies Asijiki Soundbytes (Pty) Ltd CMED Suppliers | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 3 | 05/11/2021 | Receipt was acknowledged. |
| Cederberg Local Municipality | Michlo Engineering Services | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but | 1 | 28/07/2021 | The Competition Commission has |

| Number of referrals made for Administrative Action (which includes blacklisting) | | | | | |
|---|-----------------------------|---|------------------------|----------------------|--|
| State Institution | Name and Job Title | Charges | No of referrals | Date referred | Progress to date |
| | | charging excessive, unfair and unreasonable prices. | | | acknowledged receipt of the referral. |
| Cederberg Local Municipality | Michlo Engineering Services | Contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965 | 1 | 04/10/2021 | SAHPRA has acknowledged receipt of the referral. |
| Matzikama Local Municipality | Duneco CC | Contravened Section 8(1)(a) of the Competition Commission act by providing goods and services but charging excessive, unfair and unreasonable prices. | 1 | 25/10/2021 | The Competition Commission has acknowledged receipt of the referral. |
| | Total | | 330 | | |

7.7. RAND VALUE OF POTENTIAL CASH AND/OR ASSETS TO BE RECOVERED

This is the rand value in cash and/or assets that is potentially recoverable. Acknowledgement of Debt documents (AoDs) are signed and the debtor agrees to repay the money in one lump sum or repays the money in month instalments until the debt is fully repaid. The SIU also makes recommendations to State institutions to withhold payments to service providers (usually where irregularities have been uncovered by the investigations and pending civil proceedings in the Special Tribunal or the High Court).

| Rand value of potential cash and/or assets to be recovered | | | | |
|--|---|------------|---------------|-------------------------------|
| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
| Eastern Cape DoE | 1 AoD was signed for PPE that was never delivered. | R98 415 | 30/04/2021 | Not yet paid |
| Eastern Cape DoE | 1 AoD was signed for PPE that was never delivered. | R52 159 | 8/11/2021 | First payment in January 2021 |
| Eastern Cape DoE | The SIU successfully applied to the Special Tribunal to have the bank accounts of the first four respondents frozen and to interdict the Department from making any further payments. | R2 785 276 | 30/10/2020 | |
| Eastern Cape DoE | Letter of Demand has been served to Thembalabantu Security Cleaning and General Trading | R7 109 | 31/10/2021 | |
| Eastern Cape DoE | Over payment in respect of 202 delivery notes in | R17 845 | 30/11/2021 | |

Rand value of potential cash and/or assets to be recovered

| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
|--|--|--------------|----------------------|----------------------|
| | respect of Secondary School in the Eastern Cape | | | |
| Eastern Cape DoE | Letter of Demand has been served to Unlocked Consultants | R6 174 | 30/11/2021 | |
| Eastern Cape DoE | Letter of Demand has been served to Ngxiva Construction CC | R26 472 | 31/08/2021 | |
| Eastern Cape DoH | The matter was heard in the Special Tribunal and the Department was interdicted from making any payments to the supplier and from accepting delivery of any goods from the supplier, pending the finalization of the review proceedings to challenge the validity of the award and the resulting contract. | R10 148 750 | 18/09/2020 | |
| Nelson Mandela Bay Metropolitan Municipality | Letter of Demand has been served to Runto Trading Pty Ltd | R446 142 | 31/10/2021 | |
| Nelson Mandela Bay Metropolitan Municipality | Letter of Demand has been served to Sizomanowethu General Trading (Pty) Ltd | R38 700 | 31/08/2021 | |

| Rand value of potential cash and/or assets to be recovered | | | | |
|---|---|--------------|----------------------|--|
| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
| Nelson Mandela Bay Metropolitan Municipality | Letter of Demand and Summons to KaziForce | R606 300 | 9/06/2021 | |
| Nelson Mandela Bay Metropolitan Municipality | 1 AoD was signed for PPE that was never delivered. | R77 400 | 25/10/2021 | |
| Free State Provincial Treasury | <p>A recommendation was made to withhold payment to service providers who had received contracts to provide surgical gowns.</p> <p>The SIU has since instituted proceedings in the Special Tribunal to interdict and restrain the Provincial Treasury from making any further payments to the service providers, and to review and set aside the contracts that were awarded.</p> | R39 150 739 | 07/10/2020 | Judgement in the Special Tribunal has been reserved. |
| Gauteng DoE | The SIU obtained an order in the Special Tribunal to freeze the bank accounts of service providers appointed by the Department to sanitize schools. | R4 600 403 | 23/06/2021 | |

| Rand value of potential cash and/or assets to be recovered | | | | |
|---|---|----------------------------|--|----------------------|
| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
| Gauteng DoE | The SIU obtained an order in the Special Tribunal to freeze the bank accounts of service providers appointed by the Department to sanitize schools. | R43 294 118 R22 404 113 | 17/05/2021 01/06/2021 | |
| Gauteng DoH | 1 AoD was signed because of an overpayment in respect of VAT that was made on an invoice submitted by a service provider. The service providers was contracted to supply surgical masks to the value of R129 358 500. | R320 000 | 29/06/2021 | R320 000 |
| Gauteng DoH | A recommendation was made to cancel a purchase order issued to a service provider. | R13 627 | 08/06/2021 | |
| Gauteng DoH | Recommendations were made to withhold payments to 9 service providers. The Department have confirmed that no further payments will be made pending the finalization of the SIU investigations and civil proceedings. | R269 993 969 | 04/09/2020 16/09/2020 23/09/2020 12/11/2020 16/11/2020 22/12/2020 30/06/2021 21/07/2021 | |

| Rand value of potential cash and/or assets to be recovered | | | | |
|---|---|--------------|----------------------|----------------------|
| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
| Gauteng DoH | 1 AoD was signed because of an overpayment in respect of Vat that was made on one invoice submitted. The service provider was contracted to supply surgical masks and the value of the contract is R7 256 606. | R247 500 | 15/10/2020 | R247 500 |
| Gauteng DoH | An interim Order was granted by the Special Tribunal which prohibits the 1st to 39th respondents from dealing with any property listed in the order, and the Government Employees Pension Fund (GEPF) and the Government Pensions Administration Agency (GPAA) from releasing to Ms Lehloenya or any other party any money with represents pension and retirement benefits. | R26 999 390 | 20/08/2020 | |
| City of Johannesburg / Johannesburg Social Housing JOSHCO | A recommendation was made to withhold payments to three service providers pending the institution of civil proceedings. | R65 929 505 | 29/03/2021 | |

Rand value of potential cash and/or assets to be recovered

| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
|---|---|--------------|----------------------|---|
| City of Tshwane Metropolitan Municipality | A recommendation was made to withhold payments to service providers pending the institution of civil proceedings. | R19 793 897 | 30/09/2021 | |
| Newcastle Local Municipality | 1 AoD was signed for MSO Trading (Pty Ltd for over pricing on PPE | R246 500 | 25/11/2021 | First instalment is due on 31/01/2022 |
| Newcastle Local Municipality | 1 AoD was signed for Zamanzunza Trading | R70 000 | 26/11/2021 | First instalment is due on 31/01/2022 |
| eThekweni Metropolitan Municipality | 1 AoD was signed for Ayabongamahlomuka Trading for overcharging for catering | R19 500 | 07/10/2021 | First instalment was due on 25/10/2021 but no money has been paid |
| eThekweni Metropolitan Municipality | 1 AoD was signed for Balikhulu Trading for invalid structural certificates | R2 600 | 07/10/2021 | First instalment was due on 29/10/2021 but no money has been paid |
| eThekweni Metropolitan Municipality | 1 AoD was signed for Khosku Trading and | R14 950 | 05/10/2021 | R14 950 |

Rand value of potential cash and/or assets to be recovered

| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
|-------------------------------------|--|--------------|----------------------|---|
| | Projects for invalid structural certificates | | | |
| eThekwini Metropolitan Municipality | 1 AoD was signed for Lukhona Projects and Development for supplying marquees that were not according to specifications | R75 000 | 30/08/2021 | First instalment was due on 01/09/2021 but no money has been paid |
| eThekwini Metropolitan Municipality | 1 AoD was signed for Central Hiring for supplying marquees that were not according to specifications | R40 000 | 18/08/2021 | R40 000 |
| eThekwini Metropolitan Municipality | 1 AoD was signed for Afrizulu for supplying marquees that were not according to specifications | R50 000 | 11/08/2021 | R50 000 |
| eThekwini Metropolitan Municipality | 1 AoD was signed for Melody Street Trading 69 for charging above NT rates for PPE item | R135 088 | 02/06/2021 | R20 000 |
| KwaZulu-Natal DoH | 1 AoD was signed for Pro Secure for charging above NT rates for PPE item | R4 255 000 | 02/09/2021 | R368 171 |
| KwaZulu-Natal DoH | 1 AoD was signed for National Community Marketing for charging | R1 304 000 | 02/09/2021 | R500 000 |

Rand value of potential cash and/or assets to be recovered

| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
|-----------------------------------|--|---|--|---|
| | above NT rates for PPE item | | | |
| KwaZulu-Natal DoE | 1 AoD was signed for Sigencabagence as a result of irregularities in the service providers BBEEE certification. | R41 560 | 29/04/2021 | R41 560 |
| KwaZulu-Natal DoE | Oshlanga Enterprise Azucare Neosta Electronic Distributors AfriVision Communications Amakhono Capital The above AoDs were signed for the under-delivery of goods supplied, for overcharging the Department for Value Added Tax (“VAT”) and for profits derived as a result of an irregular procurement process | R40 000 R176 191 R985 351 R184 275 R1 072 810 | 23/09/2020 09/10/2020 16/10/2020 04/12/2020 18/01/2021 | R40 000 R176 191 R985 351 R184 275 R1 072 810 |
| KwaZulu-Natal DoE | 2 AoDs were signed for Sebenzani Trading 622 for overpricing of PPE items supplied which were above NT regulated prices. | R3 286 000 R141 240 | 25/03/2021 25/03/2021 | R3 286 000 R141 240 |
| KwaZulu-Natal DoE | 1 AoD was signed for New Track Enterprise as a result of irregularities in the | R89 901 | 31/03/2021 | R89 901 |

Rand value of potential cash and/or assets to be recovered

| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
|-----------------------------------|--|--------------|----------------------|----------------------|
| | service providers BBEEE certification. | | | |
| KwaZulu-Natal DSD | A recommendation was made to withhold payment to LNA Communications. The Department have confirmed that no further payments will be made pending the conclusion of the litigation process that the SIU has instituted. | R2 040 000 | 25/09/2020 | R0 |
| KwaZulu-Natal DSD | 1 AoD was signed for Umunyeovou Trading for charging the Department VAT while they were not registered as VAT vendors. | R276 450 | 20/10/2020 | R11 020 |
| Limpopo DoH | 1 AoD was signed for Mmazwi Civil and Construction Services. | R21 923 | 12/10/2021 | R22 923 |
| Limpopo CoGHSTA | A recommendation was made to withhold payment to a contractors. The Department have confirmed that no further payments will be made pending the conclusion of the SIU investigation. | R12 814 563 | 23/11/2020 | R0 |
| Mpumalanga DoE | A recommendation was made to withhold payment to contractors appointed for | R14 823 019 | 29/09/2020 | |

Rand value of potential cash and/or assets to be recovered

| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
|--|--|----------------|--------------------------|--------------------------|
| | <p>maintenance projects for various schools. The Department have confirmed that no further payments will be made pending the conclusion of the SIU investigation.</p> | | | |
| <p>Mpumalanga Department of Human Settlements</p> | <p>1 AoD was signed because the service providers overcharged for PPE that was procured. The investigation revealed there was a difference between what was supposed to be charged and what they actually charged.</p> | <p>R2 135</p> | <p>24/05/2021</p> | |
| <p>Mpumalanga Department of Economic Development and Tourism</p> | <p>1 AoD was signed because the service providers overcharged for PPE that was procured. The investigation revealed there was a difference between what was supposed to be charged and what they actually charged.</p> | <p>R9 565</p> | <p>10/06/2021</p> | |
| <p>Mpumalanga Department of Public Works,</p> | <p>1 AoD was signed because the service providers overcharged for PPE that was procured. The</p> | <p>R16 354</p> | <p>24/06/2021</p> | |

| Rand value of potential cash and/or assets to be recovered | | | | |
|---|---|---|--|----------------------|
| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
| Roads and Transport | investigation revealed there was a difference between what was supposed to be charged and what they actually charged. | | | |
| Mpumalanga DoH | 7 AoDs were signed because the investigation revealed the service provider inflated the price of PPE. The AoD signed was for the difference they were supposed to charge and what they actually charged. | R107 348 R400 000 R126 594 R15 000 R24 800 R50 800 R100 000 | 01/09/2021 27/07/2021 27/07/2021 27/07/2021 13/10/2020 12/10/2020 09/10/2020 | |
| Mpumalanga DSD | 2 AoDs were signed because the service providers overcharged for PPE that was procured. The investigation revealed there was a difference between what was supposed to be charged and what they actually charged. | R59 735 R76 090 | 06/05/2021 27/10/2020 | |
| Govan Mbeki Local Municipality | 8 AoDs were signed because the investigation revealed that the service providers provided goods and/or services to the Municipality for a price | R44 279 R34 682 R23 159 | 11/11/2020 12/11/2020 13/11/2020 | |

Rand value of potential cash and/or assets to be recovered

| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
|-----------------------------------|---|--|--|----------------------|
| | more than what was regulated by NT. | | | |
| North West DoH | 5 AoDs were signed because the investigation revealed the service providers were paid VAT by the Department but were not registered VAT vendors. 2 AoDs to the value of R19 592 have been repaid in full. | R233 000 R405 870 R27 100 R170 000 R177 000 R31 878 | 19/10/2020 21/10/2020 22/10/2020 23/10/2020 04/11/2020 19/03/2021 | |
| North West DoH | 2 AoDs were signed because the investigation revealed the service providers were paid VAT by the Department but were not registered VAT vendors. Both these AoDs have been repaid in full. | R19 592 | 28/09/2020 | |
| North West DoE | One AoD was signed because the investigation revealed the service provider has quoted and charged the Department for face masks at inflated prices. The value of the AOD is the excess portion that the service provider charged in comparison to the guideline pricing | R43 500 | 09/11/2020 | |

| Rand value of potential cash and/or assets to be recovered | | | | |
|---|--|---------------------|----------------------|----------------------|
| State Institution / Matter | Description | Value | Date Achieved | Amount repaid |
| | included in NT Instruction 05 of 2020/21. | | | |
| Matzikama Local Municipality | A recommendation was made to withhold payment to 1 service provider. The Department have confirmed that no further payments will be made pending the finalization of the SIU investigations. | R80 000 | 08/09/2020 | |
| | Total | R551 542 405 | | |

7.8. RAND VALUE OF ACTUAL CASH AND/OR ASSETS RECOVERED

This is the rand value in cash and/or assets that has been recovered for the State and/or relevant third parties.

| Rand value of actual cash and/or assets recovered | | | |
|--|---|--------------|----------------------|
| State Institution / Matter | Description | Value | Date Achieved |
| Eastern Cape DoE | Repayment made in respect of AoDs signed | R17 666 | 31/10/2021 |
| | | R24 019 | 30/11/2021 |
| Gauteng DoH | Repayment made in respect of AoDs signed | R247 500 | 15/10/2021 |
| Gauteng DoH | Repayment made in respect of AoDs signed | R320 000 | 29/06/2021 |
| Gauteng DoH | The ST confirmed the interim order that was granted against 4 respondents and declared that the | R16 661 065 | 10/12/2020 |

| Rand value of actual cash and/or assets recovered | | | |
|--|---|--------------|----------------------|
| State Institution / Matter | Description | Value | Date Achieved |
| | funds held in their bank accounts be declared forfeit to the State | | |
| Gauteng DoH | The Special Tribunal confirmed the interim order that was granted against 20 respondents and declared that the funds held in their bank accounts be declared forfeit to the State | R7 401 705 | 04/02/2021 |
| KwaZulu-Natal DoH | Repayments made in respect of AoDs signed | R370 771 | 30/11/2021 |
| | | R514 950 | 31/10/2021 |
| | | R368 171 | 23/09/2021 |
| KwaZulu-Natal DoE | Repayments made in respect of AoDs signed | R22 024 | 06/07/2021 |
| | | R21 560 | 29/06/2021 |
| | | R131 925 | 03/05/2021 |
| | | R3 471 288 | 25/03/2021 |
| | | R22 024 | 01/02/2021 |
| | | R1 094 833 | 31/01/2021 |
| | | R184 275 | 11/12/2020 |
| | | R22 024 | 30/11/2020 |
| | | R1 007 375 | 19/10/2020 |
| KwaZulu-Natal DSD | Repayments made in respect of AoDs signed | R5 470 | 31/12/2020 |
| | | R5 550 | 30/11/2020 |
| eThekweni Metropolitan Municipality | Repayments made in respect of AoDs signed | R50 000 | 30/09/2021 |
| | | R40 000 | 31/08/2021 |
| | | R20 000 | 28/06/2021 |

| Rand value of actual cash and/or assets recovered | | | |
|--|---|---|--|
| State Institution / Matter | Description | Value | Date Achieved |
| KwaZulu-Natal DSD | Applications were lodged in the Special Tribunal seeking a declaration of invalidity in respect of the award of contracts and a just and equitable remedy in respect of the losses suffered by the Department. A Consent Order was granted by the Special Tribunal, and Zain Brothers effected full payment of the profits derived. | R718 550 | 29/01/2021 |
| KwaZulu-Natal DSD | Applications were lodged in the Special Tribunal seeking a declaration of invalidity in respect of the award of contracts and a just and equitable remedy in respect of the losses suffered by the Department. A Consent Order granted by the Special Tribunal, and Rosette Investments effected full payment of the profits derived. | R864 000 | 29/01/2021 |
| Limpopo DoH | Repayments made in respect of AoDs signed | R22 193 | 31/10/2021 |
| Mpumalanga DoH | Repayments made in respect of AoDs signed | R175 600 R5 000 R5 000 R5 000 R12 000 R5 000 R204 560 | 31/10/2020 28/02/2021 31/03/2021 30/04/2021 30/06/2021 31/08/2021 30/09/2021 |

| Rand value of actual cash and/or assets recovered | | | |
|--|---|--------------------|--------------------------|
| State Institution / Matter | Description | Value | Date Achieved |
| | | R50 000 | 31/10/2021 |
| | | R7 000 | 30/11/2021 |
| Mpumalanga Department of Human Settlements | Repayments made in respect of AoDs signed | R2 135 | 30/06/2021 |
| Mpumalanga DSD | Repayments made in respect of AoDs signed | R59 735 | 30/06/2021 |
| Mpumalanga Department of Public Works, Roads and Transport | Repayments made in respect of AoDs signed | R16 355 | 30/06/2021 |
| Govan Mbeki Local Municipality | Repayments made in respect of AoDs signed | R1 700 | 30/06/2021 28/02/2021 |
| North West DoH | Repayments made in respect of AoDs signed | R19 592 | 30/09/2020 |
| | | R1 900 | 30/04/2021 |
| | | R1 900 | 31/05/2021 |
| | | R7 900 | 30/06/2021 |
| | | R4 900 | 31/07/2021 |
| | | R1 900 | 31/08/2021 |
| | | R3 400 | 30/09/2021 |
| | | R1 900 | 31/10/2021 |
| | | R3 700 | 30/11/2021 |
| North West DSD | Repayments made in respect of AoDs signed | R1 347 | 30/11/2021 |
| | Total | R34 266 462 | |

7.9. RAND VALUE OF POTENTIAL LOSS PREVENTED

This is the rand value that could have been lost to the State that is averted through a range of interventions by the SIU or the State institutions by means of evidence that is provided by the SIU.

| Rand value of potential loss prevented | | | |
|---|--|--------------|----------------------|
| State Institution | Description | Value | Date Achieved |
| OR Tambo District Municipality | The Special Tribunal reviewed and set aside the contract that was awarded to Phathilizwi Training Institute. The court ruled that all the tax invoices that were issued were invalid and should not be paid by the Municipality to the service provider. | R4 857 600 | 21/04/2021 |
| Gauteng DoH | The SIU recommended to the Department that they reduce the value of two outstanding invoices that were due to Botshelocla (Pty) Ltd, because they had overcharged the Department. The Department confirmed that they had implemented our recommendation. | R90 000 | 18/12/2020 |
| Gauteng DoH | The SIU recommended to the Department that they make no payments to Prime Reason because the investigation found that their appointment was irregular or invalid in terms of Section 2 of the Constitution; Section 217(1) 45(a) 57(a) of the PFMA; Section 45(b) 57(b) of PFMA; Section 76 of PFMA and paragraphs 14 & 17 of the SCM Policies. The Department has confirmed that they have recalled all payments. | R300 000 | 15/02/2021 |

| Rand value of potential loss prevented | | | |
|---|---|---------------------|----------------------|
| State Institution | Description | Value | Date Achieved |
| Gauteng DoH | The Special Tribunal reviewed and set aside the contract that was awarded to Ledla Structural Development (Pty) Ltd. The value of the contract was R139 million. At the time of the award approximately R100 million had not been paid to Ledla. The SIU is waiting to obtain the actual payment information from the Department. | R99 241 842 | 10/12/2020 |
| Mpumalanga DoE | A recommendation was made to withhold payment to contractors appointed for maintenance projects for various schools. The Department have confirmed that no further payments will be made as per the SIU recommendation. | R9 714 067 | 29/04/2021 |
| | Total | R114 203 509 | |

7.10. RAND VALUE OF CONTRACTS SET ASIDE

| Rand value of contracts set aside | | | |
|--|--|--------------|----------------------|
| State Institution | Description | Value | Date Achieved |
| Eastern Cape DoH | The Special Tribunal reviewed and set aside the contract that was awarded to Fabkomp (Pty) Ltd. | R10 148 750 | 28/05/2021 |
| OR Tambo District Municipality | The Special Tribunal reviewed and set aside the contract that was awarded to Phathilizwi Training Institute. | R4 857 600 | 21/04/2021 |

| Rand value of contracts set aside | | | |
|--|--|--|--|
| State Institution | Description | Value | Date Achieved |
| Gauteng DoH | The Special Tribunal reviewed and set aside the contract that was awarded to Ledla Structural Development (Pty) Ltd. | R139 000 000 | 10/12/2020 |
| KwaZulu-Natal DSD | The Special Tribunal reviewed and set aside the contract that was awarded to: <ul style="list-style-type: none"> • Zain Brothers • Rosette Investments • Gibela Investments | R4 800 000 R4 899 000 R6 708 000 | 15/03/2021 05/04/2021 18/05/2021 |
| | Total | R170 413 350 | |

8. MATTERS FINALISED

8.1. GAUTENG PROVINCE

8.1.1. Gauteng DoH

The Gauteng Provincial Audit Services was requested by the Gauteng DoH to conduct an audit review of the procurement for PPE. The Gauteng Audit Services informed the Gauteng Office of the Premier (Gauteng OTP) of alleged allegations of possible irregular and unlawful conduct by the offices of the Gauteng DoH during the process of procuring the PPE for Covid-19. The Office of the Premier deemed it appropriate to refer the allegations to the SIU to conduct forensic investigations. The SIU investigated 211 matters, of which 207 have been finalised and 4 are still ongoing.

8.1.1.1. Investigations with no irregularities

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020 and relates to the non irregular procurement by the Gauteng DoH of PPE from various service providers. 100 contracts were awarded with a total value of R1 531 892 902.

| No | Entity | Type of PPE | Contracts | Value |
|----|---------------------------------------|---|-----------|--------------|
| 1 | Bathlopi Construction and Projects | Bar soaps | 1 | R2 374 750 |
| 2 | Bathebeng Enterprise | Boot covers, examination gloves, backpacks, spray bottles, hard packs and hand soap | 1 | R195 000 |
| 3 | Be Safe Paramedical CC | Defibrillators | 1 | R75 243 |
| 4 | Indayi Communications | TB patient identity cards | 1 | R87 697 000 |
| 5 | Ramoeng Business Consultants CC | Cloth masks | 1 | R10 625 000 |
| 6 | Meridiane Hygiene Pty Ltd | Fogging | 1 | R1 028 050 |
| 7 | K Manufacturing Pty Ltd | Disposable masks | 1 | R16 305 000 |
| 8 | Meshack Henyang Nchupetsang Attorneys | Legal services | 1 | R5 000 000 |
| 9 | Minus 40 Pty Ltd | Furniture | 1 | R314 951 |
| 10 | Medhold Medical Pty Ltd | Medical Equipment / Furniture | 1 | R39 000 000 |
| 11 | Liora Medical Supplies | Goggles and surgical gowns | 1 | R158 000 000 |
| 12 | Health Advance Institute | Counselling sessions | 1 | R97 750 |
| 13 | Hamba Nathi Travel | Car Hire | 1 | R7 920 |
| 14 | Classic health Pty Ltd | Collection and testing of specimens | 1 | R2 199 996 |
| 15 | XON Systems Pty Ltd | Computer equipment | 1 | R452 000 |
| 16 | Kunene Health Care | Radiography materials | 1 | R872.45 |
| 17 | GlenChem (Pty) Ltd | No PPE procured | 1 | R1 529 500 |
| 18 | Clinix Health Care Group | Medical services for mentally disabled patients | 1 | R104 986 911 |

| No | Entity | Type of PPE | Contracts | Value |
|----|---|-------------------------------|-----------|-------------|
| 19 | Maquet Southern Africa Pty Ltd | Ventilators | 1 | R39 984 260 |
| 20 | Lomaen Medical Pty Ltd | Medical equipment | 1 | R3 492 763 |
| 21 | National Security and Fire Pty Ltd | Surface sanitizers | 1 | R1 250 004 |
| 22 | Xolisa Menemene Radiographers | Steel rack | 1 | R1 640 |
| 23 | On Motion Travel Agency | Accommodation | 1 | R52 200 |
| 24 | Olu Joe trading and Projects Pty Ltd | Furniture | 1 | R10 500 |
| 25 | Hospital Equipment Manufacturer | Medical Equipment / Furniture | 1 | R679 529 |
| 26 | Hospi Furn Pty Ltd | Medical Equipment / Furniture | 1 | R3 099 928 |
| 27 | Unicore Holdings | Laryngoscopes | 1 | R62 842 |
| 28 | Unchana Trading CC | Cloth masks | 1 | R1 700 000 |
| 29 | Kimona Manufacturer Pty Ltd | Cloth masks | 1 | R2 346 000 |
| 30 | Hygiene Medical Suppliers Pty Ltd / Medical Hygiene | No PPE procured | 0 | R0 |
| 31 | Foundation for Professional Development | Training services | 1 | R9 592 200 |
| 32 | Chippy Projects CC | Catering services | 1 | R14 720 |
| 33 | Nulab Chemical Solutions | No PPE procured | 0 | R0 |
| 34 | Fhedzisani Catering Fresh Produce Pty Ltd | Catering | 1 | R210 000 |
| 35 | Careways Wellness Pty Ltd | Staff counselling | 1 | R1 333 333 |
| 36 | Medipost Holdings | Warehousing services | 0 | R0 |

| No | Entity | Type of PPE | Contracts | Value |
|----|-----------------------------------|--|-----------|-------------|
| 37 | Kevali Chemical Group Pty Ltd | Surface disinfectants | 1 | R2 256 875 |
| 38 | Stat Tiakeni Medical Pty Ltd | Medical equipment | 1 | R191 667 |
| 39 | Mamatlope Investments and Trading | Cleaning services | 1 | R536 314 |
| 40 | Enviroganics | Thermometer freeze tags | 1 | R74 980 |
| 41 | Veniogyn | Office space | 1 | R15 151 343 |
| 42 | Kwanza Communications Pty Ltd | Advertising | 1 | R91 646 |
| 43 | Bold Moves 63 | Liquid soap | 1 | R4 130 450 |
| 44 | Lamahs Agency Pty Ltd | Printing labels, mops, brown folders and furniture | 1 | R551 176 |
| 45 | The Scientific Group Pty Ltd | Medical equipment | 1 | R2 077 724 |
| 46 | Respiratory Care South Africa | Medical equipment | 1 | R714 068 |
| 47 | SPG Markets Pty Ltd | Boot covers | 1 | R216 000 |
| 48 | Safarmex Pty Ltd | Dental material and consumables | 1 | R3 729 177 |
| 49 | Royal Trading Enterprise Pty Ltd | Cloth masks | 1 | R11 395 000 |
| 50 | Encha Green Brands Pty Ltd | Boot covers | 1 | R198 375 |
| 51 | Dynalife Health | Respiratory aid and anaesthetic accessories | 1 | R753 747 |
| 52 | Duduza Hospitality Solutions | Catering services | 1 | R1 900 000 |
| 53 | Drager South Africa Pty Ltd | Ventilators | 1 | R36 098 286 |
| 54 | Delta Surgical SA Pty Ltd | Patient transfer rollers | 1 | R16 382 |

| No | Entity | Type of PPE | Contracts | Value |
|----|--|---|-----------|--------------|
| 55 | SMD Technologies | Disposable face masks and visors | 1 | R318 750 |
| 56 | Limit and Beyond Pty Ltd | Stationery | 1 | R198 579 |
| 57 | International Trade and Commodities 2044 Pty Ltd | Cleaning goods, frozen meat and frozen vegetables | 3 | R19 595 955 |
| 58 | Hotel and Tourism Investments Pty Ltd | Accommodation | 1 | R6 794 |
| 59 | Anka Lodge CC | Accommodation | 1 | R88 750 |
| 60 | Morongwadilo Trading and Projects | Cleaning equipment and materials | 1 | R7 036 |
| 61 | B Braun Medical | Medical equipment | 1 | R2 824 563 |
| 62 | Arjo Huntleigh Pty Ltd | Medical equipment | 1 | R467 000 |
| 63 | Ultra Chain Management Pty Ltd | Empty spray bottles | 1 | R237 000 |
| 64 | Tshipembe Mzansi Projects | Cleaning services | 1 | R7 380 152 |
| 65 | Khayelimnandi Catering and Events CC | Catering services | 1 | R587 400 |
| 66 | Impilo Consulting | No PPE procured | 0 | R0 |
| 67 | Chagga Consultants Pty Ltd | Cloth masks | 1 | R11 750 000 |
| 68 | SSEM Mthembu Medical | Medical Equipment / Furniture | 1 | R1 388 876 |
| 69 | Peo IT Services | Visors | 1 | R64 400 000 |
| 70 | LMD Engineering | Masks and heavy duty gloves | 1 | R155 011 500 |
| 71 | Life Health Care Group Holdings | Mental Health Care Facilities | 1 | R273 857 368 |

| No | Entity | Type of PPE | Contracts | Value |
|----|------------------------------|--|-----------|--------------|
| 72 | Johannesburg Expo Centre | Field hospital, HVAC units and medical equipment | 1 | R342 943 589 |
| 73 | Huvitz Optical CC | Optical services | 1 | R363 408 |
| 74 | CE Mobility (Pty) Ltd | Wheelchairs | 1 | R6 790 376 |
| 75 | X-Business Resources Pty Ltd | Cloth masks | 1 | R2 300 000 |
| 76 | Tara Technologies CC | Body bags | 1 | R476 335 |
| 77 | Mangezi Trading | Catering services | 1 | R109 105 |
| 78 | Intertek Services | No PPE procured | 0 | R0 |
| 79 | Ezra Matlala Incorporated | Legal services | 1 | R4 176 838 |
| 80 | Seila Business Enterprise CC | Bar soaps | 1 | R2 625 000 |
| 81 | Moruba Business Solutions | Catering services | 1 | R109 500 |
| 82 | Kingship Management Services | Printing paper | 1 | R60 000 |
| 83 | Ntimu Trading and Projects | Empty pump bottles | 1 | R373 750 |
| 84 | Lechoba Medical Technologies | Goggles and surgical gowns | 1 | R844 575 |
| 85 | Digitalized Art | Cloth masks | 1 | R1 944 000 |
| 86 | Promed Technologies | Surgical sundries | 1 | R51 253 |
| 87 | Composite ICT Pty Ltd | Laptops | 1 | R166 722 |
| 88 | Phoenix Neomed Pty Ltd | Medical Equipment / Furniture | 1 | R13 618 340 |
| 89 | Sanibonani Holdings Pty Ltd | PPE | 1 | R527 155 |
| 90 | Spethwa Trading | Cloth masks | 1 | R5 000 000 |
| 91 | Shalom Womens Projects | Cloth masks | 1 | R11 500 000 |

| No | Entity | Type of PPE | Contracts | Value |
|-----|-------------------------------|--|-----------|-------------|
| 92 | PC Palace Pty Ltd | Laptops, ICT equipment | 1 | R1 750 595 |
| 93 | Mbuso Medical Supplies | Thermometers | 1 | R16 464 |
| 94 | ER Group | Boot covers | 1 | R195 000 |
| 95 | Class Three Medical Solutions | Fluid warmers, ultrasonic nebulizers and suction units | 1 | R3 435 172 |
| 96 | Nokohlokho Pty Ltd | 75g antiseptic soap bars | 1 | R3 250 000 |
| 97 | Bioclin Solutions CC | Medical equipment | 1 | R12 961 |
| 98 | Ecomed Medical | Medical devices | 1 | R15 830 840 |
| 99 | Arm Scor | Handsanitiser and disinfectants | 1 | R35 915 758 |
| 100 | Malude Industries (Pty) Ltd | No PPE procured | 0 | R0 |

b) Summary of findings

The SIU investigation found that the above service providers were appointed by Gauteng DoH by means of a RFQ and/or in terms of the Transversal contract. The SIU investigation found that all the goods and services were rendered as appointed and that all payments were made. In some instances no goods and services were procured at all and the SIU further confirmed that no payments were made to these service providers. The SIU closed the investigations, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular and no adverse findings could be made.

8.1.1.2. Mlangeni Brothers Events CC (“Mlangeni”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the provision of 100 000 boxes of powdered and non-powdered gloves, 100 in a box at R240 per unit by Mlangeni to the Gauteng DoH. The value of the contract awarded is R24 000 000.

b) Summary of findings

The SIU investigation found that Ms Lehloenya and Ms Pino did not follow the proper procurement processes in awarding a contract to Mlangeni. The SIU investigation found that Mlangeni is registered on the CSD, but it is not registered to supply powder free examination gloves. Mlangeni is not a manufacturer of PPE, and it is also not registered with SAHPRA and may not deal in medical devices. Mlangeni submitted a quotation to the Gauteng DoH with a company registration number that did not belong to Mlangeni. Ms Kabelo accepted the quotation with the incorrect company registration number and issued a Commitment Letter to Mlangeni. When the Gauteng DoH tried to generate the RLS 01 request form, it was noted that the Gauteng DoH could not lawfully procure from Mlangeni (at that stage), because according to the CSD, Mlangeni was not B-BBEE compliant, because its B-BBEE certificate expired almost 18 months before Mlangeni submitted its quotation to the Gauteng DoH. Therefore, the PO should not have been created and/or issued. The SIU investigation found that Mlangeni overstated its prices by overcharging approximately R12 298 255 in respect of the supply of the relevant PPE, if compared to the maximum price threshold prescribed by NT. The SIU also found that invoice dated 10 August 2020 was submitted by Mlangeni to the Gauteng DoH requesting payment of R15 523 200. On or about 16 September 2020, the SIU submitted a letter to HoD of the Gauteng DoH recommending that all further payments by the Gauteng DoH to Mlangeni should be stopped.

c) Steps Taken

Criminal referrals

On 19 December 2021 the SIU referred relevant evidence to the NPA against the directors of Mlangeni based on evidence of fraud uncovered.

On 14 January 2021 the SIU referred relevant evidence to the NPA against the former HoD, Prof Lukhele based on allegations of Financial Misconduct in terms of Section 86(1) of the PFMA.

Disciplinary action

On 5 January 2021 the SIU submitted a referral for disciplinary action against Ms Thandi Pino for financial misconduct as envisaged in Section(s) 81(2) of the PFMA; or alternatively committed gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH. Ms Pino was subsequently dismissed. No recommendation for disciplinary action could be made against the former CFO, Ms Lehloenya, as she had resigned from the services of the Gauteng DoH with effect from 1 August 2020. No recommendation for additional disciplinary action could be made against Prof Lukhele (the HoD of the Gauteng DoH), because he resigned with immediate effect on or about 3 October 2020.

Administrative action

On 9 November 2020 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 24 November 2020 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Mlangeni failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

On 10 February 2021 the SIU recommended that the Gauteng DoH and/or the NT place(s) Mlangeni and its director(s) on the database/list of restricted suppliers, after having followed the required administrative process.

Civil litigation

The Gauteng DoH irregularly concluded a contract with Mlangeni for the procurement of PPE in the total amount of R24 000 000. The Review Application was issued in the Special Tribunal on 15 March 2021. The matter is set down for trial on 11 and 12 November 2021. Judgment was reserved. The Respondent has challenged the adequacy of record of decision.

8.1.1.3. Zakheni Strategic Supplies (Pty) Ltd (“Zakheni”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the provision of 1 000 000 units of 3 ply Surgical Mask, 500 000 units of N95 face masks, 500 000 units of FFP 2 face mask and 100 000 units of latex, examination powder-free-gloves by Zakheni to the Gauteng DoH. The value of the contract awarded is R103 770 000.

b) Summary of findings

The investigation revealed that on or around 19 April 2020, the Gauteng DoH, through its CFO, Ms. Kabelo Lehloenya, received a quotation from Zakheni for the supply of PPE to the Gauteng DoH for the following items:

- 1 000 000 x 3 ply Tieback masks @ R19.95 per unit incl VAT;
- 100 000 Latex glove boxes (100 gloves per box) @ R195 per box incl VAT;

- 400 000 x N95 face masks @ R67.20 per unit incl VAT; and
- 500 000 x FFP2 face masks @ R61.44 per unit incl VAT.

On 20 April 2020, the Department issued a commitment letter under the hand of the CFO, in favour of Zakheni for the supply of PPE for the total contract value of R103 770 000. The PPE contract is unlawful for want of compliance with numerous prescripts detailed:

- First, it failed to comply with the provisions of Instruction Note No. 3. This is the Instruction Note that was applicable at the time of conclusion of the contract.
- Alternatively, it failed to comply with the provisions of Instruction Note No. 5 which came into force on 28 April 2020.
- These infractions, are explained, below –

- **Failure to Comply with Instruction Note No. 3 and/ or No. 5**

As stated above, Instruction No.3 was applicable at the time of the purported conclusion of the PPE contract. In terms thereof, inter alia, all Covid-19 related PPE products were to be centrally procured, warehoused, and distributed for the public sector. For this purpose, a structure was established to ensure proper segregation of duties. As part of that structure was:

- A Government Procurement Team made up of National DoH and NT whose task was to execute bulk procurement orders on behalf of the State from both local and global suppliers.
- IHS was designated as the Central Implementation Agent and was to only execute orders on instruction of the National Department of Health and the NT's Procurement Team.

The purported procurement of the PPE contract did not comply with the above. As stated, the CFO single-handedly procured the PPE without having any regard to the applicable procurement prescripts.

Accordingly, the PPE contract failed to comply with the Instruction Note No. 3, alternatively, No. 5.

- **Failure to Comply with the Circular**

Pursuant to the GP Treasury Circular No.3, the HoD of the Gauteng DoH constituted the Covid-19 SCM Committee (“the Committee”) in order to advise and enforce compliance with the GP Treasury Circular No. 3.

In terms of the Committee's terms of reference ("the ToR") its duties are, inter alia, to exercise oversight on the procurement of items for Covid-19 and its functions are, inter alios, to consider recommendations from the BEC and make decisions on the specific award serving before it. The Committee was to be chaired by the CFO.

The ToR provide, further, that the resolutions of the Committee in respect of matters for both noting and decision "must be supported by the majority of members present" and that the Committee is accountable to the accounting officer of the Gauteng DoH being the HoD.

The PPE contract was, single-handedly, procured and awarded by the CFO. No procurement process, as set out in all the applicable prescripts, was complied with prior to its award. Further, the PPE contract was not awarded by the Committee based on the recommendation of the BEC in accordance with the peremptory provisions of clause 4(j) of the ToR.

The PPE Commodities that was quoted by Zakheni are evidently excessively over the maximum price set by NT Instruction No. 3 of 2020/21: Covid-19 PPE Price List dated 28 April 2020 which the Gauteng DoH was well aware of.

Paragraph 4.3 of Instruction 3 sets out the maximum prices for the identified PPE items and cloth masks which reflect realistic current market prices. Paragraph 4.6(b) thereof provides that the prices payable for PPE must be equal or lower than those set out in Annex "A" to NT Instruction No.5/ 21 unless the variation provisions thereof have been complied with, which were not so complied with in this instance.

When the Gauteng DoH tried to generate the RLS 01 request form, it was noted that the Gauteng DoH could not lawfully procure from Zakheni (at that stage), because according to the Central supplier Database (CSD), as administered by NT, Zakheni was not B-BBEE compliant. Therefore, the Purchase Order should not have been created and/or issued for Zakheni.

The SIU investigation found that Zakheni has made an excessive profit of R36 228 244, which is only based on the goods delivered thus far by Zakheni.

On 27 August 2020, the SIU investigator received information that the Director of Zakheni: Mr Tembile Sangoni ("Mr Sangoni") is a family member of Ms Khusela Lwandlekazi Diko (formerly known as Sangoni) ("Ms Diko"), who is:

- a) the Presidential Spokesperson;

- b) a close friend and business partner of the wife to the then Member of Executive Council (MEC) responsible for Health within the Gauteng Province (i.e. MEC Masuku), in circumstances where Ms Pino (Chief Director Supply Chain and Asset Management at the Gauteng DoH) stated in an affidavit that:
- (aa) she asked the former CFO of the Gauteng DoH (Ms Lehloenya) as to “*why*” the Gauteng DoH was “*using a company* [referring to Royal Bhaca] *that is owned by someone who is very well known politically*” and advised that Royal Bhaca “needs to go away”; and
 - (bb) Ms Lehloenya’s response was that “*the MEC wants his people*”; and
- c) married to Mr Madzika II Thandisizwe Diko, who is the sole director of Royal Bhaca, which is implicated in its own irregular procurement process with the Gauteng DoH, and which is linked in collusive practices with Ledla, which is also implicated in its own irregular procurement process with the Gauteng DoH.

Furthermore, the SIU Investigator was also informed that the Director of Ledla paid a deposit to a supplier for PPE goods and requested the supplier to transfer the balance of the deposit to the bank account of Zakheni

c) Steps Taken

Criminal referrals

On 14 January 2021 the SIU referred relevant evidence to the NPA against the former HoD, Prof Lukhele based on allegations of Financial Misconduct in terms of Section 86(1) of the PFMA.

Disciplinary action

On 5 January 2021 the SIU submitted a referral for disciplinary action against Ms Thandi Pino for financial misconduct as envisaged in Section(s) 81(2) of the PFMA; or alternatively committed gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH. Ms Pino was subsequently dismissed. No recommendation for disciplinary action could be made against the former CFO, Ms Lehloenya, as she had resigned from the services of the Gauteng DoH with effect from 1 August 2020. No recommendation for additional disciplinary action could be made against Prof Lukhele (the HoD of the Gauteng DoH), because he resigned with immediate effect on or about 3 October 2020.

Potential recoveries

On 23 September 2020 the SIU recommended to Gauteng DoH that all payments to Zakheni be stopped pending the institution and finalisation of civil proceedings against them.

Administrative action

On 9 November 2020 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 24 November 2020 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Zakheni failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

Civil litigation

The Gauteng DoH irregularly concluded a contract with Zakheni for the procurement of PPE in the total amount of R103 770 000. The Review Application was issued in the Special Tribunal on 23 April 2021 (GP09/2021). The SIU applied for Case Management in the Special Tribunal on 16 September 2021. The case is set down for hearing from 1 to 2 February 2022.

8.1.1.4. Beadica 423 CC (“Beadica”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020 and relates to the irregular procurement of PPE by the Gauteng DoH from Beadica. The Gauteng DoH awarded contracts to the total value of approximately R168 597 000 to Beadica.

b) Summary of findings

Beadica with registration number 2011/085389/23 is a close corporation and was duly registered with the Companies and Intellectual Property Commission (“CIPC”) on 6 June 2011.

On 28 April 2020, Beadica submitted a quotation for the delivery of 3 000 000 units of 3 ply surgical masks, 300 000 units of N 95 Face Masks, 100 000 units of FFP 2 Face Masks and 250 000 units of Jumpsuits to the Gauteng DoH for a total value of R127 136 000. On 24 April 2020 (i.e. four days before the quotation from Beadica on 28 April 2020 and only one day before Beadica also registered for PPE related goods on the Central Supplier Database (CSD), the Gauteng DoH issued a Commitment Letter to Beadica for a total value of R127 136 000. Thus far, Beadica purportedly delivered goods to the total value of R59 636 000 in respect of this first order.

On 17 June 2020, a second PO was processed for Beadica with PO number 4250910559 for 1 546 000 units of Surgical Masks, 300 000 units of N 95 Face Masks and 100 000 units of FFP 2

Face Masks for a total value of R41 461 000. Thus far, Beadica purportedly delivered goods to the total value of R2 629 800 in respect of this second order.

At least one of the warehouses, which received the deliveries for and on behalf of the Gauteng DoH raised major concerns about the quality of certain of the PPE goods that had been delivered by Beadica. Furthermore, Beadica delivered certain incorrect products to the Gauteng DoH, which led to further losses to the Gauteng DoH as all the stock received could not be used.

As at 12 August 2020, the Gauteng DoH had made payments to Beadica in the total amount of R59 636 000.

The SIU investigation found that Beadica was irregularly awarded two contracts for a total value of R168 597 000 by the Gauteng DoH, which were based only on the arbitrary decisions of Ms Lehloenya (the former CFO of the Gauteng DoH) and Ms Pino (the Chief Director Supply Chain and Asset Management at the Gauteng DoH), and without following any competitive bidding processes.

Beadica was registered on the CSD, but it was not registered to supply PPE and had no track record of supplying PPE, at least not at the time that the Gauteng DoH issued the Commitment Letter to Beadica. Beadica is also not a manufacturer of PPE. Beadica is not registered with SAHPRA and may not deal in medical devices.

The SIU investigation further found that the masks supplied by Beadica were not medical grade masks but were non-medical grade masks. The payments made to Beadica were for the supply of 3 ply surgical masks, FFP 2 and N 95 medical grade masks. The SIU investigation found that R22 136 000 was paid to Beadica by the Gauteng DoH for the non-medical grade masks that could not be used by the Gauteng DoH. Beadica overstated its prices by overcharging R13 856 000 in respect of the supply of the masks, if compared to the maximum price threshold prescribed by NT.

As at 12 August 2020, the Gauteng DoH had made payments to Beadica in the total amount of R59 636 000.

The SIU investigation found that officials of the Gauteng DoH failed to ensure that the relevant prescripts of the Constitution, the PPPFA, the PPPFA Regulations of 2017, the PFMA and regulations/instructions issued by the NT and the Gauteng Provincial Treasury were upheld.

c) Steps Taken

Criminal referrals

On 23 October 2020 the SIU referred relevant evidence to the NPA against the directors and against Beadica for fraud.

Disciplinary action

On 5 January 2021 the SIU submitted a referral for disciplinary action against Ms Thandi Pino for financial misconduct as envisaged in Section(s) 81(2) of the PFMA; or alternatively committed gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH. Ms Pino was subsequently dismissed. No recommendation for disciplinary action could be made against the former CFO, Ms Lehloenya, as she had resigned from the services of the Gauteng DoH with effect from 1 August 2020. No recommendation for additional disciplinary action could be made against Prof Lukhele (the HoD of the Gauteng DoH), because he resigned with immediate effect on or about 3 October 2020.

Administrative action

On 9 November 2020 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 24 November 2020 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Beadica failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

On 10 February 2021 the SIU recommended that the Gauteng DoH and/or the NT place(s) Beadica and its director(s) on the database/list of restricted suppliers, after having followed the required administrative process.

8.1.1.5. Best Enough Trading and Projects 412 (Pty) Ltd (“Best Enough”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the provision of 75 gram bar soaps by Best Enough to the Gauteng DoH, who acted on behalf of the Gauteng DoE. The value of the contract awarded is R2 443 750.

b) Summary of findings

The SIU investigation found that Best Enough is registered on the CSD with supplier number MAAA0424993 created on 13 March 2017. The supplier commodities listed on CSD documents

reflect products ranging from animal containment products, paper materials, solvents, fuels, oil and gas operating and production equipment, raw materials processing machinery, containers and storage, packaging materials, transportation components and systems, dental equipment and supplies, patient exam and monitoring products, medical apparel and textiles, medical cleaning and sterilization products amongst others.

The need for purchase of the soaps were identified by Gauteng DoE after a resolution was taken at a Gauteng DoE meeting that that learners must be provided with a pack which contains soap, to emphasise the importance of hygiene. Which needed to be supplemented every week. The SIU investigation found that Gauteng DoE submitted their request to procure the bar soaps to Gauteng DoH. The Gauteng DoE initially required only 225 000 bar soaps but revised the amount of bar soaps required to 16 000 000 bar soaps as each learner should be given one bar soap per month.

The SIU investigation found that Gauteng DoH sent RFQ documents to 8 companies, of which only four responded. The Gauteng DoH followed an evaluation process after which Best Enough was appointed.

The SIU investigation found that Best Enough delivered on the contract as awarded. The SIU investigation found that Best Enough purchased the soap for R3.50 and sold it to Gauteng DoH for R9.78. On 250 000 units, their profit was R1 558 750.

Full delivery of goods were made all four delivery notes with acknowledgement of receipt by Ms Lizelle van Rooyen at 3G Relocations Warehouse.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendation that was sent to the Competition Commission, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 25 November 2020 the SIU submitted evidence to the Competition Commission in relation to Best Enough contravention of section 8(1)(a) of the competition Commission Act by charging excessive prices for the supply of antiseptic bar soaps to the Gauteng DoH, during the Covid-19 period. Best Enough purchased 250 000 bars of 100g antiseptic bar soap from Victor Soap Industries at a price of R3.54 inclusive of vat each and invoiced the Gauteng DoH at a price of R9.78 inclusive of vat each.

8.1.1.6. Mokone Trading and Projects (Pty) Ltd (“Mokone Trading”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the OTP on 5 June 2020. This allegation involves the procurement of and contracting for the supply of 286 000 visors by Mokone Trading visors to the Gauteng DoH. The value of the contract is R17 160 000.

b) Summary of findings

The SIU requested all relevant documentation from the Gauteng DoH and Mokone Trading. The SIU interviewed all relevant witnesses including Gauteng DoH staff, Directors of Mokone, sub-contractors to Mokone Trading and the director of TCI-TISO (Pty) Ltd (“TCI-TISO”), who funded Mokone Trading. The SIU investigation found that TCI-TISO funded Mokone Trading to be able to deliver the required visors. This funding was according to a Facilitation Agreement that Mokone Trading and TCI-TISO entered into. The Facilitation Agreement entailed that TCI-TISO vet the suppliers, ensuring that the Visors they manufacture are according to the specifications, ensuring that the Visors are delivered and paying the suppliers straight for the visors purchased from them.

The SIU investigation found that Mokone Trading was registered on CSD on 3 May 2016. Gauteng DoH requested Mokone Trading by means of a RFQ process to submit a quotation for the supply of the visors. The SIU investigation found that Mokone Trading’s quoted prices to the Gauteng DoH were below the maximum prices recommended by the NT as of 28 April 2020. Mokone’s unit price was R60 per unit price, while NT’s maximum price for Visors was R108. Mokone Trading’s quotation was evaluated by the BEC and adjudicated by the BAC. The procurement was approved by the Accounting Officer, Prof Lukhele, as per Section 3.4 of Instruction Note 5 of 2020/2021.

Mokone Trading quoted the Gauteng DoH unit price of R60 for each Visor, no VAT was charged. Mokone Trading sourced the visors from two suppliers at a unit price of R22.17 (excluding VAT) and R25.50 (incl VAT). Mokone’s profit from sourcing from the suppliers is R37.83 per unit (R60 - R22.17). For 286 000 units of Visors, Mokone made a profit of R10 819 380. This equates to 63.05% ($R10\,819\,380/R17\,160\,000 \times 100$) profit. The SIU investigation found that the profit of 63.05% is excessive and has referred Mokone Trading to the Competition Commission for further investigation regarding possible excessive profit.

TCI-TISO (Pty) Ltd funded Mokone Trading for the procurement of the Visors. Mokone was referred to TCI-TISO by Umduli Investments at a referral fee of R145 860. TCI-TISO invoiced Mokone Trading R11 287 634 for facilitating the procurement of Visors. TCI-TISO’s engagement included paying the suppliers for the Visors.

Between 22 June 2020 and 09 July 2020 Mokone Trading delivered a total of 286 000 Visors at 3G Relocations and Kushesh Express warehouses, respectively.

Mokone Trading is not registered with SAPHRA to distribute medical devices and the SIU has referred Mokone Trading to SAHPRA for further investigation on the issue of distributing Medical Devices without the distributing licence.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendations were made, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 4 November 2020 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing by Mokone Trading. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 8 July 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Mokone Trading failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.7. Solsimtha Projects (Pty) Ltd (“Solsimtha”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 250 000 bar soaps by Solsimtha to the Gauteng DoH on behalf of Gauteng DoE. The total value of the contract is R3 150 000.

b) Summary of findings

All the relevant documentation was obtained from the Gauteng DoH and Solsimtha. All relevant witnesses were interviewed including the Director of Solsimtha and its sub-contractors.

The SIU investigation found that a procurement process as per sections 3.4, 4.6 and 4.7 of Instruction Note 5 of 2020/2021 was followed in the appointment of Solsimtha. This process entailed the following:

- a RFQ process from service providers that were registered in the CSD database. Solsimtha was registered in the CSD on 04 September 2019.
- Solsimtha is a small enterprise and fall under designated group as per Preferential Procurement Regulation, 2017.
- The procurement was approved by the Accounting Officer, Prof Lukhele, as per Section 3.4 of Instruction Note 5 of 2020/2021.

Solsimtha quoted the Gauteng DoH R12.60 for each bar soap, no VAT was charged. The total value was R3 150 000 for 250 00 bar soaps. Solsimtha sourced the bar soaps from Khaliques (Pty) Ltd (Khaliques”) at R3.91 excluding VAT per unit (R4.50 including VAT). The profit made by Solsimtha is R8.69 (R12.60 – R3.91) per bar soap. For 250 000 units of Bar soaps, Solsimtha made a profit of R2 172 500 (R8.69 X 250 000 units). This equates to a profit of 69% (R2 172 500/R3 150 000 X 100). The SIU investigation found that the profit of 69% is excessive and has referred relevant evidence to the Competition Commission for further investigation regarding possible excessive profit.

The SIU investigation found that MCC Security and Projects CC loaned Solsimtha an amount of R1 125 000 to purchase the bar soaps from Khaliques. Solsimtha signed an acknowledgement of debt, acknowledging that they owe MCC Security an amount of R1 125 000 and 5% interest. The repayable amount by Solsimtha was thus R1 181 250.

The SIU confirmed that all goods were delivered to Gauteng DoH on behalf of Gauteng DoE.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendation that was sent to the Competition Commission, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 12 April 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.8. RedChair Holding (Pty) Ltd (“RedChair”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of thermometers by RedChair to the Gauteng DoH. The total value of the contract is R15 200 000.

b) Summary of findings

The SIU investigation found that on 24 June 2020, RedChair received a RFQ for the supply of 10 000 infra-red thermometers. On 24 June 2020, RedChair submitted their quotation through email address covid19.quotations@gauteng.gov.za.

The SIU investigation found that a procurement process as per sections 3, 4 and 4 of NT Instruction Note 5 of 2020/2021 was followed in the appointment of RedChair.

The SIU investigation found that RedChair quoted the Gauteng DoH unit price of R1 520 for each infra-red thermometer excluding VAT. RedChair sourced the infra-red thermometers from TRC Africa at a unit price of R1 100 (including VAT). RedChair’s profit from sourcing from TRC Africa is R420 per unit (R1 520 – R1 100). For 10 000 units of infra-red thermometers, RedChair made a profit of R4 200 000 (R420 X 10 000 units). This equates to 273% profit. The SIU investigation found that there was no excessive pricing by RedChair. The SIU investigation found that RedChair and its subcontractor, TRC Africa, was not registered with SAHPRA to distribute medical devices.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendation that was sent to the SAHPRA, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 8 June 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Red Chair Holdings failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.9. OSC Med Solutions (Pty) Ltd (“OSC”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 10 thermometers by OSC to the Gauteng DoH. The total value of the contract is R29 000.

b) Summary of findings

The SIU obtained all relevant documentation from the Gauteng DoH and OSC. All relevant witnesses at Gauteng DoH and OSC was interviewed and affidavits obtained.

The SIU investigation found that a procurement process as per sections 3.4, 4.6 and 4.7 of NT Instruction Note 5 of 2020/2021 was followed in the appointment of OSC. The SIU investigation found that staff from Mamelodi Hospital requested that thermometers be procured for the hospital. The request was approved and a RFQ process unfolded. The SIU investigation found that the procurement was approved by the CEO of Mamelodi Hospital, Dr Naing Soe as per the delegation of authority based on the value of the contract. Three quotations were sourced and OSC was found to be the cheapest. A PO was issued and OSC delivered the goods to Mamelodi Hospital.

The SIU investigation found that OSC was registered on CSD. OSC Med is a small enterprise and fall under designated group as per Preferential Procurement Regulation, 2017. The SIU investigation found that OSC was not registered with SAHPRA.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular and no adverse findings could be made.

c) Steps Taken

Administrative action

On 15 June 2021 a referral was made to SAHPRA for contravention of the Medicines and related substances Act, because OSC failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.10. Gramendo Projects (Pty) Ltd (“Gramendo”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the provision of 5 000

thermometers with batteries by Gramendo to the Gauteng DoH. The value of the contract awarded is R8 567 500.

b) Summary of findings

The SIU investigation found that Gramendo submitted a written quotation to the Gauteng DoH for the provision of 3 000 thermometers to the value of R4 537 050 (inclusive of VAT), which equates to R1 512 (inclusive of VAT) per thermometer. However, the Gauteng DoH issued an Acceptance of Quotation Letter in respect of 5 000 thermometer (no longer 3 000) to the value of R7 450 000 (inclusive of VAT), which equates to R1 490 (inclusive of VAT) per thermometer. Later, the Gauteng DoH issued a new or revised Acceptance of Quotation Letter in respect of 5 000 thermometers to the total value of R8 567 500 (inclusive of VAT), which equates to R1 713 (inclusive of VAT) per thermometer. Gramendo purchased 4 500 non-contact infra-red digital thermometer from Splendid Health (Pty) Ltd at a total price of R4 419 000, which equates to a price of R982 (inclusive of VAT) each. The remainder of 500 thermometers were purchased from various supplies in small quantities and delivered to the 3G Relocation Warehouse. However, Gramendo invoiced the Gauteng DoH for a total of R7 708 500, which equates to a price of R1 713 (inclusive of VAT) each. As such, Gramendo enjoyed a profit of R3 289 500 or approximately 74 % in respect of the 4 500 non-contact infra-red digital thermometer that were sold and delivered to the Gauteng DoH, which seems to be excessive.

The thermometers were delivered in batched to 3G Relocation Warehouse on the following dates: 11 May 2020 - 500 thermometers were delivered, 12 May 2020 – 1 000 thermometers were delivered and 18 May 2020 - 3 500 thermometers were delivered.

The price of the thermometer is regulated by NT Annexure A, Covid-19 personal protective equipment price list as at 28 April 2020. The maximum price threshold per thermometer is R2 527 inclusive VAT. Gramendo invoiced Gauteng DoH R1 713 inclusive of VAT per item. However, considering almost 74% profit margin enjoyed by Gramendo, the matter was referred to the Competition Commission for excessive pricing.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendation that was sent to the SAHPRA and Competition Commission, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 12 March 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 18 May 2021 a referral was made to SAHPRA for contravention of the Medicines and related substances Act, because OSC failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.11. Grassroots Development and Environments (Pty) Ltd / trading as Integrated Healthcare Group (“Grassroots”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of surface disinfectant by Grassroots to the Gauteng DoH. The value of the contract is R2 242 500.

b) Summary of findings

The SIU investigation found that Grassroots purchased 25 litres surface disinfectant from Hychem (Pty) Ltd at a price of R1 366 (exclusive of VAT) per 25 litre container and invoiced the Gauteng DoH at a price of R1 950 (exclusive of VAT) per 25 litre container. As such, Grassroots enjoyed a profit of R584 (exclusive of VAT) per 25 litre container or almost 43% in respect of the surface disinfectant that were sold and delivered to the Gauteng DoH, which seems to be excessive.

The price of sanitiser and disinfectant is regulated by NT Annexure A, Covid-19 PPE price list as at 20 May 2020. The maximum price threshold of sanitiser and disinfectant is R183 per litre inclusive of VAT (R183 x 25 litre=R4 590 inclusive of VAT per 25 litre container) hence Grassroots invoiced Gauteng DoH R1 950 exclusive of VAT per 25 litre. The price charged by Grassroots was within the maximum price threshold prescribed by the NT.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendation

that was sent to the SAHPRA and Competition Commission, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 12 March 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.12. Flotenk FX Traders (Pty) Ltd (“Flotenk”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of thermometers by Flotenk to the Gauteng DoH. The value of the contract is R7 306 800.

b) Summary of findings

Flotenk was registered with CIPC on 13 of January 2017. The registration number of the company is 2017/011952/07. The company operates in two provinces, namely; 25 Flamingo Crossing, 3 Fire Finch Street, Albertsdal, Gauteng and Central Park, 12 Suikerriet Street, Mbombela, Mpumalanga. The director of this company is only Mr Floyd Nzimande, ID number: 8608045521087.

Flotenk is registered on the CSD with supplier number MAAA0467137. The commodity listed on CSD notes that Flotenk supplies from animal containment, photography equipment, construction equipment, and sports equipment to electronic materials, medical supplies and many more. The company is VAT registered, the reference number is 9033090250.

The SIU investigation found that a RFQ process was used by Gauteng DoH to source quotations from services providers listed on the CSD database. Flotenk responded to the RFQ and following an evaluation process, Flotenk was awarded a contract to supply the thermometers. The SIU investigation found that Flotenk quoted Gauteng DoH an amount of R1 461.36 per thermometer, which was below the maximum price set by NT.

An award letter obtained by Flotenk for 5000 thermometers for R7 306 800 were signed off by Ms. K Lehloenya.

The SIU found that Flotenk sourced the thermometers from TRC Africa at a cost of R1 100 each. Flotenk then supplied and delivered 5000 thermometers on 26 May 2020, in which the delivery note was signed and received by Lizelle van Rooyen. According to Mr Nzimande, he was paid R7 306 800 on 25 June 2020.

The SIU investigation found that Flotenk and TRC Africa was not registered with SAHPRA to supply medical equipment.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendation that was sent to the SAHPRA and Competition Commission, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 12 April 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 12 April 2021 a referral was made to SAHPRA for contravention of the Medicines and related substances Act, because OSC failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.13. Ikati Health (Pty) Ltd (“Ikati”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the thermometers by Ikati to the Gauteng DoH. The value of the contract is R4 475 000.

b) Summary of findings

The SIU previously reported that the award of the contract to Ikati was found to be irregular and that the SIU commenced with civil litigation. The SIU also previously reported that it had made relevant referrals to the NPA against Ikati and its Directors and referrals to the Competition Commission and SAHPRA.

The SIU instructed counsel to commence with civil litigation to set aside the contract awarded to Ikati, based on the fraud committed by Ikati and to recover all losses suffered by the State as a result thereof.

c) Steps Taken

Criminal referral

On 21 December 2021 the SIU referred evidence to the NPA against the Directors of Ikati for fraud by way of fronting.

Administrative action

On 10 May 2021 a referral was made to SAHPRA for contravention of the Medicines and related substances Act, because Ikati failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

Civil litigation

The matter was referred to the State Attorney on 30 August 2021 to consider the institution of civil proceedings in order to have the contract set aside due to a misrepresentation resulting in the irregular appointment.

SARS referral

On 15 April 2021 the SIU referred relevant evidence to SARS to conduct an investigation into the tax and vat compliance of Ikati health. SARS confirmed receipt of the referral.

8.1.1.14. Nebo Coal CC (“Nebo Coal”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 6 000 thermometers by Nebo Coal to the Gauteng DoH. The total value of the contract is R13 800 000.

b) Summary of findings

The SIU investigation found that the procurement of thermometers from Nebo Coal was conducted by means of a RFQ process as stipulated by NT.

The SIU investigation found that the profit realised in this instance per thermometer was excessive at 47% therefore this matter has been referred to the Competition Commission. It has also been established that Nebo Coal supplied the Gauteng DoH with thermometers even though they are not registered with SAHPRA.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendation that was sent to the SAHPRA and Competition Commission, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 22 June 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 22 June 2021 a referral was made to SAHPRA for contravention of the Medicines and related substances Act, because Nebo Coal failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.15. Nascency Medicals (PTY) Ltd (“Nascency”)

a) Nature of allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 6 000 thermometers by Nascency to the Gauteng DoH. The total value of the contract is R14 476 200.

b) Summary of findings

The SIU investigation found that Gauteng DoH used a proper procurement process to appoint Nascency to supply the goods to Gauteng DoH. The SIU investigation found that Nascency made a profit of 30%. The SIU investigation found that Nascency supplied the Gauteng DoH with thermometers even though they are not registered with SAHPRA. The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular except for the recommendation that was sent to the SAHPRA and Competition Commission, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 29 March 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 20 April 2021 a referral was made to SAHPRA for contravention of the Medicines and related substances Act, because Nascency failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.16. Future Advertising and Marketing CC (“Future Advertising”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of surgical masks and sanitizers by Future Advertising to the Gauteng DoH. The value of the contract is R7 256 606.

b) Summary of findings

The SIU investigation found that on 20 March 2020 Future Advertising entered into an agreement with the Gauteng DoH by means of a PO Commitment Letter for the supply and deliver of PPE for the amount of R4 236 801. The letter served as confirmation that Future Advertising’s quotation for services listed has been accepted subject to the terms contained therein. The Letter was signed by Ms Ravele. The Gauteng DoH’s Supply Chain Delegations dated 21 June 2018 provides Legislation, regulations and SCM Framework for the lowest possible level to delegate to the Head of SCM Division for the award of contracts between the amounts of R2 000 up to R30 000. Taking the above mentioned legislation and instruction notes in to consideration, Ms. Ravele could not have accepted quotations or issue Commitment Letter for the amount above R30 000.

On 3 April 2020 Future Advertising entered into a second agreement with the Gauteng DoH by means of a Commitment Letter for the supply and delivery of PPE for an amount of R3 472 775. The letter served as confirmation that Future Advertising’s quotation for services listed has been accepted subject to the terms contained therein. The Commitment Letter mentions that the delivery is expected within seven days of received of the Commitment Letter. The Letter was signed by Ms Pino from Gauteng DoH. Once again it should be noted that Gauteng DoH’s SCM Delegations

dated 21 June 2018 provides Legislation, regulations and SCM Framework for the lowest possible level to delegate to the Head of SCM Division for the award of contracts between the amounts of R2 000 up to R30 000. Taking the above mentioned legislation and instruction notes in to consideration, Ms Pino could not have accepted quotations or issue Commitment Letter for the amount above R30 000.

On 20 March 2020 Future Advertising issued Delivery note IN100652 for the delivery of the PPE at the Provincial Disaster Offices in Midrand. It was noted that the quantity for “Surgical Masks 50’s” was 3 279.

On 6 April 2020 Gauteng DoH Financial Admin Officer, Mavis Mbedzi compiled an RLS 01, Purchase Request Form – Goods and Services in respect of the items and pricing as mentioned in the second Commitment Letter. On 9 April 2020 Gauteng DoH Material Recording Clerk, Cluitus Kgosi Kadiaka created and issued Purchase Order number 4250898023 in respect of the items and pricing as indicated in the Commitment Letter dated 3 April 2020 and as requested through the RLS 01 dated 6 April 2020.

On 19 May 2020 the unit price for “Dust mask various sizes 2020 FFP2” was adjusted down to R56.91 from R80.47 each, on request from Ms Melow who stated that the value per unit was negotiated down.

On 27 March 2020 Future Advertising submitted Invoice IN100657 to the Gauteng DoH for payment to the value of R3 930 970. On 1 April 2020 the invoice was approved and paid by the Gauteng DoH through a Sundry Payment. On the invoice the amount per unit for “Surgical Masks 50’s” were lowered to R550 from R718.75 per unit. The quantity on the invoice were stated as 3 729 in contrast with the 3 279 stipulated in the delivery note IN100652 as well as the commitment letter. This amounted to an over payment of R247 500.

On 11 May 2020 Future Advertising submitted Invoice IN100670 to the Gauteng DoH for payment to the value of R1 733 271. On 3 June 2020 the invoice was approved and paid by the Gauteng DoH by utilizing PO 4250898023. Also on 11 May 2020 Future Advertising submitted Invoice IN100671 to the Gauteng DoH for payment to the value of R1 642 770. On 29 July 2020 the invoice was approved and paid by the Gauteng DoH by utilizing PO 4250898023.

The SIU investigation found that the Gauteng DoH did not follow a competitive bidding process in the appointment of Future Advertising, as such the procurement processes were not fair, equitable, transparent, competitive or cost-effective, as prescribed by Section 217(1) of the Constitution and the prescripts of Section 38(1)(a)(iii) of the PFMA. Consequently, the decision to appoint Future Advertising are invalid in terms of Section 2 of the Constitution.

c) Steps Taken

Criminal referrals

On 17 March 2021 SIU referred relevant evidence of fraud by Future Advertising and its Directors to the NPA.

On 19 July 2021 the SIU referred evidence to the NPA which points towards the commission of 'financial misconduct', as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH, by Prof Lukhele during his tenure as the HoD.

Disciplinary action

On 15 April 2021 the SIU submitted a referral for disciplinary action against Ms Ravele for 'financial misconduct', as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

On 21 April 2021 the SIU submitted a referral for disciplinary action against Ms Pino for 'financial misconduct', as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH. Ms Pino was subsequently dismissed from the Gauteng DoH.

Administrative action

On 21 May 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 24 May 2021 a referral was made to SAHPRA for contravention of the Medicines and related substances Act, because Future Advertising failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

On 30 July 2021 the SIU recommended that the Gauteng DoH and/or the NT place(s) Future Advertising and its Director(s) on the database/list of restricted suppliers, after having followed the required administrative process.

Acknowledgment of Debt

On 15 October 2020 the SIU recovered R247 500 from Future by means of an AoD signed. The full amount was paid by Future.

8.1.1.17. Seebo Group (Pty) Ltd (“Seebo”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of bar soaps by Seebo to the Gauteng DoH on behalf of the Gauteng DoE. The value of the contract is R3 248 750.

b) Summary of findings

The SIU investigation found that Seebo purchased the goods at a cost of R4 from Khaliques and sold the goods to the Gauteng DoH at a cost of R11 each. The SIU investigation found that Seebo made an excessive profit from the sale of the goods to Gauteng DoH. The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular except for the recommendation that was sent to Competition Commission, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 30 March 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.18. LNG Scientific (Pty) Ltd (“LNG”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of KN95 masks, surgical masks and powder-free sterile gloves by LNG to the Gauteng DoH. The value of the contract is R113 250 000.

b) Summary of findings

The SIU investigation found that according to LNG's CSD registration report dated 8 September 2020, LNG was registered with the CSD on 24 October 2017 and the supplier industry classification information was stated as professional, scientific and technical activities. The SIU investigation found that on 13 May 2020 at 07:25 the CSD was updated from Non-Compliant Tax Status to Tax Compliant the same day at 10:03. The B-BBEE status was also not updated as one of the directors, Mr Nakin resigned from LNG during 2016. On 23 April 2020, Mr Lekoana from LNG sent an e-mail to Ms Lehloenya, who was the then CFO of the Gauteng DoH, in which LNG submitted a proposal for the supply of PPE by LNG, which included the following quotation and certain company documents: 1 000 000 units of KN 95 masks at a price of R60 per unit (i.e. a total price of R60 000 000 (excluding VAT)); 1 000 000 units of 3 ply masks at a price of R17 per unit (i.e. a total price of R17 990 000 (excluding VAT)); 100 000 units of Protective Overall Garments at a price of R800 per unit (i.e. a total price of R80 000 000 (excluding VAT)); 500 000 units of non-sterile surgical gloves in batches of 100 per box at a price of R220 per unit (i.e. a total price of R110 000 000 (excluding VAT)); and 250 000 units of sterile surgical gloves in batches of 100 per box at a price of R399 per unit (i.e. a total price of R99 750 000 (excluding VAT)). The total amount of the quotation was R367 740 000 (excluding VAT) or R422 901 000 (including VAT calculated at 15 %).

Although LNG was registered on the CSD for the delivery of medical equipment or medical supplies, LNG was not registered with the SAHPRA at the time of contracting with the Gauteng DoH – in fact, LNG only received its SAHPRA certification on 13 October 2020 (i.e. more than 5 months after LNG received the relevant Commitment Letter(s) from the Gauteng DoH). As such, LNG was prohibited up and to 13 October 2020 from manufacturing, importing, exporting, distributing and/or wholesaling any 'medical devices' without a valid SAHPRA medical device establishment licence. Since there is no proof of any RFQ process that may have preceded the submission to the Gauteng DoH of the LNG quotation, as referred to above, The SIU investigation found that the quotation qualifies as an 'unsolicited proposal', which is strictly regulated by the NT (e.g. see paragraphs 2.1 and 3.1 of NT Practice Note No. 11 of 2008/2009 dated 16 March 2009). On 24 April 2020, Ms Lehloenya confirmed receipt of the proposal (i.e. the quotation that was submitted by LNG). On 28 April 2020, Ms Lehloenya sent to LNG a commitment letter dated 24 April 2020, which was signed by Ms Lehloenya (as CFO), for a total value of R108 000 000. In the first commitment letter, LNG was appointed as a supplier to provide 500 000 KN 95 Masks at R55 per item, 1 000 000 surgical masks at R18 per item and surgical gloves at R270 per item. On the same day Ms Lehloenya sent to LNG an amended commitment letter, which was also signed by Ms Lehloenya (as CFO), for a total value of R113 250 000. In the second commitment letter,

LNG was appointed as a supplier to provide 500 000 KN 95 Masks at R55 per item, 1 000 000 surgical masks at R18 per item and 270 000 boxes of surgical gloves (100 in box) at R250 per box. As such, the difference between the first and second Commitment Letters is to be found in the price per item for the surgical gloves (100) in box, which was R270 per box in the first Commitment Letter, but only R250 per box in the second Commitment Letter.

Ms Lehloenya as the CFO did not have the necessary delegation to sign any commitment letter in excess of R500 000 for and on behalf of the Gauteng DoH, as per the Delegation of Authority of the Gauteng DoH. According to Ms Lehloenya, she had the authority to approve contracts for any value, based on her alleged capacity as the Chairperson of the normal BAC of the Gauteng DoH. However, the appointment of LNG did not serve before nor was it approved by any BAC. On 30 April 2020 (i.e. 2 days after Ms Lehloenya had already signed the two commitment letters and submitted them to LNG), two copies of a document titled "*REQUEST TO APPROVE TO DEVIATE FROM NORMAL PROCUREMENT PROCESS FROM COVID-19 RELATED PROCUREMENT*" in respect of the appointment of LNG with reference number "*COVID-19: DIV-26/2020*" for a total R45 750 000 was addressed to the HoD of the Gauteng DoH. Both documents are unsigned. In the Request for a SCM Deviation from following normal competitive bidding procurement processes, as envisaged in Regulation 16A6.4 of the Treasury Regulations issued in terms of the PFMA, the HoD was requested to approve the following: "*Not following the tender or Request of quotation (RFQ) process; Shortened the advertisement period; Request and receive only one quote for transactions exceeding R30 K; and Appointment of a single source*". The request for deviation was not approved by the former HoD, Professor Lukhele.

Following the award to LNG, a total amount of R59 404 345 was paid by the Gauteng DoH to LNG and an amount of R34 026 511 is allegedly still due and owing by the Gauteng DoH to LNG for PPE that was allegedly delivered. According to calculations made by a Forensic Accountant, a total amount of R33 261 652 must be recovered or set-off from LNG based on the fact that LNG over-invoiced the Gauteng DoH and LNG charged prices in excess of the maximum prices for such PPE items, as prescribed by the NT. The SIU investigation found that the prices quoted and charged by LNG was in excess of the maximum prices for such PPE items, as prescribed by the NT. The SIU investigation found that LNG was not SAHPRA registered at the time of quoting and delivering the PPE to the Gauteng DoH. The SIU investigation found that Mr Lekoana, who is the Director of LNG, used twenty seven suppliers or sub-contractors to supply the PPE to the Gauteng DoH. As part of the twenty seven suppliers, Mr Lekoana used four companies that he sub-contracted as suppliers wherein either he or his spouse or a family member is a Director. The SIU investigation found that two of the sub-contractors to LNG created fraudulent invoices which were submitted to the Gauteng DoH in support of payments made.

c) Steps Taken

Criminal referral

On 17 March 2021 the SIU referred relevant evidence of fraud, theft and money laundering by LNG, its Directors and sub-contractors.

On 1 October 2021 the SIU referred evidence against Prof Lukhele based because of financial Misconduct in terms of Section 86(1) of the PFMA, when he in his official capacity as the HoD and Accounting Officer of the Gauteng DoH, wilfully or in a grossly negligent way failed to comply with one, more or all of the provision(s) of Sections 38(1)(a)(i), 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii), 38(1)(c)(iii), 38(1)(d), 38(1)(g), 38(1)(h), 38(1)(n) and/or 40(1)(a) of the PFMA.

Administrative action

On 11 March 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 11 March 2021 a referral was made to SAHPRA for contravention of the Medicines and related substances Act, because LNG failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

On 3 July 2021 the SIU recommended that the Gauteng DoH and/or the NT place(s) LNG and its Director(s) on the database/list of restricted suppliers, after having followed the required administrative process.

Potential recoveries

On 4 September 2020 the SIU recommended to Gauteng DoH that all payments to LNG be stopped pending the institution and finalisation of civil proceedings against them.

Civil litigation

The SIU has referred the matter to the Civil Litigation Unit to consider instituting civil proceedings to to set aside the contract and to recover the losses suffered by the Gauteng DoH.

8.1.1.19. Vharanga Phanda Trading CC (“Vharanga”)

a) Nature of allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 6 000 thermometers by Vharanga to the Gauteng DoH. The total value of the contracts is R12 475 000.

b) Summary of findings

The SIU investigation established that the procurement of goods from Vharanga was conducted by Gauteng DoH through a RFQ process as stipulated by NT. The profit realised in this instance per thermometer was excessive at 134% therefore this matter was referred to the Competition Commission. It has also been established that Vharanga supplied the Gauteng DoH with thermometers even though they are not registered with SAHPRA. The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular except for the recommendation that was sent to the SAHPRA and Competition Commission, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 29 March 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 20 April 2021 a referral was made to SAHPRA for contravention of the Medicines and related substances Act, because Vharanga failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.20. African Delights Catering CC (“African Delights”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of catering by African Delights to the Gauteng DoH. The value of the contract is R50 000.

b) Summary of findings

The Gauteng DoH awarded a contract to African Delights to provide catering for 100 delegates. The value of the contract was R50 000. The Gauteng DoH requested another quotation for additional guests, and as a result of additional delegates, the contract amount was increased to R65 000. The SIU interviewed Ms Naledi Msimanga, who is an Assistant Director: Data Analyst Management, Health Economics and Finance at the Gauteng DoH. Ms Msimanga was involved in the procurement of the goods and services from African Delights. The SIU investigation found that Ms Msimanga contacted African Delights to request them to provide catering for the Gauteng DoH. No competitive bidding or other procurement process was followed by the Gauteng DoH to identify and award the contract to African Delights. Since only one quotation was sourced there was also no evaluation or adjudication of competing quotations by any bid committees and no compliance with the prescripts of the *Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)* (“PPPFA”) and the *Preferential Procurement Regulations, 2017* (“PPPFA Regulation”). As such, both the award of the contract to African Delights and the later increase to the contract value from R50 000 to R65 000 are deemed to be irregular and invalid. According to information received from the Gauteng DoH, the goods and service were rendered, and the Gauteng DoH received value for money.

c) Steps Taken

Disciplinary action

On 30 March 2021 the SIU referred evidence against Ms Msimanga, who is the Assistant Director: Data Analyst Management, Health Economics and Finance at the Gauteng DoH for alleged contraventions of, *inter alia*, Section 217(1) of the Constitution, Section 38(1)(a)(iii) of the PFMA, the PPPFA, the PPPFA Regulations, Sections 45(a) to (e) of the PFMA, relevant NT Practise Notes, the SCM Policy/ies of the Gauteng DoH, and her failure to adhere to the Code of Conduct of the Public Service.

8.1.1.21. Afripam Holdings (Pty) Ltd (“Afripam”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the provision of 500 000 cloth facemasks by Afripam to the Gauteng DoH, who acted on behalf of the Gauteng Department of Education (“Gauteng DoE”). The value of the contract awarded is R12 000 000.

b) Summary of findings

The SIU investigation found that Afripam purchased 206 530 cloth face masks from Khaliques at a total price of R2 478 360, which equates to a price of R12 (inclusive of VAT) each and invoiced the Gauteng DoH for a total of R4 956 720, which equates to a price of R24 (inclusive of VAT) each. As such, Afripam enjoyed a profit of R2 478 360 or approximately 100 % in respect of the 206 530 cloth masks that were sold and delivered to the Gauteng DoH, which seems to be excessive.

The price of 3 layers cloth mask is regulated by NT Annexure A, Covid-19 personal protective equipment price list as at 20 May 2020. The maximum price threshold of 3 layers cloth mask is R25 inclusive of VAT each. Afripam invoiced Gauteng DoH R24 per cloth mask. However, considering almost 100% profit margin enjoyed by Afripam, the matter was referred to the Competition Commission for excessive pricing.

The SIU interviewed the Director of Khaliques. The Director confirmed that Afripam ordered 206 530 cloth masks from it. Khaliques confirmed the delivery of the masks directly to 3G Relocation Warehouse. The masks were delivered in small quantities to 3G Relocation Warehouse on the following dates: 01 June 2020 – 100 000, 05 June 2020 – 70 000, 08 June 2020 – 123 470, 09 June 2020 – 100 000 and 30 June 2020 – 106 530.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendation that was sent to the Competition Commission, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 12 March 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.22. Bakuthi Trading CC (“Bakuthi”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the provision of 500 000 units of

3 ply cloth facemasks by Bakuthi to the Gauteng DoH, who acted on behalf of the Gauteng DoE. The value of the contract awarded is R10 499 050.

b) Summary of findings

The SIU investigation found that Bakuthi Trading is a close corporation which was registered on the 19 November 2007 with registration number 2007/233856/23. The director of this entity is Mr Ntobongwana Litha Zibebele (Mr Zibebele). According to the director, the entity's main objective is general trading including construction. Bakuthi is trading at 1st Floor, Unit 8 Manhattan Office Park, 16 Pieter Street, Highveld Techno Park, and Centurion. The SIU conducted an interview with Mr Zibebele. He informed the SIU that while on the internet he came across the call from the Gauteng DoH for suppliers to register on their database to supply PPE goods. He registered two entities on the database, being Bakuthi Trading cc and Starways Trading. A Request for Quotation ("RFQ") was received by the supplier from the department. According to him, he then submitted the quotation to the department including all the supporting documents. He further informed the SIU that, he was asked by an official from the department to submit a sample of the face mask at Ormonde. A commitment letter was signed on the 25 May 2020 by Mr Litha Ntobongwana on behalf of the Bakuthi and Ms Kabelo Lehloenya, former CFO of the Gauteng DoH on Gauteng DoH's behalf. The commitment letter signed was for R10 499 050. According to the director, he ordered the face masks from an entity called Khaliques (Pty) Ltd ("Khaliques"). Khaliques quoted Bakuthi R5 500 000 for 500 000 masks. The 3 ply masks were delivered at 1008 Kruger Street, Littleton, Centurion from 3 to 5 June 2020. Bakuthi was paid by Gauteng DoH on 7 July 2020.

Mr Mohammed Moosa who is a director from Khaliques was interviewed. The purpose of the interview was to ascertain that Bakuthi trading indeed ordered the masks from them as well as the cost associated with such order. Mr Moosa informed the SIU that Mr Ntobongwana requested a quotation and ordered the 500 000 masks from Khaliques. According to Mr Moosa, the masks were delivered by both Mr Ntobongwana and an official from Khaliques at the 3G Warehouse ("3G"), being the warehouse used by Gauteng DoH to store PPE.

Mr Joe Asamoah who is the Chief Executive Officer ("CEO") of Trade Capital Investment ("TCI") was interviewed on the 09 March 2021. The purpose of the interview was to establish the role of TCI in the contract awarded to Bakuthi. He informed the SIU that, he provided funding to Bakuthi to enable them to acquire the goods. He further informed the SIU, that TCI will only be involved after the awarding of contract or tender. Their role is to fund SMME's and in no way they are involved in the procurement process.

An affidavit was obtained from the director of Bakuthi. The purpose was for the director to outline the process of being one of the suppliers being given the commitment letter to supply PPE goods.

The SIU reviewed the banking records of Bakhuti and found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendation that was sent to the Competition Commission, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 22 February 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.23. Cibacon Consulting Solutions (Pty) Ltd (“Cibacon”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 10 000 units of thermometers by Cibacon to the Gauteng DoH, who acted on behalf of the Gauteng DoE and other Gauteng provincial departments/state institutions. The value of the contract is R15 750 000.

b) Summary of findings

The SIU investigation found that procurement of goods from Cibacon was conducted through a process using the quotation system as stipulated by NT. The SIU investigation found that the profit realised in this instance was 21% per thermometer which is below the recognised normal of 30%, therefore this matter will not be referred to the Competition Commission. The SIU investigation found that Cibacon supplied the Gauteng DoH with thermometers even though they were not registered with SAHPRA. The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendation that was sent to the SAHPRA, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 20 April 2021 a referral was made to SAHPRA for contravention of the Medicines and related substances Act, because Cibacon failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.24. Jendza Capital (Pty) Ltd (“Jendza Capital”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 24 400 units of FFP 2 masks by Jendza to the Gauteng DoH. The value of the contract is R1 959 170.

b) Summary of findings

The SIU interviewed the owner of Jendza. Ms Lehloenya contacted Mr Jeff Mashele the CEO of Jendza Capital on 20 March 2020 about the need for them to submit the quotation of delivering face mask. In the same on the day Mr Mashele submitted a quotation and the proposal to Disaster Management Centre in Midrand. Upon receiving the quotation, Ms Lehloenya then phoned Mr Mashele to come to the Disaster Management Centre to give the presentation. When Mr Mashele arrived, he was welcomed by Ms Lehloenya and Mr Malotana. He was then taken to the board room. In the board room he was welcomed by four female specialist doctors.

Mr Mashele presented his company proposal to them which included the supply of FFP1 and FFP2 face masks. After the presentation, specialist doctors told Mr Mashele that FFP1 is not welcomed as its safety is not guaranteed, they told him to supply FFP2 mask. In his proposal the supplier charged R79 per unit however the supplier of the goods, Glamada Trading 73, charged Jendza Capital R82.

On 22 March 2020 Ms Lehloenya issued a commitment letter to Jendza Capital requesting them to supply Gauteng DoH with 50 000, N95 Surgical Masks and 50 000 FFP2 Masks.

The supplier delivered FFP2 masks at Disaster Management Centre in Midrand through the delivery note 1, 2 and 3. The owner of Glamada Trading confirmed that he sold FFP2 masks to Jendza.

After the delivery of FFP2 masks Jenza Capital issued the invoice to Gauteng DoH, Gauteng DoH upon receiving the invoice then compiled Goods Receipt form RLS02 F for payments. Jenza Capital was paid by Gauteng DoH on 15 April 2020.

The SIU investigation found that the award of the contract to Jendza Capital was irregular because no procurement process was followed to appoint Jendza Capital.

c) Steps Taken

Criminal referral

On 6 May 2021 the SIU referred evidence against Prof Lukhele because of financial misconduct in terms of Section 86(1) of the PFMA, when he in his official capacity as the HoD and Accounting

Officer of the Gauteng DoH, wilfully or in a grossly negligent way failed to comply with one, more or all of the provision(s) of Sections 38(1)(a)(i), 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii), 38(1)(c)(iii), 38(1)(d), 38(1)(g), 38(1)(h), 38(1)(n) and/or 40(1)(a) of the PFMA.

8.1.1.25. TIM 73 General Projects Pty Ltd (“TIM 73”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 250 000, 3 ply masks by TIM 73 to Gauteng DoH. The value of the contract is R6 125 000.

b) Summary of findings

The SIU requested all relevant records from Gauteng DoH and TIM 73, including PO(s), invoice(s), CSD registration documents and correspondence exchanged between the Gauteng DoH and TIM 73. The SIU obtained the bank records of TIM 73. The SIU interviewed the Director of TIM 73 and obtained affidavits. The SIU uplifted all computers and devices of officials, who were involved in the SCM process and the award of the contract(s) to TIM 73, and conducted cyber investigations to obtain all relevant evidence. The SIU also requested and received all telephone records of officials, who were involved in the SCM process and the award of the contract(s) to TIM 73.

On 19 June 2020 the service provider received a RFQ through email from Gauteng DoH requesting to supply them with 250 000, 3 player cloth face masks. On 23 June 2020 the service provider responded to the request by submitting a quotation and SBD forms. On 28 June 2020 the supplier was requested to come to Ormonde to submit a sample of 3 player face masks. On 29 June 2020 the supplier went to Gauteng DoH. Upon his arrival at Ormonde Command centre, the Gauteng DoH BAC inspected his mask sample and he was issued with a Commitment letter. During interviews Mr Mapupa a Director of TIM 73 Projects stated that they bought 250 000 face masks from Morgan Pillay Clothing Pty Ltd, Sedgars Sport and S3n Consulting Pty Ltd. TIM 73 was able to purchase the required 250 000 face masks from the supplier with the company money and the loan from his friend Zimasa Masoko from Vital Change Close Corporation. Mr Logesan Pillay of Morgan Pillay Clothing was interviewed and he confirmed that TIM 73 bought face mask from his company. The Director of S3N Consulting Pty Ltd confirmed that TIM 73 bought face masks from them. Delivery of the goods were confirmed. TIM 73 issued a Tax invoice to Gauteng DoH on 22 July 2020. TIM 73 was paid by Gauteng DoH on 02 November 2020.

The SIU investigation found that TIM 73 was appointed by means of a procurement process by Gauteng DoH. The SIU investigation found that TIM 73 bought the face masks at the rate of R10 per unit and sold them to Gauteng DoH at a rate of R24.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendation that was sent to the Competition Commission, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 16 April 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.26. Vardoflash (Pty) Ltd (“Vardoflash”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of three-layer cloth masks by Vardoflash to Gauteng DoH. The value of the contract is R2 480 000.

b) Summary of findings

The SIU requested all relevant records from Gauteng DoH and Vardoflash, including PO(s), invoice(s), CSD registration documents and correspondence exchanged between the Gauteng DoH and Vardoflash. The SIU obtained the bank records of Vardoflash. All the relevant documentation was obtained from the Gauteng DoH and relevant role players were interviewed. The SIU interviewed Lonwabo Tsotsobe, the Public Officer of Vardoflash and the SIU further obtained an affidavit from Mr Tsotsobe. We interviewed and obtained an affidavit from Mr Tsotsobe as he was the one who was responsible for the supply of masks to the Gauteng DoH. During the interview, we established that a RFQ was applied in the procurement of cloth masks.

The SIU investigation found that although a RFQ process was followed by Gauteng DoH, the supplier appointed (Vardoflash) was the most expensive of the 3 quotations.

The SIU closed the investigation, because The SIU investigation found although a procurement process took place, the HoD failed to comply with section 217 in the awarding of Vardoflash.

Steps Taken

Criminal referral

Although RFQ process was followed, the highest bidder was awarded the tender without justification. This should have been identified by the HoD prior to his approval of the contract. On 9 July 2021 the SIU referred evidence against Prof Lukhele because of financial misconduct in terms of Section 86(1) of the PFMA, when he in his official capacity as the HoD and Accounting Officer of the Gauteng DoH, wilfully or in a grossly negligent way failed to comply with one, more or all of the provision(s) of Sections 38(1)(a)(i), 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii), 38(1)(c)(iii), 38(1)(d), 38(1)(g), 38(1)(h), 38(1)(n) and/or 40(1)(a) of the PFMA.

8.1.1.27. Botshelocla (Pty) Ltd (“Botshelocla”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the provision of radio advertising services by Botshelocla to the Gauteng DoH for a period of three months. The value of the contract awarded is R5 880 600.

b) Summary of findings

The SIU investigation found that the Gauteng DoH invited three companies to submit quotes for Covid-19 radio slots advertising on community radio stations for a period of three months (i.e. May, June and July 2020) which included 1 x 360 spots per day on 31 radio stations for one month, 1 x 1 630 minutes of interactive interviews once a week on 31 radio stations for one month, 1 x 360 promotions per day on 31 radio stations for one month, 1 x 1615 opening and closing billboards on 31 radio stations for one month.

The SIU investigation found that on 27 April 2020, Botshelocla received an e-mail from Mr Matuka of the Gauteng DoH inviting Botshelocla to submit a quotation to bid for media-buying services for a Covid-19 communication campaign. Botshelocla submitted a quotation to the Gauteng DoH. Other companies were also requested to submit quotation to the Gauteng DoH. During a review of the SCM or procurement process followed in the award of the contract by the Gauteng DoH to Botshelocla, The SIU investigation found that Botshelocla submitted the cheapest quotation, which effectively gave it the highest evaluation score. Consequently, the Gauteng DoH was entitled to award the contract to Botshelocla. On 19 May 2020, the Gauteng DoH issued a PO to Botshelocla.

On 22 May 2020, Botshelocla started rendering the services to the Gauteng DoH, which services were rendered up and to 21 August 2020. As such, although the Covid-19 communication campaign started almost a month later than originally envisaged, the Gauteng DoH still received a campaign for a full period of three months. On 12 June 2020, the first invoice totalling R1 960 200 was submitted to the Gauteng DoH by Botshelocla. On 20 June 2020, Botshelocla received its first payment from the Gauteng DoH. Upon the receipt of payment, Botshelocla paid all the relevant sub-service providers and all 31 radio stations used in the Covid-19 communication campaign. On 9 July 2020, a radio station called “Chai FM” wrote an e-mail to Botshelocla withdrawing its services to Botshelocla. As such, and going forward, Botshelocla would only have 30 radio stations that would be assisting it with the Covid-19 communication campaign. On 13 July 2020, the second invoice totalling R1 960 200 was submitted to the Gauteng DoH by Botshelocla. On 14 August 2020, the third invoice totalling R1 960 200 was submitted to the Gauteng DoH by Botshelocla. The Covid-19 communication campaign ended on 21 August 2020 and the progress report was prepared and sent to the Gauteng DoH.

The SIU investigation found that after receiving the e-mail from “Chai FM” on 9 July 2020, Botshelocla erroneously continued to invoice the Gauteng DoH for the services rendered by all 31 radio stations, which effectively resulted in the Gauteng DoH having paid Botshelocla for a period of two months for the services of “Chai FM”, in circumstances where such services were no longer being rendered by “Chai FM” (i.e. Botshelocla invoiced for the use of 31 radio stations for two months when in fact only 30 radio stations were used during that period). Consequently, Botshelocla was unduly enriched at the expense of the Gauteng DoH to the value of R90 000. During an interview with the SIU, a representative of Botshelocla confirmed that a *bona fide* error was made, and that a rectification in this regard was warranted.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the overpayment, as referred to above (which was dealt with), no other adverse findings could be made.

c) Steps Taken

Potential Losses Prevented

On 11 December 2020 the SIU informed the Gauteng DoH in writing that Botshelocla had effectively invoiced the Gauteng DoH for R90 000, which was not due and payable, and the SIU recommended they subtract the R90 000 from the outstanding invoice of Botshelocla. The Gauteng DoH has subsequently confirmed that it has not paid the R90 000 to Botshelocla.

8.1.1.28. Prime Reason (Pty) Ltd (“Prime Reason”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OT on 5 June 2020. The allegation relates to the procurement of, and contracting for the provision of e-recruitment services. E-Recruitment is a software application used by the Human Resources department of the Gauteng DoH to assist applicants to apply for jobs in the Gauteng DoH electronically in purported response to Covid-19 vacancies. The value of the contract awarded is R300 000.

b) Summary of findings

On 7 April 2020, the Gauteng DoH awarded a contract to Prime Reason for the provision of e-recruitment services. No evidence was found that a proper procurement process, as required, was followed. The SIU investigation found that the end user, Mr A Gwabeni (“Mr Gwabeni”), who is a Deputy Director: HR at the Gauteng DoH, appointed Prime Reason without any competitive bidding process being followed. No evidence could be found that more than one quotation was requested, received or evaluated by the Gauteng DoH. Furthermore, there is no evidence that Prime Reason was appointed in terms of a SCM Deviation granted in terms of Regulation 16A6.4 of the Treasury Regulations (i.e. where competitive bidding was allegedly impractical, and the Accounting Officer of the Gauteng DoH may approve a deviation), and the Gauteng DoH also did not report any such SCM Deviation to the Gauteng Provincial Treasury or the AGSA. The SIU ascertained that services were in fact rendered in this matter but that no payments were made (thus far) to Prime Reason. The investigation into this matter is complete. The SIU is providing support to the Gauteng DoH in relation to the disciplinary referrals made and to the NPA in relation to the criminal referrals made. The SIU have asked the Gauteng DoH not to make any payment to Prime Reason, based on the irregular award of the contract and to cancel the contract.

c) Steps Taken

Disciplinary action

On 18 September 2020 the SIU recommended that disciplinary action be instituted against Mr Gwabeni for contraventions of Section 217(1) of the Constitution, the PPPFA, the PPPFA Regulations of 2017, Sections 45(a), (b), (c) and (d) of the PFMA, relevant NT Practise Notes, the Gauteng DoH SCM Policy/ies and his failure to adhere to the Code of Conduct of the Public Service. Mr Gwabeni was found guilty in his disciplinary hearing but resigned before the sanction could be issued.

Criminal referral

On 22 September 2020 the SIU referred evidence against Prof Lukhele for financial misconduct in terms of Section 86(1) of the PFMA, when he in his official capacity as the HoD and Accounting Officer of the Gauteng DoH, wilfully or in a grossly negligent way failed to comply with one, more or all of the provision(s) of Sections 38(1)(a)(i), 38(1)(b), 38(1)(c)(ii), 38(1)(c)(iii), 38(1)(d), 38(1)(g), 38(1)(h), 38(1)(n) and/or 40(1)(a) of the PFMA.

8.1.1.29. Grimshaw Supplies (Pty) Ltd (“Grimshow”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 10 000 x infrared thermometers. The value of the contract is R18 980 000 (including VAT).

b) Summary of findings

The SIU investigation found that Grimshaw was registered on CSD at the relevant time, and for commodities which included patient care and treatment products and supplies; as well as the Covid-19 supplier database. Grimshaw however did not have a SAHPRA license for the provision of infrared thermometers.

On 25 May 2020, the Ormonde Procurement Team invited quotations from service providers for the provision of 5 000 x infrared thermometers, and Grimshaw (amongst other) responded. Hfavour was recommend but eventually not selected as a successful service provider. On 24 June 2020, the Ormonde Procurement Team again invited quotations from service provider for the provision of 10 000 x infrared thermometers, and Grimshow (amongst other) responded. Hfavour charged a unit price of R1 898 (including VAT), which was below the recommended NT unit price of R2 527.20. The procurement was done in batches, and the BEC recommended that 8 service providers (including Grimshow) be considered for the award. On 26 June 2020, the Procurement Adjudication Committee approved the BEC recommendation to award the contract for the provision of infrared thermometers to Grimshaw (amongst other). On 27 June 2020, Gauteng DoH issued an award letter to Grimshaw to this effect.

A deviated procurement process was followed for the procurement of goods and/or services on an emergency basis, as provided for by the NT Instruction No. 5 of 2020/2021, as amended on 20 May 2020. There is no evidence to suggest that the deviation was approved by the HoD and/or reported to GPT.

On 13 July 2020, an incorrect purchase order for 6 000 x infrared thermometers were issued to Grimshaw. Ms Mvelase confirmed that she did not receive this purchase order. On 21 July 2020, the correct purchase order for 10 000 x infrared thermometers were issued to Grimshaw.

Grimshaw delivered the 10 000 x infrared thermometers at the Bongani Rainmaker Warehouse on 2 July 2020. Grimshaw issued its invoice, dated 2 July 2020, for R18 980 000 (including VAT) to Gauteng DoH.

Grimshaw sourced 5 000 x infrared thermometers from Ecomed, at a total cost of R8 180 000 (including VAT), whilst selling them to Gauteng DoH at R9 490 000 (including VAT) – this portion resulted in a profit of less than 30%. On 29 July 2020, Gauteng DoH processed a payment of R18 980 00 to Grimshaw. The payment to Grimshaw was paid from the Covid-19 fund, and was not processed as a sundry payment.

The SIU closed the investigation, because The SIU investigation found no evidence in support of the allegation that the SCM process may have been irregular, and except for the recommendation that was sent to the SAHPRA, no other adverse findings could be made.

c) Steps Taken

Administrative action

On 8 November 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Grimshaw failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.30. Nomsa Nteng Trading and Projects (“Nomsa Nteng”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 100 000 3 layer cloth masks to the Gauteng DoH on behalf of Gauteng DoE to the value of R2 495 000.

b) Summary of findings

The SIU investigation found that Nomsa Nteng is a close corporation which was registered on 15 March 2015 with registration number 2011/033831/23. The company is situated at 3152 Ratama Crest, Brooklands Estate 3, Kosmosdal Gauteng, 0157. The company’s sole director is Nomsa Edith Mokgohloa. There are no links identified with the Gauteng DoH officials. NT practice note No.3 of 2015/2016 states that companies have to be CSD registered. Nomsa Nteng was registered on the CSD database since 26 January 2016 and the commodities for which what they

were registered for, do not include PPE, they however include, civil engineering, electrical engineering, general building and landscaping, irrigation and horticulture works. Nomsa Ntenteng became tax compliant on 21 April 2020, with taxpayer reference number 9866327159. South African Revenue Services (SARS) issued tax compliance certificate with issued date 21 April 2020. At the time when the award letter was received, Nomsa Ntenteng was not VAT registered.

According to the contractual provisions of the purchase order issued by the Gauteng DoH, paragraph 7 states that, all prices as per the purchase order include VAT and delivery charges. In this instance, the supplier did not charge for VAT. SARS assessed the supplier on 21 March 2021 and the following findings were made:

- The supplier was informed to duly register for VAT as per section 23 of the VAT Act, compulsory registration (if turnover exceeded the threshold of R1 million).
- The supplier submitted their VAT returns for March 2020 to January 2021 tax periods.
- The supplier was paid R2 495 000 by the Gauteng DoH on 13/07/2020 to Gold Business Account 62475249647.

The first encounter that Nomsa Ntenteng had with the Gauteng DoH was when Ms Mokgohloa received a link to a portal for suppliers for emergency procurement of PPE under the Gauteng DoH. In that portal companies were able to apply for the procurement of various PPE. The first response received by Ms Mokgohloa from the Gauteng DoH was on 23 May 2021 through email (Covid-19.Quotations@gauteng.gov.za), which was an RFQ for masks and gloves.

A quote for 3 layered cloth masks was submitted by Nomsa Ntenteng on 23 May 2020, which was later approved. The SIU investigation found that the Gauteng DoH BEC and BAC committees awarded the contract to Nomsa Ntenteng. An award letter was issued on 25 May 2020.

c) Steps Taken

Administrative action Action

Acting in terms of Section(s) 4(1) (d), 4(2) and/or 5(7) of the SIU Act, the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing by Nomsa Ntenteng Enterprise respect of 3-layer cloth masks sold to the Gauteng DoH. SIU believes it justifies the institution of proceedings by the Competition Commission against Nomsa Ntenteng and its Director(s). The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of

goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.31. Royal Bhaca Projects (Pty) Ltd (“Royal Bhaca”) and Ledla Structural Development (Pty) Ltd (“Ledla”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020 and relates to the irregular procurement by the Gauteng DoH of PPE from Royal Bacha and later from Ledla. The Gauteng DoH awarded contracts to the total value of approximately R125 000 000 to Royal Bhaca, and awarded a contract to value of approximately R139 000 000 to Ledla.

b) Summary of findings

The allegations received stated that Royal Bhaca was irregularly awarded a contract to supply various PPE items due to its Director’s close proximity to the MEC of the Gauteng DoH, Dr Masuku. Royal Bhaca is not registered with SAHPRA and may not deal in medical devices.

Ledla was appointed by the Gauteng DoH to provide PPE to the value of R139 000 000. Ledla is not registered with SAHPRA and may not deal in medical devices. Ledla is directly linked to Royal Bhaca, and the directors of Ledla were actively involved in negotiating for and on behalf of Royal Bhaca with manufacturers and suppliers to source the PPE that Royal Bhaca had to deliver to the Gauteng DoH, while also conspiring with one or more of such manufacturers or suppliers artificially to inflate the price(s) of the PPE goods with an agreement to share in the artificially created profit.

The SIU investigation found that after Royal Bhaca became aware of the investigations to be conducted and in anticipation of the media scandal that would in all likelihood follow, it decided to retract its business from the Gauteng DoH by firstly trying to cede the contract to another company indirectly controlled by or linked with Mr Madzikane II Thandisizwe Diko (“Mr Diko”), who is the director of Royal Bhaca, when that failed, Royal Bhaca asked the Gauteng DoH to change the award and contract into a purported ‘donation’, where after Mr Diko and the former CFO of the Gauteng DoH, Ms Lehloenya conspired to replace the orders placed with Royal Bhaca with orders from Ledla or another supplier. The award/contract became a major embarrassment for the Gauteng DoH, MEC Masuku and the Presidency, in that the media reported that Mr Diko, who is the sole Director of Royal Bhaca, is married to Ms Diko, who:

- (a) is a member of the Gauteng ANC PEC;
- (b) is employed at the Presidency as its Spokesperson; and

(c) has very close ties with MEC Masuku and his wife, while Mr Diko and Ms Masuku are joint directors of a company.

The award of a contract to the value of R139 million by the Gauteng DoH to Ledla for all or most of the PPE goods that formed part of the previous order that was awarded to Royal Bhaca, which was cancelled, was also irregular and invalid; and was at the same exorbitant prices previously used in the award that was made to Royal Bhaca.

At least one of the warehouses, which received the deliveries for and on behalf of the Gauteng DoH raised major concerns about the quality of certain of the PPE goods that had been delivered by Royal Bhaca and Ledla. Furthermore, Ledla delivered certain incorrect products to the Gauteng DoH, which led to further losses to the Gauteng DoH as all the stock received could not be used.

The SIU investigation found that both Royal Bacha and Ledla were irregularly awarded contracts by the Gauteng DoH, which were based only on the arbitrary decisions of the former CFO of the Gauteng DoH, Ms Lehloenya, and without following any competitive bidding process. Royal Bhaca and Ledla are not registered with SAHPRA and may not deal in medical devices.

The SIU investigation found evidence that Mr Diko, the director/owner of Royal Bhaca and the Gauteng DoH officials conspired to replace the orders of Royal Bhaca with orders given to Ledla.

The SIU identified that the Metadata of the quotation that Ledla had submitted to the Gauteng DoH, after Royal Bhaca's award was purported cancelled and the goods delivered by it was changed to purported donations, indicated that Ledla's quotation was created by Mr Diko (i.e. the director of Royal Bhaca), and modified by Ms Lehloenya on 17 April 2020, prior to Ms Lehloenya accepting Ledla's quotation for and on behalf of the Gauteng DoH. The SIU investigation found that Ledla delivered certain incorrect products to the Gauteng DoH, which led to further losses to the Gauteng DoH as all the stock received could not be used.

The SIU also found evidence of losses suffered by the Gauteng DoH as a result of the actions of the directors/owners of Ledla, the director/owner of Royal Bhaca and the relevant officials of the Gauteng DoH due to over-charging on PPE items purchased, at prices far above the maximum threshold set by NT for such items. The SIU investigation found that Ledla and certain of its suppliers profited to the tune of 637 % on certain items delivered to the Gauteng DoH.

The SIU investigation found that officials of the Gauteng DoH failed to ensure that the relevant prescripts of the Constitution, the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) ("PPPFA"), the Preferential Procurement Policy Regulations, 2017 (Government Notice No. R. 32, as was published in Government Gazette No. 40553 dated 20 January 2017) ("PPPFA Regulations of 2017"), the PFMA and regulations/instructions issued by the NT and the Gauteng Provincial Treasury were upheld

c) Steps Taken

Disciplinary action

On 18 September 2020 the SIU referred to the Gauteng DoH evidence in support of the institution of disciplinary action against Ms Thandi Pino, who was the Head of SCM at the Gauteng DoH. Ms Pino was subsequently dismissed from the service of Gauteng DoH.

On 9 November 2021 the SIU referred to the Office of the Presidency evidence in support of the institution of disciplinary action against Ms K Diko, who was the Spokesperson of the President. The Office of the President advised that Ms Diko was disciplined and given a final written warning.

Criminal referrals

On 22 September 2020 the SIU referred to the NPA) relevant evidence in support of a criminal charge against the former HoD, Prof Lukhele. The SIU was informed by the NPA that the evidence was received and a prosecutor is appointed to attend to the matter.

On 24 February 2021 the SIU referred to the NPA relevant evidence in support of a criminal charge of fraud against the directors of Ledla and Royal Bacha. The SIU was informed by the NPA that the evidence was received and a prosecutor is appointed to attend to the matter.

Executive action

On 18 September 2020 a referral was made against Dr BEW Masuku, the former MEC who, according to the SIU's investigation, failed to fulfil his obligations to comply with the Constitution; with his general oversight responsibilities in respect of the Department which contributed thereto that the Department failed to comply with the prescripts of the Constitution, and his obligations in terms of the PFMA. The MEC has since been discharged. On 23 October 2020, the former MEC filed an urgent application in the High Court of South Africa (Gauteng Division, Pretoria) under Case No. 555372/2020 to review and set aside the SIU referrals as being unlawful, unconstitutional and therefore invalid. The SIU opposed the application. The matter was set down for hearing on 21 January 2021 before the full bench of the High Court and on the same day judgment was reserved. The court on 12 April 2021 handed down judgment and dismissed Dr Masuku's application to review and set aside the SIU referrals with costs.

Administrative action

On 17 February 2021 the SIU referred relevant evidence to the Competition Commissioner to enable the Competition Commissioner to take relevant action against Royal Bacha, Ledla and its directors due to the fact Royal Bacha, Ledla and its Directors contravened section 8(1)(a) of the

Competition Commission Act. The Competition Commissioner confirmed receipt of the evidence and is actioning the referral made.

On 15 February 2021 the SIU referred relevant evidence to the Gauteng DoH to enable the Gauteng DoH to restrict Royal Bacha, Ledla and its directors from doing business with Gauteng DoH. The Gauteng DoH has acknowledged receipt of same and is auctioning the referral made.

SARS referral

On 10 March 2021 the SIU referred relevant evidence to the South African Revenue Services ("SARS") to enable SARS to conduct an investigation into the tax and vat compliance of Royal Bacha and Ledla. SARS confirmed receipt of the referral and is auctioning the referral made.

Actual cash recovered

The SIU through the Special Tribunal recovered an amount of R16 661 065 on 10 December 2020 and a further amount of R7 401 705.

Potential Loss Prevented

On 10 February 2021 the SIU through the Special Tribunal declared the amount of R99 241 842, being the remainder of the contract amount of Ledla, to be invalid and not due and owing. The SIU thus prevented a further losses to the State.

Contracts Set Aside

On 10 December 2020 the SIU through the Special Tribunal set aside the contract awarded to Ledla to the value of R139 000 000.

Civil litigation

On 19 August 2020 the SIU instituted civil action in the Special Tribunal to recover losses suffered by the Gauteng DoH and to cancel the contracts awarded to the respondents listed below:

1. Ledla Structural Development
2. K Manufacturing
3. Mediwaste Packaging Pty Ltd
4. Atturo Tyres Pty Ltd
5. BLSM Service Pty Ltd
6. Vivid Sights Projects Pty Ltd
7. PNE Graphics CC
8. Maela Distributors and Projects CC

9. Atland Chemicals CC
10. PHM Holdings Pty Ltd
11. Nutri K Pty Ltd
12. Llyoyd Mthobeko
13. Rhulani Mboweni Lehong
14. Kgodisho Norman Lehong
15. Hallman Worldwide Logistics Pty Ltd
16. Double Click BTC Pty Ltd
17. Skyline Contractors Pty Ltd
18. Jome Vision Projects Pty Ltd
19. XC Logic Pty Ltd
20. Ronen Barashi
21. Yuchang Xiao
22. Mpho Mafenyane
23. Xingyu Plastic Recycling Pty Ltd
24. Mortz Marketing Enterprise CC
25. Injemo Engineering and Plastic Products Pty Ltd
26. Buhle Waste Pty Ltd
27. API Property Group Pty Ltd
28. Sasol South Africa Limited
29. Mutasa Took and Die Engineering Pty Ltd
30. Empiru Pty Ltd
31. Boxlee Pty Ltd
32. Yonglian Lin
33. Mapito Aaron Malopa
34. Jonathan Maake
35. Manikensis Investments 6 Pty Ltd

36. Angelic Juliana Groenewald
37. Michael Gerad Rofail
38. Patrick John Kalil
39. Royal Bhaca Pty Ltd
40. MEC Gauteng Department of Health
41. Mantsu Kabelo Lehloenya
42. Government Employees Pension Fund
43. Government Pensions Administration Agency

The matter was heard on 20 November 2020 with judgment received on 10 December 2020 and further judgment on 10 February 2021. Judgment was for the contract with Ledla to be cancelled and for the recovery of funds.

On 11 September 2020 the SIU commenced with proceedings against the former CFO Ms Lehloenya and the former HoD, Prof Lukhele and the MEC for Gauteng Health (3rd Defendant – who represents the Gauteng DoH as an interested party and against whom no relief is sought) in which the SIU seeks to recover losses suffered by the Gauteng DoH in the total amount of R43 532 709. Both Defendants are defending the civil case. The matter is set down for hearing on 19 to 29 October 2021. The judgment for the joinder application was reserved but the Special Tribunal has now confirmed that the trial will proceed. The Joinder application was dismissed on 25 October 2021. An application was filed to join the parties in the SIU v Beadica (GP 08/21) to this matter. The application is opposed and parties are exchanging pleadings. Hearing date will be assigned by the Special Tribunal.

8.1.1.32. Zabelo Trading (Pty) Ltd (“Zabelo Trading”)

a) Nature of Allegation

This matter forms part of the allegations received on 02 September 2020 from the Commissioner of the Public Services Commission (“PSC”), Mr M.H Seloane (“Mr Seloane”) regarding complaints received by the PSC relating to tender irregularities at the Far East Rand Hospital. This allegation relates to the procurement of, and contracting for the supply, delivery, and installation of two Tents at the Far East Rand Hospital by Zabelo Trading to the Gauteng DoH. The total value of the contract is R139 126, the contract value was later fraudulently changed to a higher value of R404 290.

b) Summary of findings

The SIU investigation found that the Gauteng DoH followed a prescribed procurement process to appoint Zabelo Trading for the supply and installation of two tents for the Far East Rand Hospital. The SIU investigation found that the specifications for the services to be rendered were insufficient. The SIU investigation found that the Gauteng DoH, after appointing Zabelo Trading, cancelled the appointment when it was found that the specifications provided were insufficient. A new procurement process was conducted, inviting the same service providers that initially submitted quotations to submit new quotations, this time the service providers were requested to have a site inspection at Thembisa Hospital as Thembisa Hospital had the tents that Far East Rand Hospital wanted. Zabelo Trading submitted the cheapest quote and were awarded the contract again at a contract value of R404 190.

The end-user who expected delivery of different specifications than those that were originally sent to the service providers, caused that a second procurement process to be conducted and the new contract price be higher than the initial contract value.

The SIU however found that the normal procedure when a structure is to be erected is that the applicant (in this case the Far East Rand Hospital) would apply to the Ekurhuleni's Building Control Department for erection of a structure. The Building Control Department would then send the application to various Departments (including Emergency Services Department) within Ekurhuleni that would need to participate. Ekurhuleni Emergency Services Department did not receive any application from the Far East Rand Hospital. In instances when a structure needs to be erected, the Emergency Services Department would recommend certain sections of the SANS 10400 Part T of 2020 to be complied with before the structure can be ready for use.

For erection of temporary structures, such as tents, the Emergency Services Department would focus on compliance of the following items found on the SANS 10400 Part T of 2020:

- i. Safety distances
- ii. Emergency escapes
- iii. Fire equipment

After erection of the structure, the Emergency Services Department would then do an inspection of compliance to the recommended items that the applicant would have to comply with. When the Emergency Services Department is satisfied that the applicant has complied with all recommended items, a letter confirming such compliance would be issued to the applicant.

Since there was no application that was received by the Ekurhuleni's Emergency Services Department, the Emergency Services Department did not make any recommendations of items that the Far East Rand Hospital should comply with for the readiness of use of the tent structures.

Furthermore, as a result of not being engaged by the Far East Rand Hospital, the Emergency Services Department did not do any inspection of compliance.

The Far East Rand Hospital did not involve the Ekurhuleni Municipality in ensuring that there is safety regulations compliance before the use of tents.

c) Steps Taken

Disciplinary action

On 14 September 2021 the SIU referred disciplinary action against Mr Emanuel Ngcobo, Deputy Director Procurement at Far East Rand Hospital and Mr Sydney Sabelo Sibisi, Logistic Support Officer Facility Management Unit at Far East Rand Hospital at the Gauteng DoH. The charges are the failure to act in terms of the Safety Compliance Emergency Compliance and fire equipment compliance as provided for in terms of the SANS 10400 part T of 2011

8.1.1.33. Umnothozwide Trading Enterprise (Pty) Ltd (“Umnothozwide”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of thermometers and sanitizers by Umnothozwide to the Gauteng DoH. The value of the contracts are R31 782 550.

b) Summary of findings

Umnothozwide is a close corporation duly registered with the Companies and Intellectual Property Commission (“CIPC”) on 27 August 2009. According to this CIPC report, Mr Mzwandile Nxumalo (“Nxumalo”) is the sole director of the company. Umnothozwide is registered on the central supplier database (CSD) with supplier number: MAAA0031350. Umnothozwide was registered on the CSD on 27 August 2009.

The SIU investigation found that the former CFO of Gauteng DoH, Ms Lehloenya, entered into a contract with Umnothozwide without following proper procurement processes. Two POs were processed for Umnothozwide with PO numbers 4250899957 and 4250900229 on 24 and 28 April 2020 respectively. The SIU confirmed that Umnothozwide delivered the goods to Gauteng DoH.

The Gauteng DoH effected payment to Umnothozwide on 12 May 2020, 22 May 2020, 8 June 2020, 18 June 2020, 29 June 2020, 30 June 2020 and 24 July 2020 respectively. The SIU investigation found that, Umnothzwide did not have the license to supply and distribute any medical devices.

c) Steps Taken

Criminal referrals

On 26 July 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

Administrative action

On 19 April 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 20 April 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Umnothozwide failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

Civil litigation

The SIU prepared a brief to Counsel to apply to the Special Tribunal or the High Court to review and set aside the award of the contract to Umnothozwide. Alternatively, to ask the Special Tribunal or High Court to make any other order that may be deemed to be 'just and equitable', as envisaged in Section 172(1)(b) of the Constitution.

8.1.1.34. Tuwo Rhodesia (Pty) Ltd ("Tuwo Rhodesia")

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 200 000 units of bar soaps by Tuwo Rhodesia to the Gauteng DoH, who acted on behalf of the Gauteng DoE. The value of the contract is R2 790 000.

b) Summary of findings

The SIU investigation found that Tuwo Rhodesia with registration number 2019/4507/15/07 is a company duly registered with the Companies and Intellectual Property Commission ("CIPC") since 01 November 2019. According to the CIPC report, Mr Bonelwa Mgudlwa ("Mr Mgudlwa") and Ms Katleho Ohare Mokonyane ("Ms KO Monyane") are the directors of the company. Tuwo Rhodesia

is registered on the central supplier database (CSD) with supplier number: MAAA0846415. Tuwo Rhodesia was registered on the CSD on 06 September 2019. The SIU investigation found that Mr Mgudlwa is employed by SAA Express Airways SOC Ltd at the time of the award of the contract. The SIU investigation found that Mr Mgudlwa failed to declare his interests at SAA Express. The SIU investigation found that Ms KO Mokonyane is related to former Minister Nomvula Paula Mokonyane. The SIU investigation found that Tuwo Rhodesia was not registered for VAT with SARS at their time of appointment.

The SIU investigation found that during March 2020 Tuwo received a call from an official of Gauteng DoH, requesting a quotation for Dettol bar soaps. On 25 March 2020, Tuwo Rhodesia submitted a quotation to the Gauteng DoH to supply 200 000 Dettol bar soap 175g. Ms Pino, the former Director: Supply Chain Management at the Gauteng DoH awarded a commitment letter dated 30 March 2020 to Tuwo Rhodesia to supply 200 000 175g Dettol bar soaps. The total value of the commitment is stated as R2 790 000.

The SIU investigation found that no competitive bidding process was followed in awarding the contract to Tuwo Rhodesia.

The SIU investigation found that former Minister Nomvula Paula Mokonyane paid an amount of R1 650 000 to Tuwo Rhodesia. The SIU investigation found that on 3 April 2020 Tuwo Rhodesia bought the soaps from Continental Cash and Carry ("CCNC") at a price of R1 509 407 (including VAT). On 03 April 2020 an amount of R1.6 million was paid from the account of former Minister Nomvula Paula Mokonyane to Tuwo Rhodesia with the description "Continental Cash". The SIU investigation found that on 04 April 2020 another tax invoice was issued by CCNC to Tuwo Rhodesia for a total amount of R140 683 (including VAT) for 1 421 packs of 12 175g Dettol soaps at R86.09 each (excluding VAT) plus a total VAT amount of R18 350. This means that this invoice of CCNC was therefore for 17 052 units of soap at a unit price of R8.25 each (including VAT). The SIU investigation found that the invoices from CCNC were for different types of Dettol soaps, e.g. active, caring, cool, daily care, even tone, fresh, re-energise, refreshing, sensitive, skincare and soothing. On 06 April 2020 an amount of R50 100 was also paid from the personal account of former Minister Nomvula Paula Mokonyane with the description "Continental Cash and". The two (2) CCNC invoices add up to a total of 200 004 units and a total amount of R1 650 058.33. The total amount paid by former Minister Nomvula Paula Mokonyane was R1 650 100.

Mr Mgudlwa stated that they "sourced funds from the inheritance money as received by my [his] co-director from her late father's estate and we [they] will be forever grateful and indebted, in gratitude, for the support received from family in this regard". He also stated that Tuwo Rhodesia have access to trade capital funding companies that assist small black businesses with funding.

The SIU investigation found that following payments received from Gauteng DoH on 11 May 2020 to the value of R2 790 000, Tuwo Rhodesia paid R1 100 000 to former Minister Nomvula Paula Mokonyane, R900 000 to Ms Katleho Ohare Mokonyane and R35 000 to Mr Mgudlwa. Tuwo Rhodesia profited from the order to the tune of R1 139 900.

c) Steps Taken

Disciplinary action

On 3 December 2020 the SIU referred to the SAA Express Airways evidence against Mr Mgudlwa, for failure to disclose his interests. The SAA confirmed receipt of the referral but replied to the SIU stating that no action will be instituted against SAA staff (at the time) as SAA was under Administration.

Administrative action

On 11 December 2020 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

Criminal referrals

On 30 March 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

Civil litigation

The SIU prepared a brief to Counsel to apply to the Special Tribunal or the High Court to review and set aside the award of the contract to Tuwo Rhodesia and to recover a total amount of at least R1 139 900 in respect of what was overcharged. Alternatively, to ask the Special Tribunal or High Court to make any other order that may be deemed to be 'just and equitable', as envisaged in Section 172(1)(b) of the Constitution.

8.1.1.35. Target Pathology and Laboratories (Pty) Ltd (“Target”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of testing, tracing and screening services Target to the Gauteng DoH. The value of the contract is R18 687 500.

b) Summary of findings

The SIU investigation found that the company was registered on the CSD on 14 May 2020. Target was irregularly awarded a contract to supply services to the Gauteng DoH. On 04 May 2020 Target received an e-mail from an official of Gauteng Health, Ms Nonhlanhla Tshabalala, the Deputy director Procurement at the Gauteng DoH, requesting a quotation to provide services for Covid-19 mass testing and collection of relevant data. On 18 May 2020 the company received a commitment letter from Gauteng DoH to do screening and testing of Covid-19 for total value of R18 687 500. There was no evidence that Target was appointed in terms of a SCM deviation granted in terms of regulation 16A6 of Treasury Regulations.

The SIU investigation found that Target did however render the services and was paid by Gauteng DoH. The evidence provided indicates that Gauteng DoH received fair value for money.

c) Steps Taken

Criminal referrals

On 19 April 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.36. Be-Sure Event Solutions (Pty) Ltd (“Be-Sure”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of sanitizers by Be-Sure to the Gauteng DoH. The total value of the contract is R787 175.

b) Summary of findings

The SIU investigation found that the Gauteng DoH did not follow a competitive bidding process in the appointment of Be-Sure, as such the procurement processes were not fair, equitable,

transparent, competitive or cost-effective, as prescribed by Section 217(1) of the Constitution and the prescripts of Section 38(1)(a)(iii) of the PFMA. Consequently, the decision to appoint Be-Sure are invalid in terms of Section 2 of the Constitution.

The SIU also found that Be-Sure made a profit of R393 587 which constitutes a 49% profit margin on the goods supplied to the Gauteng DoH.

c) Steps Taken

Criminal referrals

On 8 June 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

Administrative action

On 21 May 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

SARS referrals

On 18 May 2021 the SIU referred relevant evidence to the SARS to enable SARS to conduct an investigation into the tax and vat compliance of Be-Sure. SARS confirmed receipt of the referral.

Civil litigation

The SIU prepared a brief to Counsel to apply to the Special Tribunal or the High Court to review and set aside the award of the contract to Be-Sure and to recover a total amount of at least R393 587 in respect of what was overcharged. Alternatively, to ask the Special Tribunal or High Court to make any other order that may be deemed to be 'just and equitable', as envisaged in Section 172(1)(b) of the Constitution.

8.1.1.37. Bliss Pharmaceutical (Pty) Ltd (“Bliss”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of sanitizers, spray bottles and masks by Bliss to the Gauteng DoH. The total value of the contract is R32 062 000.

b) Summary of findings

The Gauteng DoH did not follow a competitive bidding process in the appointment of Bliss, as such the procurement processes were not fair, equitable, transparent, competitive or cost-effective, as prescribed by Section 217(1) of the Constitution and the prescripts of Section 38(1)(a)(iii) of the PFMA. Consequently, the decision to appoint Bliss are invalid in terms of Section 2 of the Constitution.

c) Steps Taken

Criminal referrals

On 8 June 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

Disciplinary action

On 14 May 2021 the SIU referred to the Gauteng DoH evidence in support of the institution of disciplinary action against Ms Thandi Pino, who was the Head of SCM at the Gauteng DoH. Ms Pino was subsequently dismissed from the service of Gauteng DoH.

Administrative action

On 21 May 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

Civil litigation

On 23 August 2021 the SIU prepared a brief to Counsel to apply to the Special Tribunal or the High Court to review and set aside the award of the contract to Bliss, alternatively, to ask the Special

Tribunal or High Court to make any other order that may be deemed to be 'just and equitable', as envisaged in Section 172(1)(b) of the Constitution.

8.1.1.38. Polkadots Properties 193 (Pty) Ltd ("Polkadots")

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of surface disinfectant by Polkadots to the Gauteng DoH. The value of the contract is R1 972 000.

b) Summary of findings

The SIU investigation found that no quotation was provided by Polkadots for the goods to be rendered, however a commitment letter was issued to Polkadots by the Gauteng DoH, signed 26 March 2020 by Ms Ravele, Acting chief Director Supply Chain and Asset Management at Gauteng DoH on behalf of the former CFO Ms Lehloenyana. The commitment letter awarded Polkadots the supply of 1 450 Thermometers. The commitment letter does not indicate the value of the contract that was awarded to Polkadots. According to Ms Ravele, the signature on the PO is not hers and she denied appointing the company.

Polkadots provided the SIU with a copy of a delivery note dated 20 May 2020 indicating that Polkadots supplied and delivered 1450 thermometers to the value of R1 972 000 to 3G. Ms van Rooyen of 3G stated that Polkadots never delivered any PPE items to 3G and that 3G or any of its employees did not provide Polkadots with an official stamp on Polkadots delivery note as proof that the PPE items were delivered. Ms Van Rooyen indicated that the signatures and stamps provided on the delivery note of Polkadots is fraudulent.

The SIU investigation found that Polkadots never delivered the goods to Gauteng DoH and submitted fraudulent invoices and delivery notes to Gauteng DoH for payment. The SIU investigation found that Polkadots manufactured a fraudulent delivery note from 3G to enable receiving payment from Gauteng DoH.

The SIU investigation found that Polkadots purchased the goods from Taza Chemicals (Pty) Ltd. However, on investigating the matter, Taza Chemicals could not supply the SIU with any relevant records related to the purchase of the sanitizers.

The SIU investigation found that both Polkadots and Taza Chemicals are not registered with SAHPRA to distribute the medical devices.

c) Steps Taken

Criminal referrals

On 8 September 2021 the SIU referred to the NPA relevant evidence in support of a criminal charge of fraud, forgery and uttering against the directors of Polkadots, Mr Matlala. The SIU was informed by the NPA that the evidence was received and a prosecutor is appointed to attend to the matter.

Administrative action

On 30 March 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Polkadots failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.39. SAI Medical (Pty) Ltd (“SAI Medical”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of scrub suits, visors, safety spectacles and coveralls by SAI Medicals to the Gauteng DoH. The total value of the contract is R8 897 250.

b) Summary of findings

The SIU investigation found that the Gauteng DoH did not appoint SAI Medicals by means of a PO issued and that SAI Medicals delivered the goods without having been appointed by Gauteng DoH. The SIU investigation found that the former CFO of Gauteng DoH, Ms Lehloenya called SAI and requested goods to be delivered.

The SIU investigation found that a PO was issued to SAI during April 2021 and payment was made to SAI. Gauteng DoH created a PO during April 2021 in order to pay SAI. No proper procurement process was followed to appoint SAI during 2020 and no procurement process was followed to appoint SAI during April 2021. SAI made a profit of R2 678 608 which relates to a 30% profit. The SIU confirmed delivery of the goods to Gauteng DoH by SAI.

c) Steps Taken

Administrative action

On 20 July 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and

Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

Civil litigation

On 30 August 2021 the SIU prepared a brief to Counsel to apply to the Special Tribunal or the High Court to review and set aside the award of the contract to SAI and to recover the amount of R2 678 608, alternatively, to ask the Special Tribunal or High Court to make any other order that may be deemed to be 'just and equitable', as envisaged in Section 172(1)(b) of the Constitution.

8.1.1.40. RIM ADS Alive Advertising (Pty) Ltd ("Ads Alive")

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of advertising services by Ads Alive to the Gauteng DoH. The total value of the contract is R172 500.

b) Summary of findings

On 25 March 2020, Gauteng DoH issued Ads Alive with a PO commitment letter, signed by Ms Lehloenya, which confirms the acceptance of Ads Alive quotation for 28 Digital Billboards in Gauteng for the period 24 March to 1 April 2020 (seven days) amounting to R172 500. A deviation request was approved by Prof Lukhele on 30 April 2020, which was submitted by Mr Modiba on 29 April 2020. The deviation request was approved after the rendering of service and is therefore irregular.

c) Steps Taken

Criminal referrals

On 11 November 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.41. Originators TV (Pty) Ltd (“Originators”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of Communication Services by Originators to the Gauteng DoH. The total value of the contract is R2 230 600.

b) Summary of findings

The SIU investigation found that on 25 March 2020, Gauteng DoH awarded a contract to Originators for Television Productions and a Documentary on how the Gauteng Government is dealing with the Covid-19 pandemic, in the form of a commitment letter. The value of the contract was R2 230 600. The commitment letter was signed by Ms Lehloenya.

The SIU investigation found that on 31 March 2020 Ms. Pino circulate an email amongst Gauteng DoH officials with subject “FW: Compliance documentation for Covid-19”. In that email it is mentioned that Covid-19 transactions might not have all the necessary compliance documentation such as the Standard Bidding Document (**SBD**) forms number SBD 4, SBD 8 and SBD 9. SBD 4, SBD 8 and SBD 9. Ms Pino mentions that the Covid-19 transactions should be treated as emergency and deviation to that effect. Ms Pino requested that the Purchase Request Form – Goods and Services (“RLS01”) should urgently be captured after receiving them.

The SIU investigation found that during April 2020 Ms Pooe was instructed by Ms Pino to sign off the RLS01 on behalf of the end-user SCM. She completed and signed the RLS01 according to the item description, quantity and unit price as specified on the commitment letter issued to Originators for the request of goods and services.

The SIU investigation found that on 30 April 2020, Originators issued Tax Invoice 3001477 for the Television Productions as per the commitment letter. The total value of the invoice was R734 000 and it was paid to Originators on 22 May 2020. On 30 April 2020, Originators issued another Tax Invoice which was numbered 3010226 for the Documentary as per the commitment letter. The total value of the invoice was R1 496 600 and it was paid to Originators on 18 June 2020.

The SIU investigation found that the Gauteng DoH did not follow a competitive bidding process in the appointment of Originators, as such the procurement processes were not fair, equitable, transparent, competitive or cost-effective, as prescribed by Section 217(1) of the Constitution and the prescripts of Section 38(1)(a)(iii) of the PFMA. Consequently, the decision to appoint Originators are invalid in terms of Section 2 of the Constitution.

c) Steps Taken

Criminal referrals

On 19 July 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

Civil litigation

On 26 July 2021 the SIU prepared a brief to Counsel to apply to the Special Tribunal or the High Court to review and set aside the award of the contract to Originators, alternatively, to ask the Special Tribunal or High Court to make any other order that may be deemed to be 'just and equitable', as envisaged in Section 172(1)(b) of the Constitution.

8.1.1.42. OR Contractors (Pty) Ltd ("OR Contractors")

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of catering by OR Contractors to the Gauteng DoH. The value of the contract is R289 500.

b) Summary of findings

The SIU investigation found that OR Contractors was registered on 16 March 2015 and its main business was for construction of buildings. The director of the company is Ms Noxolo Esther Gumata. OR Contractors was registered on CSD on 17 October 2016. No evidence could be found that the company was registered on the Gauteng DoH database.

On 27 March 2020 OR Contractors was sent a RFQ by the Covid-19 Team of the Gauteng DoH requesting OR Contractors to provide catering for 150 people for total amount R187 500. The company did not receive a commitment letter from Gauteng DoH and no deviation letter to appoint OR Contractors was completed. No evidence could be found that more than one quotation was requested, received or evaluated by the Gauteng DoH.

On 06 April 2020 OR Contractors provided Gauteng DoH with a changed quotation which catering was for six days for total amount of R282 760. On 09 April 2020 Ms Naledi Msimanga requested catering services and it was authorized by Ms Lehloenyne. On 9 April 2020, the Procurement Coordinator: Tlangelani captured the RLS02/Good received voucher.

On 18 May 2020, the RLS01 request form was signed-off by the Chief Director SCM Personnel Assistant: Ms Ntombifuthi Pooe. The RLS01 was authorised by the Chief Director SCM Ms Thandi Pino. OR Contractors delivered the required catering. The SIU investigation found that the required SCM processes were not followed to appoint OR Contractors.

The SIU investigation found that the services were rendered by OR Contractors.

c) Steps Taken

Disciplinary action

On 14 April 2021 the SIU referred evidence against Ms Msimanga, Assistant Director: Data Management Analyst for financial misconduct in terms of the PFMA. Gauteng DoH confirmed receipt of the referral made.

Criminal referrals

On 4 June 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.43. Modulelwa (Pty) Ltd (“Modulelwa”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of thermometers by Modulelwa to the Gauteng DoH. The total value of the contract is R5 430 000.

b) Summary of findings

The SIU investigation found that Modulelwa was irregularly awarded a contract by Gauteng DoH. The SIU investigation found that the infra-red thermometers were delivered to Gauteng DoH that Modulelwa invoiced the Gauteng DoH and was paid by Gauteng DoH. Modulelwa and its subcontractors, Afarmall and Dot Lighter were not registered with SAHPRA. The SIU investigation found that Modulelwa made a profit of R1 230 000 from the award of the tender.

c) Steps Taken

Administrative action

On 8 June 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Modulelwa failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.44. Kraft Enterprise Development (Pty) Ltd (“Kraft”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of surgical masks and FFP2 masks by Kraft to the Gauteng DoH. The value of the contract is R84 360 000.

b) Summary of findings

The SIU found that Kraft is duly registered with the Companies and Intellectual Property Commission (“CIPC”) on 22 February 2017. According to the CIPC report, Ms Mpho Phakathi (“Ms Phakathi”) is a sole director of the company. Kraft is registered on the central supplier database (CSD) with supplier number: MAAA0726645 for providing the following services: medical devices, medical consumable, dental, physio, orthopaedic and surgical consumables equipment. Kraft was registered on the CSD on 22 February 2017.

The SIU investigation found that Ms Phakathi submitted three quotations to Gauteng DoH on 20 March 2020 for the supply of:

- 200 000 N95 masks at a cost of R17 477 700;
- 300 000 3ply surgical masks at a cost of R6 900 000; and
- 300 000 covid tests kits at a cost of R94 200 000.

The SIU investigation found that between on 27 March 2020, Kraft received a call from (from Lesego Mbonani) to present on 27 March 2020 at the Gauteng Midrand War Room, which they did. The message at the end said “*are you up my brother? I need you for the presentation*”. On 28 and 29 March 2020 Phakathi received calls from the former CFO Ms Lehloenya wanting to negotiate on pricing. Ms Phakathi stated that she had to negotiate with his suppliers and financiers. Ms Phakathi and Ms Lehloenya reached consensus on respiratory masks (KN95/FFP2/N95) masks at R60 and surgical masks at R14 excluding VAT. On 30 March 2020 the Gauteng DoH issued the commitment letter to Kraft.

On 31 March 2020 at 14:04 the CFO sent the (unsigned) commitment letter from the Gauteng DoH to Phakathi also stating that “*swift delivery of the items quoted will be greatly appreciated*”. Ms Pino the Chief Director Supply Chain and Asset Management, sent the signed commitment letter to Ms Phakathi. The SIU confirmed that Kraft delivered the goods to 3G and Kushesh on 18 June 2020 following a delay in importing the goods. Following the delivery of goods, Kraft submitted an invoice to Gauteng DoH and received payment on 8 July 2020. The SIU investigation found that Gauteng DoH incorrectly calculated VAT on the purchase orders issued to Kraft. Kraft made a profit of R8 504 326 from the contract awarded.

c) Steps Taken

Administrative action

On 19 April 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 20 April 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Kraft failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

Criminal referral

On 26 July 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.45. Gijima Holdings (Pty) Ltd (“Gijima”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of Occupational Hygiene Services/Health Risk Assessments at Bronkhorspruit Hospital by Gijima to the Gauteng DoH. The total value of the contract is R21 390.

b) Summary of findings

The SIU investigation found that Gijima was registered on the CSD on 31 March 2016. On 09 May 2020, Dr Senabe telephonically requested Gijima to provide him with quotation for rendering of Occupational Hygiene services. On 11 May 2020, Gijima was awarded the contract to render Occupational Hygiene service by means of a commitment letter dated 10 May 2020. The value of the contract was R21 390. The commitment letter was signed by Ms Lehloenya. No PO was issued to Gijima. According to section 4.6 of NT Instruction Note 5 of 2020/2021, Institutions may approach any supplier to obtain quotes and may procure from such suppliers, on condition that the supplier is registered in the CDS. Gijima was registered in the CSD as from 31 March 2016. The SIU

investigation found that the Gauteng DoH did not source quotations from other suppliers found in the CDS, and thus, Gijima's quotation was not subjected to an evaluation and adjudication.

The SIU investigation found that on 11 May 2020, Gijima conducted the required Health Risk Assessments at the Bronkhorspruit Hospital. On 14 May 2021, Gijima submitted to Dr Senabe a summary of findings and recommendation on the work done.

c) Steps Taken

Disciplinary action

On 7 September 2021 the SIU referred evidence against Dr S Senabe, Chief Director, Employee Health Wellness of the Gauteng DoH for financial misconduct. Gauteng DoH confirmed receipt of the referral made.

Criminal referral

On 1 July 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.46. Famata (Pty) Ltd ("Famata")

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of cloth masks by Famata to the Gauteng DoH on behalf of Gauteng DOE. The total value of the contracts is R12 475 000.

b) Summary of findings

The SIU investigation found that a proper process was followed by Gauteng DoH to award a contract to Famata. The former HoD approved a purchase by way of a letter of award. The price charged by Famata was within the price range stipulated by NT. The goods were delivered to Bongani Rainmaker Logistics Warehouse as requested.

The SIU conducted a price analysis and profit percentage calculation based on invoices and quotation received from Famata. The SIU determined the profit mark-up that Famata added on their purchase price of R16 was 50% and a profit of R8 per mask was made, a total profit of R4 140 000 (for the 500 000 cloth face masks).

c) Steps Taken

Administrative action

On 8 September 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorised the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.47. HSB Mercantile Investments (Pty) Ltd (“HSB”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of surgical masks, disinfectant wipes, sanitizers and N 95 masks by HSB to the Gauteng DoH. The value of the contract is R6 084 500.

b) Summary of findings

The SIU investigation found that the Gauteng DoH did not follow a competitive bidding in the award of the contracts (commitment letters) to HSB as the procurement processes were not fair, equitable, transparent, competitive or cost-effective, as prescribed by Section 217(1) of the Constitution and the prescripts of Section 38(1)(a)(iii) of the PFMA. Consequently, the decision to award the contracts to HSB and the resulting contracts are invalid in terms of Section 2 of the Constitution.

The SIU investigation found that HSB charged excessive prices on PPE items that were provided to the Gauteng DoH. The SIU investigation found that HSB was not registered with SAHPRA to provide medical equipment or medical devices.

c) Steps Taken

Disciplinary action

On 21 April 2021 the SIU referred evidence against Ms Pino, who is the Chief Director: Supply Chain and Asset Management at the Gauteng DoH for alleged contraventions of, *inter alia*, Section 217(1) of the Constitution, Section 38(1)(a)(iii) of the PFMA, the PPPFA, the PPPFA Regulations, Sections 45(a) to (e) of the PFMA, relevant NT Practise Notes, the SCM Policy/ies of the Gauteng DoH, and her failure to adhere to the Code of Conduct of the Public Service. Ms Pino was dismissed from the services of Gauteng DoH before the evidence related to HSB could be heard.

Administrative action

On 10 May 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 30 March 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because HSB failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

Criminal referral

On 8 June 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

Civil litigation

The SIU is reviewing the evidence for the possible institution of civil proceedings to review and set aside the award of the contract to HSB.

8.1.1.48. Olee Telecom Solutions (Pty) Ltd (“Olee”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 10 000 units of 25-litre sanitizers for a period of seven months by Olee to the Gauteng DoH. The value of the contract is R177 100 000.

b) Summary of findings

The SIU investigation found that the contract was awarded irregularly as there was no procurement process followed in line with the relevant legislative prescripts and policies. The appointment was completed by the former CFO, Ms Lehloenya. The SIU confirmed delivery of the goods by Olee. The SIU investigation found that Olee obtained excessive profit to the value of R24 042 000.

c) Steps Taken

Civil litigation

The SIU is reviewing evidence for the possible institution of civil proceedings to review and set aside the award of the contract to Olee and to recover the amount of R24 042 000 lost due to the excessive profiteering.

8.1.1.49. Emanzini Construction Projects and Enterprise (Pty) Ltd (“Emanzini”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of empty spray bottles by Emanzini to the Gauteng DoH, who acted on behalf of the Gauteng DoE. The value of the contract is R2 353 500.

b) Summary of findings

The SIU investigation found that Emanzini is registered on the CSD with supplier number MAAA0722677 created on 13 March 2017. The CSD reports indicate that the company also is trading as Emanzini Security Services. The supplier industry classification indicates Public administration and defence, compulsory social security.

The need for empty spray bottles was identified by Gauteng DOE following the procurement of 25 litre containers of liquid sanitizers and disinfectant. The disinfectant had to be decanted for use at the various schools. The need for the empty spray bottles were sent to Gauteng DoH.

The SIU investigation found that Emanzini received an email invitation to partake in a Covid-19 RFQ process from Gauteng DoH. The specifications were: empty spray bottles (1 Litre) at a quantity of 11 250. The letter reflected a closing date of 26 May 2020 requesting responses to be emailed to Covid19.quotations@gauteng.gov.za.

The SIU investigation found that Emanzini responded to the invitation on 25 May 2020 via email with a quotation for 45 000 empty spray bottles (1 Litre) at a unit price of R52 at a total amount of R2 353 500. An approval of award letter dated and signed by Ms K Lehloenyha on 27 May 2020 was awarded to Emanzini for the procurement of 45 000 1 litre empty spray bottles. The SIU confirmed delivery of the goods to Gauteng DoH.

On 04 June 2020 Emanzini invoiced the Department of Health for 45 000 empty spray bottles (1 Litre) at a price of R52 at a total amount of R2 353 500. Denny Shishonge of Emanzini confirmed that Emanzini was paid in full.

The SIU investigation found that Emanzeni made a total profit of R778 500 from the purchase and sale of the empty spray bottles which constitutes a profit of 33%.

c) Steps Taken

Administrative action

On 29 March 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.50. Black Renaissance SCM Services (Pty) Ltd (“Black Renaissance”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of hand sanitizers, surgical gloves and surgical face masks by Black Renaissance to the Gauteng DoH. The value of the contract is R444 000.

b) Summary of findings

The SIU investigation found that Black Renaissance charged the Gauteng DoH R22 per mask on the 3-ply surgical masks. The SIU investigation found that the NT had set the maximum price of the 3-ply masks at R14.95 per mask. The SIU investigation found that Black Renaissance overcharged the Gauteng DoH R66 975. Black Renaissance charged the Gauteng DoH R150 per box for the powdered gloves. The SIU investigation found that the NT had set the maximum price of the powdered gloves at R54.28 per box. The SIU investigation found that Black Renaissance overcharged the Gauteng DoH R54 280.

c) Steps Taken

Civil litigation

The SIU is reviewing the evidence for the possible institution of civil proceedings to review and set aside the award of the contract to Black Renaissance and to recover a total amount of at least R121 000 in respect of what was overcharged.

8.1.1.51. AngloGold Ashanti Western Deep Level Hospital (“Ashanti”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of infrastructure development at Ashanti by the Gauteng DoH and the Gauteng DID. The value of the contract for the infrastructure is R588 543 032. The value of the contracts awarded for medical equipment supplies are R144 426 940.

The SIU investigation found that Professional Service Providers (“PsPs”) and Contractors were awarded contracts to assist in the refurbishment of Ashanti. The PsPs and Contractors are:

- Diphatse Trading and Projects CC / MJR Projects (Pty) Ltd at a cost of R132 227 265;
- Makhado Project Management (Pty) Ltd at a cost of R118 452 735;
- Mvusuludzo Projects (Pty) Ltd at a cost of R48 106 489;
- NJR Projects (Pty) Ltd at a cost of R56 808 184;
- Thenga Holdings (Pty) Ltd at a cost of R49 540 108;
- Yikusasa Building Contractors SA (Pty) Ltd at a cost of R89 406 591;
- CV Chabane and Associates (Pty) Ltd at a cost of R20 745 526;
- Picture Perfect 215 (Pty) Ltd t/a Mphofu Engineering at accost of R18 376 133;
- Ponelepele Architects and Associates (Pty) Ltd at a cost of R11 709 467;
- Takgalang Consulting CC at a cost of R20 471 054; and
- Pro-Serve Consulting (Pty) Ltd at cost of R22 699 476.

The following medical equipment suppliers were appointed to provide medical equipment:

- New Horizon Metals CC at cost of R3 241 689;
- BioClin Solutions CC at cost of R12 961;
- East Coast Medical Northern Regions CC at cost of R61 816 633;
- Supra Healthcare Johannesburg (Pty) Ltd at cost of R154 517;
- Siyakhanda Medical Services (Pty) Ltd at cost of R1 552 484;
- Class Three Medical Solutions (Pty) Ltd at cost of R3 435 172;
- Second Opinion Systems (Pty) Ltd at cost of R19 250 942;

- Hospi-Furn (Pty) Ltd at cost of R1 191 279;
- Abakhethwa Projects Primary Co-operative Ltd at cost of R274 125;
- Ecomed Medical (Pty) Ltd at cost of R1 204 025,84;
- CTU's Manufacturing Primary Co-Operative Limited at cost of R243 499.

b) Summary of findings

The SIU investigation found that the Framework for Infrastructure Delivery and procurement Management ("FIDPM"), NT Regulations and Practice Notes, the PFMA, SCM Practice Notes and Gauteng DID SCM Policy for Infrastructure Procurement and Delivery Management prescripts were not followed in the appointment of PsP's and Contractors in the Ashanti refurbishment project.

The SIU investigation found that the six Contractors appointed by Gauteng DID were selected by Mr T Tabane (Head of SCM: GDID), who was also the Acting CFO: GDID. He informed the SIU that the Contractors were selected from the list of Contractors on a Panel which was established under RFP 18/11/2016 for a period of three years. From the six Contractors selected only one was identified on the recommended list as indicated on the Bid Evaluation Report of the abovementioned tender, namely Yikusasa. Therefore, it seems unlikely that Mr T Tabane selected these Contractors from this appointed Panel.

The SIU investigation found that three sets of Appointment letters were utilised to appoint the Contractors. These were dated and issued on 25 March 2020, 3 April 2020 and 10 June 2020. Only the Appointment letters of 10 June 2020 reflects the contract prices of the Contractors. Therefore, the Contractors were initially selected and appointed without a contract amount, no bill of quantities ("BoQ") and Scope of Work.

The SIU investigation found that before the issue of the third set of Appointment letters dated 10 June 2020, namely on 8 June 2020, the first two sets of Appointment letters were rejected by Gauteng DoH as they contained no contract information and presumably this led to the issue of the third set of Appointment letters containing a contract price.

The SIU investigation found that bid documents were issued to the appointed Contractors, although no tender was issued as it was treated as an "emergency appointment". These bid documents were completed by the Contractors and were also assisted by the PsP's, who were responsible for the BoQ and contract process. These bid documents were signed by the six Contractors on 2, 20, 21 April 2020 and 5 and 25 May 2020 respectively. These six Contractors signed their Acceptance Letters on 10 April 2020, 11 June 2020 and 30 June 2020 respectively. The Access Certificates were signed by the Contractors on 16 April 2020. This meant that the Contractors had access to

site and started work before they were formally appointed. This implies that at the time the work started, there was no contract price in place, no POs issued and no BoQ's approved.

The SIU investigation found that the Access Certificates indicated the Access date as 3 April 2020, the starting date as 16 April 2020 and the completion date of project as 30 May 2020. The project duration was indicated as 6 weeks with the completion date as 30 May 2020, which was later extended to 10 weeks, namely 30 June 2020. On 14 June 2020 a GPG presentation reflected that the AGA Hospital project was 60% completed. This is only four days after the third set of Appointment letters were issued on 10 June 2020.

The SIU investigation found that a lease agreement was entered into between Ashanti, Gauteng DoH and Gauteng DID for a period of six months, commencing on 1 April 2020 to 30 September 2020. The first addendum to the lease agreement was concluded on 30 September 2020, for a period of four months, from 1 October 2020 to 31 January 2021.

The SIU investigation found that during May/June 2020 the costing and pricing for the Ashanti Hospital Refurbishment project was still incomplete, as discussions/negotiations and reviewing thereof continued. During this period the costing was first reflected as R866 170 134, then negotiated down to R647 629 824 and finally to R588 504 235. Although the final amount was only finally approved on 18 June 2020, this total amount for the contractors is reflected in the Appointment letters issued on 10 June 2020. Thus, eight days before the cost breakdown was approved.

The SIU investigation found that the contract fees for the PsP's were only approved on 6 August 2020, although they commenced their work during April 2020. The PO's for the PsP's were only issued on 12 August 2020 and for the Contractors on 22 and 23 June 2020. At this stage a number of Invoices were already submitted for payment.

The SIU will recommend that all payments for the AGA Hospital Refurbishment project be stopped. The payments that were made after this date amounts to R126 566 395.35.

c) Steps Taken

Civil litigation

Following a FIC blocking order that was set to expire on 17 September 2021, the SIU brought an Application for an Interim Preservation Order or Interdict to freeze a total of R7 940 667 held in FNB for the credit of Pro-Serve Consulting (Pty) Ltd in the amount of R1 706 302 and for Thenga Holdings (Pty) Ltd in the amount of R6 234 365, pending the outcome of a Review Application that the SIU must institute within 60 days from the Interim Interdict Order.

The Interim Order was granted on 17 September 2021. As such, the SIU must serve and file the Review Application by no later than 14 December 2021 which will involve a total of 19 Respondents (including Anglo Gold, Harmony Gold and Golden Core, who are the owners and operators of the premises where the AngloGold Ashanti field Hospital is situated).

On 28 September 2021, Pro-Serve Consulting and Thenga Holdings filed an Application for the Reconsideration of the Interim Order. A first Case Management Meeting was held on 04 October 2021, where it was directed that:

- a) The Respondents will ask for further discovery in a letter dated 05 October 2021 (which was done);
- b) The SIU will consider the request for further discovery and if in agreement will make such further discovery by no later than 08 October 2021 (which was done);
- c) The Respondents will file their Answering Affidavits by no later than 11 October 2021 (which was done by Pro-Serve, but Thenga Holding only filed its papers on 18 October 2021, but it Applied for Condonation);
- d) The SIU will file a Replying Affidavit by no later than 15 October 2021 (which was done in respect of Pro-Serve, but the SIU only filed its Reply in respect of Thenga Holdings on 22 October 2021);
- e) The SIU will file Heads of Argument by no later than 29 October 2021;
- f) The Respondents will file Heads of Argument by no later than 08 November 2021; and
- g) The Hearing of the Application to Reconsider the Interim Interdict is set down for hearing on 16 November 2021. Judgment has been reserved.

8.1.1.52. MacDuke Trading and Projects CC (“MacDuke”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of disposable face masks and thermometers by MacDuke to the Gauteng DoH. The value of the contract is R12 995 000.

b) Summary of findings

The SIU investigation found that Mr Marengwa is the sole Member of MacDuke. The company’s principal businesses consist of mining projects, civil construction, general construction and trade in

all aspects. According to MacDuke's CSD registration report dated 9 September 2020, MacDuke was registered on the CSD on 17 February 2017 for Construction, Civil engineering and Specialised construction activities. MacDuke is registered with the SARS as a VAT vendor.

The SIU investigation found that on 23 March 2020, MacDuke submitted a written quotation to the Gauteng DoH for the supply and deliver of PPE to the value of R419 740. The following PPE were included in the quotation:

- 3 ply masks (quantity of 10 000);
- Infrared thermometers (quantity of 50); and
- CE approved rapid Covid-19 testing kits (quantity of 500).

On 23 March 2020, MacDuke was requested by the Gauteng DoH to increase the quantity of items, as quoted for, and to provide the Gauteng DoH with a new quotation. MacDuke provided the Gauteng DoH with a new quotation for the supply and delivery of PPE to the value of R932 650 000.

The following PPE were included in the quotation:

- 3 ply masks (quantity of 2 000 000);
- Infrared thermometers (quantity of 400 000); and
- CE approved rapid Covid-19 testing kits (quantity of 1 000 000).

In the second quotation provided by MacDuke, the 3 ply masks were priced at R18 per mask. On 27 March 2020, due to the high demand and quantity increase by the Gauteng DoH, MacDuke provided the Gauteng DoH with a new quotation for the 3 ply masks. The masks were quoted as contained in a box and were measured as a single box containing fifty masks. The price per single box of fifty masks were priced at R805 (inclusive of VAT), which equates to a price of R16 per mask. On 2 April 2020, MacDuke provided a third quotation in respect of the 3 ply masks to the Gauteng DoH. The price per single box of fifty masks changed from R805 (inclusive of VAT) to R1 035 (inclusive of VAT), which equates to a price of R20 per mask. On 11 April 2020, MacDuke provided the Gauteng DoH with a revised quotation in respect of the 3 ply masks and infrared thermometers. The price of the 3 ply masks was the same (single box of fifty at R1 035 (inclusive of VAT)), but the price on the infrared thermometers changed from R1 552 (inclusive of VAT) to R2 645 (inclusive of VAT) per infrared thermometer. The reason for the price change was allegedly due to the fact that at that time (i.e. during April 2020), the South African Rand weakened by 20 % against the American Dollar. The items that were provided to the Gauteng DoH are imported and the prices are paid in US Dollar.

The SIU investigation found that a commitment letter was issued to MacDuke by the Gauteng DoH, which was signed on 30 March 2020 by Ms Pino. The commitment letter awarded MacDuke a

contract to supply the following PPE for a total amount of R9 602 500 (inclusive of VAT) to the Gauteng DoH:

- Infrared thermometers; and
- 3 ply surgical masks;

A commitment letter was issued to MacDuke by the Gauteng DoH, signed on 22 April 2020 by Ms Pino. It needs to be noted that the date on the commitment letter (i.e. 30 March 2020) was scratched out and a new date of 22 April 2020 was written on it by hand. This commitment letter awarded MacDuke a contract to supply of the following PPE for a total amount of R11 902 500 (inclusive of VAT) to the Gauteng DoH:

- Infrared thermometers; and
- 3 Ply surgical masks.

The price of the 3 ply masks changed from the MacDuke commitment letter 1 from R700 for a box of 50 to R900 for a box of 50, as indicated on the MacDuke commitment letter 2. The SIU investigation found no indication and/or documentation that indicates that at least two additional competing suppliers were approached to provide quotations for the required PPE. As such, the Gauteng DoH did not follow a competitive bidding process in the award of these contracts to MacDuke.

The SIU investigation found that on 3 April 2020, deliveries of PPE were made by MacDuke to the Hillbrow Community Health Centre, as the Centre was responsible for the storage of PPE for and on behalf of the Gauteng DoH.

The SIU obtained copies of the relevant Delivery Note(s). Ms van Rooyen from the 3G Warehouse indicated that on 14 May 2020, deliveries of PPE were made by MacDuke to the 3G Warehouse. The SIU obtained copies of the relevant Delivery Note(s). Ms T Mulligan from the Kushesh Warehouse indicated that during the period 27 May 2020 to 23 June 2020, four deliveries of PPE were made by MacDuke. The SIU obtained copies of the relevant Delivery Note(s). The relevant Delivery Note(s) received from the Hillbrow Centre, the 3G Warehouse and the Kushesh Warehouse were compared to those the SIU received from MacDuke and the Gauteng DoH. It was determined that they were all in order. In order to process payments of invoices received from MacDuke, the end-user from the Gauteng DoH should indicate that the PPE were delivered and received. The confirmation that the PPE were received is captured on a Goods/Services receipt note ("RLS 02"). Mr Nyambi from the SCM: Goods received Department of the Gauteng DoH provided copies to the SIU of the following RLS 02 forms:

- Dated 30 April 2020 for the delivery of PPE by MacDuke to the Hillbrow Centre; and

- Dated 15 May 2020 for the delivery of PPE by MacDuke to the 3G Warehouse.

The Gauteng DoH could not provide the SIU with the RLS 02 forms in respect of the delivery/ies of PPE by MacDuke that were made at the Kushesh Warehouse. On 13 August 2020, Ms M Lebese, who is a Director: Accounts Payable: Finance at the Gauteng DoH provided an extract from the BAS system, which indicated that five invoice to the total amount of R12 995 000 was paid to MacDuke for PPE delivered to Gauteng DoH. The extract was compared to the PO(s) issued to MacDuke, the RLS 01 form(s), the Delivery Note(s), the RLS 02 forms and the invoice(s) provided by MacDuke. It was found that MacDuke was paid for the PPE delivered.

The SIU investigation found that MacDuke was not registered with SAHPRA to provide medical equipment and or devices.

c) Steps Taken

Disciplinary action

On 21 April 2021 the SIU referred to the Gauteng DoH evidence against Ms Pino, who is the Chief Director: Supply Chain and Asset Management at the Gauteng DoH for alleged contraventions of, *inter alia*, Section 217(1) of the Constitution, Section 38(1)(a)(iii) of the PFMA, the PPPFA, the PPPFA Regulations, Sections 45(a) to (e) of the PFMA, relevant NT Practise Notes, the SCM Policy/ies of the Gauteng DoH, and her failure to adhere to the Code of Conduct of the Public Service. Ms Pino was dismissed from the services of Gauteng DoH on related matters, before the evidence could be led.

Administrative action

On 21 May 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 30 March 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because MacDuke failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

Criminal referrals

On 8 June 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH

Civil litigation

On 23 August 2021 the SIU prepared a brief to Counsel to apply to the Special Tribunal or the High Court to review and set aside the award of the contract to MaDucke, alternatively, to ask the Special Tribunal or High Court to make any other order that may be deemed to be 'just and equitable', as envisaged in Section 172(1)(b) of the Constitution.

8.1.1.53. Maponya Medical Solutions (Pty) Ltd ("Maponya")

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of sanitisers, coveralls, face shield visors and N 95 masks by Maponya to the Gauteng DoH. The value of the contract is R142 100 000.

b) Summary of findings

The SIU investigation found that Maponya was registered on the CIPC on 31 May 2010, and that Mr Ntuli, Ms Charlotte Mary Mashitsana Maponya and Ms Libitse Naledi Violet Mabuse are the Directors of the company. The company's principal businesses consist of supplying of medical equipment. According to Maponya's CSD registration report dated 9 September 2020, Maponya was registered on the CSD on 24 March 2020 for human health and social work activities. On 31 March 2020, Maponya provided the Gauteng DoH with a written quotation for the supply and delivery of the following PPE to the total value of R57 211 925:

- N95 masks;
- Face shields; and
- Goggles.

On 31 March 2020, Maponya provided the Gauteng DoH with a second written quotation for the supply and delivery of cover-alls to the value of R65 837 500. At the time of providing the above mentioned quotation to the Gauteng DoH, Maponya was tax compliant according to the TCC issued by SARS. A commitment letter was issued to Maponya by the Gauteng DoH, which was signed on 30 March 2020 by Ms Pino. The commitment letter awarded a contract to Maponya for the supply of liquid sanitiser for the amount of R22 500 000. It is not indicated if the amount was inclusive of VAT. For purposes of this report, this commitment letter is referred to as "Maponya Commitment letter 1".

A second commitment letter was issued to Maponya by the Gauteng DoH, which was signed on 3 April 2020 by Ms Pino. It needs to be noted that the date on the second commitment letter (i.e. 1 April 2020) was scratched out and a new date of 3 April 2020 was written on it by hand. This second commitment letter awarded a contract to Maponya for the supply of cover-alls, face shield visors and N 95 masks for the amount of R119 600 000. For purposes of this report, this second commitment letter is referred to as "Maponya Commitment letter 2".

The quotations provided by Maponya did not include any hand sanitiser. On 2 April 2020, Ms Pooe, who is a Financial Admin Officer at the Gauteng DoH compiled a RLS 01 form in respect of 500 ml liquid sanitiser for the total amount of R22 500 000, as indicated in Maponya commitment letter 1. The RLS 01 was approved by Ms Pino as the end-user Manager. On 24 April 2020, Mr Cluitus Kadiaka, who is a Material Recording Clerk at the Gauteng DoH created PO number 4250899970. The PO was for the amount of R25 875 000. The price in respect of the sanitisers escalated from R90 to R103. On 11 May 2020, Ms Pino forwarded an e-mail to officials within the Finance Department of the Gauteng DoH. In the e-mail, Ms Pino indicated that the commitment letters that she had signed were "VAT exclusive". This e-mail formed part of the supporting documentation used by the Gauteng DoH for the purpose of approval of payments.

The Gauteng DoH could not provide any RLS 01 form in respect of Maponya Commitment letter 2 for the amount of R119 600 000. Subsequently, on 24 May 2020, Ms Sindi Shezi, who is a Material Recording Clerk at the Gauteng DoH created PO number 4250899952 in respect of the items and pricing as indicated in Maponya Commitment letter 2. The PO generated was for the amount of R119 600 000. Ms van Rooyen from the 3G Warehouse indicated that during the period 1 April 2020 to 29 April 2020, deliveries of PPE were made by Maponya to the 3G Warehouse. The SIU obtained copies of the relevant Delivery Note(s). On 13 August 2020, Ms M Lebese, who is a Director: Accounts Payable: Finance at the Gauteng DoH provided an extract from the BAS system, which indicated that five invoice to the total amount of R74 543 038 was paid to Maponya for PPE delivered to the Gauteng DoH. The extract was compared to the PO(s) issued to Maponya, the RLS 01 form(s), the Delivery Note(s), the RLS 02 form(s) and the invoice(s) provided by Maponya. It was found that Maponya was still in the process of delivering the outstanding PPE to the Gauteng DoH.

c) Steps Taken

Disciplinary action

On 21 April 2021 the SIU referred evidence in support of the institution of disciplinary action against Ms Pino, who is the Chief Director: Supply Chain and Asset Management at the Gauteng DoH for alleged contraventions of, *inter alia*, Section 217(1) of the Constitution, Section 38(1)(a)(iii) of the

PFMA, the PPPFA, the PPPFA Regulations, Sections 45(a) to (e) of the PFMA, relevant NT Practise Notes, the SCM Policy/ies of the Gauteng DoH, and her failure to adhere to the Code of Conduct of the Public Service. Ms Pino was dismissed from the service of Gauteng DoH before the evidence on Maponya could be heard.

Administrative action

On 10 May 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 30 March 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Maponya failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

Criminal referrals

On 8 June 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

Civil litigation

The SIU is reviewing the evidence for the possible institution of civil proceedings to review and set aside the award of the contract to Maponya.

8.1.1.54. Senatla Surgical Solutions CC (“Senatla”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of coveralls, visors and goggles by Senatla to the Gauteng DoH. The value of the contract is R129 358 500.

b) Summary of findings

The SIU investigation found that the Gauteng DoH did not follow a competitive bidding in the award of the contracts (commitment letters) to Senatla as the procurement processes were not fair, equitable, transparent, competitive or cost-effective, as prescribed by Section 217(1) of the Constitution and the prescripts of Section 38(1)(a)(iii) of the PFMA. Consequently, the decision to

award the contracts to HSB and the resulting contracts are invalid in terms of Section 2 of the Constitution.

The SIU investigation found that on Sunday 22 March 2020 Senatla provided Gauteng DoH with an invoice, number 60242, for the supply and delivery of 1000 coveralls at a unit price of R320 each with an total value of R320 000.

On Monday 23 March 2020 Senatla forwarded an email to Gauteng DoH stating that a mistake was made on the invoice (invoice number 60242 dated 22 March 2020) that was provided on Sunday 22 March 2020. A correct invoice was provided dated 23 March 2020, number 60243, for the supply and deliver of 1000 coveralls at a unit price of R320 each with an total value of R320 000. Both the above mentioned invoices dated 22 & 23 March 2020 was paid by the Gauteng DoH. The Gauteng DoH overpaid Senatla an amount of R320 000 in respect of invoice number 60242 dated 21 March 2020.

c) Steps Taken

Criminal referral

On 8 June 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

Recovery: AOD

On 29 June 2021 the SIU requested Senatla by means of an Acknowledgement of Debt to repay the amount of R320 000 to the SIU in respect of the overpayment that was identified. On 5 July 2021 Senatla paid the amount of R320 000 to the SIU.

Administrative action

On 10 May 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 30 March 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because MacDuke failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

Civil litigation

On 23 August 2021 the SIU prepared a brief to Counsel to apply to the Special Tribunal or the High Court to review and set aside the award of the contract to Senatla, alternatively, to ask the Special Tribunal or High Court to make any other order that may be deemed to be 'just and equitable', as envisaged in Section 172(1)(b) of the Constitution.

8.1.1.55. 3G Relocations and Transport CC ("3G")

a) Nature of allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for stock warehousing, managing, reporting and pick, pack, sort and handling function of PPE by 3G to the value of R2 581 830.

b) Summary of findings

The SIU investigation found that 3G is a Close Corporation with its main business function being transportation. 3G is contracted by NT with Transversal Contract RT8 – 2017 for "Transportation of Cargo and Furniture Relocation Services for the State" for the period 1 April 2017 to 31 March 2020. The contract was extended to 30 June 2020 with Addendum 2 and again to 31 October 2020 with Addendum 3. The SIU investigation found that 3G is not registered with SAHPRA.

The SIU investigation found that due to the bulk buying of PPE's by the Gauteng DoH, there was a definite need for storage. The SIU visited the Gauteng DoH storage facility in Hillbrow and found that a boardroom was cleared for this purpose, which would not have been sufficient. It was however identified that no quality controls were put in place by the Gauteng DoH at the warehouse of 3G. It was found that in many instances, Ms van Rooyen took it upon herself to inspect the deliveries and report on defects and poor quality.

The SIU investigation found that the centralisation of the storage for all the Gauteng Departments played a further role with regard to the quality controls. According to the former HoD at Gauteng DoH, Prof Lukhele, all Departments had to conduct their own needs assessment and requested the Gauteng DoH to only do the procurement. Should these PPE have been delivered at the respective Departments, those Departments would have been in a position to identify any problems or shortcomings.

The SIU investigation found that the Gauteng DoH did not follow a competitive bidding process in the appointment of 3G, as such the procurement processes were not fair, equitable, transparent, competitive or cost-effective, as prescribed by Section 217(1) of the Constitution and the prescripts

of Section 38(1)(a)(iii) of the PFMA. Consequently, the decision to appoint 3G are invalid in terms of Section 2 of the Constitution.

c) Steps Taken

Criminal referrals

On 19 July 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

Administrative action

On 16 August 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because MacDuke failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

Civil litigation

The SIU is reviewing the evidence for the possible institution of civil proceedings to review and set aside the award of the contract to 3G.

8.1.1.56. Nkhane Projects and Supply (Pty) Ltd (“Nkhane”)

a) Nature of the allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of various PPE items from Nkhane Projects and Supply to the Gauteng DoH. The total value of the contract is R250 736 800.

b) Summary of findings

The SIU investigation found that Nkhane was irregularly awarded a contract by the Gauteng DoH by Ms Lehloenyana and Ms Pino. There is no evidence which indicates that both Ms Pino and Ms Lehloenyana obtained three quotations from the suppliers, distributors and wholesalers of PPE related items.

The SIU investigation found that Nkhane was not registered on the CSD to supply PPE and related medical items. There is no evidence suggesting that, Nkhane submitted or was requested to submit SBD forms as per the Treasury Practice Note. As a result, Gauteng DoH faced a risk of appointing service providers which were linked to the officials of Gauteng DoH and other state institutions without a mechanism to identify same.

The SIU investigation found that Nkhane was not registered with SAHPRA at the time of the award. Ms Phakhathi, the owner of Nkhane indicated to the SIU that their submitted bid was an unsolicited bid which should have been dealt with in line with NT Practice Note 11 of 2008/2009 which would have led to the bid being rejected. Ms Phakhathi joined Nkhane on 14 April 2020 which aligns with when the contracts were awarded to Nkhane. The SIU is still investigation the corruption aspect of this contract.

The SIU investigation found that most of the stock (5L and 25L hand sanitisers) was still at the warehouse and has not been distributed due to the incorrect delivery by Nkhane. As the results of the incorrect delivery of 5L and 25L hand sanitisers by Nkhane, Gauteng DoH will have to incur expenses for decanting of the sanitisers into 500ML bottles. By accepting the delivery which was not in line with the commitment letter, 3G failed to adhere to the processes of ascertaining that the correct delivery is made by suppliers through verification of commitment letter or a purchase order.

The SIU also identified that there was overpricing by Nkhane on some of the items they were contracted to provide when compared to the NT regulations. The investigation also identified that one of the Directors of Nkhane resigned from Nkhane after the award was made and became a supplier to Nkhane for the supply of gowns and coveralls. The SIU further identified that there were items delivered by Nkhane that were of a poor quality being the sanitisers as well as the gowns.

The SIU investigation found that Nkhane had invoiced the Gauteng DoH a total of R185 325 056 and has been paid an amount of R165 735 313 by the Gauteng DoH.

The SIU conducted a price analysis on the invoices obtained from Nkhane, when compared to the maxim price thresholds for such PPE as prescribed by the NT. The SIU determined that Nkhane charged the Gauteng DoH excessive cost in respect of the PPE in the total amount of approximately R2 553 727.

The SIU investigation found that the Gauteng DoH has requested that Nkhane collect some of the items they delivered which have been identified as substandard and incorrect. Nkhane and the Gauteng DoH are currently corresponding on this aspect with the possibility of Nkhane suing the Gauteng DoH for the losses they have incurred for such items.

c) Steps Taken

Potential recoveries

On 3 December 2020 the SIU referred relevant evidence to the Gauteng DoH to stop all payments to Nkhane based on the evidence obtained pending the institution and finalisation of any civil proceedings.

Civil litigation

The SIU prepared a brief to Counsel to apply to the Special Tribunal or the High Court to review and set aside the award of the contract to Nkhane (with a total contract value of R250 736 800), which is necessary in order to prevent Nkhane tendering delivery of the remaining goods as set out in the commitment letters or POs (i.e. a total value of R65 411 743) and to reclaim against a tender of the return of the unused goods, the total value of all goods that were delivered, which were not in line with the then applicable commitment letter, and/or which is of a poor quality, and were not used by the Gauteng DoH, and to recover a total amount of at least R2 553 727 in respect of what was overcharged. Alternatively, to ask the Special Tribunal or High Court to make any other order that may be deemed to be 'just and equitable', as envisaged in Section 172(1)(b) of the Constitution.

8.1.1.57. Ikusasa Telecoms (Pty) Ltd ("Ikusasa")

a) Nature of the allegations

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of FFP2 masks and hand sanitisers from Ikusasa Telecoms to the Gauteng DoH. The total value of the contract is R36 500 000.

b) Summary of findings

The SIU investigation found that Ikusasa was awarded the order from the Gauteng DoH without following procurement prescripts and policies. The award was made by Ms Lehloenya. Ikusasa does not have a licence from the SAHPRA to supply the items procured from it. At the time of the award Ikusasa was not tax compliant according to its CSD registration and was not registered for the supply of PPE and related medical goods.

Ikusasa utilised a 3rd party entity named the People's Fund the fulfilment of the purchase order. The People's Fund operates by sourcing funds from crowd sourcing. The People's Fund identified the suppliers for the items to be delivered to the Gauteng DoH and facilitated deliveries. Essentially the order was being fulfilled by The People's Fund and not Ikusasa.

c) Steps Taken

Civil litigation

On 1 September 2021 the SIU prepared a brief to Counsel to apply to the Special Tribunal or the High Court to review and set aside the award of the contract to Ikusasa and to recover a total

amount of at least R12 004 000 in respect of what was overcharged. Alternatively, to ask the Special Tribunal or High Court to make any other order that may be deemed to be 'just and equitable', as envisaged in Section 172(1)(b) of the Constitution.

8.1.1.58. Eubee Events Management (Pty) Ltd ("Eubee")

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of surgical gowns and disposable plastic aprons by Eubee to the Gauteng DoH. The value of the contract is R3 222 000.

b) Summary of Findings

The SIU investigation found out that Eubee was registered on the NT CSD on 08 April 2016, with supplier number MAAA0081179. Eubee is registered with SARS.

Eubee was appointed on 20 March 2020 to supply 26 700 surgical gowns at a total cost of R2 937 000 following a telephonic request made by Ms T Ravelle, former Head of SCM of Gauteng Health. The appointment of Eubee was found to be irregular.

The SIU investigation found out that the deviation from normal procurement memorandum was only submitted after the appointment. According to Ms Ravele, Eubee was not included in that memorandum because they had not supplied the department with correct information at the time of the drafting and submission of the deviation letter. She further admitted that she followed deviation upon instruction from the former CFO Ms Lehloenyana. The SIU's accountant was unable to calculate the overpricing because during this procurement, surgical gowns were not included in the NT pricing schedule. However, The SIU investigation found that Eubee made excessive profit to the value of R1 170 000 which translates into a 36% profit made.

The SIU also found that Eubee is not registered with SAHPRA to distribute medical devices and or goods.

c) Steps Taken

Disciplinary action

On 21 September 2021 the SIU referred to the Gauteng DoH evidence Ms Ravelle, who was the acting Head of SCM at the Gauteng DoH for alleged contraventions of, *inter alia*, Section 217(1) of the Constitution, Section 38(1)(a)(iii) of the PFMA, the PPPFA, the PPPFA Regulations, Sections 45(a) to (e) of the PFMA, relevant NT Practise Notes, the SCM Policy/ies of the Gauteng DoH, and her failure to adhere to the Code of Conduct of the Public Service.

Administrative action

On 17 September 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 12 February 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because MacDuke failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

Civil litigation

The Siu is reviewing evidence for the possible institution of civil proceedings to review and set aside the award of the contract to Eubee and to recover the excessive profit to the value of R1 170 000.

8.1.1.59. Cumlaude Consultancy Pty (Ltd) t/a TMSV Consultant (“Cumlaude”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 100 000, 500ml bottles of 70% alcohol based sanitisers by Cumlaude to the Gauteng DoH. The value of the contract is R10 600 00.

b) Summary of findings

The SIU investigation found that Cumlaude was registered on the CSD on 31 August 2016. Cumlaude was registered on the CSD for ‘Construction’. Mr Luvhani Gladstone Nedzingahe is listed as the director of Cumlaude.

The SIU investigation found that on 6 April 2020, Ms Thandi Pino sent an email to the Director of Cumlaude Consulting to award his company the supply of 100 000 units of 500ml 70% alcohol hand sanitisers. Gauteng DoH did not issue an official Commitment or PO to Cumlaude.

The SIU investigation found that on 9 and 10 April 2020, Cumlaude delivered 3 834 units of 500ml hand sanitisers to the value of R211 636 at 3G Warehouse. According Ms van Rooyen at 3G Warehouse, Cumlaude attempted to deliver another batch of sanitisers after the deliveries of 9 and 10 April, but she told them that they could not offload the truck due to the fact that no PO was issued. Ms Van Rooyen was in communication with Ms Pino on a whatsapp group regarding PPE

supplies. Ms Van Rooyen stated that previous sanitisers delivered by Cumlaude were not neatly packed and the bottles were not filled to equal quantities. According to Ms Van Rooyen she was informed that the Gauteng DoH required spray bottles but Cumlaude supplied caps on the bottles. According to Ms Van Rooyen, she was informed by Ms Pino to not accept the stock from Cumlaude. At the time of the delivery of the sanitisers, Cumlaude was not registered at SAHPRA to supply and distribute sanitisers. Cumlaude was only registered at SAHPRA during January 2021 for the sanitisers they are supplying.

Ms Pooe of the Gauteng DoH said during an interview that there was not a formal commitment letter and there was not a PO created at the time when Cumlaude delivered stock at 3G. She said for that reason Cumlaude cannot complete the order based on what Pino emailed him. She said that the Gauteng DoH is preparing a PO to pay Cumlaude for the 3 834 bottles of sanitiser that they did deliver. To date Cumlaude has not been paid by the Gauteng DoH.

c) Steps Taken

Civil litigation

The SIU prepared a brief to Counsel to apply to the Special Tribunal or the High Court to review and set aside the award of the contract to Cumlaude. Alternatively, to ask the Special Tribunal or High Court to make any other order that may be deemed to be 'just and equitable', as envisaged in Section 172(1)(b) of the Constitution.

8.1.1.60. Synopsis One (Pty) Ltd ("Synopsis")

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of surface disinfectant by Synopsis to the Gauteng DoH. The value of the contract is R9 269 000.

b) Summary of findings

The SIU investigation found that on 21 May 2020 Synopsis was appointed by Gauteng DoH to supply 4000 units of 25 litres of surface disinfectant with 70% alcohol at a total cost of R9 269 000.

The SIU investigation found that amongst the goods that Synopsis delivered to Gauteng DoH was 1000 units of surface disinfectant that were not in compliant with the contract which required Synopsis to deliver surface disinfectant with 70% alcohol content.

The SIU investigation found that payment was made to Synopsis despite findings that products delivered were not compliant to the tender awarded.

SIU further found that Synopsis made a misrepresentation to Gauteng DoH by submitting invoices for payment to Gauteng DoH which depicted that units of surface disinfectants delivered had 70% alcohol when non-alcoholic surface disinfectant was delivered by Synopsis.

The SIU investigation found that Synopsis purchased the surface disinfectant at a cost of R800 each and sold the goods to the Gauteng DoH at a cost of R2 317 each. The SIU investigation found that Synopsis made an excessive profit from the sale of the goods to Gauteng DoH.

The SIU investigation found that Synopsis was appointed through an irregular SCM process by Gauteng DoH.

c) Steps Taken

Administrative action

On 11 December 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

Criminal referral

On 6 September 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.61. Dinaane Consulting Services (Pty) Ltd (“Dinaane”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of surgical masks, FFP2 masks and hand sanitizers by Dinaane to the Gauteng DoH. The value of the contract is R39 750 000. The contract awarded was for recurring services for a period of 6 months to the total value of R238 500 000.

b) Summary of findings

The SIU investigation found that Dinaane with the registration number 2016/200130/07 was registered with the CIPC with registered address Unit 59 Block 2, Riversands Incubation Hub, 8

Incubation Drive, Midrand. Ms Lerato Maluleke (“Ms Maluleke”) is the sole Director of Dinaane. Dinaane was first registered on the CSD on 3 April 2017 with supplier number MAAA0346536. Dinaane’s main strand of business is noted as Construction and General Supply Services. Dinaane was not registered for VAT with SARS at the time of the award of the contract but later registered with VAT number 4720290370.

The SIU investigation found that the former CFO of Gauteng DoH entered into the contract with Dinaane without following a procurement process. The SIU investigation found that the PO issued to Dinaane was for a recurring amount of R39 750 000 per month for six months.

The SIU investigation found that Dinaane used a company Leano Construction Solutions (Pty) Ltd to assist with financing and sourcing of products. The SIU investigation found that 16 invoices were provided to Gauteng DoH for payment. The SIU investigation found that Dinaane profited from to the total value of R21 650 000.

The SIU investigation found that Dinaane was not registered with SAHPRA to distribute medical devices.

c) Steps Taken

Administrative action

On 20 April 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because HSB failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

Criminal referral

On 26 July 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

Civil litigation

The SIU is reviewing evidence for the possible institution of civil proceedings to review and set aside the award of the contract to Dinaane and to recover a total amount of at least R21 650 000 in respect of what was overcharged.

8.1.1.62. Criseldas Catering and Décor CC (“Criseldas”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of catering services by Criseldas to the Gauteng DoH. The value of the contract is R416 987.

b) Summary of findings

The SIU investigation found that officials of the Gauteng DoH contacted Ms Nathaniel, who is a Member of Criseldas on eight occasions to render catering services, but Criseldas was only requested to submit written quotations for approval in respect of four of the eight instances. As such, in the other four instances, the Gauteng DoH procured catering services from Criseldas without obtaining any written quotations for such catering services, and the resulting costs were based only on verbal instructions received from the Gauteng DoH. The SIU investigation found that the Gauteng DoH only issued a commitment letter to Criseldas for the catering services on 22 May 2020, but by then Criseldas had already rendered catering services on six different occasions between 12 March 2020 and 18 May 2020. Consequently, the commitment letter was belatedly put in place, after the fact. In two instances where Criseldas actually did submit written quotations to the Gauteng DoH for approval, Ms Pino and Ms Lehloenya “forced” Criseldas to lower the quotation amounts after the catering services were rendered. Ms Pino and Ms Lehloenya informed Criseldas that if it did not lower its prices, then the Gauteng DoH would not pay for the services that had already been rendered. Ms Nathaniel, from Criseldas, complied with the requests and submitted amended invoices with lower prices, which was later paid by the Gauteng DoH.

c) Steps Taken

Criminal referrals

On 11 November 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.63. Ixodox (Pty) Ltd (“Ixodox”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of theatre boots,

surgical gowns, coveralls and N95 masks by Ixodex to the Gauteng DoH. The total value of the contracts is R71 300 000.

b) Summary of findings

The SIU investigation found that Ixodex is a private company with registration number 2012/037654/07, with registration date of the 24 February 2012. The director is Mr Aobakwe Reginald Kukama. Ixodex made use of a number of subcontractors to obtain the PPE goods.

The SIU investigation found excessive pricing by Ixodex to the value of R10 538 100.

Analysis of the documents received showed that a commitment letter was signed by Ms Lehloenya on the 20 May 2020. During that period, Gauteng DoH had the BEC and BAC committees, collectively known as Covid committees. Analysis of the minutes of the Covid committees, showed that Ixodex was not amongst the service providers adjudicated. Therefore making the awarding of the commitment letter to Ixodex irregular.

The SIU investigation found that the contract was irregularly awarded to Ixodex.

c) Steps Taken

Criminal action

On 8 September 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

Administrative action

On 9 March 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

Civil litigation

On 23 July 2021 the SIU prepared a brief to Counsel to apply to the Special Tribunal or the High Court to review and set aside the award of the contract to Ixodex to review and set aside the award of the contract to Ixodex and to reclaim the loss suffered to the Gauteng DoH to the value of R10 538 100.

8.1.1.64. Envirocon Instrumentation CC (“Envirocon”)

a) Nature of allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of Respirator Fit Tester PortaCount Pro by Envirocon instrumentation to the Gauteng DoH. The value of the contract is R1 359 990.

b) Summary of findings

The SIU investigation found that on 4 May 2020, a motivation for purchasing of occupational hygiene instruments to assist in the Covid-19 pandemic was made by Sub Directorate-Occupational Hygiene Risk Management to Dr Siphon Senabe-Chief Director Human Resource Development and Employee Health and Wellness Programme. According to the motivation, the instruments would assist with monitoring the airflow indoor air quality, pressure and fit testing Gauteng health care facilities. The motivation was approved on 14 May 2020.

On 18 May 2020 Ms Refilwe Tshabalala; Assistant Director: Occupational Hygiene Management (**Ms Tshabalala**), sent an E-mail to Envirocon Instrumentation requesting them to submit quotation. The quotation of Envirocon Instrumentation was dated 19 May 2020, and it was the only quotation reason being, in terms of Internal Checklist: Demand Management this was a deviation, Envirocon Instrumentation was sole service provider. Envirocon Instrumentation was awarded the contract to supply five Respirator Fit Tester PortaCount Pro+ the value of the contract is R1 359 990.

Envirocon Instrumentation CC is private company with registration number 1988/008931/23. It was registered on Central Supplier Database on 15 December 2015 and has four active members. In terms of B-BBEE verification it was verified and accredited by SANAS. The SIU confirmed that when Envirocon Instrumentation was appointed to supply five Respirator Fit Tester PortaCount Pro+ to GdoH, it was CSD registered and was Tax compliant.

The SIU confirmed in terms of a motivation signed by former HoD of Gauteng DoH Prof. M. Lukhele on 14 May 2020 that Envirocon Instrumentation was appointed through deviation as sole service provider. In terms of the NT SCM Instruction Note 3 of 2016/17, the account officer or accounting authority is allowed to deviate from inviting competitive bids in the case of sole provider. This was indicated in the motivation part of the deviation to purchase occupational hygiene instruments to assist in the current pandemic. The SIU confirmed from Envirocon member Howard Palmer and with a delivery note from TSI Instruments Ltd that the equipment was purchased in USA.

The SIU confirmed from Ms Tshabalala, Assistant Director: Occupational Hygiene Management that the equipment was delivered at the Johannesburg Head Offices and there is delivery note from the Gauteng DoH confirming the delivery dated 05 June 2020.

c) Steps Taken

Administrative action

On 16 August 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because HSB failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.65. Provantage (Pty) Ltd (“Provantage”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of advertising services by Provantage to the Gauteng DoH. The total value of the contract is R264 911.

b) Summary of findings

On 12 March 2020, the Gauteng DoH Chief Director: Communications and Inter-Governance Relation, Mr Modiba, contacted Provantage to run a two and half month awareness campaign on Covid-19 from March 2020 until the end of May 2020. On 25 March 2020, Provantage was issued a PO commitment letter, signed by Ms Lehloenya, for the awareness campaign which now only ran from 24 March 2020 to 30 April 2020. Provantage submitted its invoice to Gauteng DoH amounting to R264 911 (including VAT) for this advertising. A PO number was issued on 17 April 2020 to Provantage for the advertising amounting to R264 911. Provantage received payment for advertising services rendered in the amount of R264 911 on 13 November 2020.

A deviation request was approved by Prof Lukhele on 30 April 2020, which was submitted by Mr Modiba on 29 April 2020. The deviation request was approved after the rendering of service and is therefore irregular.

c) Steps Taken

Criminal referrals

On 11 November 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.66. KD Supplies (Pty) Ltd t/a Kwadines (“Kwadines”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of antiseptic bar-soaps by Kwadines to the Gauteng DoH on behalf of Gauteng DoE. The total value of the contract is R2 625 000.

b) Summary of findings

The SIU investigation found that the company KD Supplies does not exist on CIPC and the company registration number used was registered to Kwadines. The SIU that the Kwadines is managed and administered by Ms Radebe, the mother of the director of Kwadines. The SIU investigation found that Ms Radebe is employed as a Project Manager at Mogale City Municipality and that Ms Radebe failed to declare the benefits she obtains from Kwadines.

The SIU investigation found that Kwadines delivered the bar-soaps but delivered the wrong bar-soaps and also profiteered to the value of R1 189 854 which constitutes a profit of 45%.

The SIU investigation found that the Gauteng DoH did not invite competitive bids by means of an open tender process, as would normally (i.e. before the national state of disaster) have been required for any contract of a value of more than R500 000. Although there was Deviation, no proof that Gauteng DoH sought or obtained a SCM Deviation in terms of Regulation 16A6.4 of the Treasury Regulations issued in terms of the PFMA to try to make-out a case that competitive bidding was impractical, or to seek approval from the former HoD for an abbreviated SCM process in order to save time in procuring the goods.

c) Steps Taken

Criminal referral

On 8 September 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

On 8 September 2021 the SIU referred evidence to the NPA against Kwadines and its Directors, Ms Radebe and Ms Nomvula Radebe, based on evidence of fraud.

Administrative action

On 29 April 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued

in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

Civil litigation

The SIU is reviewing evidence for the possible institution of civil proceedings to review and set aside the award of the contract.

8.1.1.67. Buhle Waste (Pty) Ltd (“Buhle”)

a) Nature of Allegation

These matters form part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. The investigations into the procurement of, and contracting for removal of waste at five quarantine sites from Buhle to the Gauteng DoH. The value of the contract awarded is R4 688 922.

b) Summary of findings

The SIU investigation found that Buhle was appointed on a transversal contract GT/GDH/168/2013 during 2013 to provide waste management services at various Gauteng DoH hospitals. The contract awarded to Buhle was extended over the period 2013 to 2020. The SIU investigation found that on 01 July 2020, Mr Motha, an acting Director: Health Care Waste and Occupational Hygiene Risk Management and Chairperson of the BEC drafted a motivation requesting a further extension and deviation of scope of contract: GT/GDH/168/2013 for the health care risk waste approval. On 20 July 2021 an acting chairperson of the Gauteng Bid Adjudication Committee approved the extension of the scope of the contract awarded to Buhle to provide waste management services at the following quarantine sites:

- Eskom Academy
- Telkom centre
- Transnet (Esselen Park)
- Nasrec
- Sundown Ranch Hotel

The SIU investigation found that the services rendered were within the scope of the initial contract awarded. The SIU however found that Buhle issued over 60 invoices to Gauteng DoH for providing services at the different quarantine sites and 12 among 60 invoices were incorrectly priced. The

total amount with which Buhle Waste overpriced/charged or over invoiced the Gauteng DoH was calculated at R611 904. GDoH was informed of the overpayment.

c) Steps Taken

On 3 August 2021 the SIU referred relevant evidence to Gauteng DoH to enable Gauteng DoH to recover the amount of R611 904 from Buhle on outstanding invoices. The Gauteng DoH confirmed receipt of the referral.

8.1.1.68. Ori Medical Suppliers (Pty) Ltd (“Ori”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of sanitizers, FFP 1 masks, disposable aprons, gloves, disposable masks and scrub-suits for a period of six months by Ori to the Gauteng DoH. The value of the contract is R25 366 800.

b) Summary of findings

The SIU investigation found that two purchase orders given to Ori Medical. The first purchase order was issued on 20 April 2020 and the second on 29 May 2020. No proper process was followed in their appointment. There was also a quotation for FFP1 masks for 19 March 2020. The masks were supplied but there is no commitment letter. The masks order was included in the commitment letter for 20 April 2020.

The SIU received allegations that the Director of Ori Medical (Phuti Mashala) obtained the orders because he is allegedly close with Ms Ravele Tshikalange, the former Head of SCM at Gauteng DoH. Furthermore, that Mr Mashala was running TeeFresh and Mokone Trading who also obtained contracts from the Gauteng DoH. Mr Mashala confirmed that TeeFresh is owned by his sister and Mokone Trading by his mother in law. He further admitted that he often assists the entities in compiling quotations and further assists them in delivery of items. However, he denied having assisted them in getting Gauteng DoH contracts for Covid-19 relief.

c) Steps Taken

Administrative action

On 1 March 2021 the SIU referred relevant evidence to the SARS to enable SARS to conduct an investigation into the tax and vat compliance of Ori and its subcontractors. SARS confirmed receipt of the referral.

8.1.1.69. Kushesh Trading CC (“Kushesh”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of warehousing space and services by Kushesh to the Gauteng DoH. The value of the contract is R5 365 500.

b) Summary of findings

The Gauteng DoH initially invited proposals (on an emergency basis) from five service providers for the provision of warehouse and distribution services, but only two service providers (i.e. 3G Warehouse and Maela Distributors and Projects CC (“Maela”)) responded timeously and were subsequently shortlisted. On 13 May 2020, the Procurement Adjudication Committee awarded the contract for the provision of warehousing space and distribution services to Maela at R1 722 574, which was subject to a site visit being conducted on 14 May 2020. During the site visit, the Procurement Adjudication Committee (also referred to as the BAC) deemed the site unacceptable, and subsequently rescinded the Award Letter that was given to Maela.

The BAC requested the BEC to restart the sourcing and procurement processes; however, there is no evidence to suggest that the new sourcing and procurement processes were then commenced or completed by the relevant structures of the Gauteng DoH. Instead, Ms Lehloenya (the then CFO of the Gauteng DoH) contacted Mr Kahanovitz and Mr Mcobothi (whom she knew from her previous employment at Litha Healthcare) to assist in sourcing quotations from reputable service providers (which included Value Logistics, Imperial Logistics and Kushesh). Kushesh obtained the RFQ from Mr Kahanovitz and Mr Mcobothi and submitted its proposal to Ms Lehloenya. There is currently no evidence to suggest that any form of commission or finder’s fee was paid by the Gauteng DoH or Kushesh for the sourcing services rendered by Mr Kahanovitz and Mr Mcobothi.

The SIU investigation found that Ms Lehloenya informally informed Kushesh that its proposal was successful prior to Kushesh submitting its supporting documentation to its proposal to Ms Lehloenya, and also before the matter was recommended for approval at the BAC meeting of 18 May 2020.

The contract between the Gauteng DoH and Kushesh was not drafted and/or vetted by the Legal Services Department of the Gauteng DoH, as required, and the contract is also not in line with the General Conditions of Contract, as prescribed by the NT. It is unclear who at the Gauteng DoH may have been involved in the drafting and settlement of the contract. The contract was submitted by Ms Lehloenya to Prof Lukhele (the then HoD of the Gauteng DoH) for signature, but Ms Mulligan subsequently did not sign the contract as it contained a number of anomalies that Kushesh was not happy with.

The Kushesh proposal did not make provision for insurance on the PPE goods to be kept at the Kushesh Warehouse, as they needed the valuations from the Gauteng DoH, which were never provided by the Gauteng DoH. Kushesh repeatedly informed the Gauteng DoH (specifically Ms Pino and Ms Lehloenya) of the lack of insurance cover, but the concern was never resolved. There was no insurance on the PPE kept at the Kushesh Warehouse, which represented a risk for the Gauteng DoH.

Although the Kushesh proposal provided a rate for 6 000 m² of warehouse space, the lease agreement between Kushesh and the Landlord of the Kushesh Warehouse indicated that the warehouse space was actually only 5 880 m². Further investigation subsequently confirmed that, according to the site plan, the warehouse is actually 6 136 m², so there was no overcharging (but actually a saving) in this regard.

It was established that Kushesh Cape Town facility was registered with SAHPRA; however, the Kushesh Warehouse in Roodepoort (which was used by Gauteng DoH at the time) was initially not registered with SAHPRA as required – it has since obtained the relevant license from SAHPRA.

No suspicious transactions were identified from the review of the bank records obtained, except for a transaction between Kushesh and LNG Scientific (Pty) Ltd (who is another supplier of PPE to the Gauteng DoH, and who delivered PPE at the Kushesh Warehouse). Further investigation into this transaction confirmed that the transaction was reversed and no conflict of interest existed in this regard.

There is currently no evidence to suggest that Gauteng DoH experienced any issues with regards to the services rendered by Kushesh.

There is currently no evidence to suggest that there was any involvement of the Gauteng DoH Executive Authority, or any other political pressure, during the procurement of the warehouse and distribution services from Kushesh.

c) Steps Taken

Administrative action

On 24 June 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Kushesh failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

The SIU referred relevant evidence on 24 November 2021 to the SARS to enable SARS to conduct an investigation into the tax and vat compliance of Triakon. SARS confirmed receipt of the referral.

Acting in terms of Section(s) 4(1) (d), 4(2) and/or 5(7) of the SIU Act, the SIU referred evidence on 24 November 2021 to the Competition Commission regarding or which points to potentially

excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorised the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

Criminal referral

Acting in terms of Sections 4(1)(d) and 4(2) of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996) ("SIU Act"), the SIU will refer to the NPA evidence regarding or which points to the commission of one or more criminal offence(s) by Prof Lukhele (a former HoD of the Gauteng DoH) based on allegations of Financial Misconduct as envisaged in Section 86(1) of the PFMA, when he (in his official capacity as the HoD and Accounting Officer of the Gauteng DoH) wilfully or in a grossly negligent way failed to comply with one, more or all of the provision(s) of Sections 38(1)(a)(i), 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii), 38(1)(c)(iii), 38(1)(d), 38(1)(g), 38(1)(h), 38(1)(n) and/or 40(1)(a) of the PFMA.

8.1.1.70. Babonolo Holdings CC ("Babonolo")

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of cloth face masks and antiseptic soap by Babonolo to the Gauteng DoH, who acted on behalf of the Gauteng DoE. The value of the contract is R3 799 000.

b) Summary of findings

The SIU investigation found that Babonolo was appointed irregularly by Gauteng DoH to supply 100 000 antiseptic bar soaps. On 30 March 2020, Babonolo received a PO commitment letter, signed by Ms Pino, for the supply and delivery of the bar soaps. No appointment process was followed to procure the goods from Babanolo. The SIU investigation found that the bar soaps were delivered in batches on various days at the Hillbrow facility and the 3G Warehouse. The SIU investigation found that Gauteng DoH paid Babanolo for the goods delivered.

The SIU investigation found that Gauteng DoH invited Babonolo to partake in a Covid-19 RFQ process for the supply and delivery of cloth masks for learners in Gauteng. Following a quotation process, Babanolo was appointed to supply three layer cloth masks to Gauteng DoH on behalf of Gauteng DOE. The goods were delivered and payment was made by Gauteng DoH.

The SIU found that Babonolo charged the Gauteng DoH an exorbitant amount for the soap and cloth masks. Babonolo charged the Gauteng DoH R13.99 (excl VAT) per unit for bar soaps,

amounting to R1 399 000. Babonolo paid Victor Soaps R3.66 (incl VAT) for the supply of bar soaps, amounting to R366 000 (incl VAT). Babonolo, therefore made a profit of R1 033 000 (excl VAT) on the supply of 100 000 bar soap to the Gauteng DoH.

Babonolo charged the Gauteng DoH R24 (excl VAT) per unit for three layered cloth masks, amounting to R2 400 000. Babonolo paid Print Quarter R9.49 (incl VAT) for the supply of three layered cloth masks, amounting to R949 000 (incl VAT). Babonolo, therefore made a profit of R1 451 000 (excl VAT) on the supply of 100 000 three layered cloth masks to the Gauteng DoH.

c) Steps Taken

Criminal referral

On 2 December 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

Administrative action

On 11 October 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.71. Impela Allaince T/A Impela Consulting (Pty) Ltd (“Impela”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of consultants to the Gauteng DoH to provide technical support to implement SCM and finance reforms-demand management, strategic sourcing and bid management at the Gauteng DoH for a period of 18 months starting from 23 March 2020 to 23 September 2021. The value of the contract is R140 000 000.

b) Summary of findings

The SIU investigation found that between the period 23 March 2020 and 30 June 2020 Impela invoiced a total amount of R25 888 800 inclusive of VAT of which R17 259 200 was paid. Gauteng DoH still owes Impela an amount of R8 629 600 for work done in the month of June 2020. Gauteng

DoH indicated to Impela that payments of R8 629 600 would be withheld pending finalization of investigation by the SIU.

Invoices submitted by Impela to Gauteng DoH were analysed to determine if there was an overpayment from Gauteng DoH or over invoicing by Impela to Gauteng DoH. It was found that Impela was claiming VAT over and above their fixed contract value of R140 000 000 including VAT and as a result Impela was overpaid by an amount of R1 703 644. Findings in relation to overpayment were referred to Gauteng DoH for their determination on the matter since Gauteng DoH is still in possession of R8 629 600 for work conducted in the month of June.

c) Steps Taken

Criminal referrals

On 25 August 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.72. Olwe2 Project Management Consultancy (Pty) Ltd (“Olwe2”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of surgical masks, sanitisers, coveralls and visors by Olwe2 to the Gauteng DoH. The value of the contract is R17 645 873.

b) Summary of findings

Olwe2 is registered on the CSD on 29 June 2017. The company is registered to supply “Creative arts and entertainment services”. The CSD report confirms Non-compliant tax status.

According to a commitment letter dated 02 April 2020, The Gauteng DoH awarded Olwe2 a contract to supply of 300 000 FFP1 Mask at a cost of R19 per mask, Hand Sanitizers 500ml x 3 000 at a cost of R95 per 500ml, 1L Hand sanitizers x 2 000 at a cost of R155 per litre, 5 000 Hand sanitizers 5Lt at a cost of R650 per 5litre, 2 000 Hand sanitizers 25Lt at a cost of R2 500 per 25 litre, 2 280 Coveralls at a cost of R235 per coverall and 4 249 visors at a cost of R62 per visor. This commitment letter was signed on 2 April 2020 by Ms Thandy Pino former Head of SCM of Gauteng DoH. No evidence was found that a proper procurement process was followed in the appointment of Olwe2. The SIU conducted a price analysis calculations based on invoices and quotation

received. The SIU determined that there was over pricing on 500ml hand sanitizers, 1L hand sanitizers and 5l Hand sanitizers of about R1 233 950 in total.

c) Steps Taken

Administrative action

On 12 August 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Kushesh failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

8.1.1.73. Traikon Engineering (Pty) Ltd (“Traikon”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of thermometers, gowns, gloves and masks by Triakon to the Gauteng DoH. The value of the contract is R22 310 000.

b) Summary of findings

The SIU investigation found that Triakon was registered on CIPC on 15 May 2018 and Mr Jabu Milton Mahlangu (“Mr Mahlangu”) is the sole director. Triakon was registered on 21 July 2016 on CSD and the main function of business is Construction and Civil Engineering.

The SIU investigation found that on 20 April 2020 a commitment letter was issued to triakon by Ms Lehoenya for the supply of Digital Infrared Thermometers (3 000), Disposable Theater Gowns (50 000), Examination powder free gloves (10 000 @100 per box) and FFP2 Masks (100 000).

c) Steps Taken

Administrative action

A referral was made on 15 November 2021 to SAHPRA for contravention of the Medicines and related substances Act, Act no. 101 of 1965 by Triakon. Triakon was not registered with SAHPRA as a medical device or IVD establishment, manufacturer, distributor (including importer and/or exporter) or wholesaler referred to in Section 22C (1) (b).

The SIU referred relevant evidence on 16 November 2021 to the SARS to enable SARS to conduct an investigation into the tax and vat compliance of Triakon. SARS confirmed receipt of the referral.

Acting in terms of Section(s) 4(1) (d), 4(2) and/or 5(7) of the SIU Act, the SIU referred evidence on 16 November 2021 to the Competition Commission regarding or which points to potentially

excessive, unfair, unreasonable and/or unjust pricing by Triakon in respect of the thermometers, gowns, gloves and masks sold to the Gauteng DoH. SIU believes it justifies the institution of proceedings by the Competition Commission against Triakon and its Director(s). The regulations issued in terms of Section 27(2) of the Disaster Management Act authorised the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.74. Teepresh (Pty) Ltd (“Teepresh”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 05 June 2020 and relates to the procurement of, and contracting for the provision of Surgical Gowns by Teepresh to the Gauteng DoH. The value of the contract awarded is R2 461 800.

b) Summary of findings

The SIU investigation found that Teepresh is a private company with registration nr: 2014/022024/07. The sole director of Teepresh is Ms Thapelo Precious Maleta with ID nr 910404 0883 085. Teepresh was registered on the CSD for Government on 18 April 2016. According to the CSD registration report, the core industry under which Teepresh is registered is repair of computers and personal and household goods.

The SIU investigation found that on 20 March 2020, the Gauteng DoH issued an PO commitment letter in respect of 13 750 XXXL Enforced Surgical Gowns to the value of R1 512 500; 3 350 XXL Enforced Surgical Gowns to the value of R341 700 and 6 200 Enforced Surgical Gowns to the value of R607 600 (inclusive of VAT). Teepresh has a business account at FirstRand Bank, account number 62462954853, and the signatories on the account is Ms Maleta and Mr Phuti Cedric Mashala. Mr Mashala is not a Director of Teepresh. Mr Mashala is a director/member in various companies, including Ori Medical Supplier. Ori Medical had to supply 25 litre sanitizer, 5 litre sanitizer, disposable white aprons, disposable scrub suits and 500 ml sanitizer to the Gauteng DoH during the Covid-19 period.

Teepresh paid an amount of R500 000 to Carewell Emergencies Ambulance. The Director of Carewell is Ms Boitumelo Eunice Maake, who is also the Director of Eubee Event Management. Eubee had to supply re-inforced surgical gowns to the Gauteng DoH during the Covid-19 period. According to the “Health payment Covid-19 report April to June 2020 sundries”, Teepresh submitted an invoice to the Gauteng DoH on 24 March 2020 to the amount of R2 461 800. The

payment was authorized on 08 April 2020 and the payment to Teefresh was made out of Sundries. It was established that there was overpricing on the gowns to the value of R775 960.

Steps Taken

c) Steps Taken

Administrative action

The SIU will refer evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

The SIU will refer evidence to the SARS to enable SARS to conduct an investigation into the tax and vat compliance. SARS confirmed receipt of the referral.

A referral to SAHPRA will be made for the contravention of the Medicines and related substances Act, Act no. 101 of 1965.

8.1.1.75. Given Exclusive (Pty) Ltd (“Given Exclusive”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the provision of 400 000 N95 Masks; 300 000 3-Ply Masks and 2 600 Nitrile, powder-free, non-sterile Gloves by Given Exclusive to the Gauteng DoH. The value of the contract awarded is R33 022 000.

b) Summary of findings

Given Exclusive is a private company with registration nr: 2018/596012/07. The sole director of Given Exclusive is Ms Dlamini with ID nr 740115 0396 086. Ms Dlamini is also the Director of Figlen Property Investments.

Given Exclusive was registered on the CSD on 16 November 2018. According to the CSD registration report, the core industry under which Given Exclusive is registered is construction. Ms Dlamini holds active and inactive bank accounts with various banks. During the period 11 May 2020 to 24 September 2020, Ms Dlamini deposited R513 933 into her Capitec bank account via cash deposits and electronic fund transfers from her FNB account. Numerous monthly payments were received from Sakhumzi Restaurant. The SIU established that Ms Dlamini is employed at Sakhumzi Restaurant from 21 October 2017.

Ms Dlamini informed the SIU that she borrowed money from family and friends to be able to purchase the PPE goods. Ms Dlamini further informed the SIU that after the suppliers, family, and friends were paid she did not made a profit. According to Ms Dlamini she conducted a search on the internet for suppliers of PPE goods. Ms Dlamini purchased PPE goods from the following suppliers:

- Too Good Brands – Masks
- S M Medical – Masks
- Unitrade - Gloves
- Oss Wass Investments.- Thermos scans

Unitrade is based in Durban and supplied the nitrile gloves. It was established that the gloves were purchased by a company Figlen Consulting Services and were delivered at 6 Michelle Street Morningside, Johannesburg. The director of the company is Ms Fikile Maud Moerane (“Ms Moerane”). The gloves were delivered to the 3G Warehouse on behalf of Given Exclusive.

There were no address or contact details of Oss Wass Investments on the invoices. According to CIPC the address for Oss Wass Investments is 55 Aries Street North Wynberg, Johannesburg.

The the number provided on the invoice for S M Medical does not exist. An email was sent to the email address found on the invoice. No response was received.

The number provided on invoice for Too Good Brands does not exist and there is no email address on the invoice. The address for Too Good Brand appears to be that of TV Mall Africa in Houghton.

c) Steps Taken

Administrative action

The SIU referred relevant evidence on 15 October 2021 to the SARS to enable SARS to conduct an investigation into the tax and vat compliance of Givem Exclusives. SARS confirmed receipt of the referral.

Acting in terms of Section(s) 4(1) (d), 4(2) and/or 5(7) of the SIU Act, the SIU referred evidence on 14 October 2021 to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing by Given Exclusive in respect of the masks sold to the Gauteng DoH. SIU believes it justifies the institution of proceedings by the Competition Commission against Given Exclusive and its Director(s). The regulations issued in terms of Section 27(2) of the Disaster Management Act authorised the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

A referral was made on 18 October 2021 to SAHPRA for contravention of the Medicines and related substances Act, Act no. 101 of 1965 by Given Exclusive. Given Exclusive was not registered with SAHPRA as a medical device or IVD establishment, manufacturer, distributor (including importer and/or exporter) or wholesaler referred to in Section 22C (1) (b).

Criminal referrals

The SIU will refer evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.76. Steelwood International T/A Medena (Pty) Ltd (“Steelwood”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the provision of 500 000 Disposable Theatre Gowns to the Gauteng DoH. The value of the contract awarded is R112 253 700.

b) Summary of findings

Steelwood International is a private company with registration nr: 1997/008988/07. The Directors of the company are:

- Mr Graham Micheal Bird;
- Mr Quentin Barry Mc Namara;
- Mr Dylan Arthur Barry Mc Namara;
- Mr Charles David Michael Post;
- Mr Leonard John O’Haughey; and
- Mr Anthony Godfrey Moketsa Magetse.

Steelwood was registered on the CSD on 26 March 2020. Steelwood started to deliver at 3G Warehouse on 20 April 2020. According to Ms van Rooyen’s knowledge, there were no issues with the goods delivered by Steelwood.

c) Steps Taken

A referral will be made to SAHPRA for contravention of the Medicines and related substances Act, Act no. 101 of 1965 by Steelwood. Steelwood was not registered with SAHPRA as a medical device

or IVD establishment, manufacturer, distributor (including importer and/or exporter) or wholesaler referred to in Section 22C (1) (b).

8.1.1.77. Nyembe Waste Management (Pty) Ltd (“Nyembe Waste”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of chemical high pressure deep cleaning and decontamination at Bronkhorstspuit Hospital by Nyembe Waste to the Gauteng DoH. The total value of the contract is R154 620.

b) Summary of findings

On 11 May 2020, Nyembe Waste submitted a quotation to Gauteng DoH for chemical high pressure deep cleaning and decontamination services at Bronkhorstspuit Hospital for 2 900 square meters amounting to R74 750. On 12 May 2020, Nyembe Waste submitted a second quotation to Gauteng DoH with an increased amount of square meters, from 2 900 to 6 000, in the amount of R154 620. Upon arrival at Bronkhorstspuit Hospital, Nyembe Waste determined that the area was in fact 6 000 square meters, and not 2 900 square meters as indicated. During June 2020, Nyembe Waste submitted invoice in the amount of R154 620 for high pressure deep cleaning and decontamination for 6 000 square meters. Nyembe Waste received payment of R154 620 from Gauteng DoH on 13 November 2020.

c) Steps Taken

Administrative action

On 24 November 2021, Dr Zungu, was informed by the SIU that Nyembe Waste was appointed irregularly which resulted in irregular expenditure of R154 620 and that the Gauteng Provincial Treasury and the Office of the Auditor General should be informed of such.

8.1.1.78. Hfavoured (Pty) Ltd (“Hfavoured”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of cloth masks by Hfavoured to the Gauteng DoH. The total value of the contract is R12 500 000.

b) Summary of findings

The SIU investigation found that Hfavoured was duly registered on the CSD and the Covid-19 supplier database at the relevant time. On 11 June 2020, the Ormonde Procurement Team invited quotations for the provision of 500 000 x 3-layer cloth masks for primary school learners – it is unclear how many invitations were sent out and how many responses were received. Hfavoured charged a unit price of R25 (excluding VAT), which was the same as the recommended NT unit price which was VAT inclusive. The procurement was completed in batches, and the BEC recommended that 6 service providers (including Hfavoured) be considered for the award. On 21 June 2020, the Procurement Adjudication Committee approved the BEC recommendation to award to Hfavoured (amongst other), subject to quality assurance, and samples submitted by the service providers. On 27 June 2020, Gauteng DoH issued an award letter to Hfavour to this effect.

A deviated procurement process was followed for the procurement of goods and/or services on an emergency basis, as provided for by the NT Instruction No. 5 of 2020/2021, as amended on 20 May 2020. There is no evidence to suggest that the deviation was approved by the HoD and/or reported to Gauteng Provincial Treasury.

On 29 June 2020, Hfavoured attended a briefing session on the cloth masks held by Gauteng DoH, and was informed to deliver the cloth masks at the Bongani Rainmaker. Hfavoured delivered the 500 000 x cloth masks in batches at the Bongani Rainmaker during 6 to 27 July 2020. The SIU is to determine whether there were any issues identified and/or reported with regards to the goods delivered by Hfavoured.

Hfavoured issued two invoices, dated 10 and July 2020, for R1 250 000 (excluding VAT) and R11 250 000 (excluding VAT) respectively to Gauteng DoH – Hfavoured was not registered for VAT and subsequently did not charge VAT. It was established that the unit price for cloth masks set by NT was inclusive of 15% VAT, so Hfavoured therefore could not have charged the maximum price set by NT. To this end, Gauteng DoH acted *ultra vires* in accepting the price quotation of Hfavoured, which resulted in an overpayment of R1 875 000 for the cloth masks.

Hfavoured sourced the cloth masks from two manufacturers, being KDC Unique Designs (Pty) Ltd and Khaliques (Pty) Ltd, at a total combined cost of R6 349 675 (including VAT), whilst selling them to Gauteng DoH at R12 500 000 – this resulted in excessive profit of 96.86%.

On or around 4 August 2020, Gauteng DoH suspended payments to various suppliers, including Hfavoured due to possible non-compliance. The suspension was subsequently lifted and on 11 November 2020, Gauteng DoH processed two payments of a combined total of R12 500 000 to Hfavoured. The SIU needs to verify whether these two payments were processed as sundry payments.

c) Steps Taken

Administrative action

On 9 September 2021 the SIU referred relevant evidence to the SARS to enable SARS to conduct an investigation into the tax and vat compliance of Hfavoured. SARS confirmed receipt of the referral.

8.1.1.79. Prime Molecular Technologies (Pty) Ltd (“Prime Molecular”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of visors, face masks, gloves, theatre gowns and thermometers by Prime Molecular to the Gauteng DoH. The total value of the contract is R87 697 000.

b) Summary of findings

The SIU investigation found that on or around 22 to 24 April 2020, the former CFO of Gauteng DoH, Ms Lehloenya, approached Mr Makhubedu and requested a quotations for provision of PPE goods. There is currently no evidence to suggest that a competitive bidding process was followed in the sourcing of these goods. On 24 April 2020, Gauteng DoH issued a commitment letter to Prime Molecular for the provision of the various PPE goods; however, this commitment letter was signed by Ms Lehloenya (as the CFO) and not by the HoD. Ms Lehloenya did not have the delegated authority for the awarding of a contract above R500 000, as such delegation is vested with the HoD and could be delegated to the BAC.

It was established that Prime Molecular quoted a unit price of R59 for N95 masks, which was higher than the recommended NT price of R41.36. The SIU verified that Prime Molecular provided isolation gowns.

It was also established that Prime Molecular in some instances delivered KN95 masks instead of N95 masks, as was required. In these instances Prime Molecular invoiced Gauteng DoH for the KN95 masks at a unit price of R46.20; however, this unit price was still more than the recommended NT unit price of R41.36. Gauteng DoH has since issued a letter to Prime Molecular indicating that they should collect the incorrect stock from the 3G. The SIU is to confirm whether the incorrect stock is still at the 3G.

Gauteng DoH processed four payments to Prime Molecular with a combined value of R46 170 353 on 25 May 2020, 13 November 2020 and 13 January 2020.

c) Steps Taken

Criminal referrals

The SIU will refer evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.80. Forest Fern (Pty) Ltd (“Forest Fern”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of thermometers by Forest Fern to the Gauteng DoH. The total value of the contract is R14 490 000.

b) Summary of findings

The SIU investigation found that there was no procurement irregularities in the appointment of Forest Fern. The investigation further revealed the potential excessive profiting by Forest Fern as well as the company not being registered with SAHPRA.

c) Steps Taken

Administrative action

On 16 April 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

On 20 April 2021 the SIU referred evidence to SAHPRA pertaining to the possible contravention of the Medicines and Related Substances Act, because Forest Fern failed to ensure that it obtained a license to wholesale medical devices from SAHPRA.

On 28 July 2020 the SIU referred relevant evidence to the SARS to enable SARS to conduct an investigation into the tax and vat compliance of Forest Fern. SARS confirmed receipt of the referral.

8.1.1.81. Azania Infracon (Pty) Ltd (“Azania”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 500 000 units of three-layer cloth face masks by Azania to the Gauteng DoH. The value of the contract is R12 477 555.

b) Summary of findings

The SIU investigation found that Azania was registered on the CSD on 2 June 2017. Azania was registered on the CSD on for ‘Mining coal and lignite’. Ms Nokukhanya Gugu Nkabinde is listed as the director of Azania. The SIU investigation found that Khaliques purportedly saw the need for cloth masks for school children and manufactured these cloth masks for the different age groups of children. Azania was approached by Khaliques to supply these masks to the Gauteng DoH as Azania had prior dealings with the Gauteng DoH. Azania then approached the Gauteng DoH with their proposition and they were requested to provide a quote for the supply and delivery of the cloth masks.

On 25 May 2020, the Gauteng DoH Bid Evaluation Committee recommended that the tender for the procurement of the three layer cloth masks should be awarded to the entities that was listed during the administrative and price evaluation. Azania was among the five companies who won the supply of 500 000 cloth masks to the Gauteng DoH.

According to NT Instruction Note 5, dated 20 May 2020, the price listed for cloth masks is R24.95 per mask. There were no overpayments compared with the NT Instruction Note. Azania bought the masks from Khaliques and they charged R12.50 per mask. Therefore the profit made per mask was R10.58 which is a mark-up of 73% which is deemed excessive. The bank statements of Azania reflects that the money that was deposited for the face masks was deposit into the account of Forest Fern and not Khaliques. Forest Fern and Khaliques have the same directors.

c) Steps Taken

Administrative action

On 30 August 2021 and acting in terms of Sections 4(1)(d) and 4(2) of the SIU Act and or 5(7) of the SIU Act, the SIU referred evidence of the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing by Azania in respect of PPE sold to the Gauteng DoH, which the SIU believes justifies the institution of proceedings by the Competition Commission against Azania and its Director(s). The regulations issued in terms of Section 27(2) of the Disaster Management Act authorised the Minister of Trade and Industry to

issue directions to protect consumers of from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.82. Lorfikz Trading & Projects (Pty) Ltd (“Lorfikz”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 1 000 x 25L hand sanitizer and 1 000 x 5L hand sanitizer by Lorfikz to the Gauteng DoH. The value of the contract is R2 100 000 (including VAT).

b) Summary of findings

The SIU investigation found that Lorfikz was registered on CSD at the relevant time, and for commodities which included PPE. Lorfikz was not registered at SAHPRA; however, according to SAHPRA, hand sanitizer did not qualify as a medical device, and it therefore did not require SAHPRA registration or licensing. The payments to Lorfikz paid from the Covid-19 fund, and was not processed as a sundry payment.

c) Steps Taken

Administrative action

The SIU referred relevant evidence to the SARS to enable SARS to conduct an investigation into the tax and vat compliance of Lorfikz. SARS confirmed receipt of the referral.

8.1.1.83. Rough Seas Trading 15 (Pty) Ltd t/a Overland Plant Hire and Civils (“Rough Seas”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 2 500 units of infrared thermometers by Rough Seas to the Gauteng DoH. The value of the contract is R2 248 500.

b) Summary of Findings

The SIU investigation found that Rough Seas was registered on CSD on 16 March 2016. Rough Seas was registered on the CSD for ‘Mining support service activities’. Mr Butambo Mulampo and Mr Zimbili Mqadi are listed as the directors of Rough Seas. The company’s registered address is

Mambheleni AA, Dutywa, 5000, Eastern Cape. Malambo's latest listed residential address according to CIPC is 74 Marine Drive, Margate, Kwa-Zulu Natal, 4275. The listed address on invoices submitted to Gauteng DoH is 1069 Heuningwyser Street, Ninapark Ext 36, and Pretoria. The SIU investigation found that Rough Seas is not registered for VAT. However, The SIU investigation found that Rough Seas trades as Overland Plant Hire and Civils ("Overland"). Overland is however registered for VAT.

The SIU investigation found that Rough Seas is not registered with SAHPRA to supply medical equipment. Gauteng DoH issued a commitment letter on 27 April 2020 to Rough Seas. On 19 May 2020 Rough Seas submitted a tax Invoice to the Gauteng DoH for the supply of 1 500 Infrared Digital Thermometers a total value of R2 248 500. Gauteng DoH paid R1 723.85 for the thermometers which is below the maximum price set as per NT Instruction Note 3.

The SIU have been unable to trace the directors of Rough Seas at all addresses and telephone numbers for the company and its Directors. All addresses provided in the ITC, CIPC and CSD records were visited, to no avail. No trace of the company or its Directors could be found.

c) Steps Taken

Administrative action

On 28 July 2021 the SIU referred relevant evidence to the SARS to enable SARS to conduct an investigation into the tax and vat compliance of Nkhane. SARS confirmed receipt of the referral.

8.1.1.84. Opal Sky (Pty) Ltd ("Opal Sky")

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 5000 1 Litre sanitisers by Opal Sky to Gauteng DoH. The value of the contract awarded is R9 900 000.

b) Summary of findings

The SIU investigation found that Opal Sky was registered on 25 August 2015; the registration number of the company is 2015/297231. The company operates at 35 Aloe Crescentwood Estate Johannesburg. The company has two listed directors, Ms. Monalisa Tenge and Ms. Linda Mafa. The SIU investigation found that Opal Sky is not registered on CSD.

The SIU investigation found that the Chief Director of Supply Chain and Assets Management: Ms Pino signed a commitment letter on 30 March 2020 for a total amount of R9 900 000 addressed to Opal Sky. The commitment letter was then subsequently withdrawn and replaced by a new letter

of commitment dated 15 April 2020 for a total amount of R6 000 000. Opal Sky purchased the goods from Baju Chemical and Taste Africa.

c) Steps Taken

Administrative action

On 20 July 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

Criminal referral

On 8 September 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.85. DFC Africa (Pty) Ltd (“DFC”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of 250 000 units of three-layer cloth face masks by DFC to the Gauteng DoH on behalf of Gauteng DOE. The value of the contract is R6 047 500.

b) Summary of Findings

The SIU investigation found that DFC was registered on the CSD on 31 October 2018 with commodities listed as ‘clothing, medical apparel, textiles and personal protective equipment’. Mr Ismail Moosa is listed as the director of DFC. The director Ismail Moosa is also a director of Khaliques and Forest Fern.

On 19 June 2020, a RFQ was sent out to procure 250 000 cloth masks for the Department of Education. The specifications drawn up by the DTI was sent to the service providers. The RFQ closed on 20 June 2020. A total of 19 bidders responded. DFC was one of the bidders that responded. On 19 June 2020, DFC sent a quote to Gauteng DoH for 250 000 cloth masks to the amount of R6 050 500. The address reflected on the quote is 1008 Kruger Street, Littleton,

Centurion, 0157. This address is the address of 3G, a warehouse which is utilised by the Gauteng DoH for the warehousing and storage of PPE related supplies. The tax invoice of DFC was created and sent to Gauteng DoH on 30 June 2020. On the tax invoice of DFC it shows that payment can be made into one of three accounts of Khaliques.

The SIU investigation found that DFC delivered the 250 000 cloth masks at Bongani Rainmakers Logistics (Pty) Ltd (“**Bongani**”). DFC delivered the first batch of face masks on 6 July 2021 at Bongani and the last batch was delivered on 15 July 2021. The RLS 01 was compiled and signed on 17 July 2021 by Ms Pino: Chief Director SCM as the end user manager. The quantities and price reflected is illegible and does not correspond with the actual amount paid to DFC.

There is not a PO order on file for DFC for the supply and delivery of 250 000 cloth face masks.

c) Steps Taken

Administrative Action

Acting in terms of Section(s) 4(1) (d), 4(2) and/or 5(7) of the SIU Act, the SIU referred evidence on 1 December 2021 to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing to the Gauteng DoH. SIU believes it justifies the institution of proceedings by the Competition Commission. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorised the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

8.1.1.86. Kena Outdoor (Pty) Ltd (“Kena Outdoor”)

a) Nature of Allegation

These matters form part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. The investigations into the procurement of, the provision of communication programs at 43 Community Radio stations in Gauteng, 12 Radio Ads Simulcast interviews and 29 digital billboards from Kena to Gauteng DoH. To value of the contract is R2 669 692.

b) Summary of findings

Kena Outdoor is a private company with registration number 2014/269482/07. The directors of Kena Outdoor is Mr Lerumo Mapetla Maisela (“Mr Maisela”) and Mr Tshepo Tshiu Matsepe (“Mr Matsepe”). Kena Outdoor was registered on the CSD on 17 November 2016. The core industry under which Kena Outdoor is registered is communication services.

During March 2020, the Gauteng DoH Chief Director: Communications and Inter-Governance Relation, Mr. Modiba, contacted Kena Outdoor to run a one month awareness campaign on the Corona Virus for April 2020. The SIU investigation found that on 26 March 2020, a commitment letter was issued to Kena Outdoor for the supply or provision of services of 43 Community Radio stations in Gauteng, Radio Ads Simulcast interview x12 and 29 digital Billboards in Gauteng. Ms Ravele the former Acting Chief Director SCM signed the commitment letter. Kena Outdoor submitted its invoice to Gauteng DoH amounting to R2 669 692.67 (including VAT) for this advertising. A PO number was issued on 8 May 2020 to Kena Outdoor for the advertising amounting of R2 669 692.67 and Kena Outdoor received payment on 8 June 2020.

A deviation request was approved by Prof Lukhele on 30 April 2020, which was submitted by Mr. Modiba on 29 April 2020. The deviation request was approved after the rendering of service and is therefore irregular. The deviation request was approved after the rendering of services and is therefore irregular. Ms Ravele informed the SIU that she was instructed telephonically by Ms Lehloeny to sign the commitment letter.

c) Steps Taken

Criminal referrals

The SIU will refer evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.87. Maluba Trading Enterprise (Pty) Ltd (“Maluba Trading”)

a) Nature of Allegation

These matters form part of the allegations referred to the SIU by the Gauteng OTP on 5 June 2020. The investigations into the procurement of, and contracting for goods and services from Maluba Trading for the supply of catering services to the Gauteng DoH. The value of the contracts are R400 821.

b) Summary of findings

Maluba Trading was registered on CSD at the relevant time, and for commodities which included meat and poultry products. The SIU found that officials of the Gauteng DoH contacted the service provider on eight occasions to render catering services. The Gauteng DoH procured catering services from Maluba by only obtaining a quotation on one occasion after which no quotations were requested. The catering services were rendered upon request from the Gauteng DoH. The SIU found that the Gauteng DoH issued two confirmation letters to Maluba on 4 April 2020 and 28 May

2020. The catering services were rendered between 6 April 2020 and 29 May 2020. The SIU investigation also found that no proper SCM policies and/or processes were followed in the appointment of the service provider. There were seven payments processed to Maluba Trading, with a total value of R400 821. Maluba Trading was paid from the Covid-19 fund, and was not processed as a sundry payment.

c) Steps Taken

Criminal referral

On 2 December 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.1.88. Christopher Africa (Pty) Ltd (“Christopher Africa”)

a) Nature of Allegation

This matter forms part of the allegations referred to the SIU by the OTP on 5 June 2020. This allegation relates to the procurement of, and contracting for the supply of communication services by Christopher Africa to the Gauteng DoH for a period of three months. The total value of the contract is R450 000.

b) Summary of findings

Christopher Africa was registered on the CSD on 10 September 2019 with an industry classification of Information and Communication services.

The SIU investigation found that on 19 March 2020, Mr Modiba, Chief Director Communications at Gauteng DoH obtained a quotation from Christopher Africa to render services to Gauteng DoH. On 26 March 2020, Christopher Africa was appointed by means of a commitment letter to render services for the Gauteng DoH by Ms RT Ravele, the acting Head of SCM of Gauteng DoH. No other quotations were sourced from other suppliers for the rendering of the services. Thus, Christopher Africa’s quotation was not subjected to evaluation and adjudication.

On 26 March 2020, Christopher Africa started rendering the services for a period of three months.

On 29 April 2020, Mr Modiba requested Prof Lukhele in his capacity as the Accounting Officer to approve the ratification of deviation from normal SCM process for the appointment of Christopher Africa. On the same day, Prof Lukhele approved the ratification of deviation from normal SCM processes in the appointment of Christopher Africa. Mr Phetla further stated in his affidavit that

Christopher Africa invoiced the Gauteng DoH R450 000 for three-month work, while the value delivered was R2 333 763.

c) Steps Taken

Criminal referrals

On 1 July 2021 the SIU referred evidence to the NPA against Prof Lukhele for financial misconduct as envisaged in section(s) 81(1)(a) and/or 81(1)(b) of the PFMA or, alternatively gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the Gauteng DoH.

8.1.2. Gauteng Department of Education (“Gauteng DoE”)

a) Nature of Allegation

On 28 January 2021 the SIU received a letter from the Gauteng DoE MEC, Mr. Panyaza Lesufi dated 26 January 2021, requesting the SIU to conduct investigations into matters that relate to the GDE’s appointment of 270 service providers who rendered services relating to the decontamination, disinfection, deep cleaning and sanitization of 1 596 institutions in the Gauteng province. The institutions consist of primary schools; secondary schools; teacher centers; and district offices. The services were procured at the total cost of R427 686 242.29. The list below includes all service providers appointed; the number of institutions serviced by each; and, the value of services rendered:

| 270 Appointed service providers | | | |
|--|---|--|-----------------------------------|
| No | Service provider | Number of institutions serviced | Value of services rendered |
| 1 | 4 Waste Management (Pty) Ltd | 1 | R250 000 |
| 2 | Abaphumeleli Trading 101 (Pty) Ltd | 2 | R535 000 |
| 3 | Abira Projects (Pty) Ltd | 2 | R540 000 |
| 4 | Abitec Trading (Pty) Ltd | 3 | R815 000 |
| 5 | Adosi Holdings (Pty) Ltd | 1 | R252 000 |
| 6 | Akani Masedi Projects and Maintenance (Pty) Ltd | 1 | R252 000 |
| 7 | Angieo Chem (Pty) Ltd | 1 | R289 000 |

270 Appointed service providers

| No | Service provider | Number of institutions serviced | Value of services rendered |
|-----------|---|--|-----------------------------------|
| 8 | Antaeres Alliance (Pty) Ltd | 5 | R1 390 000 |
| 9 | Anzile Holdings (Pty) Ltd | 1 | R260 000 |
| 10 | ARO Trading Enterprise (Pty) Ltd (paid to BSS Holdings (Pty) Ltd) | 2 | R497 847 |
| 11 | Avhu Security (Pty) Ltd | 1 | R265 650 |
| 12 | BACC & Advisory (Pty) Ltd | 6 | R1 653 052 |
| 13 | Balemetsi Trading (Pty) Ltd | 2 | R520 000 |
| 14 | Basadiwe Trading Business Enterprise (Pty) Ltd | 2 | R530 000 |
| 15 | Basetsana Ba Kopane (Pty) Ltd | 4 | R1 085 000 |
| 16 | Bereal Trading and Projects (Pty) Ltd | 1 | R258 900 |
| 17 | Best Hygiene and Projects (Pty) Ltd | 5 | R800 000 |
| 18 | Bheletha Holdings (Pty) Ltd | 12 | R3 380 000 |
| 19 | BICS Engineering and Supply (Pty) Ltd | 2 | R500 000 |
| 20 | Bon Viveur (Pty) Ltd | 1 | R285 300 |
| 21 | Bonolanga Trading and Projects (Pty) Ltd | 1 | R268 835 |
| 22 | Bravopix 65 CC | 1 | R70 000 |
| 23 | BSS Holdings (Pty) Ltd | 5 | R1 394 515.14 |
| 24 | BV Ingenuity (Pty) Ltd | 4 | R1 154 000 |
| 25 | BZ Associates (Pty) Ltd | 1 | R279 000 |
| 26 | Centi Holdings (Pty) Ltd | 2 | R540 000 |
| 27 | Chachulani Group Investment Holding (Pty) Ltd | 18 | R4 768 090 |
| 28 | Chase Unlimited (Pty) Ltd | 3 | R750 000 |

270 Appointed service providers

| No | Service provider | Number of institutions serviced | Value of services rendered |
|-----------|---|--|-----------------------------------|
| 29 | Chosen Multi Purpose (Pty) Ltd | 4 | R1 049 900 |
| 30 | Chothe Trading Enterprise (Pty) Ltd | 3 | R795 000 |
| 31 | Cindyco Projects (Pty) Ltd | 1 | R280 000 |
| 32 | Coalition Trading 48 (Pty) Ltd | 2 | R550 000 |
| 33 | Courtesy Management (Pty) Ltd | 1 | R283 130 |
| 34 | Coziwave (Pty) Ltd | 2 | R558 221 |
| 35 | Deep Tunes Trading (Pty) Ltd | 1 | R289 978.35 |
| 36 | Desteny Child Trading and Projects (Pty) Ltd | 1 | R275 000 |
| 37 | Dikeledi Enterprise Bookshop and Catering (Pty) Ltd | 2 | R540 000 |
| 38 | Dikwankwetla 213 (Pty) Ltd | 4 | R1 090 000 |
| 39 | Dirang Building Projects CC | 1 | R290 000 |
| 40 | Ditodele Trading Projects CC | 4 | R819 181 |
| 41 | DVC Logistics (Pty) Ltd | 1 | R260 000 |
| 42 | Easy B Success Solutions and Projects (Pty) Ltd | 1 | R270 000 |
| 43 | Eavesdrop Trading 12 (Pty) Ltd | 3 | R820 000 |
| 44 | Ebenezer TMR Holding (Pty) Ltd | 1 | R263 900 |
| 45 | Emprior Security Services CC | 2 | R544 700 |
| 46 | Endobani Holdings (Pty) Ltd | 4 | R1 188 627 |
| 47 | Etilweni Projects CC | 1 | R299 000 |
| 48 | Everland Trading 16 CC | 2 | R574 400 |
| 49 | Ezaya (Pty) Ltd | 3 | R870 000 |

270 Appointed service providers

| No | Service provider | Number of institutions serviced | Value of services rendered |
|-----------|---|--|-----------------------------------|
| 50 | Ezine Business Services (Pty) Ltd | 1 | R256 000 |
| 51 | Favoured Street Properties (Pty) Ltd | 17 | R4 547 758 |
| 52 | FGRG Holdings (Pty) Ltd | 1 | R284 765 |
| 53 | Fhulufhedziso HR & Payroll (Pty) Ltd | 1 | R246 000 |
| 54 | Fikile Mpofana (Pty) Ltd | 43 | R11 963 000 |
| 55 | Finds Energy Suppliers (Pty) Ltd | 10 | R2 531 480 |
| 56 | Genuine Tenacity Consulting (Pty) Ltd | 4 | R1 100 000 |
| 57 | Gidigidi Building & Construction (Pty) Ltd | 5 | R1 352 400 |
| 58 | Gochi Trading CC | 1 | R290 000 |
| 59 | Godide Investments CC | 1 | R289 340 |
| 60 | Good Favour Holding (Pty) Ltd | 2 | R534 232 |
| 61 | Grade A Holdings (Pty) Ltd | 5 | R1 434 440 |
| 62 | Gramendo Projects CC | 10 | R2 700 000 |
| 63 | Greenway Technologies (Pty) Ltd | 2 | R532 100 |
| 64 | Halele Business Enterprise CC | 1 | R270 000 |
| 65 | Hamanakara Events and Projects CC | 5 | R1 320 000 |
| 66 | Heritage Projects and Consultancy (Pty) Ltd | 1 | R220 000 |
| 67 | Hobzin 013 Trading (Pty) Ltd | 11 | R2 902 800 |
| 68 | Home Ground Trading CC | 23 | R6 448 281 |
| 69 | Hot Little Numbers 3 (Pty) Ltd | 2 | R575 000 |
| 70 | I And I Holdings (Pty) Ltd | 4 | R884 500 |
| 71 | I Call The Shots (Pty) Ltd | 19 | R4 900 000 |
| 72 | IFA Training (Pty) Ltd | 1 | R269 652 |

270 Appointed service providers

| No | Service provider | Number of institutions serviced | Value of services rendered |
|-----------|---|--|-----------------------------------|
| 73 | Ikatliseng Solutions (Pty) Ltd | 9 | R2 336 000 |
| 74 | Imani Portfolio Holdings (Pty) Ltd | 19 | R5 095 791 |
| 75 | Industrial Fan Engineering (Pty) Ltd | 25 | R6 524 090 |
| 76 | Insimu Consulting (Pty) Ltd | 44 | R11 518 299 |
| 77 | Insimu Medical Group (Pty) Ltd | 17 | R4 653 245 |
| 78 | Insimu Projects (Pty) Ltd | 51 | R13 907 600 |
| 79 | Invested Property Fund (Pty) Ltd | 4 | R1 079 000 |
| 80 | JHAED Investments (Pty) Ltd | 1 | R250 000 |
| 81 | JV MMAU Holdings (Pty) Ltd | 2 | R530 000 |
| 82 | Kalahari Inn (Pty) Ltd | 15 | R3 838 300 |
| 83 | Kalako Developers Civil and Security Services (Pty) Ltd | 8 | R2 230 000 |
| 84 | Kamo-Thabi Trading CC | 1 | R265 000 |
| 85 | Kgopiso Construction and Cleaning CC | 1 | R269 960 |
| 86 | Khomanani Basai Trading and Bookshop (Pty) Ltd | 2 | R530 000 |
| 87 | Khoishi Car Maintenance CC | 3 | R780 000 |
| 88 | Khovana Trading and Projects (Pty) Ltd | 1 | R260 000 |
| 89 | Khuliso Construction and Trading CC | 2 | R560 000 |
| 90 | KMM Travels (Pty) Ltd | 28 | R7 009 000 |
| 91 | Kokano Projects (Pty) Ltd | 1 | R247 500 |
| 92 | KPRO Construction CC | 3 | R780 140 |
| 93 | KPRO Consulting SA (Pty) Ltd | 2 | R547 990 |

270 Appointed service providers

| No | Service provider | Number of institutions serviced | Value of services rendered |
|-----------|--|--|-----------------------------------|
| 94 | KTM Services (Pty) Ltd | 5 | R1 591 162 |
| 95 | Kuwaseng Trading Enterprise (Pty) Ltd | 1 | R260 000 |
| 96 | Labstyres (Pty) Ltd | 6 | R1 580 000 |
| 97 | LCTS Lambeu (Pty) Ltd | 2 | R495 850 |
| 98 | Le Bakgalaka Son (Pty) Ltd | 23 | R6 430 000 |
| 99 | Lemba Trading Enterprise (Pty) Ltd | 2 | R560 000 |
| 100 | Lerotse & Mvunge Holdings (Pty) Ltd | 1 | R260 000 |
| 101 | Letele Operations (Pty) Ltd | 1 | R280 000 |
| 102 | Limgroup Consulting Services CC | 13 | R3 546 000 |
| 103 | Limeline (Pty) Ltd | 1 | R265 000 |
| 104 | Limgroup Direct Energy (Pty) Ltd | 33 | R8 794 000 |
| 105 | Lisondalo (Pty) Ltd | 15 | R3 986 200 |
| 106 | Llibayi Projects (Pty)Ltd | 2 | R550 000 |
| 107 | LonRab (Pty) Ltd | 2 | R580 000 |
| 108 | Lu & K Products (Pty) Ltd | 2 | R30 000 |
| 109 | Lunako Solutions (Pty) Ltd | 2 | R540 000 |
| 110 | Lure Consulting (Pty) Ltd | 1 | R258 000 |
| 111 | M&E Trading and Projects CC | 1 | R233 400 |
| 112 | MT Optical Dash Eyewear CC | 1 | R310 000 |
| 113 | Maanda Investments &Technologies (Pty) Ltd | 4 | R941 483.80 |
| 114 | MAB EDD Group (Pty) Ltd | 2 | R563 000 |
| 115 | Maboho Consulting (Pty) Ltd | 2 | R565 000 |

270 Appointed service providers

| No | Service provider | Number of institutions serviced | Value of services rendered |
|-----------|---|--|-----------------------------------|
| 116 | Madikile Management and Training Consultants (Pty) Ltd | 1 | R265 000 |
| 117 | Madingani Holdings (Pty) Ltd | 1 | R260 000 |
| 118 | Mafhefhe Catering and Events (Pty) Ltd | 1 | R15 000 |
| 119 | Mafunzwani Construction CC | 8 | R2 080 000 |
| 120 | Magekha Electrical Projects CC | 1 | R289 800 |
| 121 | Magic Engineers (Pty) Ltd | 63 | R18 105 300 |
| 122 | Mahobo Consulting and Project Management Services (Pty) Ltd | 2 | R565 000 |
| 123 | Maita Engineering and Projects (Pty) Ltd | 2 | R536 500 |
| 124 | Maita Solutions (Pty) Ltd | 2 | R550 000 |
| 125 | Maltec Business Connection (Pty) Ltd | 3 | R767 291.50 |
| 126 | Maluthuli Consulting CC | 3 | R830 000 |
| 127 | Mamotlaletsi (Pty) Ltd | 3 | R830 000 |
| 128 | Manekelo Trading and Projects CC | 1 | R270 000 |
| 129 | Mangaliso Projects (Pty) Ltd | 43 | R11 601 950 |
| 130 | Manna And Quail Premium Food and Services (Pty) Ltd | 3 | R800 000 |
| 131 | Many Money Trading 51 (Pty) Ltd | 2 | R550 000 |
| 132 | Mapheceka Construction and Projects CC | 198 | R55 620 000 |
| 133 | Mapokane Enterprise Bookshop and Construction (Pty) Ltd | 3 | R815 000 |
| 134 | Mataweb Business as Expected (Pty) Ltd | 2 | R277 050 |
| 135 | Mathegu Consortium (Pty) Ltd | 1 | R286 200 |

270 Appointed service providers

| No | Service provider | Number of institutions serviced | Value of services rendered |
|-----------|--|--|-----------------------------------|
| 136 | Mazibe Property Developers | 1 | R290 000 |
| 137 | Mozambula Group (Pty) Ltd | 17 | R4 428 342 |
| 138 | Mazoto Investment (Pty) Ltd | 2 | R520 000 |
| 139 | Mbombela Chemical Suppliers (Pty) Ltd | 1 | R300 000 |
| 140 | Mbudziso Trading Enterprise (Pty) Ltd | 1 | R254 300 |
| 141 | Mclenols Holdings (Pty) Ltd | 8 | R1 940 000 |
| 142 | Mdot C Solutions (Pty) Ltd | 14 | R3 820 000 |
| 143 | Melokuhle Construction and Projects (Pty) Ltd | 36 | R9 943 000 |
| 144 | Meltin Properties 42 (Pty) Ltd | 3 | R805 000 |
| 145 | Merusu (Pty) Ltd | 1 | R255 500 |
| 146 | Mining For Future Civils (Pty) Ltd | 3 | R810 000 |
| 147 | Minqi Projects CC | 6 | R1 685 900 |
| 148 | Mirosmart (Pty) Ltd | 2 | R522 706.05 |
| 149 | Mkason Trading Enterprise (Pty) Ltd | 1 | R250 000 |
| 150 | MMMD Air Conditioning and Refridgeration (Pty) Ltd | 6 | R1 600 000 |
| 151 | Modipamma Projects and Travel (Pty) Ltd | 2 | R530 000 |
| 152 | Moshopane Business Enterprises (Pty) Ltd | 4 | R669 000 |
| 153 | Mpale Investments Holdings (Pty) Ltd | 22 | R5 858 710 |
| 154 | Mpathuli General Trading (Pty) Ltd | 1 | R320 000 |
| 155 | Mphasha Investments (Pty) Ltd | 1 | R290 000 |
| 156 | MPR Construction and Projects (Pty) Ltd | 4 | R571 700 |

270 Appointed service providers

| No | Service provider | Number of institutions serviced | Value of services rendered |
|-----------|--|--|-----------------------------------|
| 157 | Mr. Meyer Cleaning (Pty) Ltd | 4 | R1 108 000 |
| 158 | MSP Trading 261 (Pty) Ltd | 4 | R1 080 000 |
| 159 | Muimeleli Masase Construction (Pty) Ltd | 1 | R289 570 |
| 160 | Mukoka Electrical Engineering (Pty) Ltd | 2 | R503 100 |
| 161 | Mulisa Trailz (Pty) Ltd | 2 | R579 000 |
| 162 | Muta Investments (Pty) Ltd | 19 | R4 970 045 |
| 163 | Mutodandivho Trading Enterprise (Pty) Ltd | 4 | R1 105 000 |
| 164 | Mutshedzi Intergration Solutions (Pty) Ltd | 1 | R286 000 |
| 165 | Ncanies General Trading (Pty) Ltd | 2 | R507 811 |
| 166 | Ndalo Business Services (Pty) Ltd | 1 | R270 000 |
| 167 | Ndimo Trading CC | 1 | R280 000 |
| 168 | Ndirolmak Trading and Projects (Pty) Ltd | 1 | R290 000 |
| 169 | Ndozi Multi Projects CC | 1 | R278 000 |
| 170 | Nduricia Holdings (Pty) Ltd | 2 | R299 500 |
| 171 | Nebecta Trading (Pty) Ltd | 2 | R570 000 |
| 172 | Nembs Projects (Pty) Ltd | 30 | R8 890 000 |
| 173 | Netvision Energy Savers (Pty) Ltd | 15 | R4 010 071 |
| 174 | Ngobese Chemical Services and Projects (Pty) Ltd | 6 | R1 620 000 |
| 175 | Nirvana Marketing and Promotions (Pty) Ltd | 3 | R870 000 |
| 176 | Niyema Cleaning and Hygiene (Pty) Ltd | 1 | R170 000 |
| 177 | Nkele Construction and Properties Developers CC | 1 | R150 000 |

270 Appointed service providers

| No | Service provider | Number of institutions serviced | Value of services rendered |
|-----------|--|--|-----------------------------------|
| 178 | Nomazymthi (Pty) Ltd | 1 | R287 000 |
| 179 | Nozipho Holdings (Pty) Ltd | 13 | R3 690 000 |
| 180 | Nuclear Med Group (Pty) Ltd (trading as Ikani) | 4 | R1 061 000 |
| 181 | Nuga Logistics (Pty) Ltd | 3 | R280 000 |
| 182 | Nyumo Enterprises (Pty) Ltd | 1 | R287 500 |
| 183 | Othabetswe Trading (Pty) Ltd | 1 | R289 100 |
| 184 | Paintcol SA (Pty) Ltd | 1 | R265 000 |
| 185 | Parls Holdings (Pty) Ltd | 1 | R250 000 |
| 186 | Perugia Projects (Pty) Ltd | 1 | R265 000 |
| 187 | Pestocure Scientific Solution (Pty) Ltd | 1 | R289 000 |
| 188 | Pisto and Fumani (Pty) Ltd (Pty) Ltd | 1 | R270 000 |
| 189 | PMR Developers and Projects Managers CC | 27 | R7 470 000 |
| 190 | Portia's Printers Galore CC | 3 | R839 919 |
| 191 | Pristyn Investments (Pty) Ltd | 1 | R290 000 |
| 192 | Psychin Consulting (Pty) Ltd | 16 | R5 130 898 |
| 193 | Pure Meds (Pty) Ltd | 1 | R289 000 |
| 194 | Radinkwe Transport, Logistics and Projects (Pty) Ltd | 2 | R550 000 |
| 195 | Ramokgadi Trading 261 (Pty) Ltd | 3 | R815 000 |
| 196 | Randies Trade Solution (Pty) Ltd | 2 | R540 935 |
| 197 | Ratshi Property Development (Pty) Ltd | 6 | R1 590 000 |
| 198 | Renhlakanipho Projects (Pty) Ltd | 1 | R270 000 |

270 Appointed service providers

| No | Service provider | Number of institutions serviced | Value of services rendered |
|-----------|--|--|-----------------------------------|
| 199 | Retavhi Holdings (Pty) Ltd | 1 | R269 277.50 |
| 200 | Reyla Logistics (Pty) Ltd | 1 | R289 425.10 |
| 201 | Rhifumo Leruo (Pty) Ltd | 2 | R590 000 |
| 202 | Riakona Group (Pty) Ltd | 6 | R1 690 000 |
| 203 | Robie Cleaning and Projects CC | 2 | R607 210 |
| 204 | Ronbus Trading and Projects (Pty) Ltd | 13 | R3 590 000 |
| 205 | Rudylu Investments(Pty) Ltd | 3 | R830 000 |
| 206 | Runashi Trading CC | 1 | R570 000 |
| 207 | Ruva Consulting and Trading Enterprise (Pty) Ltd | 2 | R568 100 |
| 208 | Seasons Find 643 (Pty) Ltd | 3 | R845 000 |
| 209 | Seishoni Trading Enterprise CC | 8 | R2 169 293 |
| 210 | Senty Group (Pty) Ltd | 1 | R344 800 |
| 211 | Seremani Holdings (Pty) Ltd | 3 | R800 000 |
| 212 | Siroro Trading CC | 4 | R1 100 000 |
| 213 | Sizisa Ukhanyo Trading 116 (Pty) Ltd | 2 | R575 000 |
| 214 | Smangele Specialized Cleaning Projects CC | 1 | R258 750 |
| 215 | Sqalo-Innovations (Pty) Ltd | 2 | R530 000 |
| 216 | Sulibase (Pty) Ltd | 2 | R555 000 |
| 217 | TAK Business Intelligence (Pty) Ltd | 1 | R288 872.40 |
| 218 | Takusanani Holdings (Pty) Ltd | 1 | R580 000 |
| 219 | Tarcron Projects (Pty) Ltd | 22 | R6 020 000 |
| 220 | Teewaves (Pty) Ltd | 4 | R1 072 007 |

270 Appointed service providers

| No | Service provider | Number of institutions serviced | Value of services rendered |
|-----------|--|--|-----------------------------------|
| 221 | Telgopart (Pty) Ltd | 3 | R501 000 |
| 222 | Tenda Asset and Technical (Pty) Ltd | 6 | R1 594 000 |
| 223 | Tendiwanga Investments (Pty) Ltd | 2 | R580 000 |
| 224 | Terajo Trading and Projects (Pty) Ltd | 2 | R570 000 |
| 225 | Thangiv Global Projects (Pty) Ltd | 1 | R250 000 |
| 226 | Thatogatse Trading and Projects CC | 2 | R555 000 |
| 227 | The Camera Academy (Pty) Ltd | 1 | R260 000 |
| 228 | The Impact Business Enterprise (Pty) Ltd | 1 | R285 963 |
| 229 | The Light Cleaning Services (Pty) Ltd | 2 | R535 000 |
| 230 | The Supreme Training Academy (Pty) Ltd | 1 | R288 460 |
| 231 | Thendokhaye Trading and Projects (Pty) Ltd | 3 | R840 000 |
| 232 | Thenjeni Holdings (Pty) Ltd | 1 | R200 000 |
| 233 | Thikho Marketing and Administration CC | 2 | R471 000 |
| 234 | Thulaganyo Holdings (Pty) Ltd | 3 | R735 000 |
| 235 | Thuso Enviro and Agric Development CC | 1 | R269 350 |
| 236 | Tikanani Trading (Pty) Ltd | 1 | R269 100 |
| 237 | Tinissa Trading 28 (Pty) Ltd | 3 | R795 000 |
| 238 | Tlhalefika (Pty) Ltd | 1 | R290 000 |
| 239 | Tlotlomo Construction and Projects (Pty) Ltd | 2 | R539 223 |
| 240 | Todzy Trading and Projects CC | 1 | R234 000 |
| 241 | Tona Trading Enterprise (Pty) Ltd | 8 | R2 250 000 |
| 242 | Top Six Trading CC | 55 | R15 696 700 |
| 243 | Triple R Trading & Projects (Pty) Ltd | 2 | R540 000 |

270 Appointed service providers

| No | Service provider | Number of institutions serviced | Value of services rendered |
|-----------|---|--|-----------------------------------|
| 244 | True Hairress (Pty) Ltd | 3 | R812 000 |
| 245 | Tshambobo (Pty) Ltd | 2 | R570 000 |
| 246 | Tshebis Projects Investment-01 (Pty) Ltd | 1 | R249 095 |
| 247 | Tsheju Enterprice (Pty) Ltd | 5 | R75 000 |
| 248 | Tswime Construction (Pty) Ltd | 1 | R257 000 |
| 249 | Tucopro (Pty) Ltd | 3 | R676 800 |
| 250 | Tyger Roar Trading CC | 2 | R548 000 |
| 251 | Ultimate Investment Holdings (Pty) Ltd | 2 | R269 930 |
| 252 | Unalo Trading Enterprise (Pty) Ltd | 2 | R523 000 |
| 253 | Unamurunwa (Pty) Ltd | 2 | R575 000 |
| 254 | UnaNduvho Group (Pty) Ltd | 1 | R270 000 |
| 255 | Vari Holdings (Pty) Ltd | 1 | R228 750 |
| 256 | Vatavatshindi Management Services (Pty) Ltd | 2 | R500 000 |
| 257 | Vengarex (Pty) Ltd | 3 | R815 000 |
| 258 | Vhuyo Consulting (Pty) Ltd | 2 | R461 500 |
| 259 | VIC Leo Trading (Pty) Ltd | 1 | R270 000 |
| 260 | Visani Trading and Projects (Pty) Ltd | 2 | R592 000 |
| 261 | Vondo Trading Co CC | 1 | R289 684 |
| 262 | Wise Construction Company (Pty) Ltd | 1 | R289 570 |
| 263 | Wompha Trading & Projects (Pty) Ltd | 1 | R255 555 |
| 264 | Wonderboom College Of Education (Pty) Ltd | 1 | R285 000 |
| 265 | Yellowisp 20 CC | 2 | R1 090 000 |

| 270 Appointed service providers | | | |
|--|---|--|-----------------------------------|
| No | Service provider | Number of institutions serviced | Value of services rendered |
| 266 | Zee Cat Ceilings and Partitions CC | 1 | R287 300 |
| 267 | Zendalo HR Consulting (Pty) Ltd | 25 | R6 789 110 |
| 268 | Zora Solutions (Pty) Ltd | 1 | R288 000 |
| 269 | Zwanda Engineering Services and Industrial Suppliers CC | 1 | R300 000 |
| 270 | Zwivhuya Ice and Projects (Pty) Ltd | 2 | R545 000 |
| Total | | 1 596 | R431 834 512.29 |

b) Summary of findings

Irregular appointment of the 270 service providers

Upon analysis of the information received from the GDE and the interviews conducted with officials the SIU found that the 270 service providers were appointed on a deviation from regular procurement processes. The SIU found that the deviation in itself was not irregular.

However, the deviation memorandum sets out that all service providers should be appointed in line with NT regulations and guidelines; should be accredited to deliver the specialised services required; and, should be registered on the CSD. Based on the documentation provided by the Gauteng DoE and the interviews conducted with officials the SIU was able to confirm that each of the 270 service providers were irregularly appointed in that:

- The appointment process did not follow the process for procurement on an emergency delegation;
- The Gauteng DoE did not obtain three quotes from service providers as listed on CDS; and,
- SCM was not involved in the sourcing and appointment of the service providers.
- In doing so the officials involved contravened Section 217(1) of the Constitution as the procurement processes were not fair, equitable, transparent, competitive and cost-effective;

NT provisions as contained in Treasury Practice Note 8 of 2007/2008 which concludes that:

“3.4.3 Should it be impractical to invite competitive bids for specific procurement, e.g. in urgent or emergency cases or in case of a sole supplier, the accounting officer/authority may procure the required goods or services by other means, such as price quotations or negotiations in accordance with Treasury Regulation 16A6.4.”

According to paragraph 4.7.5.1 of the NT SCM: Guide for Accounting Officer and Accounting Authority dated February 2004, in urgent and emergency cases, an institution may dispense with the invitation of bids and may obtain the required goods, works or services by means of quotations by preferably making use of the database of prospective suppliers, or otherwise in any manner to the best interest of the State.

The SIU found that Mr Manngo and Mr Baloyi were responsible for the irregular appointment of the service providers. These individuals were appointed to manage the project. However, they failed to include the GDE SCM in the sourcing and appointment of the service providers. Mr Manngo contacted service providers directly without sourcing them via SCM from CSD. Mr Baloyi as the end-user of the project had a duty to ensure that SCM processes were followed but failed to do so.

In the same light the SIU found that the Mr Mhlophe as the Chief Director of SCM was aware of the project but did not ensure that SCM processes were followed in the appointment of the service providers. The SIU also found that the payment of service providers were made via the sundry payment systems which allows for less stringent controls in respect of supporting documents when procuring on a deviation. The CFO, Mr van Coller, approved the sundry payments. In doing so the SIU found that Mr van Coller failed in his duties as the CFO to ensure that proper SCM processes were followed in the appointment of the 270 service providers.

Value for money

In a report released by the GDE *“Decontamination, Disinfection, Deep Cleaning and Sanitization of Schools in Gauteng Province Safety First 2020”* dated 2020 it is stated that the GDE paid approximately R100 per square meter for services rendered in respect of the project. The report sets out that the average size of a school is approximately 2500 square meters; the average size of a teacher center is approximately 2 120 square meter; and, the average size of a District Office is approximately 5 810 square meters. The GDE set the following ceiling pricing for decontamination and deep cleaning per institution:

| Ceiling price per institution | |
|--------------------------------------|----------------------|
| Institution | Ceiling price |
| Primary School | R270 000 |
| High School | R290 000 |
| Teachers Centre | R290 000 |
| District Office | R390 000 |

The Gauteng DoE paid a total of R427 686 242.29 to the appointed service providers. Please note that the following service providers, included in the table of 270 service providers, did not receive any payment from the Gauteng DoE:

| Service providers not paid by Gauteng DoE | |
|---|-----------------------------------|
| Service provider | Value of services rendered |
| Mafhefhe Catering and Events (Pty) Ltd | R15 000 |
| Mkason Trading Enterprise (Pty) Ltd | R250 000 |
| Mphasha Investments (Pty) Ltd | R290 000 |
| Wise Construction Company (Pty) Ltd | R289 570 |
| Ramokgadi Trading 261 (Pty) Ltd | R815 000 |
| Mathegu Consortium (Pty) Ltd | R286 200 |
| Lerotse & Mvunge Holdings (Pty) Ltd | R260 000 |
| Mahobo Consulting and Project Management Services (Pty) Ltd | R565 000 |
| Nyumo Enterprises (Pty) Ltd | R287 500 |
| Rudylu Investments(Pty) Ltd | R830 000 |
| The Camera Academy (Pty) Ltd | R260 000 |
| TOTAL | R4 148 270 |

On 31 May 2021 the SIU interviewed the CEO at Bidvest Prestige in respect of pricing related to the decontamination, disinfection, deep cleaning and sanitization of buildings; and, cleaning

industry regulations and standards. He provided the SIU with a Specialised Services Costing Formulation in respect of a once-off building decontamination and anti-microbial fogging. The costing provides for transport; equipment; chemicals; materials; allowances; uniforms; personal protection equipment; deep cleaning services; carpet cleaning; and, consumable costs. The service area to be decontaminated and fogged includes: 1000 square meters building; 120 square meters of bathrooms and toilets; 650 square meters of general areas; and, 40 square meters of hand rails. The costing also provides for 3000 of square meters to be fogged. The costing provides for three staff members allocated to the sanitization team and two staff members allocated to the anti-microbial fogging team. The total costing for all services as listed and staff members adds to a total direct cost of R1 562.38. With overheads, mark-ups and VAT the total amount for costing amounts to R3, 411.13. It is thus decontamination of a total of 1810 square meters and fogging of 3 000 square meters for R3 411.13. It calculates to R1.88 per square meter for decontamination and fogging.

On 13 July 2020 Bidvest Prestige made a presentation to Mr Baloyi for the provision for services inclusive of but not limited to the disinfecting and decontamination of Covid-19 infected areas. Based on the included pricing model, a once-off decontamination for an 18 000 square meter space would amount to R38 853.83 which equates to a mere R2.16 per square meter.

The SIU obtained an affidavit from the National Contract Cleaners Association (“**NCCA**”). The NCCA was able to provide the SIU with the following pricing for the services rendered in respect of decontamination at schools after the reporting of a Covid-19 case:

| NCCA pricing per square meter | | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------------------|
| Company A | Company B | Company C | Company D | Company E | Combined NCCA average |
| R3.76 | R2.52 | R5 | R8.78 | R2 | R5.02 |

In conclusion the SIU was able to calculate an average pricing from the Bidvest information and information obtained from the NCCA. The average was calculated taking into consideration the following values per square meter:

| Averaged cost per square meter | | | |
|---------------------------------------|--------------------------------------|-------------------------------|-----------------------------------|
| Bidvest affidavit R/m2 | Bidvest Presentation R/m2 | Combined NCCA R/m2 | Average estimated R/m2 |
| R1.88 | R2.16 | R5.02 | R3.02 |

Based on the average cost of R3.02 per square meter it can be deduced that the Gauteng DoE made an approximate overpayment of R418 107 119.27 in respect of the services rendered at the 1 596 institutions serviced.

The SIU confirmed that the total value of payments which were not made to service providers, who were listed as having provided decontamination services, is R4 148 70.

Taking into account this amount not paid to service providers, the overpayment is calculated at an approximate value of R413 958 849.27.

In addition, the SIU found that prior to the Gauteng schools reopening in June 2020, they were required to ensure the deep cleaning and sanitation of their premises. The SIU was able to obtain a sample of invoices submitted by service providers independently appointed by the schools for proving the required deep cleaning and sanitisation. It is clear from these invoices that the average cost per school is approximately R20, 000 for the required services. These invoices do not compare with the invoices submitted for payment to the Gauteng DoE by the 270 service providers for similar services at similar facilities.

Corruption

The SIU identified a payment of R50 000 paid on 18 June 2020 into the Standard Bank account, account number 10110106510, of Mr Manngo who was responsible for the appointment of service providers during the decontamination project. The payment description reads as Maita S. Please note that a company named Maita Solutions (Pty) Ltd with company registration number 2016/491421/07 was appointed by the Gauteng DoE for decontamination services at the following schools:

| Maita Solutions (Pty) Ltd services rendered | | |
|--|----------------------|--------------------|
| School | Date services | Amount paid |
| Lyndhurst Primary | 20 June 2020 | R260 000 |
| Thulani Secondary | 27 June 2020 | R290 000 |

The director is listed as Ms Magodi with identification number 820818 0717 085. The payment came from a Standard Bank account, account number 16606396 which belongs to a Mr. M Magodi (“Mr. Magodi”) with identification number 811008 5807 088. The SIU requested Windeed Spider reports on Ms Magodi and Mr. Magodi. The SIU confirmed that these individuals are married. There is no legitimate reason for Mr Manngo to receive payments from a service provider appointed by the Gauteng DoE for decontamination services. The SIU further confirmed that Ms Magodi is linked to the following service providers, who were all appointed by Gauteng DoE as part of the 270 service providers:

| Service providers linked to Ms Magodi | | | |
|--|---|--|-------------------------|
| Registration number | Service provider | Number of institutions serviced | Payment received |
| 2012/160910/07 | Antaeres Alliance (Pty) Ltd | 5 | R1 390 000 |
| 2007/094952/23 | Khuliso Construction and Trading CC | 2 | R560 000 |
| 2017/654862/07 | Lemba Trading Enterprise (Pty) Ltd | 2 | R560 000 |
| 2017/163395/07 | Lunako Solution (Pty) Ltd | 2 | R540 000 |
| 2016/491421/07 | Maita Solutions (Pty) Ltd | 2 | R550 000 |
| 2018/318577/07 | Manna And Quail Premium Food and Services (Pty) Ltd | 3 | R800 000 |
| 2014/255677/07 | Seremani Holdings (Pty) Ltd | 3 | R800 000 |

c) Steps Taken

Disciplinary action

On 22 July 2021 the SIU made four referrals for disciplinary action against the listed officials for their role in the appointment and/or payment of the service providers and/or their lack of oversight in respect of the appointment process:

- Mr van Coller;
- Mr Mhlophe;
- Mr Baloyi; and,
- Mr Manngo.

The disciplinary hearing against Mr. Mhlophe; Mr. Baloyi; and, Mr. Manngo started on 09 November 2021. The proceedings are ongoing and postponed to early 2022, the exact date to be confirmed. The Gauteng DoE decided not to proceed with steps against Mr van Coller as his duties in respect of the day to day management of the SCM department is delegated to Mr. Mhlophe.

Criminal referrals

The SIU has made a criminal referral of corruption in terms of section 3 of the Prevention and Combating of Corrupt Activities Act, Act 12 of 2004 against Mr Manngo and Ms Magodi as the director of Maita Solutions (Pty) Ltd for the payment of R50 000 into the account of Mr Manngo.

Civil litigation

On 17 June 2021 the SIU obtained a Notice of Motion in respect of Mpfana and Others. The basis of the selection of services providers was based on the top 40 highest paid service providers and entities connected to these service providers. The hearing took place on 24 November 2021 arguments were heard and the judgement is reserved. Notice of Motion applies to the following service providers:

| 49 Service providers for setting aside of contracts | |
|--|--|
| No | Service provider |
| 1 | Gidigidi Building & Construction (Pty) Ltd |
| 2 | Kalahari Inn (Pty) Ltd |
| 3 | Llibayi Projects (Pty) Ltd |
| 4 | Tona Trading Enterprise (Pty) Ltd |
| 5 | Invested Property Fund (Pty) Ltd |
| 6 | Industrial Fan Engineering (Pty) Ltd |
| 7 | Grade A Holdings (Pty) Ltd |
| 8 | KMM Travels (Pty) Ltd |
| 9 | Ratshi Property Development (Pty) Ltd |

49 Service providers for setting aside of contracts

| No | Service provider |
|----|--|
| 10 | Ndirolmak Trading and Projects (Pty) Ltd |
| 11 | Limgroup Direct Energy (Pty) Ltd |
| 12 | Limgroup Consulting Services (Pty) Ltd |
| 13 | Tenda Asset and Technical (Pty) Ltd |
| 14 | Tendiwanga Investments (Pty) Ltd |
| 15 | Insimu Medical Group (Pty) Ltd |
| 16 | Zendalo HR Consulting (Pty) Ltd |
| 17 | Fikile Mpofana (Pty) Ltd |
| 18 | Insimu Consulting (Pty) Ltd |
| 19 | Mangaliso Projects (Pty) Ltd |
| 20 | Insimu Projects (Pty) Ltd |
| 21 | Lisondalo (Pty) Ltd |
| 22 | Psychin Consulting (Pty) Ltd |
| 23 | Finds Energy Suppliers (Pty) Ltd |
| 24 | Favoured Street Properties (Pty) Ltd |
| 25 | Ngobese Chemical Services and Projects (Pty) Ltd |
| 26 | Muta Investment (Pty) Ltd |
| 27 | Netvision Energy Savers (Pty) Ltd |
| 28 | Chachulani Group Investment Holding (Pty) Ltd |
| 29 | Home Ground Trading CC |
| 30 | Mpale Investments Holdings (Pty) Ltd |
| 31 | Imani Portfolio Holdings (Pty) Ltd |
| 32 | Siroro Trading CC |
| 33 | Mr. Meyer Cleaning (Pty) Ltd |

49 Service providers for setting aside of contracts

| No | Service provider |
|----|---|
| 34 | Hobzin 013 Trading (Pty) Ltd |
| 35 | Mclenols Holdings (Pty) Ltd |
| 36 | Riakona Group (Pty) Ltd |
| 37 | Kalako Developers Civil and Security Services (Pty) Ltd |
| 38 | Nembs Projects (Pty) Ltd |
| 39 | Top Six Trading CC |
| 40 | I Call The Shots (Pty) Ltd |
| 41 | Ikatliseng Solutions (Pty) Ltd |
| 42 | Ronbus Trading and Projects (Pty) Ltd |
| 43 | Mozambula Group (Pty) Ltd |
| 44 | MMMD Air Conditioning and Refrigeration (Pty) Ltd |
| 45 | Nozipho Holdings (Pty) Ltd |
| 46 | Seishoni Trading Enterprise CC |
| 47 | Melokuhle Construction and Projects (Pty) Ltd |
| 48 | Bheletha Holdings (Pty) Ltd |
| 49 | Minqi Projects (Pty) Ltd |

In addition, the SIU has referred the remaining 221 service providers to the SIU's Civil Litigation Unit for review and having the contracts set aside on the same argument as the first 49 service providers as listed above.

Potential Cash Recoveries

The SIU referred the following matters for civil litigation and the freezing of funds and assets:

a. The Mpfana Grouping

The Mpofana grouping consists of the following service providers:

| Mpofana Grouping | |
|-------------------------|---------------------------------|
| No | Service provider |
| 1 | Insimu Medical Group (Pty) Ltd |
| 2 | Lisondalo (Pty) Ltd |
| 3 | Fikile Mpofana (Pty) Ltd |
| 4 | Insimu Consulting (Pty) Ltd |
| 5 | Insimu Projects (Pty) Ltd |
| 6 | Mangaliso Projects (Pty) Ltd |
| 7 | Zendalo HR Consulting (Pty) Ltd |

The matter was referred to the Special Tribunal and the freezing order was issued on 17 May 2021 for the freezing of funds and assets valued at R43 294 118.

b. The Negota Grouping

The Negota grouping consist of the following service providers:

| Negota Grouping | |
|------------------------|--|
| No | Service provider |
| 1 | Chachulani Group Investment Holdings |
| 2 | Favoured Street Properties (Pty) Ltd |
| 3 | Finds Energy Suppliers (Pty) Ltd |
| 4 | Home Ground Trading CC |
| 5 | Imani Portfolio Holdings (Pty) Ltd |
| 6 | Mpale Investments Holdings (Pty) Ltd |
| 7 | Muta Investments (Pty) Ltd |
| 8 | Netvision Energy Savers (Pty) Ltd |
| 9 | Ngobese Chemical Services And Projects (Pty) Ltd |
| 10 | Psychin Consulting (Pty) Ltd |

The matter was referred to the Special Tribunal and the freezing order was issued on 01 June 2021 for the freezing of funds and assets valued at R22 404 113. An additional freezing order was obtained on 23 June 2021 valued at R4 600 402.

c. Remaining service providers

The SIU referred the remainder of the service providers, 221, to the Civil Litigation Unit for review. The matter was reviewed and approved referral to the Special Tribunal.

8.1.3. Johannesburg City Property (JPC)

a) Nature of Allegation

The SIU received allegations through the whistle-blower hotline that the JPC appointed service providers for deep cleaning and sanitisation services during Covid-19 lockdown that was not done on a fair and competitive process and in line with applicable legislative or regulatory prescripts. It is also alleged that the prices of the services were inflated.

| Entity | Registration number | Value of contracts |
|-------------------------------------|----------------------------|---------------------------|
| KM Mashigo Trading CC | 2007/182612/23 | R3 502 000 |
| Omphile Turnkey Solutions (Pty) Ltd | 2014/173960/07 | R4 663 000 |
| Mizana Trading (Pty) Ltd | 2012/177151/07 | R4 663 000 |
| Triple SL Tech CC | 2007/022481/23 | R5 777 610 |
| TOTAL | | R18 605 610 |

b) Summary of findings

The investigation revealed that the JPC prepared a deviation report which indicated that the CEO deviated from the normal SCM process in terms of Regulation 36 (1)(a)(v) of the MFMA. Despite the deviation, the appointment of service providers for deep cleaning and sanitisation services during Covid-19 lockdown (“the suppliers”), for the period April to July 2020, by JPC, was found to be irregular and invalid in terms of Chapter 2 of the *Constitution of the Republic of South Africa, 1996* (“Constitution”), for lack of full compliance with all the prescripts regulating public sector

procurement, as *inter alia* set out in Section 217(1) of the Constitution, Section 112(1) MFMA, as read with the Treasury Regulations and the relevant Instructions issued by NT.

c) Steps Taken

Disciplinary Action

On the 30 March 2021, disciplinary referrals for financial misconduct, as envisaged in Section 172(2) of the MFMA were made against the following officials:

- Mr Fitzgerald Ramboea – Senior Manager SCM;
- Mr Gowrie Sunker - General Manager, Special Projects;
- Ms Helen Botes – CEO;
- Ms Nandisa Zondo – Manager SCM; and
- Mr Imraan Bhamjee – CFO.

Criminal referrals

On 30 March 2021, criminal referrals for contravention of section 105(1) read with section 173(3) of the MFMA were made against the following officials:

- Mr Fitzgerald Ramboea – Senior Manager SCM;
- Mr Gowrie Sunker - General Manager, Special Projects;
- Ms Helen Botes – CEO;
- Ms Nandisa Zondo – Manager SCM; and
- Mr Imraan Bhamjee – CFO.

Administrative Action

On 1 April 2021 the SIU referred evidence to the Competition Commission regarding or which points to potentially excessive, unfair, unreasonable and/or unjust pricing. The regulations issued in terms of Section 27(2) of the Disaster Management Act authorized the Minister of Trade and Industry to issue directions to protect consumers from excessive, unfair, unreasonable or unjust pricing of goods and services during the national state of disaster, which regulations were then later promulgated.

| Entity | Registration number | Value of contracts |
|---|----------------------------|---------------------------|
| KM Mashigo Trading CC | 2007/182612/23 | R3 502 000 |
| Omphile Turnkey Solutions (Pty) Ltd Solutions (Pty) LtdSolutions (Pty) Ltd | 2014/173960/07 | R4 663 000 |
| Mizana Trading (Pty) Ltd | 2012/177151/07 | R4 663 000 |
| Triple SL Tech CC | 2007/022481/23 | R5 777 610 |
| TOTAL | | R18 605 610 |

Civil Litigation

The SIU has instructed the office of the State Attorney, Johannesburg to brief Counsel to lodge an application to review and set aside the four contracts concluded by Johannesburg Property Company, for the appointment of service providers to render deep cleaning and sanitation services during Covid-19 lockdown, in and around the Johannesburg Metropolitan areas to the value R18 605 610.

8.1.4. City of Tshwane Metropolitan Municipality (CoTMM)

8.1.4.1. Link-It

a) Nature of Allegation

The SIU received this allegation from a whistle blower who claimed that a PPE contract was awarded to company called Link-it or another company belonging to a Mr. Pillay and the price of the goods was inflated. The proceeds from the payment received were allegedly used by Mr. Pillay to purchase a house and vehicles for his family. The SIU also received further information from the whistle blower that Mr. Pillay recently transferred his assets and is intending to leave the country. The value of contract is estimated at R96 million.

b) Summary of findings

The SIU conducted interviews with the Municipal Manager of the CoTMM and had requested additional information from the CoTMM to verify the allegations. The SIU investigation found that no contracts were awarded to the service provider Link-it and there is no such person by the name of Mr. Pillay employed at the municipality or listed on their supplier database. The allegation is therefore unfounded.

8.1.4.2. Homeless Shelter

a) Nature of Allegation

The SIU received information from a whistle blower and the high media attention that the CoTMM, together with the Gauteng Department of Social Development (Gauteng DSD) allegedly opened seven shelters for the homeless people to camp at the Caledonian Stadium and to provide them with daily meals, during the lockdown. It is further alleged that the service providers had not been paid in three months. The total value of the contracts is estimated at R24 million.

| Name of service providers | No of contracts | Amount |
|---|-----------------|------------|
| Billaders Trading (Pty) Ltd | 1 | R427 756 |
| Boitsholo What Catering and Events TSJV | 1 | R209 703 |
| Dell Montsho Trading and Project | 1 | R914 530 |
| Destine Cuisine | 1 | R118 611 |
| Dinyane Business Enterprise | 1 | R96 658 |
| Empilweni Food Specialists | 1 | R117 875 |
| Ethel`s Creations | 1 | R110 469 |
| FJ`s Trading Enterprise (Pty) Ltd | 1 | R119 340 |
| Jemztshidi Trading and Projects | 1 | R119 520 |
| Khayelimnandi Catering and Events | 1 | R587 400 |
| Latsies Projects (Pty) Ltd | 1 | R104 003 |
| Mabena Group (Pty) Ltd | 1 | R613 896 |
| Mahuma Goup (Pty) Ltd | 1 | R104 938 |
| Modifho-Fela Caterers (Pty) Ltd | 1 | R118 335 |
| NendouTradings (Pty) Ltd | 1 | R119 850 |
| Nomsa Nteteng Trading and Projects | 1 | R119 830 |
| NVT Communications | 1 | R119 984 |
| Nwankumi Development Projects | 1 | R1 062 508 |

| Name of service providers | No of contracts | Amount |
|--------------------------------------|------------------------|--------------------|
| Nwanyaketi Trading Enterprise | 1 | R109 200 |
| Nyamazani Cleaning and Catering | 1 | R326 158 |
| OBS Orateng Business Solutions | 1 | R96 000 |
| Phiwe Food Service | 1 | R117 300 |
| Pre-view Future Projects | 1 | R848 156 |
| Pruzee Trading & Project | 1 | R615 602 |
| Reve Productions | 1 | R979 790 |
| Ronaretile Trading and Projects | 1 | R667 800 |
| Seletjo Service and Projects | 1 | R572 640 |
| Shelton Trading Enterprise | 1 | R116 628 |
| Sister T Promotions | 1 | R450 620 |
| Thagiso Trading & Projects (Pty) Ltd | 1 | R1 019 220 |
| The Eva Trading | 1 | R946 410 |
| Tshenuda Business Enterprise | 1 | R792 062 |
| Umqeto Catering and Projects | 1 | R751 679 |
| Kakanyo | 1 | R399 360 |
| Nyeleti Tasha B Caterers | 1 | R440 560 |
| Rabatsumi Trading | 1 | R858 820 |
| TOTAL | 36 | R13 333 949 |

b) Summary of findings

Interviews and meetings were conducted with the relevant stakeholders at the CoTMM and the service providers. It was established that no SCM processes were followed by the CoTMM when procuring these services. Invoices were verified for services rendered and an affidavit was obtained

from the Head Health inspector who acknowledges that municipal officials under his supervision inspected the services rendered by the service providers on a daily basis. It was further established that CoTMM had appointed the service providers on 19 June 2019 for a period of three years to provide catering service to the municipality if and when required. Although no purchase orders were issued for the rendering of the services the service providers were in possession of the above mentioned appointment letters by the CoTMM. No payments have been made to the service providers by the CoTMM and the SIU has advised them to stop any payments which could potentially be irregular.

c) Steps Taken

Disciplinary action

On 3 December 2020 the SIU recommended that disciplinary action be instituted against Mr Tich Mekhoe, Group Head: Community & Social Development Services. The official committed gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the CoTMM when he:

- allowed an emergency procurement process to unfold knowing very well that such a process had to include the requirements of fairness, transparency and competition to appoint the service providers.;
- Allowed the CoTMM to appoint service providers without following an authorized procurement process.

For purposes of the contents of paragraph above, the official (as the senior manager of the CoTMM) wilfully, in a grossly negligent manner and/or negligently:

- failed to ensure that that the CoTMM has and maintains effective, efficient and transparent systems of financial and risk management and internal control, as the senior manager was required to do in terms of sections 78(1) and 112(1) of the MFMA;
- failed to take effective and appropriate steps to prevent the CoTMM from incurring irregular expenditure, as he was required to do in terms of sections 78(1) and 105(1)(c) of the MFMA;
- Failed to comply, and ensure compliance by the CoTMM, with the provisions of the Treasury Regulations and Circulars to prevent the abuse of supply chain procurement processes during the national state of disaster.

On 3 December 2020 the SIU recommended that disciplinary action be instituted against Ms Thembeke Mphefu, Division Head: SCM. The mentioned official has acted wrongly in that she:

- committed gross and serious misconduct, which prejudiced the administration, discipline or efficiency of the CoTMM;
- allowed an emergency procurement process to unfold knowing very well that such a process had to include the requirements of fairness, transparency and competition to appoint the service providers.;
- allowed the CoTMM to appoint service providers without following an authorized procurement process.

8.1.5. South West Gauteng TVET College

a) Nature of Allegation

The SIU received allegations from a whistle-blower in respect of the irregular appointment of service providers at the college. The value and detail of the contracts are unknown.

b) Summary of findings

The SIU conducted interviews at the college and it was established that no PPE services were procured by the college during the lockdown period.

8.1.6. South African Police Service (SAPS)

a) Nature of Allegation

The SIU received allegations from a whistle blower of corruption against officials at the Silverton Police Station who allegedly did not follow any proper SCM processes when awarding contracts to supplier or service providers. The value of the contract is estimated at R36 million.

b) Summary of findings

The SIU established that the allegations received relates to the procurement of PPE at the SAPS Logistics in Silverton Headquarters. The contract was awarded to a company called Related IT Connexions. The SIU established that the prices and the total cost for the procurement of PPE was in line with NT directives at the time of the procurement. No irregularities were identified.

8.1.7. City of Johannesburg Metropolitan Municipality (“CoJ”)

8.1.7.1. 25 Entities under investigation

a) Nature of Allegation

The SIU received a request from the CoJ Group Forensics to investigate 25 entities within the CoJ, relating to the awarding of contracts and the procurement process defined in terms of the MFMA during lockdown. The value of the contracts awarded is R18 113 726. Below is a list of contracts awarded.

| Entity | Appointed Service Provider | Number of Contracts | Amount |
|---------------|---|---------------------|--------------------|
| Joburg Water | Zwiito Cleaning Services CC | 2 | R4 017 180 |
| | Albenoco Holdings (Pty) Ltd | 1 | R211 898 |
| | Channel Connect (Pty) Ltd | 2 | R3 462 000 |
| | Mayehlome Communications CC | 2 | R2 495 500 |
| | Young Soweters Construction CC | 1 | R1 756 500 |
| | E and B Interiors CC | 3 | R1 126 951 |
| | Subtotal | 11 | R13 070 029 |
| Joburg Market | Fan Stationers CC | 1 | R49 750 |
| | Stad Gas (Pty) Ltd | 9 | R135 590 |
| | XCO Group (Pty) Ltd | 1 | R20 279 |
| | Ksheq Consultants (Pty) Ltd | 1 | R112 500 |
| | Barath's Chemicals and Engineering CC | 1 | R4 830 |
| | Element Four Enterprise (Pty) Ltd | 1 | R69 400 |
| | Thotogelo MP Construction and Projects CC | 5 | R1 010 535 |
| | Design and Projects Palace (Pty) Ltd | 1 | R14 100 |
| | Subtotal | 20 | R1 416 984 |

| Entity | Appointed Service Provider | Number of Contracts | Amount |
|---------------------|--|---------------------|--------------------|
| Metrobus | Sihle Construction & Projects Investment (Pty) Ltd | 1 | R130 000 |
| | Westinghouse Brake & Equipment (Pty) Ltd | 1 | R485 760 |
| | Tumi & Lulu Trading and Project (Pty) Ltd | 3 | R198 000 |
| | Meddex Marketing (Pty) Ltd | 2 | R62 100 |
| | Savanah SA Chemical Solutions (Pty) Ltd | 1 | R42 000 |
| | Esizwe Group CC | 1 | R48 300 |
| | Subtotal | 9 | R966 160 |
| Central Procurement | Mreabetse Trading (Pty) Ltd | 1 | R330 000 |
| | BGK Securities (Pty) Ltd | 3 | R275 126 |
| | Pathogen and Enviromental (Pty) Ltd | 1 | R22 227 |
| | Mhlenimhleni Trading CC | 1 | R20 700 |
| | Arc Technology (Pty) Ltd | 1 | R2 012 500 |
| | Subtotal | 7 | R2 660 553 |
| | Total | 47 | R18 113 726 |

b) Summary of Findings

The SIU investigation revealed that only 1 of the 25 service providers was appointed without following an SCM process.

The SIU has found that the appointment of Design and Projects Palace Pty Ltd by Johannesburg Market was in contravention of the SCM policy and MFMA. The value of the contract was R14 300.

c) Steps Taken

A Criminal and Disciplinary referral against the Acting SCM Manager Ms Boitumelo Lephadi is being drafted and will be handed over to the relevant authority.

8.1.8. The Johannesburg Social Housing Company (“JOSCHO”) - three contracts

a) Nature of Allegation

The SIU received a request from the CoJ Group Forensics on 01/11/2020 to investigate three contracts awarded by CoJ / JOSCHO for the construction of temporary accommodation during the National State of disaster in Alexandra. The value of the contracts are R455 847 581:

- Rembu Construction CC - R194 959 039;
- Pro-Power Group (Pty) Ltd - R65 929 504; and
- SKS Business Solutions CC - R193 046 253

b) Summary of findings

The investigation has revealed that the service providers were selected from JOSCHO’s approved supplier database. Further investigation confirmed that a proper SCM process was followed in the placement of the service providers on their database.

8.2. NATIONAL DEPARTMENTS

8.2.1. National Department of Health (“National DoH”)

8.2.1.1. Digital Vibes (Pty) Ltd

a) Nature of Allegation

This matter was referred to the SIU on 26 February 2021. It is alleged that the National DoH paid R82 million to a company called “Digital Vibes” for Covid-19 awareness communication based on emergency procurement orders from the National DoH. The payments were made to Digital Vibes based on the extension of an existing communication contract with Digital Vibes that was for the purposes of communicating the proposed National Health Insurance (“NHI”) Bill. This matter has been fully investigated and the SIU issued its report to the Honourable President on 30 June 2021. The value of the contract under investigation and the SIU findings and outcomes have not been included in this final report.

8.2.2. National Department of Public Works and Infrastructure (“National DPWI”)

8.2.2.1. Caledon River Properties T/A Magwa Construction (“Magwa”) and Profteam CC (“Profteam”)

a) Nature of Allegation

This matter was referred to the SIU on 27 April 2020, and was investigated under a secondment agreement between the SIU and the National DPWI. The matter has been finalised and a secondment report was issued to the Minister of National DPWI, Honourable Minister Patricia De Lille on 27 July 2020.

It was alleged that both the contractor and the principal agent were appointed without following any formal, proper or transparent SCM process. This resulted in an inflated Bill of Quantities as there was no competitive process followed during the respective appointments. Magwa was awarded a contract for the construction of a border fence in the amount of R37 176 844, whilst Profteam received a contract to the value of R3 259 071 for professional services to be rendered. The contractor (i.e. Magwa) and the principal agent (i.e. Profteam) were responsible to oversee and construct a 40km border fence between South Africa and Zimbabwe.

During the course of the investigation under secondment, the Proclamation was published, at which point the SIU could assist the National DPWI in furthering the recommendations made by the secondment team. More specifically, the publication of the Proclamation enabled the SIU to question the suspended Director-General of National DPWI, under oath and on record in terms of section 5(2)(b) and (c) of the SIU Act, for his role in the irregular procurement process.

b) Summary of findings

The investigation conducted by the SIU revealed a series of procurement irregularities, as well as irregularities during the execution of the project. Furthermore, the SIU identified possible acts of fraud perpetrated by identified officials of National DPWI, and the service providers involved in the execution of the project.

c) Steps Taken

Disciplinary action

In the secondment report issued, disciplinary charges were recommended against at least 13 senior NDPWI officials, which included the advisor to the Minister of National DPWI. The National DPWI instructed independent counsel to handle the disciplinary processes. The disciplinary hearings have not commenced and the SIU will be monitoring these matters very closely. The names of the officials concerned are:

- Advisor to the Minister: Ms Mellisa Whitehead (“Ms Whitehead”);
- Director-General (“DG”): Adv. S Vukela (“Adv. Vukela”);
- Deputy Director-General (“DDG”): Construction, Mr Batho Mokhothu (“Mr Mokhothu”);
- Director: Special Projects, Ms Jabulile Mabaso (Project Manager) (“Ms Mabaso”);
 - Acting Chief Financial Officer: Ms Juanita Prinsloo (“Ms Prinsloo”); and Ms Chairperson of the NBAC;
- The members of the National Bid Adjudication Committee (“NBAC”):
 - Mr Papi Mekwa (“Mr Mekwa”);
 - Mr Humbulani Sigwavhulimu (“Mr Sigwavhulimu”);
 - Mr Thembani Makaurau (“Mr Makaurau”);
 - Mr Themba Sibeko (“Mr Sibeko”);
 - Mr Tebogo Rametse (“Mr Rametse”);
 - Mr Raymond Naidoo (“Mr Naidoo”);
 - Mr Andries de Klerk (“Mr de Klerk”); and
 - Mr Malusi Hadebe (“Mr Hadebe”).

Criminal referrals

On 23 September 2020, the SIU referred evidence to the NPA in terms of section 4(1)(d) of the SIU Act. The evidence referred points towards the commission of the criminal offence of fraud perpetrated by individuals and entities involved in the construction of the fence. The SIU referred the conduct of the following six individuals and/or entities:

- Director General of DPWI: Adv. Vukela;
- Project Manager: DPWI : Ms Mabaso
- Chief Director: Construction: DPWI : Mr W Hlabangwane
- Director Magwa: Mr B Pringle
- Director Magwa: Mr MI Lejaka
- Director Profteam: Mr KS Mtshali

Civil Litigation

On 23 September 2020, the SIU instituted civil proceedings in the Special Tribunal to the value of approximately R40 million. The SIU obtained an Order which stipulates that the National DPWI is

interdicted from making any further payments to the contractors. The Order also restrained money in the bank accounts held by Magwa and Profteam. However, the Special Tribunal directed that in the alternative, a bank guarantee in the amount of R21 819 878 (Magwa) and R1 843 005 (Profteam) must be issued, pending the action proceedings in the Special Tribunal.

On 18 January 2021, both Profteam and Magwa filed its Heads of Argument relating to jurisdiction of the Special Tribunal. The matter was heard on 26 January 2021. The Special Tribunal Judge reserved judgment on this issue and progress will be reported on outcome of such.

8.2.3. National Health Laboratory Services (“National HLS”)

8.2.3.1. PPE procurement

a) Nature of Allegation

This matter was referred to the SIU on 28 August 2020. It is alleged that a R72 million tender was awarded to entities belonging to Mr Hamilton Ndlovu and Feliham, a company owned by Mr Ndlovu’s fiancé, for the provision of PPE. The SIU established that although Feliham was restricted via the CSD from doing business with the State, officials at the National HLS circumvented this restriction and awarded a contract to Feliham worth R14 475 500 and paid said monies to Feliham between 24 April 2020 and 25 April 2020 for 2 500 000 Surgical Shoe Covers. It has been established that Mr Ndlovu was awarded a R3 million tender by National HLS in 2019, for the building of a prefab laboratory in Port Elizabeth. The available evidence indicates that the SCM diverted this tender for the prefab laboratory, to the award of PPE, nearly four months after Mr Ndlovu was awarded this contract.

The table below depicts the names of service providers including values of contracts. It should be noted that certain suppliers received more than one contract/purchase order:

| Entity | Amount |
|---|---------------|
| HamiltonN Holdings (Pty) Ltd | R7 215 675 |
| Joritans Logistics (Pty) Ltd | R6 999 000 |
| Persto (Pty) Ltd | R2 040 000 |
| Persto (Pty) Ltd | R13 025 000 |
| Kgodumo Mokone Trading Enterprise (Pty) Ltd | R35 625 000 |
| Feliham (Pty) Ltd | R7 237 500 |

| Entity | Amount |
|--|---------------------|
| Abompetha (Pty) Ltd | R17 465 000 |
| Feliham (Pty) Ltd | R7 237 500 |
| Bugatti Security Services and Projects (Pty) Ltd | R18 200 000 |
| MOK Plus One (Pty) Ltd | R17 493 000 |
| MOK Plus One (Pty) Ltd | R357 000 |
| Bugatti Security Services and Projects (Pty) Ltd | R39 847 500 |
| MedExperts | R92 000 000 |
| TOTAL | R264 742 175 |

It was further alleged that MedXperts had been irregularly awarded contracts for the provision of PPE to the National HLS for the supply of nasal swabs to the value of R92 million, which allegedly was greatly inflated.

b) Summary of findings

The SIU investigation uncovered a web of inter-linked entities, all purporting to operate independently. However in essence, the entities were all the alter ego of Mr Ndlovu. The SIU investigation determined that the entities which conducted business with the National HLS for PPE (and which is listed above) upon receipt of the National HLS funds, transferred same to Mr Ndlovu and entities linked to him.

The SIU, *inter alia*, established that although Feliham (Pty) Ltd (“Feliham”) was restricted on the NT CSD from doing business with the State, officials of

The National HLS circumvented this restriction and awarded a contract to Feliham worth R14 475 500 and paid said money to Feliham between 24 April 2020 and 25 April 2020 for 2 500 000 Surgical Shoe Covers. However, the SIU determined that Mr Hamilton Ndlovu is indirectly linked to various other entities and the entities were all awarded contracts by the National HLS through irregular procurement processes.

The SIU obtained evidence which revealed that Mr Ndlovu was the individual behind the submission of quotations by the different entities, the purchase of the required PPE and to some extent the delivery. The available evidence indicates that he is the owner of the entities and is both the direct and indirect beneficiary of the funds received from National HLS.

The entities and/or Mr Ndlovu failed to reveal the true nature of their relationship to National HLS, and as such, obtained its contracts unlawfully and fraudulently from the National HLS.

The obtained evidence indicates that the contracts to the entities stem from an abuse of the emergency procurement procedures that were adopted by the National HLS.

In its investigation into the appointment of MedXperts, the SIU established that the correct SCM process had been followed; that MedExperts did not overcharge National HLS and had delivered of nasal swabs.

An amount of R172 million was paid by the National HLS to the entities either directly or indirectly linked to Mr Ndlovu.

After analysing the available documentation, the evidence indicated that:

- Quotations from other entities were found on Hamilton Holdings offices. This raises the suspicion of cover quoting or SCM officials at National HLS colluding with him;
- At least 19 Purchase Orders were issued by the National HLS amounting to R165 868 500 (excluding VAT);
- 13 of these Purchase Orders were issued by 1 Procurement Officer, being Ms Lebohang Moleko, who also refused to sign her affidavit;
- There is VAT on only 2 of the 19 invoices to the NHLS = R2 426 175. No VAT on the 17 other invoices;
- Three of the 19 invoices are not available (the first two from HamiltonN Holdings and Joritans respectively and the last 1 from Bugatti);
- Six invoices were noted for which no NHLS purchase orders are available (Total = R49 218 000). R27 625 000 of this was invoiced by Kgodumo;
- The deliveries to the National HLS seem very questionable;
- Some Units and Unit Prices appear questionable (boxes vs units); and
- Some PPE were clearly purchased from Pinnacle Protection Enterprises at low prices and also through Maponya 911 Medical Emergency Medical Services.

The available evidence further indicates Hamilton Ndlovu was involved with the quotations and invoices for the different entities. The following was noted:

- On 03 April 2020 quotations for five entities were prepared on the same day and one on the previous day;

- On 06 April 2020 a total of four invoices were issued for three entities;
- On 16 April 2020 a total of five invoices were issued for four entities and another three invoices for one entity on the 15th April 2020 (in other words, basically 2 days of invoicing for 8 different entities);
- The deliveries also seem to be very much co-ordinated for the different entities, see for example 6/7 April 2020 and also 14/15 April 2020;
- Neither the CFO, nor the CEO signed or approved a total of 13 POs related to PPE; and
- One National HLS official signed 13 of these POs.

The analysis of over 70 bank accounts, revealed that:

- A total of 10 bank accounts were analysed thus far.
- All companies who were awarded PPE contracts, made payments to Ndlovu's account and these payments were diverted to Hamilton Holdings, as well as Feliham (his fiancé's company).
- R42 million from these companies was transferred to Ndlovu's personal account, potentially money laundering.
- The available evidence indicates that very little was actually paid for the PPE and/or that there was a huge mark-up.
- The details/reports from the FIC in respect of the other three entities identified, i.e. Joritans, Bugatti and Kgodumo, were requested as these three seem to be even bigger than the 5 entities originally identified (refer to attachment on POs).

c) Steps Taken

Disciplinary action

Eight disciplinary referrals were made to the CEO of National HLS. Referrals were made against:

- Mr T Mabundza – Head: SCM (resigned before the disciplinary hearings commence);
- Mr M Sass – CFO;
- Ms A Noganta – Manager: Procurement (resigned before the disciplinary hearings commence);
- Ms N Manaba – Procurement Supervisor;
- Ms F Mthembu – Procurement Officer;

- Ms K Ramosotho – Procurement Officer (resigned before the disciplinary hearings commence);
- Ms L Moleko – Procurement Officer; and
- Ms M Thulo – SCM Administrator.

All charge sheets have been issued. The disciplinary process will commence shortly.

Criminal referrals

On 11 December 2020, 11 criminal referrals were made to the NPA. Referrals were made against:

- Mr Ndlovu – Director : Hamilton Holdings (Pty) Ltd
- Mr K Mbewe – Director: Joritans (Pty) Ltd
- Mr ML Lowa – Director: Joritans (Pty) Ltd
- Mr LD Ndlovu – Director: Hamilton N Projects (Pty)Ltd
- Mr PC Rabosiwana – Director: Persto (Pty) Ltd
- Mr GM Matlala – Director: Kgudomo (Pty)Ltd
- Ms F Sekete – Director: Feliham (Pty) Ltd
- Mr KT Kgame – Director: Bugatti Private Security and Projects (Pty) Ltd
- Mr TO Kunene – Director: Abompetha (Pty) Ltd
- Mr K Sekgaolelo – Director: Abompetha (Pty) Ltd
- Mr STT Mokone – Director: Mok Plus One (Pty) Ltd

Civil litigation

The SIU commenced with civil litigation and briefed counsel. An application seeking a Preservation Order was brought before the Special Tribunal on 31 August 2021, whereupon the SIU was granted an Interim Order, freezing R30 million in immovable property from Hamilton Holdings (Pty) Ltd and six other respondents. On 4 October 2021, the Special Tribunal issued an Order directing Akhanni (Pty) Ltd to surrender two movable assets (trucks) to the Sheriff of the High Court. The Special Tribunal also appointed a curator bonis in order to preserve the assets. On 6 October 2021, a review application was launched in the Special Tribunal against 16 Respondents. Some of the Respondents have since filed Notices of Intention to Oppose. The first and second case management meeting has been held.

8.2.4. National Department of Basic Education (“National DoE”)

a) Nature of Allegation

This matter was referred to the SIU on 24 August 2020. It is alleged that the National DoE outsourced the SCM process for the provision of water tanks to schools in six provinces to Rand Water (“RW”) and that Rand Water failed to follow a proper SCM process when appointing contractors. It is further alleged that the cost of the water tanks, which appears to be a very simple JoJo Tank, were heavily inflated costing up to R170 000 each. Water tanks were procured in KwaZulu-Natal, Free State, Eastern Cape, Mpumalanga, Limpopo, North West and Gauteng. The SIU initially received allegations relating to 148 matters. During the review of the records and including the findings of the AGSA, the SIU determined that only 26 matters required investigation involving some level of irregularity in the SCM process. The table below depicts the names of the entities which were investigated by the SIU:

| No. | Name of Company | No. | Name of Company |
|-----|-----------------------------------|-----|-------------------------------|
| 1 | AN Yende Transport and Trading CC | 14 | Pinquer Multi Trading |
| 2 | ABT Telecoms | 15 | Sekotlane (Pty) Ltd |
| 3 | Nondzaba Consulting | 16 | Risima Management Consulting |
| 4 | Amarhudulu Trading CC | 17 | Sinvac (Pty) Ltd |
| 5 | Mbongeni Earthmovers | 18 | SQT Construction and Civils |
| 6 | MGH SA (Pty) Ltd | 19 | Stodamanzi |
| 7 | Apex Nation Group (Pty) Ltd. | 20 | Langalibalele General Trading |
| 8 | Dice Advisory Services | 21 | Leano 87 Solutions (Pty) Ltd |
| 9 | Drop Dot (Pty) Ltd | 22 | Triponza Trading 804 |
| 10 | Gembe Omude | 23 | Tshike Trading CC |
| 11 | Hero Rotomoulders | 24 | JoJo Tanks |
| 12 | Bannow Africa | 25 | Oliver Logistics |
| 13 | Elmon Consulting (Pty) Ltd | 26 | Maskhanyi (Pty) Ltd |

b) Summary of findings

The water tanks were to be delivered to 3 475 schools in order to assist with the requirements necessitated by the Covid-19 pandemic. A tripartite agreement was entered into and between the National DoE, RW and the Department of Water and Sanitation, in terms of which RW was the implementing agent on behalf of National DoE. As such, RW was responsible to appoint service providers to provide the required water tanks, water and slabs. The SIU determined that the RW appointed the service providers by following procurement processes. It was also a requirement of RW that all service providers had to be registered on the NT CSD. The SIU determined that RW also actively sourced its service providers from the CSD. The SIU obtained evidence which indicated that RW conducted a vetting process and performed an analysis of service providers prior to appointment. It also conducted a verification of any possible conflict of interests and proactively monitored and audited the project.

The budget for the project was R600 million. National DoE paid R222 275 to RW to implement the project.

The SIU conducted site visits and ascertained that several permanent stands, which were constructed by the service providers appointed by the RW, were cracked and that several schools had temporary stands. Mr Mthunzi Lushozi, a Project Manager at RW, informed the SIU that in instances where permanent stands had been erected at schools and were cracked, suppliers were not paid. Furthermore, the RW and National DoE agreed that in some instances temporary stands were to be erected for the water tanks.

The SIU investigation determined that National DoE representatives at schools were responsible to sign-off the receipt of water tanks, water and the stands. Furthermore, RW had deployed its own staff who travelled to the various provinces conducting spot checks where practical.

The table below depicts the names of the entities that performed work for RW and where the SIU investigation did not reveal any irregularities:

| No. | Name of Company | No. | Name of Company |
|-----|---|-----|-------------------------------------|
| 1 | Amangxongo Trading | 48 | Lwati V Trading |
| 2 | Amathiyane Trading Projects | 49 | Mabozela Trading |
| 3 | Amawundlu Business Enterprise (Pty) Ltd | 50 | Manelisi Projects CC |
| 4 | Atlehang Basadi | 51 | Manyoni & Gija Investments CC |
| 5 | Aventro | 52 | Mangedlewula Projects |
| 6 | Bahlaping Trading Enterprise CC | 53 | Manong Construction and Projects CC |

| No. | Name of Company | No. | Name of Company |
|-----|--|-----|---|
| 7 | Bakhuthi Trading CC | 54 | Mantso Projects And Consultancy (Pty) Ltd |
| 8 | Baakgona Trading and Projects | 55 | Mantiyane Investment |
| 9 | Bapuleng Social Resources (Pty) Ltd | 56 | Mhlava Civil Construction CC |
| 10 | Baritrax (Pty) Ltd | 57 | Miltant Consulting (Pty) Ltd |
| 11 | BB Water Services (Pty) Ltd | 58 | Molotlegi Construction and Projects (Pty) Ltd |
| 12 | Bongu Nathi (Pty) Ltd | 59 | Monnye and khomo (Pty) Ltd |
| 13 | Bontinite | 60 | Moribo Wa Africa Trading Enterprise 33 |
| 14 | BT Projects | 61 | Mpezama Sibani JV |
| 15 | Buchule Engineers | 62 | Mqura Trading (Pty) Ltd |
| 16 | Buffalo Tanks | 63 | Mthuthukiswa Construction (Pty) Ltd |
| 17 | Burewa Trading 84 CC | 64 | Mudzidzidzi Supply & Projects (Pty) Ltd |
| 18 | Burgerrecht General Dealer and Construction Projects | 65 | Mvimbeni Holdings |
| 19 | Cheapest C M A Trading Enterprise CC | 66 | Mzamo and Mzamo Development Projects CC |
| 20 | Coalition Trading | 67 | Ngcebo Agricultural and Rural Development CC |
| 21 | Calcamite Water and Sanitation Solutions | 68 | Nkuriso Development Projects (Pty) Ltd |
| 22 | Eagle Ukhozi Transport | 69 | Ntsako Lethabo Trading (Pty) Ltd |
| 23 | Ekene Investments CC | 70 | Ntswenyane Investment and Projects CC |
| 24 | Ergoflex 520 CC | 71 | N'wa Mhlave Trading Enterprise CC |
| 25 | Ezegugu Contractors CC | 72 | Phingose Holdings |

| No. | Name of Company | No. | Name of Company |
|-----|------------------------------------|-----|---|
| 26 | Fatuwani Project (Pty) Ltd | 73 | Phiseth Construction |
| 27 | Five to Nine Trading 529 (Pty) Ltd | 74 | Rachi's Trading |
| 28 | Future Success Construction | 75 | Sebeela Trading Enterprise CC |
| 29 | Isiphethu Water Service | 76 | Sehlule Trading and Projects |
| 30 | Ithala Lezemfundo (Pty) Ltd | 77 | Sinovuyo Properties (Pty) Ltd |
| 31 | Ithemba Lakusasa (Pty) Ltd | 78 | Shine The Way 771 CC |
| 32 | Iviwe Engineering Solutions | 79 | Sifunda Investment |
| 33 | Juba Fly Investments | 80 | Sikhosonke Trading and Investment |
| 34 | Katlemba (Pty) Ltd | 81 | Sisondvwa Investment Enterprise CC |
| 35 | Katrina Speed (Pty) Ltd | 82 | SSSLM Trading |
| 36 | Khaya Lesedi | 83 | Sthenjwa Africa (Pty) Ltd |
| 37 | Kis & Canton JV | 84 | Syaya Trading (Pty) Ltd |
| 38 | Klipcorp (Pty) Ltd | 85 | Slindile2020 Projects (PTY) Ltd |
| 39 | Kuyazanya Construction | 86 | Thakane Events |
| 40 | Lake Kariba Construction | 87 | Tsuganang Khasani JV |
| 41 | Lampchops Multi Traders CC | 88 | Ubungcweti Technologies |
| 42 | Landelane Trading (Pty) Ltd | 89 | Ukubhukuda Trading and Projects 169 CC |
| 43 | Lee-Call Projects (Pty) Ltd | 90 | Virgin Creative |
| 44 | Lilotaki Construction (Pty) Ltd | 91 | Vitsha PM Consultants CC |
| 45 | Lonilox (Pty) Ltd | 92 | Zena Properties |
| 46 | Lwandle Africa Group (Pty) Ltd | 93 | Zibulo Projects |
| 47 | Lesideng Empire Group (Pty) Ltd | 94 | Zamalwandle Transport Logistics (Pty) Ltd |

c) Summary of findings

The SIU investigated 146 matters. This includes an additional 23 matters which was referred to the SIU by the office of the AGSA. The SIU determined that in 114 instances, the matters did not warrant further investigation. This was due to the fact that no irregularities were identified in the appointment of the service providers concerned and/or delivery of the goods and/or services. On 7 May 2021, the SIU was informed by RW, that the utilised funds it received from the National DoE had been refunded. On 25 August 2021, the SIU confirmed with the National DoE that R60 million had been refunded to it by RW. The budget which the National DoE allocated for the project was R600 million. National DoE paid RW R222 million to execute the project. RW however refunded the National DoE R60 million after the execution of the project.

d) Steps Taken

SARS Referral

30 August 2021, the SIU submitted SARS referrals against the following three entities:

- AN Yende CC with the registration number 2006/190343/23;
- Apex National Group (Pty) Ltd with the registration number 2015/247530/07; and
- Tshikes Trading CC with the registration number 2006/183438/23.

The said SARS referrals related to non-submission of Tax Clearance Certificates (“TCC”) when the said entities submitted its bids to RW.

8.2.5. National Department of Transport (“National DoT”)

8.2.5.1. C-Squared Consumer Connectedness and 4 others

a) Nature of Allegation

On 10 September 2020, allegations which pertained to a multiple award approach which National DoT had adopted in the procurement of its PPE were reported to the SIU. It was alleged that National DoT had adopted this approach in order to meet the necessary volumes requested in the distribution for PPE. National DoT was required to purchase and deliver PPE products for members of the public transport sectors (Taxis and Taxi Ranks) across all nine provinces, PPE for National DoT personnel, as well as PPE for the DoE Scholarship Project.

The allegations received by the SIU were that during the procurement of the PPE items, the National DoT failed to follow a procurement process that was fair, competitive, transparent, equitable and cost effective.

During the SIU's review of the records it received, it was established that the following suppliers were appointed to provide PPE commodities:

| No. | Name of Companies | Amount |
|---|--|-----------------------|
| SANTACO / Hlokomela Corona Virus Project | | |
| 1 | C-Squared Consumer Connectedness ("C-Squared") | R15 291 292 |
| 2 | Ecko-Green Environmental Consulting | R8 072 000 |
| 3 | Mistralog | R1 368 000 |
| Scholarship Project | | |
| 4 | Maphutha ba Africa | R4 287 550 |
| 5 | Atlas Paints | R894 844 |
| 6 | Amet Furnishing | R51 750 |
| 7 | Cherry Pickles | R175 500 |
| 8 | Hamisa Safety Equipment Supplies | R26 569,14 |
| 9 | Morerishi General Trading cc | R90 000 |
| | Total | R22 992 705,14 |

b) Summary of findings

Ecko Green

It was established that the details for Ecko Green as provided to the DG's office by the CEO of SANTACO: Mr Nkululeko Buthelezi. The Director of Mistralog is Chamaine Londiwe Noncebo Buthelezi, she is an administrative manager at the company Pendowell of which Mr Nkululeko Buthelezi is the Director. It is evident from the flow of money after receiving payment from National DoT, 14% of the profit was paid to the CEO of SANTACO: Mr Nkululeko Buthelezi. It is evident that the CEO and others used Mistralog as a front, in getting this PPE contract from National DoT.

The Director of Ecko Green is Ms Sharon Bhimjee. It is evident from the flow of money after receiving payment from National DoT, portion of the profit was paid to the CEO of SANTACO: Mr Nkululeko Buthelezi. It is evident that the CEO and others used Ecko Green as a front, in getting this PPE contract from National DoT. The SIU investigation established that Ecko Green was not registered on the CSD when it was appointed by National DoT. Ecko Green is not registered to supply Covid-19 PPE commodities. Ecko Green is not a manufacturer of PPE. The SIU

investigation found that Ecko Green had made a misrepresentation by manipulating the CSD profile for supplier number MAAA0902160, by amending the legal name of this company (K2013138175 (South Africa)) to Ecko Green. The SIU investigation identified excessive pricing charged by Ecko Green when compared to the maximum price threshold prescribed by NT. The excessive price amounts to R9 900. The profit made by Ecko Green amounts to R1 701 000 and a referral will be made to the Competition Commission.

Mistralog

The SIU investigation established that the details for Mistralog was provided to the DG's office by the CEO of SANTACO: Mr Nkululeko Buthelezi. The Director of Mistralog is Chamaine Londiwe Noncebo Buthelezi, she is an administrative manager at the company Pendowell of which Mr Nkululeko Buthelezi is the Director. It is evident from the flow of money after receiving payment from National DoT, 14% of the profit was paid to the CEO of SANTACO: Mr Nkululeko Buthelezi. It is evident that the CEO and others used Mistralog as a front, in getting this PPE contract from National DoT. The Acting CFO and SCM Director did not follow the proper emergency procurement processes in awarding a contract to Mistralog. Mistralog is not registered to supply Covid-19 PPE commodities, neither is it not a manufacturer of PPE. The SIU investigation ascertained that fraud had been committed by the CEO and other officials, who utilised Mistralog as a front in obtaining this PPE contract from National DoT. The SIU investigation found that excessive pricing was charged by Mistralog when compared to the maxim price threshold prescribed by NT. The excessive price was above 34%. The profit made by Mistralog amounts to R348 000 and the SIU will refer this matter to the Competition Commission. The appointment of Mistralog was done on an urgent basis but assessment of the delivery notes dates, revealed that the goods were delivered a month later, and hence the procurement thereof was not urgent. It was established that Mistralog is not registered with SAHPRA.

C-Squared

The SIU established that the Acting CFO and SCM Director did not follow a proper emergency procurement processes in awarding a contract to C-Squared. It was determined that the names of suppliers were provided by the DG's office to the SCM Director. The DG confirmed to the SIU that he had provided C-Squared's details to SCM, as they had stock on hand for immediate supply. The appointment of C-Squared was based on urgency, but when assessing the delivery notes dates for each round, it is evident that these goods were not delivered immediately. A reasonable inference can therefore be drawn that there may not have been real urgency, or in the alternative that the late delivery defeats any emergency or urgency.

The SIU investigation determined that the deviation for emergency procurement was not approved for all suppliers listed on the motivation and that the DG only approved the appointment of C-Squared, for the value of R12.5 million. The SIU investigation ascertained that National DoT varied the contract of the C-Squared PPE contract by requesting a further service for transporting PPE goods to the nine provinces. The SIU investigation determined that the extension/variation of the contract terms was irregular. The SIU investigation ascertained that C-Squared is not registered with SAHPRA.

Amet Furnishings (Pty) Ltd and Hamisa Safety Equipment Supplies (Pty) Ltd

The Acting Head: SCM informed the SIU that the Head of Security had approached her regarding the shortage of PPE related items for officials at the Head Office. The specifications were subsequently prepared by the Security Section and submitted to SCM on 1 April 2020 to source via email on 1 April 2020. The required items were masks, thermometers, gloves, disinfectant wipes, sanitisers, PENDO-FOG equipment and chemical disinfectant.

SCM then approached all entities who were listed on the growing list of suppliers approaching the National DoT through various channels such as the Ministry, DG's office, Communications and walk-ins at the National DoT.

A new request to supply quotations were sent to 16 suppliers on 8 April 2020. This request was again amended on 16 April 2020 to replace surgical masks with cloth masks. Quotations were received from eight entities. A comparative list was compiled and the awards were made to different entities, awarded per line item to the lowest bidder, which was also communicated to suppliers in the specifications document.

The registration status of Amet was verified on the CSD and it was confirmed that Amet was registered on 3 August 2018. Amet was appointed to provide 1 500 washable cloth pocket masks at a rate of R34.50 per mask. It was confirmed that Amet supplied 250 washable cloth pocket masks to the National DoT on 4 May 2020, another 250 on 6 May 2020 and 1 000 on 15 May 2020. A total of R51 750 was paid to Amet by the National DoT in line with their accepted quotation.

Hamisa Safety Equipment Supplies

Hamisa was appointed to provide 16 units of 20 litre chemical disinfectant at a rate of R1 223.37 per unit and 5 non-contact thermometers at a rate of R1 399.05 per unit.

The purchase orders were completed by the Acting Head: SCM and approved by the Acting CFO on 23 April 2020.

The registration status of Hamisa was verified on the CSD and it was confirmed that Hamisa was registered on 13 October 2017. In terms of NT Instruction No. 3 of 2020/2021, effective from

15 April 2020, the prices offered by Hamisa for 20 litre chemical disinfectant and thermometers are lower than the maximum price specified by the NT. The price guidelines for cloth masks are not specified in this Instruction. The SIU investigation confirmed that Hamisa supplied 16 units of 20 litre chemical disinfectant to the National DoT on 30 April 2020 and was paid an amount of R19 573.92. They furthermore delivered the 5 non-contact thermometers to the National DoT on 15 May 2020 and was paid an amount of R6 995.22. Both these payments were in line with their accepted quotation. A total amount of R26 569.14 was paid to Hamisa by National DoT.

Cherry Pickles (Pty) Ltd

On 18 May 2020, the Acting Head of SCM sent an email to five suppliers to request quotations for sanitisers, bid number Covid19/DLTC/R1/SANITIZER. The request was for 2 000 units of 1 litre refillable sanitiser bottles, already filled during delivery and 10 units of 20 litre sanitisers with no less than 70% alcohol and compliant with WHO recommended hand rub formulation. The closing date for submissions was 19 May 2020 at 16:00. Delivery was scheduled to take place by 21 May 2020 at 14:00. Two suppliers submitted quotations, same being Cherry Pickles and Carovision (Pty) Ltd. Both these bidders were compliant in terms of specifications set out by the National DoT.

Carovision offered R82.50 per one litre refillable sanitiser bottles and R1 199 per 20 litre hand sanitiser. The total quotation amount was for R203 538.50. The offer from Cherry Pickles was for R81 per 1 litre refillable sanitiser bottle and R1 350 per 20 litre hand sanitiser. The total quotation amount was for R175 000. The two quotations were evaluated on 20 May 2020 and it was recommended that Cherry Pickles be appointed. As a result of the fact that only two quotations were received, the Acting CFO had to approve the appointment. The purchase order was completed on 21 May 2020 and approved by the Acting Director SCM. In terms of NT Instruction No. 5 of 2020/21 dated 28 April 2020, as amended on 20 May 2020, the prices offered by Cherry Pickles are lower than the maximum price specified by the NT. Cherry Pickles was registered on the CSD on 22 March 2018. The amount of R175 500 was paid to Cherry Pickles by the National DoT on 25 August 2020.

The SIU investigation found that the Director of Cherry Pickles is the wife to the CEO of SANTACO. However, it could not be confirmed as to how the National DoT was approached by Cherry Pickles and who requested that this entity be added to the list of prospective suppliers.

Morerishi General Trading CC

The SCM division received a request to procure 2 000 reusable framed face shields for the Ministers Covid-19 programme to access the state of readiness for DLTC centres. The

specifications for RFQ number Covid19/DLTC/R2/FACE SHIELD were compiled and were as follows:

- Reusable framed face shields;
- Made of clear plastic and provides good visibility to both the wearer and others;
- Adjustable band to attach firmly around head and fit snugly against forehead;
- Fog resistant (preferably);
- Completely cover the sides and length of the face; and
- Made of robust material which can be cleaned and disinfected.

On 18 May 2020, various suppliers were requested to provide quotations, by the closing date of 19 May 2020 at 16:00. Ten suppliers submitted quotations by the closing date, of which one was disqualified and the other nine were evaluated in terms of the 80/20 principle. It was recommended that Morerishi be appointed as they were the highest scoring bidder. The price offered by Morerishi was R45 per shield, totalling R90 000. The appointment of Morerishi was approved and they delivered 250 face shields on 21 May 2020 and 1 750 on 25 May 2020. In terms of NT Instruction No. 5 of 2020/21 dated 28 April 2020, the prices offered by Morerishi are lower than the maximum price specified by the NT. It was confirmed that Morerishi was registered on the CSD on 4 April 2016.

c) Steps Taken

Disciplinary action

On 16 September 2021, the SIU has made a recommendation to institute disciplinary action against the SCM Director: Ms ReINETte de Villiers and against the Former Acting CFO: Ms Dalian Mabula for misconduct.

The SIU prepared its evidence to submit a recommendation to institute disciplinary against the DG: Mr Alec Moemi for his role in the appointment of C Squared, Ecko Green and Mistralog. However, Mr Moemi was provided with an opportunity to provide the SIU with a written reply. The SIU received his written reply and is studying same.

Criminal referrals

On 16 September 2021, the SIU referred its evidence to the NPA against Ecko Green and Mistralog and its representatives.

Administrative action

On 16 September 2021, the SIU submitted its two recommendations for Ecko Green and Mistralog to be blacklisted from doing business with the State to the National DoT and NT.

Civil litigation

The SIU investigation determined that National DoT failed to follow a proper and lawful procurement process in the appointment of service providers for the provision of PPE items required by the Taxi industry. The SIU has briefed Counsel through the Office of the State Attorney, with the instruction that a review application be brought in the Special Tribunal for an amount of R24 731 292 for failing to comply with Section 217 of the Constitution against the following companies:

- C-Squared - R15 291 292;
- Ecko-Green - R8 072 00; and
- Mistralog - R1 368 000.

8.2.6. National Department of Correctional Services (“National DCS”)

8.2.6.1. PPE procurement

a) Nature of Allegation

These matters were referred to the SIU on 13 August 2020. The SIU received an anonymous tip-off that alleged that the CFO of National DCS, had awarded PPE contracts to friends and family members. The total value of the contracts awarded the 25 entities amounted to R53.2 million.

| Number | Name of company |
|---------------|---|
| 1 | Bitline SA 368 CC to supply water resistant surgical masks x 100 000 to the value of R1 322 500 |
| 2 | Durafoam NW CC was awarded a quotation to supply Dura-Max option 3 Fire retardant foam with fire retardant tarpaulin cover, welded closed with built in pillow x 7000 to the value of R16 526 650 |
| 3 | Health Advance Institute CC was awarded a quotation to supply Sanitizer, handsanitizergel, 25 liters x 400 to the value of R920 000 |
| 4 | Prime care Hygiene Services to supply Anti-microbial fogging using high pressure x 4173.34 sqm to the value of R152 076.51 and deep cleaning of all common areas, toilets and other. This quotation amounted to the value of R174 887.99 |
| 5 | Klevas Accessories supply, cloth masks (3 ply fabric masks) green x 2 000 to the value of R49 450 |

| Number | Name of company |
|--------|--|
| 6 | Bizrocket Trade and project cloth masks (3 ply fabric masks) green x 1000 to the value of R25 000 |
| 7 | Isibane Training (Pty) Ltd was awarded a quotation to supply masks x 20 000 to the value of R524 400, Infra-red Electronic Thermometers x 20 to the value of R57 385, gloves x 20 000 pairs to the value of R51 980 and hand sanitizer, 5L x 100 to the value of R97 750. This quotation amounted to the value of R731 515 |
| 8 | Strandfoam to supply Hostel mattress with a build in pillow x 3000 to the value of R5 796 900 and 15% VAT that amounted to R6 666 435 |
| 9 | Penguins Consulting supply cloth masks (3 ply fabric masks) green x 20 000 to the value of R460 000 |
| 10 | Maanda Nes Investments supply surgical masks 3 ply x 800 to the value of R22 560; Gloves latex disposable large, box of 100 x 70 to the value of R24 500 and Heavy duty rubber cleaning glove x 60 to the value of R3 900. This quotation amounted to the value of R50 960 |
| 11 | Durafoam SA to supply fire retardant foam with fire retardant tarpaulin cover x 200 to the value of R472 190. |
| 12 | <p>Altis Biologics was awarded a quotation to supply Altis DDAC surface and hand sanitizer, 1 liter bottles x 49 000 to the value of R3 662 750 and outsourced national deliveries and insurance to the value of R391 000. This quotation amounted to the value of R4 053 750.</p> <p>Altis Biologics to supply Altis DDAC surface and hand sanitizer, 25 liters x 40 to the value of R81 190.</p> <p>Altis Biologics to supply Agro knapsack sprayer 12L bottle x 20 to the value of R8 952.29</p> |
| 13 | FBK Clothing and Textiles CC , cloth masks (3 ply fabric masks) green x 1000 to the value of R25 000 |
| 14 | Ndzalama Enterprise Project supply Latex gloves, box of 100 x 300 to the value of R75 000 and 3 ply surgical masks x 4000 to the value of R100 000. This quotation amounted to the value of R175 000 |

| Number | Name of company |
|--------|--|
| 15 | <p>Tefla Group T/A Gauflora CC was awarded a quotation to supply N95 masks x 100 000 to the value of R4 887 500, Latex gloves x 300 000 pairs to the value of R1 656 000 and 70% alcohol sanitizer, 25L x 1000 to the value of R2 702 500. This quotations amounted to the value R9 246 000.</p> |
| 16 | <p>Selamed (Pty) Ltd was awarded a quotation to supply Alcohol based sanitizer in 25 liter drums x 184 to the value of R807 298.</p> <p>Selamed was awarded a quotation to supply 500ml plastic bottles with nosels x 10 000 to the value of R287 500 and 500ml clear natural refill plastic bottles with nosels x 10 000 to the value of R517 500. This quotation amounted to the value of R805 000</p> <p>Selamed was also awarded a quotation to supply Rapid Measurement Infrared Thermometer CE Certified x 355 to the value of R1 020 625</p> |
| 17 | <p>Oliver Divine Interior Ltd supply masks FFP1 Medical masks x 2000 to the value of R54 000; N95 masks civil use x 600 to the value of R54 000; N95 masks medical use x 500 to the value of R80 000 and delivery to the value of R2 500. This quotation amounted to the value of R190 500</p> |
| 18 | <p>Quick Quilting to supply cloth masks (3 ply fabric mask) green x 15 000 to the value of R269 100.</p> |
| 19 | <p>Too Good Brands was awarded a quotation for infrared Thermometer Handheld temperature scanners TH300 x1000 to the value of R2 127 500</p> |
| 20 | <p>Clear Creek Trading 166 (Pty) Ltd was awarded a quotation for 3 ply surgical masks x 6000 to the value of R75 900</p> |
| 21 | <p>Flamingo Moon Trading was awarded a quotation for cloth masks 3 ply Fabric masks (Colour Green) x 37 000 to the value of R851 000</p> |
| 22 | <p>Tselana Media to supply cloth masks (3 ply fabric mask) black x 100 000 to the value of R2 500 000.</p> |
| 23 | <p>Bontle Ba Ma Africa Clothing supply 3 ply surgical masks, non-woven x 300 to the value of R10 005 and Nitrile gloves, box of 100 x 28 to the value of R11 270. This quotation amounted to the value of R21 275</p> |
| 24 | <p>Masil Recycling (Pty) Ltd T/A SaDabo (Pty) Ltd supply surgical masks x 500 to the value of R39 100;</p> |

| Number | Name of company |
|--------|---|
| 25 | Cleaning Specialists supply FFP2 masks x 440 to the value of R32 890 and non-sterile gloves, box of 100 x 1500 to the value of R345 000. This quotation amounted to the value of R377 890. |
| 26 | Axitech Pty Ltd supply an upgrade to the prisons for security to the value of R139 825.33. This did not form part of the PPE and the contract was signed before covid. |
| 27 | Imperial Health Services supply 4400 of 3 ply masks to the value of R2 745 600. This company was one of the suppliers on NT transversal contracts. |
| 28 | Khumo Go Batho signed a 36 months contract on 01 July 2017, ending 30 June 2020 with DCS to provide cleaning services and cleaning materials. The payment of R11 730 was for decontamination which was in line with their day to day duties. |

b) Summary of findings

The SIU investigation established that there was a relationship between Ndivhuho Selamulele and Mr Nick Selamulele of Selamed in that Selamed made payments to the amount of R623 800 in Mudziwa's project's bank account and Ndivhuwo's personal account. Mr Raulinga is the Managing director of Prime Care Hygiene and Director of Africomm Media. Mr Ligege was the one who requested a quotation directly from Mr Raulinga for Deep Cleaning services wherein we found that work was done by another company (which also supplied PPE to National DCS) at rate below R6 whereas Prime Care charged R41.

Prime Care Hygiene also received R18 244.29 from Mr Selamulele into their account. Prime Care Hygiene also receive two quotes to deep clean the office space at DCS.

The SIU investigation further established that Tsalena Media which was awarded a contract to the value of R2 500 100 for the cloth masks by National DCS but they did not have the capacity to do the work and made use of Mr Ligege's friends company (Africomm Media) to manufacture the masks. Upon receiving the money from DCS on 1 July 2020 he distributed it as follows:

- On 1 July 2020 he withdrew cash of R440 000;
- On 2 July 2020 he withdrew cash of R740 000;
- On 3 July 2020 transferred R2 155 905 to Africomm; and

- Mr Ligege and Mr Ndivhuwo Selalumele were directors of Mudziwa projects, wherein Mr Ligege resigned on 8 April 2008. Mr Ndivhuwo is currently the sole director.

Senior Officials, namely Mr Netshimbupfe and Ms Mabena stated that the need for the fire retardant has always been there since May 2019 and National DCS could not procure such due to budget constraints. The SIU investigation established that the Quarantine Team requested the procurement of mattresses to include water resistant covers for easy decontamination, however Mr Netshimbupfe requested quotation for the fire-retardant mattress which was irregular. Mr Ligege approved all quotations above R500 000 which were above his emergency approval delegation, however during the interview Mr Ligege stated that he was given verbal approval by Mr Fraser. The SIU investigation further found that deviations were verbally approved by Mr Fraser and would only be signed off months after the suppliers were appointed and paid. The SIU investigation identified potential corruption based on the analysis of the available bank statements received, as it was determined that R450 000 was paid in the bank account of the spouse of the CFO, bought assets, paid off the loan of the CFO and withdrew R50 000 cash. Several bank statements are outstanding which will have to be analysed to confirm and or refute this allegation. The SIU is currently in the process to consider civil litigation against the following eight companies for profits made from the irregular contracts awarded by the DCS.

| Number | Name of Company | Amount for possible Litigation |
|--------|--------------------------|--------------------------------|
| 1 | Tefla Group | R2 081 067 |
| 2 | Health Advance Institute | R215 520 |
| 3 | The Cleaning Specialist | R103 890 |
| 4 | Isibane Training Academy | R218 935 |
| 5 | Too Good Brands | R600 000 |
| 6 | Bitline Security CC | R230 000 |
| 7 | Clear Creek | R42 040 |
| 8 | Selamed | R379 623 |
| | Total | R3 871 075 |

For all other entities excluding the eight listed above, the SIU requested and received additional information from various financial institutions and conducted an analysis thereof. Subsequent to the analysis, the SIU determined that there were not links between the service providers concerned

and the National DCS officials involved. No evidence of criminal activity by National DCS officials or service providers could be established. The SIU determined that all the entities are licensed with SAPHRA and as such, may distribute medical related goods such as PPE.

c) Steps Taken

Disciplinary action

The SIU referred the conduct of the National DCS officials involved to the National DCS and recommended that the National DCS institute disciplinary action. Subsequently, the National DCS instituted disciplinary proceedings. The SIU testified at the disciplinary hearings during the week of 4 to 8 October 2021. The matter was postponed to 29 and 30 November 2021 for cross examination. Referrals were made against:

- Mr Nick D Ligege – CFO;
- Mr TV Netshimbupfe - Director: Procurement and Administration;
- Mr H Mapasa - Director: Logistics; and
- Mr MP Rammai - Deputy Director: Procurement and Administration.

Civil litigation

The SIU Legal is considering litigation referral against eight companies for overcharging National DCS by the following amounts:

- Tefla Group - R2 081 067
- Health Advance Institute - R215 520
- The Cleaning Specialist - R103 890
- Isibane Training Academy - R218 935
- Too Good Brands - R600 000
- Bitline Security CC - R230 000
- Clear Creek - R42 040
- Selamed - R379 623

8.2.7. South African National Defence Force (“SANDF”)

a) Nature of Allegation

The SIU received several allegations from the SANDF, which were issued to the SIU on three separate occasions. These allegations all related to alleged irregular SCM processes and possible collusion related to the Simons Town Procurement Service Centre and the Centurion Central Procurement Service Centre. A meeting with the Military Police Colonel Mokoena was held and he subsequently provided the SIU with the SCM documents related to both service centres. All the cases/quotations related to the Simons Town Procurement Service Centre that was awarded was under R2 million, because the Head of Procurements delegation was only for R2 million. The SIU was informed that 211 matters related to the Simons Town Procurement Service Centre should be investigated. It should be noted that the SANDF only provided 208 SCM files to the SIU. 208 contracts to the value of R275 960 000 were awarded. It was alleged that no proper SCM process was followed in the appointment of the following companies. It was alleged that one SANDF Official, R Kunene, from the Procurement Office was the only procurement official that was directly involved in sourcing the suppliers and to prepare the award letters after Captain. Nkosi approved the quotations. Kunene was also the official that created the email account for suppliers to submit their quotations.

The table below for names of the 208 service providers which were appointed by the SANDF at the Simon’s Town Procurement Centre

8.2.7.1. 208 Matters procured in Simon’s Town

| No. | Name of Company | Value of Contract |
|-----|-------------------------------------|-------------------|
| 1 | 2 Boy Trading And Projects | R600 000 |
| 2 | 3d Medical | R1 128 000 |
| 3 | 3-Gemscommunications (Pty) Ltd | R1 068 000 |
| 4 | AEI Amaqhawe Empowerment Investment | R459 000 |
| 5 | Afai Conquers Services | R750 000 |
| 6 | Afrika Invest (Pty) Ltd | R853 200 |
| 7 | Akon Kha Projects Management | R772 800 |
| 8 | Alutha Solutions | R937 500 |

| No. | Name of Company | Value of Contract |
|-----|--|-------------------|
| 9 | Anko Trading And Supply | R810 000 |
| 10 | Ariye Tours | R990 000 |
| 11 | Asikulibali Trading | R888 000 |
| 12 | Asikulibali Trading | R1 128 000 |
| 13 | Asiziphanga Holding (Pty) Ltd | R870 000 |
| 14 | ATCJ General Supply | R717 000 |
| 15 | Atlega Stationers CC | R720 000 |
| 16 | Azmerc Consulting | R1 044 000 |
| 17 | Bashubile | R750 000 |
| 18 | Bashubile Construction And Projects CC | R1 127 250 |
| 19 | Bbz Masele Holding | R720 000 |
| 20 | Beetsi General Trading | R1 065 000 |
| 21 | Bertastangs (Pty) Ltd | R600 000 |
| 22 | Bics Engineering And Supply | R897 000 |
| 23 | Black Jaw Monarch | R745 000 |
| 24 | Blackbird International | R756 000 |
| 25 | Blackdot Petroleum | R738 000 |
| 26 | Buka Strategic Projects | R1 127 250 |
| 27 | Camitha Holdings (Pty) Ltd | R750 000 |
| 28 | Caw Tech Electro Mechanical Solutions | R756 000 |
| 29 | Collymanzi 90 Trading (Pty) | R744 000 |
| 30 | Crystal Dawn Trading | R660 000 |
| 31 | Crystal Quick | R749 950 |
| 32 | Dak Mar Trading | R839 400 |
| 33 | Defunct Enterprise | R720 000 |

| No. | Name of Company | Value of Contract |
|-----|--|-------------------|
| 34 | Dhd Business Solutions | R745 000 |
| 35 | Did Mecal (Pty) Ltd | R1 032 000 |
| 36 | Ditheto Worx | R925 000 |
| 37 | DMB Leisure Solutions | R1 032 000 |
| 38 | Donmore Civils And Construction | R777 000 |
| 39 | Due Vestra 9 | R750 000 |
| 40 | Dugish Holdings (Pty) Ltd | R753 000 |
| 41 | Dugishi Holdings (Pty) Ltd | R753 000 |
| 42 | Dugishi Holdings (Pty) Ltd | R1 061 600 |
| 43 | Dzina 10 Trading (Pty) Ltd | R1 050 000 |
| 44 | E Tech (Eddy Technical Services) | R937 500 |
| 45 | Emazweni Designs & Projects (Pty) Ltd | R937 500 |
| 46 | Emazweni Designs And Projects | R1 032 000 |
| 47 | Epikiazo 7 (Pty) Ltd | R747 000 |
| 48 | Face Of Earth Trading & Projects | R747 000 |
| 49 | Falsebay Enterprise (Pty) Ltd | R717 600 |
| 50 | Farzwo Supply Company | R768 000 |
| 51 | First 4 Lin Trading Enterprrise | R768 000 |
| 52 | Free Fall Trading 1013 CC | R756 000 |
| 53 | Fukuza Supplies & Projects | R777 000 |
| 54 | Gabsie's Business Solutions | R1 080 000 |
| 55 | Give Me Four Trading & Projects 104 CC | R937 500 |
| 56 | Give Me Four Trading And Projects 104 | R1 050 000 |
| 57 | Gwenzido | R1 080 000 |
| 58 | Gwija Enterprise (Pty) Ltd | R765 000 |

| No. | Name of Company | Value of Contract |
|-----|---------------------------------------|-------------------|
| 59 | Hands To Hands Projects (Pty) Ltd | R777 000 |
| 60 | Hav 25 Business Solution (Pty) Ltd | R600 000 |
| 61 | Hmwoo3 Trading And Projects | R780 000 |
| 62 | HWK Supply And Projects | R1 050 000 |
| 63 | Idnas Forensics (Pty) Ltd | R978 000 |
| 64 | Impinda Projects (Pty) Ltd | R750 000 |
| 65 | Insika Foundation | R1 080 000 |
| 66 | Ivukosi | R1 122 000 |
| 67 | Ivukosi | R894 000 |
| 68 | Jc Office Supplies CC | R720 000 |
| 69 | Kamarens Trading | R719 400 |
| 70 | Kamogedion Trading & Construction | R780 000 |
| 71 | Kanyane & Mokgoshi | R870 000 |
| 72 | Keinelwe Construction And Trading | R744 000 |
| 73 | Keington Trading Enterprise (Pty) Ltd | R771 600 |
| 74 | Khog Projects And Events | R778 800 |
| 75 | KTN Development | R1 080 000 |
| 76 | Labohlano Trading 108 | R777 000 |
| 77 | Labstyres (Pty) Ltd | R893 400 |
| 78 | Lady Katsi Supply & Construction | R756 000 |
| 79 | Lady M Travelling | R972 000 |
| 80 | Langalibalele | R741 000 |
| 81 | Lekgamakgadi (Pty) Ltd | R899 400 |
| 82 | Lekgemakgadi (Pty) Ltd | R1 129 500 |
| 83 | Lelona Mobility Enterprise (Pty) Ltd | R732 000 |

| No. | Name of Company | Value of Contract |
|-----|--------------------------------------|-------------------|
| 84 | Lesedi Precious Stone | R774 000 |
| 85 | Letsepe Medical Service | R1 020 000 |
| 86 | Leviolet Consortium | R624 000 |
| 87 | Life Style Properties | R885 000 |
| 88 | Lip-Madiba-SA Trading & Projects | R717 000 |
| 89 | Ln Engineering And Supply | R889 200 |
| 90 | Love Didi M | R894 000 |
| 91 | Love Didi M. Trading | R1 125 000 |
| 92 | Luthanya Business Enterprise | R1 080 000 |
| 93 | Luthanya Business Enterprise | R937 500 |
| 94 | Luyanduhlanga Trading | R777 000 |
| 95 | Mabasa Trading CC | R777 000 |
| 96 | Madendele Consulting | R777 000 |
| 97 | Madendele Enterprise | R747 475 |
| 98 | Magekle Projects | R777 000 |
| 99 | Magekle Projects | R777 000 |
| 100 | Mahlatsi Construction & Projects | R894 000 |
| 101 | Manakelly (Pty) Ltd | R774 000 |
| 102 | Manchap Properties And Projects | R882 000 |
| 103 | Mandlakomoya Trading And Projects | R777 000 |
| 104 | Manyonyo Projects Enterprise | R747 000 |
| 105 | Martha & Sons Trading & Projects | R937 500 |
| 106 | Martha And Sons Trading And Projects | R1 074 000 |
| 107 | Masene Mogoai Worx | R774 000 |
| 108 | Matimana Trading & Projects | R660 000 |

| No. | Name of Company | Value of Contract |
|-----|---|-------------------|
| 109 | Mdz Holdings | R900 000 |
| 110 | Meekat Solutions (Pty) Ltd | R777 000 |
| 111 | Menlyvert | R1 079 400 |
| 112 | Mgb Distributors | R720 000 |
| 113 | Milani International | R1 080 000 |
| 114 | Miloni Services | R777 000 |
| 115 | Mimizar Consulting | R1 018 800 |
| 116 | Mixo And Oupa Construction And Projects | R774 000 |
| 117 | Miyonse Trading | R717 000 |
| 118 | Mmaphefo Malahlela Development Projects (Pty) Ltd | R1 520 000 |
| 119 | Mmnd Engineering | R888 000 |
| 120 | Mmnd Engineering | R1 122 000 |
| 121 | Mntimande Logistics | R750 000 |
| 122 | Mokgatshelwa Trading | R1 080 000 |
| 123 | Mont Gare Projects | R747 000 |
| 124 | Moruwane Trading & Projects (Pty) Ltd | R780 000 |
| 125 | Mpafane Primary Co-Operative | R777 000 |
| 126 | Mpahla Yami Trading And Projects | R780 000 |
| 127 | Mucilo Trading & Enterprise | R900 000 |
| 128 | Multiplus Trading Services CC | R777 000 |
| 129 | Mvuleni It Solutions | R925 000 |
| 130 | Najali/ Amathabethe Trading Enterprise | R774 000 |
| 131 | Naledzi Projects | R780 000 |
| 132 | Nazini Trading Enterprise | R937 500 |
| 133 | Ndinae Trading Enterprise | R780 000 |

| No. | Name of Company | Value of Contract |
|-----|--|-------------------|
| 134 | Ndinimuku Projects | R714 000 |
| 135 | Nev Business Solutions | R717 000 |
| 136 | New Star Supply And Services | R891 000 |
| 137 | New Star Supply And Services (Pty) Ltd | R1 140 000 |
| 138 | Nickiwe Trading & Projects | R778 800 |
| 139 | Nwaxigawuri Trading (Pty) Ltd | R937 500 |
| 140 | Nxaxigawawuri Trading | R1 074 000 |
| 141 | Namerc | R1 050 000 |
| 142 | Murunwa Consulting | R1 018 000 |
| 143 | Oatinu (Pty) Ltd | R780 000 |
| 144 | Onkatse Trading Enterprise | R1 074 000 |
| 145 | Ophumeleleyo Projects | R725 000 |
| 146 | Orateng Consulting | R780 000 |
| 147 | Phalama Investment | R744 975 |
| 148 | Posed Trading & Projects | R778 800 |
| 149 | Procurerex (Pty) Ltd | R720 000 |
| 150 | Purified Group 157 | R717 000 |
| 151 | Quarts File (Pty) Ltd | R880 000 |
| 152 | Quartz File (Pty) Ltd | R880 000 |
| 153 | Quick Warehouse And Projects | R779 400 |
| 154 | Rabambi Consulting | R894 000 |
| 155 | Radimpe Trading Agency | R1 050 000 |
| 156 | Rakgona Consultants | R741 000 |
| 157 | Ramashu Supply & Services | R946 250 |
| 158 | Re Tshepegile Projects | R937 500 |

| No. | Name of Company | Value of Contract |
|-----|--|-------------------|
| 159 | Reakutu Trading Enterprise | R759 000 |
| 160 | Rejaldo Jerald Trading And Projects | R777 000 |
| 161 | Renaе Travels & Projects | R737 500 |
| 162 | Revo Supply And Services | R771 000 |
| 163 | Rheinmetall Denel | R196 000 |
| 164 | Rheinmetall Denel | R216 000 |
| 165 | Rheinmetall Denel | R600 000 |
| 166 | Rheinmetall Denel | R320 000 |
| 167 | Rising Star Projects | R1 050 000 |
| 168 | S And Excellent Trading (Pty) Ltd | R750 000 |
| 169 | Salusile Medical Supplies (Pty) Ltd | R687 000 |
| 170 | Sandamel | R756 000 |
| 171 | Sandameli Investment | R937 500 |
| 172 | Senzeni Corner (Pty) Ltd | R780 000 |
| 173 | Shininiza Holding | R780 000 |
| 174 | Silver Sub | R720 000 |
| 175 | Sinafuthi Group | R750 000 |
| 176 | Siyavusa Corporate Solutions | R777 000 |
| 177 | Ss Max | R777 000 |
| 178 | Sunnay Trading | R780 000 |
| 179 | Tailor Made Group Of Company | R737 500 |
| 180 | Temro Group (Pty) Ltd | R762 000 |
| 181 | TFM Business Enterprise | R735 000 |
| 182 | Thandeka Best Investment | R780 000 |
| 183 | The Bravest Trading Enterprise (Pty) Ltd | R937 500 |

| No. | Name of Company | Value of Contract |
|-----|--|-------------------|
| 184 | The Good Deeds Sa Holdings | R732 000 |
| 185 | The Help Company | R894 000 |
| 186 | The Help Company | R740 000 |
| 187 | The Mat Group (Pty) Ltd | R744 000 |
| 188 | The Opulent Designs | R712 500 |
| 189 | Tk Joy 20 (Pty) Ltd | R1 035 000 |
| 190 | Tlhapi Zizi (Pty) Ltd | R925 000 |
| 191 | Tmac Medical | R894 000 |
| 192 | Ttm Trading And Projects | R919 450 |
| 193 | Two Marbles Business Enterprise | R717 600 |
| 194 | Tyra Tee Projects Management | R718 800 |
| 195 | Velepa Trading | R777 000 |
| 196 | Velvet Edge Solutions (Pty) Ltd | R732 000 |
| 197 | Vhuthu (Pty) Ltd | R1 017 000 |
| 198 | Vhuyo Consulting | R1 047 000 |
| 199 | Viscaspan (Pty) Ltd | R870 000 |
| 200 | Vnk Events And General Trading | R749 875 |
| 201 | Vuwa Occupational Safety & Projects | R900 000 |
| 202 | Wisewealth | R750 000 |
| 203 | World Focus 1186 General Trading | R777 000 |
| 204 | Xihlonga (Pty) Ltd | R747 000 |
| 205 | Y & P Logistics | R937 500 |
| 206 | Ya Madoda Ayi Pheli Trading Enterprise | R747 000 |
| 207 | Zibulo Projects | R720 000 |
| 208 | Zakheni Strategic Supplier | R771 000 |

| No. | Name of Company | Value of Contract |
|-----|-----------------|---------------------|
| | Total | R174 308 475 |

Simon's Town Procurement Service Centre

The SIU received several allegations from the SANDF, which were referred to the SIU by the SANDF on three separate occasions. These allegations all related to alleged irregular procurement processes and possible collusion related to the Simon's Town Procurement Service Centre and the Centurion Central Procurement Service Centre.

The allegations received related to 211 matters, all procured by the SANDF's Simon's Town Procurement Service Centre, which all required further investigation. The awards made were all below R2 million, all approved by the Head of Procurement, whose delegation provided for approvals up to R2 million.

It should be noted that the SANDF failed to provide the SIU with 3 of the 211 SCM files. It was alleged that one SANDF Official Warrant Officer Richard Kunene ("WO Kunene") from the procurement office was the only procurement official who was directly involved in sourcing the suppliers and to prepare the award letters after Captain Phumzile Grace Nkosi ("Capt. Nkosi") approved the quotations. Mr Kunene was also the official that created the email account for suppliers to submit their quotations using a Gmail account.

The SIU investigation also received allegations related to the flouting of procurement processes by the SANDF's Centurion Central Procurement Service Centre.

Centurion Central Procurement Service Centre.

Additional to the matters received for investigation relating to the Simon's Town Procurement Service Centre, the SIU received a further five matters from Colonel. Makhuna and Warrant Officer Chakanyuca from the Military Police. The matters also related to allegations of procurement irregularities in the Centurion Central Procurement Centre.

The details of the five entities and the values of the contracts awarded to the entities are depicted in the table below:

| No. | Name of Company | Value of Contract |
|-----|-----------------------|-------------------|
| 1 | Mavuba Investments | R44 800 000 |
| 2 | Murunwa Consulting | R57 200 000 |
| 3 | Nyathela Consulting 2 | R57 200 000 |

| No. | Name of Company | Value of Contract |
|--------------|----------------------------|---------------------|
| 4 | Xhumana Business Solutions | R57 100 000 |
| 5 | Zakheni Strategic Supplies | R57 200 000 |
| Total | | R275 960 000 |

Simons Town Procurement Service Centre

The SIU obtained three SANDF Instruction Notes used by SANDF to procure various PPE from service providers during the National State of Disaster. The SIU also obtained the SANDF Joint Defence Publication (SCM Policy). Financial documents were obtained and it was established that a total of R174 308 475 was paid to the respective service providers.

In order to further its investigation, and test the veracity of the allegations referred to it, the SIU obtained the bank statements of the three SANDF officials who were involved in the procurement processes to appoint the 208 service providers. This was done as part of a possible corruption investigation. The three SANDF officials are Capt. Nkosi, WO Kunene and Staff Sgt Sabelo Ndwandwe (“Staff Sgt Ndwandwe”), who liaised with the 208 service providers.

An analysis of the bank statements of Capt. Nkosi revealed that on 13 November 2020, she purchased a motor vehicle from a CMH dealer in Cape Town. It was determined that a certain Warrant Officer Constance Khumalo paid a R100 000 deposit on Capt. Nkosi’s behalf. The SIU obtained evidence regarding the payment of the deposit revealed that Warrant Officer Khumalo paid R60 000 on 9 November 2020 and R40 000 on 10 November 2020. The aforementioned was paid directly to the CMH dealership.

The SIU conducted an interview with Warrant Officer Khumalo regarding the deposit of R100 000 she paid on behalf of Captain Nkosi. Warrant Officer Khumalo provided the SIU with proof of loans she took at FNB and Finchoice to pay the R100 000 deposit. The SIU investigation could not establish any corrupt relationship between Capt. Nkosi and Warrant Officer Khumalo.

The SIU investigation could not establish any contact between Mr Ndwandwe and could not establish any potential undue gratification and corrupt relationship with any of the service providers.

The SIU obtained evidence and its analysis of the bank account held by WO Kunene did not reveal any unusual transactions.

From interviews with the three SANDF officials conducted, it appears that the Centre did not comply with their own SANDF Instructions, NT Instructions and section 217 of the constitution when awarding the various contracts to 211 service providers. There was no RFQs issued by the relevant

SANDF officials. The known SANDF officials phoned all the identified service providers and requested them to submit quotations, and also determined which quotations SANDF will accept, whereafter payments were made. Based on the review of delivery notes it would appear that all the items were delivered to the SANDF as it depicted a signature of an official upon acceptance thereof. From interviews with some of the service providers, it appears that there was collusion between the three known SANDF officials and some service providers.

The award of the 10 contracts to the five service providers failed to comply with the applicable law since there is no evidence that:

- The SANDF invited competitive bids by means of an open tender process, as would normally (i.e. before the declaration of the national state of disaster) have been required for any contract of value of more than R500 000.
- More than one quotation was requested or received by the SANDF in respect of the PPE goods, as envisaged in the quotation received from the supplier.
- The goods were procured in terms of any transversal contract administered by the NT or any transversal contract administered by the SANDF.
- The goods were procured in terms of any pre-existing contract (including any facilities management contract) that the SANDF may have had with the supplier or in respect of which the goods could be procured from the supplier.
- The products were evaluated to ensure compliance with the minimum requirements/specifications for such goods, as prescribed by NT Instruction No. 5 of 2020-2021.
- The prices, per item, were evaluated to ensure that none of the prices exceeded the maximum prices prescribed by NT for such items.

The SIU investigation ascertained that excessive pricing charged by the service providers (R380 per box) when compared to the maximum price threshold prescribed by NT (R90 per box) for gloves. The excessive amount paid by the SANDF on the five contracts relating to gloves amounts to R28 900 000. The SIU investigation further found excessive pricing charged by the service providers when compared to the purchase price of the PPE. The total profit made by four of the service providers amounts to R141 298 961. The SIU is investigating irregular expenditure in terms of the Irregular Expenditure Framework and maladministration regarding SCM officials, who allowed the quoted prices to be amended upwards.

8.2.7.2. Centurion Central Procurement Service Centre: SANDF

The SIU received allegations that the procurement processes followed by the SANDF to appoint five entities to provide PPE to the SANDF were irregular and that the officials involved flouted the required prescripts in the award of the contracts. The SIU received payment batches from Warrant Officer Chakanyuca in respect of the above five companies.

On 26 July 2020, a Concerned Citizen sent an email to samhscorruption@gmail.com for Attention General Solly Shoke. In this email, he stated inter alia that:

- *A tender worth R1 billion was awarded to Safepod, who is a construction company and not a medical equipment company. Apparently, Safepod claims to be supplying evasive and non-evasive ventilators on their website. There is nothing like “evasive or non-evasive”, but rather “invasive and non-invasive” ICU ventilators instead. Thus, raises serious doubts as to the quality / legibility of medical equipment they would deliver if at all any delivery will in essence take place following the award of this urgent and proposed tender to their company of interest.*

A further allegation was received that the Director of the Finance Department, SANDF issued an award letter to ARSA Supplies (Pty) Ltd (“ARSA”) for the delivery and supply of 36 000 GTA920s face Masks for the amount of R3 870 900, despite the fact that ARSA was not on the SANDF database. A copy of an invoice alleged issued to ARSA accompanied this complaint.

During the course of the investigation, the Head of the Finance Department, informed the SIU that they have received multiple false orders during the lockdown period and that all the incidents were referred to the Military Police for further investigation.

The Finance Administration Clerk was unable to locate any information regarding ARSA Supplies (Pty) Ltd (“ARSA”) and confirmed that the SANDF did not have this supplier on their database or an order number similar to what the SIU presented to her. “The SIU established that the “invoice” from ARSA is fraudulent and that the information on the invoice was incorrect. According to the SANDF, they had no information on their system relating to ARSA Ltd. The SANDF was unable to find the supplier on their supplier’s database and neither could they find that the SANDF had made any payments to ARSA.

The SIU investigation found no evidence that the company Safepod indeed received a tender from the SANDF. No evidence could be located on the procurement database that the company Safepod was registered on their database and neither was any information available that the company has received any payments from the Department.

In respect of ARSA and Seapod, it was established the two cases that was forwarded to the SIU has no merits to further investigate. However, due to the part that these matters may be linked syndicates who were submitting false purchase orders and delivery to Departments, claiming for services not rendered, the SIU referred these matters to the NPA.

On 28 May 2020, Lieutenant Colonel Herbert Ronald Smith ("Lt Col HR Smith"), Staff Officer 1 Log Admin at the South African Health Military Depot ("SAHMS") signed a document with subject "Operations Notlela: South African National Defence Force hands hygiene promotion campaign projected requirements for the next six months for PPE for DOD". The document states that "*The South African Military Health Service as Health Care institution for the SANDF has prepared the deployed forces up to date with a limited capability to sustain our health care practitioners and frontline soldiers*".

The projected need for masks and gloves for 6 months, following the submission were as follows:

- Masks Surgical 3 Ply – 15 586 956 masks;
- Masks N95/KN95 – 10 000 masks; and
- Gloves non-sterile (M, L, XL) – 8 318 950 pairs. There are normally 50 pairs of gloves in a box. This amounts to 166 379 boxes of gloves.

In response to the need for PPE on 28 May 2020, Col TK Sibene made a submission which was signed off on 15 June 2020, by the former Secretary of Defence, Doctor SM Gulube, with subject "*Submission of a request to make use of various suppliers for procurement of gloves and masks for the Covid-19 Disaster Management during the lockdown period*". The purpose of the submission was to request approval to make use of various suppliers to procure gloves and masks for the Department of Defence.

The submission estimated the financial implications (Including VAT) to be:

- The estimated value of masks is $20\,000\,000 \times R12.50 = R250\,000\,000$; and
- The estimated value of gloves is $200\,000 \times R380 = R76\,000\,000$ [R7.60 per glove, R15.20 per pair of gloves].

The following five suppliers were identified and screened to supply the masks and gloves:

- Nyathela Consulting ("Nyathela");
- Zakhani Strategic Supplies ("Zakhani");
- Murunwa Consulting ("Murunwa");
- Xhumana Trading and Business Solutions ("Xhumana"); and

- Mavuba Investments (“Mavuba”).

The SIU obtained evidence indicates that the SANDF officials involved in the appointment of the above service providers failed to follow the required prescripts, and that the contracts were awarded following a procurement process which was not fair, equitable, transparent, competitive or cost-effective. As such, the SIU is of the view that the awards made should be reviewed and the resultant contracts set aside. The SIU has already embarked on a process to do so.

a) Steps Taken

Disciplinary action

On 2 September 2021, the SIU referred its evidence against the officials involved to the Secretary of Defence with its recommendation to institute disciplinary action, in respect of the following officials:

- Ms N Tyibilika;
- Colonel TK Sibene;
- Captain LT Ngoepe;
- Lieutenant D Modise;
- Lieutenant Colonel VS Peu;
- Captain MA Tshikosi;
- Major N Sobekwa;
- Staff Sergeant HS Letlape;
- Ms F Khumalo;
- Leading Seaman S Jiane; and
- Brigadier general MR Mongo,

Criminal referrals

On 10 September 2021, the SIU referred its evidence against the following for possible corruption/receipt of undue gratification to the NPA:

- Colonel TK Sibene;
- Lieutenant D Modise;
- Lieutenant Colonel VS Pieu;
- Esn VW Ratshivanda;

- Captain Lieutenant Ngoepe;
- Warrant Officer LD Masanabo;
- Captain TI Mengu;
- Captain MA Tshikosi;
- Staff Sergeant S Moeketsi;
- Major N Sobekwa;
- Warrant Officer BG Mntambo;
- Captain M Bologo;
- Captain Thie;
- Captain KH Saal;
- Ms N Tyibilika;
- Nzuribuhle Investments;
- NM Tyibilika;
- LH Mavuba;
- JJ Madoda;
- Nyathela Consulting Pty Ltd;
- PLM Nyathela;
- HS Letlape;
- T Padayachy;
- Y&P Logistics CC;
- Silven Seelen Foundation Pty Ltd;
- Salusise Medical Supplies Pty Ltd;
- Ropad Tools and Industrial Supplies Pty Ltd;
- Y&P Trading CC;
- Mabasa Trading CC;
- Velepa Trading CC.

On 17 March 2021 one referrals was made to the NPA relating to false order used to solicit payment from the SANDF. The matter may be linked syndicates who were submitting false purchase orders and delivery to Departments and claiming for services not that were not rendered.

Administrative action

On 25 March 2021 two referrals to the Competition Commission were made against:

- Zakheni Strategic Supplies; and
- Mavuba Investments.

The above service providers were engaged to provide goods and services but charged excessive, unfair and unreasonable prices.

Civil litigation

The SIU has briefed Counsel through the Office of the State Attorney, with the instruction that a review application be brought in the Special Tribunal for an amount of R276 000 000 against all five companies, for failing to comply with Section 217 of the Constitution.

8.2.7.3. Matters found on SANDF Tender Website

The SIU found on the SANDF tender website that a further 11 service providers were awarded contracts. However no allegations were received in respect of these service providers so the SIU cannot confirm if these contracts were in respect of PPE. If allegations are received from the SANDF then the SIU will request the relevant documentation and investigate these matters further. The names of the 11 service providers are as follows:

| No. | Name of Company | Value of Contract on website |
|------------|---|-------------------------------------|
| 1 | Power Petroleum Distributors Cc | R4 629 079 |
| 2 | Y And P Logistics Cc | R3 697 000 |
| 3 | Iko Trading And Projects | R1 900 000 |
| 4 | Mabasa Trading Cc | R1 476 000 |
| 5 | Vibrant Medical Supplies | R1 366 000 |
| 6 | Salusise Medical Supplies (Pty) Ltd | R1 240 000 |
| 7 | Vibtech Trading And Projects (Pty) Ltd | R1 040 000 |
| 8 | Ropad Tools And Industrial Supplies (Pty) Ltd | R620 000 |

| No. | Name of Company | Value of Contract on website |
|--------------|------------------|------------------------------|
| 9 | Pendoflash | R579 520 |
| 10 | Ybx 310 Holdings | R1 520 000 |
| 11 | Velepa Trading | R0 |
| Total | | R18 067 599 |

8.2.8. National Department of Employment and Labour (“National DEL”)

a) Nature of Allegation

The SIU received this matter for investigation on 22 August 2020 based on an AGSA Audit Report containing a host of irregularities involving the “Covid-19 Relief Fund”. This investigation involves the alleged irregular award of five contracts to the value of R6.1m. It was also alleged that National DEL appointed the aforementioned service providers without following a formal and or prescribed SCM process. Furthermore, the BAC requested a deviation from the normal procurement processes to appoint the five service providers. The Communication and Marketing Division was the end user of the awareness campaign. The budget and payments came from the Communication and Marketing Division. The following companies were awarded contracts by the National DEL:

- Radio Advertising Campaign RFQ 2658 (Motswako Media Group) – value of contract R184 575;
- Radio Advertising Campaign RFQ 2565 (MSG) – value of contract R899 256.30;
- Radio advertising Campaign: United Stations – value of contract R877 680;
- Radio advertising Campaign RFQ 2654: Media Mark – value of contract R2 892 540.38;
- These aforementioned were allegedly sole service providers to conduct radio advertising campaigns in their respective listenership areas;
- These aforementioned service providers were required to conduct radio advertising campaigns to create awareness about the UIF Covid-19 TERS, for the duration of 45 seconds, three spots per day, for four weeks on their respective radio channels. The following service provider was allegedly the sole service provider to conduct televised advertising campaigns:
 - Advertising Campaign (E SAT TV) – value of contract R1 290 300;

- E-SAT, being the sole service provider for ENCA and ETV which is able to conduct television advertising campaign on their channels nationwide; and
- E-SAT had to conduct television advertising campaign on their channels nationwide for the duration of 45 seconds, three spots per day, for four weeks. This campaign was to create awareness about the UIF Covid-19 TERS.

b) Summary of findings

From the analysis of available documentation, it was established that the five service providers were appointed without following the proper SCM process. Where relevant, NT practice note no. 8 of 2007/8 requires that for all procurement of goods and services not exceeding R500 000, at least three quotations must be obtained. This was never followed by National DEL, as National DEL indicated that that it was impractical to obtain three quotes, as they were dealing with sole service providers. The SIU investigation determined that the appointments of the five aforementioned service providers were not in compliance with section 217(1) of the Constitution and section 51(1)(a)(iii) of the PFMA. The National DEL acted irregularly when it appointed the aforementioned media houses as the sole source service providers for different provinces, as there were other commercial radio stations registered with ICASA in those provinces at the time. The NT SCM Instruction Note 03 of 2016/2017 in terms of the sole source supplier was incorrectly applied by the National DEL. Paragraph 8.1 and 8.3 of NT Instruction note 3 of 2016/2017 were contravened by National DEL management and the BAC by recommending and approving a deviation based on sole source.

c) Steps Taken

Disciplinary action

The SIU referred made referrals against seven officials for SCM non-compliance:

- Ms L Briedenhann – Acting CFO;
- Mr M Buthelezi – Director: Communications and Marketing;
- Ms MM Ramoshaba – Director: SCM;
- Mr V Moodley – Deputy Director: SCM;
- Mr VL Kwinika – Deputy Director: ICT;
- Ms AM Lodi – Deputy Director: Communications and Marketing; and
- Ms ME Smith – Assistant Director: Purchasing and Stores.

The National DEL commenced with the disciplinaries of seven employees on 8 March 2021. Two of the officials who appeared on the day raised procedural fairness, as they alleged they do not have the SIU referral letter and AGSA report. All of the other five employees also raised the same procedural fairness. The disciplinary hearing of Ms Lodi took place on 17 and 18 March 2021 and the SIU investigators testified; the hearing will continue in April 2021. The disciplinary hearing of Mr Kwinika took place on 25 March 2021 and the SIU testified. Mr Kwinika pleaded guilty on all charges.

8.2.9. Department of Agriculture, Land Reform and Rural Development (“DALRRD”)

8.2.9.1. Black Dot Consulting (Pty) Ltd (“Black Dot”)

a) Nature of Allegation

It is alleged that Black Dot was appointed through an irregular procurement process to supply 400 000, 3-ply face masks and that the appointment was not compliant with NT Instructions with regards the use of the transversal contracts on the NT supplier database. It is further alleged that the prices charged for the face masks were inflated, rendering the appointment of Black Dot not equitable and cost effective for the department. The value of the contract awarded to Black Dot was R11 500 000.

b) Progress to date

The SIU received bank accounts report from the FIC. The report includes an analysis of Black Dot’s FNB account statements, the opening documents of Devas Strategy Consulting’s Nedbank account and the opening documents of a Capitec bank account. The SIU requested the FIC to obtain and profile Capitec bank account and statements. The bank account is held in the name of Mr Elias Simon Hlatshwayo.

c) Summary of findings

The SIU determined that the Capitec bank account, held in the name of Mr Elias Simon Hlatshwayo received R20 000 from Black Dot. The payment was made from the FNB account held by Black Dot. The residential address used when the Capitec bank account was opened, is the same residential address of Mr Jacob Hlatshwayo. Mr Jacob Hlatshwayo was the CFO of the DALRRD, and a central figure in this matter.

The SIU investigation established that no needs analysis was performed before the approval of the deviation memorandum to acquire the face masks on an urgent basis. As a result of the DALRRD’s failure to conduct a proper needs analysis, the SIU could not determine whether in fact that intended recipients received the PPE procured. The SIU investigation identified weaknesses in the

delivery process, such as incorrect product name (i.e. surgical masks vs cloth masks), no acknowledgement of receipt, or lack of contact details of the recipient. The SIU obtained a *rule nisi* to preserve the pension pay out of Mr Hlatshwayo, the former CFO of the DALRRD, pending an application to set-aside the contract awarded to Black Dot contract, before 1 March 2021. On the return date 8 March 2021, the court determined that the SIU had failed to bring the required application and as a result, the court declared the *rule nisi* lapsed. A process to preserve the pension pay out benefits was re-initiated and is set down for 8 April 2021. The Special Tribunal on Wednesday, 14 April 2021 interdicted GEPP from releasing pension benefits due to Mr. Hlatshwayo. The SIU issued Notices to several financial institutions in terms of section 5(2)(b) and (c) of the SIU Act, to obtain the bank statements and related documentation in respect of the identified DALRRD officials as well as Black Dot.

d) Steps Taken

Disciplinary action

The SIU did not make any disciplinary referrals in this matter, as Mr Jacob Hlatshwayo's employment was terminated by the DALRRD on an unrelated matter to this investigation.

Civil litigation

The SIU obtained a *rule nisi* to preserve the pension pay out of Mr Hlatshwayo, the former CFO of the DALRRD, pending an application to set-aside the contract awarded to Black Dot contract, before 1 March 2021. On the return date 8 March 2021, the court determined that the SIU had failed to bring the required application and as a result, the court declared the *rule nisi* lapsed. A process to preserve the pension pay out benefits was re-initiated and is set down for 8 April 2021. The Special Tribunal on Wednesday, 14 April 2021 interdicted GEPP from releasing pension benefits due to Mr. Hlatshwayo. Civil litigation was instituted on 17 December 2020 to recover R11 500 000. The Respondents are Mr Jacob Hlatshwayo and Black Dot. The trial is set down for 22, 23 and 24 November 2021.

8.3. EASTERN CAPE PROVINCE

8.3.1. Eastern Cape Department of Public Works and Infrastructure (“Eastern Cape DPWI”)

8.3.1.1. 2K S Construction and Projects

a) Nature of Allegation

On 31 August 2020, the SIU was made aware through an article appearing in the Daily Dispatch newspaper that a tender for the supply of PPE to the value of R992 105 was awarded to the company of a deceased man.

b) Summary of Findings

The SIU contacted Mr Nceba Kwakweni, the Director of 2K S Construction and Projects who confirmed that a contract to renovate a section of the Victoria Hospital was awarded to his company. The contract was still active when this investigation was finalised and investigation team confirmed the authorization for BAS payments to the amount of R264 425 by the Eastern Cape DPWI to 2K S Construction and Projects.

Mr Nkwakweni further stated that he was not aware of a company called 2K S Matshaya Trading (Pty) Ltd as mentioned in the newspaper article. The SIU’s investigation could not find any evidence to support the allegation that Eastern Cape DPWI contracted a company of a deceased person to supply PPE as alleged in the newspaper article. The investigation was therefore closed.

8.3.1.2. Willie Greef Trust (“WGT”)

a) Nature of Allegation

On 24 August 2020, the SIU through a whistle-blower received allegations of fraud and/or fronting. It was alleged that a company identified as the WGT is a CIDB 8 Building Contractor based in Gqeberha and was appointed to renovate four buildings at the Dora Nginza Hospital at a cost of R33 548 879. It is alleged that, at the time of the tender invitation, Mr Willie Greef of WGT committed to a 30% sub contracting of an Exempt Micro Enterprise (‘EME’) and nominated 2 or more EME contractors. This requirement was a tender pre-condition and without such, the WGT bid submission would have been disqualified. The sub-contract agreements were not adhered to by WGT. The Eastern Cape DPWI was informed thereof and indicated that allegations of fronting will be investigated.

b) Summary of Findings

The SIU investigation found that the WGT tendered and was awarded the contract for emergency refurbishments that were required at the Dora Nginza Hospital (Block E, F, G and J) for beds for Covid-19 patients. The tender submitted by the WGT included the details of Skhothahla Construction and Investments (“Skhothahla”) or Nyelezi Trading 86 (Pty) Ltd (“Nyelezi”) as the proposed subcontractors. The tender further reflected that the subcontractors to be utilised would be appointed from the local community. The SIU did not find any evidence supporting the allegations of fronting by the WGT made by the whistle-blower

The SIU investigation found that, as per the standard practice, the work would be allocated to the local Small, Medium and Micro Enterprises (“SMME”), within the specific local community. The SIU further established that 34 SMME were allocated work by WGT and were subsequently paid. Mr Banele Lugongolo, the Deputy Director: Independent Contractor Development Programme (“ICDP”) further confirmed that 15% of the work was subcontracted to the ICDP. The SIU established that 30% of the contract value was subcontracted to Local SMMEs and payment was received by the SMMEs, therefore the WGT complied with the tender conditions. However, no work was allocated to Skhothahla and Nyelezi. The investigation was closed because the allegations made by the whistle-blower could not be substantiated.

8.3.1.3. Skhothahla Construction and Investments CC (“Skhothahla”)

a) Nature of Allegation

On 26 August 2020, the SIU received a complaint from Ms Ntombizandile Tyibilika (“Ms Tyibilika”), the owner of Skhothahla in respect of SCMU5-20/21-0037 pertaining to the emergency repairs at the Aberdeen Hospital in the Sarah Baartman District. The allegations were that that on 25 May 2020, Skhothahla submitted a tender in response to the invitation and did not receive any response from the Eastern Cape DPWI and was later advised that the tender was awarded to another contractor, as the tender price of Skhothahla was not market related. The owner further alleged that the Eastern Cape DPWI failed to comply with the tender conditions as Skhothahla should have been given an opportunity to negotiate a lower price. In addition, the SIU received allegations relating to irregularities in respect of the CIDB grading, compliance in respect of the VAT Act and allegations of fronting.

b) Summary of Findings

The SIU investigation found that the procurement process was cancelled as only one tender was received. The procurement process was not competitive and the tendered price (R14 850 000) of Skhothahla exceeded the budgeted amount. The matter is closed because no contract was awarded and the the allegations made by the whistle-blower could not be substantiated.

8.3.1.4. Imivuzo

a) Nature of Allegation

On 26 August 2020, the SIU received a complaint from Ms Tyibilika in respect of SCMU5-20/21-0037 pertaining to the urgent clear view fencing at Amatola Sun, Bhisho. Ms Tyibilika alleged that:

- On 2 June 2020, Skhothahla was invited to submit a tender;
- On 10 June 2020, Skhothahla received a request from an official at the Eastern Cape DPWI to submit a quotation;
- On 14 June 2020, Skhothahla enquired about the outcome of the tender and were advised that a different contractor had been awarded the contract; and
- The specifications of the fence was changed and was completely different to the original scope.

b) Summary of Findings

From a review of the documentation and the information obtained from the interviews conducted, the SIU did not obtain any evidence to support the allegations. The SIU established that Skhothahla, which was registered on the ICDP was invited to submit a tender in respect of SCMU5 20/21-0037. Three tenders were received and were evaluated in terms of the 80/20 preference point system where 80% of points scored are awarded for the price while 20% of the points scored are awarded based on the bidder's BEE level.

As a result of the evaluation conducted, the BEC resolved to recommend that Imivuzo's quotation of R10 946 354 be accepted. Imivuzo scored the second highest points in terms of price and preference points and the appointment was supported by the BAC and approved by Mr Thandolwethu Manda, the HoD. The reason for not appointing the NGL Group which scored the highest points, was because they submitted a bid price that was way below the estimated cost (R5 958 354) in terms of the estimated project cost and bill of quantities. The SIU therefore established that the tenders were invited, evaluated and adjudicated upon and the reasons for the appointment of Imivuzo were justifiable and the matter was closed.

8.3.1.5. Imbono Architects (Pty) Ltd ("Imbono")

a) Nature of Allegation

On 24 August 2020, allegations were received from an anonymous whistle-blower pertaining to procurement irregularities at the Eastern Cape DPWI. It was alleged that, inter alia:

- *“certain companies were appointed with total disregard of the NT Regulations and were not registered in the Construction Industry Development Board (“CIDB”) database”;*
- *Companies awarded contracts were used as “fronts” of the Contractors, which do the work. The Contractor would be invited by a Consultant to submit its profile to a Consultant, when the actual work would be done by the Contractor and not the Consultant;*
- *No feasible reason why certain Contractors were not invited to tender or submit quotations;*
- *The procurement process followed was not transparent;*
- *Certain companies were not tax compliant during the invitation and award process;*
- *The list of companies invited to submit quotations came from the local ANC leaders; and*
- *There was value for money in respect of the work done”.*

The SIU investigation dealt with the procurement process followed by the Eastern Cape DPWI in respect of the emergency procurement of professional architectural services for the Turnkey Contract: Taylor Bequest Hospital in Matatiele (SCMU5-AN20/21-006), the appointment of Imbono Architects (Pty) Ltd (“Imbono”) with registration number 2017/022109/07, represented by Mr Philasande Sakhiwo Bertrand Jolobe (“Mr Jolobe”) and the payments made by the Eastern Cape DPWI to Imbono.

b) Summary of Findings

On 28 May 2020, the Eastern Cape DPWI forwarded an invitation for bid for the Turnkey Project for the Taylor Bequest Hospital at Matatiele. The BEC resolved to recommend Imbono and the BAC approved the appointment of Imbono as the second highest points scorer of 82.74 with a quoted price of R24 923 284. The highest point scorer, Qhakaza was overlooked as they were already awarded a contract at the Mlamli Hospital. As a result of the evaluation and adjudication of the tenders received, on 20 June 2020, the HoD of the Eastern Cape DPWI approved the appointment of Imbono. On 9 July 2020, the International Federation of Engineers Contract, with a contract value of R24 923 285 was concluded between the Eastern Cape DPWI and Imbono.

The SIU established that there was no evidence to support the allegations made by the whistle blower. The Contractor would not have been able to respond to the tender as the tender was for the emergency procurement of professional architectural services for the Turnkey Contract: Taylor Bequest Hospital in Matatiele. Seeing that it was a Turnkey Contract for architectural services,

Imbono, as the Architect was required to submit the tender, with the details of the professional team. Imbono submitted the details of its professional team, which included Electrical and Mechanical Engineers, Quantity Surveyors, Civil and Structural Engineers, Contractors and OHS Representatives. Imbono was therefore required as the Turnkey Contractor to manage the professional team.

As the tender was for the emergency procurement of professional architectural services for the Turnkey Contract, the tenderer was not required to have a CIDB grading. The SIU established from Mr Enoch Masibi (“Mr Masibi”), an official at the CIDB that Imvusa had a CIDB grading of 7GB and 7CE, which permitted the entity to undertake work to a value of R10 million or more. The SIU further established that Imbono and the entities that would be utilised by Imbono were registered on the CSD and their tax compliant status was verified. Furthermore, Mr Anda Majosini from the Eastern Cape DPWI advised that the services were satisfactorily rendered by Imbono and its professional team. The SIU investigation did not find evidence to support the allegations made by the whistle blower.

8.3.1.6. Anopha Design (“Anopha”)

a) Nature of Allegation

On 25 August 2020, the SIU, through a whistle-blower received an allegation of large scale graft taking place in both the Eastern Cape DoH and Eastern Cape DPWI in respect of the emergency refurbishment of public hospitals, isolation centres and field hospitals as a result of the Covid-19 pandemic. Anopha was allegedly awarded Covid-19 emergency contracts in an irregular manner. In addition it was alleged that the sub-contractors and the consultants were appointed in an irregular manner with total disregard for the applicable laws and regulations relating to CIDB registration, non-compliance to the VAT Act and that possible fronting took place.

b) Summary of Findings

On 09 April 2020, the Eastern Cape DPWI, making use of a limited bidding process, invited professional service providers for the emergency procurement of professional architectural services in respect of Turnkey contracts at the Madwaleni Hospital in Elliotdale under Tender No: SCMU5-20/21-0004 AMR INF. The SIU investigation found that Anopha tendered for and was awarded the contract for emergency refurbishments at the Madwaleni Hospital to the value of R19 735 588. Anopha was appointed as the Implementing Agent, on a Turnkey contract on behalf of the ECDPWI. Anopha was responsible to appoint and manage the relevant consultants. The following consultants were appointed by Anopha:

- Bamboo Rock 1031 (Pty) Ltd appointed as the main Contractor;
- Indwe Quantity Surveyors as Quantity Surveyor;
- Olon Consulting Engineers as the Electrical /Mechanical Engineering;
- Gatyeni Consulting Engineers as Civil/Structural Engineering and
- Minkline Consulting CC as Consultant.

Anopha was also responsible for the verification of work completed, the submission of invoices and the payment of the contractors, which tasks Anopha duly performed.

The SIU investigation found that in terms of the tender requirements, the implementing agent being Anopha in this case did not require CIDB grading, however, CIDB grading was a requirement for the sub-contractors. The SIU investigation confirmed that Anopha was a registered member of the South African Professional Architectural Profession, was registered as a VAT Vendor and their tax affairs were in order. In addition Anopha was registered as a service provider on the CSD. The SIU did not find any evidence supporting the allegations of any irregularities and/or fronting by Anopha.

The SIU investigation revealed that the main contractor namely Bamboo Rock 1031 (Pty) Ltd conformed to the relevant CIDB grading requirement as per the bid specifications and all consultants appointed were registered with their respective professional bodies.

8.3.1.7. Qhakaza Africa Consulting (“Qhakaza”)

a) Nature of Allegation

On 25 August 2020, the SIU, through a whistle-blower received an allegation of large scale graft taking place in both the Eastern Cape DoH and Eastern Cape DPWI in respect of the emergency refurbishment of public hospitals, isolation centres and field hospitals as a result of the Covid-19 pandemic. Qhakaza was allegedly awarded Covid-19 emergency contracts in an irregular manner with total disregard for the applicable laws and regulations relating to CIDB registration, non-compliance to VAT and TAX and that possible fronting took place.

b) Summary of Findings

The Eastern Cape DPWI, making use of a limited bidding process, invited professional service providers for the emergency procurement of professional architectural services in respect of Turnkey Contracts at the Mlamli Hospital under Tender No: SCMU5-20/21-0008 JGR. The SIU investigation found that Qhakaza tendered and was awarded the contract for emergency refurbishments at the Mlamli Hospital to the value of R43 769 699. Qhakaza was appointed as the Implementing Agent, on a Turnkey Contract on behalf of the Eastern Cape DPWI.

Qhakaza was responsible to appoint and manage the relevant consultants, which they duly did. The following consultants were appointed by Qhakaza:

- Phungashe Health & Safety Consulting;
- Tibaa Consulting Engineers;
- Nduluka Consulting Engineers;
- Pulana Baxter & Associates; and
- Brainwave Projects 848 CC.

Qhakaza was also responsible for the verification of work completed, the submission of invoices and the payment of the contractors, which tasks Qhakaza duly performed.

The SIU established that during the evaluation process Qhakaza was a registered member of the South African Professional Architectural Profession, was registered as a VAT Vendor and their tax affairs were in order and was registered as a service provider on the CSD. The SIU did not obtain any evidence supporting the allegations of fronting by Qhakaza made by the whistle-blower.

The SIU established that during the evaluation process the main contractor namely Brainwave Projects 848 CC conformed to the relevant CIDB grading as per the bid specifications and all consultants appointed were registered with the respective professional bodies except Nduluka Consulting.

Qhakaza could not be disqualified for appointing consultants not registered with its professional council, as it is not a requirement as per the bid specifications. It was not stipulated in the bid documents that appointed consultants needed to be evaluated by the Eastern Cape DPWI.

8.3.1.8. SQT Construction (Pty) Ltd (“SQT”)

a) Nature of Allegation

On 13 October 2020, the SIU received allegations from a whistle blower pertaining to procurement irregularities at the Eastern Cape DPWI with regards to Tender Number SCMU5 AN 20/21- 002 (Taylor Bequest Hospital) and Tender Number SCMU5 AN 20/21- 003 (Mt Ayliff Hospital) for the supply, delivery and installation of temporary structures at the respective hospitals in the Alfred Nzo District. It was alleged that:

- SQT was not registered in the Alfred Nzo and Regional Supplier Data base;
- SQT tender documents were incomplete;
- SQT submitted a false BBBEE certificate;

- SQT tender documents were not completed by the Director of the company; and
- SQT was awarded multiple contracts.

b) Summary of Findings

The SIU's investigation confirmed that SQT was awarded contracts to supply and erect 20 wards using alternative construction methods of pre-fabricated units at the Mt Ayliff and Taylor Bequest Hospitals to the value of R2 188 335 and R1 655 855 respectively. This procurement was under contracts no. SCMU5 – 20/21-002 and SCMU5 – 20/21-003.

The SIU found that the tender documents of SQT were signed by a Mr Lungisa Sigobelwana ("Mr Sigobelwana") whom according to the tender document is the Operations Manager. The SIU also found a Company Resolution appointing Mr Sigobelwana as the signatory to the company's tender documents and submitted all the required tender documents. The SIU also found that SQT was registered on the CIDB database with Grade 6GB PE and it was a registered service provider on the CSD with registration number MAAA0178439 as per the requirements of the tender. The SIU did not find evidence to support the allegations of the whistle blower.

8.3.1.9. Odwa and Sollie

a) Nature of Allegation

On 13 October 2020, the SIU received allegations from a whistle blower pertaining to procurement irregularities at the Eastern Cape DPWI with regards to Tender Number SCMU5-19/20-0072 for the emergency procurement of repairs and renovations at the Jourbetina Hospital in the Sarah Baartman district. It was alleged that Odwa and Sollie was not registered on the Sarah Baartman supplier database.

b) Summary of Findings

The SIU's investigation found that Odwa and Sollie was awarded the contract to the value of R2 323 000. The SIU investigation further found that Odwa and Sollie completed, signed and submitted all the required tender documents. The SIU's investigation confirmed that Odwa and Sollie was registered on the CIDB database with the relevant grades as required. The SIU investigation further established that Odwa and Sollie was a registered service provider on the CSD with registration number MAAA0071783. The SIU investigation did not find evidence to support the allegations made by the whistle blower.

8.3.1.10. Savage Wear and 3 other service providers

a) Nature of Allegation

On 7 April 2021, the SIU received allegations from a whistleblower that Savage Wear was awarded decontamination contracts by the Eastern Cape DPWI, Chris Hani District Office during the Covid-19 Pandemic and that the awards were irregular as the SCM Policies were not adhered to.

The SIU reviewed documentation relevant to the following service providers who received contracts to the value of R419 075:

| No | Name of Service Provider | Value of Contract |
|--------------|--------------------------|-------------------|
| 1. | Savage Wear | R162 716 |
| 2. | Bulena Vena | R137 582 |
| 3. | Usaandas Catering | R85 527 |
| 4. | Nodoli Trading | R33 250 |
| TOTAL | | R419 075 |

b) Summary of Findings

The SIU investigation found that the Eastern Cape DPWI: Chris Hani Regional Office invited quotations from service providers for the provision of sanitation services (anti fogging and related products) at the state owned buildings. The quotations were requested from eight service providers that were registered on the CSD and the above mentioned service providers responded and submitted their bid.

From a review of the documentation and the information obtained from the interviews conducted, it was established that as a result of the evaluation conducted the Acquisition Management: SCM requested the Regional Senior Manager to approve the awarding of the contracts to the above mentioned service providers.

The SIU further established that the bids submitted by these service providers were administratively compliant, the prices they quoted were within the budgeted amount of R500 000. The SIU further established that there were no irregularities in the procurement process followed by the Eastern Cape DPWI in the appointment of the service providers. The allegations made by the whistleblower could not be substantiated.

8.3.1.11. Infrastructure projects

a) Nature of Allegation

On 13 October 2020, the SIU received allegations from a whistle-blower that the appointed BEC did not convene as prescribed by the Eastern Cape DPWI SCM policies and procedures during the evaluation of the bids submitted by service providers appearing in the table below. The SIU reviewed the 73 infrastructure contracts with a view to investigate the procurement process followed in the appointment and awarding of infrastructure contracts to service providers and to establish whether the appointed service providers adhered to the bid conditions.

The SIU reviewed documentation relevant to the following service providers who received contracts to the value of R449 587 571.

| No | Name of Service Provider | Value of Contract |
|-----|--------------------------------------|-------------------|
| 1. | Antivirus Trading | R143 246 |
| 2. | Athindura Trading | R5 868 224 |
| 3. | Athindura Trading | R1 799 931 |
| 4. | Avumile Business Investments | R7 890 541 |
| 5. | BNN Construction | R6 998 594 |
| 6. | Botani Construction | R4 838 910 |
| 7. | Botani Construction CC | R977 512 |
| 8. | Bull and Bush Engineering | R1 134 800 |
| 9. | Cape to Cairo Investment (Pty) Ltd | R761 910 |
| 10. | Cycle Civil and Projects | R5 344 036 |
| 11. | ECY Construction | R1 144 671 |
| 12. | Enkosi Mandela | R4 754 443 |
| 13. | Erivision (Pty) Ltd (MC Corporation) | R1 506 561 |
| 14. | Esotho Trading | R1 359 316 |
| 15. | Evermore Engineering & Projects | R395 489 |
| 16. | Freemason Construction | R6 880 804 |
| 17. | Gardens to Floors (Pty) Ltd | R707 400 |

| No | Name of Service Provider | Value of Contract |
|-----|--------------------------------------|-------------------|
| 18. | Gardens to Floors (Pty) Ltd | R2 791 995 |
| 19. | Goavect (Pty) Ltd | R4 889 649 |
| 20. | Iinchali Trading CC | R4 929 092 |
| 21. | Imivuzo | R4 735 746 |
| 22. | Imvusa Trading 491 CC | R5 634 146 |
| 23. | Intlangula 86 Trading CC | R8 848 726 |
| 24. | JVPS Trading Enterprise (Pty) Ltd | R1 691 428 |
| 25. | Khanya Trading & Projects | R124 792 |
| 26. | Khethakanye Trading and Projects 347 | R784 326 |
| 27. | Khumbeni Construction | R4 805 144 |
| 28. | Kinex Power Projects | R14 875 999 |
| 29. | Lakhaza Construction | R3 536 556 |
| 30. | Lathitha Construction and Projects | R6 772 937 |
| 31. | Lezmin 1204 Construction | R8 567 718 |
| 32. | LGK Group | R1 944 855 |
| 33. | Mabija Trading | R2 478 856 |
| 34. | Mabuz Buzwana Holdings | R332 917 |
| 35. | Magz Projects | R2 731 787 |
| 36. | Mathew & Sons Construction | R6 578 917 |
| 37. | Mathew & Sons Construction | R317 405.75 |
| 38. | Mayibuye i-Afrika Trading | R5 291 617 |
| 39. | McCauley Trading & Construction | R364 840 |
| 40. | Milibo Trading & Projects (Pty) Ltd | R2 819 941 |
| 41. | Mom & Daughters Trading Enterprises | R461 990 |
| 42. | MRQ Contractors | R4 948 162 |

| No | Name of Service Provider | Value of Contract |
|-----|--------------------------------------|-------------------|
| 43. | NLG Group | R3 394 371 |
| 44. | NLG Group CC | R664 502 |
| 45. | Nobantu Construction | R6 783 551 |
| 46. | Noziqonga Trading CC | R915 706 |
| 47. | Oguyonke Catering & Construction | R6 402 652 |
| 48. | Oxegon Electrical & Maintenance | R3 036 752 |
| 49. | Pandani Construction | R3 548 492 |
| 50. | PDN Africa | R39 672 526 |
| 51. | Phalela Construction (Pty) Ltd | R487 699 |
| 52. | Phumelela Consultancy (Pty) Ltd | R458 160 |
| 53. | Safika Construction | R11 587 844 |
| 54. | Sakhe Construction | R3 671 865 |
| 55. | Silver Star Trading 437 CC | R4 104 376 |
| 56. | Simunye Developers CC | R3 506 350 |
| 57. | Siza Kancane Trading Enterprise 72 | R14 470 536 |
| 58. | Skhothahla Construction & Investment | R5 065 261 |
| 59. | SNZN Construction | R254 238 |
| 60. | SNZN Construction | R730 716 |
| 61. | SNZN JV Imbumba Development | R11 656 007 |
| 62. | SQT Construction & Civils | R48 818 261 |
| 63. | Star Time Trading CC | R7 012 255 |
| 64. | Stermount Projects (Pty) Ltd | R31 203 517 |
| 65. | Thiyane Contractors | R5 804 729 |
| 66. | Thowamvu Trading | R5 171 922 |
| 67. | TICA Consultants (Pty) Ltd | R48 365 042 |

| No | Name of Service Provider | Value of Contract |
|--------------|--------------------------|---------------------|
| 68. | Transtruct SGN (Pty) Ltd | R5 714 575 |
| 69. | Vitsha Trading | R13 726 962 |
| 70. | Vitsha Trading | R844 991 |
| 71. | Zamatita Construction | R448 160 |
| 72. | Zandla Ezishushu Group | R2 996 055 |
| 73. | Zeezee Khula Trading | R2 938 542 |
| TOTAL | | R447 222 544 |

b) Summary of Findings

The SIU investigation found that the bids submitted by the abovementioned service providers were administratively compliant. The SIU established that there was no evidence to support the allegations that the service providers did not adhere to the tender specifications and that the appointed BEC committees did not convene as prescribed by the Eastern Cape DPWI SCM policies.

8.3.1.12. Nontembiso Projects (“Nontembiso”)

a) Nature of allegation

On 13 October 2020, the SIU received allegations from a whistle-blower that the appointed BEC did not convene as prescribed by Eastern Cape DPWI SCM policies and procedures. During the evaluation of the bids submitted by service providers appearing in the table above, the SIU established that in relation to the bid submitted by Nontembiso, the Quantity Surveyor and a Project Leader responsible for the management of the refurbishments and alterations by Nontembiso at the SS Gida Hospital, approved additional scope of work to the value R137 317.71, which amounted to a 48.48% increase to the original contract value and that the work was executed and completed without an approved variation order.

b) Summary of Findings

The SIU investigation found that Mr Siza Khungani Diko (“Mr Diko”) who was the Project Manager for the project, on becoming aware of the additional work that was required at the SS Gida Hospital, failed to submit the request for a variation order to the Variation Order Committee (“VOC”), the BAC and/or the Accounting Officer.

The SIU investigation further found that Mr Diko authorised Nontembiso to continue working as per the new scope of work in terms of the new Bill of Quantities (“BoQ”), despite the fact that the variation order was not approved by either the VOC or the Head of Department (“HoD”).

Mr Diko also sought approval from the HoD for the variation order subsequent to the completion of the additional work by Nontembiso. The original contract value was R283 237 and the cost of the additional work was R137 318 (VAT inclusive), which exceeded the maximum allowable percentage permitted in terms of NT Instruction No 5. The additional work awarded brought the total value of the contract to R420 555.

c) Steps Taken

Disciplinary action

On 23 September 2021, the SIU recommended to the Eastern Cape DPWI that disciplinary action be instituted against Mr Diko for contravention of section 45(c) of the PFMA, in that he failed to take effective and appropriate steps to prevent, within his area of responsibility any unauthorised, irregular and fruitless and wasteful expenditure. His actions caused the Eastern Cape DPWI to incur irregular expenditure to the value of R137 317.71. The Eastern Cape DPWI has advised the SIU that the referral has been referred to their Labour Relations Section for further processing.

8.3.1.13. JD Strategic Investments

a) Nature of Allegation

The SIU identified JD Strategic Investments from the list of service providers received from the Provincial Treasury. The SIU collected documents from the Eastern Cape DPWI relating to JD Investments. During the analysis of the documents, the SIU established that the ECDPWI sourced PPE from JD Investments but the PPE was priced above the threshold of items as specified in NT issued Instruction Notes No 5 of 2020/2021 and No 8 of 2020/2021.

b) Summary of Findings

The SIU investigation found that there were irregularities in the procurement process followed by the Eastern Cape DPWI in respect of quotation RFQ 3057/19-20 for the supply and delivery of PPE to the value of R201 902.

The SIU investigation found that Ms Bulelwa Mapisa-Jada caused the Eastern Cape DPWI to incur irregular expenditure and fruitless expenditure to the value of R105 456 as Ms Mapisa-Jada was aware of the instructions issued by the NT and the threshold amounts the State institutions must use when procuring PPE. Ms Mapisa-Jada however procured examination gloves and wet wipe

containers from JD investments, which exceeded these amounts. Ms Mapisa-Jada further failed to execute her duties in a professional and competent manner, thereby contravening the Code of Conduct for the Public Service.

c) Steps Taken

Disciplinary action

On 3 September 2021, the SIU recommended to the Eastern Cape DPWI that disciplinary action be instituted against Ms Mapisa-Jada for the contravention of section 45(c) of the PFMA, in that Ms Mapisa-Jada failed to take effective and appropriate steps to prevent, within her area of responsibility, any unauthorised, irregular and fruitless and wasteful expenditure as she procured 5 litre wet wipe containers and gloves surgical and examination – nitrile powder free latex 100 per box from JD Investments, which exceeded the maximum price permitted in terms of the NT regulations. Her actions caused the Eastern Cape DPWI to incur irregular expenditure and fruitless and wasteful expenditure to the value of R105 456. The SIU have requested an update from the ECDWPI and are awaiting a response.

Civil Litigation

On 28 June 2021, a Letter of Demand was issued to Ms Jessie Ngcakani, the Director of JD Investments to recover the overpayment of R105 456 made to JD Investments. JD Investments has not made any arrangements to pay the amount of R105 456 in full within 15 days from the date of the receipt of the Letter of Demand and because of this the SIU is taking steps to issue summons against JD Investments.

8.3.1.14. Lechoba Medical Technologies (“Lechoba”)

a) Nature of allegation

The SIU identified Lechoba from the list of service providers received from the Provincial Treasury. The SIU collected documents from the Eastern Cape DPWI relating to Lechoba. During the analysis of the documents, the SIU established that the Eastern Cape DPWI sourced PPE from Lechoba, which PPE was priced above the threshold of items as specified in NT issued Instruction Notes No 5 of 2020/2021 and No 8 of 2020/2021.

b) Summary of Findings

The SIU investigation found that there were irregularities in the procurement process followed by the Eastern Cape DPWI in respect of quotation RFQ 0258 for the supply and delivery of PPE.

Ms Mapisa-Jada was advised by Lechoba that anti-microbial concentrate Steritech CAS, which was eventually supplied and delivered to the Eastern Cape DPWI was more expensive than the ready to use product. Furthermore, Ms Mapisa-Jada was aware of the NT Instruction Notes No 5 of 2020/2021 and No 8 of 2020/2021 and should have been aware that the Eastern Cape DPWI was not permitted to utilise the surface antimicrobial disinfectant, because only the Department of Health was permitted to utilise this product. Taking the above into consideration, the SIU investigation found that Ms Mapisa-Jada failed to execute her duties in a professional and competent manner and she failed to promote sound, efficient, effective, transparent and accountable administration, thereby contravening paragraph C4.4 and C4.9 Chapter 2, Code of Conduct for the Public Service. Ms Mapisa-Jada actions therefore caused the Eastern Cape DPWI to incur irregular expenditure to the value of R58 605.17 and fruitless and wasteful expenditure in the amount of R21 885.17.

c) Steps Taken

Disciplinary action

On 1 September 2021, the SIU recommended to the Eastern Cape DPWI that disciplinary action be instituted against Ms Mapisa-Jada for the contravention of section 45(c) of the PFMA, in that Ms Mapisa-Jada failed to take effective and appropriate steps to prevent, within her area of responsibility, any unauthorised, irregular and fruitless and wasteful expenditure as she procured the surface antimicrobial disinfectant, which was more expensive than the ready to use product and procured the surface antimicrobial disinfectant, which the Eastern Cape DPWI was not permitted to utilise and which the Department of Health was only permitted to utilise.

Ms Mapisa-Jada's actions caused the Eastern Cape DPWI to incur irregular expenditure in the amount of R58 605.17 and fruitless and wasteful expenditure in the amount of R21 885.17. We have requested an update from the Eastern Cape DPWI and we are awaiting response.

8.3.1.15. Waving High Trading and Projects ("Waving High")

a) Nature of allegation

On 13 October 2020, the SIU received allegations from a whistle-blower that the appointed BEC did not convene as prescribed by Eastern Cape DPWI SCM policies and procedures. During the evaluation of the bids submitted by service providers the SIU established that in relation to the bid submitted by Waving High Trading and Projects ("Waving High"), Waving High submitted an expired CIDB certificate and the CSD report indicated that Waving High had a tax non-compliant status.

b) Summary of Findings

The SIU established that Waving High submitted a bid, prior to the closing date, in response to the advertisement of SCMU5-20/21-0005 pertaining to the tender for emergency repairs and renovations to Glen Grey Hospital in Chris Hani region. On 3 June 2020, Waving High submitted a tender in response to the invitation to bid. On 12 June 2020, the Director: Contracts Management at the Eastern Cape DPWI accepted the offer in the amount of R5 425 180.87 (VAT inclusive) submitted by Waving High to the Eastern Cape DPWI. On 16 July 2020, the JBCC was concluded between the Eastern Cape DPWI and Waving High. The BAS payment information reflected that for the period 21 August 2020 to 20 April 2021, the Eastern Cape DPWI released the total payment in the amount of R4 335 504.57 (VAT inclusive) to Waving High.

The T1.2 Bid Data reflected the standard conditions of the bid. Clause 4.2 provided that *“only bidders who are registered with the CIDB, or are capable of being so prior to the evaluation of submissions, in a contractor grading designation equal to or higher than a contractor grading designation determined in accordance with the sum bid, or a value determined in accordance with the Regulation 25(1B) or 25(7A) of the Construction Industry Development Regulations, for a 4GB and 4GB PE class of construction work are eligible to have their bids evaluated.”* It should be noted that Waving High submitted the CIDB printout, which reflected that the status of Waving High with CRS Number 242962 was active.

During the evaluation of the tenders received, the members of the BEC verified the CIDB grading designation of Waving High. The minutes of the BEC meeting, which was held on 8 June 2020, reflected that the *“CIDB print out of the day reflects grade 6 GB PE”* The CIDB printout reflected that the status of Waving High with CRS Number 242962 was active. The CIDB printout further reflected that Waving High had a 6 GB PE grading designation, which was updated on 12 February 2019.

During the course of the investigation, the SIU obtained the CSD Compliance History Report pertaining to Waving High. From a review of the CSD Report, it was established that the CIDB grading designations (6 GB PE, 5CE, 1 SK and 3 SQ) of Waving High expired on 26 June 2020. It should be noted that the JBCC was concluded between the ECDPWI and Waving High on 16 July 2020, which was subsequent to the expiration of the CIDB grading designations. The SIU conducted a search on the CIDB website, in order to determine whether Waving High was registered on the Register of Contractors. It was established that the 6 GB PE grading designation of Waving High expired on 6 April 2020, which was prior to the submission of the tender and the appointment of Waving High.

Clause 18(1) of the CIDB Act (Act 38 of 2000) provides that a “contractor may not undertake, carry out or complete any construction works or portion thereof for public sector contracts, awarded in terms of competitive tender or quotation, unless he or she is registered with the Board and holds a valid registration certificate issued by the Board.” From the documentation obtained by the SIU, Waving High tendered and was awarded the contract by the ECDPWI, despite the fact that the 6 GB PE grading designation expired on 6 April 2020.

During the course of the investigation, the SIU obtained the CSD History Report pertaining to Waving High. The CSD Report under the “Tax Compliance Verification” section reflected that in certain instances (e.g. 1 March 2017, 1 June 2018, 28 February 2019 and 21 November 2019, etc.), Waving High had a “non-compliant tax status.”

c) Steps taken

Administrative action

The SIU is in the process of referring the matter to the CIDB and recommended the CIDB Board, issue Waving High with a notice to cease to continue any public sector construction works, until such time that Waving High is registered with the CIDB. The SIU further recommended that the CIDB take the necessary action against Waving High as provided for in terms of section 18(2) of the CIDB Act.

The SIU is in the process of referring the matter to the SARS and requested that the SARS should formally determine whether Waving High was a registered VAT vendor at all relevant times and made the required VAT payments to the SARS. The SIU further requested that the SARS formally determine whether Waving High was tax compliant at all relevant times.

8.3.1.16. Anzet Trading (“Anzet”)

a) Nature of allegation

On 13 October 2020, the SIU received allegations from a whistle-blower that the appointed BEC did not convene as prescribed by Eastern Cape DPWI SCM policies and procedures. During the evaluation of the bids submitted by service providers the SIU established that the Eastern Cape DPWI SCM Policies were not adhered to and therefore the award made to Anzet was irregular.

b) Summary of Findings

The SIU established that the Eastern Cape DPWI OR Tambo Region e-mailed invitation to bid to prospective bidders to submit a bid for the emergency supply and delivery of building materials at

the Nessie Knight Hospital. The cost estimate for the supply of the material was R100 000. Bids were received from Anzet (R390 903.59), Wavelengths (R69 062.10) and SNGAU (R8 673.81).

On 29 May 2020, the Procurement Committee (“the committee”) convened in order to evaluate the bid received. The bids were evaluated in terms of compliance to the bid rules and conditions, and in terms of price and preference points. As a result of the evaluation conducted the committee resolved not to recommend any of the prospective bidders as they did not meet the requirements of the evaluation stages. The committee recommended that the project be sent to re-tender.

Ms Ntomboxolo Koko (“Ms Koko”), the Assistant Director: Logistics and the Acting Manager: Supply Chain Management (“SCM”) at the Eastern Cape DPWI, OR Tambo Region initiated negotiations with Anzet in an effort to request Anzet to revise their BoQ. Anzet submitted a new offer amounting to R194 932.02. The committee re-convened to evaluate the new offer with the revised BoQ received from Anzet and the unrevised offers from the other two service providers. The committee recommended Anzet to be appointed for the project.

The evidence suggests that Ms Koko may be guilty of the following acts or omissions, which we submit amount to misconduct:

Contravention of section 45(c) of the PFMA, in that Ms Koko failed to take effective and appropriate steps to prevent, within her area of responsibility, any unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, in that Ms Koko:

- requested the Project Manager, who was not an SCM official to compile the Addendum to the evaluation criteria;
- compiled the minutes of the Negotiating Committee meeting, which did not accurately reflect the discussions that took place at the meeting and passed it off as if it was compiled by the Secretariat of the Negotiating Committee
- initiated the negotiations with Anzet and whilst the negotiations were not finalised issued the letter of award to Anzet; and
- issued Anzet with a letter of award in the amount of R194 932.02, which far exceeded the cost as per the quotation/cost estimate.

Ms Koko’s actions caused the Eastern Cape DPWI to incur irregular expenditure in the amount of R194 932.02 and fruitless and wasteful expenditure in the amount of R99 518.69.

c) Steps taken

Disciplinary action

The SIU is in the process of recommending to the Eastern Cape DPWI that disciplinary action be instituted against Ms Koko for the contravention of section 45(c) of the PFMA, in that Ms Koko failed to take effective and appropriate steps to prevent, within her area of responsibility, any unauthorised, irregular and fruitless and wasteful expenditure. Ms Koko's actions caused the Eastern Cape DPWI to incur irregular expenditure in the amount of R194 932.02 and fruitless and wasteful expenditure in the amount of R99 518.69.

8.3.2. Eastern Cape Department of Education ("Eastern Cape DoE")

8.3.2.1. Sizwe Africa IT Group ('Sizwe IT')

a) Nature of Allegation

On 22 July 2020, the SIU read about this in a Daily Dispatch newspaper article and registered the matter for assessment. On 4 August 2020, the SIU approved that this matter be investigated under this proclamation. It was alleged that the Eastern Cape DoE irregularly made use of the Covid-19 emergency procurement process in awarding a contract worth R740 000 000 million in respect of virtual classrooms and Samsung Galaxy tablets to Sizwe IT, without a competitive bidding process. Instead of going out to tender, the Eastern Cape DoE relied on NT Regulation 16A 6.6, which allows one government department to "piggy-back on an earlier tender awarded, in this case the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism ("ECDEDEAT"), provided that the initial contract had been awarded through an open and competitive bidding process.

b) Summary of Findings

The SIU investigation has found that on the 12 August 2019, the Eastern Cape DoE requested permission from the ECDEDEAT with a view to utilize their contract with Sizwe Group IT under Bid No. PP09 18/19-22. This indicates that the Eastern Cape DoE had already identified the need to procure prior to the proclamation date.

The Eastern Cape DoE continued with the request to participate in the ECDEDEAT contract in the normal manner until the declaration of the State of National Disaster by Government Notice No. 313 of the 15 March 2020 which related to the outbreak of the Covid-19 pandemic.

On 25 March 2020, the Eastern Cape DoE realised the need for the procurement of 13 virtual classrooms and 55 000 Samsung Galaxy tablet devices and was stated as a drastic measure

(brought on by the pandemic) in order to ensure that while learners are kept at home they are able to access quality education support through virtual education broadcasting. The total value of the contract (for both the tablets and virtual classrooms) is R536 000 000.

The application by the Eastern Cape DoE to participate in the ECDEDEAT contract significantly gained momentum until a Service Level Agreement between Eastern Cape DoE and Sizwe Group IT is signed on 29 April 2020.

Section 7(3) of the State Information Technology Act 88 of 1998 (“the SITA Act”) applies to the Eastern Cape DoE’s intended procurement, and this then obliges the Eastern Cape DoE to procure the tablets, sim cards with data and other ICT equipment through the SITA.

The Minister of Public Services and Administration can, in terms of section 23 of the SITA Act, promulgate exempting regulations were the procurement, as envisaged in section 7(3) is not required.

On 23 September 2005, the Minister promulgated Regulations to section 23 of SITA. Section 17 of the Regulations relates to circumstances regarding procurement of information technology related services on an ‘[E]mergency or urgent procurement,’ but not through the SITA, and deals with circumstances in which a department or public body may procure information technology without the use of the SITA.

Section 17(6) of the Regulations made the Eastern Cape DoE to allegedly rely on this exception (alleging ‘emergency or urgency’) in order to procure 13 virtual classrooms and 55 000 Samsung Galaxy tablet devices, as soon as the national lockdown was implemented with a view to circumvent proper an open tender which was a procurement process in the circumstances of this matter.

The SIU investigation confirmed the allegations that the Eastern Cape DoE irregularly procured the virtual classrooms and Samsung Galaxy tablets through Sizwe IT. The SIU investigation found that the Eastern Cape DoE failed to comply with the conditions put by the Provincial Treasury in their request to participate via the Treasury Regulation 16A 6.6 in the ECDEDEAT contract for a period of three years.

Eastern Cape DoE failed to confirm that the contract complied fully with the following requirements and conditions:

- A cost benefit analysis must be done;
- The estimated value of the contract must be determined;
- The scope of the services must be provided; and

- A list of the leased items are in line with the ECDEDEAT specifications.

c) Steps Taken

Civil Litigation

SITA has instituted civil proceedings at the Bhisho High Court against both the Eastern Cape DoE and Sizwe IT/ MTN collaboration based on the procurement process that was adopted which had side-lined SITA. During the civil proceedings, it became evident that both the respondents are vigorously defending their actions. Both the national and regional news agencies are frequently reporting on the matter at hand, and there is significant political interest in the matter. The Democratic Alliance has since laid criminal charges against the Eastern Cape DoE HoD and accused him of perjury relating to presentations made to the provincial legislature on the value of the ICT related services and equipment.

The Bhisho High Court ruled that the contract should be reviewed and we are still awaiting the date for the review hearing.

The SIU derived its *locus standi* to litigate from the Special Investigating Units and Special Tribunal Act 74 of 1996 ('the SIU Act') read with Proclamation R.23 of 2020. The SIU appointed the Senior Counsel and is busy drafting papers for a joinder.

8.3.2.2. Yinathi Holdings

a) Nature of Allegation

Around September 2020, the SIU received allegations from a whistle blower that one official, Mr Siyabonga Qhomfo ("Mr Qhomfo") is conducting business with the Eastern Cape DoE using his wife's company, Yinathi Holdings. Yinathi Holdings was awarded a tender by the Eastern Cape DoE to procure and supply PPE to various schools around the Eastern Cape.

b) Summary of Findings

The SIU investigation found that Yinathi Trading was awarded a contract to supply and deliver PPE to various schools around the Eastern Cape and was paid R2 415 145. The SIU investigation found that Mr Qhomfo, an Acting Director: Internal Control Unit contravened the sections 195 and 217 of the Constitution of the Republic of South Africa, Regulation 13 – 14 of the Public Service Regulations, 2016Act and its Regulations and Code of Conduct for Public Service as he as an employee of an organ of State indirectly benefitted from a PPE contract with the Eastern Cape DoE through his wife's company. The SIU investigation also found that Mr Qhomfo allowed his wife to conduct business for or on behalf of Yinathi Holdings through the use of his Eastern Cape DoE

issued cell phone and laptop and also assisted with making deliveries to schools for or on behalf of Yinathi Holdings which was in contravention of the Code of Conduct for Public Service which prevents public servants from using State resources for their personal benefit.

The SIU investigation also found that Mr Qhomfo has been receiving kickbacks from service providers of the Eastern Cape DoE who also received tenders to deliver PPE to various schools in the Eastern Cape.

c) Steps Taken

Disciplinary action

On 16 April 2021, the SIU referred evidence for disciplinary action against Mr Qhomfo who was then charged for the above mentioned contraventions of sections 195 and 217 of the Constitution of the Republic of South Africa, Regulation 13 – 14 of the Public Service Regulations and Code of Conduct for Public Service as he as an employee of an organ of State indirectly benefitted from a PPE contract with the Eastern Cape DoE through his wife's company and the disciplinary process was concluded with a guilty verdict on 15 October 2021 and we are awaiting an advise on the sanction imposed from the Eastern Cape DoE. We have been advised that Mr Qhomfo has been given and two months suspension without pay sentence. We are however still awaiting a formal notification of the sentence.

8.3.2.3. Alinani Trading and Ikuda Technologies

a) Nature of Allegation

Around September 2020, the SIU received allegations from the DPCI that one official, Ms Nandipha Tembo ("Ms Tembo"), who is the Director at the Eastern Cape DoE, is using her sister's company, Alinani Trading, to do business with the Eastern Cape DoE. Alinani Trading was awarded a tender by the Eastern Cape DoE to procure and supply PPE to various schools around the Eastern Cape.

b) Summary of Findings

The SIU investigation found that Ms Tembo who is the Director: Asset and Logistics at the Eastern Cape DoE is a biological sibling and an elderly sister to the owner of Alinani Trading, Ms Sinazo Mgwangqa. Ms Tembo's husband, Mr Theo Tembo through her sister's company has been conducting business with the Eastern Cape DoE. Alinani Trading was paid a total of R2 805 292 to supply PPE to schools around the Eastern Cape. The SIU found that Ms Tembo's usage of her sister's company was to disguise her doing business with the Eastern Cape DoE whilst she was employed therein which was in contravention of the Regulation 13 – 14 of the Public Service Regulations, 2016 and Code of Conduct for Public Service.

The SIU investigation further found that Ms Tembo and her husband also used Ikuda Technologies (“Ikuda”) to conduct business with the Eastern Cape DoE. Ikuda is a company owned by a Ms Kudakwashe Regina Chindomu who is related to Ms Tembo’s husband. Ikuda was paid by the Eastern Cape DoE R1 474 967 for supplying PPE to various schools in the Eastern Cape. The SIU’s investigation also revealed that Ms Tembo and her husband were in control of the Ikuda’s bank account.

The SIU investigation further found that Mr and Ms Tembo were also using Tawala Trading (“Tawala”), a company belonging to Mr Tembo, to launder the proceeds of their illegal activities in the Eastern Cape DoE as some of the payments from the Eastern Cape DoE were transferred into the bank account of Tawala.

c) Steps Taken

Disciplinary action

On 12 April 2021, the SIU referred evidence for disciplinary action against Ms Tembo and the disciplinary process is underway. The SIU referred evidence in support of the contravention of the Regulation 13 – 14 of the Public Service Regulations, 2016, Code of Conduct for Public Service and sections 195 and 217 of the Constitution.

Criminal referrals

The SIU has been working with the DPCI in this matter and a criminal case was registered in Zwelitsha (CAS51/10/2020). The SIU assisted the investigating team with evidential material and is currently preparing evidence file for criminal referral to the NPA. On 30 September 2021, based on the DPCI investigations, Ms Tembo and her husband were arrested and were released on bail and will appear again on 27 October 2021 on charges of corruption, fraud and money laundering. The matter was postponed to 26 January 2022 at the Regional Court.

Civil Litigation

On 28 October 2020, the SIU referred this matter to the Special Tribunal for an anti-dissipation order and an interdict to prevent further delivery. The Special Tribunal made an order freezing the bank accounts of the first four respondents being Ms Sinazo Mgwangqa, Mr Theo Tembo, Ms Tembo and Alinani.

Civil litigation which is Part B of the process initiated on 20 October 2020, to set the contracts aside and recover the monies paid to Alinani is in progress. The SIU filed joinder application to join Tawala and Ikuda to the proceedings which expired on 28 Oct 2021 as they were involved in the transactions related to the Eastern Cape DoE as reported above. The Respondents failed to file

their notices to oppose by 28 October 2021 and the SIU has applied to place the application on the unopposed roll.

8.3.2.4. Shabar Holdings

a) Nature of Allegation

It was reported in the Daily Dispatch newspaper that a tender was awarded to a deceased person to supply PPE to schools within the Eastern Cape and based on this, the SIU requested from the Provincial Treasury a detailed list of all the suppliers whom supplied Eastern Cape DoE with PPE. On receiving this information the SIU drafted a Section 5(2) (b) Notice and served it on the Eastern Cape DoE and subsequently uplifted all the tender documents on 14 August 2021. On 23 November 2020, the SIU received allegations from a whistle-blower that the owner of Shabar Holdings was a medical doctor employed by the State and that he did not declare his interest in the business.

b) Summary of Findings

The SIU investigation found that the service provider was awarded a contract to the value of R1 566 680 to supply PPE to various schools around the Eastern Cape. The SIU found that the allegation was unfounded as the doctor was not employed full time by the Provincial Government but was being called from time to time to assist the hospital as a *locum* had declared his interest in the business in the tender documents.

8.3.2.5. Amplify Ventures (Pty) Ltd and six other service providers

a) Nature of Allegation

It was reported in the Daily Dispatch newspaper that a tender was awarded to a deceased person to supply PPE to schools within the Eastern Cape and based on this, the SIU requested from the Provincial Treasury a detailed list of all the suppliers whom supplied Eastern Cape DoE with PPE. On receiving this information the SIU drafted a Section 5(2) (b) Notice and served it on the Eastern Cape DoE and subsequently uplifted all the tender documents on 14 August 2021.

The SIU conducted an investigation on all the files received from the Eastern Cape DoE to determine if all the service providers delivered the PPE to the schools. The following service providers were investigated and the findings are summarised hereunder:

| No. | Name of the Service Provider | Value of the Contract |
|--------------|----------------------------------|-----------------------|
| 1. | Amplify Ventures | R2 377 702 |
| 2. | Tanaka Soft Solutions | R1 915 955 |
| 3. | Thembalabantu | R1 920 633 |
| 4. | Unlocked Consultants | R2 175 192 |
| 5. | Iliqhayiya Trading | R3 222 549 |
| 6. | Ice Breaker | R2 579 524 |
| 7. | Sisasesonke Trading and Projects | R1 439 315 |
| TOTAL | | R15 630 870 |

b) Summary of Findings

The SIU investigation found that Amplify Ventures with registration number 2014/254934/07 was awarded a tender by the Eastern Cape DoE to supply and deliver PPE to schools around the Eastern Cape.

The SIU investigation also found that Amplify Ventures unlawfully and intentionally made a misrepresentation to the Eastern Cape DoE by submitting an invoice with invoice number Eastern Cape DoE101, dated 01 July 2020 in respect of the supply and delivery of PPE to the value of R2 377 702, however not all the quantities that appeared on the invoice were delivered. The Eastern Cape DoE paid Amplify Ventures the full amount on the invoice despite the under delivery of the goods and services. This resulted in an overpayment of R55 427.

The SIU investigation found that Tanaka Soft Solutions ("Tanaka") submitted an invoice dated 22 June 2020 for the supply and delivery of the PPE to the value of R1 817 152, however not all the quantities as per the invoice were delivered. As a result of this under delivery, Tanaka received an over payment of R98 415.

The SIU investigation confirmed that Thembalabantu did deliver PPE to the schools as per their invoice, however, the Eastern Cape DoE made a calculation error when processing the payment, which resulted in an overpayment of R7 109. The service provider has settled this amount in full with the SIU on 22 October 2021.

The SIU investigation confirmed that Unlocked Consultants did deliver PPE to the schools, however, the Eastern Cape DoE made a calculation error when processing the payment, which

resulted in an overpayment of R6 173. The service provider has settled this amount in full with the SIU on 15 November 2021.

The SIU investigation confirmed that Iliqhayiya Trading did not deliver all the PPE to the schools, however, the Eastern Cape DoE paid their invoice in full, which resulted in an overpayment of R17 666. The service provider has settled this amount in full with the SIU on 18 October 2021 and we are in the process of drafting a criminal referral for fraud against this service provider referring the criminal matter.

The SIU investigation confirmed that Ice Breaker did not deliver all the PPE to the schools, however, the Eastern Cape DoE paid their invoice in full, which resulted in an overpayment of R52 158. The service provider has since signed an AOD with the SIU on 08 November 2021.

The SIU investigation confirmed that Sisasesonke Trading did not deliver all the PPE to the schools, however, the Eastern Cape DoE paid their invoice, which resulted in an overpayment of R17 845. The service provider met with the SIU 16 November 2021 and agreed to settle the amount overpaid in full.

c) Steps Taken

Criminal referrals

The SIU referred the matter to the NPA for criminal investigation against Mr Maphelo Silinga, the Director of Amplify Ventures and Amplify Ventures for fraud on 15 May 2021.

The SIU referred evidence of fraud to the NPA for criminal investigation and prosecution against Ms Linda Muthana, the Director of Tanaka on 15 May 2021.

The SIU will be referring evidence of fraud to the NPA for criminal investigation and prosecution against Ms ZG Mpondonqi, the Director of Iliqhayiya Trading.

The SIU will be referring evidence of fraud to the NPA for criminal investigation and prosecution against Mr. Sijadu Mahaga, the Director of Pixitype.

Acknowledgement of Debt

Tanaka signed an Acknowledgement of Debt to pay back the R98 415 overpayment that was made by Eastern Cape DoE for the PPE that was not delivered.

A Letter of Demand was sent to Thembalabantu on 14 October 2021 to recover the overpayment made. Thembalabantu repaid an amount of R7 109 on 22 October 2021.

A letter of Demand was sent to Iliqhayiya Trading on 18 October to recover the amount that was overcharged and Iliqhayiya repaid the R17 666 on the same day. A Letter of Demand was sent to

Unlocked Consultants on 15 November 2021 to recover the overpayment made. Unlocked Consultants repaid an amount of R6 173 on 15 November 2021.

The SIU attempted to arrange with Amplify Ventures to sign an AoD and the Letter of Demand to recover the amount of R55 427 which was overpaid to the supplier but the owner of the company refused to co-operate.

Ice Breaker signed an AoD of R51 159 with the SIU on 08 November 2021 and the first payment will be made in January 2022.

The SIU attempted to arrange with Pixitype on the 3rd of December 2021 to sign an AoD and the Letter of Demand to recover the amount of R137 191 which was overpaid to the supplier but the owner of the company refused to co-operate.

8.3.2.6. Amabongwe Building and Civils (“Amabongwe”) and three other service providers

a) Nature of Allegation

On 22 October 2020, the SIU received allegations from a whistle-blower that the owner of Amabongwe Building and Civils (“Amabongwe”) used three other companies to obtain tenders from the Eastern Cape DoE for the supply of PPE to schools around the Eastern Cape.

b) Summary of Findings

The SIU investigation has confirmed that the following entities are connected to the one director and received tenders from the Eastern Cape DoE to supply PPE to a number of schools in the Eastern Cape.

The owners of Tsunami Civils, Ms Naledi Lukhope and The Motive Rally, Mr Xabiso Lukhope are children of Mr Christopher Lukhope (“Mr Lukhope”) and the owner of L Ngxabane Projects, Mr Luxolo Ngxabane is a family friend of Mr Lukhope.

| No. | Name of the Service Provider | Value of the Contract |
|--------------|-------------------------------------|------------------------------|
| 1. | Amabongwe | R1 904 316 |
| 2. | L Ngxabane Projects | R2 200 000 |
| 3. | The Motive Rally | R2 673 443 |
| 4. | Tsunami Civils | R2 461 552 |
| TOTAL | | R9 239 311 |

The SIU investigation also found that Tsunami Civils and Amabongwe Civils submitted fraudulent proof of addresses to the Eastern Cape DoE and should not have been awarded the tenders, due to the misrepresentation made by the service provider in submitting the fraudulent lease agreement with their tender documents. In addition, one lease agreement that was submitted as proof of address was not signed and the officials of the Eastern Cape DoE irregularly accepted this document as proof when they awarded the tender to L Ngxabane Projects.

c) Steps Taken

Criminal referrals

The SIU referred evidence of fraud to the NPA for criminal investigation and prosecution on 18 November 2021. The referral is against Ms Naledi Lukhope, the owner of Tsunami Civils and Mr Christopher Lukhope, the owner of Amabongwe.

Civil Litigation

This matter has been referred to the Civil Litigation Unit for the recovery of the full amount paid to all the above mentioned four service providers based on the fact that the tenders were awarded due to a misrepresentation made to the Eastern Cape DoE, on the tender documents submitted by the service provider which contained a fraudulent lease agreement.

8.3.2.7. Konstruct SGN

a) Nature of Allegation

It was reported in the Daily Dispatch newspaper that a tender was awarded to a deceased person to supply PPE to schools within the Eastern Cape and based on this, the SIU requested from the Provincial Treasury a detailed list of all the suppliers whom supplied Eastern Cape DoE with PPE. On receiving this information the SIU drafted a Section 5(2) (b) Notice and served it on the Eastern Cape DoE and subsequently uplifted all the tender documents on 14 August 2021. The SIU conducted an investigation on all the files received from the Eastern Cape DoE to determine if all the service providers delivered the PPE to the schools.

b) Summary of Findings

During the investigation of Yinathi Holdings, the SIU discovered that Mr Ketwa Canzibe Sogoni ("Mr Sogoni"), the owner of Konstruct SGN paid R10 000 into a bank account of Mr Qhomfo, the Acting Director: Internal Control Unit at Eastern Cape DoE. The SIU found that Konstruct SGN was awarded a contract to procure and deliver PPE to various schools situated in the Eastern Cape to the value of R2 412 449. It is the SIU's view that the amount of money paid in Mr Qhomfo's account

was a kickback for the assistance Mr Qhomfo gave for the processing of the payment. The SIU analysed the cellphone imaged harddrive belonging to Mr Qhomfo and found communication between Mr Qhomfo and Mr Sogoni discussing the latter paying gifts to the former. This was in contravention of the Public Service Code of Conduct which prohibits public officials from personally benefitting for performing their official duties. This was also in contravention of Sections 4 and 10 of the Preventing and Combating of Corrupt Activities Act, 2004.

c) Steps Taken

Criminal referrals

The SIU will refer evidence to the NPA against Mr Qhomfo, Konstruct SGN and Mr Sogoni for the contravention Section 4 and 10 of the Preventing and Combating of Corrupt Activities Act, 2004.

8.3.2.8. Loja Trading and two other service providers

a) Nature of Allegation

It was reported in the Daily Dispatch newspaper that a tender was awarded to a deceased person to supply PPE to schools within the Eastern Cape and based on this, the SIU requested from the Provincial Treasury a detailed list of all the suppliers whom supplied Eastern Cape DoE with PPE. On receiving this information the SIU drafted a Section 5(2) (b) Notice and served it on the Eastern Cape DoE and subsequently uplifted all the tender documents on 14 August 2021.

The SIU conducted an investigation on all the files received from the Eastern Cape DoE to determine if all the service providers delivered the PPE to the schools. The SIU investigations revealed that the following two service providers delivered sub-standard sanitizers to the schools:

| No. | Name of the Service Provider | Value of the Contract |
|--------------|------------------------------|-----------------------|
| 1. | Loja Trading | R2 212 965 |
| 2. | Ukuakha Projects | R1 973 334 |
| 3. | Pele G | R1 742 802 |
| TOTAL | | R5 529 101 |

b) Summary of Findings

The SIU investigation revealed that Loja Trading was awarded a contract to supply and deliver PPE to schools within the OR Tambo Coastal District valued at R2 212 965. Ukuakha Projects

was awarded a contract to supply and to deliver PPE to 29 schools within the Eastern Cape valued at R1 973 334.

The SIU contacted all the schools and was informed that the products delivered were inferior quality. The SIU visited the schools and uplifted the samples of the reported substandard products (hand sanitizers and germ cleaners) and obtained affidavits from the respective school principals. These samples were forwarded to Nelson Mandela University (NMU) for testing of the alcohol content and the SIU received a report from NMU with an accompanying affidavit to the effect that these samples do not contain the correct alcohol content as per the standard issued by the South African Bureau of Standards (“SABS”).

Pele G Trading was awarded a tender to supply and deliver PPE to schools around the Eastern Cape valued at R1 742 802. The SIU contacted five schools who received hand sanitizers/disinfectant from Pele G and was informed that the products delivered were inferior quality. The samples of these products were collected and sent to NMU on 11 November 2021. The SIU awaits the test report and the supporting affidavit from NMU.

c) Steps Taken

Criminal referrals

On 2 December 2021, the SIU referred evidence of fraud to the NPA against Loja Trading and Mr Solethu Nana, the owner of Loja Trading.

On 29 November 2021, the SIU will refer evidence of fraud to the NPA against Ukuakha Projects and Mr Thamocharan Chetty, the owner of Ukuakha Projects.

8.3.2.9. Kup’s Trading

a) Nature of Allegation

It was reported in the Daily Dispatch newspaper that a tender was awarded to a deceased person to supply PPE to schools within the Eastern Cape and based on this, the SIU requested from the Provincial Treasury a detailed list of all the suppliers whom supplied Eastern Cape DoE with PPE. On receiving this information the SIU drafted a Section 5(2) (b) Notice and served it on the Eastern Cape DoE and subsequently uplifted all the tender documents on 14 August 2021.

The SIU requested information from the FIC of all the senior SCM officials at the Eastern Cape DoE. Based on the report from the FIC, the SIU conducted a lifestyle audit with regards to the Chief Director of Supply Chain, Mr Marius Harmse (“Mr Harmse”) and it was established from an interview

with one of the witnesses that Mr Harmse is a business partner to Mr Siggibo Makupula (“Mr Makupula”), the owner of Kup’s Trading, a service provider to the Eastern Cape DoE.

b) Summary of Findings

The SIU investigation revealed that Kup’s Trading was awarded a tender to supply and deliver PPE to the value of R4 066 514 to various schools in the Eastern Cape. The SIU investigation further revealed that Mr Makupula has assisted Mr Harmse by giving him R328 000 to purchase a motor vehicle soon after receiving payment for the delivery of the PPE from the Eastern Cape DoE .

The SIU investigation revealed evidence of money laundering against Mr Harmse, Mr Makupula and Mr Michael Msimango who is employed at Star Motors in King William’s Town. Mr Harmse was the beneficiary of a sum of R328 000 which was paid to Ronnies Motors, East London in order to conceal the benefit accrued as a deposit for the purchase of a motor vehicle which was ordered by Mr Makupula, which purchase deal Mr Makupula subsequently cancelled and the said monies transferred to Star Motors, King Williams Town for the purchase of a vehicle in the name of Ms Harmse.

c) Steps Taken

Disciplinary Action

On 30 August 2021, the SIU referred evidence for disciplinary action against Mr Harmse to the Eastern Cape DoE for the contravention of Regulation 13, 18 and 91 of the Public Service Regulations, 2016 and contravention of Chapter 7 of the Senior Management Services Handbook, 2003. The SIU was advised that the matter has been referred for a legal opinion by the Eastern Cape DoE.

Criminal referrals

The SIU will refer evidence for fraud, corruption and money laundering against Mr Harmse, Ms Harmse, Kup’s Trading, Mr Makupula and Mr Msimango to the NPA by 15 December 2021. The DPCI is already investigating the matter under Enquiry number: 01/04/2021.

8.3.2.10. 707 Projects and Contractors and 175 other service providers

a) Nature of Allegation

It was reported in the Daily Dispatch newspaper that a tender was awarded to a deceased person to supply PPE to schools within the Eastern Cape and based on this, the SIU requested from the Provincial Treasury a detailed list of all the suppliers whom supplied Eastern Cape DoE with PPE.

On receiving this information the SIU drafted a Section 5(2)(b) Notice and served it on the Eastern Cape DoE and subsequently uplifted all the tender documents on 14 August 2021. The SIU conducted an investigation on all the files received from the Eastern Cape DoE to determine if all the service providers delivered the PPE to the schools.

| No. | Name of Service Provider | Value of Contract |
|------------|---------------------------------------|--------------------------|
| 1. | 707 Projects And Constructions | R1 758 628 |
| 2. | African Compass Trading | R1 527 537 |
| 3. | Afrika Rise Investments | R3 175 213 |
| 4. | Akibar Trading | R2 371 180 |
| 5. | Alakani Holdings (Pty) Ltd | R1 718 520 |
| 6. | Aluminum Gutters | R1 960 617 |
| 7. | Alz Printing and Stationery Shop | R1 898 071 |
| 8. | Amahlungu Civils | R1 541 832 |
| 9. | Amanyawuza Trading & Development | R2 225 050 |
| 10. | Amina Chem (Pty) Ltd | R1 190 594 |
| 11. | Ams Rhudulu Projects (Pty) Ltd | R2 205 932 |
| 12. | Anam And Lulo Trading (Pty) Ltd | R3 560 589 |
| 13. | Andile SG Tradings and Projects | R1 916 989 |
| 14. | Avg Investment | R2 029 483 |
| 15. | AWO Lita Trading | R2 913 977 |
| 16. | Ayaliwe Contractors | R1 569 090 |
| 17. | BAA Trading Enterprise | R3 090 166 |
| 18. | Benyas Legacy (Pty) Ltd | R1 708 607 |
| 19. | Billy & Given | R2 335 227 |
| 20. | Biva Services (Pty) Ltd | R2 010 924 |
| 21. | Blaque Crystal Entertainment & Events | R864 578 |
| 22. | Boara Construction And Projects | R1 883 142 |

| No. | Name of Service Provider | Value of Contract |
|-----|---|-------------------|
| 23. | Bozizi 8682 Trading | R2 670 882 |
| 24. | Bravo Africa Holdings | R1 849 732 |
| 25. | Buhle Research And Development Agencies (Pty) Ltd | R3 085 532 |
| 26. | Builtpro Construction | R1 654 758 |
| 27. | Bulindo's Consulting | R2 557 399 |
| 28. | Buncon Group (Pty) Ltd | R1 978 765 |
| 29. | Buynand Construction | R2 801 100 |
| 30. | Bvm Logistics | R104 328 |
| 31. | Byixel | R1 248 000 |
| 32. | Christian Investment | R3 951 603 |
| 33. | Clear Vision Foundation | R1 723 581 |
| 34. | Cycle Civils and Projects | R1 895 487 |
| 35. | Dantonetix | R1 248 000 |
| 36. | Dantonetix (Pty) Ltd | R4 527 981 |
| 37. | Dardyl Trading | R1 886 988 |
| 38. | Devophase | R1 866 615 |
| 39. | Didutex (Pty) Ltd | R1 128 738 |
| 40. | Digit Consulting | R2 560 591 |
| 41. | DKH Solutions | R1 568 536 |
| 42. | Dk's Projects (Pty) (Ltd) | R3 309 952 |
| 43. | DNA Structures | R1 931 778 |
| 44. | Ea Sports (Pty) Ltd | R3 357 448 |
| 45. | EL Trading Enterprise | R2 366 796 |
| 46. | Evrax General Trading | R2 054 892 |
| 47. | Exilite 369 | R2 222 865 |

| No. | Name of Service Provider | Value of Contract |
|-----|-----------------------------------|-------------------|
| 48. | Falcom Industry | R2 165 248 |
| 49. | Fingwa & Khweswa Trading | R2 539 309 |
| 50. | Flipside Trading | R2 071 026 |
| 51. | Gailforce Trading | R2 840 626 |
| 52. | GCIE Trading & Suppliers | R2 125 044 |
| 53. | Gilbert Civils | R2 820 980 |
| 54. | Gobamageza Trading | R2 133 441 |
| 55. | Go Enterprise | R1 487 134 |
| 56. | Growork Enterprise | R1 930 787 |
| 57. | Happy Rest | R1 931 484 |
| 58. | HG Consultants | R2 044 945 |
| 59. | Hlanzy Holdings | R1 029 641 |
| 60. | Hlubi Trading | R2,539,429 |
| 61. | Ikati Eziko Trading CC | R1 732 681 |
| 62. | Ilawu Training | R2 234 341 |
| 63. | Investorex 28 | R1 653 587 |
| 64. | Izwelibanzi Capital | R949 099 |
| 65. | JBO Holding | R925 795 |
| 66. | Kaazi Properties (Pty)Ltd | R2 337 634 |
| 67. | Kamva Nomazizi Investment | R1 900 128 |
| 68. | KBT Holdings | R2 882 706 |
| 69. | Khulani Skills Development Centre | R1 426 264 |
| 70. | Khuthala Consulting (Pty) Ltd | R1 845 904 |
| 71. | KM 26 Projects | R2 335 227 |
| 72. | Kol Logistics | R2 847 352 |

| No. | Name of Service Provider | Value of Contract |
|-----|---|-------------------|
| 73. | Kumzi Investment | R2 642 192 |
| 74. | Kungo Projects | R2 672 983 |
| 75. | Kwakhiwe Constructions | R2 078 220 |
| 76. | Kwandile Trading | R1 997 649 |
| 77. | Kwechiblo | R1 949 017 |
| 78. | Lf Sets Investment | R1 906 991 |
| 79. | Lakhaza Construction Cc | R2 171 427 |
| 80. | Lambano Safety Wear & Equipment | R2 018 142 |
| 81. | Laude Trading And Services | R1 499 044 |
| 82. | Lbn Trading Anterprise (Pty) Ltd | R3 206 780 |
| 83. | Lelam Investments | R3 246 456 |
| 84. | Linamo02 Projects (Pty) Ltd | R2 346 469 |
| 85. | Linoto Developers | R2 071 892 |
| 86. | Liyata Civils And Constructions | R1 045 282 |
| 87. | Liyema Advertising and Events Promotion | R2 308 788 |
| 88. | Lucob Holdings | R2 303 522 |
| 89. | Lughebo Holdings | R2 236 903 |
| 90. | Lumda Trading Enterprises | R2 065 085 |
| 91. | Lungisa At Work | R2 027 114 |
| 92. | Lwandle & Duma Cc | R1 464 533 |
| 93. | Mabozela Trading | R1 952 007 |
| 94. | Mafincela Trading | R3 087 825 |
| 95. | Mankantsana Business Services | R2 491 115 |
| 96. | Masalamahle Trading | R2 408 107 |
| 97. | Masiba And Son Trading | R1 867 928 |

| No. | Name of Service Provider | Value of Contract |
|------|--------------------------------------|-------------------|
| 98. | Matshathula Agencies And Projects | R2 036 699 |
| 99. | Matshaya Investments | R1 912 394 |
| 100. | Mayoli Trading Enterprise | R2 145 241 |
| 101. | Mbonza Enterprise | R2 043 092 |
| 102. | Meridian Hygiene (Pty) Ltd | R1 731 871 |
| 103. | Migcobo Investments | R2 199 167 |
| 104. | Milanam Business Developments Cc | R1 556 278 |
| 105. | Milisokuhle Investments | R1 209 388 |
| 106. | Mixifusion | R2 499 103 |
| 107. | Mkhiwa Trading Enterprise (Pty) Ltd. | R2 615 261 |
| 108. | Mkhonto Wethu Trading | R1 280 095 |
| 109. | Mlp Hospitality Services (Pty) Ltd | R2 753 459 |
| 110. | Mopelipa Trading | R1 585 982 |
| 111. | MQK Civils & Project Managers | R1 482 268 |
| 112. | Mqoqe Cleaning & Trading Enterprise | R2 392 607 |
| 113. | Mshengu Projects | R2 117 831 |
| 114. | Mtawelanga Trading | R3 160 567 |
| 115. | Mthethuyanda Trading | R1 787 958 |
| 116. | Mzuku Properties | R2 011 844 |
| 117. | Nakede Management Services | R2 723 910 |
| 118. | Nako Deliveries | R1 946 652 |
| 119. | Naluboko (Pty) Ltd | R1 911 658 |
| 120. | NCD Holdings | R1 674 279 |
| 121. | Ncilashe Hospitalities | R665 587 |
| 122. | Ndex Consulting | R1 953 051 |

| No. | Name of Service Provider | Value of Contract |
|------|---|-------------------|
| 123. | Ndokose Trading & Projects (Pty) Ltd | R2 139 998 |
| 124. | Ndzamela Construction | R1 945 547 |
| 125. | New Horizons 092 | R2 239 154 |
| 126. | Newlitime | R3 811 950 |
| 127. | Nezamna Project (Pty) Ltd | R1 946 582 |
| 128. | Ngubane Projects | R1 946 582 |
| 129. | Nguta-Mabe Solutions | R217 848 |
| 130. | Ngxiva Construction | R1 885 199 |
| 131. | Ntinga Professionals | R1 904 221 |
| 132. | Nutigen | R5 326 076 |
| 133. | Ovayo Investment | R1 457 847 |
| 134. | Oyisii | R1 883 142 |
| 135. | Phathilizwi Training Institute | R2 032 665 |
| 136. | Phatu and Thina Trading | R2 757 412 |
| 137. | Photuxolo Trading & Projects | R2 299 734 |
| 138. | Precise Estate Agents | R1 719 371 |
| 139. | Quick Protection And Hygiene Services (Pty) Ltd | R1 164 198 |
| 140. | Rietu Trading | R66 250 |
| 141. | Rutisync | R3 170 694 |
| 142. | Sagingqa | R1 902 912 |
| 143. | Salaiso Suppliers | R3 529 759 |
| 144. | Sam Trading | R2 068 108 |
| 145. | Sharon Diversified | R2 047 774 |
| 146. | Shemuntu & Sons (Pty) Ltd | R1 980 096 |
| 147. | Sidiki Aphiwe Group (Pty) Ltd | R1 247 198 |

| No. | Name of Service Provider | Value of Contract |
|------|-----------------------------------|-------------------|
| 148. | Sime & Mzwida | R2 078 376 |
| 149. | Sivuyolo Investments | R2 120 041 |
| 150. | Small Bird Business Services | R1 757 540 |
| 151. | Sokhulu Promotions | R2 151 972 |
| 152. | Soyamba Trading Enterprise | R2 547 533 |
| 153. | Spice J | R18 900 |
| 154. | Spice J General Trading (Pty) Ltd | R1 821 464 |
| 155. | Spindrift Trading 12 | R1 601 990 |
| 156. | ST 75 Construction | R1 660 032 |
| 157. | Stens Women Business Service | R2 181 891 |
| 158. | Stira Construction & Projects | R1 388 791 |
| 159. | Storiz Investments (Pty) Ltd | R2 172 284 |
| 160. | Swazilam Trading | R2 428 362 |
| 161. | Syrabrite | R2 290 997 |
| 162. | Take Note Trading 8 CC | R2 221 563 |
| 163. | The Queen Bee | R1 202 326 |
| 164. | Thoba Mkangisa & Associates | R1 972 899 |
| 165. | Togu Trading & Projects | R2 299 734 |
| 166. | Top Level Premier Services | R1 650 824 |
| 167. | Traction Civils Goup | R3 460 662 |
| 168. | Ukubonisana Trading & Project | R2 294 069 |
| 169. | Usimelwenathi Trading | R1 151 242 |
| 170. | Usindiso Transport & Projects | R2 678 497 |
| 171. | Vaxobyte | R1 663 257 |
| 172. | Victory Sign Farming | R2 138 506 |

| No. | Name of Service Provider | Value of Contract |
|--------------|------------------------------|---------------------|
| 173. | Vokol Consulting | R2 257 457 |
| 174. | Vuca Solutions | R2 091 604 |
| 175. | Vuka Ugqame General Trading | R2 091 604 |
| 176. | Willskosa (Pty) Ltd | R1 848 813 |
| 177. | Yande Engineering & Projects | R1 615 409 |
| 178. | ZKS & Nam General Trading | R1 647 223 |
| 179. | Zondiphase | R3 883 739 |
| Total | | R373 238 400 |

b) Summary of Findings

From the review of the above bids and the supporting documentation submitted by service providers to the Eastern Cape DoE and interviews conducted with various school principals, the SIU has verified that the PPE was delivered and could not find any evidence pointing to any irregularities in respect of the procurement process.

8.3.3. Nelson Mandela Bay Metropolitan Municipality (“NMBMM”)

8.3.3.1. HT Paletona Projects (Pty) Ltd

a) Nature of Allegation

On 26 August 2020, the SIU, through a whistle-blower received an allegation about irregularities at the NMBMM. The allegations relate to the infrastructure projects which were implemented to assist the NMBMM to curb the spread of the pandemic during the Covid-19 Disaster period. It was alleged that the NMBMM received an approval from NT for the reallocation of uncommitted funds allocated in the 2019/2020 financial year to support the alleviation of the declared disaster on Covid-19. It was alleged that the former City Manager Ms Noxolo Nqwazi (“Ms Nqwazi”), forwarded the name of the company HT Paletona Projects (Pty) Ltd (“Paletona”), to be utilised for various projects.

Paletona is allegedly from Welkom in the Free State Province and it was appointed for the construction of 2 000 toilets meant for the informal settlement which were never delivered. The whistle-blower further alleged that the prices for the construction of the toilets were inflated and that a company outside the Eastern Cape Province was appointed to provide chemical toilets to

NMBMM informal settlement communities. The whistleblower also alleged that there was collusion between the service provider and Ms Nqwazi.

b) Summary of findings

The SIU investigation found that the goods and services rendered by Paletona related to various projects which involved the construction of 2 000 erven of toilets, stand pipes and 2 000 aerators for informal settlements within the jurisdiction of the NMBMM. The total value of the 'fixed price' contract is R24 600 000 (exclusive of VAT). The SIU investigation has established that the memorandum motivating for the appointment of Paletona resulted in the appointment of the latter on 17 April 2020. It has also been found that Paletona was appointed before the award letter which was only issued on 28 April 2020.

The declaration of a Disaster Management period as a consequence of the outbreak of Covid-19 pandemic was used to circumvent proper procurement processes and a non-existent emergency situation was thus relied upon. From the date of appointment of Paletona, only 200 erven of toilets, stand pipes and aerators for the informal settlements have been built. Paletona was appointed following Municipal SCM Regulation 36(i) and (v), this regulation is only used in cases of emergencies. After the appointment of Paletona a further two service providers submitted their quotations. The SIU viewed the submission of the two quotations as irregular since Paletona was already appointed.

c) Steps Taken

Disciplinary action

The SIU referred two letters recommending disciplinary action against an Acting executive Director: Human Settlements, Mr Mvuleni Mapu ("Mr Mapu") and Acting City Manager, Ms Noxolo Nqwazi ("Ms Nqwazi") both of the NMBMM on 31 March 2021. The NMBMM informed the SIU that Mr Mapu was suspended and later came back to the office. In respect of Ms Nqwazi, the NMBMM advised that they are awaiting Council resolution.

Civil Litigation

The SIU issued a letter to the NMBMM to stop paying HT Paletona which was effected by NMBMM. HT Paletona approached the High Court to force NMBMM to pay the money owed to them. The SIU applied to join the proceedings to oppose the application. The matter was heard on 19 August 2021 and judgement is reserved.

8.3.3.2. KaziForce (Pty) Ltd (“KaziForce”)

a) Nature of Allegation

On 20 July 2020 the SIU received an allegation that KaziForce was irregularly awarded a tender valued at R1 844 700 by NMBMM. It was alleged that the Director of KaziForce, Mr Mamella Maqula is a close family member of a sitting NMBMM African National Congress Councillor, Mr Gamalihleli Maqula. It was also alleged that KaziForce had over-charged the NMBMM for the PPE they delivered.

b) Summary of Findings

The SIU investigation revealed that Mr Gamalihleli Maqula was the Director of KaziForce from 24 April 2017 and he resigned on 26 May 2018. The current sole Director of KaziForce, Ms Mamella Maqula, is a sibling of Mr Maqula. The SIU investigation further revealed that during the procurement process of the PPE, the NMBMM did not require companies to declare relationships with employees of the municipality and therefore no MBD4 form was submitted by KaziForce.

The SIU investigation found that KaziForce used incorrect circulars when they submitted quotations to the NMBMM which resulted in them being over paid by R606 300 for the PPE they delivered.

The NT MFMA Circular 102, dated 28 April 2020 reflected the prices for the two types of masks, namely surgical masks (“Patient”) and surgical masks (“Health Care Worker”) as R10.22 per mask (Patient) and R12.48 per mask (Health Care Worker). Paragraph 4.9 of Circular 102 states that, *“If prices are higher than those provided on Annexure A, a price variance of up to 10% of prices on Annexure A will be allowed. Any deviation to this provision must be approved by the accounting officer or delegated person based on a justifiable reason”*. The SIU established that KaziForce should have charged the NMBMM R11.24 per mask. The SIU investigation further established that the NMBMM paid KaziForce in excess of R606 300.

Mr Roger Ferreira (“Mr Ferreira”), Head Logistics and Demand Management Section was responsible for authorising and approving quotations and authorise orders to be issued. He failed to exercise due diligence by not complying with NT Circulars in the issuing and approving of these quotation which resulted in NMBMM incurring irregular expenditure.

c) Steps Taken

Disciplinary action

The SIU referred a letter recommending disciplinary action against a Senior Manager, Mr Ferreira of the NMBMM on 9 June 2021. The NMBMM informed the SIU that the matter is being processes and will provide feedback on the progress thereof.

Civil litigation

Civil litigation proceedings were instituted in 9 June 2021 in the Special Tribunal to recover the over-payment of R606 300 received by KaziForce.

8.3.3.3. Simunye Agencies (“Simunye”)

a) Nature of Allegation

On 20 July 2020, the SIU received an allegation from Mr Nqaba Bhanga (“Mr Bhanga”), the Provincial Leader of the Democratic Alliance in the Eastern Cape. Mr Bhanga alleged that there were irregularities in the procurement of the PPE in the NMBMM. The allegation was that Simunye was irregularly awarded a tender valued at R2 107 712 by the NMBMM. It was also alleged that Simunye had over-charged the NMBMM for the PPE they delivered.

b) Summary of Findings

The SIU found that the NMBMM used Regulation 36 in the procurement of Simunye and had complied with all the requirements of the regulation. The SIU investigation revealed that Simunye did not overcharge the NMBMM as their prices were within the threshold prescribed by MFMA Circulars. The investigation was closed.

8.3.3.4. M & S Traffic Services (Pty) Ltd (“M & S”)

a) Nature of Allegation

On 5 August 2020 the SIU received an allegation that NMBMM appointed 59 service providers including M & S without following procurement processes and they quoted and were paid based on unauthorised price lists.

b) Summary of Findings

The SIU found that the NMBMM used Regulation 36 in the procurement of M & S Traffic Services and had complied with all the requirements of the regulation.

The SIU investigation revealed that Mr Zito Mosuli (“**Mr Mosuli**”) was a Director of M & S from 2018 to January 2021. Mr Mosuli forwarded the SIU all the invoices and delivery notes pertaining to the supply of PPE to NMBMM. A total of 650 Infrared Non-Contact Thermometers at a unit price of R1 450 (VAT exclusive) and 10 000 Surgical face masks at a unit price of R19.50 (VAT exclusive) were procured, and a total of R1 187 500 (VAT inclusive) was paid to the supplier by the NMBMM.

The NMBMM paid M & S for surgical masks R195 000 and for 650 Infrared thermometers R992 500 and 1 000 hand sanitizers R650 000 during the period 10, 11 & 27 May 2020 to 5 August 2020. The NT MFMA Circular 102, dated 28 April 2020 reflected the prices for the two types of masks, namely surgical masks (“Patient”) and surgical masks (“Health Care Worker”) as R10.22 per mask (Patient) and R12,48 per mask (Health Care Worker). *Paragraph 4.9 of Circular 102 states that, “If prices are higher than those provided on Annexure A, a price variance of up to 10% of prices on Annexure A will be allowed. Any deviation to this provision must be approved by the accounting officer or delegated person based on a justifiable reason.* The SIU established that M & S Traffic Services should have charged the NMBMM R11.24 per mask.

The SIU further established that the NMBMM paid M & S Traffic Services in excess of R70 000.

c) Steps Taken

Civil Litigation

The SIU has referred evidence to Civil Litigation Unit to review and consider instituting civil proceedings to set aside the contracts and recover the overpayments made.

8.3.3.5. SQT Enterprises and two other service providers

a) Nature of Allegation

On 5 August 2020, the SIU received allegations that certain service providers were appointed by the NMBMM to erect temporary structures but that the procurement process was irregular. The allegations were that the service providers:

- Failed to deliver on their contracts;
- Delivered poor or substandard structures; and
- Their contracts were witnessed by employees of NMBMM.

b) Summary of Findings

The SIU found that NMBMM implemented intervention mechanisms in response to the Covid-19 outbreak, one of which was the procurement of 1 500 temporary housing structures for human settlement. Three service providers, namely Mpiyakhe04 (Pty) Ltd (R31 500 000), SQT Construction & Civils (R31 750 000) and Sakhekhaya Enterprises (R30 023 975) were appointed by the NMBMM to erect the 1 500 temporary housing structures to the value of R64 000 per unit. The intended project was funded by redirecting a portion from the Urban Settlements Development Grant budget to the value of R96 700 000. The SIU further found that during the invitation of the quotations, the NMBMM did not yet have specifications for the temporary housing structures.

Instead, the NMBMM chose one design from those provided to it by the service providers who had participated in the submission of quotations for the temporary housing structures.

On analysis of the Service Level Agreements signed by the abovementioned companies, the SIU found that each company was allocated to erect 500 temporary housing structures. Mpiyakhe04 was allocated to erect the temporary housing structures at Phase 11, KwaNobuhle in Uitenhage. SQT Civils was allocated to erect temporary housing structures at Khayamnandi in Despatch. Sakhekhaya was allocated to erect temporary housing structures at Jachtlvakte in Chatty.

The SIU established that the letters of appointment were issued on 01 July 2020, and the contracts were concluded on 13 August 2020, which issue was raised as a concern by the investigating team on the basis that it has a potential of defeating the semblance of “*emergency*”. The SIU has been made aware that Mpiyakhe04 was able to complete the 500 temporary housing structures that they were allocated by the NMBMM in terms of their contract.

Assessment and verification of the structures was done on Mpiyakhe who had finalised the 500 allocated structures to build and there were no findings of poor workmanship or poor quality of the work. Same process was followed with regards to SQT's 63 structures and 13 structures for Sakhikhaya Projects, constructed at that time. Both companies SQT and Sakhikhaya entered into cession agreements with Willie Greeff Trust to cede all rights for the remaining structures. SQT had a balance of 437 and Sakhikhaya had 487, a total of 924 structures was ceded to Willie Greeff Trust. Greeff Trust completed the balance of SQT. In the balance of Sakhikhaya of 365, Greeff Trust only managed to completed 122 structures when the contract was terminated by NMBMM for Sakhikhaya that automatically affected Greeff Trust ceded Contract. Then Mr Simiselo Nogampula who is the Director Human Settlement motivated for deviation from normal procurement process and to appoint Mpiyakhe to finalise the remaining temporal structures, this was approved and Mpiyakhe was appointed.

To date Mpiyakhe has completed 170 temporal structures, outstanding is 195. All the above work was checked and verified by SIU, no negative findings could be made, furthermore community had no complains or ward councillor/s or the NMBMM. Actually the ward councillors were gave positive response that these structures afforded better living conditions. These temporal structures were according to specifications required by NMBMM.

This is supported by the interviews conducted with the following stakeholders:

- Mr Shane Brown, Head: Disaster Management;
- Mrs Cynthia Ntomboxolo Ngxesha, Senior Director: SCM;
- Ms Ntombifikile Rachel Fumbeza, Head Contracts: SCM;
- Mrs Claire Crone, Assistant Director: Demand Management;

- Ms Nomathamsanqa Vithi, Head: Acquisition: SCM;
- Ms Erika Senekal, Senior Buyer: SCM;
- Messers Siphon Vananda, Mlungisi Mpiyakhe and Mrs Phumeza Mpengesi: Directors of Sakhikhaya, Mpiyakhe and SQT; and
- Simphiwe Tyukana, Ward Councillor: NMBMM.

c) Steps Taken

Contract Set Aside

The SIU intended to set aside the contract of Sakhekhaya and informed the NMBMM. The NMBMM proceeded to set aside the contract. The SIU is in possession of the NMBMM letter terminating the contract of Sakhekhaya dated 8 May 2021.

8.3.3.6. Amat Utility Services (Pty) Ltd (“Amat”) and seven other service providers

a) Nature of Allegation

On 5 August 2020 the SIU received an allegation that NMBMM appointed 59 service providers without following procurement processes and they quoted and were paid based on unauthorised price lists.

b) Summary of Findings

The SIU found that the NMBMM used Regulation 36 in the procurement of following eight service providers and had complied with all the requirements of the regulation:

| Number | Name of Supplier | Amount Paid |
|--------|---|-------------|
| 1. | Amat Utility Services (Pty) Ltd | R1 645 017 |
| 2. | Chisana Group (Pty) Ltd | R665 040 |
| 3. | Circular Technologies CC | R1 495 000 |
| 4. | Soul Good (Lumigenix cc) | R1 781 142 |
| 5. | TC Trading/Sales | R247 307 |
| 6. | Belmore Forest and Garden Equipment | R224 164 |
| 7. | Go Enterprise CC | R120 486 |
| 8. | Quench Atlantic t/a Vanguard Fire and Safe-Cape (Pty) Ltd | R19 294 |

| Number | Name of Supplier | Amount Paid |
|--------------|------------------|-------------------|
| TOTAL | | R6 197 450 |

Based on the review of the documentation received from the NMBMM, the SIU investigation found no irregularities in the procurement process and no overpayments were made to the above mentioned service providers.

8.3.3.7. Belles Trading (Pty) Ltd and 43 other service providers

a) Nature of Allegation

On 5 August 2020 the SIU received an allegation from a whistle-blower that NMBMM appointed 59 service providers without following procurement processes and they quoted and were paid based on unauthorised price lists.

b) Summary of Findings

The SIU found that the NMBMM used Regulation 36 in the procurement of following 44 service providers and had complied with all the requirements of the regulation and further found that the service providers were overpaid due to them not adhering to the NT Circulars:

| Number | Name of Supplier | Contract Value | Amount overpaid |
|--------|----------------------------------|----------------|-----------------|
| 1. | Belles Trading (Pty) Ltd | R1 126 000 | R193 500 |
| 2. | C R S Kinetics (Pty) Ltd | R163 400 | R51 600 |
| 3. | Chapman Brothers (Pty) Ltd | R632 748 | R206 141 |
| 4. | Cytospex (Pty) Ltd | R1 987 200 | R309 600 |
| 5. | Hass Developers | R895 240 | R315 220 |
| 6. | Heico Project Management | R6 221 150 | R508 776 |
| 7. | In your Tank Petroleum (Pty) Ltd | R331 960 | R138 597 |
| 8. | JHM Enterprise (Pty) Ltd | R2 990 200 | R435 648 |
| 9. | JK Tech Promo (Pty) Ltd | R1 015 335 | R77 400 |
| 10. | Kaya Mhandi Trading CC | R4 237 973 | R252 880 |

| Number | Name of Supplier | Contract Value | Amount overpaid |
|--------|--|----------------|-----------------|
| 11. | Mtawelanga Trading CC | R10 602 545 | R3 208 821 |
| 12. | Mthi Wembotyi Projects (Pty) Ltd | R335 400 | R51 600 |
| 13. | Nkomoyasengesi (Pty) Ltd | R335 400 | R109 718 |
| 14. | Platinum Suppliers (Pty) Ltd | R7 328 402 | R652 288 |
| 15. | RM Biotech (Pty) Ltd | R672 750 | R298 350 |
| 16. | Runto Trading (Pty) Ltd | R1 292 427 | R446 142 |
| 17. | Sizomanowethu General (Pty) Ltd | R1 836 668 | R38 700 |
| 18. | AAM Cleaning Services and Construction | R167 700 | R167 700 |
| 19. | Bamb'iAfrika Trading | R652 855 | R83 205 |
| 20. | Bathini nge Bay Trading | R192 855 | R167 700 |
| 21. | Curopart | R167 700 | R38 700 |
| 22. | Greystone Civils | R166 840 | R37 840 |
| 23. | IFRMS Tactical (Pty) Ltd | R153 323 | R126 581 |
| 24. | Inkoloyesizwe (Pty) Ltd | R450 900 | R34 000 |
| 25. | Intsimango Enterprise | R364 640 | R37 840 |
| 26. | Justified Elevators | R1 241 500 | R167 700 |
| 27. | Leekoana Trading | R166 840 | R166 840 |
| 28. | Mpehle SD (Pty) Ltd | R166 840 | R37 840 |
| 29. | Neziswa Trading Enterprise | R1 493 700 | R167 700 |
| 30. | Piris and Paros Feberal Trading | R264 020 | R68 438 |
| 31. | R C K Kamaar Enterprise | R163 400 | R34 400 |
| 32. | R-Line Agencies | R51 750 | R45 000 |
| 33. | Saramart General Trading | R167 700 | R167 700 |
| 34. | Sikhangele Kuwe Bawo | R166 926 | R37 926 |
| 35. | Times Fomo ADS (Pty) Ltd | R278 820 | R41 750 |

| Number | Name of Supplier | Contract Value | Amount overpaid |
|--------------|------------------------------|--------------------|--------------------|
| 36. | WVN Empire (Pty) Ltd | R167 7200 | R70 606 |
| 37. | Yellow Lizard | R192 855 | R63 855 |
| 38. | Zenande Corporations | R166 840 | R70 158 |
| 39. | Zimnathi Group | R166 324 | R37 324 |
| 40. | Zondiphase Consulting | R6 958 088 | R272 448 |
| 41. | Ayavuya Computer Supplies | R167 700 | R38 700 |
| 42. | ABC and Z Trading | R165 120 | R68 438 |
| 43. | Lappidoth Business Solutions | R266 600 | R12 900 |
| 44. | Sanibyte | R16 745 000 | R16 745 000 |
| TOTAL | | R56 164 854 | R26 303 270 |

The NT MFMA Circulars, 100, 102, and 103 reflected the prices for the two types of masks, namely surgical masks (“Patient”) and surgical masks (“Health Care Worker”) as R10.22 per mask (Patient) and R12,48 per mask (Health Care Worker). For instance in Circular 102 at *paragraph 4.9 of Circular 102 states that, “If prices are higher than those provided on Annexure A, a price variance of up to 10% of prices on Annexure A will be allowed. Any deviation to this provision must be approved by the accounting officer or delegated person based on a justifiable reason.* The SIU investigation reveals that no variance was approved and even if it was, the amount would be far greater than allowed. The SIU established that the below listed service providers should have charged the NMBMM R11.24 per masks, however they charged R19.50.

The SIU further established that the NMBMM paid these service providers in excess a sum to the value of R26 303 270.

c) Steps Taken

Civil litigation

The SIU has referred evidence to Civil Litigation Unit to review and consider instituting civil proceedings to set aside the contracts and recover the overpayments made.

8.3.4. Eastern Cape Department of Health (“Eastern Cape DoH”)

8.3.4.1. Fabkomp (Pty) Ltd (‘Fabkomp’) - Motorbike Mobile Clinic Project

a) Nature of Allegation

On 23 June 2020, the SIU received an allegation that the Eastern Cape DoH irregularly procured 100 motorbikes to be utilised as mobile ambulances/clinics making use of the Covid-19 emergency procurement procedures. A tender with a contract value of R10, 148, 750 for 100 motorbikes (R101 000 per motorbike) was awarded to Fabkomp.

b) Summary of Findings

The SIU investigation found that the procurement process was irregular because of the following:

- The Eastern Cape DoH, without any explanation whatsoever, failed or elected not to, publish the tender in the Tender Bulletin and on e-Tender portal. Tender Bulletin and e-Tender are generic platforms which are well-known and widely used by entities conducting business with government to access advertised tender.
- The procurement of the motorcycles were done very quickly. The shortened timeframes required Eastern Cape DoH, in accordance with its own internal policy and legislation, to apply to the Provincial Treasury for approval of the deviation from the normal period of 21 days. The Eastern Cape DoH publication of just five days was clearly not sufficient to invite other potential suppliers to compete for this tender.
- From 13 December 2019 to the date on which the tender was finally awarded to Fabkomp the nature of the transaction kept changing. What began as a tender for the acquisition or procurement of motorcycle ambulances and/or clinics was ultimately awarded as a tender for an outreach project which was aimed at combating or addressing the challenges caused by the Covid-19 pandemic. The Eastern Cape DoH appears to have used the pandemic as an excuse to accelerate the procurement process. However this reason is cannot be accepted because, only on 20 March 2020 did the Eastern Cape DoH record that the purchase of the scooters would help in the fight against the pandemic. On 20 March 2020, Eastern Cape DoH drafted a request to Mr Majeke: Head of the Provincial Treasury to approve an application for a deviation from the competitive bidding procedures and for a sole provider deviation for the procurement of the 100 motorcycle mobile clinics in terms of the NT Regulation 16A6.4, and the NT SCM Practice Note No. 3 of 2016/2017.
- Provincial Treasury did not approve the deviation. Ms Sindiswa Gomba: MEC of Health was not satisfied with how long it was taking to finalise the procurement process and,

on 03 April 2020, she informed the Eastern Cape DoH officials that the process needs to be sped up. The MEC then instructed the Eastern Cape DoH officials that the procurement process must be finalised using the five day emergency regulation.

- Based on the failed application for deviation to procure the products from Fabkomp as a sole supplier, the Eastern Cape DoH still intended to enter into a contract with Fabkomp. The MEC, who has no role in the procurement of goods and services in the Provincial departments, played an instrumental role in directing how the contract should be awarded.
- The tender specifications are another area of concern because the Eastern Cape DoH had to rely on a specification taken from a prospective bidder. Fabkomp, had already been invited to show their motorcycles and a decision had already been made to procure the 100 motorcycles with side carts from them. However no other bidder was afforded the same opportunity to present which means the procurement process could not have been considered fair.
- Section 217 (1) of the Constitution which prescribes that, “ *[W]hen an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive, and cost-effective*”. The procurement of these goods and services did not meet these requirements. The generic tender specifications based on Fabkomp’s specific motorcycles gave them an unfair advantage over the other prospective bidders. This constitutes an irregularity in respect of the procurement process and is a contravention of the PFMA and the Eastern Cape DoH’s own SCM Policy.

c) Steps Taken

Disciplinary action

On 1 February 2021, the SIU referred a letter recommending disciplinary action against the former Superintendent General, Dr Thobile Mbengashe to the Eastern Cape DoH. Dr Mbengashe resigned from the department and was appointed at the EC Premier’s office as an advisor to the Premier. At the time of drafting this report, no disciplinary has been instituted against him. The State law Advisor is of the view that Dr Mbengashe is no longer Public Servant, his appointment at the Premier’s office is that of a consultant.

In addition, the SIU referred a letter recommending another disciplinary action against a Vehicle Quality Management Officer, Mr Thembelani Mangoloti to the EC Department of Transport on 28

April 2021. The referral was in relation to his involvement with the process thus contravening Regulation 13 of the Code of Conduct of the public Service Regulations and section 32 of the Public service Act. A disciplinary hearing was held and a sanction of Final Written Warning was handed down against Mr Mangoloti.

Criminal referrals

Evidence obtained by the SIU regarding the involvement of the Ms Sindiswa Gomba: MEC and Dr Thobile Mbengashe: HoD of Eastern Cape DoH was referred to the NPA on 13 November 2020. In that, Ms Gomba: MEC directly influenced the procurement process of the motorcycle ambulances and clinics for the Eastern Cape DoH through Fabkomp, and that the conduct was in contravention of the provisions of section 136 of the Constitution. As well as, contravening section 63 (b) and section 64 (1) (2) (3) of the Public Finance Management Act, 1999 (Act No.1 of 1999). In addition, Ms Gomba: MEC was in contravention of section 2 (2) (a) (i); (b) (ii) (iv) (v) of the Executive Member's ethics Act, 1998 (Act No. 82 of 1998)

A Criminal Case (Bisho CAS 08/09/2020) is under investigation by the Hawks and the SIU is collaborating with the NPA and the Hawks.

Executive Action

A recommendation for executive action to be taken against Ms Sindiswa Gomba: was made on 1 February 2021.

Section 217 (1) of the Constitution prescribes that, "*[W]hen an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive, and cost-effective*".

Contravention of section 136(1) of the constitution, which relates to the "*Conduct of members of Executive Council*" which states that "*[M]embers of the Executive Council of a province must act in accordance with a code of ethics prescribed by national legislation*". Read with subsection (2) (b) (c)

Contravention of section 63(1)(b) and section 64(1)(2)(3) of the Public Management Act, 1999 which states that "*[I]n performing their statutory functions executive authorities must consider reports submitted to them in terms of Section 39(2)(b) and section 40(4)(c)*

Contravention of section 2(2) (a) (i); (b) (ii) (iv) (v) of the Executive Members Ethics Act, 1996 (Act No. 82 of 1998), which states that, "*[T]he code of ethics must –*

Section 2 (2) (a) (i) which provides that, "[T]he code of ethics must –

(a) *Include provisions requiring Cabinet members, Deputy Ministers and MEC's –*

(i) *At all times to act in good faith and in the best interest of good governance;*

Subsection 2(b) (ii) which states that, *“[a]cting in a way that is inconsistent with their office;*

(iv) “using their position or any information entrusted to them, to enrich themselves or improperly benefit any other person; and

(v)”acting in a way that may compromise the credibility or integrity of their office or of the government

The Premier of the Eastern Cape relieved the MEC from her duties on 18 February 2021.

Civil Litigation

Civil proceedings were instituted in the Special Tribunal (case EC/04/2020) on 18 September 2020. Part A of the proceedings was to interdict the Eastern Cape DoH from proceeding with the contract. This application was successful and the Special Tribunal issued an order and restrained the Eastern Cape DoH from making a payment R10 148 750 or any part thereof to Fabkomp and interdicted the Eastern Cape DoH from entering into a contract with Fabkomp pending finalization of the review application in terms of Part B which dealt with the setting aside of the contract.

Contracts Set Aside

On 28 May 2021, the Special Tribunal ruled that the decision by the Eastern Cape DoH to award a tender to Fabkomp for the supply of scooters with side carts for an amount of R10 148 750 is reviewed and set aside.

Potential Loss Prevented

On 28 May 2021, an order was granted interdicting the Eastern Cape DoH from proceeding with the contract and/or making any payments to the service provider.

Systemic Recommendations

Recommendations to correct systemic weaknesses identified, and/or mitigate the effects thereof was presented to Ms Nomakhosazana Meth, the current MEC of Eastern Cape DoH on 6 July 2021. The SIU is awaiting a report on the progress of the implementation of the recommendations.

8.3.4.2. 178 R1M Enterprise and 155 other service providers

a) Nature of Allegation

On 28 July 2020, the SIU received allegations that the Eastern Cape DoH awarded PPE tenders to service providers without following the necessary procurement processes and that some tenders

were awarded to deceased persons. It was also alleged that some service providers did not submit the required tender documentation and/or some documents were not compliant to the tender requirements. There were also allegations that some tenders were awarded to the families of Eastern Cape DoH officials/employees.

Due to the fact that no specific contracts were identified, the SIU reviewed contracts awarded for the supply and delivery of PPE to the Eastern Cape DoH for the Covid-19 intervention for a period of six months.

The table below lists the service providers/contracts that were prioritised for investigation:

| No | Name of service provider | Value of contract |
|-----------|---|--------------------------|
| 1. | 178 R1M Enterprises | R0 |
| 2. | A&S Suppliers | R1 560 000 |
| 3. | Abasemonti Holdings | R20 542 300 |
| 4. | Abasemonti Holdings t/a Abasemonti Construction | R1 560 000 |
| 5. | Abdeel | R1 248 000 |
| 6. | Afrisec Strategic Solutions | R0 |
| 7. | Akibar Trading and Projects | R1 560 000 |
| 8. | Alphagen Health | R1 560 000 |
| 9. | Asiphumeze | R0 |
| 10. | Avulunge Projects | R1 500 000 |
| 11. | Axim | R0 |
| 12. | Ayampa | R1 560 000 |
| 13. | Balilobunono | R1 248 000 |
| 14. | Bataung BA Jacobs | R1 560 000 |
| 15. | Best Enough Trading and Projects | R0 |
| 16. | Bhele-Boys Trading | R1 560 000 |
| 17. | BID Consultancy | R1 560 000 |
| 18. | Big Q Enterprise | R0 |
| 19. | Black and White | R1 560 000 |

| No | Name of service provider | Value of contract |
|-----|---|-------------------|
| 20. | Black Spot Media | R166 000 |
| 21. | Border Hazmat | R1 527 488 |
| 22. | BPB Consultancy | R1 248 000 |
| 23. | Bravo Africa Holdings | R1 248 000 |
| 24. | Bravo Resources | R0 |
| 25. | Buhle Research and Development Agencies | R1 248 000 |
| 26. | BVM Logistics | R1 248 000 |
| 27. | Byxichel | R1 248 000 |
| 28. | Candy Nxusani Trading (Pty) Ltd | R0 |
| 29. | CCCN General | R1 000 000 |
| 30. | Christian Investment Group | R1 560 000 |
| 31. | Clarke Consultants | R1 560 000 |
| 32. | Curopart (Pty) Ltd | R1 560 000 |
| 33. | Dantonetix | R1 248 000 |
| 34. | Desert Rose | R1 248 000 |
| 35. | Devomix (Pty) Ltd | R0 |
| 36. | Dikha General Trading | R0 |
| 37. | Dzana and Mpofu | R0 |
| 38. | East Cape X-Ray | R5 380 017 |
| 39. | Eco Chemicals | R1 172 482 |
| 40. | Elilox Group | R0 |
| 41. | Emlanjeni | R199 295 |
| 42. | Esquire | R1 248 000 |
| 43. | Exilite 369 | R1 560 000 |
| 44. | Eyman General Trading | R1 035 000 |

| No | Name of service provider | Value of contract |
|-----|-----------------------------------|-------------------|
| 45. | Falcolux | R1 560 000 |
| 46. | Global Arrow Group | R0 |
| 47. | Go Enterprise | R1 248 000 |
| 48. | GO Training | R1 000 000 |
| 49. | Gypsy Events | R199 295 |
| 50. | IBISM Trading Enterprise | R1 560 000 |
| 51. | Ice Breaker (Pty) Ltd | R35 493 286 |
| 52. | Ilinge Labantu Trading | R1 560 000 |
| 53. | Imani Na Meena Trading | R0 |
| 54. | Infinity Royalties | R1 560 000 |
| 55. | Investorex 28 | R34 851 658 |
| 56. | Jikizela | R1 248 000 |
| 57. | Jiyana Global Consulting & Trader | R1 560 000 |
| 58. | Kaazi Properties | R0 |
| 59. | KGZ | R0 |
| 60. | Khanyakwezi | R2 226 000 |
| 61. | Khanyayo Holdings | R1 000 000 |
| 62. | Khanyisile Ngolwazi | R3 692 682 |
| 63. | Khaya Engineering and Technology | R439 000 |
| 64. | Kimopax | R1 248 000 |
| 65. | Koloni Consulting Enterprise | R32 021 514 |
| 66. | Kuqityiwe Construction | R0 |
| 67. | Lambano Safety Wear and Equipment | R0 |
| 68. | Lethlakeng Trading&Projects | R0 |
| 69. | LFD Projects | R1 017 000 |

| No | Name of service provider | Value of contract |
|-----|-------------------------------|-------------------|
| 70. | Ligcwengile Trading CC | R0 |
| 71. | Likanyile Trading Pty (Ltd) | R0 |
| 72. | Linose Trading | R1 560 000 |
| 73. | Lionbee Investments | R1 248 000 |
| 74. | LSS Laundry | R1 248 000 |
| 75. | Ludwe Consulting | R1 248 000 |
| 76. | Lugaju Innovations | R1 248 000 |
| 77. | Lukanyile Trading | R0 |
| 78. | Luyonel Projects | R9 043 433 |
| 79. | LVB Consulting CC | R0 |
| 80. | M1 Janaury Housing Associates | R4 290 000 |
| 81. | Majodina Group | R0 |
| 82. | Malihlume | R1 065 645 |
| 83. | Malude Industries | R1 248 000 |
| 84. | Mamello Clinical Solutions | R0 |
| 85. | Matshaya | R1 248 000 |
| 86. | Mbalelanga | R1 248 000 |
| 87. | Mbasazwe | R4 290 000 |
| 88. | Mbasazwe Enterprise 10 CC | R1 560 000 |
| 89. | MDK Technology Solutions | R1 560 000 |
| 90. | Memarise Holdings | R1 560 000 |
| 91. | Mhlaba Group | R8 272 000 |
| 92. | Migcobo Investments | R2 226 000 |
| 93. | Milwa Medical | R2 400 300 |
| 94. | Mkanzane Investment | R1 248 000 |

| No | Name of service provider | Value of contract |
|------|---|-------------------|
| 95. | Mkhonto Wethu Trading | R1 247 750 |
| 96. | Mkhonto Wethu Trading t/a Eco Chemicals | R2 420 232 |
| 97. | Msi Technologies | R2 260 000 |
| 98. | Mthatha River Shopping Mall | R0 |
| 99. | My Like General | R7 560 000 |
| 100. | Nakede Management Services | R0 |
| 101. | Ndongeni Construction | R0 |
| 102. | Nduna Events Management | R1 560 000 |
| 103. | Nomatye Funeral Services | R1 050 000 |
| 104. | Nqoza Group | R0 |
| 105. | NSM Industrial Supplies and Fastners | R0 |
| 106. | Ntshuza | R1 248 000 |
| 107. | Nutigen | R1 237 950 |
| 108. | Osakayo | R1 248 000 |
| 109. | PJ Perfect | R1 248 000 |
| 110. | Pluribix | R1 248 000 |
| 111. | Prudence International | R107 619 |
| 112. | Prudence International | R1 560 000 |
| 113. | Purple Sunshine Trading 70 | R1 266 250 |
| 114. | Qengeba Nonzaba | R1 050 000 |
| 115. | R A Davis | R199 295 |
| 116. | Randilex Solutions (Pty) Ltd | R1 560 000 |
| 117. | Sagient Consulting Engineers | R1 560 000 |
| 118. | Salaiso Suppliers | R1 560 000 |
| 119. | Sanoah Trading Enterprise | R1 248 000 |

| No | Name of service provider | Value of contract |
|------|------------------------------------|-------------------|
| 120. | SBV Holdings | R1 130 000 |
| 121. | Screen Led | R1 248 000 |
| 122. | Sharon Diversified | R1 248 000 |
| 123. | Sikhululwe | R1 248 000 |
| 124. | Simbuze | R1 248 000 |
| 125. | Sinako Makhosikazi Construction CC | R0 |
| 126. | Sithi Shuffle Trading 144 | R0 |
| 127. | Sive Kholeka Trading | R1 050 000 |
| 128. | Smada Facilities Management | R0 |
| 129. | Smada Security Services | R0 |
| 130. | Somlolo Group Investments | R1 560 000 |
| 131. | Soul Fire Holdings | R1 500 000 |
| 132. | Spring Forest | R1 248 000 |
| 133. | SSEM Mthembu | R2 997 500 |
| 134. | Starlif Trading 8 | R1 362 500 |
| 135. | Stowie M Trading | R0 |
| 136. | Swazilwam Trading (Pty) Ltd | R1 560 000 |
| 137. | The Associates | R0 |
| 138. | TMAC | R4 290 000 |
| 139. | TMK Sports Facilitators | R0 |
| 140. | Tshila Mega Chemicals | R1 560 000 |
| 141. | Tshivane Trading | R1 560 000 |
| 142. | Ubuqawuqawuli | R1 560 000 |
| 143. | Uthanda | R1 560 000 |
| 144. | Vision Energy | R4 290 000 |

| No | Name of service provider | Value of contract |
|--------------|---|-------------------|
| 145. | Vuvu Mvelase Trading and Projects | R0 |
| 146. | World Focus 739 | R1 248 000 |
| 147. | Xoliswa Tini Facilities Management Services | R0 |
| 148. | XV Civils | R0 |
| 149. | Yema Ideas | R1 248 000 |
| 150. | Zamaswazi Group | R1 248 000 |
| 151. | Zamaswazi Group | R199 295 |
| 152. | Zenande | R1 035 000 |
| 153. | Zencare | R4 290 000 |
| 154. | Zencare Medical | R1 560 000 |
| 155. | Zondiphase 55 | R1 560 000 |
| 156. | Zus Enterprise | R1 560 000 |
| Total | | |

b) Summary of Findings

These service providers were evaluated and awarded after they responded to a tender No: SCMU5-20/21-0042 HO which was advertised on 8 May 2020.

In this regard, the SIU established that 603 bids were received and evaluated and 156 service providers were recommended to be appointed to supply PPE to the Eastern Cape DoH. From the review of the above mentioned bids and supporting documentation submitted by the service providers to the Eastern Cape DoH and interviews conducted, the SIU could not find evidence pointing to any irregularities in respect of the procurement process.

8.3.4.3. Valotype 248 t/a Vortex Health (“Vortex”)

a) Nature of Allegation

On 28 July 2020, the SIU received allegations from a whistle-blower that the Eastern Cape DoH awarded PPE tenders to service providers without following the necessary procurement processes and that some tenders were awarded to deceased persons. It was also alleged that some service

providers did not submit the required tender documentation and/or some documents were not compliant to the tender requirements. There were also allegations that some tenders were awarded to the families of Eastern Cape DoH officials/employees.

Due to the fact that no specific contracts were identified, the SIU reviewed contracts awarded for the supply and delivery of PPE to the Eastern Cape DoH for the Covid-19 intervention for a period of six months. These service providers were evaluated and awarded after they responded to a tender No: SCMU5-20/21-0042 HO which was advertised on 8 May 2020.

In this regard, the SIU established that 603 bids were received and evaluated and 160 service providers were recommended to be appointed to supply PPE to the Eastern Cape DoH.

b) Summary of Findings

The SIU found that Vortex with registration number 2018/417207/07 and/or Mr Jayslen Naidoo (“Mr Naidoo”) was awarded a contract to supply Eastern Cape DoH with the PPE to the value of R1 224 650.

The SIU further found that Mr Naidoo, in his personal capacity and representative capacity of Vortex, committed the offence of fraud, forgery and uttering. Vortex through a misrepresentation and with intention to defraud the Eastern Cape DoH, did unlawfully submit a Lease Agreement dated 1 January 2019, which had the effect of misrepresenting to the Eastern Cape DoH that Vortex was operational in the Eastern Cape Province, which induced the Eastern Cape DoH into awarding a contract to Vortex. Furthermore, on 13 May 2020, Vortex and/or Mr Naidoo unlawfully and with intent to defraud the Eastern Cape DoH, well knowing such Lease Agreement to be forged, passed off and/or communicated and/or tendered the said document to the Eastern Cape DoH in order to be awarded a contract by the Eastern Cape DoH. As a result of the material misrepresentation made by Vortex to the Eastern Cape DoH, Vortex received a total payment in the amount of R1 224 650 (VAT inclusive), causing prejudice to the Eastern Cape DoH.

c) Steps Taken

Criminal referrals

On 19 July 2021, the SIU referred evidence of fraud by Mr Naidoo, in his personal capacity and representative capacity of Vortex to the NPA for criminal investigation. A criminal case of fraud, forgery and uttering, East London CAS112/09/2021, was registered and is under investigation by the Hawks.

8.3.4.4. Prometheus Capital (“Prometheus”)

a) Nature of Allegation

On 28 July 2020, the SIU received allegations that the Eastern Cape DoH awarded PPE tenders to service providers without following the necessary procurement processes and that some tenders were awarded to deceased persons. It was also alleged that some service providers did not submit the required tender documentation and/or some documents were not compliant to the tender requirements. There were also allegations that some tenders were awarded to the families of Eastern Cape DoH officials/employees.

Due to the fact that no specific contracts were identified, the SIU reviewed contracts awarded for the supply and delivery of PPE to the Eastern Cape DoH for the CovidD-19 intervention for a period of six months. These service providers were evaluated and awarded after they responded to a tender No: SCMU5-20/21-0042 HO which was advertised on 8 May 2020.

In this regard, the SIU established that 603 bids were received and evaluated and 160 service providers were recommended to be appointed to supply PPE to the Eastern Cape DoH.

b) Summary of Findings

The SIU found that Prometheus with registration number 2019/610294/07 and/or Directors Mr Xolile Winston Zakhe (“Mr Zakhe”) and Mr Richard Aaron Meyer (“Mr Meyer”) was awarded a contracts to supply Eastern Cape DoH with PPE to the value of R1 010 000.

The SIU further found that Mr Zakhe and Mr Meyer, in their personal capacity and representative capacity of Prometheus, submitted a lease agreement, dated 2 November 2019, which caused the Eastern Cape DoH to believe that Prometheus was operating a business in the Eastern Cape which induced the Eastern Cape DoH into awarding a contract to Prometheus whereas they were from Gauteng.

c) Steps Taken

Criminal referrals

The SIU referred evidence of fraud against Mr Zakhe and Mr Meyer: Directors of Prometheus to the NPA for further investigation on 19 July 2021. A criminal case of fraud, East London CAS1111/09/2021, was registered and is under investigation by the Hawks.

8.3.4.5. Oshlanga Enterprise (“Oshlanga”)

a) Nature of Allegation

On 28 July 2020, the SIU received allegations that the Eastern Cape DoH awarded PPE tenders to service providers without following the necessary procurement processes and that some tenders were awarded to deceased persons. It was also alleged that some service providers did not submit the required tender documentation and/or some documents were not compliant to the tender requirements. There were also allegations that some tenders were awarded to the families of Eastern Cape DoH officials/employees.

Due to the fact that no specific contracts were identified, the SIU reviewed contracts awarded for the supply and delivery of PPE to the Eastern Cape DoH for the Covid-19 intervention for a period of six months. These service providers were evaluated and awarded after they responded to a tender No: SCMU5-20/21-0042 HO which was advertised on 8 May 2020.

In this regard, the SIU established that 603 bids were received and evaluated and 160 service providers were recommended to be appointed to supply PPE to the Eastern Cape DoH.

b) Summary of Findings

The SIU found that Oshlanga with registration number 2000/060936/23 and/or Director Ms Anjalai Naidoo (“Ms Naidoo”) was awarded a contract to supply Eastern Cape DoH with PPE to the value of R1 044 000.

The SIU further found that Ms Naidoo in her personal capacity and representative capacity of Oshlanga, submitted a lease agreement, dated 21 May 2020, which caused the Eastern Cape DoH to believe that Oshlanga was operating a business in the Eastern Cape which induced the Eastern Cape DoH into awarding a contract to Oshlanga whereas they were from KwaZulu Natal.

c) Steps Taken

Criminal referrals

The SIU referred evidence of fraud to the NPA for further investigation against Ms Naidoo and Oshlanga on 25 August 2021. We are awaiting feedback from the NPA.

8.3.4.6. Falaz Protection Services (“Falaz”)

a) Nature of Allegation

On 28 July 2020, the SIU received allegations from a whistle-blower that the Eastern Cape DoH awarded PPE tenders to service providers without following the necessary procurement processes

and that some tenders were awarded to deceased persons. It was also alleged that some service providers did not submit the required tender documentation and/or some documents were not compliant to the tender requirements. There were also allegations that some tenders were awarded to the families of Eastern Cape DoH officials/employees.

Due to the fact that no specific contracts were identified, the SIU is reviewing all contracts awarded for the supply and delivery of PPE to the Eastern Cape DoH for the Covid-19 intervention for a period of six months. These service providers were evaluated and awarded after they responded to a tender No: SCMU5-20/21-0042 HO which was advertised on 8 May 2020.

In this regard, the SIU established that 603 bids were received and evaluated and 160 service providers were recommended to be appointed to supply PPE to the Eastern Cape DoH.

b) Summary of Findings

The SIU investigation found that a fraudulent commitment letter was generated and forwarded via WhatsApp message by Mr Ayanda Matinise ("Mr Matinise"): former Messenger employed at the office of the MEC of Eastern Cape DoH, in favour of Falaz to supply the Eastern Cape DoH with PPE to the value of R23 747 800.

The Eastern Cape DoH Mthatha District Office believed that the Commitment letter was issued by the Eastern Cape DoH which caused them potential prejudice. Fortunately the commitment letter was questioned by the Eastern Cape DoH officials and the goods were returned without making any payment.

c) Steps Taken

Criminal referrals

On 2 March 2021, the SIU referred evidence of fraud, forgery and uttering against Mr Matinise to the NPA for investigation. A criminal case, Mthatha CAS: 365/04/2021, was registered and is under investigation by the Hawks. A criminal case was registered under Mthatha CAS365/04/2021. The accused was arrested on 8 July 2021 and released on R1 000 bail. The criminal case was remanded to 26 January 2022.

8.3.4.7. Access Medical and 81 other service providers

a) Nature of Allegation

On 28 July 2020, the SIU received allegations that the Eastern Cape DoH awarded PPE tenders to service providers without following the necessary procurement processes and that some tenders were awarded to deceased persons. It was also alleged that some service providers did not submit

the required tender documentation and/or some documents were not compliant to the tender requirements. There were also allegations that some tenders were awarded to the families of Eastern Cape DoH officials/employees.

Due to the fact that no specific contracts were identified, the SIU reviewed contracts awarded for the supply and delivery of PPE to the Eastern Cape DoH for the Covid-19 intervention for a period of six months.

The table below lists the service providers/contracts that were prioritised for investigation:

| No | Name of service provider | Value of contract |
|-----|----------------------------|-------------------|
| 1. | Access Medical | R311 700 |
| 2. | Acid Prints | R259 870 |
| 3. | Africa Paper Manufacturers | R1 248 000 |
| 4. | Aprowave | R1 932 000 |
| 5. | Arjo | R1 335 955 |
| 6. | B Braun | R484 211 |
| 7. | Barrs Pharmaceuticals | R1 829 715 |
| 8. | Beloved Ventures | R1 526 663 |
| 9. | Bravorox 119 | R1 517 600 |
| 10. | Buhlebezwe Enterprise | R1 130 000 |
| 11. | Camion Solutions | R1 560 000 |
| 12. | Central Medical (Pty) Ltd | R78 080 |
| 13. | Compass Waste | R1 474 000 |
| 14. | Conqua Industries | R145 312 |
| 15. | Cruden Waterproofing | R2 450 000 |
| 16. | Cryptospark | R29 000 |
| 17. | C-Squared | R640 090 |
| 18. | Dimpho | R2 598 770 |
| 19. | Donderien | R496 780 |

| No | Name of service provider | Value of contract |
|-----|-----------------------------------|-------------------|
| 20. | East Coast Medical | R712 597 |
| 21. | Ecomed Medical | R4 694 087 |
| 22. | Econolab EC T/A Milu Trading | R16 000 000 |
| 23. | Endomed Surgical And Supplies | R499 991 |
| 24. | Extra Dimension | R46 486 |
| 25. | Ezamazizi Trading Enterprise | R1 248 000 |
| 26. | Fresenius Kabi | R3 389 476 |
| 27. | Gasuta Group | R16 900 |
| 28. | Hemocue Sa | R870 624 |
| 29. | Hospital Equipment | R1 940 568 |
| 30. | Ibasathi Projects | R1 375 000 |
| 31. | Ikwezi Signs | R76 482 |
| 32. | Imperial Health Solutions | R18 788 000 |
| 33. | Indlovu Manufacturers | R6 193 010 |
| 34. | Inkosi Healthcare | R276 000 |
| 35. | Jikijela Communication And Advert | R1 248 000 |
| 36. | Kaizen Print & Sign | R134 000 |
| 37. | Kempston Hire | R232 508 |
| 38. | Khanyasonke Communication | R156 000 |
| 39. | Kotsedi Medical | R12 535 |
| 40. | Lindo Lethu | R1 999 959 |
| 41. | Linn Business Solutions | R63 000 |
| 42. | Liora Medical Supplies | R916 295 |
| 43. | Llpw Consultants | R1 248 000 |
| 44. | Logan Medical | R5 400 135 |

| No | Name of service provider | Value of contract |
|-----|-----------------------------------|-------------------|
| 45. | Lungani Ndlebe Family Trust | R742 387 |
| 46. | Luphawu | R1 517 600 |
| 47. | Mbuso Medical | R15 395 592 |
| 48. | Medical International Orthopaedic | R90 000 |
| 49. | Medicare Technologies | R265 520 |
| 50. | Medicore | R4 732 220 |
| 51. | Meditex | R857 600 |
| 52. | Meondo | R195 000 |
| 53. | Minus 40 | R108 722 |
| 54. | New Horizon Metals | R2 995 976 |
| 55. | Nmu | R560 000 |
| 56. | Ntsikana Ka Gabha | R1 248 000 |
| 57. | Premax Trading | R22 911 |
| 58. | Progress Medical | R893 000 |
| 59. | Promed Technologies | R2 098 970 |
| 60. | Quality Medical Supplies | R5 834 000 |
| 61. | Royal Fotress Holding | R916 000 |
| 62. | Safarmex | R2 881 350 |
| 63. | Sanbonani | R488 500 |
| 64. | Senred Enterprises | R781 590 |
| 65. | Siyakhanda Medcial | R1 694 546 |
| 66. | Stiegelmeier | R2 453 111 |
| 67. | Suprahealthcare | R1 111 500 |
| 68. | Tara Technologies | R143 276 |
| 69. | Tecmed Medical | R1 726 048 |

| No | Name of service provider | Value of contract |
|--------------|-----------------------------|---------------------|
| 70. | Tsebo Solutions Group | R5 064 575 |
| 71. | Tyekes Security Services | R493 843 |
| 72. | Umhlaba Group | R8 272 000 |
| 73. | Umnombo Advisory | R1 130 000 |
| 74. | Uncedo Transport & Business | R79 120 |
| 75. | Unicore Holdings | R336 574 |
| 76. | Uni-Life Investment Group | R1 350 000 |
| 77. | Unitrade 1032 CC | R8 350 797 |
| 78. | U-Rent | R1 188 200 |
| 79. | Uzzu16 Trading | R499 985 |
| 80. | Vulindlela Media Housing | R444 061 |
| 81. | Welch Allyn Sa | R1 235 312 |
| 82. | Zanokhanyo | R1 793 412 |
| Total | | R168 576 697 |

b) Summary of Findings

The SIU's analysis of the documents received from the Eastern Cape DoH revealed that the service providers in the table were not awarded contracts under the State of National Disaster but were appointed for the procurement of goods and services procured through a transversal contract for normal hospital services by the Eastern Cape DoH. The SIU closed these investigations as they fell outside of the mandate of the Proclamation.

8.3.5. OR TAMBO DISTRICT MUNICIPALITY ("ORTDM")

8.3.5.1. Phathilizwi Training Institute ('Phathilizwi') - Covid-19 Door to Door Campaign.

a) Nature of Allegation

On 6 July 2020, the SIU received an allegation that ORTDM awarded Phathilizwi a tender to conduct door to door Covid-19 awareness training without following the proper procurement

processes. It was further alleged that Phathilizwi did not provide the services, however they submitted invoices and supporting documents for payment. Phathilizwi were to conduct door to door Covid-19 awareness training to various communities in the geographical area of the ORTDM and the contract value was R4 857 600.

b) Summary of Findings

The SIU investigation found that during October 2018, a request for proposals for service providers to conduct community education workshops within the ORTDM for a period of 12 months, was advertised. Phathilizwi submitted a detailed proposal dated 31 October 2018 and on 31 January 2019 an Award Letter was issued by the ORTDM to Phathilizwi for a 12 month contract. On 24 February 2020, a request for an extension of six months of the initial contract was submitted by Ms Thembisa Tseane (“Ms Tseane”), the Director Legislative Services to the Municipal Manager (“MM”), Mr Owen Hlazo (“Mr Hlazo”).

The SIU concluded that the procurement processes followed by the ORTDM was irregular because the procurement of the services of the service provider were based on an expired contract which was fraudulently extended by the late Mr Hlazo and there was no approved budget when the appointment was made.

c) Steps Taken

Disciplinary action

On 20 November 2020, the SIU referred evidence in support of disciplinary action against following officials:

- Mr Hlazo, the deceased MM;
- Ms Tseane, the Director Legislative Services at the ORTDM; and
- Mr Gwadiso, Senior Manager at Whippery Services Unit.

The SIU’s evidence in support of fraud, contravention of section 217 of the Constitution and sections of the MFMA together with the contravention of the SCM policy of the ORTDM, were presented at a Municipal Council meeting on 19 February 2021. Disciplinary proceedings have not yet been instituted. There has been no action taken against the officials due to the instability at the ORTDM. Various engagements with the Municipal Council were held without success. The SIU then approached the MEC for the Department of Co-operative Governance and Traditional Affairs (“COGTA”) who then placed the ORTDM under a Section 139 Administration.

Criminal referrals

On 13 November 2020, the SIU referred evidence in support of criminal investigations of fraud, contravention of Section 217 of the Constitution and various sections of the MFMA to the NPA against the following:

- Mr Hlazo, the deceased MM;
- Ms Johnson Gwadiso (“Mr Gwadiso”), the Senior Manager at Whippy Unit; and
- Ms Tseane, the Director Legislative Services.

A criminal case is already under investigation by the Hawks (Mthatha CAS 64/07/2020). The criminal trial date was set for 2 February 2022.

Civil Litigation

Evidence was referred to institute civil proceedings in the Special Tribunal seeking to interdict the ORTDM from proceeding with the contract and declare the contract invalid. (Special Tribunal case EC06/2020). The Special Tribunal declared the contract irregular and set it aside. The service provider then successfully applied for the rescission of judgement. The SIU subsequently applied for re-hearing and is awaiting finalization of the hearing date by the parties.

Potential Loss Recovered

On 20 April 2021, the Special Tribunal reviewed and set aside the contract that was awarded to Phathilizwi Training Institute. The court ruled that all the tax invoices amounting to R4 857 600 that were issued were invalid and should not be paid by the Municipality to the service provider.

8.3.5.2. Dr Songca Occupational Health Services (“Dr Songca”)

a) Nature of Allegation

On 29 January 2021, the SIU received allegations from an anonymous whistle-blower of irregular procurement of the services and payment of Dr Songca to screen and test employees for Covid-19. It was alleged that the services provider tested more than what she was appointed for and was paid for more people than what she tested.

b) Summary of Findings

Dr Songca was appointed by the ORTDM through a deviation from normal SCM processes using Regulation 36 due to the State of National Disaster. The value of the contract was R75 000 based on a quotation of R700 for testing and R50 for screening (per person) of 100 ORTDM officials. The SIU found that soon thereafter, Dr Songca’s contract was extended for a further six months without following the proper prescribed procurement process of asking for quotations from other service

providers as Dr Songca was not the only service provider who had capacity to conduct the screening and testing. The SIU found that Ms Avile Sikiti (“Ms Sikiti”), Manager: Wellness Department was responsible for the entire process. The SIU investigation found that in terms of invoices submitted, Dr Songca tested and claimed for 288 employees which was 188 more than the initial contract. Dr Songca was paid R248 400 for the tests conducted.

Another group of 318 were then tested and R274 275 was claimed and paid to the Dr Songca. From the documents and confirmation from the laboratory, the SIU could only confirm 402 employees of the ORTDM to have been tested by Dr Songca and yet the ORTDM had paid for 606 employees. The total amount paid to Dr Songca was R522 675.

Dr Songca submitted two invoices, dated 27 May 2020 to ORTDM for services rendered and Mr Fezekile Mphako (“Mr Mphako”), the Director Corporate Services, signed payment request forms and two cheque requisition forms which were dated 11 June 2020. All these payments were approved by Mr Zanozuko Mafani (“Mr Mafani”), the Senior Accountant Creditors and Payments without confirming the exact number of employees that were tested.

c) Steps Taken

Disciplinary action

On 8 November 2021, SIU referred a letter recommending disciplinary action against the following ORTDM officials for the contravention of various sections of the MFMA in that they failed to prevent irregular and wasteful expenditure in the awarding of this contract and the payment of money to Dr Songca:

- Mr Mphako: Director, Corporate Services;
- Mr Mafani: Snr Accountant, Credit and Payments; and
- Ms Sikiti: Manager: Wellness Department

Civil litigation

The SIU will refer the matter to the Civil Litigation Unit to consider recovering the overpayments made to Dr Songca. The SIU is finalizing the quantification of the overpayments to Dr Songca.

8.3.5.3. HSV Logistics and Projects (“HSV Logistics”)

a) Nature of Allegation

On 29 January 2021, the SIU received allegations from a whistleblower that ORTDM procured PPE from HSV Logistics without following the proper procurement processes. It was also alleged that fraud was committed in respect of the delivery and the payment of these goods.

b) Summary of Findings

HSV Logistics was appointed by ORTDM to supply and deliver PPE with a contract valued at R707 336. The SIU investigation found that R701 431 was paid to HSV when the quote submitted was for items worth about R5 000. The SIU investigation found that HSV Logistics is owned by Mr Vuyani Hlazo who shares the same surname as Mr Owen Hlazo, the now deceased Municipal Manager.

The SIU found that HSV Logistics was irregularly appointed and that there was no procurement process followed as per the allegation received. The SIU investigation found that the procurement was done by the office of the Municipal Manager co-ordinated by Ms Claretta Slater (“Ms Slater”), a Consultant in the Office of the MM. Ms Slater informed the SIU that she was referred to HSV Logistics by Mr Hlazo who provided her with the contact details of HSV Logistics. The procurement of the PPE was done by Ms Slater in the office of the MM and the SCM section was not involved as required.

On 23 March 2020, HSV Logistics submitted an invoice for the amount of R701 431 and on 26 March 2020, the Administration Officer, Ms Nolundi Mbixane (“Ms Mbixane”) in the MM’s office signed for the goods before they were received by the ORTDM.

c) Steps Taken

Disciplinary action

The SIU will recommend disciplinary action against Ms Mbixane, the Administration Officer in the Municipal Manager’s Office for not complying with the SCM processes and signing for goods not received.

Civil litigation

The SIU will refer the matter to the Civil Litigation Unit to consider instituting civil proceedings to set aside the contract and to recover all the money paid to the service provider because of the irregular procurement process that was followed.

8.3.5.4. Sinembasa Trading Enterprise (“Sinembasa”)

a) Nature of Allegation

On 29 January 2021, the SIU received allegations from a whistleblower that ORTDM irregularly awarded a contract to Sinembasa Trading to procure PPE under an existing contract that was not related to PPE and that they were paid more than contracted amount.

b) Summary of Findings

The SIU investigation found that Sinembasa was appointed by ORTDM on 7 July 2018 for the procurement and supply of protective clothing for a period of two years valued at R3 188 500. The SIU also found that ORTDM procured PPE using the afore-mentioned existing contract which resulted Sinembasa exceeding the allocated budget by R103 737. This was above the threshold of 30% prescribed by the NT Note No 5 of 2020/21 issued on 28 April 2020.

c) Steps Taken

Civil litigation

The SIU is quantifying the value of the overpayment and will refer the matter to the Civil Litigation Unit to institute civil proceedings to set aside the contract and to recover all the overpayments to the service provider.

8.3.5.5. Mzamo Capital and two other service providers

a) Nature of Allegation

On 29 January 2021, the SIU received allegations from a whistleblower that ORTDM appointed the following service providers listed in the table below without following proper procurement processes and the service providers were overpaid for the goods and services they delivered:

| No | Name of service provider | Value of contract |
|--------------|--------------------------|-------------------|
| 1. | Mzamo Capital | R72 000 |
| 2. | Dorl-Dor | R78 480 |
| 3. | Bio Organic Fog Tech | R85 000 |
| Total | | R235 480 |

b) Summary of Findings

The SIU investigation has found that on 3 June 2020, the above mentioned service providers were appointed through an irregular procurement process by the ORTDM to supply, deliver, install and maintain 20 sanitising booths. The SIU's investigation could only confirm 16 sanitising booths delivered and not the 20 that was required.

Mr Siviwe Gashi (“Mr Gashi”) signed the invoices for the delivery of the booths. The SIU was informed by Ms Gashi that the Wellness Section within the ORTDM did not request the procurement of booths and that these service providers were appointed without a needs assessment being done.

During the review of the payment vouchers and documents, the SIU found that Mzamo Capital bought the goods for R22 500 and sold them for R70 900 each to the ORTDM which was a more than 100% of the cost price. Mzamo Capital supplied five sanitising booths and Dorl-Dol supplied six sanitising booths.

The SIU investigation found that appointment of these service providers was irregular because the requirement in terms of Regulation 36 of the MFMA required that the reasons for any deviation to be recorded and reported to the Council and these were not met.

During the review of the payment vouchers and documents, the SIU found that Bio-Organic bought the goods for R35 250 and sold them for R85 000 each to the ORTDM which was a more than 100% of the cost price. Bio-Organic supplied five sanitising booths.

The SIU investigation revealed that Mr Fezekile Mphako (“Mr Mphako”) organised Mzamo Capital to make a presentation on the sanitising booths and recommended to Mr Sakhiwo Hopa (“Mr Hopa”) for the approval of the procurement without any due diligence being conducted. The SIU found that Mr Hopa approved the awarding of these irregular contracts.

c) Steps Taken

Disciplinary action

On 8 November 2021, SIU referred a letter recommending disciplinary action against the following ORTDM officials for contravening Sec 61(1) and 173 of the MFMA:

- Mr Mphako: Director, Corporate Services; and
- Mr Hopa: Manager, SCM.

Civil litigation

The SIU is quantifying the value of the overpayment and will refer the matter to the Civil Litigation Unit to institute civil proceedings to set aside the contract and to recover all the overpayments to the service provider.

8.3.5.6. Ready Bio-Clean t/a Milisa Inc. (“Milisa”)

a) Nature of Allegation

On 29 January 2021, the SIU received allegations from a whistleblower that ORTDM irregularly appointed Ready Bio-Clean for fogging, decontamination and deep cleaning in their offices and that they paid way above the market price for these services.

b) Summary of Findings

On 28 May 2020, Ready Bio-Clean was appointed *via* an emergency procurement through Regulation 36 of the SCM Regulations. The value of the contract was R1 935 112. The SIU investigation found that initially two service providers were appointed, namely Ready Bio-Clean and Zedek Cleaning for the fogging, decontamination and deep cleaning of the ORTDM offices. The SIU investigation further found that on 12 June 2020, the contract with Ready Bio-Clean was irregularly extended in terms of Reg 36 of the SCM for a further six months but no contract was signed.

When a new case of Covid-19 was reported in any of the ORTDM offices, Ready Bio-Clean would be contacted to do the fogging and deep cleaning. The Appointment Letter would state: “*Appointment for Fogging and Decontamination and Deep Cleaning of Offices*”, but when the invoice is presented for payment it would include several other charges in it and the fogging and deep cleaning were charged separately for in the invoice. The invoices included other items like risk assessment and others which were not in the appointment letter.

The SIU investigation revealed that Mr Gashi and Mr Hopa failed to prevent irregular expenditure in the ORTDM as they should have conducted due diligence before the procurement of these services. This was in contravention of Section 78 (1) paragraph (a) to (c) of the MFMA.

c) Steps Taken

Disciplinary action

The SIU will recommend disciplinary action against the following ORTDM officials for the contravention of Section 171 of the MFMA in that they failed to prevent irregular expenditure in the ORTDM.

- Mr Siviwe Gashi, OHS Practitioner; and
- Mr Sakhiwo Hopa: Manager: SCM.

Civil litigation

The SIU is quantifying the value of the overpayment and will refer the matter to the Civil Litigation Unit to institute civil proceedings to set aside the contract and to recover all the overpayments to the service provider.

8.3.5.7. Six PPE Contracts

a) Nature of Allegation

On 29 January 2021, the SIU received allegations from an anonymous whistle-blower that certain service providers were appointed through an irregular procurement process and also received irregular payments from ORTDM.

| No. | Name of Service Provider | Number of Contracts | Value of Contract |
|--------------|---------------------------------|----------------------------|--------------------------|
| 1. | Aminachem | 1 | R112 241 |
| 2. | Ayavelisa | 2 | R1 754 052 |
| 3. | HSB Logistics and projects | 1 | R1 000 000 |
| 4. | SBV Holdings | 1 | R522,400 |
| 5. | Phathilizwi Training Institute | 1 | R1 000 000 |
| TOTAL | | 6 | R4 388 693 |

b) Summary of findings

The SIUs investigation revealed that the service providers listed above were procured through a Regulation 36 deviation. The SIUs investigation could not find any irregularities with regards to the procurement process as all the required processes were followed. The SIU further found that the service providers were paid according to their contracts.

8.3.5.8. Amahlwane Security and 18 other service providers

a) Nature of Allegation

On 29 January 2021, the SIU received allegations from an anonymous whistle-blower that there are service providers that have been appointed by ORTDM through an irregular procurement process to provide water carting services and that they were paid without delivering of the water.

The service providers listed in the table below were prioritised for investigation:

| No. | Name of Service Provider | Number of Contracts | Value of Contract |
|-----|------------------------------|---------------------|-------------------|
| 1. | Amahlwane Security | 1 | R196 320 |
| 2. | Ayakha Construction | 2 | R399 020 |
| 3. | Blare Blare Trading | 2 | R391 580 |
| 4. | Brainwave Projects 959 | 1 | R197 840 |
| 5. | Cwaba Trading Enterprise | 2 | R318 900 |
| 6. | Dolly and Sons Construction | 2 | R337 900 |
| 7. | Jubele Mlunjwa | 2 | R399 100 |
| 8. | Emihle Imizamo Trading | 2 | R378 100 |
| 9. | Ergoflex 520 | 2 | R358 897 |
| 10. | Gargoles Trading | 1 | R199 800 |
| 11. | Lapcon Projects | 2 | R363 460 |
| 12. | Lisa and Ovayo Trading | 2 | R345 860 |
| 13. | Lutho Sithole | 2 | R378 810 |
| 14. | Mgagao Business Enterprise | 2 | R239 338 |
| 15. | Rweba Trading1136 | 2 | R390 241 |
| 16. | SSMK Trading Enterprise | 2 | R379 960 |
| 17. | Tentamount Trading | 1 | R194 676 |
| 18. | Tshawe Group | 2 | R378 005 |
| 19. | Ulwazi 82 Building and Civil | 1 | R197 202 |
| | Total | 33 | R5 848 689 |

b) Summary of Findings

The SIU investigation found that the service providers listed above were procured regularly and were paid according to their delivery of the water. The SIU confirmed with the recipients of the water that indeed the water were delivered. The allegations from the whistle-blower could not be supported.

8.3.5.9. Khwalo Construction

a) Nature of Allegation

On 29 January 2021, the SIU received allegations from an anonymous whistle-blower that there are service providers that have been appointed by ORTDM through an irregular procurement process to provide water carting services and that they were paid without delivering of the water. Khwalo Construction

b) Summary of Findings

The SIU investigation revealed that Khwalo Construction was contracted to deliver water in the Mhlontlo area and were paid R199 433. The SIU found that Khwalo Construction inflated the number of litters of water delivered which resulted in overpayment amounting to R43 000.

c) Steps Taken

Criminal referrals

The SIU is preparing evidence to refer a criminal referral of fraud against Khwalo Construction and its directors.

Civil Litigation

The SIU is packaging evidence for referral to Civil Litigation Unit to initiate the processes of recovering the overpayment.

8.3.6. Amatola Water Board (“AWB”)

8.3.6.1. AbaseMonti Holdings CC and 35 others

a) Nature of Allegation

On 24 July 2020 the SIU received an allegation relating to the irregular procurement, distribution and installation of water tanks to various communities in the Eastern Cape with specific reference to ORTDM and Mhlontlo Local Municipality. It was alleged that:

- Some of the service providers did not deliver the water tanks;

- Others did not deliver the tanks to the areas they were supposed to;
- Others are alleged to have colluded with Counsellors and Ward Committee members to sell water tanks and these were installed on their relative's premises.

It is further alleged that, the procurement distribution and installation was unfair, unjust and irregular. In addition, the SIU received information on 2 November 2020 relating to the involvement of an official from the AWB, Ms Nomonde Mlungu ("Ms Mlungu"), who is employed as a buyer, in the appointment of service providers belonging to her sister and her boyfriend. The following service providers were awarded contracts by the AWB:

| No | Name of service provider | Value of contract |
|-----|-------------------------------------|-------------------|
| 1. | AbaseMonti Holdings CC | R1 474 826 |
| 2. | Abukwe Services | R1 094 100 |
| 3. | African Vision | R1 551 398 |
| 4. | Aqua Tanks/Coalition trading 779 CC | R1 554 990 |
| 5. | Ayabona Construction | R1 788 075 |
| 6. | Ayakha 222 Projects | R1 768 125 |
| 7. | Baybreeze Trading 390 CC | R1 567 957 |
| 8. | Beloved Ventures | R1 028 533 |
| 9. | Bodlani Group | R500 000 |
| 10. | Buncwane Construction | R1 800 030 |
| 11. | Devomix | R1 703 498 |
| 12. | Gadafi Construction (Pty) Ltd | R1 690 786 |
| 13. | Handyman and Allied Services | R1 460 087 |
| 14. | IMIE Trading | R1 547 870 |
| 15. | Iminom Contractors | R1 875 658 |
| 16. | Inkanyezi 495 Ducats (Pty) Ltd | R921 739 |
| 17. | Izi & Qaqa Construction | R1 780 350 |
| 18. | LO Njoloza Holdings | R1 858 485 |
| 19. | Oravect | R902 600 |

| No | Name of service provider | Value of contract |
|--------------|--|--------------------|
| 20. | Matshatshula Agencies & Projects | R1 795 500 |
| 21. | Mzangwa Construction | R908 469 |
| 22. | Meringata Trading | R1 492 488 |
| 23. | Mizotech JV Imani | R1 507 637 |
| 24. | MKJ 360 | R1 407 404 |
| 25. | Ncancashe Trading (Pty) Ltd | R1 904 982 |
| 26. | Nontembiso Projects | R1 686 750 |
| 27. | Osher Fuels | R5 996 999 |
| 28. | Othawe Trading (Pty) Ltd | R1 847 768 |
| 29. | Qothahla Project management & Training | R626 087 |
| 30. | Renca Engineering | R974 758 |
| 31. | Revolution of Ubuntu | R1 725 180 |
| 32. | Take Note Trading | R563 478 |
| 33. | Viwem Consulting | R954 713 |
| 34. | XMoor Transport (Pty) Ltd | R2 022 045 |
| 35. | Yang Mula Investments | R1 492 500 |
| 36. | Ziabala Trading (Pty) Ltd | R1 725 180 |
| Total | | R56 501 045 |

b) Summary of Findings

The SIU investigation found that on the 26 March 2020, the AWB appointed 33 service providers through an open tender and three others were also appointed through an RFQ to supply, deliver and install Rain Water Harvesting tanks in different Municipalities in the Eastern Cape. About 3 850 water tanks were procured by the AWB for all the Municipalities. 36 service providers were appointed to purchase, deliver and install the tanks. Each 5 000 litre tank cost up to R12 000 and if not available then 2 x 2 500 litre tanks were provided.

A RFQ and a deviation process were used for this procurement. No needs assessment was done and the tanks were to be delivered at the premises of each Municipality until they had a plan as to where they were going to be installed.

The AWB acted as the implementing agent for the National Department of Water and Sanitation and brand of tank was acceptable. The BAC disregarded the recommendations of the BEC when they recommended service providers who were not responsive during evaluation and the CEO, Ms Vuyo Zitumane (“Ms Zitumane”), and Mr Clayton Henry Bhana (“Mr Bhana”) who was the Manager: SCM interfered with the recommended list by including suppliers who were found not responsive by the BEC into the list to be appointed.

This list was later approved by Mr Luyolo Fokazi (“Mr Fokazi”), the CFO, Mr Bhana and Mr Sazile Qweleka (“Mr Qweleka”) who were all members of the BAC. The three RFQs (Bodlani Group, X Moore Transport and Osher Fuels) were received directly by the CEO and the SCM manger. The appointed service providers did not install the tanks according to the agreed tender specifications and they claimed for delivery fees which were already included either in the price of the tanks and delivered by the manufacturers themselves.

The SIU found that the procurement process was irregular in that there were service providers who were appointed after being added to the recommended list by CEO Ms Zitumane and Mr Bhana through their irregular intervention to the process. The SIU found that Mr Bhana and Mlamli Mabulu (“Mr Mabulu”), Manager: Project Management Unit manipulated the specifications and misrepresented in their report to include an official that was not involved in the process.

The SIU also found that Ms Sinovuyo Anita Gwazela (“Ms Gwazela”), an intern at Amatola was a Director of a company styled OthaweTrading registered as a service provider at AWB. This company was also appointed to purchase, deliver and install the harvesting tanks by Amatola Water. Ms Gwazela is also the biological sister to Ms Mlungu, a buyer at AWB who was also involved in the procurement process of the water harvesting tanks. They both failed to disclose their relationship and Ms Gwazela also failed to declare her interest in the company that traded with AWB in her bid documents and when she was enlisted as an intern.

c) Steps Taken

Disciplinary Action

On 3 March 2021, two disciplinary referral letters were submitted to the Chairperson of the Board of AWB. On 9 March 2021, evidence was formally presented to the Chairperson of the Board and the CEO. The SIU has received feedback that a disciplinary action was taken against the following employees for the contraventions of applicable sections of the Constitution and the contravention of the applicable sections of the PFMA and the AWB SCM Policy:

- Ms Mlungu, a buyer at AWB who was subsequently dismissed; and
- Ms Gwaleza, an intern at AWB whose internship contract was not renewed.
- The SIU will recommend a disciplinary action against Mr Mabulu for his role in the process.

The following employees could not be disciplined as they had left the AWB at the time of the conclusion of the investigations:

- Ms Zitumane, former CEO;
- Mr Bhana, former Manager: SCM; and
- Mr Fokazi, former CFO.

Criminal referrals

Criminal referrals have been prepared against the current and former officials of AWB as listed herein below, for contravention of the sections of MFMA, corruption, fraud and money laundering. Five of these referral letters relating to the following officials were delivered to the NPA on 18 October 2021:

- Ms Zitumane, former CEO;
- Mr Bhana, former Manager: SCM;
- Mr Fokazi, former CFO;
- Mr Qweleka, Acting Director: Planning and Development; and
- Mr Mlamli Mabulu Manager, Project Management Unit.

The SIU is busy preparing evidence recommending criminal prosecution to the NPA against the individuals listed hereunder and the referrals are being reviewed by the SIU's Principal Forensic Lawyers for submission to the Head of the Unit for signature:

- Ms Mlungu, a Supply Chain Specialist at the AWB;
- Ms Gwazela, Director of Othawe Trading (Pty) Ltd 2018/307980/07;
- Ms Liziwe Malobola, the sole Director of Othawe;
- Mr Lubabalo Makubalo, Director of Juba and Luba Projects (Pty) Ltd 2013/192490/07; and
- Mr Thozama Mtshatsheni, Director of Ncancashe Holdings (Pty) Ltd 2015/220370.

Civil Litigation

Senior Counsel was appointed on 21 October 2020 and the drafting of the papers is underway. Civil proceedings will be instituted in the Special Tribunal for the contracts against the 36 service providers to be declared invalid and unlawful and for the contracts to be set aside. The SIU also wants to interdict the AWB from continuing with the contracts between them and the 36 service providers. The SIU is also seeking a just and equitable relief against these service providers.

8.3.6.2. City of Choice Travel and another service provider

a) Nature of Allegation

On 14 August 2020, the SIU received from a whistle-blower allegations of irregular procurement of 36 service providers for the rain water tank harvesting services. It was alleged that the services provider listed in the table below received contracts for rain water tanks harvesting services. These service providers were alleged to have received contracts to the value of R504 782 and were paid the same amount.

| No | Name of service provider | Value of contract |
|--------------|----------------------------------|--------------------------|
| 1. | City of Choice Travel | R70 000 |
| 2. | Songelwa Dlamini General Trading | R434 782 |
| Total | | R504 782 |

b) Summary of Findings

The SIU investigation found that the two service providers were awarded contracts for travel services and not for the rain water tanks and there were no irregularities in respect of the procurement process.

8.3.6.3. Amarhudulu Trading and 16 other service providers

a) Nature of Allegation

On 1 July 2021, the SIU received from a whistleblower allegations of irregularity in the appointment of carting trucks through RFQ 1482 to supply water to various communities of the Eastern Cape.

It was alleged that the AWB invited prospective suppliers to submit quotations for the hiring of water tank trucks (water carting) to supply water to various areas in the Eastern Cape as and when required.

In January 2020, the Minister of Human Settlements, Water and Sanitation, Ms Lindiwe Sisulu, appointed the AWB as an agent to implement a drought relief intervention program in the Eastern Cape Province. This program comprised of the procurement of water tanker services and hiring of water carting trucks. The following 17 service providers were awarded contracts by the AWB to render water carting services and these contracts were investigated:

| No | Name of service provider | Value of contract |
|--------------|--------------------------------------|--------------------|
| 1. | Amarhudulu Trading | R500 000 |
| 2. | Bay Breeze Trading | R1 000 000 |
| 3. | Cangoscan t/a Eagle Ukhozi Transport | R1 000 000 |
| 4. | Coalition 1203 Trading | R500 000 |
| 5. | Devomix Construction | R1 000 000 |
| 6. | Epignosis Investments | R500 000 |
| 7. | Golden Rewards 906 | R500 000 |
| 8. | Implementers | R500 000 |
| 9. | Jadezweni Transport CC | R500 000 |
| 10. | KM26 | R1 000 000 |
| 11. | Lambchops Traders | R1 000 000 |
| 12. | Matshatshula Agencies & Projects | R1 000 000 |
| 13. | Meringata Trading | R1 000 000 |
| 14. | Mikuwo Construction and Projects | R500 000 |
| 15. | Photuxolo Trading & Projects | R1 000 000 |
| 16. | Servinet | R1 000 000 |
| 17. | Uthuthuko Holdings | R1 000 000 |
| Total | | R13 500 000 |

b) Summary of Findings

The SIU investigation found that the AWB appointed 17 service providers to provide water carting through an RFQ. 35 service providers submitted quotations and 18 of the service providers were declared responsive as they met all the requirements of the tender. 17 service providers were appointed on 31 March 2020 on condition that they accept the R4 310 rate proposed by the AWB. Xmoor Transport was part of the 18 service providers that passed the eligibility test, however, their services was not used.

Ms Mlungu is the buyer responsible for requesting quotations up to the value of R500 000 per service provider. The appointment letters were sent to the service providers by Ms Mlungu. The recommendation was approved by Mr Fokazi, the former CFO and approved by the CEO Mr Zitumane. The SIU investigation found that ten service providers listed in the table below were paid double the RFQ threshold of R500 000 as per the NT regulations, although they submitted only one RFQ, The SIU also found over pricing related to the kilometers charged for the delivery of the water by all 17 service providers appearing in the table above.

| No | Name of service provider | Value of contract |
|--------------|--------------------------------------|--------------------|
| 1. | Bay Breeze Trading | R1 000 000 |
| 2. | Cangoscan t/a Eagle Ukhozi Transport | R1 000 000 |
| 3. | Devomix Construction | R1 000 000 |
| 4. | KM26 | R1 000 000 |
| 5. | Lambchops Traders | R1 000 000 |
| 6. | Matshatshula Agencies & Projects | R1 000 000 |
| 7. | Meringata Trading | R1 000 000 |
| 8. | Photuxolo Trading & Projects | R1 000 000 |
| 9. | Servinet | R1 000 000 |
| 10. | Uthuthuko Holdings | R1 000 000 |
| Total | | R10 000 000 |

c) Steps Taken

Civil litigation

The SIU has submitted a request for Counsel to be appointed in respect of these matters and to declare these contracts invalid and unlawful. They are to be set aside and all irregular payments will be recovered from the suppliers. The irregular payments are still being quantified.

8.3.6.4. Barloworld Isuzu Transversal contract “Transversal Contract”

a) Nature of Allegation

On 9 February 2021, the SIU received from a whistle-blower allegations that the AWB amended the scope of the contract after the award to benefit the service provider. It was alleged that Barloworld was awarded a contract valued at R30 million to purchase 20 trucks for the water carting services. The changes were in relation to the specifications of the trucks to be delivered, the number and the prices of the trucks. It was further alleged that the actions of the AWB contravened Section 217 of the Constitution.

b) Summary of Findings

The SIU investigation found that on 9 February 2021 the then Acting CEO, Ms Portia Makhanya, requested an approval of a deviation from NT, because the steel water tanks which were to be affixed in the vehicles were not included in the initial quote and the AWB had to re-negotiate with Barloworld to include it.

The SIU investigation further found that the AWB procured water carting trucks through a NT transversal contract. Initially the AWB was to procure 10 trucks at a cost of R10 million but this was later increased to 20 trucks at a cost of R30 Million. The AWB also changed the specification of the trucks that were included in the original transversal contract by including extras that significantly increased the price.

The SIU found that Mr Nhlanhla Nkosi, former Acting Chief Executive and Mr Bhana, former SCM Manager instructed that the quantity of the trucks be increased to 20 and this was queried by Ms Khayakazi Gwazela, the former Finance Manager as it resulted in the increase of the price.

The SIU found that the changing of the specification from 10 to 20 trucks was irregular. AWB changed the scope of work, budget after the award of the contract instead of going out on a new tender. AWB was aware of the makeup of the truck they were procuring through this contract and the addition of water tanks to the truck should have been done through a new and separate procurement process. The SIU also found that the deviations were presented to the NT after they had concluded the procurement of the trucks.

NT later approved the deviation in this regard without justifiable reasons and it was only then that the AWB was able to pay Barloworld. In February 2021, the AWB stated that the reason for the variation in price was an oversight although the evidence the SIU has obtained and reviews shows that it was not.

c) Steps Taken

Civil litigation

Civil litigation processes have been initiated to declare these contracts invalid and unlawful. They are to be set aside and all irregular payments will be recovered from the suppliers. The irregular payments are still being quantified.

8.3.7. Department of Employment and Labour

8.3.7.1. Lear Corporation

a) Nature of Allegation

On 27 July 2020, the SIU received allegations of fraud against Lear from a whistleblower. It was alleged that a claim was submitted by Lear for the Covid-19 Temporary Employee/Employer Relief Scheme (“TERS”) funding. When the employees enquired about the payment of these funds, they were informed by the employer that these funds were not due to them and that the payments would be refunded to the Department of Employment and Labour in due course.

b) Summary of Findings

Contact was made with the complainant with regard to this matter where he explained that he is a part of a group of shift workers who have not been paid the exact amount that the company claimed for on their behalf. They all checked using the online website how much had been paid to Lear by the DEL. However this was not the same amount that they were paid by the company and they laid a complaint with the SIU. All the relevant information and documentation with regard to the complainant’s queries was requested from Lear and this was received by the SIU. The SIU had a meeting with the management of Lear and all the outstanding payments to the affected employees were paid and the matter was resolved.

8.3.7.2. South African Cargo Services ('SA Cargo')

a) Nature of Allegation

On 31 July 2020, the SIU received allegations from a complainant who alleged that her employer, SA Cargo, claimed TERS funding, received payment but did not make any payments to the employees.

b) Summary of Findings

SA Cargo was interviewed by the SIU and it was established that payments were processed for the concerned employees for June 2020, but April 2020 and May 2020 had not yet been processed by the DEL. The SIU did a search on the UIF database for information in respect of the concerned employees and confirmed what was stated by SA Cargo. The matter resolved between employer and the employees.

8.3.8. Eastern Cape Department of Human Settlement ("Eastern Cape DHS")

8.3.8.1. SQT Construction Civils and three other service providers

a) Nature of Allegation

On 11 September 2020 the SIU received a letter addressed to the Head of the SIU, wherein allegations were made of an irregularity in the procurement of temporary housing structures in response to the Covid-19 pandemic by the Eastern Cape DHS to the tune of R300 million.

It was alleged that these temporary structures were procured by the Eastern Cape DHS through deviations and without following competitive bidding processes.

It was further alleged that eight deviations worth R214 million were shared by the following four companies:

| No | Name of service provider | Value of contract |
|--------------|---------------------------------|--------------------------|
| 1. | SQT Construction Civils | R31 475 970 |
| 2. | Takela Trading | R31 475 970 |
| 3. | Squad Five Productions | R31 475 970 |
| 4. | Vitsha Trading | R31 475 970 |
| TOTAL | | R125 903 880 |

The aforementioned companies were awarded identical contracts to supply and erect 450 temporary units, valued at the same amount of R31 425 970 each.

b) Summary of Findings

The SIU investigation found that a memorandum prepared by Mr Edmond Venn, Chief Director: Incremental Programs dated 25 March 2020 was used to request approval from Ms Thabisa Poswa, the HoD for a deviation from normal procurement processes in the appointment of at least four service providers to supply and erect 1 800 temporary shelters in OR Tambo (300), Alfred Nzo (300), Joe Gqabi (300), Chris Hani (300), Amathole (300) and Sarah Baartman (300) District Municipalities.

The purpose of this request was for the provision of temporary shelters for the overcrowded and dense informal settlements in response to the Covid-19 pandemic. This request was approved by the HoD on 25 March 2020.

The SIU visited the sites and found that the shelters were not built for people who stay in densely populated informal settlement but some were built in villages where there are no informal settlements. The ECDHS explained the reasons for this deviation was that a decision was taken to include destitute and homeless people who were located in other areas which were not necessarily informal settlements.

The SIU was advised by Mr Venn that the contracts of the four service providers were extended for a further five months from October 2020 to 31 March 2021. The deviation that was approved on 25 March 2020, was meant to be an emergency procurement relying on specific procurement processes during the Covid-19 pandemic. The fact that out of the intended 1 800 temporary shelters only 279 temporary shelters were built is evidence that the procurement was not an emergency. The SIU has requested a report on the status of the project from the Eastern Cape DHS and it is still outstanding. Based on the reports previously obtained from the Eastern Cape DHS and the site visits conducted, the SIU found that the Eastern Cape DHS received value for the money spent on the service providers.

The SIU further found that whilst the erection of the temporary shelters for the destitute families is justified on humanitarian grounds, the usage of the Covid-19 'budget' was not justified. This deviation was only meant for the de-densification of crowded informal settlements.

c) Steps Taken

Civil litigation

The SIU recommended civil proceedings be instituted to set aside the contracts of these four service providers because of the incorrect price per temporary structure was used. Senior Counsel has been appointed on 1 September 2021 and is now busy drafting papers.

8.3.9. SASSA: Eastern Cape

8.3.9.1. Bendalo Holdings and Kwasa Food Suppliers

a) Nature of Allegation

The SIU received an allegation relating to the irregular procurement and distribution of food parcels by SASSA in various communities in the Eastern Cape Province. It was alleged that two service providers were part of the cancelled tender but were requested to bid again through a closed tender process for the same services. The tender process was manipulated because only two bidders invited to participate in a closed bid process. It was further alleged that, the procurement and the distribution of the food parcels was unfair, unjust and irregular. The following service providers received contracts from SASSA:

| No | Name of service provider | Value of contract |
|--------------|----------------------------------|--------------------------|
| 1 | Bendalo Holdings (Pty) (Ltd) | R23 003 617 |
| 2 | Kwasa Food Suppliers (Pty) (Ltd) | R22 416 380 |
| TOTAL | | R45 530 887 |

b) Summary of Findings

The SIU investigation found that SASSA had initiated a normal bidding process in respect of the procurement and supply of food parcels. SASSA then, because of technical issues, cancelled the tender. The CEO of SASSA, Ms Busisiwe Jacqueline Memela-Khambule (“Ms Memela-Khambule”) through the recommendations of the BAC requested permission from NT to deviate from the normal procurement process and to use the service providers from the cancelled tender who had met the functionality requirements.

On 14 June 2019, SASSA advertised Bid no. SASSA: 08/19/GA/EC on the NT’s e-Tender portal for the supply and issuing of SRD Relief Parcels for a period of four years. On 19 June 2019, a non-compulsory briefing session was held as per the advert. The appointment of the BEC was finalised in July 2019.

On 05 August 2019, the BEC commenced with the evaluation of bids and concluded the process on 18 October 2019. On 24 October 2019, the BAC held its meeting and recommended to the CEO the appointment of service providers for the supply and the issuing of relief parcels for a period of four years. On grounds not clearly substantiated, SASSA cancelled Bid no. SASSA: 08/19/GA/EC. On 22 November 2019, the NT advised SASSA to re-advertise the bid and to conclude a new bid process before the end of June 2020. On 19 December 2019, SASSA through its CEO Ms Memela-Khambule requested approval from the NT to deviate from the normal procurement process and use the service providers who had met the functionality requirement during the evaluation process of the cancelled tender, and be contracted for six months. On 31 January 2020, the NT through Ms Estelle Setan (“Ms Setan”) granted the request made by the SASSA, but with the following conditions and/or requirements, namely:

- SASSA should submit cost estimate for six months to NT for verification;
- SASSA must finalise the bidding process within the extension period.

On 13 March 2020, SASSA through its SCM Department, sourced quotations from bidders who had met the functionality requirements of the cancelled tender in respect of the Eastern Cape region. SASSA continued with this process without complying with the NT conditions which renders the process irregular. The closing date for the bid process was 24 March 2020.

On 23 April 2020, SASSA appointed two service providers through a closed RFQ tender to procure, supply and deliver food parcels in various districts of the Eastern Cape Province. The SLA between SASSA and the two service providers was entered to by Mr Bandile Maqethuka (“Mr Maqethuka”), the Regional Manager representing SASSA and Mr Bulelani Booi (“Mr Booi”) representing Bendalo Holdings and Mr Peter Anthony Mama (“Mr Mama”) representing Kwasa Food Suppliers. The SIU found that these two SLAs (countersigned by Mr Lungile Qabisisa (“Mr Qabisisa”), the Project Manager; Mr Vuyolwethu Bukula (“Mr Bukula”), the Senior Manager: Legal Services and Mr Yanga Depha (“Mr Depha”), the Manager) were backdated to 1 April 2020 which amounts to fraud.

The SIU found that SASSA had no approved process of administering the food parcels to the beneficiaries and it depended on the list of applicants submitted by the Ward Councilors. This resulted in the manipulation of the process to benefit non qualifying beneficiaries. About 33 379 food parcels were purchased and delivered to various communities of the Eastern Cape Province.

The SIU investigation found that the service providers did not arrive at the venues on time and in certain instances the food parcels were incomplete. It was further established that SASSA vehicles and personnel were used to deliver the food parcels to the recipients.

The service providers overcharged SASSA in terms of the agreed amount as per the SLA. In terms of the signed SLA, the agreed amount was R1 200 per food parcel but the two service providers charged R1 359.18 and R1 371.27 respectively per food parcel which amounted to an overcharge.

The SIU investigation has further established that Ms Sisanda Kimbili (“Ms Kimbili”): Senior Administration Officer at Nelson Mandela District approved non-qualifying applicants to be the beneficiaries of the food parcels, which was to the detriment of the qualifying beneficiaries.

c) Steps Taken

Disciplinary action

Seven disciplinary referrals against 6 officials from SASSA and one from NT were referred on 7 October 2021:

- Ms Memela-Khambule, Chief Executive Officer;
- Ms Setan, Acting Chief Procurement Officer: NT;
- Mr Qabisisa, Manager;
- Mr Bukula, Snr Manager;
- Mr Depha, Manager;
- Ms Kimbili, Snr Admin Officer; and
- Mr Maqethuka, Regional Manager.

Criminal referrals

Ten criminal referrals for fraud were referred to the NPA on 7 October 2021 against the following:

- Mr Maqethuka, Regional Manager;
- Mr Depha, Manager;
- Mr Bukula, Snr Manager;
- Mr Qabisisa, Manager;
- Mr Booi, Director of Bendalo;
- Mr Mama, Director of Kwasa.

Civil Litigation

Counsel was appointed on 20 July 2021 and the drafting of the papers is underway. Civil proceedings will be instituted in the Special Tribunal for these contracts to be declared invalid and

unlawful and for the contracts against the two service providers to be set aside. The value for money exercise has been completed as per the request from Senior Counsel.

8.4. FREE STATE PROVINCE

8.4.1. Free State Provincial Treasury (“Free State PT”)

8.4.1.1. Motheko Projects (Pty) Ltd

a) Nature of Allegation

This allegation was referred to the SIU on 5 August 2020 by the Fusion Hub at the FIC. It is alleged that Motheko Projects (Pty) Ltd (“Motheko Projects”) received a contract from the Free State PT to supply PPE to the value of R2.9 million. Mr Tshepiso Magashule, the son of Mr Ace Magashule (“Mr A Magashule”), is the sole director of this company. It is further alleged that the contract was awarded because of Mr A Magashule's close relationship with the Member of the Executive Council (“MEC”) for Finance in the province, who according to the complainant, centralized the province's procurement of Covid-19 related goods and services to the Free State PT.

b) Summary of findings

Following the outbreak of the Covid-19 pandemic and the President of South Africa's declaration of a National State of Disaster on 15 March 2020, the Provincial Executive Council (“PEC”) resolved to centralize the procurement of PPE for all 12 Free State Provincial Departments, to the Free State PT.

Interested suppliers were invited through an advertisement that was placed on the website of the Free State PT to register on the Provincial Covid-19 database. Motheko Projects is one of the suppliers who registered on the database as a supplier of PPE.

Motheko Projects responded to two invitations to submit bids for PPE, issued by the Free State PT. The first one was in respect of SCMQ1/2020, issued on 3 April 2020 when invites were issued to 53 suppliers, registered on the database. Twenty seven suppliers (including Motheko Projects), were approved. The second one was in respect of SCMQ8/2020, issued on 22 May 2020, when eight bids were received from potential suppliers. Five suppliers (including Motheko Projects), were approved. In both these instances, the Free State PT deviated from an open procurement process, with the approval of the HoD, due to the emergency. It was found that these deviations were properly motivated and authorised and that the relevant Treasury Instructions, applicable at the time, were complied with.

Following proper evaluation and adjudication processes by the Emergency Procurement Task Team (“EPTT”), the Bid Quotation Committee (“BQC”), and approval by the HoD of the Free State PT, the following orders were issued to Motheke Projects:

| No | SCMQ process | PPE | Value |
|----|--------------|----------------|------------|
| 1 | SCMQ1/2020 | Surgical masks | R1 092 500 |
| 2 | SCMQ8/2020 | Soap | R1 200 000 |

Part of the allegation is that the service provider received contracts because of his links to domestic prominent influential persons (as defined in the Financial Intelligence Centre Act, Act 38 of 2001 (“FICA”). Currently such involvement does not necessarily render the awarding of contracts to such people, or entities that they are involved in, unlawful and such contracts must be scrutinized for compliance with the principles of section 217(1) of our Constitution. FICA currently regulates the conclusion of contracts between “accountable institutions” and domestic prominent influential persons and their immediate family, but the schedule listing “accountable institutions” does not include State Institutions, such as national, provincial, or municipal entities, or even State Owned Entities. In addition, FICA only envisages remedial action through “administrative sanctions”. FICA also does not create a statutory offence if its provisions are not complied with. This aspect of the allegation has been investigated and no evidence was found in support of the allegation that the service provider received contracts because of his relationship or connection with domestic prominent influential persons. The need exists for considering additional safeguards for situations where State Institutions contract with persons in these categories.

The investigation revealed that the decision to centralise the procurement of PPE for provincial departments, was taken by the PEC. No evidence was found in support of the allegation that the MEC took the decision. No evidence pointing to any irregularities with regards to the awarding of the contracts were found.

8.4.1.2. Marvel Deeds (Pty) Ltd

a) Nature of Allegation

This allegation was referred to the SIU on 5 August 2020 by the Fusion Hub at the FIC. It is alleged that Marvel Deeds (Pty) Ltd (“Marvel Deeds”), of which Mr Thato Magashule, the son of Mr A Magashule, is the sole director, received a contract from the Free State PT to supply sanitizer to the value of R427 221. It was further alleged that the contract was awarded because of Mr A

Magashule's close relationship with the MEC, who according to the complainant, centralized the province's procurement of Covid-19 related goods and services to the Free State PT.

b) Summary of findings

Following the outbreak of the Covid-19 pandemic and the President of South Africa's declaration of a National State of Disaster on 15 March 2020, the PEC resolved to centralize the procurement of PPE for all 12 Free State Provincial Departments, to the Free State PT.

Interested suppliers were invited through an advertisement that was placed on the website of the Free State PT to register on the Provincial Covid-19 database. Marvel Deeds is one of the suppliers who registered on the database as a supplier of PPE.

Marvel Deeds responded to one invitation to submit a bid for PPE, issued by the Free State PT. This was in respect of SCM2/2020, issued on 23 April 2020, when invites to submit bids were issued to 60 suppliers, registered on the database. Thirty two suppliers (including Marvel Deeds) were approved. The Free State PT deviated from an open procurement process, with the approval of the HoD, due to the emergency. It was found that the deviation was properly motivated and authorised and that the relevant Treasury Instructions, applicable at the time, were complied with.

Following proper evaluation and adjudication processes by the EPTT, the BQC, and approval by the HoD of the Free State PT, the following order was issued to Marvel Deeds:

| No | SCMQ process | PPE | Value |
|----|--------------|-----------|----------|
| 1 | SCMQ2/2020 | Sanitizer | R427 221 |

Part of the allegation is that the service provider received contracts because of his links to domestic prominent influential persons (as defined in the FICA). Currently such involvement does not necessarily render the awarding of contracts to such people, or entities that they are involved in, unlawful and such contracts must be scrutinized for compliance with the principles of section 217(1) of our Constitution. FICA currently regulates the conclusion of contracts between "accountable institutions" and domestic prominent influential persons and their immediate family, but the schedule listing "accountable institutions" does not include State Institutions, such as national, provincial, or municipal entities, or even State Owned Entities. In addition, FICA only envisages remedial action through "administrative sanctions". FICA also does not create a statutory offence if its provisions are not complied with. This aspect of the allegation has been investigated and no evidence was found in support of the allegation that the service provider received contracts because of his relationship or connection with domestic prominent influential persons. The need

exists for considering additional safeguards for situations where State Institutions contract with persons in these categories.

The investigation revealed that the decision to centralise the procurement of PPE for provincial departments, was taken by the PEC. No evidence was found in support of the allegation that the MEC took the decision. No evidence pointing to any irregularities with regards to the awarding of the contract was found.

8.4.1.3. MG Kobeqo Trading t/a Ketha Incorporated

a) Nature of Allegation

This allegation was referred to the SIU on 17 August 2020 by a whistleblower. The allegation is that MG Kobeqo Trading t/a Ketha Incorporated (“MG Kobeqo”) received a PPE contract to the value of R3 393 808.16 while they are not registered on the central database.

b) Summary of findings

Following the outbreak of the Covid-19 pandemic and the President of South Africa’s declaration of a National State of Disaster on 15 March 2020, the PEC resolved to centralize the procurement of PPE for all 12 Free State Provincial Departments, to the Free State PT.

Interested suppliers were invited through an advertisement that was placed on the website of the Free State PT to register on the Provincial Covid-19 database. MG Kobeqo is one of the suppliers who registered on the database as a supplier of PPE.

MG Kobeqo Trading responded to two invitations to submit bids for PPE, issued by the Free State PT. The first one was in respect of SCMQ2/2020, issued on 23 April 2020 when invites were issued to 60 suppliers, registered on the database. Thirty two suppliers (including MG Kobeqo) were approved. The second one was in respect of SCMQ5/2020, issued on 12 May 2020 when bids were received from 29 suppliers. Twenty seven suppliers (including MG Kobeqo) were approved. In both these instances, the Free State PT deviated from an open procurement process, with the approval of the HoD, due to the emergency. It was found that these deviations were properly motivated and authorised and that the relevant Treasury Instructions, applicable at the time, were complied with.

Following proper evaluation and adjudication processes by the EPTT, the BQC, and approval by the HoD of the Free State PT, the following orders were issued to MG Kobeqo:

| No | SCMQ process | PPE | Value |
|----|--------------|-------------|------------|
| 1 | SCMQ2/2020 | Sanitizer | R1 393 687 |
| 2 | SCMQ5/2020 | Various PPE | R2 000 120 |

The investigation revealed that MG Kobeqo is registered on the CSD, with supplier number MAAA002341. No evidence pointing to any irregularities with regards to the awarding of the contracts were found.

8.4.1.4. Mayula Procurement and Property Management

a) Nature of Allegation

This allegation was referred to the SIU on 17 August 2020 by a whistleblower. The allegation is that Mayula Procurement and Property Management (“Mayula Procurement”), which belongs to Hantsi Matseke, the Chairperson of the Free State Development Corporation, was awarded a contract for PPE to the value of R900 000.

b) Summary of Findings

Following the outbreak of the Covid-19 pandemic and the President of South Africa’s declaration of a National State of Disaster on 15 March 2020, the PEC resolved to centralize the procurement of PPE for all 12 Free State Provincial Departments, to the Free State PT.

Interested suppliers were invited through an advertisement that was placed on the website of the Free State PT to register on the Provincial Covid-19 database. Mayula Procurement is one of the suppliers who registered on the database as a supplier of PPE.

Mayula Procurement responded to one invitation to submit a bid for PPE, issued by the Free State PT. This was in respect of SCMQ5/2020, issued on 12 May 2020 when bids were received from 29 suppliers. Twenty seven suppliers (including Mayula Procurement) were approved. The Free State PT deviated from an open procurement process, with the approval of the HoD, due to the emergency. It was found that this deviation was properly motivated and authorised and that the relevant Treasury Instructions, applicable at the time, were complied with.

Following proper evaluation and adjudication processes by the EPTT, the BQC, and approval by the HoD of the Free State PT, the following order was issued to Mayula Procurement:

| No | SCMQ process | PPE | Value |
|----|--------------|----------------|----------|
| 1 | SCMQ5/2020 | Surgical masks | R902 700 |

Part of the allegation suggests that the service provider received contracts because of her links to domestic prominent influential persons (as defined in the FICA). Currently such involvement does not necessarily render the awarding of contracts to such people, or entities that they are involved in, unlawful and such contracts must be scrutinized for compliance with the principles of section 217(1) of our Constitution. FICA currently regulates the conclusion of contracts between “accountable institutions” and domestic prominent influential persons and their immediate family, but the schedule listing “accountable institutions” does not include State Institutions, such as national, provincial, or municipal entities, or even State Owned Entities. In addition, FICA only envisages remedial action through “administrative sanctions”. FICA also does not create a statutory offence if its provisions are not complied with. This aspect of the allegation has been investigated and no evidence was found in support of the allegation. The need exists for considering additional safeguards for situations where State Institutions contract with persons in these categories.

No evidence pointing to any irregularities with regards to the awarding of the contract was found.

8.4.1.5. K-LA-K Trading CC

a) Nature of Allegation

This allegation was referred to the SIU on 17 August 2020 by a whistleblower. The allegation is that K-LA-K Trading CC (“K-LA-K”), which is a local carwash and ChesaNyama (i.e. street food vendor), received a contract for PEE worth R4.3 million. It is further alleged that the company is not registered with the CIPC and the awarding of a PPE contract to a car wash is questioned.

b) Summary of findings

Following the outbreak of the Covid-19 pandemic and the President of South Africa’s declaration of a National State of Disaster on 15 March 2020, the PEC resolved to centralize the procurement of PPE for all 12 Free State Provincial Departments, to the Free State PT.

Interested suppliers were invited through an advertisement that was placed on the website of the Free State PT to register on the Provincial Covid-19 database. K-LA-K Trading is one of the suppliers who registered on the database as a supplier of PPE.

K-LA-K Trading responded to one invitation to submit a quotations for PPE, issued by the Free State PT. This was in respect of SCMQ5/2020, issued on 12 May 2020 when bids were received

from 29 suppliers. Twenty seven suppliers (including K-LA-K) were approved. The Free State PT deviated from an open procurement process, with the approval of the HoD, due to the emergency. It was found that the deviation was properly motivated and authorised and that the relevant Treasury Instructions, applicable at the time, were complied with.

Following proper evaluation and adjudication processes by the EPTT, the BQC, and approval by the HoD of the Free State PT, the following order was issued to K-LA-K Trading:

| No | SCMQ process | PPE | Value |
|----|--------------|-------------|------------|
| 1 | SCMQ5/2020 | Various PPE | R4 374 300 |

The investigation revealed that K-LA-K Trading is registered on the CSD, with supplier number MAAA0157656. K-LA-K is also, according to the CSD, registered with the CIPC with number 2005/013429/23. Furthermore, the invitation to register as a supplier of PPE, was open for everyone and nothing prevented them from registering on the database of suppliers. No evidence pointing to any irregularities with regards to the awarding of the contract was found.

It was however found that K-LA-K Trading is not registered as a VAT Vendor, according to the CSD. Upon receiving the abovementioned contract, the income received by the supplier exceeded the R1 million VAT registration threshold, and there was an obligation on the supplier to register as a VAT vendor. The violation of the VAT Act was referred to SARS in terms of the provisions of section 5(7) of the SIU Act on 12 October 2020 for further action.

8.4.1.6. Wingilux (Pty) Ltd

a) Nature of Allegation

This allegation was referred to the SIU on 17 August 2020 by a whistleblower. The allegation is that a company called Wingilux (Pty) Ltd (“Wingilux”), belonging to the Lekone brothers who were convicted of fraud, received a PPE contract worth R4.8 million.

b) Summary of findings

Following the outbreak of the Covid-19 pandemic and the President of South Africa’s declaration of a National State of Disaster on 15 March 2020, the PEC resolved to centralize the procurement of PPE for all 12 Free State Provincial Departments, to the Free State PT.

Interested suppliers were invited through an advertisement that was placed on the website of the Free State PT to register on the Provincial Covid-19 database. Wingilux is one of the suppliers who registered on the database as a supplier of PPE.

Wingilux responded to one invitation to submit a bid for PPE, issued by the Free State PT. This was in respect of SCMQ5/2020, issued on 12 May 2020 when quotations were received from 29 suppliers. Twenty seven suppliers (including Wingilux) were approved. The Free State PT deviated from an open procurement process, with the approval of the HoD, due to the emergency. It was found that the deviation was properly motivated and authorised and that the relevant Treasury Instructions, applicable at the time, were complied with.

Following proper evaluation and adjudication processes by the EPTT, the BQC, and approval by the HoD of the Free State PT, the following order was issued to Wingilux:

| No | SCMQ process | PPE | Value |
|----|--------------|-------------|------------|
| 1 | SCMQ5/2020 | Various PPE | R7 875 651 |

The investigation revealed that the Lekone brothers, who according to CIPC records, are co-directors of Wingilux, have been convicted of criminal offences. However, this was more than five years prior to Wingilux getting the contract. The bid was submitted by Hilda Smith, one of the directors of Wingilux. The bid documents require disclosure of conviction in the last 5 years when a bid is submitted.

No evidence pointing to any irregularities with regards to the awarding of the contract was found.

It was however found that Wingilux is not registered as a VAT Vendor, according to the CSD. Upon receiving the abovementioned contract, the income received by the supplier exceeded the R1 million VAT registration threshold, and there was an obligation on the supplier to register as a VAT vendor. The violation of the VAT Act was referred to SARS in terms of the provisions of section 5(7) of the SIU Act on 12 October 2020 for further action.

8.4.1.7. Fredock Trading CC t/a Sedgars Sport

a) Nature of Allegation

This allegation was referred to the SIU on 17 August 2020 by a whistleblower. The allegation is that Fredock Trading CC t/a Sedgars Sport (“Fredock Trading”), which is owned by the Dockrat family, was awarded three different contracts for masks amounting to R7 million. It was further alleged that the service provider received the contracts because of their close ties with Mr A Magashule, the former Premier of the Free State Province.

b) Summary of findings

Following the outbreak of the Covid-19 pandemic and the President of South Africa's declaration of a National State of Disaster on 15 March 2020, the PEC resolved to centralize the procurement of PPE for all 12 Free State Provincial Departments, to the Free State PT.

Interested suppliers were invited through an advertisement that was placed on the website of the Free State PT to register on the Provincial Covid-19 database. Fredock Trading is one of the suppliers who registered on the database as a supplier of PPE. Fredock Trading is registered with the CIPC, with registration number 2004/043407/23. They are also registered on the CSD with reference number MAAA0089762.

Fredock Trading responded to three invitations to submit bids for PPE, issued by the Free State PT. The first one was in respect of SCMQ7/2020, issued on 20 May 2020 when 49 bids were received from suppliers. Twenty one suppliers (including Fredock Trading) were approved. The second one was in respect of SCMQ8/2020, issued on 22 May 2020 when eight bids were received from suppliers. Five suppliers (including Fredock Trading) were approved. The third one was in respect of SCMQ9/2020, issued on 26 May 2020 when 48 bids were received from suppliers. Eighteen suppliers (including Fredock Trading) were approved. In all these three instances, the Free State PT deviated from an open procurement process, with the approval of the HoD, due to the emergency. It was found that these deviations were properly motivated and authorised, and that the relevant Treasury Instructions, applicable at the time, were complied with.

Following proper evaluation and adjudication processes by the EPTT, the BQC, and approval by the HoD of the Free State PT, the following orders were issued to Fredock Trading:

| No | SCMQ process | PPE | Value |
|----|--------------|--------------|------------|
| 1 | SCMQ7/2020 | Shoe covers | R1 234 480 |
| 2 | SCMQ8/2020 | Latex gloves | R1 200 000 |
| 3 | SCMQ9/2020 | Cloth masks | R5 100 000 |

Part of the allegation is that the service provider received contracts because of his links to domestic prominent influential persons (as defined in the FICA). Currently such involvement does not necessarily render the awarding of contracts to such people, or entities that they are involved in, unlawful and such contracts must be scrutinized for compliance with the principles of section 217(1) of our Constitution. FICA currently regulates the conclusion of contracts between "accountable institutions" and domestic prominent influential persons and their immediate family, but the

schedule listing “accountable institutions” does not include State Institutions, such as national, provincial, or municipal entities, or even State Owned Entities. In addition, FICA only envisages remedial action through “administrative sanctions”. FICA also does not create a statutory offence if its provisions are not complied with. This aspect of the allegation was investigated and no evidence was found in support of the allegation that the contracts were awarded to the service provider because of their ties to a prominent influential person. The need exists for considering additional safeguards for situations where State Institutions contract with persons in these categories.

No evidence pointing to any irregularities with regards to the awarding of the contracts were found.

8.4.1.8. Newtongate (Pty) Ltd

a) Nature of Allegation

This allegation was referred to the SIU on 17 August 2020 by a whistleblower. The allegation is that Newtongate (Pty) Ltd (“Newtongate”), a company belonging to Tebang Motaung, the son of a prominent radio personality, Thuso Motaung who, according to the whistleblower, is also a government employee, was awarded a tender for PPE worth R4.7 million.

b) Summary of findings

Following the outbreak of the Covid-19 pandemic and the President of South Africa’s declaration of a National State of Disaster on 15 March 2020, the PEC resolved to centralize the procurement of PPE for all 12 Free State Provincial Departments, to the Free State PT.

Interested suppliers were invited through an advertisement that was placed on the website of the Free State PT to register on the Provincial Covid-19 database. Newtongate is one of the suppliers who registered on the database as a supplier of PPE.

Newtongate responded to four invitations to submit bids for PPE, issued by the Free State PT. The first one was in respect of SCMQ1/2020, issued on 3 April 2020 when invites were issued to 53 suppliers, registered on the database. Twenty seven suppliers (including Newtongate) were approved. The second one was in respect of SCMQ5/2020, issued on 12 May 2020 when bids were received from 29 suppliers. Twenty seven suppliers (including Newtongate) were approved. The third one was in respect of SCMQ7/2020, issued on 20 May 2020 when 49 bids were received from suppliers. Twenty one suppliers (including Newtongate) were approved. The fourth one was in respect of SCMQ11/2020 Covid-19, issued on 19 June 2020 when 60 bids were received from suppliers. Forty five suppliers (including Newtongate) were approved. In all four

these instances, the Free State PT deviated from an open procurement process, with the approval of the HoD, due to the emergency.

Following evaluation and adjudication processes by the EPTT, the BQC, and approval by the HoD of the Free State PT, the following orders were issued to Newtongate:

| No | SCMQ process | PPE | Value |
|----|----------------------|----------------------------|------------|
| 1 | SCMQ1/2020 | Hand sanitizer | R1 020 800 |
| 2 | SCMQ5/2020 | Sanitizer and disinfectant | R3 763 200 |
| 3 | SCMQ7/2020 | Masks | R1 080 000 |
| 4 | SCMQ11/2020 Covid-19 | Surgical gowns | R1 830 956 |

It was found that in all four bids submitted by Newtongate, Tebang Motaung did declare his relationship with Thuso Motaung, his father who was employed on contract at the Office of the Premier. This was done in the Declaration of Interest (SBD4) form, which forms part of the bid documents submitted by Newtongate.

In respect of SCM1/2020, SCM5/2020 and SCM7/2020, it was found that these deviations were properly motivated and authorised and that the relevant Treasury Instructions applicable at the time, were complied with.

No evidence pointing to any irregularities with regards to the awarding of the contracts were found.

Part of the allegation is that the service provider received contracts because of his links to domestic prominent influential persons (as defined in the FICA). Currently such involvement does not necessarily render the awarding of contracts to such people, or entities that they are involved in, unlawful and such contracts must be scrutinized for compliance with the principles of section 217(1) of our Constitution. FICA currently regulates the conclusion of contracts between “accountable institutions” and domestic prominent influential persons and their immediate family, but the schedule listing “accountable institutions” does not include State Institutions, such as national, provincial, or municipal entities, or even State Owned Entities. In addition, FICA only envisages remedial action through “administrative sanctions”. FICA also does not create a statutory offence if its provisions are not complied with. This aspect of the allegation was investigated and no evidence was found in support of the allegation that the contracts were awarded to the service provider because of their ties to a prominent influential person. The need exists for considering additional safeguards for situations where State Institutions contract with persons in these categories.

In respect of SCMQ11/2020 Covid-19 regarding the procurement of surgical gowns for the Free State Department of Health (“Free State DoH”), the SIU has found that the surgical gowns delivered were not in compliance with the technical specifications contained in SCMQ11/2020 Covid-19.

The investigation into the procurement processes followed, the appointment of the service providers to supply the gowns and the subsequent payments made in respect of SCMQ11/2020 Covid-19, and all service providers involved (including Newtongate) are being dealt with in a separate investigation into SCMQ11/2020 Covid-19.

8.4.1.9. Seholoholo Trading CC

a) Nature of Allegation

This allegation was referred to the SIU on 6 August 2020 by a whistleblower. It is alleged that Seholoholo Trading CC (“Seholoholo”) received a contract from the Free State PT to the value of R500 000 for the provision of masks and sanitizer. It is further alleged that Duduza Ntombela, the son of the FSP Premier, Premier Sisi Ntombela, is an ex-director of the company and that the current director, Joas Moorosane Moeletsi, is just fronting for Mr Ntombela, who is still in control of the company.

b) Summary of findings

Following the outbreak of the Covid-19 pandemic and the President of South Africa’s declaration of a National State of Disaster on 15 March 2020, the PEC resolved to centralize the procurement of PPE for all 12 Free State Provincial Departments, to the Free State PT.

Interested suppliers were invited through an advertisement that was placed on the website of the Free State PT to register on the Provincial Covid-19 database. Seholoholo is one of the suppliers who registered on the database as a supplier of PPE.

Seholoholo responded to two invitations to submit bids for PPE, issued by the Free State PT. The first one was in respect of SCMQ1/2020, issued on 6 April 2020 when invites were issued to 53 suppliers, registered on the database. Twenty seven suppliers (including Seholoholo) were approved. The second one was in respect of SCMQ11/2020 Covid-19, issued on

19 June 2020 when 60 bids were received from suppliers. Forty five suppliers (including Seholoholo) were approved. In both instances, the Free State PT deviated from an open procurement process, with the approval of the HoD, due to the emergency.

Following evaluation and adjudication processes by the EPTT, the BQC, and approval by the HoD of the Free State PT, the following orders were issued to Seholoholo:

| No | SCMQ process | PPE | Value |
|----|----------------------|--------------------------|------------|
| 1 | SCMQ1/2020 | Hand sanitizer and masks | R570 500 |
| 2 | SCMQ11/2020 Covid-19 | Surgical gowns | R1 785 720 |

In respect of SCMQ1/2020, it was found that the deviation was properly motivated and authorised and that the relevant Treasury Instructions applicable at the time, were complied with. No evidence pointing to any irregularities with regards to the awarding of the contract were found.

Part of the allegation is that the service provider received contracts because of his links to domestic prominent influential persons (as defined in the FICA). Currently such involvement does not necessarily render the awarding of contracts to such people, or entities that they are involved in, unlawful and such contracts must be scrutinized for compliance with the principles of section 217(1) of our Constitution. FICA currently regulates the conclusion of contracts between “accountable institutions” and domestic prominent influential persons and their immediate family, but the schedule listing “accountable institutions” does not include State Institutions, such as national, provincial, or municipal entities, or even State Owned Entities. In addition, FICA only envisages remedial action through “administrative sanctions”. FICA also does not create a statutory offence if its provisions are not complied with. This aspect of the allegation was investigated and no evidence was found in support of the allegation that the contracts were awarded to the service provider because of their ties to a prominent influential person. The need exists for considering additional safeguards for situations where State Institutions contract with persons in these categories.

In respect of SCMQ11/2020 Covid-19 regarding the procurement of surgical gowns for the Free State DoH, the SIU has found that the surgical gowns delivered were not in compliance with the technical specifications contained in SCMQ11/2020 Covid-19.

The investigation into the procurement processes followed, the appointment of the service providers to supply the gowns and the subsequent payments made in respect of SCMQ11/2020 Covid-19, and all service providers involved (including Seholoholo) are being dealt with in a separate investigation into SCMQ11/2020 Covid-19.

8.4.1.10. C-Squared Consumer Connectedness (Pty) Ltd

a) Nature of Allegation

The SIU received an allegation on 17 August 2020 from a whistleblower, alleging that C-Squared Consumer Connectedness (Pty) Ltd (“C-Squared”), which organised the annual Macufe festival received a R4.9 million contract for PPE. The grounds on which the contract was awarded and their capacity to produce quality PPE, were questioned.

b) Summary of findings

Following the outbreak of the Covid-19 pandemic and the President of South Africa’s declaration of a National State of Disaster on 15 March 2020, the PEC resolved to centralize the procurement of PPE for all 12 Free State Provincial Departments, to the Free State PT.

Interested suppliers were invited through an advertisement that was placed on the website of the Free State PT to register on the Provincial Covid-19 database. C-Squared is one of the suppliers who registered on the database as a supplier of PPE.

C-Squared received two contracts from the Free State PT to supply PPE. The first one was in respect of SCMQ609/2020/2021 and the second one in respect of SCMQ3/2020/2021. The Free State PT deviated from an open procurement process, with the approval of the HoD, due to the emergency. The following orders were issued to C-Squared:

| No | SCMQ process | PPE | Value |
|----|-------------------|-------------|------------|
| 1 | SCMQ609/2020/2021 | Various PPE | R5 132 071 |
| 2 | SCMQ03/2020/2121 | Various PPE | R6 051 415 |

In respect of SCMQ609/2020/2021, the SIU found evidence that Mr MP Mokoena (the former CFO of Free State PT) (“Mr Mokoena”), Mr Ben Moseme (the Chief Executive Officer of C-Squared) (“Mr Mosene”) and C-Squared Consumer Connectedness (Pty) Ltd, may have committed fraud by making a misrepresentation to Mr Mahlatsi (the HoD of the Free State PT), regarding the quotations submitted and the goods that were procured in respect of SCMQ609/2020/2021. The process from which C-Squared benefitted, was created by the CFO, as SCMQ609/2020/2021, which was not a due process. It was found that the procurement process followed in respect of SCMQ609/2020/2021, did not comply with Section 217 of the Constitution as it was not fair, equitable, transparent, competitive and cost-effective.

In respect of SCMQ3/2020/2021, the SIU found evidence that Mr Mokoena (the former CFO of Free State PT), Mr Moseme (the Chief Executive Officer of C-Squared) and C-Squared, may have committed fraud by making a misrepresentation to Mr Mahlatsi (the HoD of Free State PT), regarding the pricing of the coveralls and the FFP2 N95 masks, when it was stated that negotiations were held with C-Squared regarding the pricing of the coveralls that was in excess of NT prices.

The procurement related irregularities identified during the investigation were reported in writing to Ms Sesing (the acting HoD of the Free State PT) on 14 September 2021, also requesting her to inform the SIU about the steps taken by the Free State PT to address the irregularities pointed out in the letter. Ms Sesing did provide the SIU with a comprehensive reply.

Furthermore, the SIU found evidence pointing to misconduct by Mr Mokoena in respect of both the abovementioned procurement processes in that he failed to comply with the provisions of section 45(a) – (e) of the PFMA and failure to comply with the provisions of regulation 11.(a), 11.(b), 11.(d) and 14.(a), 14.(d), 14.(f) and 14.(j) of Chapter 2 of the Public Service Regulations published in Government Notice No. R877 of 29 July 2016.

Lastly, the SIU found evidence that requires civil action in order to have the contracts reviewed and possibly set aside.

c) Steps Taken

Disciplinary action

Evidence pointing to misconduct by Mr Mokoena, the former CFO of the Free State PT was referred to the HoD on 9 November 2020. Mr Mokoena resigned on 30 June 2021, before disciplinary action was taken.

Criminal referrals

Evidence pointing to criminal conduct (fraud) by Mr Mokoena, the former CFO of the Free State PT, Mr Moseme the CEO of C-Squared, and C-Squared was referred to the NPA on 30 September 2020 and 12 November 2020 respectively. Criminal cases (Parkroad CAS 665/10/2020 and CAS 933/11/2020) were registered by the DPCI and are currently being investigated.

Civil litigation

The SIU issued an instruction to the State Attorney on 9 March 2021, to appoint Counsel to consider all the evidence and propose the appropriate civil legal remedy to be instituted at the Special Tribunal, and to draft the necessary pleadings and attend all hearings to the conclusion of the matter. Counsel has been appointed, briefed and papers are being prepared.

8.4.1.11. SCMQ11/2020 Covid-19

a) Nature of Allegation

This investigation is in respect of suppliers, who received contracts from the Free State PT in respect of SCMQ11/2020 Covid-19 to supply surgical gowns. The suppliers are listed in the table below.

| No | Service Provider | Amount |
|----|--|------------|
| 1 | Abi Kundu (Pty) Ltd | R1 546 110 |
| 2 | Africa Hlahla Investments CC | R1 333 320 |
| 3 | Andzile Group (Pty) Ltd | R1 333 320 |
| 4 | Blaq Aig Trading CC | R1 333 320 |
| 5 | Bahurutsi Projects (Pty) Ltd | R1 333 320 |
| 6 | Basadzi Pele Management Consulting and Projects CC | R1 333 320 |
| 7 | Bathosi Trading Enterprise (Pty) Ltd | R1 333 320 |
| 8 | Bazix First (Pty) Ltd | R1 333 320 |
| 9 | DS Trading and Projects (Pty) Ltd | R1 144 433 |
| 10 | Halcyon Import and Export (Pty) Ltd | R1 233 321 |
| 11 | Hero Investments (Pty) Ltd | R1 259 987 |
| 12 | Hope Med (Pty) Ltd | R1 333 320 |
| 13 | Le Di Phaka Phaka (Pty) Ltd | R1 333 320 |
| 14 | Luyolwe Holding (Pty) Ltd | R1 333 320 |
| 15 | Maphcon Consulting (Pty) Ltd | R1 333 320 |
| 16 | Mohau and Son Investment (Pty) Ltd | R1 333 320 |
| 17 | Mphore 101 Trading (Pty) Ltd | R1 333 320 |
| 18 | Newtongate (Pty) Ltd | R1 333 320 |
| 19 | NNMZ Trading and Projects (Pty) Ltd | R1 333 320 |
| 20 | Philetha Projects and Services (Pty) Ltd | R1 265 542 |
| 21 | Ral Corporation (Pty) Ltd | R1 333 320 |

| No | Service Provider | Amount |
|--------------|--------------------------------|--------------------|
| 22 | Qwanthu Trading CC | R1 333 320 |
| 23 | Rise Now Trading 34 (Pty) Ltd | R1 277 765 |
| 24 | Seholoholo Trading CC | R1 333 320 |
| 25 | Silver Power Medical (Pty) Ltd | R1 322 209 |
| 26 | Slydeb (Pty) Ltd | R1 333 320 |
| 27 | Tribusat (Pty) Ltd | R1 246 654 |
| 28 | Veseal Trading (Pty) Ltd | R1 333 320 |
| 29 | VMD Innovations (Pty) Ltd | R1 333 320 |
| 30 | Yatola Projects CC | R1 166 655 |
| Total | | R39 150 739 |

This allegation was received on 30 September 2020, when the Chief Director: Assets and Liability Management from the Free State PT (Mr Mabilo), brought it to the attention of the SIU. It is alleged that some of the abovementioned suppliers supplied the incorrect gowns to the Free State DoH. The value involved is R39 150 739.

b) Summary of findings

The SIU found evidence that the surgical gowns delivered were not in compliance with the technical specifications contained in SCM11/2020 Covid19. Therefore, the evaluation process for sampling and qualification for the submission of the suppliers appears to be flawed. The process thus cannot be said to be compliant with section 217 of the Constitution.

The procurement related irregularities (e.g. flawed evaluation process for sampling gowns and non-compliance with Sec. 217(1) of the Constitution) identified during the investigation, were reported in writing to Ms Sesing (the acting HoD of the Free State PT) on 14 September 2021, also requesting her to inform the SIU about the steps taken by the Free State PT to address the irregularities pointed out in the letter.

Ms Sesing did provide the SIU with a comprehensive reply.

Furthermore, the SIU found evidence pointing to fraud committed by 27 suppliers who provided the incorrect gowns and those who provided false addresses in their bid documents.

Lastly, the SIU found that all 30 suppliers of the surgical gowns contravened Sections 14, 19 and 22C (6) of the Medicines and Related Substances Act, Act 101 of 1965, as amended, which

constitutes an offence in terms of Section 29, and is punishable in terms of Section 30 of the same Act.

c) Steps Taken

Criminal referrals

Evidence pointing to fraud, committed by 27 suppliers and their representatives who supplied the incorrect gowns, has been referred to the NPA and the DPCI on 20 April 2021. A criminal case (Park Road CAS 572/03/2020) has been registered and is currently being investigated by the DPCI. The matter has also been referred to the NPA for the appointment of a prosecutor.

Further evidence pointing to the contravention of Sections 14, 19 and 22C (6) of the MRSA, as amended, which constitutes an offence in terms of Section 29, and is punishable in terms of Section 30 of the same Act, has been referred to the NPA on 19 July 2021. The matters are being considered by the NPA.

Executive action

Thirty suppliers and their representatives have been referred to SAHPRA on 21 June 2021, for the contravention of Section 14, Section 19 and Section 22C (6) of the Medicines and Related Substances Act, Act No. 101 of 1965. SAHPRA is considering further actions against the suppliers.

Administrative action

Twenty seven suppliers and their representatives have been referred to the Free State PT on 28 April 2021 for blacklisting. The Free State PT is considering further steps in this regard.

Civil litigation

The SIU has instituted civil action in the Special Tribunal to interdict the Free State PT and the Free State DoH from making payments to 30 suppliers who provided surgical gowns to the value of R39 150 739, and to have the awarding of the contracts reviewed and set aside. The matter was heard on 25 August 2021 and judgement has been reserved.

The Free State PT agreed to the SIU's interim request to seize all further payments for gowns, pending the outcome of the matter in the Special Tribunal.

8.4.2. National Department of Public Works and Infrastructure

8.4.2.1. B Ikarabelo Enterprises and Trading

a) Nature of Allegation

On 18 August 2020, the SIU received an allegation from a whistleblower that B Ikarabelo Enterprises and Trading (“B Ikarabelo”), received a contract to the value of R300 000 around 5 April 2020 for the sanitization of the court building in Koppies. It is further alleged that the amount was received upfront and according to the whistleblower, the contract was awarded by the Free State Department of Public Works and Infrastructure and facilitated by an official, and also, that a senior government official received an unknown amount of money from the service provider.

b) Summary of findings

A proper emergency procurement process was followed by the DPW when the services were procured. The service provider was identified from the CSD and they were invited to quote for the service. The bid was approved by the Regional Bid Adjudication Committee. As these are small rural towns, only one service provider per town was identified from the CSD to submit a bid. No irregularities in respect of the procurement process could be found.

It is further alleged by the whistleblower that the amount was received upfront, that an official facilitated the awarding of the contract to the value of R300 000 and also, that a senior government official received an unknown amount of money from the service provider. No evidence was found to support these allegations. The investigation revealed that the payments received by B Ikarabelo was only R14 000 for the two months that the contract was awarded, and not R300 000, as alleged by the whistleblower. Furthermore, the directive to procure the service came from the Director-General himself, and it was not something initiated by the Provincial Office of the DPW.

8.4.3. Free State Department of Human Settlements (“Free State DHS”)

8.4.3.1. Rich Soil Resources (Pty) Ltd

a) Nature of Allegation

The SIU received an allegation from a whistleblower on 9 September 2020 that Rich Soil Resources (Pty) Ltd (“Rich Soil”), was appointed irregularly to construct temporary shelters in Maluti-A-Phofung, Matjhabeng and Mangaung in order to provide for social distancing.

b) Summary of findings

The procurement process followed by the Free State DHS in procuring the services from Rich Soil, was irregular in that it was not fair, equitable, transparent, competitive and cost effective and

therefore not compliant with the prescripts of section 217(1) of the Constitution, for the following reasons.

Mr N Mokhesi (HoD (“Mr Mokhesi”)) failed to approve the deviation as required by Treasury Regulation 16A6.4. which rendered the process irregular.

Bidders who did not meet the criteria set by the FSDHS (i.e. having a CIDB grading of 9GB PE), were invited to submit bids along with other bidders who had this grading, and this provided Rich Soil with an unfair advantage, rendering the process not to be fair.

Because the procurement process was irregular, all expenditure incurred as a result thereof is deemed to be irregular. Irregular expenditure is defined by the PFMA as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including *inter alia* the Constitution and the PFMA. It is therefore submitted that the total amount of R12 611 380.89 paid to Rich Soil, amounts to irregular expenditure.

The procurement related irregularities identified during the investigation, were reported in writing to Adv. Tsuaeli (the acting HoD of the Free State DHS) on 14 September 2021, also requesting him to inform the SIU about the steps taken by the Free State DHS to address the irregularities pointed out in the letter.

c) Steps Taken

Disciplinary action

A disciplinary referral was made to the Office of the Premier on 1 February 2021 against Mr Mokhesi for failing to comply with the PFMA and the Public Service Regulations. Disciplinary action is being considered by the Office of the Premier.

Criminal referrals

A referral was made to the NPA on 11 December 2020 against Mr Mokhesi for failing to comply with Section 38(1) of the PFMA, making him guilty of an offence in terms of Section 86 of the PFMA. A criminal case (Park Road CAS 572/03/2021) was registered and is currently being investigated by the DPCI.

Civil litigation

The SIU issued an instruction to the State Attorney on 9 March 2021 to appoint and to brief Counsel to consider all the evidence and propose the appropriate civil legal remedy and to draft the necessary pleadings and attend all hearings to the conclusion of the matter. Counsel has been appointed, briefed and is busy preparing an application for the Special Tribunal.

8.4.4. Department of Correctional Services (“Free State DCS”)

8.4.4.1. Flexi Cab (Pty) Ltd

a) Nature of Allegation

On 21 October 2020, the SIU received an allegation from a whistleblower that the Free State DCS procured masks and gloves from Flexi Cab (Pty) Ltd (“Flexi Cab”), and that the prices for these PPE were not in line with Treasury Instruction No. 3 of 2020/2021.

b) Summary of findings

The procurement process followed by the DCS in procuring the PPE from Flexi Cab was irregular in that it was not fair, equitable, transparent, competitive and cost effective and therefore not compliant with the prescripts of section 217(1) of the Constitution.

Furthermore, the Free State DCS failed to adhere to NT Instruction No. 03 of 2020/2021 and DCS SCM Circular 1 of 2020/21 as they failed to procure centrally as required by this instruction.

Because the procurement process was irregular, all expenditure incurred as a result thereof is deemed to be irregular. Irregular expenditure is defined by the PFMA as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including *inter alia* the Constitution, the PFMA and the DCS SCM policy. It is therefore submitted that the total amount paid to Flexi Cab (R1 248 000) amounts to irregular expenditure.

According to par. 6.3 of NT Instruction No. 03 of 2020/2021, “*Institutions must not pay prices in excess of the prices provided for in Annexure A*”. According to par. 6.4, Institutions may approach any other supplier to obtain quotes and may procure from such suppliers on condition that “*(ii) the prices are equal or lower than the prices in Annexure A; and...*”. In terms of Annexure A, the maximum amounts that the DCS were allowed to pay was R2.78 per glove and R12.48 per mask. The DCS were invoiced and paid R18 per mask and R5 per glove. The total amount paid by the DCS for the masks and gloves, is R1 248 000. This is R403 320 more than what was allowed by NT Instruction No. 03 of 2020/2021. For this reason, the procurement process was also not cost effective.

The procurement related irregularities identified during the investigation, were reported in writing to Mr Fraser (the Commissioner of the DCS) on 23 September 2021, also requesting him to inform the SIU about the steps taken by the DCS to address the irregularities pointed out in the letter.

c) Steps Taken

On 9 September 2021 a Letter of Demand was issued to Flexi Cab to recover the amount of R403 320, which according to the SIU is due and payable to the DCS. Flexi Cab refused to pay the money back to the DCS and as a result, the SIU is considering civil action in the Special Tribunal

to have the awarding of the contract reviewed, set aside and to recover losses suffered by the DCS.

Disciplinary action

Evidence pointing to misconduct by Ms EL Motoma (“Ms Motoma”), the Deputy Director: Regional Coordinator Supply Chain Management, was referred to the National Commissioner of the DCS on 21 September 2021. The evidence points to the following:

- Failure to comply with the provisions of section 45 (a) to (e) of the PFMA;
- Failure to comply with the provisions of NT Instruction No. 03 of 2020/2021 and DCS SCM Circular 1 of 2020/21 dated 20 April 2020; and
- Failure to comply with Par 14.4.2.2 and Par 14.4.2.4 of the DCS Procurement Procedure Manual.

Evidence pointing to misconduct by Mr LD Marumule (“Mr Marumule”), the Deputy Commissioner: SCM, was referred to the National Commissioner of the DCS on 21 September 2021. The evidence points to the following:

- Failure to comply with the provisions of section 45 (a) to (e) of the PFMA;
- Failure to comply with the provisions of NT Instruction No. 03 of 2020/2021 and DCS SCM Circular 1 of 2020/21 dated 20 April 2020; and
- Failure to comply with Par 14.4.2.2 and Par 14.4.2.4 of the DCS Procurement Procedure Manual.

The DCS acknowledged receipt of the abovementioned referrals and are considering the SIU's recommendation.

8.4.4.2. Sabata Group (Pty) Ltd

a) Nature of Allegation

The SIU received allegations from a whistleblower on 21 October 2020 that the DCS failed to follow proper procurement procedures when they procured cleaning services from Sabata Group (Pty) Ltd (“Sabata Group”).

b) Summary of findings

The initial procurement process followed by the DCS, which was initiated on 2 April 2020, was not correct according to DCS SCM policy. Instead of starting a new process when they discovered that the initial process was incorrect, the DCS officials proceeded with a new process by only inviting

the Sabata Group to complete the formal quotation document, and using the quotations from other suppliers for market research purposes.

Furthermore, the BD25 document, which is an application for Urgent or Emergency Cases, was only signed on 14 April 2020 while the process and appointment of Sabata Group was already done by 6 April 2021. Thus, it is our finding that the process of appointing the Sabata Group was done prior to functional approval being given, and therefore irregular.

The DCS officials also did not comply with the departmental policy chapter 14 paragraph 14.4.2.4, which deals with all emergency cases with a value between R30 000 and R1 million, which also must be approved by the relevant Bid Adjudication Committee.

Payments totalling R55 465.40 were made to the Sabata Group for the cleaning services.

The procurement related irregularities identified during the investigation, were reported in writing to Mr Fraser (the Commissioner of the DCS) on 23 September 2021, also requesting him to inform the SIU about the steps taken by the DCS to address the irregularities pointed out in the letter.

c) Steps Taken

Disciplinary action

Evidence pointing to misconduct by Ms Motoma, the Deputy Director: Regional Coordinator Supply Chain Management, was referred to the National Commissioner of the DCS on 21 September 2021. The evidence points to the following:

- Failure to comply with the provisions of section 45 (c) of the PFMA;
- Failure to comply with Par 14.4.2.1 and Par 14.4.2.4 of the DCS Procurement Procedure Manual; and
- Failure to comply with Delegation 98 for deviation from procurement processes for emergency cases.

Evidence pointing to misconduct by Ms L Klokow ("Ms Klokow"), the Assistant Director: Procurement, was referred to the National Commissioner of the DCS on 21 September 2021. The evidence points to the following:

- Failure to comply with the provisions of section 45 (c) of the PFMA;
- Failure to comply with Par 14.4.2.1 and Par 14.4.2.4 of the DCS Procurement Procedure Manual; and
- Failure to comply with Delegation 98 for deviation from procurement processes for emergency cases.

Evidence pointing to misconduct by Mr LS Bikane (“Mr Bikane”), the Regional Head: Corporate Services, was referred to the National Commissioner of the DCS on 21 September 2021. The evidence points to the following:

- Failure to comply with the provisions of section 45 (c) of the PFMA;
- Failure to comply with Par 14.4.2.1 and Par 14.4.2.4 of the DCS Procurement Procedure Manual; and
- Failure to comply with Delegation 98 for deviation from procurement processes for emergency cases.

Evidence pointing to misconduct by Ms NC Ndlovu (“Ms Ndlovu”), the Regional Coordinator: Human Resource, was referred to the National Commissioner of the DCS on 21 September 2021. The evidence points to the following:

- Failure to comply with the provisions of section 45 (c) of the PFMA;
- Failure to comply with Par 14.4.2.1 and Par 14.4.2.4 of the DCS Procurement Procedure Manual; and
- Failure to comply with Delegation 98 for deviation from procurement processes for emergency cases.

The DCS acknowledged receipt of the abovementioned referrals and are considering the SIU’s recommendation.

8.4.5. Dihlabeng Local Municipality

8.4.5.1. Thoboza Investments, Turbo Tech and Nakeni

a) Nature of Allegation

On 27 November 2020, the SIU received an allegation from a whistleblower. It is alleged that contractors, namely Thoboza Investments, Turbo Tech and Nakeni were appointed by the municipality to perform work at the pump stations in Fouriesburg. It is further alleged that the tender process was bypassed as a result of the Covid-19 pandemic and that dodgy work was done. The combined value of the contracts is R6 374 436.

b) Summary of findings

The investigation did not proceed because the procurement of the services providers falls outside Proclamation R23 of 2020. The SIU is assessing the information to determine whether this allegation, together with other allegations (unrelated to Covid-19), which were received by the SIU

in respect of irregularities at the Dihlabeng Local Municipality, could be pursued through a new proclamation.

8.4.6. Lejweleputswa District Municipality (“Lejweleputswa”)

8.4.6.1. Badirammoho Investments 555 (Pty) Ltd, Zille Trading (Pty) Ltd, Rasobi Trading CC, Lezmin 2777 CC, and Biomass Equipment (Pty) Ltd

a) Nature of Allegation

On 3 November 2020, the SIU received allegations from a whistleblower who alleged that municipal officials were abusing Covid-19 regulations in the appointment of service providers. Because of a lack of information and the fact that the whistleblower could not be located, the SIU was unable to proceed with the investigation at the time and the matter was preliminary closed.

On 14 June 2021, the SIU managed to obtain further information pertaining to the complaint by the whistleblower and other Covid-19 related allegations, pointing to the irregular appointment of service providers, by Lejweleputswa, for the provision of goods and services. The additional information received on 14 June 2021, enabled the SIU to reopen the matter and to proceed with the investigation. The allegation involves 47 contracts to the combined value of R2 564 558, which were awarded to the following five service providers.

| No | Name of service provider | No of contracts | Value of contracts received |
|----|---------------------------------------|-----------------|-----------------------------|
| 1 | Badirammoho Investments 555 (Pty) Ltd | 1 | R55 998 |
| 2 | Zille Trading (Pty) Ltd | 6 | R178 869 |
| 3 | Rasobi Trading CC | 11 | R1 273 623 |
| 4 | Lezmin 2777 CC | 3 | R200 962 |
| 3 | Biomass Equipment (Pty) Ltd | 26 | R855 106 |
| | Total | 47 | R2 564 558 |

Following the outbreak of the Covid-19 pandemic and the President of South Africa’s declaration of a National State of Disaster on 15 March 2020, the District Command Council and the Disaster Management and Environmental Health Services Unit at Lejweleputswa convened. A need was identified to procure sufficient PPE and related services for the employees of Lejweleputswa and the local municipalities falling under it, as well as the clinics and health practitioners, in response

to the pandemic. As a result, various requests for quotations for PPE and services to stop the spread of Covid-19, were issued by Lejweleputswa, which resulted in the awarding of contracts to the service providers listed in the table above.

b) Summary of findings

The following findings were made in respect of the abovementioned contracts.

Badirammoho Investments 555 (Pty) Ltd

Badirammoho Investments 555 (Pty) Ltd (“**Badirammoho**”) is a company duly registered with the CIPC with registration number 2014/071401/07. They are also registered on the CSD with registration number MAAA0157565.

Badirammoho received one contract from the Municipality during April 2020. This contract was for the procurement of Zoom software – host business license. The value of the contract was R55 998.

The need for the Zoom software – host business license was submitted on 22 April 2020. The CFO confirmed the availability of funds on the same day.

Three service providers who were registered on the CSD (including Badirammoho) were invited by the Municipality to submit quotations. Badirammoho’s quotation was the cheapest and was subsequently recommended and approved by the relevant officials.

Following the delivery of the goods, Badirammoho issued an invoice to the Municipality on 22 May 2020 and they were subsequently paid the amount of R55 998.

It was found that the procurement was an emergency due to the Covid-19 pandemic and the urgent need for PPE/services. This was done in terms of Paragraph 36 of the Municipality’s SCM Policy and Regulation 36 of the SCM Regulations dated 30 May 2005, which allows the accounting officer to dispense with the official procurement process in case of an emergency. The deviation was recorded and reported to Council where it was approved.

No evidence pointing to any irregularities with regards to the awarding of the contract was found.

Zille Trading (Pty) Ltd

Zille Trading (Pty) Ltd (“**Zille Trading**”) is a company duly registered with the CIPC with registration number 2014/220693/07. They are also registered on the CSD with registration number MAAA0054655.

Zille Trading received six contracts with a combined value of R178 869 from the Municipality during April and May 2020. The details of these contracts are set out in the table below.

| No | PPE/Service | Value |
|----|-------------------------------|---------|
| 1 | 60 x 5Lt Hand sanitizer | R72 000 |
| 2 | 400 x Reflector vest printed | R58 000 |
| 3 | Electrical supplies | R11 491 |
| 4 | 1 x Fork lift hire | R4 500 |
| 5 | Building & plumbing materials | R26 578 |
| 6 | 45 x Reflector vest printed | R6 300 |

In all of the abovementioned instances, three service providers who were registered on the CSD (including Zille Trading) were invited by the Municipality to submit quotations. Zille Trading's quotations were the cheapest and were subsequently recommended and approved by the relevant officials.

Following the delivery of the goods/services, Zille Trading issued invoices to the Municipality and they were subsequently paid the amount of R178 869.

It was found that the procurement of the PPE/services was an emergency due to the Covid-19 pandemic and the urgent need for PPE/services. This was done in terms of Paragraph 36 of the Municipality's SCM Policy and Regulation 36 of the SCM Regulations dated 30 May 2005, which allows the accounting officer to dispense with the official procurement process in case of an emergency. The deviation was recorded and reported to Council where it was approved.

No evidence pointing to any irregularities with regards to the awarding of the contracts was found.

Rasobi Trading CC

Rasobi Trading CC ("**Rasobi Trading**") is a close corporation duly registered with the CIPC with registration number 2011/021584/23. They are also registered on the CSD with registration number MAAA089472.

Rasobi Trading received eleven contracts with a combined value of R1 273 622.50 from the Municipality during the period March 2020 to June 2021. The details of these contracts are set out in the table below.

| No | PPE/Service | Value |
|----|---------------------|----------|
| 1 | 500 x Mink blankets | R225 000 |
| 2 | 500 x Mink blankets | R225 000 |

| No | PPE/Service | Value |
|----|--|------------|
| 3 | 400 x Food parcels | R272 000 |
| 4 | 500 x Handsanitizer 300ml 500 x Gloves | R30 000 |
| 5 | Dust Mask FFP | R30 000 |
| 6 | 9 x 25Lt Sanitizer | R16 470 |
| 7 | 30 x Infrared Thermometer | R29 670 |
| 8 | 11 x 25Lt Sanitizer | R22 770 |
| 9 | 10x 25Lt Sanitizer | R22 712.50 |
| 10 | Covid Products | R245 500 |
| 11 | Covid Products | R154 500 |

In all of the abovementioned instances, three service providers who were registered on the CSD (including Rasobi Trading) were invited by the Municipality to submit quotations. Rasobi Trading's quotations were the cheapest and were subsequently recommended and approved by the relevant officials.

Following the delivery of the goods, Rasobi Trading issued invoices to the Municipality and they were subsequently paid the amount of R1 273 622.50.

It was found that the procurement was an emergency due to the Covid-19 pandemic and the urgent need for PPE. This was done in terms of Paragraph 36 of the Municipality's SCM Policy and Regulation 36 of the SCM Regulations dated 30 May 2005, which allows the accounting officer to dispense with the official procurement process in case of an emergency. The deviation was recorded and reported to Council where it was approved.

No evidence pointing to any irregularities with regards to the awarding of the contracts was found.

Lezmin 2777 CC

Lezmin 2777 CC ("**Lezmin**") is a close corporation duly registered with the CIPC with registration number 2003/084571/23. They are also registered on the CSD with registration number MAAA0008160.

Lezmin received three contracts for the procurement of computer equipment with a combined value of R200 962 from the Municipality during the period March to May 2020. The details of these contracts are set out in the table below.

| No | PPE/Service | Value |
|----|--------------------|----------|
| 1 | Computer equipment | R131 094 |
| 2 | Computer equipment | R34 934 |
| 3 | Computer equipment | R34 934 |

In all of the abovementioned instances, three service providers who were registered on the CSD (including Lezmin) were invited by the Municipality to submit quotations. Lezmin's quotations were the cheapest and were subsequently recommended and approved by the relevant officials.

Following the delivery of the goods, Lezmin issued invoice to the Municipality and they were subsequently paid the amount of R200 962.

It was found that the procurement was an emergency due to the Covid-19 pandemic and the urgent need for PPE/services. This was done in terms of Paragraph 36 of the Municipality's SCM Policy and Regulation 36 of the SCM Regulations dated 30 May 2005, which allows the accounting officer to dispense with the official procurement process in case of an emergency. The deviation was recorded and reported to Council where it was approved.

No evidence pointing to any irregularities with regards to the awarding of the contracts was found.

Biomass Equipment (Pty) Ltd

Biomass Equipment (Pty) Ltd ("**Biomass**") is a company duly registered with the CIPC with registration number 2012/158417/07. They are also registered on the CSD with registration number MAAA0422079.

Biomass received 26 contracts with a combined value of R855 105.58 from the Municipality during the period April 2020 to June 2021. The details of these contracts are set out in the table below.

| No | PPE/Service | Value |
|----|-------------------------------|------------|
| 1 | Thermometers | R71 479.40 |
| 2 | Virus Gobbler | R23 362.25 |
| 3 | Coveralls | R1 483.50 |
| 4 | Disinfecting Thabong Hall | R20 568.44 |
| 5 | Disinfecting Buren Hall | R20 568.44 |
| 6 | Disinfecting Willem Pretorius | R73 453.72 |

| No | PPE/Service | Value |
|----|-------------------------------------|-------------|
| 7 | Virus Gobbler | R44 821.25 |
| 8 | Safety foot wear | R21 364.70 |
| 9 | Coveralls | R34 137.75 |
| 10 | Disinfectant equipment | R27 947.30 |
| 11 | Air Purifier | R27 947.30 |
| 12 | Electro static sprayer | R29 521.08 |
| 13 | Air Purifier | R14 289.90 |
| 14 | Masks and Gloves | R8 194.90 |
| 15 | Coveralls | R29 382.50 |
| 16 | Electro static sprayer | R159 215.49 |
| 17 | Sanitizers | R29 320.77 |
| 18 | Sanitizers | R12 857.85 |
| 19 | Face masks | R25 116 |
| 20 | Face masks and surgical masks | R29 906.90 |
| 21 | Masks | R28 336 |
| 22 | Coveralls | R29 624 |
| 23 | Coliform tests and ecoli detections | R21 479.70 |
| 24 | Detection microsnap tests | R10 322.69 |
| 25 | Virus Gobbler | R39 577.25 |
| 26 | Water tests microsnap | R20 826.50 |

The investigation into 24 of the 26 contracts received by Biomass have been finalised. It was found that in all 24 instances, three service providers who were registered on the CSD (including Biomass) were invited by the Municipality to submit quotations. Biomass' quotations were the cheapest and were subsequently recommended and approved by the relevant officials.

Following the delivery of the goods/services, invoices were issued by Biomass and payments were effected accordingly.

It was found that the procurement was an emergency due to the Covid-19 pandemic and the urgent need for PPE/services. This was done in terms of Paragraph 36 of the Municipality's SCM Policy and Regulation 36 of the SCM Regulations dated 30 May 2005, which allows the accounting officer to dispense with the official procurement process in case of an emergency. The deviation was recorded and reported to Council where it was approved.

No evidence pointing to any irregularities with regards to the awarding of the 24 contracts was found. However, the investigation identified the following two contracts for further scrutiny.

| No | PPE/Service | Value |
|----|--|-------------|
| 1 | Electro static sprayer (Contract No.16 in the table) | R159 215.49 |
| 2 | Virus Gobbler (Contract No. 25 in the table) | R39 577.25 |

Although the investigation into these two matters are at an advanced stage, there are some aspects that require further investigation.

8.5. KWAZULU-NATAL PROVINCE

8.5.1. KwaZulu-Natal Department of Social Development ("KwaZulu-Natal DSD") – Procurement of Blankets

8.5.1.1. List of service providers

| No | Name of Service Provider | Number of Contracts | Rand Value |
|--------------|--------------------------|---------------------|--------------------|
| 1 | Gibela Investments | 1 | R6 708 000 |
| 2 | LNA Communications | 1 | R6 000 000 |
| 3 | Rosette Investments | 1 | R4 899 000 |
| 4 | Zain Brothers | 1 | R4 830 000 |
| TOTAL | | 4 | R22 437 000 |

a) Nature of Allegation

At a media briefing, hosted by the Honourable Premier Sihle Zikhalala he announced that the KwaZulu-Natal Provincial Executive Council had commissioned the Provincial Treasury to conduct

a forensic investigation into allegations relating to the procurement of blankets by DSD. The investigation was prompted by various allegations that were also being reported in the public space, alleging that the procurement contracts were inflated and irregular.

Upon receipt of the matter for investigation on the 30 July 2020 the SIU reviewed the investigation conducted by the Provincial Treasury and established that 48 000 blankets were procured from the above 4 service providers at a total cumulative price of R22 437 000. The report further recommended disciplinary action against several officials as well as the institution of a criminal case. The SIU's analysis revealed that the report did not extend to establishing whether any recoveries were possible and fell short of establishing the quantum of the loss. The SIU's focus moved to establish the following:

- Whether procurement prescripts were followed;
- Whether there was any collusion between officials and the service providers;
- Whether there was any fraud committed by any party;
- Whether the DSD received value for money; and
- Whether there was overpricing with regard to the price paid for the blankets.

b) Summary of findings

The SIU's investigation concluded and confirmed the following:

- The SIU confirmed the finding of the Treasury report that the blankets delivered did not meet the specifications as set out in the order from KwaZulu-Natal DSD.
- The blankets delivered were not in accordance with the specifications. This matter was referred to the NPA and is being pursued with the Directorate for Priority Crimes Investigation.
- The KwaZulu-Natal DSD's use of the emergency provisions was found to be incorrect and misguided as the KwaZulu-Natal DSD was already in possession of blankets purchased last year.
- The SIU conducted site visits and identified that the blankets were being warehoused and had not been distributed thus negating any argument of their being an emergency.
- It was also established that the price differentiation for the blankets were beyond market related prices.

c) Steps taken

Criminal referrals

The SIU made a criminal referral in terms of section 86 of the PFMA against the Acting Head of KwaZulu-Natal DSD, Mr SG Ngubane (“Mr Ngubane”) to the NPA on the 07 December 2020. A prosecutor has been assigned. The Director of Public Prosecution (“DPP”) has advised that the matter has been referred to the Hawks for assessment with a view to register a criminal case.

SARS referrals

A referral was submitted to SARS on the 08 October 2020 for possible non-compliance with taxation as prescribed in the VAT Act; by the four suppliers.

Potential Cash Recovery

The SIU has written to the HoD on 23 October 2020 for the KwaZulu-Natal DSD to stop a payment due to LNA Investments for the supply of blankets, due to the pending SIU civil action. The HoD for KwaZulu-Natal DSD has since confirmed in writing to the SIU that based on the SIU’s recommendation, no further payments to the value of R2 040 000 will be made to LNA Communications.

Civil litigation

Civil litigation was instituted in the Special Tribunal against the Rosette Investments on 25 October 2020, Gibela Investments on 26 October 2020, LNA Communications on 04 November 2020 and Zain Brothers on 23 November 2020 at a total amount of R22 437 000 relating to irregularities in the procurement of blankets supplied by service providers, which were not according to specifications. Three of the contracts were set aside and one matter is being opposed by the service provider, LNA Communications.

Contracts Set Aside

The contracts for Zain Brothers, Rosette Investments and Gibela Investments totaling R16 407 000 were set aside by the Special Tribunal who declared the contracts to be constitutionally invalid. Two orders were granted by the Special Tribunal on the 15 March 2021 for Zain Brothers to repay R718 550; and, 18 March 2021 for Rosette Investments to repay R864 000 as profits derived on the 2 contracts.

8.5.2. KwaZulu-Natal DSD – Procurement of PPE

8.5.2.1. List of service providers

| No | Name of Service Provider | Number of Contracts | Rand Value |
|--------------|-----------------------------|---------------------|--------------------|
| 1 | Beyond Hospitality | 1 | R37 120 |
| 2 | Bhomela General Trading | 1 | R1 759 200 |
| 3 | Ibusaphi Trading | 1 | R3 870.325 |
| 4 | Info Tech | 1 | R4 405 500 |
| 5 | Inqikithi Trading | 1 | R307 100 |
| 6 | King K Trading | 1 | R308 300 |
| 7 | Magubane Brothers | 1 | R567 617 |
| 8 | Mpumelelo Dlaba | 1 | R232 200 |
| 9 | Ngezolusha Trading | 1 | R669 054 |
| 10 | Ngome Steam Pot | 1 | R1 740 000 |
| 11 | Ntente Trading | 1 | R1 800 000 |
| 12 | Siphiwe Nonkosi Trading | 1 | R425 000 |
| 13 | Umunyeovou Trading | 2 | R2 570 174 |
| 14 | Velakabusha General Trading | 1 | R2 052 000 |
| 15 | Youth Development | 1 | R440 080 |
| 16 | Zama Trading | 2 | R59 284 |
| TOTAL | | 18 | R21 242 954 |

c) Nature of Allegation

The Provincial Treasury was also commissioned to conduct a forensic investigation into allegations relating to the procurement of PPE by KwaZulu-Natal DSD. The investigation was prompted by various allegations being reported in the public space, alleging that the procurement contracts were inflated and irregular.

The Treasury investigation concluded that PPE were procured from 16 service providers in 18 contracts at a total cumulative value of R21 242 955.95. The report further recommended disciplinary action against several officials as well as the registration of a criminal case.

The SIU's analysis revealed that the report did not extend to establishing whether any recoveries were possible and fell short of establishing the quantum of the loss. Further enquiries conducted revealed that there have been no civil recoveries nor attempts at such. The SIU's focus moved to identifying the following:

- Establishing whether the procurement prescripts were followed;
- Whether there was any collusion between officials and the service providers;
- Whether there was any fraud committed by any party;
- Whether the Department received value for money; and
- Whether there was overpricing of PPE.

d) Summary of findings

The investigation revealed that in all the above matters, service providers charged a rate for the supply of the PPE in excess of the regulated pricing lists as issued by NT. The SIU sought to recover the payments through proceedings in the Special Tribunal.

e) Steps Taken

Disciplinary action

Disciplinary processes have already been initiated against implicated officials by the KwaZulu-Natal DSD based on the recommendations in the KwaZulu-Natal Provincial Treasury forensic report. The SIU therefore did not make any further referrals as this would have amounted to a duplication.

Criminal referrals

The SIU made a criminal referral in terms of section 86 of the PFMA against the Acting Head of KwaZulu-Natal DSD, Mr Ngubane to the NPA on the 08 October 2020. A prosecutor has been assigned. The DPP has advised that the matter has been referred to the Hawks for assessment with a view to register a criminal case.

SARS referrals

A referral to SARS was submitted on the 08 October 2020 for possible non-compliance with taxation as prescribed in the VAT Act; by the following 7 service providers:

- Ngome Steam Pot;

- Bhomelela General Trading Enterprise;
- Ntente Trading;
- Velakabusha General Trading;
- Umunyeovou Trading;
- Ibusaphi Trading; and
- Info Tech Evolution.

Acknowledgement of debt

One AoD for the amount of R276 450 was signed on 20 October 2020 by service provider, Umunyeovou Trading relating to two contracts valued at R2 570 174. The service provider was contracted to supply PPE and charged the KwaZulu-Natal DSD VAT while they were not registered as VAT vendors.

Actual cash recovered

To date R11 020 has been paid for the above AoD, leaving an amount of R265 430 as outstanding payments due on the AoD which are being paid in monthly instalments.

Civil litigation

19 matters relating to 16 service providers on 18 contracts totalling R21 242 958.95 was enrolled in the Special Tribunal. Seven matters were enrolled on 1 July 2021 and the remaining 12 were enrolled on 7 July 2021. The SIU identified transgressions in the pricing of PPE supplied by the service providers. Counsel has been appointed. One service provider indicated a willingness to settle and two opposed the application after papers were served on them. A date is awaited from the Registrar in the Special Tribunal for Case Management. A response from the other service providers is awaited.

8.5.3. KwaZulu-Natal DoE – Water tanks

a) Nature of Allegation

The allegation was received from the DPCI. The information was contained in a newspaper report that was published in the Sunday Times on 21/06/2020. According to the article, due to the declaration of the national state of disaster stemming from the coronavirus pandemic, a tender was awarded for the supply, delivery and installation of 41,000 water tanks at a cost of R28 000 per tank. It was further alleged that the cost of R28 000 was excessive as a 5 000 L water tank retails between R4 500 to R5 000, therefore suggesting that the KwaZulu-Natal DoE may have been

prejudiced due this procurement.

b) Summary of findings

On receipt of the allegation, research was conducted and it was established that on 15 April 2020, the Water and Sanitation Emergency Procurement Covid -19 Disaster Response Directive was issued. The purpose of these directives was to give command and control to the Covid-19 Water Command Centre to take appropriate measures to prevent the spread of Covid -19.

Under section 8(8) of emergency procurement all emergency procurement for the provision of water through the manufacture, supply, delivery and procurement of water tanks, water tankers, sanitation and related goods and services, are centralized under the auspices of the Covid-19 Water Command Centre.

Rand Water, as the coordinator of the Covid-19 Water Command Centre, implements and administers the Implementation Protocol for Covid-19.

On 1 October 2020, Ms Wesuwe Hadebe, Chief Director of Infrastructure within KwaZulu-Natal DoE was contacted telephonically to establish the process involved in the procurement of the water tanks in relation to the Covid-19 National State of Disaster. The response received was that as a result of a tri-party agreement between the DoE, Water and Sanitation and Rand Water all procurement of water tanks in relation to the Covid-19 National State of Disaster was carried out by Rand Water. In KwaZulu-Natal, Rand Water supplied approximately 1,200 schools with water tanks. She further stated that the KwaZulu-Natal DoE also procured water tanks for schools, however this procurement was carried out by implementing agents appointed by the DoE and the procurement of these water tanks falls within the Departments Infrastructure and Development plan to ensure that all schools in the Province have adequate water and sanitation.

As a result of the foregoing it was established that the allegations related to the procurement of water tanks by Rand Water, and not KwaZulu-Natal DoE. It was further established that the procurement of Water Tanks by Rand Water was already under investigation at the SIU National office. The matter was closed by the KwaZulu-Natal office and referred to the National team for further investigation.

8.5.4. KwaZulu-Natal DoE – PPE procurement

8.5.4.1. List of service providers

| No | Name of Service Provider | Number of Contracts | Rand Value |
|----|---|---------------------|-------------|
| 1 | 38 Avenue Business Projects | 1 | R897 000 |
| 2 | 888 Business Solutions CC | 2 | R14 805 000 |
| 3 | African Grey Trading (Pty) Ltd | 2 | R501 000 |
| 4 | AfriVision Communications (Pty) Ltd | 1 | R491 625 |
| 5 | AG Medicals (Pty) Ltd | 1 | R2 300 000 |
| 6 | Agaff Trading (Pty) Ltd | 1 | R264 285 |
| 7 | Alfrehutch Trading CC | 1 | R34 003 476 |
| 8 | Amakhono Capital (Pty) Ltd | 1 | R3 600 000 |
| 9 | Amazenze Ayiqale Construction | 1 | R480 000 |
| 10 | Army Project Consultants SA | 1 | R1 710 289 |
| 11 | Assetrack Technologies | 2 | R4 800 050 |
| 12 | Azucare (Pty) Ltd | 2 | R10 678 364 |
| 13 | Blue Jay Development | 1 | R5 060 000 |
| 14 | Bonganjalo Holdings | 2 | R8 400 000 |
| 15 | Bulum Trading | 2 | R1 241 425 |
| 16 | EGS Investment Solutions | 2 | R12 833 125 |
| 17 | Empire Power and Renewable Energy (Pty) Ltd | 1 | R3 399 998 |
| 18 | EPR Mthlane | 1 | R2 808 400 |
| 19 | Esomkhulu Trading CC | 2 | R2 224 649 |
| 20 | Espani Labour Outsourcing (Pty) Ltd | 1 | R495 080 |
| 21 | Ezulwini Medical (Pty) Ltd | 1 | R907 060 |
| 22 | Frans Willemse Trading | 1 | R3 797 277 |
| 23 | Izingodla Health | 1 | R10 996 012 |

| No | Name of Service Provider | Number of Contracts | Rand Value |
|----|--|---------------------|--------------|
| 24 | K & L Consulting (Pty) Ltd | 1 | R3 450 000 |
| 25 | Ka-Myaluza (Pty) Ltd | 3 | R10 732 000 |
| 26 | Khanyisile Agency | 1 | R1 700 000 |
| 27 | Lionhead Projects | 2 | R658 145 |
| 28 | Logan Medical and Surgical (Pty) Ltd | 2 | R121 390 000 |
| 29 | Magamedge Trading and Projects | 1 | R2 049 000 |
| 30 | Mahambayedwa Trading Enterprise | 1 | R2 069 000 |
| 31 | Makatini Siba | 1 | R130 000 |
| 32 | Mashibela Business Enterprise | 1 | R4 759 065 |
| 33 | Mavuka 010115 Trading | 1 | R37 039 200 |
| 34 | Mawise Development Consultants | 1 | R1 897 500 |
| 35 | Mbhude Projects | 1 | R750 000 |
| 36 | MKV Enterprises (Pty) Ltd | 1 | R1 750 000 |
| 37 | Mobility Solutions | 1 | R4 255 000 |
| 38 | Neosta Electronic Distributors (Pty) Ltd | 2 | R12 054 351 |
| 39 | New Track Enterprise (Pty) Ltd | 2 | R534 920 |
| 40 | Njiki Yesizwe Projects (Pty) Ltd | 1 | R27 562 500 |
| 41 | Nkosi Africa Projects (Pty) Ltd | 1 | R456 600 |
| 42 | Office Code Enterprise 20 (Pty) Ltd | 1 | R480 000 |
| 43 | Ogabazini Holdings | 1 | R2 300 000 |
| 44 | Oshlanga Enterprises | 5 | R21 287 225 |
| 45 | Promed Technologies (Pty) Ltd | 1 | R27 531 000 |
| 46 | RMSP Trading (Pty) Ltd | 1 | R2 527 700 |
| 47 | Sebenzani Trading 622 CC | 5 | R88 707 940 |
| 48 | Sekakhona Trading Enterprise | 1 | R2 400 000 |

| No | Name of Service Provider | Number of Contracts | Rand Value |
|--------------|----------------------------------|---------------------|---------------------|
| 49 | Sigencabagence (Pty) Ltd | 1 | R75 000 |
| 50 | Silo Group Holdings (Pty) Ltd | 1 | R2 379 532 |
| 51 | Siphosegugu Trading | 1 | R1 600 000 |
| 52 | The New Look | 1 | R38 072 524 |
| 53 | Thongwana Trading (Pty) Ltd | 1 | R8 262 000 |
| 54 | Trufix Industrial | 2 | R7 935 000 |
| 55 | Umshiniwam Trading Enterprise 31 | 1 | R477 000 |
| 56 | Upward Spiral | 2 | R70 119 |
| 57 | Usuthu Group | 1 | R4 000 000 |
| 58 | Zuluring (Pty) Ltd | 1 | R8 820 000 |
| TOTAL | | 82 | R576,856,436 |

a) Nature of Allegation

The investigation emanated from a complaint received in a letter from the office of the DG in the office of the Premier: Gauteng, as well as affidavits from whistle-blowers setting out the alleged SCM irregularities, which occurred at State Institutions subsequent to the declaration of the National State of Disaster. Similar allegations surfaced in the province of KwaZulu-Natal which prompted the KwaZulu-Natal PEC to commission and assign a forensic investigation into alleged irregular procurement of PPE in the KwaZulu-Natal DoE.

b) Summary of Findings

The investigation into the above contracts revealed the following:

- Cover quoting between service providers who were awarded the contract and other bidders;
- Service providers did not declare on their bid documents that they had conducted work with other state institutions in the last 12 months which was a requirement when completing the bid documents;

- Non-essential items such as 16 ltr spray pumps were purchased by the Department under Covid-19 emergency provisions;
- Fraud (fronting), forgery and uttering committed by service providers in the submission of the bid documents;
- Non-compliance with VAT Act in which service providers who were not already registered for VAT; were obliged to apply to SARS to be registered as VAT vendors within 21 days of receiving contracts exceeding R1 million;
- Under delivery of items by service providers; and
- Overpricing of items by service providers that were above the NT regulated prices.

There were no irregularities identified in the contracts awarded to the following six service providers:

- Amazenze Ayiqale Construction;
- Logan Medical and Surgical (Pty) Ltd;
- Mbhude Projects;
- Promed Technologies (Pty) Ltd;
- Silo Group Holdings (Pty) Ltd; and
- The New Look.

c) Summary of Findings

Disciplinary action

Referrals were made against the following six officials on the 05 November 2020 for transgressions in the awarding of 14 contracts to service providers at a total amount of R3, 856, 056:

- Ms H Khumalo (“Ms Khumalo”) - Director: Demand and Acquisitions;
- Ms Z Xulu (“Ms Xulu”) - Director: Assets and Logistics;
- Ms TP Masinga (“Ms Masinga”) - Deputy Director: Demand and Acquisitions;
- Ms A Mthembu (“Ms A Mthembu”) - Deputy Director: Demand and Acquisitions;
- Ms G Hadebe (“Ms G Hadebe”) - Deputy Director: Demand and Acquisitions; and
- Mr FE Radebe (“Mr Radebe”) - Deputy Director: Demand and Acquisitions.

Disciplinary action against Ms Khumalo has been finalized, awaiting sanction. Disciplinary for Ms Xulu is in progress, the matter was set down for a hearing from 2nd to 11th August 2021. The

matter is ongoing. Charges have been drafted in respect of all the other employees and the SIU is to be advised of the dates for the disciplinary hearings.

Referrals were made against the following seven officials on the 11 February 2021 for failing to take appropriate steps to prevent, within their area of responsibility, any unauthorised, irregular or fruitless and wasteful expenditure relating to the procurement and awarding of contracts of 16 liter spray pumps from 18 service providers with a total value of R68 129 339.80.

- Ms Khumalo;
- Mr Radebe;
- Dr EV Nzama (“Dr Nzama”) – Head of Department;
- Mr Lalsingh Rambarran (“Mr Rambarran”) – Acting Chief Financial Officer (“CFO”);
- Mr BV Mlambo (“Mr Mlambo”) – Chief Director;
- Ms PP Bhengu (“Ms Bhengu”) – Administrative Officer; and
- Ms TM Mntambo (“Ms Mntambo”) – Administrative Officer.

The matter was referred to the MEC, who requested that the SIU review its findings based on further submissions that were made. The SIU responded stating that it maintains its stance and that disciplinary action should be instituted. A letter was submitted on 23 March 2021 by the office of the Minister of Basic Education to the MEC relating to the disagreement with the SIU's finding wherein she requested that the MEC engages with the SIU. A copy of the letter was submitted by the KwaZulu-Natal DoE CFO to the SIU on 18 August 2021. Engagements between the office of the MEC and the SIU have been concluded, and feedback is awaited.

Referrals was made against the following two officials on 13 May 2021 for failure to disclose their interest with Bulum Trading who was awarded a contract for R1 241 425. Charge sheets have been drafted for both matters.

- Mr Lungelo Stewart Mhlongo (“Mr Mhlongo”) - Financial Manager, KwaZulu-Natal DoE Infrastructure Department; and
- Mr Brian Smiso Sikhakhane (“Mr Sikhakhane”) – Admin Officer, KwaZulu-Natal DoE Infrastructure Department.

A referral was submitted for misconduct by officials relating to a contract awarded to Amakhono for the supply of 16 liter spray pumps. The evidence revealed that the following officials failed to exercise due diligence in processing the bid documents with a post-dated BBBEE affidavit; or for receiving and processing the BBBEE affidavit after the closing date which ought to have rendered Amakhono non-responsive. As a result, Amakhono should not have been awarded the contract valued at R3 598 206.

- Mr Mlambo - Acting Chief Director, Supply Chain Management;
- Mr N. Mncube (“Mr Mncube”) - Senior Admin Clerk;
- Mr Radebe - Deputy Director, Demand and Acquisition; and
- Ms P. Mvelase (“Ms Mvelase”) - Senior Admin Clerk.

During the course of the SIU investigation and having noted progressive media allegations relating to the irregular appointment of a service provider Morar Incorporated (“Morar”), to investigate the awarding of PPE contracts awarded by the KwaZulu-Natal DoE; the SIU conducted further investigations and established that, the contract was awarded irregularly. A disciplinary referral was submitted on the 29 September 2021 against the following 2 officials for a failure to exercise due diligence in the awarding of two contracts to Morar at a total contractual value of R4 436 276.50.

- Dr Nzama – Head of Department; and
- Mr Rambarran – Acting CFO.

Criminal referrals

Two referrals with total value of R2 224 649.60 were submitted to the NPA for fraud against Esomkhulu Trading CC, its Director, Ms ZW Mkhize (“Ms Mkhize”) and Manager, Mr S Mjwara (“Mr Mjwara”) on 15 and 20 October 2020. A prosecutor has been assigned. The DPP has advised that the matter has been referred to the DPCI for assessment with a view to register a criminal case. The prosecutor has been engaging with SIU investigator on the matter.

A referral at a total amount of R494 680 was submitted to the NPA for fraud on 27 October 2020 against Espani Labour Outsourcing (Pty) Ltd (“Espani Labour”), its Director, Ms JB Nzama (“Ms Nzama”) and Manager, Mr J Ndimande (“Mr Ndimande”). The NPA declined to prosecute in this matter. The SIU has requested reasons for the “*nolle prosequi*” decision and same is awaited.

Referrals were made to the NPA for fraud against the following entities and its Directors on the 31 March 2021 at a total value of R480 000. A prosecutor has been assigned. The DPP has advised that the matter has been referred to the DPCI for assessment with a view to register a criminal case. Prosecutor has been engaging with the SIU investigator on the matter.

- Office Code Enterprise 20 (Pty) Ltd (“Office Code ”) (entity);
- Ms Mbali Patricia Ndimande (“Ms Ndimande”), Director of Office Code Enterprise 20;
- Sbal’Khulu Trading 1939 (Pty) Ltd (“Sbal’Khulu Trading”) (entity);
- Ms Nzama, Director of Sbal’Khulu Trading;
- Slovas Agencies 25 CC (“Slovas Agencies”) (entity); and

- Mr Mthethonzima Jerome Ndimande (“Mr MJ Ndimande”), Director of Slovas Agencies.

Sbal’Khulu Trading and Slovas Agencies were not awarded any contract, however the investigations revealed that quotations were submitted by both suppliers, making up the 3 quotes that were required by the KwaZulu-Natal DoE. The investigation further revealed links between Office Code, Sibalkulu and Slovas Agencies which pointed to possible cover quoting.

A referral at a total value of R1 241 425 was submitted to the NPA for fraud and/or corruption against the following entity, its Director and two KwaZulu-Natal DoE officials on 13 May 2021. The prosecutor has allocated additional tasking’s for the SIU investigator which is currently being processed before the matter can be referred to the DPCI for registration.

- Bulum Trading (entity);
- Ms Nothile Felicity Mbalenhle Mthembu (“Ms NFM Mthembu”)– Director;
- Mr Mhlongo – Financial Manager – KwaZulu-Natal DoE Infrastructure; and
- Mr Sikhakhane – Admin Officer – KwaZulu-Natal DoE Infrastructure.

A referral at a total value of R32 321 565.60 were submitted to the NPA for fraud and/or corruption against the following entities, its Directors and a teacher employed at KwaZulu-Natal DoE. A prosecutor has been assigned. The DPP has advised that the matter has been referred to the DPCI for assessment with a view to register a criminal case.

- Njiki Yesizwe Projects (Pty) Ltd (“Njiki”) (entity);
- Mashibela Business Enterprise (“Mashibela”) (entity);
- Ms Thembisile Otilia Hlengwa (“Ms Hlengwa”)– Director – Njiki;
- Mr Patrick Sibusiso Mabaso (“Mr PS Mabaso”) – Director – Mashibela; and
- Ms Sizakele Xaba (“Ms Xaba”) – ex teacher at KwaZulu-Natal DoE and the spouse of Mr PS Mabaso

Administrative action

On 13 May 2021 a referral was submitted to DoE to Blacklist Bulum Trading and its Director, Ms NFM Mthembu, for 2 contracts awarded to the value of R1 241 425.

A referral was submitted to KwaZulu-Natal DoE on the 03 June 2021 to Blacklist the following entities and individuals. The total value of the contracts amounts to R32 321 565.60.

- Njiki (entity);
- Mashibela (entity);

- Ms Hlengwa – Director – Njiki;
- Mr PS Mabaso – Director – Mashibela; and
- Ms Xaba – ex-teacher at KwaZulu-Natal DoE and spouse of Mr PS Mabaso.

Evidence was referred in respect of 21 contracts to the value of R48 759 400 to SAHPRA on 21 April 2021 and one referral was submitted against a service provider for a contract value of R4 000 000 on the 06 December 2021 against the following suppliers who were not registered with SAHPRA to distribute medical devices, thereby contravening section 22(C)(6) of the Medicines and Related Substances Act of 1965, as amended:

- 888 Business Solutions CC;
- African Grey Trading;
- Azucare (Pty) Ltd;
- Bluejay Development (Directors - Mr SW van der Merwe and Mr JJ van der Merwe);
- Bonganjalo Holdings;
- EGS Investments Solutions;
- Esomkhulu Trading CC (Director - Ms Mkhize);
- K & L Consulting t/a Gold Developments (Directors – Mr Khumalo and Mr Labuschagne);
- Khanyisile Agency;
- Ka-Myaluza (Pty) Ltd;
- Magamedge Trading;
- Mahambayedwa Trading (Director - Ms Miya);
- Mobility Solutions;
- Neosta Electronic Distributors (Director - Mr V Reathlall);
- Ogabazini Holdings (Director - Mr Maphumulo);
- Oshlanga Enterprise (Director - Ms Naidoo);
- RMSP Trading (Director - Mr Govender);
- Sebenzani Trading 622 CC;
- Sekakkhona Trading Enterprise;

- Siphosegugu Trading (Director - Ms Ngcobo); and
- Trufix Industrial Services (Director - Ms Ramsamy).
- Usuthu Group (Pty) Ltd

The Advocate from SAHPRA has reviewed the evidence files and has drafted his affidavit for the matters. On receipt of feedback from SAHPRA, 10 criminal referrals were submitted to the NPA on 05 October 2021.

SARS Referral

Referrals at a total value of R48 812 404.40 was submitted to SARS on 07 October 2020 for possible tax irregularities by the following 13 service providers:

- Army Project Consultants SA;
- Bonganjalo Holdings;
- EPR Mthlane;
- Esomkhulu Trading CC;
- Khanyisile Agency;
- Magamedge Trading;
- Mahambayedwa Trading;
- Mashibela
- MKV Enterprises;
- Ogabazini Holdings;
- Sekakhona Trading Enterprise;
- Thongwana Trading (Pty) Ltd; and
- Zuluring (Pty) Ltd.

AoDs signed

The following AoDs were signed:

- Oshlanga Enterprise, contract value R200 000. AoD to the value of R40 000 signed on 23 September 2020 for irregularities in respect of the quantity of the PPE supplied. The AoD has been paid in full;

- Azucare (Pty) Ltd, contract value R8 328 364.80. AoD to the value of R176 191 signed on 09 October 2020 for irregularities in respect of the of the PPE quantity supplied. The AoD has been repaid in full;
- Neosta Electronic Distributors (Pty) Ltd, contract value R7 554 351.01. AoD for the value of R985 351 signed on 16 October 2020 for the overpayment made to the service provider. The AoD has been paid in full;
- Afrivision Communications CC, contract value R491 625. AoD to the value of R184 275 signed on 04 December 2020 for profits derived. The AoD has been paid in full;
- Amakhono, contract value R3 600 000. AoD to the value of R1 072 809 signed on 18 January 2021 for irregularities in respect of the BBEEE certificate. The AoD has been paid in full;
- Sebenzani Trading 622 CC, value of two contracts R31 130 740. Two AoDs to the value of R3 427 240, signed on 25 March 2021 for overpricing in respect of the PPE supplied. The AoDs have been paid in full;
- New Track Enterprise (Pty) Ltd, contract value R190 920. AoD to the value of R89 900.61 signed on 31 March 2021 for irregularities in respect of the BBEEE certificate. The AoD has been paid in full; and
- Sigencabagence (Pty) Ltd contract value R75 000. AoD to the value of R41 559.62 signed on 29 April 2021 for irregularities in respect of the BBEEE certificate. The AoD has been paid in full.

Actual cash recovered

The AoDs listed above have been paid and an amount of R6 017 328 has been recovered.

Civil litigation

Counsel was appointed on 29 September 2021 for the potential recovery of profits in respect of 2 contracts awarded to Njiki Yesizwe Projects and Mashibela Business Enterprise at a total contractual value of R32 321 565.60. Papers are being drafted for enrolment in the Special Tribunal. Engagements with Counsel are still ongoing.

Counsel appointed on 29 September 2021 for potential recovery of profits from Bulum Trading at a contractual value of R1 241 425. Papers are being drafted for enrolment in the Special Tribunal. Engagements with Counsel are still ongoing.

8.5.5. Kwa-ZuluNatal DOE Pinetown District – Mobile chemical toilets

8.5.5.1. List of service providers

| No | Name of service provider | No of contracts | Value of contracts |
|--------------|--|-----------------|--------------------|
| 1 | Huwulethu Trading (Pty) Ltd | 1 | R2 106 000 |
| 2 | Lead Multipurposes Co-Operative Services | 1 | R1 496 400 |
| 3 | Maqoqo Trading Enterprises | 1 | R1 284 000 |
| TOTAL | | 3 | R4 886 400 |

a) Nature of Allegation

The SIU received an allegation of misappropriation of Covid-19 funds by the Deputy Director of Finance – SCM Section, Mr Sifiso Eugene Cyril Ngcobo (“Mr Ngcobo”) at the KwaZulu-Natal DoE Pinetown District Truro House from a whistleblower. Schools were identified at the rural areas by Head Office to be provided with mobile chemical toilets and special funds were made available. The SCM process was to be followed and the prices for the toilets were benchmarked at R3 000 each. The allegation was that Mr Ngcobo failed to adhere to a competitive bidding process for the procurement of the toilets thereby flouting the SCM process.

b) Summary of Findings

The SIU identified that the Director of Hawulethu (Pty) Ltd (“Hawulethu”), Ms Seeing Pat Lebenya (“Ms Lebenya”) was the Deputy Chairperson of Ezemvelo KZN Wildlife. She is also currently a board member of Ushaka Marine World. She also has interests in other companies that did business with the KwaZulu-Natal DoE, which she failed to declare in her bid documents. All three contracts was awarded without prior approval by the HoD.

The three service providers invoiced the KwaZulu-Natal DoE for the full monthly lease periods although the schools were closed during June, August and December 2020. This was indicative of the service providers having charged for services not rendered.

The SIU identified irregularities in the submission of the BBBEE certificate for Lead Multipurpose Co-Operative Services and Maqoqo Trading Services, as well as a flouting of procurement processes. The SIU established that the certificates were dated after the awarding of the bid. This in essence meant that the bidder was non-compliant at the point of the award.

c) Steps Taken

Disciplinary action

Disciplinary referrals against 16 KwaZulu-Natal DoE officials have been prepared for submission within the week ending 10 December 2021. Ms Zola Ngcobo, Acting Director: Demand and Acquisition;

- Mr Sifiso Eugene Cyril Ngcobo, Deputy Director: Finance;
- Ms Nonjabulo Favourite Madiba, Acting Director: Finance;
- Mr Vusumuzi Christopher Mavundla, Admin clerk;
- Ms Pretty Khayelihle Hadebe, Chief Education Specialist;
- Ms Thembelihle Angeline Gumede, Chief Director: Operations Management;
- Ms Govindamma Naidoo, Accounting Clerk;
- Mr Dorian Nhlanhla Mthethwa, Education Specialist;
- Mr Virendra Maharaj, Education Specialist;
- Mr Selvan Reddy, Chief Admin Clerk;
- Ms Beatrice Mabaso, Provincial Admin Clerk;
- Mr Phumelela Horitius Nkosi, Education Specialist;
- Ms Samke Nkwanyana, Senior Admin Clerk;
- Ms Judy Dlamini, Deputy Director General of Institutional Development Support;
- Mr Mzikayifani Barney Mthembu, Acting Deputy Director General; and
- Mr Prqagasen Naidoo, Chief Accounting Clerk.

SARS referrals

Three SARS referrals submitted to SARS on the 12 November 2021 for Hawulethu (Pty) Ltd, Lead Multi-purpose Primary Co- operative Ltd and Maqoqo Trading Enterprise.

Civil Litigation

Memorandums for Hawulethu (Pty) Ltd, Lead Multi-purpose Primary Co-operative Ltd and Maqoqo Trading Enterprise were submitted to the SIU's Civil Litigation Unit to review and consideration for the appointment of Counsel to pursue the recoveries in the Special Tribunal. In view of the exorbitant legal costs associated with a civil litigation process, the SIU with due consideration to cost benefit, will be pursuing direct engagements with the suppliers' attorneys with a view to reaching a settlement of the profits derived. Appointments are being secured for this purpose.

8.5.6. KwaZulu-Natal Office of the Premier (“KwaZulu-Natal OTP”) – Whistleblower allegation

a) Nature of Allegation

The SIU received a complaint from a whistleblower on the SIU Whistleblower website. The whistleblower alleged that provincial executives were involved in awarding tenders to family members. It is apt to note that the whistleblower was not contactable for further particulars or clarity, as no contact details were provided.

b) Summary of Findings

The allegations received was short on specificity and extremely general in nature. It made vague reference to contracts and was rather a general claim against the provincial executives.

Not being able to contact the whistleblower for clarification and further information on the allegation, the SIU conducted a desk top analysis to establish any corroboration to the claims made. In this regard the SIU performed internet searches, ITC and eNatis searches and checks to seek corroboration and to possibly identify links to specific contracts that were linked to the allegations. Ultimately the vague nature of the allegations did not allow the SIU to identify any contracts or Departments that could be linked to the complaint received. Having not been able to find any tangible evidence to lend support to the allegations, the matter was closed.

No further action can be taken unless the SIU receives more detailed information relating to this allegation. The matter has been closed, however should new information come to light, the matter will be re-opened for investigation.

8.5.7. KwaZulu-Natal OTP - Infrastructure contract

8.5.7.1. List of service providers

| No | Name of service provider | No of contracts | Value of contracts |
|-----------|---------------------------------|------------------------|---------------------------|
| 1 | Alert Stationers | 1 | R26 278 |
| 2 | Alpha Office Furniture | 1 | R425 500 |
| 3 | Bidvest Waltons | 1 | R8 625 |
| 4 | Bruno Custom Clothiers | 1 | R67 750 |
| 5 | Euphoric Technologies | 1 | R475 000 |

| No | Name of service provider | No of contracts | Value of contracts |
|--------------|--------------------------------------|-----------------|--------------------|
| 6 | Logan Medical and Surgical (Pty) Ltd | 1 | R34 500 |
| 7 | Medi-core Technologies | 1 | R287 |
| 8 | Unitrade 1032 | 2 | R84 610 |
| TOTAL | | 9 | R1 122 550 |

a) Nature of Allegation

The allegation emanated from a complaint received from a whistle blower involved in the KwaZulu-Natal Legislature. The whistleblower stated that the KwaZulu-Natal Covid-19 Procurement Disclosure Report was released by the KwaZulu-Natal Premier in which information was provided on entities that were awarded PPE and Covid-19 infrastructure contract tenders since March 2020.

The whistle blower further stated that during a caucus at the KwaZulu-Natal Legislature they conducted their own internal research on some of the PPE contracts and discovered suspicious transactions between the KwaZulu-Natal Provincial Departments and several businesses.

The investigation was prompted by various allegations that were also being reported in the public space, alleging that the procurement contracts were inflated, and were linked to “connected” individuals.

b) Summary of Findings

On analysis of the contracts and SCM processes the SIU found no irregularities and established that the Premiers’ office awarded contracts to the service providers that were the cheapest. The pricing of the items by the service providers were within NT rates. Investigations were concluded and the matter was closed.

8.5.8. KwaZulu-Natal Department of Transport (“KwaZulu-Natal DoT”) - Disinfecting of public serving offices

a) Nature of Allegation

The allegation emanated from a complaint received from a whistle blower involved in the KwaZulu-Natal Legislature. The whistleblower stated that the KwaZulu-Natal Covid-19 Procurement Disclosure Report was released by the KwaZulu-Natal Premier in which information was provided on entities that were awarded PPE and Covid-19 infrastructure contract tenders since March 2020.

The whistle blower further stated that during a caucus at the KwaZulu-Natal Legislature they conducted their own internal research on some of the PPE contracts and discovered suspicious transactions between KwaZulu-Natal Departments and several businesses.

The investigation was prompted by various allegations that were also being reported in the public space, alleging that the procurement contracts were inflated, and were linked to “connected” individuals. Logan Medical and Surgical (Pty) Ltd were awarded 2 contracts to the value of R2 414 453.

b) Summary of Findings

A request was received by the KwaZulu-Natal DoT for disinfecting of public serving offices. The KwaZulu-Natal DoT’s Director: SCM contacted the KwaZulu-Natal DoH for advice on obtaining supplies for the Covid-19 pandemic. The KwaZulu-Natal DoT received a list of suppliers from the KwaZulu-Natal DoH and proceeded to invite suppliers to provide quotations. The KwaZulu-Natal DoT contacted the list of suppliers but was unable to get quotations from any of them with the exception of Logan Medical. The only response that they received was from Logan Medical and Surgical. This then placed the KwaZulu-Natal DoT in a position where they had to rely on paragraph 3.5.1 of NT Instruction No 8 of 2019/2020 which allowed them to deviate from inviting competitive bidding based on a single responsive bidder. Investigations were concluded and the matter was closed.

8.5.9. KwaZulu-Natal Department of Public Works (“KwaZulu-Natal DPW”) – Quarantine sites

a) Nature of Allegation

The allegation emanated from information contained in the First Special Report of the AGSA on the financial management of Governments Covid-19 initiatives relating to costs to the value of R251 000 000 incurred in the preparation of quarantine sites as well as the irregular procurement, fruitless and wasteful expenditure in the appointment of service providers. The allegation erroneously attributed responsibility for the project to the KwaZulu-Natal DPW.

b) Summary of Findings

In anticipation of the number of people being infected with the Covid-19 virus the Minister of Public Works, Members of the Executive Council and Municipal accounting officers had to identify properties that could be used as quarantine sites if the need arose. KwaZulu-Natal DPW provided a list of properties to the KwaZulu-Natal DoH for assessment and to grant approval. Once the approval was obtained by KwaZulu-Natal DPW and KwaZulu-Natal DoH would sign a Service Level

Agreement once the site was in use. KwaZulu-Natal DoH was responsible for the provision of PPE, medical and service equipment for the site.

The AGSA report was reviewed and the SIU identified that the report focused on the costs associated with the provision of properties used as quarantine and self-isolation sites by the KwaZulu-Natal DoH. A meeting was held on 7 December 2020 with the following officials from KwaZulu-Natal DPW:

- Mr Duma, acting HoD;
- Mr J Redfearn (“Mr Redfearn”) – CFO;
- Mr S Shabangu – Manager in the office of the HoD;
- Mr S Majola – Infrastructure; and
- Mr S Tsama – SCM.

At the meeting the KwaZulu-Natal DPW officials indicated that they had no involvement in the acquisition and management of the sites. The KwaZulu-Natal DPW was however involved in the upgrade of existing State owned infrastructure that was used as quarantine sites. On the 1 March 2021 a letter was received from Mr Redfearn who re-iterated the conversations held on the 7 December 2020. He went on to indicate that the upgrade to the State sites was beneficial in that it would be used after the Covid-19 pandemic. KwaZulu-Natal DPW played no role in the acquisition of privately owned property as quarantine sites. The allegations appear to have erroneously implicated the DPW instead of KwaZulu-Natal DoH. Based on the investigation findings the matter has been closed and submitted for registration for an assessment on the role played by KwaZulu-Natal DoH, to establish whether any investigation into this KwaZulu-Natal DPW would be warranted.

8.5.10. KwaZulu-Natal DoH – AG Audit

8.5.10.1. List of service providers

| No | Name of service provider | No of contracts | Value |
|----|--------------------------|-----------------|------------|
| 1 | Access Medical (Pty) Ltd | 3 | R8 401 756 |
| 2 | Buhle Waste (Pty) Ltd | 1 | R236 800 |
| 3 | Duromed CC | 1 | R509 220 |

| No | Name of service provider | No of contracts | Value |
|--------------|--------------------------------------|-----------------|--------------------|
| 4 | Logan Medical and Surgical (Pty) Ltd | 5 | R7 468 630 |
| 5 | National Community Marketing | 1 | R5 720 000 |
| 6 | Pro Secure (Pty) Ltd | 2 | R16 075 000 |
| 7 | Sebenzani Trading 622 CC | 16 | R50 056 942 |
| TOTAL | | 29 | R88 468 348 |

a) Nature of Allegation

The investigation emanated from the AGSA audit that was conducted at the KwaZulu-Natal DoH. The AGSA audit highlighted its findings which was subsequently referred to the SIU for further investigation under this Proclamation. The AGSA report indicated the following:

- That contracts were awarded to service providers that were not registered on the CSD which was a requirement;
- That the service providers were not on CIPC;
- That amounts paid the service providers were “rounded amounts” and
- That service providers charged above the NT regulated rates for items which resulted in KwaZulu-Natal DoH incurring losses.

This prompted an investigation by the SIU into the alleged irregular procurement of PPE.

b) Summary of Findings

The SIU investigation identified that the findings of the AGSA with regards to the service providers not being registered on the CSD and CIPC were unfounded as all of the service providers were registered on both databases. KwaZulu-Natal DoH have been procuring PPE items from service providers prior to the Covid-19 pandemic. When the Covid-19 pandemic started KwaZulu-Natal DoH continued to procure these items from these service providers as per NT Instruction Note 5, section 4.8 which states that Departments who have an existing contract with service providers must honour these contracts and continue to purchase from these service providers.

The SIU also identified that Pro Secure (Pty) Ltd (“Pro Secure”) and National Community Marketing were service providers that charged above the NT rates for the items procured by the KwaZulu-

Natal DoH. In light of this finding the SIU has signed AoDs to recover the over pricing from the two service providers.

c) Steps Taken

Disciplinary action

Two disciplinary referral letter for Pro Secure and National Community Marketing has been submitted on the 17 November 2021 against the following officials involved in the procurement process and awarding of contract to the service providers:

- Mr Khondlo Elben Mtshali , Chief Director SCM;
- Ms M Govender, Acting Personal Assistant/SCM Assistant;
- Ms R Govender, SCM Practitioner; and
- Ms VL Bentley, SCM Clerk.

AoDs signed

The following AoDs were signed:

- One AoD to the value of R4 255 000 was signed on 02 September 2021 by Pro Secure for a contract to the value of R9 775 000. The AoD was for over pricing of PPE items. A payment of R368 171 has since been received and the balance is to be paid in monthly instalments.
- One AoD to the value of R1 304 000 was signed on the 02 September 2021 by National Community Marketing for a contract to the value of R5 720 000. The AoD was for over pricing of PPE items. A payment of R500 000 has since been received and the balance to be paid in monthly instalments.

8.5.11. KwaZulu-Natal DoH - Wentworth Emergency Medical Rescue Services (“EMRS”)

a) Nature of Allegation

The SIU received allegations of fraud and corruption that emanated from a whistleblower. The whistleblower alleged that two officials at the Wentworth EMRS, the Financial Manager, Ms Dhanasagree Reddy (“**Ms Reddy**”) and the Manager, Mr Rajen Naidoo were involved in corruption. It was alleged that Ms Reddy had been colluding with two companies T8 Enterprises and Jireh Promotions and that these companies belong to Ms. Reddy’s partner. The whistle-blower also indicated in his allegation that Ms Reddy submitted inaccurate reports to the KwaZulu-Natal DoH regarding PPE stock with the intention of keeping the extra stock which she would ultimately

use for her personal again.

b) Summary of Findings

The whistle blower was contacted to provide further information; however, no further information was received. The SIU conducted an analysis of ITC, CIPC and CSD documents and could not find any link between the officials mentioned and the above companies.

The SIU analysed the procurement of PPE items at Wentworth EMRS in order to determine whether the procurement process was done via the KwaZulu-Natal DoH or through Wentworth EMRS. The KwaZulu-Natal DoH confirmed that Wentworth EMRS office were authorised to procure PPE without going through the KwaZulu-Natal DoH.

Having established that an investigation into Ms. Reddy's conduct was already underway by the KwaZulu-Natal DoH, on the 26 August 2021 a meeting was held with Ms Nikita ("Nikita") who is an investigator at the KwaZulu-Natal DoH. The SIU was apprised the investigation into Ms Reddy related to allegations of a conflict of interest with companies that were owned by her family members, who received work from the Wentworth EMRs office.

It was further established that the 2 companies in the report to the SIU did not feature in the investigation conducted by the KwaZulu-Natal DoH. Discussions however revealed that the companies' business addresses were in close proximity to Ms. Reddy. The details of the 2 companies was further interrogated during the course of the KwaZulu-Natal DoH conflict of interest investigations.

Consequently, the SIU was advised that the KwaZulu-Natal DoH investigation had been concluded which led to Ms Reddy's suspension. Ms Nikita was advised of the KwaZulu-Natal DoH's obligation to report evidence of any criminality emerging from its investigation to the relevant authorities. The SIU investigation was closed on the basis that the matter had already been investigated by KwaZulu-Natal DoH.

8.5.12. uMgungundlovu Department of Higher Education – TVET College ("TVET")

8.5.12.1. List of service providers

| No. | Name of service provider | No of contracts | Value of contracts |
|------------|---------------------------------|------------------------|---------------------------|
| 1 | ICM Zuke Solutions (Pty) Ltd | 1 | R149 250 |
| 2 | Khanyanjalo Consulting | 1 | R308 583 |

| No. | Name of service provider | No of contracts | Value of contracts |
|--------------|--|-----------------|--------------------|
| 3 | Khanyisile Agency | 1 | - |
| 4 | Laya Enterprises (Pty) Ltd | 1 | R190 000 |
| 5 | Lingela Consulting Engineers (Pty) Ltd | 1 | R697 475 |
| 6 | MAM and NLP (Pty) Ltd | 1 | - |
| 7 | Psycho Properties | 1 | R805 222 |
| 8 | Qshem Investments | 1 | R192 400 |
| TOTAL | | 8 | R2 342 930 |

a) Nature of Allegation

The SIU received the allegation from the DPCI which was brought to their attention by a whistleblower. The whistleblower alleged that there were procurement irregularities in the awarding of contracts to service providers at TVET. The allegations were that TVET awarded contracts to service providers that were not registered on CSD and the items procured were overpriced.

b) Summary of Findings

The SIU analysed the ITC, CIPC and CSD information relating to the above service providers. The SIU identified that all the service providers awarded the contracts by TVET were registered on CIPC and CSD. The information was also analysed to identify any links between the Directors / Members of the service providers and no irregularities were identified. TVET invited three service providers to quote for the contracts for the procurement of the items. The service provider with the cheapest quote was awarded the contract. No irregularities were identified in the procurement process.

8.5.13. KwaDukuza Local Municipality (“KwaDukuza”) – Procurement

8.5.13.1. List of service providers

| No | Name of service provider | No of contracts | Value of contracts |
|----|---------------------------|-----------------|--------------------|
| 1 | Alrose Projects (Pty) Ltd | 1 | R1 950 |

| No | Name of service provider | No of contracts | Value of contracts |
|----|---|-----------------|--------------------|
| 2 | Cosha Mlotheni Trading | 1 | R1 230 |
| 3 | Dhanasagri Trading and Project (Pty) Ltd | 1 | R20 570 |
| 4 | Endomed Medical and Surgical Supplies CC | 1 | R607 257 |
| 5 | Get Smart Safety Medical and General Supplies (Pty) Ltd | 1 | R1 150 |
| 6 | Hlanguza N L | 1 | R10 760 |
| 7 | Impumelelo CKA Darnal | 2 | R33 800 |
| 8 | Insukumani Enterprise Primary Co-Op Ltd | 2 | R22 500 |
| 9 | Isinamuva JH Trading | 1 | R170 |
| 10 | JKDM Company (Pty) Ltd | 1 | R2 000 |
| 11 | KB Level Construction (Pty) Ltd | 1 | R253 500 |
| 12 | Khehloz Wheels Projects (Pty) Ltd | 1 | R1 025 |
| 13 | Konjwayo N C | 1 | R10 760 |
| 14 | Konkrit Business Solutions | 2 | R33 100 |
| 15 | Life Employee Health Solution | 3 | R317 687 |
| 16 | Maclear Trading (Pty) Ltd | 1 | R4 200 |
| 17 | MK Vet Enterprises (Pty) Ltd | 8 | R334 090 |
| 18 | Motall Enterprises(Pty) Ltd | 2 | R130 785 |
| 19 | Naraki (Pty) Ltd | 1 | R2 250 |
| 20 | Onzwakele (Pty) Ltd | 1 | R3 150 |
| 21 | Ostrinex Cc | 3 | R39 560 |
| 22 | Projects By Rowal (Pty) Ltd | 3 | R717 743 |
| 23 | Sgwerango Holdings 16 (Pty) Ltd | 1 | R1 000 |
| 24 | Shayimpi Security and Training | 2 | R121 125 |
| 25 | Shekane Engineering | 2 | R8 280 |
| 26 | Si Afrika Trading (Pty) Ltd | 1 | R321 100 |

| No | Name of service provider | No of contracts | Value of contracts |
|--------------|--------------------------------|-----------------|--------------------|
| 27 | T and T Chemicals CC | 6 | R54 540 |
| 28 | Tusrevolt (Pty) Ltd | 4 | R371 791 |
| 29 | Vele Ukhanye Primary Co-Op | 1 | R7 875 |
| 30 | Vesta Creations CC | 4 | R245 181 |
| 31 | VK and Pinky Trading (Pty) Ltd | 1 | R13 728 |
| 32 | Zama Engineering CC | 2 | R149 375 |
| TOTAL | | 63 | R3 843 232 |

a) Nature of Allegation

This investigation emanated from a complaint received from a whistle blower involved in KwaDukuza. The allegations were that KwaDukuza incurred irregular expenditure, followed an irregular procurement process in the appointment of service providers; and service providers inflated the prices in their contracts.

b) Summary of Findings

During the investigation into the above service providers the SIU identified the following:

- The service providers tendered for supplying KwaDukuza with PPE items pursuant to an invitation to bid that was advertised on the Municipality website;
- This process resulted in a supplier database being created for KwaDukuza. The service providers were contacted by the SCM officials at KwaDukuza to provide quotes for certain items;
- All service providers were requested to provide a sample of the items for KwaDukuza's approval; and
- Once approved the service providers were issued with orders and delivery was to take place.

The SIU investigation into the above matters revealed that KwaDukuza advertised for the supply of PPE on their website. All service providers who responded to the adverts were placed on a supplier database according to their responses and their ability to supply chosen products within the time frames sought by KwaDukuza. The system adopted by KwaDukuza tested the market

which was found to be fair. No irregularities were identified in the procurement process.

c) Steps Taken

Administrative action

A referral was submitted to SAHPRA against Khehloz Wheel Projects (Pty) Ltd and Konkrit Business Solutions on 24 March 2021 and a further 8 referrals to SAHPRA were submitted on 21 April 2021 against Dhanasagri Trading and Projects (Pty) Ltd, Get Smart Safety Medical and General Suppliers (Pty) Ltd, Impumelelo CKA Darnal, Life Employee Health Solution, Sgwerango Holdings 16 (Pty) Ltd, Shayimpi Security and Trading, T & T Chemicals CC and Vesta Creations CC. Total value of the contracts amounts to R328 095. The referrals to SAHPRA was based on the fact that the service providers were not licensed or registered with SAHPRA to supply or distribute medical devices (certain categorised PPE).

8.5.14. uMngeni Local Municipality (“uMngeni”) - Municipal Infrastructure Grant Funds (“MIG”)

8.5.14.1. List of service providers

| No | Name of service provider | No of contracts | Value of contracts |
|--------------|--|-----------------|--------------------|
| 1 | Ezobayinhle Enterprise (Pty) Ltd | 2 | R361 876 |
| 2 | Gesh-Lethizome Enterprise (Pty) Ltd | 1 | R1 735 350 |
| 3 | Isamkelo Samahlase | 1 | R134 963 |
| 4 | MelaOkuhle Trading Enterprises CC | 2 | R3 240 406 |
| 5 | Ogatsheni Enterprise and Communication (Pty) Ltd | 2 | R159 246 |
| 6 | Okhambula Projects (Pty) Ltd | 1 | R739 000 |
| 7 | Paluflo (Pty) Ltd | 2 | R589 215 |
| 8 | Sanizero Construction (Pty) Ltd | 1 | R602 000 |
| 9 | Shemuntu & Sons (Pty) Ltd | 1 | R612 800 |
| 10 | Siyanda Farming and Trading Enterprise (Pty) Ltd | 1 | R277 725 |
| 11 | SZS Construction Plant Hire | 1 | R1 200 000 |
| TOTAL | | 15 | R9 652 581 |

a) Nature of Allegation

On 26 June 2020 NT approved the re-allocation of Municipal Infrastructure Grant funds allocated in the 2019/2020 financial year to fund expenses arising out of the Disaster Management declaration should certain criteria be met allowing for such re-allocation. The allegations pertaining to uMngeni relate to:

- Possible irregular use of the MIG funds allocated for this purpose;
- The irregular use of the delegations of the Municipal Manager, CFO and SCM in approving the payments;
- The irregular appointment of service providers;
- The exorbitant costs of the services rendered in the Technical Services Business Unit; and
- PPE prices may have been inflated.

b) Summary of Findings

The SIU investigated the 11 service providers for services rendered to uMngeni relating to the Covid-19 pandemic. The services rendered included the following:

- Supply of 3, 6m2 skips and 5 skip trailers;
- Clear 14 illegal dump sites;
- High pressure jetting and unblocking of sewer pipes at 7 wards;
- Construction of gravel access roads at 3 wards;
- Transportation and installation of 20 Jojo tanks;
- Provision of PPE items to uMngeni; and
- Deep cleaning of uMngeni Departments.

All documentation relating to the above were uplifted and analysed in order to determine any transgressions in the appointment of these service providers.

All the service providers delivered on the orders awarded to them by uMngeni and were paid accordingly. The investigation however revealed that the funding used for the appointment of the service providers was from the Municipality's MIG funding.

In accessing this funding, uMngeni had to motivate for the transfer of the funds based on their needs to provide Covid-19 related relief. The motivation had to be supported by a Council resolution and approved by COGTA. The SIU, during interviews with officials, established the following:

- Certain projects, such as the payment to Siyanda Farming, were projects that had not been approved by COGTA;
- The service provider who supplied skips had issued an invoice prior to the letter of award; and

- That Council had not approved the reprioritisation plan to use the MIG funds.

c) Steps Taken

Disciplinary action

Disciplinary referrals were submitted on 13 May 2021 and 23 July 2021 against the Municipal Manager, Ms Thembeke Cibane (“Ms Cibane”), for misconduct in her general financial management functions in terms of *section 62(1)(d)* of the MFMA, in that she failed to take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses were prevented. The matter was received by the Executive Mayor and was tabled before the Municipal Council, resulting in the Municipal Manager being suspended.

Criminal referrals

A criminal referral was submitted to the NPA on 13 May 2021 against the Municipal Manager, Ms Cibane for contravention of section 173(1) and (5) of the MFMA Act 56 of 2003, for the irregular processing of the reprioritization of the MIG funds to the Covid-19 Fund, in response to the Covid-19 pandemic to the value of R19 950 000. A prosecutor has been assigned to the matter. Engagements are ongoing.

SARS referrals

One referral was submitted to SARS for Gesh-Lethizome Enterprise (Pty) Ltd on 05 May 2021 for possible tax irregularities.

Administrative action

A referral was made to SAHPRA on 04 November 2021 relating to Paluflo (Pty) Ltd for non-registration with SAHPRA to distribute medical devices, thereby contravening section 22(C)(6) of the Medicines and Related Substances Act of 1965, as amended.

8.5.15. Umdoni Local Municipality (“Umdoni”) – PPE procurement

8.5.15.1. List of service providers

| No | Name of service provider | No of contracts | Value |
|----|--|-----------------|------------|
| 1 | Accunomics (Pty) Ltd | 1 | R1 859 402 |
| 2 | Amambasha Trading Enterprise (Pty) Ltd | 1 | R29 850 |
| 3 | Athandokuhle Trading (Pty) Ltd | 1 | R10 450 |

| No | Name of service provider | No of contracts | Value |
|--------------|---|-----------------|-------------------|
| 4 | Khula-Gadeza Properties | 1 | R247 365 |
| 5 | Pre-eminent Trading Enterprises (Pty) Ltd | 1 | R231 450 |
| 6 | Que-quality Suppliers | 1 | R462 200 |
| TOTAL | | 6 | R2 840 717 |

a) Nature of Allegation

The SIU received a complaint from a whistle-blower resulting in an investigation into the procurement of PPE by Umdoni. The allegation from the whistleblower were:

- Non delivery of PPE masks by service providers;
- Procurement irregularities in the awarding of contracts; and
- Inflation of prices on PPE items.

b) Summary of Findings

The SIU embarked on an exercise to determine whether Umdoni followed the proper processes and procedures in awarding the contracts to the service providers. Umdoni used the Regulation 36 deviation citing emergency Covid-19 as the reason for the deviation and procurement under the national state of disaster. Upon investigation of the matters the SIU identified that no proper records were kept by the officials that were involved in securing the contracts. No record could be found of any deviation as ought to have been approved by the Accounting Officer as prescribed, prior to embarking on any procurement process. In the absence of such approval, the contracts are deemed to have been irregularly awarded. The SIU established that the officials involved in the procurement process were no longer in the employ of Umdoni.

c) Steps Taken

Criminal referrals

A referral has been is being reviewed for submission to the NPA in terms of section 173 of the MFMA against the then Accounting Officer Dr Tsako for permitting irregular expenditure in that suppliers were appointed without an approved deviation. The NPA referral has been drafted and submitted for internal review before it is sent to the NPA. A new Municipal Manager has been appointed and has engaged with the SIU in a meeting on 16 November 2021 in an effort to support the investigation with further assistance and documentation relating to the referral. The Municipal

Manager is in the midst of retrieving the documents required for the settlement of the referral. Engagements are ongoing with the Municipality in this regard.

Administrative action

Referrals have been submitted on 04 November 2021 to SAHPRA against Accunomics (Pty) Ltd, Khula-Gadeza Properties and Pre-eminent Trading Enterprises (Pty) Ltd for non-registration with SAHPRA to distribute medical devices.

8.5.16. eThekweni Metropolitan Municipality (“eThekweni”) - Procurement of PPE, catering and shelter

8.5.16.1. List of service providers

| No | Name of service provider | No of contracts | Value of contracts |
|-----------|---|------------------------|---------------------------|
| 1 | A Way Group (Pty) Ltd | 1 | R1 394 080 |
| 2 | African Wildwaves | 5 | R961 840 |
| 3 | Afrizulu Civil and Building CC | 1 | R1 186 248 |
| 4 | Alert Stationers | 1 | R16 100 |
| 5 | Alfhutch Trading CC | 1 | R124 062 |
| 6 | Aquaelec (Pty) Ltd | 1 | R2 860 |
| 7 | Ayabongamahlomuka Trading (Pty) Ltd | 1 | R148 200 |
| 8 | B C Industrial and Engineering Supplies | 3 | R3 105 270 |
| 9 | Balikhulu Trading | 1 | R105 800 |
| 10 | Beyond Sky (Pty) Ltd | 1 | R10 000 |
| 11 | Bidfood KwaZulu-Natal | 2 | R910 |
| 12 | Bingelelani | 1 | R160 000 |
| 13 | Bonukuhle and Busi Trading (Pty) Ltd | 1 | R740 740 |
| 14 | Brandfin Trade 110 | 1 | R5 000 |
| 15 | Calidin Trading (Pty) Ltd | 4 | R464 531 |
| 16 | Central Hiring Services CC | 1 | R1 075 250 |
| 17 | Chemlog | 4 | R228 850 |
| 18 | Chepil Trading | 4 | R693 388 |
| 19 | D V K Bearing and Seals | 1 | R1 800 |
| 20 | D Y Usher Holdings | 1 | R66 000 |
| 21 | Dawn Assault | 7 | R1 331 162 |
| 22 | Dekoba (Pty) Ltd | 2 | R988 080 |
| 23 | Delish Foods and Kitchen | 1 | R170 200 |
| 24 | Dimed | 15 | R4 674 750 |
| 25 | DM House of Work Trading Enterprise | 2 | R159 840 |
| 26 | Drager South Africa (Pty) Ltd | 1 | R14 220 |
| 27 | Drakewood Pinetown | 1 | R5 692 |
| 28 | Dukuduku Business Services | 1 | R559 245 |

| No | Name of service provider | No of contracts | Value of contracts |
|----|---|-----------------|--------------------|
| 29 | Durban Commercial Suppliers CC | 6 | R500 867 |
| 30 | Durban Paint & Hardware | 1 | R82 694 |
| 31 | Eagle Marine Supplies and Distributions | 9 | R722 660 |
| 32 | Endomed Medical and Surgical Supplies CC | 1 | R661 |
| 33 | Ethekwini Workshop | 1 | R23 000 |
| 34 | Eyamadlodo Trading | 1 | R159 000 |
| 35 | Fastcomm Solutions (Pty) Ltd | 3 | R7 466 250 |
| 36 | Grandico | 3 | R460 000 |
| 37 | Happy M Caterers and Projects (Pty) Ltd | 1 | R178 600 |
| 38 | Hustlers Addiction | 1 | R135 000 |
| 39 | Imbazo Trading 61 | 2 | R294 980 |
| 40 | IME Media Solutions | 1 | R1 969 220 |
| 41 | Indumeni Trading CC | 1 | R187 450 |
| 42 | Inhlanhla Projects (Pty) Ltd | 1 | R196 000 |
| 43 | Intensive Team Building | 1 | R187 500 |
| 44 | Isibindi Industrial Suppliers CC | 4 | R12 655 |
| 45 | Izingcweti Enterprise | 1 | R153 125 |
| 46 | James and Bell Holding (Pty) Ltd | 1 | R628 960 |
| 47 | JSB Chemicals | 2 | R1 200 |
| 48 | JVL Laboratory Engineering & General Supplies | 1 | R2 346 |
| 49 | Kaleidoscope | 1 | R2 900 |
| 50 | Kayosi Trading | 1 | R11 063 |
| 51 | Kelina Nikita Trading t/a 3 Spears | 1 | R51 750 |
| 52 | Kendon Laboratories (Pty) Ltd | 3 | R1 917 |
| 53 | KFC Pipes and Fittings | 5 | R3 880 480 |
| 54 | Khoskhu Trading & Projects | 2 | R2 011 580 |
| 55 | Kingdom Functions Hire (Pty) Ltd | 25 | R1 094 500 |
| 56 | KSG Freight Solutions | 1 | R138 000 |
| 57 | Kuhle Kimi Trading | 1 | R203 780 |
| 58 | KZN Stainless Steel and Engineering Supplies | 8 | R2 815 669 |
| 59 | Lelanguka Trading CC | 2 | R5 980 000 |
| 60 | Letonn International | 2 | R836 034 |
| 61 | Logan Medical and Surgical (Pty) Ltd | 4 | R9 211 500 |
| 62 | Lukhona Projects and Development (Pty) Ltd | 1 | R1 545 000 |
| 63 | Magnet Electrical Supplies | 1 | R47 380 |
| 64 | Mavuka 010115 Trading | 4 | R8 529 000 |
| 65 | Melody Street Trading 69 | 1 | R318 750 |
| 66 | Minez Supply and Trading | 1 | R177 800 |
| 67 | Mpungushe Construction CC | 1 | R3 565 000 |
| 68 | Mvifelo Trading | 2 | R218 357 |
| 69 | Mwayi Investments | 1 | R303 400 |
| 70 | N H D Supplies | 2 | R100 800 |
| 71 | Nascipro (Pty) Ltd | 1 | R125 000 |
| 72 | Ndalo Enhle 2014 Trading Primary Co-Op | 1 | R6 250 |

| No | Name of service provider | No of contracts | Value of contracts |
|-----|---|-----------------|--------------------|
| 73 | Ngcebo Enhle (Pty) Ltd | 1 | R192 400 |
| 74 | Nitco Industrial | 1 | R1 035 |
| 75 | Nkulungwane Catering (Pty) Ltd | 1 | R129 000 |
| 76 | NLM Supreme Solutions | 1 | R283 000 |
| 77 | NN Saw Development Projects | 1 | R179 200 |
| 78 | No Mistake Engineering and Plumbing | 1 | R864 |
| 79 | Nomoli Trading | 1 | R148 200 |
| 80 | Ntsikazi Projects and Supplies | 1 | R179 687 |
| 81 | Nyanga Services CC | 3 | R205 945 |
| 82 | Phithizie Trading | 2 | R1 996 250 |
| 83 | Pisces Engineering Supplies CC | 1 | R669 |
| 84 | Prebco Automotive and Industrial Supplies | 2 | R8 118 |
| 85 | Proactive Concepts | 2 | R3 310 000 |
| 86 | Prostar Paints | 6 | R11 621 820 |
| 87 | Pure Stream Cleaning Services | 3 | R5 910 000 |
| 88 | Quga Project (Pty) Ltd | 2 | R580 800 |
| 89 | Redwood Stationery Manufacturers | 1 | R71 875 |
| 90 | Rocketpro | 2 | R239 580 |
| 91 | Romachem Supplies | 5 | R495 125 |
| 92 | SA Range Projects | 1 | R156 250 |
| 93 | Sakhumbumbano Distributors | 1 | R188 671 |
| 94 | Silo Group Holdings (Pty) Ltd | 2 | R742 000 |
| 95 | Simandlovu Trading | 2 | R6 060 500 |
| 96 | Simulator Trading | 1 | R2 276 |
| 97 | Singangawe Trading Enterprises CC | 1 | R143 000 |
| 98 | Singila Distributors & Suppliers | 1 | R1 700 528 |
| 99 | Siphambili Group | 1 | R155 000 |
| 100 | Siphesihlemashenge Trading and Projects | 1 | R172 050 |
| 101 | Sizonwaba Trading | 1 | R863 328 |
| 102 | SMI Dynamics | 1 | R2 530 000 |
| 103 | Surgical and General Supplies | 10 | R144 939 |
| 104 | Techno Zone Trading 8 CC | 2 | R4 427 |
| 105 | Tee's Industrial and General Supplies cc | 1 | R16 686 |
| 106 | Thabs Agriculture & Trading Primary Co-op Ltd | 1 | R1 507 000 |
| 107 | Thingo Projects | 2 | R13 000 |
| 108 | Twin Special Trading Enterprise | 1 | R170 200 |
| 109 | Twini Civils and Industrial Suppliers | 1 | R97 500 |
| 110 | Two Can Supply Co (Pty) Ltd | 1 | R7 554 |
| 111 | Ubukhulu Bezwe (Pty) Ltd | 1 | R90 000 |
| 112 | Umbuso Wamaqadi Investments | 2 | R1 735 000 |
| 113 | Umsonga Trading | 1 | R156 250 |
| 114 | Vanguard Inland (Pty) Ltd | 15 | R98 635 |
| 115 | Vawdas Promotions | 7 | R588 117 |
| 116 | With Filters RFQ 823 | 1 | R13 390 |

| No | Name of service provider | No of contracts | Value of contracts |
|--------------|--------------------------|-----------------|---------------------|
| 117 | WSM Group (Pty) Ltd | 1 | R1 957 680 |
| 118 | WSS Mathetha Trading | 1 | R195 730 |
| 119 | YNT Trading | 2 | R116 988 |
| 120 | Zac Industries | 2 | R115 600 |
| 121 | Zikupule Trading | 1 | R97 400 |
| 122 | ZSJ Trading (Pty) Ltd | 1 | R150 627 |
| 123 | Zumaan Group CC | 2 | R211 312 |
| TOTAL | | 286 | R118 687 402 |

a) Nature of Allegation

The SIU received a complaint from a whistle-blower which led to the investigation of procurement of PPE, catering and shelter for the homeless by eThekwini. The allegations were that eThekwini awarded the contracts to various service providers without complying with the NT benchmark rate resulting in eThekwini paying more than the NT rates. This prompted an investigation by the SIU into the alleged irregular procurement of PPE, catering and shelter for the homeless by eThekwini.

b) Summary of Findings

The SIU obtained a list of matters from the whistleblower that formed part of the allegation that was received. The list of matters showed that 307 contracts were awarded by eThekwini to combat the Covid-19 pandemic. However on analysis of the documents, the SIU identified that some of the orders were duplicated on the list submitted which resulted in a revised number of 286 contracts being identified for investigation. The SIU identified that eThekwini utilized their Supplier Self Service (“SSS”) database system to appoint service providers. The SSS consists of a list of service providers that are registered on the database to provide various items. eThekwini extracted the list of service providers for a particular item, verified the information supplied and awarded the contract to the compliant service provider to supply the PPE items. Some of the items procured by eThekwini were not part of the NT rated list of products resulting in eThekwini using market related pricing for these items.

The SIU analysed the contracts awarded to service providers for the supply of marquees to provide shelter for the homeless. In order to use marquees as shelter a structural certificate is required. The SIU identified that in certain instances service providers either did not supply a structural certificate or produced an invalid certificate to eThekwini.

eThekwini secured contracts for catering for the homeless from 16 service providers. The SIU identified that three of the service providers did cater for the homeless and the remaining 13 service

providers catered for voluntary workers and staff. The SIU held a meeting with Mr Raymond Perrier (“Mr Perrier”) of the Dennis Hurley Centre NGO to clarify the catering contracts awarded to the service providers. Mr Perrier indicated that the NGO did not cater for the volunteers / staff and that this was done by eThekwini. He however did mention that the NGO offered to cater for the volunteers and staff but this was not accepted by eThekwini. It was established eThekwini however, proceeded to award contracts to service providers to cater for the volunteers and staff. The SIU further met with Mr Andre Petersen, Head Supply Chain Management to discuss the appointment of the service providers. eThekwini could not provide the SIU with any documentation supporting the catering for volunteers and staff. In the absence of the documents requested the entire process is flawed. The approved deviation provided solely for the catering for “homeless people”.

c) Steps Taken

Disciplinary action

One Disciplinary referral has been prepared against Acting City Manager, Mr Lucky for transgressions in relation to contracts awarded for catering services.

One disciplinary referral has been prepared against the Head, Safer Cities, Mr Martin Xaba for failure to ensure that service provider, IME Media Solutions structural certificate was submitted for a marquee contract awarded to them.

Criminal referrals

One criminal referral submitted on 21 October 2021 against Sizonwaba Trading and A-Z Consulting Civil and Structural Engineers for providing a fraudulent structural certificate for the erection of a marquee.

One criminal referral submitted on 21 October 2021 against a Mr Kgosietsile Serero of Degenesix Holdings (Pty) Ltd for having submitted invalid structural certificates for the erection of marquees in respect of contracts awarded to the following service providers:

- Dekoba;
- Khosku Trading; and
- Balikhulu Trading.

One criminal referral submitted on 04 November 2021 against A Way Group (Pty) Ltd for submitting a fraudulent / invalid structural certificate to the Municipality.

One criminal referral submitted on 04 November 2021 against Bonukuhle and Busi Trading (Pty) Ltd for submitting a fraudulent / invalid structural certificate to the Municipality.

One criminal referral submitted on 04 November 2021 against Kuhle Kimi Trading (Pty) Ltd (“Kuhle Kimi”) for submitting a fraudulent / invalid structural certificate to the Municipality.

Three criminal referrals submitted on 05 November 2021 against Drakewood Pinetown, Simandlovu Trading and Techno Zone Trading 8 CC for contraventions of SAHPRA regulations.

One criminal referral submitted on 21 November 2021 against Singila Trading (Pty) Ltd for submitting a fraudulent / invalid structural certificate to the Municipality.

SARS referrals

SARS referrals were submitted for possible non-compliance with taxation requirements matters as prescribed in the VAT Act by the following suppliers:

- Lukhona Projects and Development (Pty) Ltd submitted on 05 March 2021;
- James and Bell Holdings (Pty) Ltd on 05 March 2021;
- A Way Group submitted on 26 March 2021;
- Umbuso WamaQadi Investment submitted on 26 March 2021; and
- IME Media Solutions submitted on 26 March 2021.

Administrative action

Seven referrals submitted to SAHPRA on 24 March 2021 for the following service providers for non registration with SAHPRA to distribute medical devices, thereby contravening section 22(C)(6) of the *Medicines and Related Substances Act of 1965*, as amended:

- Fairway Medical Agencies t/a Dimed;
- Drager South Africa;
- Drakewook Pinetown;
- Technozone Trading 8;
- Simandlovu Trading;
- Tees Industrial and General Supplies CC; and
- Zumaan Group.

15 referrals were submitted to SAHPRA on 13 August 2021 for the following service providers:

- Alert Stationers CC;
- Calidin Trading (Pty) Ltd;

- Fastcomm Solutions;
- Inhlanhla projects;
- Kayosi Trading;
- Lelanguka Trading CC;
- Magnet Electrical Supplies;
- Mavuka010115 Trading;
- Phithizie Trading (Pty) Ltd;
- Prostar Paints;
- Pure Stream Cleaning Services;
- Surgical and General Supplies CC;
- Umbuso Wamaqadi Investments;
- Vawdas Promotions; and
- YNT Trading.

One referral submitted to SAHPRA on 04 November 2021 against Brandfin Trade 110.

One referral submitted to SAHPRA on 06 December 2021 against Bidfood KwaZulu-Natal.

An advocate from SAHPRA has since reviewed the evidence files and is currently in the process of drafting affidavits for each matter submitted and once this has been finalized, criminal referrals will be submitted by the SIU.

Systemic Recommendations

One systemic recommendation was submitted to eThekwini on the 05 October 2021 highlighting transgressions relating to structural certificates for the erection of marquees and systemic improvements thereon. An email was received from eThekwini on the 11 October confirming receipt of the letter. The SIU's recommendations are being considered by eThekwini.

AoDs signed

The following AoDs were signed:

- One AoD to the value of R135, 087.50 was signed on 02 June 2021 by Melody Street Trading 69, for overpricing on PPE items. The AoD is being repaid in monthly installments. To date R20 000 has been paid;

- One AoD to the value of R40 000 was signed on 18 August 2021 by Central Hiring for substandard products supplied that were not according to galvanized requirement specifications. The AoD has been repaid in full;
- One AoD to the value of R75 000 was signed on the 30 August 2021 by Likhona Projects and Development for substandard products supplied that were not according to galvanized requirement specifications. Repayments to be made in monthly installments;
- One AoD to the value of R50 000 was signed on 11 August 2021 by Afrizulu for substandard marquee products supplied that were not according to the galvanized requirement specifications. The AoD has been repaid in full;
- One AoD to the value of R14 950 was signed on the 05 October 2021 by Khosku Trading and Projects CC for charging eThekweni for invalid structural certificates supplied for marquees. The AoD has been repaid in full on 15 October 2021;
- One AoD to the value of R19 500 was signed on 07 October 2021 by Ayabongamahlomuka Trading for overcharging on a catering contract. The AoD is being repaid in two monthly instalments; and
- One AoD to the value of R2 600 was signed on 07 October 2021 by Balikhulu Trading CC for charging eThekweni for an invalid structural certificate supplied for marquees. The service provider to make a once off payment.

Actual cash recovered

The SIU has thus far recovered an amount of R110 000 for the AoDs signed by the above service providers.

8.5.17. Dr Nkosana Dlamini Zuma Local Municipality (“NDZ”) - Provision of water

a) Nature of Allegation

This investigation emanates from an allegation referred to the SIU by the DPCI, to investigate the provision of water by water tankers, made available by Kerush Transport CC (“Kerush”) to the value of R487 255 to the NDZ for the local community. The complaint encompassed the following issues:

- That approved procurement procedures were not followed by the SCM and Municipal Manager in procuring the supply and service rendered by Kerush who were already on a retention contract for services relating to the repair of roads in the area;

- The DPCI questioned the reason for the deviation, and the authenticity of the deviation;
- That the scope for the provision of water did not comply with the original terms of the contract, which was a contract for the repair of roads, and that the supply of water was an extension of scope, which required a separate procurement process, as there was no reason for a deviation; and
- The DPCI also questioned whether the water tankers supplied the water or not.

The SIU ascertained the following:

- The NDZ Municipality originally appointed Kerush for plant hire, but extended their scope to include the filling of water tanks;
- The water tanks were installed in response to the Covid-19 pandemic;
- The scope of work was extended for the supply of water by Kerush, against the original contract which was for plant hire, in the absence of an open tender process; and
- Kerush was paid for the filling of water tanks as part of the Municipality's response to alleviating distress in the Municipality in relation to the Covid-19 pandemic.

b) Summary of Findings

An advert dated 04 October 2019 was placed by the NDZ for six service providers to provide construction plant hire to service the NDZ for a period of 36 months. Kerush was one of the service providers who responded to the advert. On 01 April 2020 the Harry Gwala District Municipality ("HGDM") requested assistance from NDZ with delivery of water tanks. Water tanks were donated by COGTA as a measure to ensure that the community received water.

On 08 April 2020 a report was submitted by HGDM requesting that local municipalities assist with infrastructure requirements where necessary and with trucks for delivery of water tanks to respective areas in the Municipality. When NDZ received the request from Harry Gwala District Municipality they opted to make use of their existing 36 month contract with the service providers. The service provider who was 'next in line' to assist with a contract was Kerush. Both the NDZ Municipality Manager and CFO indicated that NDZ did not make use of a deviation nor an emergency as this was not required for this contract. Section 36 of the MFMA, is very specific in this regard, and is not required for this contract/ supply of service request. The NDZ used the NDZ property rates: levies fund to pay Kerush for their services, and not the Covid-19 emergency funding. The scope of the original contract was for the supply of construction plant to the NDZ for a period of 36 months, and not for the construction of roads.

The scope of work being the 'hire of water tankers for 28 days to deliver water' would be within the

original scope of the tender and was thus not an extension of scope nor a deviation. The rates used were as per the 2019 contract of R3 000 per day, except that the receipt of fresh portable water was from Bulwer, which was approximately 100 kms in a return trip, with an additional R800 paid by the NDZ for this additional distance covered. If this was as per the contract, water would have been fetched from nearby rivers for construction work. The SIU received records from NDZ indicating that the supply of water was received by the community. The service provider delivered as per the contract and service delivery of water to the community was achieved.

8.6. LIMPOPO PROVINCE

8.6.1. Limpopo Department of Health (“Limpopo DoH”)

8.6.1.1. Hudi Medical Equipment Solutions (Pty) Ltd (“Hudi”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Hudi. Hudi with company registration number 2020/052865/07 was awarded a contract HEDP 0189/19/20 to the value of R5 694 000 by Limpopo DoH on 9 April 2020 to supply and delivery 300 000 3PLY surgical masks at R18.00 VAT inclusive. Hudi was paid R5 400 000 for supplying and delivering 300 000 3PLY surgical masks.

b) Summary of findings

The SIU found that Hudi was not registered with SAHPRA to distribute medical devices to a third party. The SIU also found that Limpopo DoH paid VAT to Hudi but they were not registered as a VAT vendor. Hudi was found to be registered on the CSD and was tax compliant at the time.

c) Steps Taken

Administrative action

SAHPRA referral against Hudi was made on 10 March 2021. SAHPRA has referred this matter to the DPCI for further investigation.

SARS referrals

A referral was made against Hudi on 3 May 2021. SARS is considering the referral.

8.6.1.2. Tshimangi Accommodation and Cash Loans (Pty) Ltd (“Tshimangi”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Tshimangi. Tshimangi with Company Registration Number 2016/013167/07 was awarded contract HEDP 0196/19/20 to the value of R576 450 by Limpopo DoH on 20 May 2020 to supply and deliver 16 470 face visors at a unit price of R35. On 15 June 2020 the Limpopo DoH paid Tshimangi the total amount of R576 450 for supplying and delivering 16 470 face visors.

b) Summary of findings

The SIU found that Tshimangi was not registered with SAHPRA to distribute medical devices to a third party.

c) Steps Taken

Administrative action

SAHPRA referral against Tshimangi was made on 10 March 2021. SAHPRA has further referred this matter to DPCI for further investigation.

8.6.1.3. Smandi Project Management CC (“Smandi”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Smandi. On 13 May 2020 and 29 May 2020 Smandi with company registration number 2008/156029/23 was awarded contracts by the Limpopo DoH, namely contract number HEDP 0195/19/20 and contract number HEDP 0199/19/20. The contract number HEDP 0195/19/20 was to the value of R8 600 000 for the supply and delivery of 5 000 hand held infrared digital thermometers (non-contact). Contract number HEDP 0199/19/20 to the value of R2 160 000 was for the supply and delivery of 22 500 surgical gowns (non sterile) and 7 500 surgical gowns (sterile gowns) to the value of R900 000. The total value of the two contracts is R11 660 000. The Limpopo DoH made a total payment of R10 759 987 to Smandi for supplying and delivering PPE.

b) Summary of findings

The SIU found that Smandi was not registered with SAHPRA to distribute medical devices to a third party.

c) Steps Taken

Administrative action

SAHPRA referral against Smandi was made on 10 March 2021. SAHPRA has further referred this matter to DPCI for further investigation.

8.6.1.4. Mmapadi Group (Pty) Ltd (“Mmapadi”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Mmapadi. Mmapadi with company registration number 2013/081654/07 was awarded a contract HEDP 0189/19/20 to the value of R1 950 000 by Limpopo DoH on 14 April 2020 to supply and deliver 100 000 3PLY surgical masks at R19.50 per surgical mask VAT inclusive. On 30 April 2020 the Limpopo DoH paid Mmapadi the total amount of R1 950 000.

b) Summary of findings

The SIU found that Mmapadi was not registered with SAHPRA to distribute medical devices to a third party. The SIU also found that the Limpopo DoH paid VAT to Mmapadi but Mmapadi was not a VAT vendor. Mmapadi contravened section 8(1)(a) of the Competition Commission Act 89 of 1998 by charging excessive prices for the supply of PPE goods to the Limpopo DoH, during the Covid-19 period.

c) Steps Taken

Administrative action

SAHPRA referral against Mmapadi was served on 10 March 2021. SAHPRA has further referred this matter to DPCI for further investigation.

SARS referral

SARS referral against Mmapadi was served on 3 May 2021. SARS are considering the referral.

8.6.1.5. Mamello Clinical Solutions (Pty) Ltd (“Mamello”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Mamello.

On 30 April 2020 and 13 May 2020 Mamello with registration number 2014/259137/07 was awarded contracts by the Limpopo DoH, namely contract number HEDP 0189/19/20 and HEDP 0195/19/20. The contract number HEDP 0189/19/20 was for the supply and delivery of 1 110 Hand Held Infrared No contact Digital Thermometers at R1 951.20 per thermometer (VAT exclusive) and HEDP 0195/19/20 for the supply and delivery of 3 000 Hand Held Infrared Digital Thermometer with batteries at R1 720 per item VAT inclusive. The total value of the two contracts is R7 325 832. The Limpopo DoH made a total payment of R7 325 832 to Mamello for supplying and delivery of PPE.

b) Summary of findings

The SIU found that Mamello was not registered with SAHPRA to distribute medical devices to a third party. The SIU also found that the Limpopo DoH paid VAT to Mamello but Mamello was not a VAT vendor.

c) Steps Taken

Administrative action

SAHPRA referral against Mamello was served on 10 March 2021. SAHPRA has further referred this matter to DPCI for further investigation.

SARS referral

SARS referral against Mamello was served on 3 May 2021. SARS are considering the referral.

8.6.1.6. Devine Catering and Events (Pty) Ltd (“Devine”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Devine.

Devine with company registration number 2014/071447/07 was awarded a contract HEDP 0189/19/20 to the value of R2 000 000 by Limpopo DoH to the supply, delivery of 100 000, 3PLY surgical masks at R20 per surgical mask, VAT inclusive. On the 22/04/2020 the Limpopo DoH paid Devine the total amount of R2 000 000.

b) Summary of findings

The SIU found that Devine was not registered with SAHPRA to distribute medical devices to a third party. The SIU also found that the Limpopo DoH paid VAT to Devine but Devine was not a VAT vendor.

c) Steps Taken

Administrative action

SAHPRA referral against Devine was served on 10 March 2021. SAHPRA has further referred this matter to DPCI for further investigation.

SARS referral

SARS referral against Devine was served on 3 May 2021. SARS are considering the referral.

8.6.1.7. Mmazwi Civil and Construction Services CC (“Mmazwi”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Mmazwi. Mmazwi with company registration number 2004/085627/23 was awarded a contract HEDP 0200/19/20 to the value of R1 269 235 by Limpopo DoH on 21 June 2020 to supply and deliver 46 154 N95/K95 masks at R27.50 per mask VAT inclusive. Mmazwi was paid a total amount of R1 269 232 for supply and delivered KN95 masks.

b) Summary of findings

Mmazwi initially quoted R42.81 per mask and was then able to reduce the price per mask from R42.81 to R27.025. However, the Limpopo DoH appointed Mmazwi at the price of R27.50 instead of R27.025. Mmazwi contravened section 8(1)(a) of the Competition Commission Act 89 of 1998 by charging excessive prices for the supply of PPE goods to the Limpopo DoH, during the Covid-19 period.

The SIU found that Mmazwi was not registered with SAHPRA to distribute medical devices to a third party. The following Limpopo DoH officials in their respective capacities have caused and failed to prevent a loss of R21 923.15 suffered by Limpopo DoH:

- Head of Department, (“HoD”), Dr. Thokozane Florence Mhlongo (“ Dr. Mhlongo”);
- Chief Financial Officer (“CFO”), Mr Musandiwa Justice Mudau, (“ Mr Mudau”);
- Chief Director Supply Chain Management (“SCM”), Mr Matimba Siphon Khosa (“Mr Khosa”); and
- Director SCM Moshibudi Priscilla Ramakgoakgoa, (“Mr Ramakgoakgoa”)

At all the relevant times, the above mentioned Limpopo DoH officials were responsible for recommending and awarding of PPE contracts to service providers during 2020.

c) Steps Taken

Disciplinary action

Disciplinary referral against Dr. Mhlongo (HoD) was referred on 12 October 2021 for contravening section 81(b) of the PFMA;

Disciplinary referral was served on 8 October 2021 against the following officials:

- Mr Mudau (CFO);
- Mr Khosa (Chief Director: SCM); and
- Ms Ramakgoakgoa (Director: SCM).

The above mentioned Limpopo DoH officials failed:

- To comply with section 217 (1) of the Constitution, 1996 in that they failed to procure goods on behalf of the department in accordance with a system which is fair, equitable, transparent, competitive and cost effective;
- To comply with the provision of section 45(a) of the PFMA, in that they failed to ensure that the system of financial management and internal control established for the department was carried out within their area responsibility;
- To comply with the provisions of section 45(b) of the PFMA, in that they failed to ensure the effective, efficient, economical and transparent use of financial and other resources within their area of responsibility;
- To comply with the provisions of section 45(c) of the PFMA, in that they failed to take effective and appropriate steps to prevent, within their area of responsibility, irregular expenditure; and
- To comply with paragraph 14 (d) of Public Service Regulations of 2016, Chapter 2, Part 1 Code of Conduct in that they failed to execute their duties in a professional and competent manner;

Limpopo DoH is in the process of implementing disciplinary recommendations.

Criminal referrals

NPA referral against Dr. Mhlongo (HoD) of Limpopo DoH was served on 8 October 2021 for contravening section 38(1)(a)(iii) and (c)(ii) of the PFMA. The DPCI is conducting further investigations.

Administrative action

SAHPRA referral against Mmazwi was served on 11 August 2021. SAHPRA has referred this matter to DPCI for further investigation.

Competition Commission referral against Mmazwi was served on 21 July 2021. Competition Commission is considering the referral.

AoDs signed

An AoD was signed by Mmazwi on 12 October 2021 for the overpayment that was identified. An amount of R22 193.13 including the interest owed has been repaid.

Actual cash recovered

An amount of R22 193.13 including interest owed was recovered on 7 October 2021.

8.6.1.8. Tshivhe Trading Enterprise CC (“Tshivhe”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Tshivhe.

Tshivhe with company registration number 2007/184617/23 was awarded a contract HEDP 0200/19/20 to the value of R963 879 by Limpopo DoH on 26 June 2020 to supply and deliver 3 871 disposable protective cover bodysuits at the unit price of R249 (VAT inclusive). Tshivhe was paid an amount of R963 835.63.

b) Summary of findings

The SIU found that Tshivhe was not registered with SAHPRA to distribute medical devices to a third party.

c) Steps Taken

Administrative action

SAHPRA referral against Tshivhe was served on 11 August 2021. SAHPRA has further referred this matter to DPCI for further investigation.

8.6.1.9. Glen Life Group of Companies (Pty) Ltd (“Glen Life”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Glen Life.

Glen Life with company registration number 2013/127388/07 was awarded two PPE contracts to the value of R2 638 400 by Limpopo DoH as follows:

- Awarded a contract HEDP 0189/19/20 on 3 April 2020 to supply and deliver 100 000 units of 3 PLY surgical masks at R18 per unit VAT inclusive. Limpopo DoH paid an amount of R1 800 000 to Glen Life for the supply and delivery of 100 000 3PLY surgical masks;
- Awarded a contract HEDP 0196/19/20 on 20 May 2020 to supply and deliver 16 470 units of face visor at R35 per unit VAT inclusive. Limpopo DoH paid an amount of R568 400 to Glen Life for the supply and delivery of 16 240 face visor; and
- Awarded a contract HEDP 0196/19/20 on 2 June 2020 to supply and deliver 10 000 pairs of heavy duty gloves at R27 per pair VAT inclusive. Limpopo DoH paid an amount of R270 000 to Glen Life for the supply and delivery of 10 000 heavy duty gloves.

b) Summary of findings

The SIU found that Glen Life was not registered with SAHPRA to distribute medical devices to a third party. Glen Life charged the Limpopo DoH the price per item above 30% threshold. The price charged by Glen Life is regarded as excessive pricing.

c) Steps Taken

Administrative action

SAHPRA referral against Glen Life was served on 10 March 2021. SAHPRA has further referred this matter to DPCI for further investigation.

8.6.1.10. T7 Mash (Pty) Ltd (“T7 Mash”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of T7 Mash. T7 Mash was awarded a contract HEDP0195/19/20 to the value of R6 020 000 by Limpopo DoH on 13 May 2020 to deliver and supply 3 500 hand held

digital thermometers at a unit price of R1 720. The Limpopo DoH paid a total amount of R6 020 000 to T7 Mash for supplying and delivering 3 500 thermometers on 22 May 2020.

b) Summary of findings

The SIU found that T7 Mash was not registered with SAHPRA to distribute medical devices to a third party. T7 Mash contravened section 8(1)(a) of the Competition Commission Act 89 of 1998 by charging excessive prices for the supply of PPE goods to the Limpopo DoH, during the Covid-19 period.

c) Steps Taken

Administrative action

SAHPRA referral against T7 Mash was served on 10 March 2021. SAHPRA has further referred this matter to DPCI for further investigation.

8.6.1.11. Confidence No.1 Trading (Pty) Ltd (“Confidence”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Confidence. Confidence with company registration number 2016/109856/07 was awarded a contract HEDP 0199/19/20 to the value of R25 296 000 by Limpopo DoH on 29 May 2020 to:

- Supply and deliver 62 000 surgical gown (sterile) at a unit price of R120; and
- Supply and deliver 186 000 surgical gown (non sterile) at a unit price of R96.

Confidence was paid a total amount of R16 512 192 on 30 June 2020 by Limpopo DoH for supplying and delivering 186 000 non sterile surgical gowns. Confidence was unable to supply and deliver 62 000 sterile surgical gowns.

b) Summary of findings

The SIU has established that Confidence bought a bakkie for Mr Mudau’s son, Mr Unarine Mudau (“Mr Unarine Mudau”). According to the Confidence Director, Ms Ntatheni Mphephu (“Ms Mphephu”), the bakkie was for the payment of a solar panel installed by Mr Unarine Mudau’s company, called Ciggano Trading (Pty) Ltd (“Ciggano”). The SIU found that Confidence was not registered with SAHPRA to distribute medical devices to a third party. The SIU also found that the Limpopo DoH paid VAT to Confidence but Confidence was not a VAT vendor.

c) Steps Taken

Disciplinary action

A disciplinary referral against Mr Mudau (CFO) was served on 29 June 2021 for contravening section 13 (a) and 13 (f) of the PSR 2016 and paragraph 19.6(b) and (c) of the Departmental SCM Policy dated 23 September 2016. Limpopo DoH is in the process of implementing disciplinary recommendations.

Criminal referrals

The following persons and the entity were referred to the NPA on 24 June 2021 for contravening section 3, 4(1) and 12(1) of PACOCA:

- the CFO, Mr Mudau;
- the CFO's son Mr Unarine Mudau;
- the service provider, Confidence; and
- Confidence Director, Ms Mphephu.

A case docket is under investigation by the DPCI.

Administrative action

SAHPRA referral against Confidence was served on 10 March 2021. SAHPRA has further referred this matter to DPCI for further investigation.

Blacklisting referral against Confidence was served on 21 July 2021 to Limpopo DoH. The Limpopo DoH is considering the referral.

SARS referral

SARS referrals against Confidence and Ciggano was served on 8 April 2021. SARS are considering the referral.

Civil litigation

The SIU is preparing documents for Civil Litigation to set aside the contract to the value of R25 296 000. The SIU want to set aside the contract because the award of the contract to Confidence was influenced by the CFO of the Limpopo DoH, due to his perceived relationship with Ms Mphephu, Director of Confidence.

8.6.1.12. Ngoako GM Holdings (Pty) Ltd (“Ngoako”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Ngoako. Ngoako with Company registration number 2015/254559/07 was awarded a contract HEDP 0199/20/21 to the value of R15 300 000 by Limpopo DoH on 29 May 2020 to supply and deliver surgical gowns as follows:

- To supply and deliver 37 500 surgical gowns (sterile) at a unit price of R120; and
- To supply and deliver 112 500 surgical gowns (none sterile) at a unit price of R96.

Ngoako was able to supply and deliver 112 500 non-sterile surgical gowns. The Limpopo DoH paid an amount of R10 800 000 to Ngoako for supplying and delivering non-sterile surgical gowns.

b) Summary of findings

The SIU found that Ngoako was not registered with SAHPRA to distribute medical devices to a third party. The SIU also found that the Limpopo DoH paid VAT to Ngoako but Ngoako was not a VAT vendor.

c) Steps Taken

Administrative action

SAHPRA referral against Ngoako was made on 10 March 2021. SAHPRA has referred this matter to DPCI for further investigation.

SARS referral

SARS referral against Ngoako was made on 3 May 2021. SARS are considering the referral.

8.6.1.13. King Kone Resourced (Pty) Ltd (“King Kone”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. Subsequently, a whistleblower who wished to remain anonymous reported to the SIU that Limpopo DoH awarded a PPE tender to King Kone, a company owned by a former driver of the Limpopo Provincial ANC spokesperson. According to the whistleblower, King Kone was used as a fronting by the ANC provincial spokesperson. The whistleblower further reported that immediately after King Kone was paid, an amount of R9 200 000 was withdrawn and given to the ANC Provincial spokesperson.

b) Summary of findings

King Kone with a company registration number 2019/436829/07 is registered in the name of the ANC Provincial spokesperson driver. King Kone was awarded a contract number HEDP 0199/19/20 to the value of R13 260 000 to supplier and deliver 97 500 non sterile surgical gown at R96 per item VAT inclusive and 32 500 sterile surgical gowns at R120 per item VAT inclusive. King Kone was able to supply and deliver 97 500 non surgical gown and was paid R9 360 000 on or around 30 June 2020. ANC Provincial spokesperson assisted King Kone to secure a financial assistance from Kleentech Investment (“Kleentech”). There was no exchange of money between Kleentech and King Kone, an acknowledgment of debt of R6 750 000 was signed between King Kone and Kleentech. On 3 July 2020, King Kone paid an amount of R6 750 000 to Kleentech. Allegation that an amount of R9 200 00 was paid to the ANC Provincial spokeperson could not be proven. The SIU found that Ngoako was not registered with SAHPRA to distribute medical devices to a third party. The SIU also found that the Limpopo DoH paid VAT to Ngoako but Ngoako was not a VAT vendor.

c) Steps Taken

Administrative action

SAHPRA referral against King Kone was made on 10 March 2021. SAHPRA has referred this matter to DPCI for further investigation.

SARS referral

SARS referral against King Kone was made on 3 May 2021. SARS are considering the referral.

8.6.1.14. Mizana Trading (Pty) Ltd (“Mizana”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Mizana. Mizana with registration number 2015/280420/20 was awarded a contract with contract number HEDP 0189/19/20 to the value of R21 500 000 by Limpopo DoH on 14 April and 15 April 2020 for the supply and delivery of 250 000 3PLY Surgical Masks at R20 per mask VAT inclusive and 1 000 000 3PLY surgical masks at R16.50 per surgical mask VAT exclusive. On the 30 April 2020 the Limpopo DoH paid Mizana the total amount of R23 974 625.

b) Summary of findings

The SIU found that Mizana was not registered with SAHPRA to distribute medical devices to a third party. Mizana charged the Limpopo DoH price per item above 30% threshold. The price charged by Mizana is regarded as excessive pricing.

c) Steps Taken

Administrative action

SAHPRA referral against Mizana was served on 10 March 2021. SAHPRA has referred this matter to DPCI for further investigation.

8.6.1.15. Luhura Trading and General Supplier CC (“Luhura”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. Further, it was reported in the media that Luhura’s Director, Ms Susan Managa is the wife of the Deputy Director General (“DDG”) in the Premier’s Office, Mr Eddie Managa (“Mr Managa”) and the PPE tender was awarded to Lehura due to perceived political influence.

Luhura with company registration number 2007/206716/23 was awarded a contract HEDP 0189/19/20 to the value of R6 000 000 by Limpopo DoH on 9 April 2020 to supply and deliver 300 000 3PLY surgical masks at R20 per surgical mask VAT inclusive. On the 22 April 2020 the Limpopo DoH paid Luhura the total amount of R5 999 895.

b) Summary of findings

The SIU can confirm that indeed Luhura’s Director is the wife of the former DDG in the Premier’s Office. According to the letter received from the Premier’s Office, Mr Managa has retired from Public Service on 30 June 2021 and was in a Senior Management Services (“SMS”) position of DDG, Institutional Development Support.

According to the letter received from the Premier’s Office, in terms of Chapter 2, part 2 of the Public Service Regulations, 2016 Regulation 18 as well as the directives from the Minister of Public Service and Administration, it only indicates that SMS members must disclose their financial interest and not the interest of their spouses. Therefore, there was no duty for Mr Managa to disclose his wife’s business interests. The SIU found that Luhura was not registered with SAHPRA to distribute medical devices to a third party. There is no evidence obtained during the investigation suggesting that Luhura’s appointment was influenced by her husband’s employment at the Office of The Premier.

c) Steps Taken

Administrative action

SAHPRA referral against Luhura was served on 10 March 2021. SAHPRA has referred this matter to DPCI for further investigation.

8.6.1.16. Ndia Business Trading (Pty) Ltd (“Ndia”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. Further, it was reported in the media that Limpopo ANC deputy chairperson Ms Florence Radzilani’s daughter is among the beneficiaries of the provinces irregularly awarded PPE contracts. According to the media report, Ms Ndivhuwo Radzilani’s (“**Ms N Radzilani**”) construction company, Ndia was awarded a R1 100 000 contract to supply PPE to the Limpopo DoH.

b) Summary of findings

Ndia with company registration number 2017/318414/07 was awarded a contract HEDP 0200/19/20 to the value of R963 879 by Limpopo DoH to supply and deliver 3 871 disposable protective cover body suite at R249 VAT exclusive. Ndia was paid an amount of R963 879 for supplying and delivering 3 871 disposable protective cover body suites.

Service providers were invited through email to submit their bid documents. The email inviting Ndia could not be found from the Limpopo DoH. The email that could be found is when Ndia was returning the bid documents.

The SIU was unable to find evidence that Ndia was initially invited to submit bid documents. It would appear that Limpopo DoH accepted Ndia’s proposal and awarded them a contract without being invited. Ndia’s appointment was invalid and irregular as it contravened section 217 of the Republic of South Africa Constitution.

Ndia contravened section 8(1)(a) of the Competition Commission Act 89 of 1998 by charging excessive prices for the supply of PPE goods to the Limpopo DoH, during the Covid-19 period.

The SIU found that Ndia was not registered with SAHPRA to distribute medical devices to a third party.

c) Steps Taken

Disciplinary action

Disciplinary referral was served on 12 October 2021 against, Dr. Mhlongo (HoD) for contravening section 81(b) of the PFMA;

Disciplinary referrals were served on 8 October 2021 against the officials below for contravening section 45(a), (b) and (c) of the PFMA, and paragraph 14(d) and (j) of the Public Service Regulations of 2016, Chapter 2, Part 1 Code of Conduct ("PSR 2016"):

- Mr Mudau (CFO);
- Mr Khosa (Chief Director: SCM);
- Ms Ramakgoakgoa (Director: SCM); and
- Ms TO Simango ("Ms Simango") – Deputy Director: SCM.

Limpopo DoH is in the process of implementing disciplinary recommendations.

Criminal referrals

NPA referral against Dr. Mhlongo (HoD) of Limpopo DoH was served on 8 October 2021 for contravening section 38(1)(a)(iii) and (c)(ii) of the PFMA. The DPCI is conducting further investigations.

Administrative action

SAHPRA referral against Ndia was served on 10 March 2021. SAHPRA has referred this matter to DPCI for further investigation.

8.6.1.17. Enpro Laboratories (Pty) Ltd ("Enpro")

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Enpro.

Enpro with the Company Registration Number 2015/027863/07 was awarded a contract HEDP 0189/19/2020 to the value of R30 000 000 by Limpopo DoH on 3 April 2020 to supply and deliver 1 500 000 units of 3PLY surgical masks at R20 per unit. The Limpopo DoH paid a total amount of R1 740 000 to Enpro for supplying and delivering 87 000 3PLY masks.

b) Summary of findings

The SIU found that Enpro was not registered with SAHPRA to distribute medical devices to a third party.

c) Steps Taken

Administrative action

SAHPRA referral against Enpro was served on 10 March 2021. SAHPRA has referred this matter to DPCI for further investigation.

8.6.1.18. Pro Secure (Pty) Ltd (“Pro Secure”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Pro Secure.

It was noted that Pro Secure was among the companies reported in the media being handpicked to supply PPE without being on the official database of suppliers.

Pro Secure with company registration number 2012/202605/07 was awarded a contract HEDP 0184/19/20 to the value of R165 600 000 by Limpopo DoH on 17 March 2020 to supply and delivery of 900 000 litres of hand sanitizers and install, maintain and repair 30 000 units of manual hand sanitizers dispensers.

Limpopo DoH Seshego pharmaceutical depot and Department of Education Seshego warehouse confirmed the delivery of 30 000 manual hand dispensers and 900 000 hand sanitisers during the period March to June 2020. Pro Secure invoiced Limpopo DoH on 32 occasions and Limpopo DoH made nine payments to the total amount of R161 488 545.16.

b) Summary of findings

The SIU found that Pro Secure was not registered with SAHPRA to distribute medical devices to a third party.

The SIU investigations revealed that the Limpopo DoH SCM sent emails communications with the specifications of the goods to 9 service providers including Pro Secure. The Limpopo DoH SCM sent another email amending the specifications to Pro Secure and Clinipro (Pty) Ltd (“Clinipro”) without informing the other bidders. On 17 March 2020, four prospective service providers, namely, Pro Secure, Clinipro, Masana and Sarvest SA submitted their RFQ documents to the Limpopo DoH SCM. Further the Limpopo DoH evaluated the bids based on revised or amended specifications,

as a result two bidders Masana and Sarvest were disqualified for having submitted incorrect quantities of hand sanitizers. Therefore, the appointment of Pro Secure was found to be irregular in that the same amendments to the specifications were not communicated to other service providers.

Pro Secure contravened section 8(1)(a) of the Competition Commission Act 89 of 1998 by charging excessive prices for the supply of PPE goods to the Limpopo DoH, during the Covid-19 period.

Pro Secure appointment was invalid and irregular as it contravened section 217 of the Constitution.

c) Steps Taken

Disciplinary action

Disciplinary referral was served on 12 October 2021 against Dr. Mhlongo (HoD) for contravening section section 81(b) of the PFMA;

Disciplinary referrals were served on 8 October 2021 against the officials below for contravening section 45(a), (b) and (c) of the PFMA, and paragraph 14(d) and (j) of the Public Service Regulations of 2016, Chapter 2, Part 1 Code of Conduct ("PSR 2016"):

- Mr Mudau (CFO);
- Mr Khosa (Chief Director: SCM); and
- Ms Ramakgoakgoa (Director: SCM).

Limpopo DoH is in the process of implementing disciplinary recommendations.

Criminal referrals

NPA referral against Dr. Mhlongo (HoD) of Limpopo DoH was served on 8 October 2021 for contravening section 38(1)(a)(iii) and (c)(ii) of the PFMA. The DPCI is conducting further investigations.

Administrative action

SAHPRA referral against Pro Secure was served on 10 March 2021. SAHPRA has referred this matter to DPCI for further investigation.

Civil litigation

The SIU is preparing documents for Civil Litigation to set aside the contract to the value of R25 296 000. The SIU want to set aside the contract because the award of the contract to Pro Secure was irregularly awarded.

8.6.1.19. Sedi Laka Trading Project Management CC (“Sedi Laka”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Sedi Laka.

Sedi Laka with company registration number 2005/181988/23 was awarded a contract HEDP 0189/19/20 to the value of R10 000 000 by Limpopo DoH on 9 April 2020 to supply and deliver 500 000 units of 3PLY surgical masks at R20 per unit (VAT inclusive). Limpopo DoH made a total payment of R10 000 000 to Sedi Laka for supplying and delivering 500 000 3PLY surgical masks.

b) Summary of findings

The SIU found that Sedi Laka was not registered with SAHPRA to distribute medical devices to a third party.

Sedi Laka contravened section 8(1)(a) of the Competition Commission Act 89 of 1998 by charging excessive prices for the supply of PPE goods to the Limpopo DoH during the Covid-19 period.

c) Steps Taken

Administrative action

SAHPRA referral against Sedi Laka was served on 10 March 2021. SAHPRA has referred this matter to DPCI for further investigation;

8.6.1.20. C Matodzi Projects CC (“Matodzi”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Matodzi.

Matodzi with company registration number 2003/054146/23 was awarded a contract HEDP 0200/19/2020 to the value of R1 269 235 Limpopo DoH on 21 June 2020 to supply and deliver 46 154 K95 masks at R27.50 per unit all inclusive. On the 30/07/2020 the Limpopo DoH paid Matodzi a total amount of R1 269 235 for supplying and delivering 46 154 masks.

b) Summary of findings

The SIU found that Matodzi was not registered with SAHPRA to distribute medical devices to a third party.

The SIU also found that the Limpopo DoH paid VAT to Matodzi but Matodzi was not a VAT vendor.

c) Steps Taken

Administrative action

SAHPRA referral against Matodzi was served on 10 March 2021. SAHPRA has referred this matter to DPCI for further investigation.

SARS referral

SARS referral against Matodzi was served on 3 May 2021. SARS are considering the referral.

8.6.1.21. MTN SA (“MTN”)

a) Nature of Allegation

The SIU received an allegation through media report that there was fruitless and wasteful expenditure relating to the procurement of cellular phones devices procured from Mobile Telephone Network (“MTN”).

The allegation was that 10 000 cellular phones to the value of R10 000 000 were procured and delivered to the Limpopo DoH. However, some of the cellular phones were not distributed to the intended end users. The cell phone was to be used for Covid-19 household screening by field workers in all communities in the Limpopo Province to identify Covid-19 cases. MTN was appointed on 17 April 2020. The Limpopo DoH and MTN agreed that MTN would supply the Limpopo DoH with 10 000 cellular phones on a 50/50 funded approach. In this approach, the Limpopo DoH would pay for 5 000 devices with 3GB Data, at a reduced rate on a 6 month Contract. MTN agreed to supply the other 5 000 devices for free to the Limpopo DoH as a contribution towards the fight against the Covid-19 Pandemic.

b) Summary of findings

The Limpopo DoH Logistic Section distributed 399 out of 10 000 cell phones to five Districts. These cell phones were distributed without the appropriate application being installed.

During the physical counting of undistributed devices conducted by the SIU on 16 March 2021, 9 588 devices were found not to have been distributed to the intended users. The explanation provided by Dr. MY Dombo (“Dr. Dombo”), DDG regarding the undistributed devices was that the application was still to be installed to enable the proper functioning of the cell phone as intended.

Dr. Dombo submitted a memorandum to the HoD requesting for approval to procure devices for Covid-19 Household screening from MTN as the end user.

Subsequently to the SIU physical counting of undistributed cell phones, the Logistic Section through Dr. Dombo’s instruction, distributed 9 588 cell phones to five Districts as from 20 March 2021. It was confirmed by Dr. Dombo that these cell phones were distributed to the

Community Health Workers without the installation of the cell phone application to be used for Covid-19 vaccination. According to Dr. Dombo, the cell phone application was unnecessary for Covid-19 vaccination registration. The intended purpose of the cell phones as per submission was to use them for household screening not for Covid-19 vaccination registration.

Due to the failure by the Limpopo DoH to install cell phone application to enable the devices to function as intended by the end user, the end devices were eventually used for Covid-19 vaccinations registration instead of household screening. Therefore, the devices were not fit for the intended purpose.

The appointment of MTN did not comply with the provisions of section 45 (c) of the PFMA, in that Dr Mhlongo (HoD), Dr. Dombo and Mr Mudau (CFO) failed to take effective and appropriate steps to prevent, within their area of responsibility, fruitless and wasteful expenditure.

c) Steps Taken

Disciplinary action

Disciplinary referral against the HoD, Dr. Mhlongo (HoD) was served on 12 October 2021 for contravening section 81(b) of the PFMA.

Disciplinary referrals against the DDG, Health Care Services, Dr Dombo; and Mr Mudau (CFO) were made on 8 October 2021 for contravening section 45(a), (b) and (c) of the PFMA, and paragraph 14(d) and (j) of the Public Service Regulations of 2016, Chapter 2, Part 1 Code of Conduct ("PSR 2016").

Limpopo DoH is implementing the recommendations.

Criminal referrals

NPA referral against Dr. Mhlongo (HoD) of Limpopo DoH was served on 8 October 2021 for contravening section 38(1)(a)(iii) and (c)(ii) of the PFMA. The DPCI is conducting further investigations.

8.6.1.22. Rebantle Trading and Project (Pty) Ltd ("Rebantle")

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Rabantle.

On 20 May 2020, the Limpopo DoH awarded a contract number HEDP 0196/19/20 to Rebantle with company registration number 2013/220398/07 to supply and deliver 16,470 face visors at R35 per item VAT inclusive. Rebantle was paid a total amount of R384 750 for supplying and delivering

face visors. Under the same contract, HEDP 0196/19/20, Limpopo DoH appointed Rebantle on 2 June 2020, to supply and deliver 10 000 pairs of gloves at R27 per item VAT inclusive. On 12 June 2020, Rebantle delivered the 10 000 gloves at Seshego Pharmaceutical Depot. On 17 June 2020 the Limpopo DoH authorised the payments for Rebantle and paid an amount of R269 997 to Rebantle for the supply and delivery of 10 000 gloves. The value of the contract is R846 450.

b) Summary of findings

The appointment and the payment of Rebantle was unlawful and invalid in that Rebantle was granted an unfair advantage in that the department negligently allocated the unit price of R37.70 to Rebantle instead of R48.50 during the procurement of the gloves. The department's conduct granted Rebantle an unfair advantage to the detriment of X-Net Trading Enterprise that quoted R37.70. In summary and conclusion, it is submitted that the evidence obtained indicate that the appointment of Rebantle was unlawful and irregular inter alia by virtue of the fact that Rebantle was allocated an incorrect score. Rebantle appointment was invalid and irregular as it contravened section 217 of the Constitution. The SIU found that Rebantle was not registered with SAHPRA to distribute medical devices to a third party.

c) Steps Taken

Disciplinary action

Disciplinary referral was made against the Dr. Mhlongo (HoD) on 11 May 2021 for contravening section section 81(b) of the PFMA;

Disciplinary referrals were served on 11 May 2021 against the officials below for contravening section 45(a), (b) and (c) of the PFMA, and paragraph 14(d) and (j) of the Public Service Regulations of 2016, Chapter 2, Part 1 Code of Conduct ("PSR 2016"):

- Mr Mudau (CFO);
- Mr Khosa (Chief Director: SCM);
- Ms Ramakgoakgoa (Director: SCM); and
- Ms Simango (Deputy Director: SCM).

Limpopo DoH is implementing the recommendation.

Criminal referrals

NPA referral against Dr. Mhlongo (HoD) of Limpopo DoH was served on 10 May 2021 for contravening section 38(1)(a)(iii) and (c)(ii) of the PFMA. The DPCI is conducting further investigations.

Administrative Action

SAHPRA referral against Rebantle was served on 10 March 2021. SAHPRA has referred this matter to DPCI for further investigation.

8.6.1.23. Mkhachani Holdings (Pty) Ltd (“Mkhachani”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Mkhachani. The allegation relates to the supply and delivery of surgical gloves (Latex) and surgical gowns. The value of the contract is R16 293 600.

b) Summary of findings

Mkhachani with company registration number 2017/285098/07 was awarded a contract HEDP 0199/19/20 to the value of R15 300 000 by Limpopo DoH on 29 May 2020 to supply and deliver surgical gowns as follows:

- To supply and deliver 37 500 surgical gowns (sterile) at a unit price of R120; and
- To supply and deliver 112 500 surgical gowns (non sterile) at a unit price of R96.

Mkhachani was also awarded contract number HEDP 0200/19/20 to supply and deliver 144 000 gloves at a unit price of R6.90 all inclusive. The documents obtained were analysed and it was established that the service provider did not deliver the goods and no payment was made to the service provider. This matter has been finalised and no irregularities identified.

8.6.1.24. Clinipro (Pty) Ltd (“Clinipro”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Clinipro. Clinipro with company registration number 2006/036925/07 was awarded a contract HEDP 0184/19/20 to the value of R16 080 000 Limpopo DoH on 17 March 2020 to supply and deliver 30 000 litres of hand sanitizers and install, maintain and repair 3 000 units of automated dispensers. Limpopo DoH made four payments to the total amount of R8 040 121.49.

b) Summary of findings

The appointment of Clinipro was unlawful and invalid in that the appointment of Clinipro was contrary to the Section 217 of the South African Constitution. The process followed in the

appointment of Clinipro was flawed in that the amendment to the specification was not sent to all service providers who were invited to submit quotations.

c) Steps Taken

Disciplinary action

Disciplinary referral against the Dr. Mhlongo (HoD) was served on 12 October 2021 for contravening section section 81(b) of the PFMA;

Disciplinary referrals were served on 8 October 2021 against the officials below for contravening section 45(a), (b) and (c) of the PFMA, and paragraph 14(d) and (j) of the Public Service Regulations of 2016, Chapter 2, Part 1 Code of Conduct (“PSR 2016”):

- Mr Mudau (CFO);
- Mr Khosa (Chief Director: SCM); and
- Ms Ramakgoakgoa (Director: SCM).

Limpopo DoH is implementing the recommendations.

Criminal referrals

NPA referral against Dr. Mhlongo (HoD) was served on 8 October 2021 for contravening section 38(1)(a)(iii) and (c)(ii) of the PFMA. The DPCI is conducting further investigations.

Civil litigation

The SIU is preparing documents for Civil Litigation to set aside the contract to the value of R16 080 000. The SIU want to set aside the contract because the award of the contract to Clinipro was irregularly awarded.

8.6.1.25. Magaga Ditshwene Trading and Project (“Magaga”)

a) Nature of Allegation

This matter emanates from Magaga representative whereby they requested the SIU to conduct an investigation into the payment made by the department to Magaga. The allegation reported by Magaga representative was that according to the NT Covid contract database, Magaga had received payments to the value of R316 650 whereas they were paid R253 320.

b) Summary of findings

Magaga with company registration number 2007/059809/23 was awarded a contract HEDP 0197/19/20 to the value of R253 320 to supply and deliver 12 666 2PLY face cloth masks at R20 per mask VAT exclusive.

The SIU has found that Magaga was paid R253 320 for 12 666 masks that were delivered to the Limpopo DoH.

This matter has been finalised and closed because no irregularities were identified during the investigation. The NT covid contract database reflects the contract value awarded not the amount paid to the service providers for what was delivered.

8.6.1.26. Tsalach Solution (“Tsalach”)

a) Nature of Allegation

This matter emanates from Tsalach representative whereby they requested the SIU to conduct an investigation into the payment made by the department to Tsalach. The allegation reported by Tsalach representative was that according to the NT covid contract database, Tsalach was paid an amount of R211 263.15 whereas they were paid R73 392.

b) Summary of findings

Tsalach with company registration number 2013/161304/07 was awarded contract number HEDP 0197/19/20 to the value of R211 268 supply and deliver 12 666 2PLY face cloth masks at R16.68 per mask VAT inclusive.

However, Tsalach was able to deliver 4,400 2PLY face cloth masks to the value of R73 392. The SIU has found that Tsalach was paid for what they delivered to the Limpopo DoH.

The NT Covid contract database reflects the contract value awarded not the amount paid to the service providers for what was delivered.

8.6.1.27. Mokgobedi Trading and Consulting (“Mokgobedi”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Mokgobedi. Subsequently, it was reported in the media that Mokgobedi was among the majority of the successful bidders who appeared to be politically connected.

The media further reported that the daughter of former Limpopo Sports MEC, Ms Onica Mokgobedi Moloi (“**Ms Onica Moloi**”) was awarded a R2 200 000. PPE contract.

b) Summary of findings

Mokgobedi with company registration number 2017/463249/07 was awarded contract number HEDP 0200/19/20 to the value of R1 020 000 to supply and deliver 150 000 gloves (Surgical Sterile Nitrile) at R6.80 per glove VAT inclusive. The SIU found that the active Director of Mokgobedi, Ms

Motlatso Elizabeth Moloi is the daughter of Ms Onica Moloi, however the SIU could not identify any influence or role played by Ms Onica Moloi in awarding the contract to Mokgobedi.

It was further found that the appointment of Mokgobedi was invalid as the CSD report reflected that Mokgobedi's tax status was non compliant. Therefore, Makgobedi should have been disqualified. However, Mokgobedi did not deliver on the contract and there was no payment made to Mokgobedi by the Limpopo DoH.

c) Steps Taken

Disciplinary action

Disciplinary referral was made against the Dr. Mhlongo (HoD) on 11 May 2021 for contravening section section 81(b) of the PFMA.

Disciplinary referrals were served on 11 May 2021 against the officials below for contravening section 45(a), (b) and (c) of the PFMA, and paragraph 14(d) and (j) of the Public Service Regulations of 2016, Chapter 2, Part 1 Code of Conduct ("PSR 2016"):

- Mr Mudau (CFO);
- Mr Khosa (Chief Director: SCM);
- Ms Ramakgoakgoa (Director: SCM); and
- Ms Simango (Deputy Director: SCM).

Limpopo DoH is implementing the recommendations.

Criminal referrals

NPA referral against Dr. Mhlongo (HoD) was served on 10 May 2021 for contravening section 38(1)(a)(iii) and (c)(ii) of the PFMA. The DPCI is conducting further investigations.

8.6.2. Lepelle Northern Water ("Lepelle")

a) Background to the investigation.

The SIU received the allegation of maladministration and none delivery of water tanks and water tank stands from members of the Sekhukhune community.

The area of Sekhukhune District had been declared as a disaster area due to the shortage of water and sanitation. Nineteen villages which were to be served by the Moutse bulk water supply were hit the hardest as its infrastructure was not able to deliver as expected. These villages had been enduring this crisis for the past ten years.

Following a visit by the Minister of the Department of Water and Sanitation and Human Settlement ("DWAS"), Lepelle was tasked to attend to the infrastructure to restore water supply to these

nineteen villages and to put in place temporary measures to supply water while in the process of refurbishment. On 17 March 2020, DWAS appointed Lepelle as an implementing agent.

A budget of R143 000 000 was allocated for the project. The project consisted of multiple stakeholders which were the following: Sekhukhune District Municipality which was the end user, Lepelle which was the implementing agent, DWAS which was the project funder.

Lepelle appointed AES Consulting CC on 06 April 2020 for the development and refurbishment of boreholes, and installation of water tanks on a turnkey basis in the Moutse area. The contract duration was four months and the original contract completion date was 15 August 2020. The contract completion date has since been revised to 06 October 2020 thereafter 31 August 2021 and the project is currently ongoing with an extension until 30 November 2021.

The installation of water tanks includes installation of 2 000 x 5 000 litre water tanks at strategic areas. AES Consulting CC ("AES") subcontracted a company called Osher Fuels ("Osher") to construct 438 water tank stands at all-inclusive rate of R7 800 excluding VAT per tank stand, this contract with Osher fuels was then cancelled due to the demand of the community to use service providers from within the community. On 09 August 2020, AES Consulting appointed the company called Moleleki A Tlala for construction of 1 960 water tank stands. Lepelle thereafter appointed Feneth (Pty) Ltd ("Feneth"), Moke Construction and Projects CC ("Moke"), U Maropola Financial Services (Pty) Ltd ("U Maropola") and Martmol Trading CC ("Martmol") for the contract of delivery, registration, operation and maintenance of 20 water Tankers/Trucks (five per service provider) in the Sekhukhune District Municipality.

8.6.2.1. AES

a) Nature of Allegation

The SIU received an allegation on 13 October 2020 from Ntwane Community Development Forum regarding irregular procurement of services and payments by Lepelle (Implementing Agent) on the Moutse Drought Relief Intervention Project in response to the Covid-19 pandemic. The value of the funds allocated to the project by the DWAS is R143 000 000. The project involved the provision of water tanks to villages in the Moutse District area. The contract value is R14 581,885.

b) Summary of findings

The contractor did not perform in terms of the contract however as the SIU busy conducting its investigation and verification, the contractors was started to supply the water tanks. The procurement process to appoint AES consulting was followed in that a request for quotation was emailed to thirty nine panelists from a panel of professional service providers to render multidisciplinary services for Lepelle. The service provider appointed by AES started to install stand

and water tanks when the SIU was doing the verification. The AES is in the process of concluding the project.

8.6.2.2. Martmol

a) Nature of Allegation

The SIU received an allegation on 13 October 2020 from Ntwane Community Development Forum regarding irregular procurement of services and payments by Lepelle on the Moutse Drought Relief Intervention Project in response to the Covid-19 pandemic. The contract value is R10 462 500.

b) Summary of findings

Martmol was appointed through an open tender process to supply and deliver five of 20 water tankers (water trucks). The SIU investigation revealed that the appointment of Martomol was regular. This matter has been finalised and closed because there were no irregularities.

8.6.2.3. U Maropola

a) Nature of Allegation

The SIU received an allegation on 13 October 2020 from Ntwane Community Development Forum regarding irregular procurement of services and payments by Lepelle on the Moutse Drought Relief Intervention Project in response to the Covid-19 pandemic. The contract value is R10 994 000.

b) Summary of findings

U Maropola was appointed through an open tender process to supply and deliver five of 20 water tankers (water trucks). The SIU investigation revealed that the appointment of U Maropola was regular. This matter has been finalised and closed because there were no irregularities.

8.6.2.4. Moke

a) Nature of Allegation

The SIU received an allegation on 13 October 2020 from Ntwane Community Development Forum regarding irregular procurement of services and payments by Lepelle on the Moutse Drought Relief Intervention Project in response to the Covid-19 pandemic. The contract value is R10 401 175.

b) Summary of findings

Moke was appointed through an open tender process to supply and deliver five of 20 water tankers (water trucks). The SIU investigation revealed that the appointment of Moke was regular. This matter has been finalised and closed because there were no irregularities.

8.6.2.5. Feneth

a) Nature of Allegation

The SIU received an allegation on 13 October 2020 from Ntwane Community Development Forum regarding irregular procurement of services and payments by Lepelle on the Moutse Drought Relief Intervention Project in response to the Covid-19 pandemic. The contract value is R10 580 230.

b) Summary of findings

Feneth was appointed through an open tender process to supply and deliver five of 20 water tankers (water trucks). The SIU investigation revealed that the appointment of Feneth was regular. This matter has been finalised and closed because there were no irregularities.

8.6.3. CoGHSTA

8.6.3.1. Aventino Group CC (“Aventino”)

a) Nature of Allegation

The SIU received allegations on 19 August 2020 from the Office of the Limpopo Premier on the sub-standard work done on the construction of emergency accommodation for people in congested areas during the Covid-19 pandemic.

The allegation relates to the construction, as per design, of 192 Temporary Residential Accommodation’s which are 30 square meter in size in Greater Tzaneen (Talana Hostel) and Fetakgomo Tubatse (Burgersfort) in the Limpopo Province.

The initial value of the contract was R12 372 672. The scope was later extended by R3 019 531 to total contract value of R15 392 203. Payments made to Aventino by the Housing Development Agency (“HDA”) so far amounts to R2 577 640.

b) Summary of findings

Aventino made a misrepresentation in its proposal to the HDA by submitting fraudulent Curriculum Vitae of Professional Team Members i.e. Project Manager, Architect, Health and Safety Officer and an Engineer. The misrepresentation makes the appointment of Aventino irregular.

c) Steps Taken

Criminal referrals

A criminal referral against Aventino and its Director have been made to the NPA. A case docket with case number Polokwane Cas: 384/12/2020 against the sole Director of Aventino, Ms CHS Mohlala (“Ms Mohlala”) was registered by the Hawks and Ms Mohlala was arrested. The matter is pending in court.

Administrative action

Black listing referral against Aventino and its Director have been made to the HDA. The HDA is implementing the recommendations.

On 27 October 2021, Aventino was referred to the National Home Builders Registration Council for possible disciplinary action to be taken.

Civil litigation

The SIU is preparing documents for Civil Litigation to set aside the contract. The SIU want to set aside the contract because the award of the contract to Aventino was irregularly awarded.

8.6.3.2. Pitje Services (Pty) Ltd (“Pitje”)

a) Nature of Allegation

Investigation on request of the Premier of Limpopo. No specific allegation(s) were reported to the SIU relating to the appointment of Pitje.

Pitje Services (Pty) Ltd was appointed as per bid number COGHSTA Q02-20/21 in or around 28 May 2020 to supply and delivery 500ml x 2 000 empty spray bottles, 100g x 2 000 green bar soaps and 20 Thermometer scanners at COGHSTA. Pitje was appointed at the contract value of R174 580 and was paid R174 580.

b) Summary of findings

The SIU found no evidence suggesting the procurement process was irregular. Sedi Laka was found to be CSD registered and tax compliant at the time. Pitje charged the Limpopo DoH price per item above 30% threshold. The price charged by Pitje is regarded as excessive pricing.

8.6.4. Sekhukhune District Municipality (“SDM”)

a) Nature of allegation

It was alleged that SDM appointed eight service providers to the value of R26 345 800.71 to perform Covid-19 Disaster Management Project Emergency Intervention without following any procurement prescript. SDM appointed the following 8 service providers:

| No | Service provider | Tender amount |
|----|---|---------------|
| 1 | Desert Kite Trading and Projects CC | R4 179 931.65 |
| 2 | Irhalane Construction CC | R3 120 203 |
| 3 | Kwaduba Trading Enterprise CC | R2 590 680 |
| 4 | Maunyatlala Shakwana (Pty) Ltd | R2 905 449 |
| 5 | Ngoato Le Nareadi Construction CC | R4 213 061 |
| 6 | Pheladi Noko B1 Funerals CC | R2 773 306.31 |
| 7 | Shwings Construction and Projects (Pty) Ltd | R2 837 289.65 |
| 8 | Tshiamiso Trading 135 (Pty) Ltd | R3 725 960.10 |

b) Summary of findings

The Acting Municipal Manager, Mr Mpho Joseph Mofokeng (“Mr Mofokeng”) who approved the appointment of the eight service providers failed to comply with and committed an offence of financial misconduct in terms of section 171 (1) of the MFMA.

The municipal officials who submitted the scope of work and recommended the appointment of the eight service providers failed to comply with Section 217 (1) of the Constitution and Paragraph 66.2 (d) of the SDM SCM policy 2019 -2020 in that SDM appointed the above-mentioned service providers were not on the list of panel of constructors. The service providers were appointed by Mr Titus Maroga (Mr Maroga), who was Manager in Project Management Unit, without the approval of the Chief Financial Officer.

No payment had been effected to any of the appointed eight service providers. The SDM secured an Interim Order at the Limpopo High Court to set aside the appointment of the eight service providers.

c) Steps Taken

Disciplinary action

Disciplinary referrals were made on 30 September 2020 against the following officials for contravening paragraph 66.2(a) and (d) of the SDM SCM policy 2019-2021 and Schedule 2 of Municipal System Act:

- Mr Mofokeng, Acting Municipal Manager;
- Mr Maroga, Manager in Project Management Unit (“PMU”);
- Mr Koti Rankwe (“Mr Rankwe”), Deputy Director – Infrastructure & Water Services;
- Mr Fhatuwani Phaswana (“Mr Phaswana”), Acting Director – Infrastructure & Water Services; and
- Mr Vorster Masemola (“Mr Masemola”), Manager – SCM.

SDM have concluded the disciplinary processes and are drafting feedback report for the SIU.

Criminal referrals

NPA referrals were made on 30 September 2020 against:

- Mr Mofokeng, Acting Municipal Manager for contravention of 173(1) of MFMA. ; and
- Mr Maroga, Manager in PMU for fraud.

The DPCI is conducting further investigations and the Prosecutor is drafting a charge sheet.

8.7. MPUMALANGA PROVINCE

The SIU received on 27 August 2020 allegation published in the Mpumalanga Provincial Treasury (“Mpumalanga PT”) Covid-19 Procurement Disclosure Report. A desktop analysis was conducted to identify any discrepancies relating to the expenditure of goods. The investigations conducted were to determine if PPE was sold more than the prescribed amount, and/or whether or not the proper procurement process was followed as per NT Instructions (“NTI”).

In addition to the Mpumalanga PT Covid-19 Procurement Disclosure Report a media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed.

8.7.1. Mpumalanga OTP

8.7.1.1. PPE procurement

a) Nature of Allegation

The SIU received on 27 August 2020 allegations published in the Mpumalanga PT Covid-19 Procurement Disclosure Report.

The following nine OTP contracts were identified and investigated:

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|-------------------------------------|--|-------------------|-----------------|
| 1 | Gracious Project | Paper towels and hand soap | R16 974 | 1 |
| 2 | Andilakhono NPC | Sanitizer | R7 500 | 1 |
| 3 | True Valley | Sanitizer | R7 500 | 1 |
| 4 | Builder's Warehouse | Floor and board decals | R4 255 | 1 |
| 5 | Bio-Infinity Technologies (Pty) Ltd | Sanitizer | R4 255 | 1 |
| 6 | Future Perfect Investra | Disinfection | R1 667 | 1 |
| 7 | Ribon and Emely | Deep cleaning and disinfections of the offices | R1 600 | 1 |
| 8 | Makro | Infrared thermometer | R849 | 1 |
| 9 | Michem Cleaning | Disinfecting materials | R324 | 1 |

b) Summary of findings

The SIU found that the proper procurement process was followed and the prices of the goods were not inflated and in line with NTI. The matters were closed due to no irregularities found.

8.7.2. Mpumalanga Tourism and Park Agency ("Mpumalanga TPA")

8.7.2.1. PPE procurement

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed.

The following six Mpumalanga TPA contracts were identified and investigated:

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|--------------------------|-------------------|-------------------|-----------------|
| 1 | Emalahleni Live | Various PPE goods | R29 818 | 1 |
| 2 | Mbes | Various PPE goods | R14 094 | 1 |
| 3 | Bidvest Mischem | Cloth Masks | R4 255 | 1 |
| 4 | Bomsa Trading | Cloth Masks | R4 255 | 1 |
| 5 | DOHA | Various PPE goods | R3 022 | 1 |
| 6 | Makro | Various PPE goods | R2 628 | 1 |

b) Summary of findings

The SIU found that the proper procurement process was followed and that the price of goods were not inflated and in line with NTI. This matters were closed due to no irregularities found.

8.7.3. Mpumalanga Provincial Treasury (“Mpumalanga PT”)

8.7.3.1. PPE procurement

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The following seven Mpumalanga PT contracts were identified and investigated:

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|----------------------------------|---|-------------------|-----------------|
| 1 | Grace 4 Trading and Projects | Surface sanitizer | R183 600 | 1 |
| 2 | Hlogiso (Pty) Ltd | Sanitizer | R168 800 | 1 |
| 3 | 274 Khombo Trading and Logistics | Infrared non-contact digital thermometers | R75 816 | 1 |
| 4 | Meneti General Trading | Ant-septic wipes | R49 500 | 1 |

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|------------------------------|--|-------------------|-----------------|
| 5 | Mbaliyenkosi General Trading | Occupational Health and Safety Commodities | R47 000 | 1 |
| 6 | Sifikile Printers | Empty spray bottles | R15 698 | 1 |
| 7 | Vlakbult Trading | Sanitizer | R15 400 | 1 |

b) Summary of findings

The SIU found that the proper procurement process was followed and the prices of the goods were not inflated and in line with NTI. This matters were closed due to no irregularities found.

8.7.4. Department of Agriculture Rural Development Land and Environmental Affairs (“DARDLEA”)

8.7.4.1. Impumelelo Agribusiness Solution (“Impumelelo”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. Before the Covid-19 pandemic, a tender was advertised for the provision and delivery of food supplies to manage the Dr. JS Moroka Agrihub, Mkhuhlu Agrihub and Mkhondo Agrihub for a period of five years. When the pandemic starts, a resolution by the Provincial Command Council was that the three Agrihubs, must provide food parcels to social development – for the needy and poor. The following three DARDLEA contracts were identified and investigated:

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|----------------------------------|--------------|-------------------|-----------------|
| 1 | Impumelelo Agribusiness Solution | Food parcels | R21 998 613 | 1 |
| 2 | Sabalala Food and Beverages | Food parcels | R10 233 787 | 1 |
| 3 | Classylook Makotane Trading | Food parcels | R660 101 | 1 |

b) Summary of findings

The investigation was conducted and the result was that no attempt was made to follow any competitive bidding process and that the market was never tested for price comparison. The Council is not in a position to supersede procurement processes.

c) Steps Taken

Disciplinary referrals

The official at the department passed away and therefore, no disciplinary steps taken.

Civil litigation

The SIU will instruct the office of the State Attorney to brief Counsel to review and set aside all three contracts and to recover the losses suffered.

8.7.5. Mpumalanga Department of Culture, Sports and Recreation (“Mpumalanga DCSR”)

8.7.5.1. The Hope Mandate (Pty) Ltd (“The Hope Mandate”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed or that the PPE was sold more than the prescribed amount as per NTI. The allegations were that 30 automatic wall mounted sanitizer were procured and delivered. One contract was awarded to The Hope Mandate. Value of contract was R672 001.

b) Summary of findings

Three quotations were received for the procurement of the PPE. The investigation found that the second and third quotations, that of Mpumistone (Pty) Ltd and Full Throttle Project, were fabricated. The tender documents from The Hope Mandate was in order and therefore, the winning bid. Mr Mzwandile Vilakazi, Acquisition Officer at Mpumalanga DCSR was the only official responsible for the administration, engagement with the bidders, verified the bid documents and in contact with bidders to inform them on the outcome of the tender process. Therefore circumstantial evidence suggest that Mr Vilakazi fabricated the tender documents so that The Hope Mandate would be the winning bid.

c) Steps Taken

Civil litigation

The SIU will instruct the office of the State Attorney to brief Counsel to review and set aside the contract and to recover R672 001.

8.7.5.2. World Base Trading 1 (“World Base”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed.

The allegations was that hand sanitizers were purchased for more than the prescribed amount as per NTI and that the procurement process was not followed. One contract was awarded to World Base. Value of contract was R91 798.

b) Summary of findings

Three quotations were received for the procurement of the PPE. The investigation found that the second and third quotations, that of Mpumistone (Pty) LTD and Alletah Mbhele Trading, were fabricated. The tender documents from The World Base quotation was in order and therefore, the winning bid.

Mr Ntando Dladla, Acquisition Officer at Mpumalanga DCSR was implicated in the fabrication because his responsibilities were to engage with the bidders, verified the bid documents and engage with the bidders in that to inform them if they won or not. The investigation found that the procurement process to appoint the service provider, was done in an irregular manner.

c) Steps Taken

Civil litigation

The SIU will instruct the office of the State Attorney to brief Counsel to review and set aside the contract and to recover R91 798.

8.7.5.3. Guwena Construction & Projects (“Guwena”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. Guwena was awarded one contract for catering services for an amount of R865 536.

b) Summary of findings

During the investigation documents, service certificates and evidence to the fact that a service was delivered, was requested from the service provider and Mpumalanga DCSRt. Neither the Mpumalanga DCSR nor the service provider could provide these documents.

The SIU investigation found that the official who signed off on the service certificate that the service was delivered, was Ms Zenzile Shezi, Senior Demand Officer, at Mpumalanga DCSR.

c) Steps Taken

Civil Litigation

The SIU will instruct the office of the State Attorney to brief Counsel to review and set aside the contract and to recover R865 536.

8.7.5.4. Igugulwethusande Trading (Pty) Ltd (“Igugulwethusande”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed.

The allegations were that the expenditure and pricing of fumigation services conducted at 32 libraries, were above the prescribed amount as per NTI 5 and 8. One contract was awarded to Igugulwethusande. The value of the contract was R298 900.

b) Summary of findings

The SIU investigation found that Igugulwethusande overcharged Mpumalanga DCSR with an amount of R109 900.

c) Steps Taken

Disciplinary referrals

Two disciplinary referrals were approved by the HoU against Mr Patrick Bembe, SCM and Mr Menias Thobela, the CFO at Mpumalanga DCSR on 22 February 2021. The sanction was a verbal warning.

Civil Litigation

A request was submitted to Civil Litigation to recover the amount of R109 900 which was approved by the HOU on 14 July 2021. The appointment of Senior Council is pending.

8.7.5.5. Siyanda & Thabo (Pty) Ltd (“Siyanda & Thabo”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed.

The allegations are that the expenditure and pricing of fumigation services conducted at 41 libraries, were above the prescribed amount as per NTI. One contract was awarded to Siyanda & Thabo. The value of the contract was R1 029 756.

b) Summary of findings

During the investigation documents, service certificates and evidence to the fact that a service was delivered, was requested from the service provider and Mpumalanga DCSR. Neither the Mpumalanga DCSR nor the service provider could provide these documents. The SIU investigation found that the official who signed off on the service certificate that the service was delivered, was Ms Shezi.

c) Steps Taken

Civil Litigation

A request was submitted to Civil Litigation to recover the amount of R1 029 756 which was approved by the HOU on 14 July 2021. The appointment of SC is pending.

8.7.5.6. Silvex 622 (“Silvex”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed.

The allegations are that the expenditure and pricing of fumigation services conducted at 44 libraries, were above the prescribed amount as per NTI. One contract was awarded to Silvex. The value of the contract was R1 099 560.

b) Summary of findings

Three quotations were received for the procurement of the PPE. Investigation pointed out that the second and third quotations, that of Mpumistone (Pty) LTD and Amukelani Okuhle Trading, were fabricated. The tender documents from Silvex quotation was in order and therefore, the winning BID.

Mr Vilakazi, Acquisition Officer at Mpumalanga DCSR was implicated in the fabrication because his responsibilities were to engage with the bidders, verify the bid documents and engage with the bidders in that to inform them if they won or not. The investigation found that the procurement process to appoint the service provider, was done in an irregular manner.

Mr Ntombela, the HoD is, by virtue of his position, an Accounting Officer in terms of section 36 (a) of PFMA which states that the HoD must be the accounting officer for the Mpumalanga DCSR. Evidence obtained points towards Mr Ntombela having committed the offences in contravention of Section 38 (a) (iii), 38 (b) and Section 38 (h) read with section 86 (1) of PFMA.

c) Steps Taken

Civil Litigation

A request was submitted on 22 September 2021 to Civil Litigation to instruct the state attorney to brief council to recover the amount of R1 099 560 from Silvex. Approval outstanding from the Head of the SIU.

8.7.6. Mpumalanga Department of Social Development (“Mpumalanga DSD”)

8.7.6.1. Igugulwethusande Trading (Pty) Ltd (“Igugulwethusande”)

a) Nature of Allegation

The SIU received on 27 August 2020 allegation published in the Mpumalanga PT Covid-19 Procurement Disclosure Report. The allegations were that the PPE items were sold more than the prescribed amount and or the procurement process was not followed. A total of six contracts were awarded to the service provider for catering for people in home care based camps. The value of the contracts were R6 600 600.

b) Summary of findings

The investigation is closed in that the investigation was completed. The outcome of the investigation was that the amount of R275 975 must be recovered from the service provider due to overpayments and expenses incurred which points out to wasteful expenditure.

c) Steps Taken

Civil litigation

The SIU will instruct the office of the State Attorney to brief Counsel to review and set aside the contract and to recover R275 975.

8.7.6.2. Kagoyabana Foundation (“Kagoyabana”)

a) Nature of Allegation

The SIU received on 27 August 2020 allegation published in the Mpumalanga PT Covid-19 Procurement Disclosure Report. The allegation was that PPE items were sold more than the prescribed amount and or that the procurement process was not followed. Two contracts were awarded to Kagoyabana and the value of the contract was R139 338.

b) Summary of findings

The investigation is closed because the matter is finalised. Outcome of investigation was that the service provider overcharged Mpumalanga DSD with an amount of R59 734.

c) Steps Taken

Acknowledgement of debt

An AOD was secured to the amount of R59 734 for the overpayment identified.

8.7.6.3. Vumani Consultants (“Vumani”)

a) Nature of Allegation

The SIU received on 27 August 2020 allegation published in the Mpumalanga PT Covid-19 Procurement Disclosure Report. The allegation was that PPE items were sold more than the prescribed amount and or that the procurement process was not followed. A total of six contracts were awarded to Vumani. The value of the contracts were R1 186 748.

b) Summary of findings

The outcome of the investigation was that the service provider overcharged the department on the PPE goods to a value of R680 000.

c) Steps Taken

Civil litigation

The SIU will instruct the office of the State Attorney to brief Council to review and set aside the contract and to recover R680 000.

8.7.6.4. Zeelwa Trading (“Zeelwa”)

a) Nature of Allegation

The SIU received on 27 August 2020 allegation published in the Mpumalanga PT Covid-19 Procurement Disclosure Report. The investigations conducted were to determine any price inflation and if the proper procurement process was followed as per NTI. Five contracts were awarded to the service provider to render a hygienic service and to provide PPE goods to a value of R1 339 547.

b) Summary of findings

Investigation revealed that an overpayment of R904 885 from Mpumalanga DSD to Zeelwa took place. Zeelwa overcharged the department in that the prices of PPE goods were not in line with the NTI.

c) Steps Taken

Civil litigation

A request was submitted to instruct the state attorney to brief council to recover the amount of R904 885. SC was appointed on 14 July 2021 and consultation with SC is ongoing.

8.7.6.5. PPE procurement

a) Nature of Allegation

The SIU received on 27 August 2020 allegation published in the Mpumalanga PT Covid-19 Procurement Disclosure Report. PPE goods were sold for more than the prescribed amount as per the NTI and or services was not rendered. The following 18 Mpumalanga DSD contracts were identified and investigated:

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|--------------------------|---|-------------------|-----------------|
| 1 | Alexus Holding Company | Render a hygienic service to the department | R76 090 | 11 |
| 2 | Batu Trading Enterprises | Render social distress relief, food parcels | R131 456 | 1 |
| 3 | Dreaming Large | Render social distress relief, food parcels | R169 828 | 3 |

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|---------------------------------------|---|-------------------|-----------------|
| 4 | Gumza Technologies | Render social distress relief, food parcels | R124 050 | 1 |
| 5 | Lethuthandophile | Render social distress relief, food parcels | R261 113 | 5 |
| 6 | Madodo's Trading and Projects | Render social distress relief, food parcels | R190 000 | 3 |
| 7 | Mathebula Music Promotions | Render social distress relief, food parcels | R124 050 | 4 |
| 8 | Minosa Trading and Projects | Render social distress relief, food parcels | R107 870 | 1 |
| 9 | Mmamothibeledi Construction Projects | Render social distress relief, food parcels | R408 940 | 2 |
| 10 | Okuhlekodwa Trading and Projects | Render social distress relief, food parcels | R437 920 | 2 |
| 11 | Peggy Logistics | Render social distress relief, food parcels | R341 321 | 2 |
| 12 | Prodix 212 CC | Render social distress relief, food parcels | R194 087 | 3 |
| 13 | Sakelethu Trading 29 | Render social distress relief, food parcels | R190 704 | 1 |
| 14 | Setsa Enterprise | Render social distress relief, food parcels | R412 160 | 2 |
| 15 | Silvex 622 | Render social distress relief, food parcels | R145 419 | 1 |
| 16 | Siyanohopoha Trading and Construction | Render social distress relief, food parcels | R119 140 | 1 |
| 17 | Sebozela Trading | Render social distress relief, food parcels | R334 075 | 3 |

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|----------------------------|---|-------------------|-----------------|
| 18 | Zamayende-Ndengezi Trading | Render social distress relief, food parcels | R636 955 | 5 |

b) Summary of findings

The SIU found that the proper procurement process was followed and the prices of the goods were not inflated and in line with NTI. This matters were closed due to no irregularities found.

8.7.7. Mpumalanga Department of Health (“Mpumalanga DoH”)

8.7.7.1. Tuwo Rhodesia (“Tuwo”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. A total of five contracts were awarded to the value of R14 377 488.

b) Summary of findings

The procurement process followed in all five contracts were irregular in that only one quotation was obtained. The process was not competitive. Goods were delivered before the order was issued. Documents had to be backdated by Safarmex Medical Logistics (Pty) Ltd (“Safarmex”) officials in order to be able to process the order (Safarmex was appointed by the Mpumalanga DoH for the management of procurement, warehousing and distribution of pharmaceuticals, surgical sundries, supply and management of information on their behalf at the Mpumalanga Pharmaceutical Depot (“Depot”). The service provider priced the PPE items more than what was regulated by NTI.

Mr Tshogfatso Moralo (“Mr Moralo”), who is an Assistant Director (“AD”) at the Department and also assigned as the Manager at the Depot has committed an act of misconduct which resulted in the Department incurring irregular as well as fruitless and wasteful expenditure. He disregarded the service level agreement (“SLA”) with Safarmex in that he obtained a quotation for PPE goods. According to his job description it is not his responsibility to request and obtain quotations. He obtained one quotation and not 3 to keep the process fair and competitive.

Mr Lucky Douglas Mahlalela (“Mr Mahlalela”) a Chief Director Financial Accounting (“CDFA”), supported the irregular procurement process followed by Mr Moralo and approved the payments

to the service provider. According to his job description he has no relationship or delegation within the SCM process.

Mr Pashwa Phineas Mamogale (“Mr Mamogale”) (CFO) recommend the irregular appointment of the service provider and approved payments.

c) Steps Taken

Disciplinary action

Disciplinary referrals against Mr Moralo and Mr Mahlalela were handed over to the HoD, Dr Severa Mohangi on 29 October 2020 and 3 November 2021. The date for the disciplinary hearing has not been determined yet because Mpumalanga DoH Labour Relation intend to combine all the charge sheets of all the referrals made by the SIU.

Civil litigation

The SIU will instruct the office of the State Attorney to brief Council to review and set aside the contract and to recover R14 377 488.

8.7.7.2. PPE procurement

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The following 21 Mpumalanga DoH contracts were identified and investigated:

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|---------------------------------------|-------|-------------------|-----------------|
| 1 | Clinipro (Pty) Ltd | Masks | R77 493 007 | 1 |
| 2 | Siyaphambili DHN Projects | Masks | R1 880 000 | 1 |
| 3 | Perfectro Express Trading and Project | Masks | R7 475 999 | 1 |
| 4 | Bafepi Genereal Enterprises (Pty) Ltd | Masks | R1 840 000 | 1 |
| 5 | Shabatsu (Pty) Ltd | Masks | R4 135 975 | 1 |
| 6 | Mzimara Productions | Masks | R3 280 000 | 1 |
| 7 | BCN Medical | Masks | R11 114 675 | 8 |
| 8 | Flotenk FX Traders | Masks | R2 300 000 | 2 |

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|------------------------------------|-----------------|-------------------|-----------------|
| 9 | G Merv Trading | Masks | R11 500 000 | 3 |
| 10 | Hlalu Lindzile Construction | Masks | R13 225 000 | 3 |
| 11 | Inkunzi Health Management | Masks | R3 999 930 | 1 |
| 12 | Jaaziel Events Management | Masks | R2 499 985 | 1 |
| 13 | Nozhle Construction and Projects | Masks | R2 645 000 | 1 |
| 14 | Resmed Healthcare | Hand Sanitisers | R1 655 770 | 1 |
| 15 | Sifiso Siyafezeka Trading | Masks | R2 419 945 | 1 |
| 16 | Silver Falls Solutions | Masks | R13 225 000 | 1 |
| 17 | Tee Tee 15 Trading | Gowns | R8 070 000 | 3 |
| 18 | Tepa Trading Projects | Masks | R4 730 088 | 1 |
| 19 | Yolo | Coveralls | R7 827 291 | 5 |
| 20 | Vigario Consulting (PTY) Ltd | Masks | R3 346 500 | 1 |
| 21 | Nkabo Water Technologies (PTY) Ltd | Masks | R26 080 000 | 4 |

b) Summary of findings

Irregular procurement process followed in that only one quotation was obtained and not three to make the process fair and competitive as stipulated in NTI.

Mr Moralo, who is an AD at the Department and also assigned as the Manager at the Depot has committed an act of misconduct which resulted in the Department incurring irregular as well as fruitless and wasteful expenditure. He disregarded the SLA with Safarmex in that he obtained a quotation for PPE goods. According to his job description it is not his responsibility to request and obtain quotations. He obtained one quotation and not 3 to keep the process fair and competitive.

Mr Mahlalela the CDFA, supported the irregular procurement process followed by Mr Moralo and approved the payments to the service provider. According to his job description he has no relationship or delegation within the SCM process.

Mr Mamogale, the CFO recommend the irregular appointment of the service provider and approved payments.

c) Steps Taken

Disciplinary action

Disciplinary referrals against Mr Moralo and Mr Mahlalela were handed over to the HoD, Dr Severa Mohangi on 29 October 2020 and 3 November 2021. The date for the disciplinary hearing has not been determined yet because Mpumalanga DoH Labour Relation intend to combine all the charge sheets of all the referrals made by the SIU.

Civil Litigation

The SIU will instruct the office of the State Attorney to brief Council to review and to recover amounts paid to the service providers.

8.7.7.3. PPE procurement without irregularities

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. PPE goods were sold for more than the prescribed amount as per the NTI and or services were not rendered.

The following 25 Mpumalanga DoH contracts were identified and investigated:

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|-------------------------------------|-------------------|-------------------|-----------------|
| 1 | 1 Stop Medical Supplies | Aprons | R713 000 | 8 |
| 2 | Barrs Pharmaceutical | Sanitizer | R1 807 071 | 6 |
| 3 | Biosurge | Overshoes | R312 047 | 1 |
| 4 | Biotech Laboratory | Sanitizer | R1 234 868 | 2 |
| 5 | Bophirma Healthcare | Masks | R4 255 | 2 |
| 6 | Central Medical | Aprons | R4 255 | 1 |
| 7 | DB Med Supplies | Coveralls | R10 637 | 1 |
| 8 | Emergency Hospital | Gloves | R30 251 | 2 |
| 9 | Evergreen Latex | Gloves | R1 495 816 | 3 |
| 10 | Iziko Medical and Surgical Supplies | Gloves and aprons | R4 867 307 | 1 |

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|-------------------------------|---------------|-------------------|-----------------|
| 11 | Jumla Medical Supplies | Gloves | R1 115 213 | 3 |
| 12 | Liora Medical Supplies CC | Goggles | R1 481 499 | 1 |
| 13 | Logan Medical and Surgical CC | Gowns | R50 999 | 5 |
| 14 | Loma Holdings Group (Pty) Ltd | Masks | R4 453 410 | 2 |
| 15 | Mothudi Service | Sanitizer | R2 735 456 | 3 |
| 16 | Multisurge | Masks | R4 140 000 | 3 |
| 17 | Nala Medical Supplies | Gloves | R474 030 | 3 |
| 18 | Promed Technologies | Gowns | R400 037 | 11 |
| 19 | Quality Medical Supplies | Various Items | R12 059 655 | 5 |
| 20 | Tara Healthcare | Various Items | R11 863 987 | 3 |
| 21 | Unitrade 1032 | Sanitizer | R1 242 000 | 1 |
| 22 | Viomed | Sanitizer | R625 977 | 2 |
| 23 | Wini Medical Pharmaceuticals | Masks | R82 938 | 1 |
| 24 | Ezwane Transport | Sanitizer | R299 060 | 1 |
| 25 | Umndeni medical | Sanitizer | R392 527 | 2 |

b) Summary of findings

The SIU found that the proper procurement process was followed and the prices of the goods were not inflated and in line with NTI. This matters were closed due to no irregularities found.

8.7.7.4. Gracious Projects

a) Nature of Allegation

The SIU received on 27 August 2020 allegation published in the Mpumalanga PT Covid-19 Procurement Disclosure Report. The SIU conducted a desktop analysis to identify any discrepancies relating to the expenditure of goods.

Gracious Projects was awarded twenty one (21) contracts for fumigation of offices in the province to a value of R7 659 531 and eight contracts to provide sanitizer to a value of R2 619 042. The total value of both contracts were R10 278 573.

b) Summary of findings

The following irregularities were noted in respect of the two contracts:

- Extension of service without following due process;
- Delivery of goods prior to issue of the purchase order; and
- Overpricing of sanitizer goods by an amount of R107 348.

Ms Mohangi was the Accounting Officer (HoD) at the Mpumalanga DoH and therefore, she was responsible for the effective, efficient and transparent systems of the financial and risk management, which she did not comply with.

c) Steps Taken

Acknowledgement of Debt

An AOD was secured to the amount of R107 348.

8.7.7.5. Impilolwandle Trading (Pty) Ltd (“Impilolwandle”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. PPE goods were sold for more than the prescribed amount as per the NTI and or services was not rendered. A total of one contract was awarded to the service provider. The value of the contract was R336 000.

b) Summary of findings

The officials from the Mpumalanga DoH were interviewed and confirmed that due to Covid-19, tender committees could not meet and there were no records of SCM committee meetings and minutes. The result of investigation was that cost of the goods were not in line with NTI. The service provider overcharged the department R24 800.

c) Steps Taken

Acknowledgement of Debt

An AOD was secured on 13 October 2020 to recover the on overpayment of R24 800. The total amount was paid on 14 October 2020.

8.7.7.6. Lesolga Trading (“Lesolga”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. PPE goods were sold for more than the prescribed amount as per the NTI and or services was not rendered. A total of one contract was awarded to the service provider. The value of the contract was R496 000.

b) Summary of findings

The officials from the Mpumalanga DoH were interviewed and confirmed that due to Covid-19, tender committees could not meet and there were no records of SCM committee meetings and minutes. The result of investigation was that cost of the goods were not in line with NTI. The service provider overcharged the department R100 000.

c) Steps Taken

Acknowledgement of Debt

An AOd was secured on 12 October 2020 to recover the on overpayment of R100 000. The total amount was paid on 13 October 2020.

8.7.7.7. Mtsakatsaka Trading (“Mtsakatsaka”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. Mtsakatsaka was awarded one (1) contract to provide PPE equipment to the value of R260 604.

Ms Zanele Sanderson, a secretary to the Director: Communication, played a crucial part in the procurement of Mtsakatsaka. She was an active participant in fraudulent cover quoting to ensure that the service provider is awarded the contract, amongst other competitive bidders. She arranged prior to the award with the director of the service provider that she will arrange for an amount of

R260 604 to be paid into the business bank account. She claimed that amount from the service provider.

b) Summary of findings

During an interview with the director of Mtsakatsaka he denied having applied for the tender or to complete any tender documents. The signatures on the documents were forged. Hence, the amount of R260 604 was transferred from the department into Mtsakatsaka business account without delivery of any service. The director admitted under oath that he was requested by Sanderson to withdraw the amount and hand over to her. Sanderson received R260 604.

c) Steps Taken

Civil Litigation

The SIU has instructed the office of the State Attorney to declare the contract irregular, to set it aside and the preservation of immovable property and to recover R260 604, Consultation with SC outstanding.

8.7.7.8. Bleville

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The SIU conducted a desktop analysis to identify any discrepancies relating to the expenditure of goods. Bleville was awarded one contract to provide PPE equipment to the value of R4 854 820.

b) Summary of findings

The department issued a request for quotation for the supply and delivery of stationary.

An official from the department, Ms Sanderson, a secretary to the Director: Communication, approached the director of Bleville and request him to submit an application for the RFQ.

The director of Bleville did not deliver any goods at all. However, Bleville received a payment from the department to the amount of R4 072 030 which were transferred to Sanderson and property were bought in the name of Sanderson.

c) Steps Taken

Civil Litigation

An application to seek authorization to instruct the office of the State Attorney to declare the contract irregular and to set it aside and the preservation of immovable property and to recover R4 072 030 has been submitted to the State Attorney. Consultation with SC outstanding.

8.7.7.9. Earth Science Projects (“Earth Science”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The PPE was sold more than the prescribed amount as per NTI and that the procurement process was not followed. One contract was awarded to the service provider and the value of the contract was R322 000.

b) Summary of findings

The officials from the department confirmed that the SCM committee never met due to Covid-19 and therefore, no records of the SCM committee meetings and minutes were available.

c) Steps Taken

Acknowledgement of Debt

An AOD was secured on 23 August 2021 for the amount of R50 800 which was paid in full on 20 September 2021.

8.7.7.10. Mpumalanga DoH Infrastructure

8.7.7.10.1. Join Forces

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The Mpumalanga DoH identified various hospital facilities to be used as isolation and quarantine facilities. Emergency repairs were required at these hospitals to repair and renovate the hospital for the utilization as Covid-19 facilities. Allegations were that these emergency services were not rendered at all and or no value for money were obtained. A service provider, Join Forces was appointed to renovate the Barberton hospital. The value of the one contract was R7 232 535.

b) Summary of findings

The department overpaid Join Forces the amount of R1 410 478 due to mathematical errors, using incorrect rates, payment for work not done and over value of rates for new items, by the service provider.

c) Steps Taken

Civil Litigation

A request was submitted to Civil Litigation to recover the amount of R1 410 478 and the appointment of SC is outstanding.

8.7.7.10.2. Khuno Trading (Pty) Ltd (“Khuno”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The Mpumalanga DoH identified various hospital facilities to be used as isolation and quarantine facilities. Emergency repairs were required at these hospitals to repair and renovate the hospital for the utilization as Covid-19 facilities. Allegations were that these emergency services were not rendered at all and or no value for money present. A service provider, Khuno was appointed to renovate the Tonga hospital. The value of the one contract was R4 132 184.

b) Summary of findings

The department overpaid Khuno the amount of R132 882 due to mathematical errors, using incorrect rates, payment for work not done and over value of rates for new items, by the service provider.

c) Steps Taken

Civil Litigation

A request was submitted to Civil Litigation to recover the amount of R132 882.

8.7.7.10.3. Repairs and renovations of hospitals

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The Mpumalanga DoH identified various hospital facilities to be used as isolation and quarantine

facilities. Emergency repairs were required at these hospitals to repair and renovate the hospital for the utilization as Covid-19 facilities. Allegations were that these emergency services were not rendered at all and or no value for money present. The following five Mpumalanga DoH contracts were identified and investigated:

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|--|---------------------|-------------------|-----------------|
| 1 | Komane Nyako Infra JV | Ermelo hospital | R945 693 | 1 |
| 2 | Sihlangu Semnikati Trading | Shonge hospital | R1 521 973 | 1 |
| 3 | Ndukunduku Trading | Standerton hospital | R7 232 536 | 1 |
| 4 | Yetfu Trading | Temba hospital | R216 662 | 1 |
| 5 | Rospa Trading 49 CC/Msuthu Properties (Pty) Ltd JV | Barberton hospital | R9 120 000 | 1 |

b) Summary of findings

The SIU found that the proper procurement process was followed and the price of goods were not inflated and in line with NTI. The service was rendered. This matter was closed due to no irregularities found.

8.7.8. Department of Co-operative Governance and Traditional Affairs (“CoGTA”)

8.7.8.1. Gatjeni Ndlovu Trading CC (“Gatjeni”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The PPE was sold for more than the prescribed amount as per NTI. One contract was awarded to Gatjeni and the value was R5 591 000.

b) Summary of findings

The procurement process followed was irregular in that only one quotation was obtained and the process was not competitive and cost effective. It was also noted that the items procured were not part of the items appearing on the rate schedule as per existing contract. The SIU also found that

the requisition prepared by CoGTA was done on the same day when the quotation was submitted and for the same amount.

The Deputy Director of CoGTA, Mr Raymond Manzini (“Manzini”) had an interest in the transaction because the contract was awarded to his brother’s company. Manzini was part of the BAC who awarded the tender to his brothers company, Gatjeni.

c) Steps Taken

Disciplinary action

A disciplinary referral was submitted on 14 July 2021 to Mr Ngobani, the HoD of CoGTA. Manzini failed to declare that his brother’s company was subcontracted to supply CoGTA with PPE. Manzini helped his brother to procure the PPE by paying the suppliers out of his own pocket. The disciplinary hearing is outstanding.

Criminal referrals

Manzini contravened Section 17(1) of PRECCA in that he holds a private interest in a contract emanating from or connected with Cogta where he is employed. Criminal referral was submitted on 14 July 2021 to the MDPP, Adv. Malapane.

A criminal case was registered: NELSPRUIT CAS 212/8/2021 refers.

Civil litigation

A request was submitted to HOU to recover the amount of R5 591 000 from Gatjeni.

8.7.8.2. Amukelani Okuhle Trading (Pty) Ltd (“Amukelani”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The PPE was sold for more than the prescribed amount as per NTI. One contract (1) was awarded to Amukelani and the value was R1 122 285. Mr. Dira Motsilenyane is a Deputy Director at Finance Section in the department. The certification of the payment advice to release payments, was done by him. He could not verify if goods were delivered and admitted, that he attached his signature by virtue of his mandatory responsibility and after being advised by staff members in Finance.

b) Summary of findings

The award allocated to Amukelani was irregular in that only one quotation was obtained.

c) Steps Taken

Civil litigation

A request was submitted to HOU to recover the amount of R1 122 285 from Amukelani.

8.7.9. Mpumalanga Economic Growth Agency (“MEGA”)

8.7.9.1. Zelawiz (Pty) Ltd (“Zelawiz”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The allegations were that the PPE was sold more than the prescribed amount as per NTI. One contract was awarded to Zelawiz and the value was R199 205.

b) Summary of findings

The PPE goods, oil heaters, were not regarded as PPE requirements because they did not appear on the list of prescribed goods from NT. The end-user did not have a demand or need for the oil heaters and therefore, MEGA appears to have incurred fruitless and wasteful expenditure.

c) Steps Taken

Disciplinary action

A disciplinary referral was submitted on 8 April 2021 to the acting CEO Mr Isaac Mahlangu. The recommendation was to initiate disciplinary actions against the following employees:

- Mr Maledu Matome Gaffane: General Manager of Property Management
- Mr Evert Lodewyk Potgieter: CFO
- Mr Mandle Samson Mkhabela: Acting General Manager
- Ms Zandile Constance Sibande: Chief Risk Officer
- Mr Thabita Mametja: previous CEO

Mr Gaffane, Mkhabela and Sibande were the Covid-19 committee members who identified the need and the type of PPE required. They have decided on the procurement of oil heaters which were not on the PPE list and therefore, constituted misconduct.

Mr Thabita Mametje approved the procurement of the oil heaters and the CFO, Potgieter, approved the payment of the oil heaters.

The disciplinary hearings took place and the sactions were not guilty.

8.7.9.2. Thubalo (Pty) Ltd (“Thubalo”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The allegations were that the PPE was sold more than the prescribed amount as per NTI. One contract was awarded to Thubalo for sanitizer and disinfection. The value of the contract was R195 580.

b) Summary of findings

No irregularities could be found during the SIU investigation into the procurement process, the value for money exercise or the financial investigation and there were no contraventions in respect of the NTI. This matter was closed due to no irregularities found.

8.7.9.3. Zamangwana Consultants (“Zamangwana”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The PPE was sold for more than the prescribed amount as per NTI. Zamangwane was awarded one contract to fumigate offices across the provinces at the costs of R386 000.

b) Summary of findings

The department overpaid the service provider to an amount of R204 783. The cost of the service rendered was not in line with NTI.

c) Steps Taken

Civil litigation

A request was submitted to CL to recover the amount of R204 783 from Zamangwana.

8.7.10. Mpumalanga DoE

8.7.10.1. Maintenance Project

a) Nature of Allegation

A total of two hundred and forty nine (249) schools were identified for maintenance in respect of their water and sanitation in order to comply with Covid-19 regulations. A whistle-blower reported on 30 August 2020 alleged that some of the services were not rendered at all or partially and or that price inflation of equipment took place. The value of the contract for maintenance was R57 418 253. The maintenance projects were implemented by the Mpumalanga Department of Public Works, Roads and Transport (“MDPWRT”) who was also the implementing agent, responsible for the assessment and costing of work, appointment of contractors, monitoring delivery by contractors and certification of work done. The Mpumalanga DoE was responsible for confirming and settling claims received from the contractors through MDPWRT. The 52 invoices submitted by nine contractors to the Mpumalanga DoE were analysed to confirm if the work was done.

The following nine Mpumalanga DoE contracts were identified and investigated:

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|--|--|-------------------|-----------------|
| 1 | Zembeleni Transport and Projects CC | Build toilet seats and urinals | R344 340 | 2 |
| 2 | Rospa Trading 49 CC JV Masuthu Properties Holdings (Pty) Ltd | Renovation of waterborne toilet facilities. Reticulation & provision of drinking fountains | R3 082 767 | 13 |
| 3 | KZK General Trading CC | Drilling of boreholes supply of water storage tanks and construction of drinking water fountains | R2 208 615 | 3 |
| 4 | Nokushudula (Pty) Ltd | Water upgrade, add drinking fountains and Jojo tanks | R1 520 479 | 8 |
| 5 | AMK Enterprises CC | Water upgrade, add Jojo tanks and replace toilet seat covers | R415 263 | 2 |

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|-------------------------------------|---|-------------------|-----------------|
| 6 | Crystal Sparkle Trading 98 CC | Install new boreholes, add Jojo tanks add drinking fountains | R1 839 269 | 9 |
| 7 | Moyoyo Construction and Projects CC | Repair drinking fountains, waterborne toilet seats, unblock sewer system and repair bulk water supply pipes | R2 403 710 | 6 |
| 8 | Fountain Square Trading 192 CC | Water upgrade, add Jojo tanks, replace broken stand pipe and drill boreholes | R308 670 | 3 |
| 9 | Siqogo Trading Enterprise | Renovate waterborne toilets and urinals | R2 431 251 | 5 |

b) Summary of findings

The SIU investigation revealed that the approved payment certificates did not reflect the actual work done on site. No payments were made by the Mpumalanga DoE. The Project Managers from the MDPWRT were responsible for signing off on these certificates after a verification was conducted to confirm the work was done

c) Steps Taken

Disciplinary action

The following 11 MDPWRT employees were recommended for disciplinary referrals:

| No | Name of MDoPWRT employee | Job description |
|----|----------------------------|-----------------|
| 1 | Mr George Thomas Ngwenya | Project Manager |
| 2 | Ms Phetunia Judith Shoba | Project Manager |
| 3 | Mr Mpuane Olben Mothogoane | Project Manager |
| 4 | Mr Simon Justice Chuene | Project Manager |
| 5 | Mr Gift Nyuko Nkuna | Project Manager |

| No | Name of MDoPWRT employee | Job description |
|----|-----------------------------------|-----------------|
| 6 | Mr Molifi Samuel Hlangwane | Project Manager |
| 7 | Mr Sikwati Alex Mashau | Project Manager |
| 8 | Mr Siphon Meshack Caswel Mpangane | Project Manager |
| 9 | Mr Victor Morgan Makhuhleni | Project Manager |
| 10 | Mr Waterson Mduduzi Mabizela | Project Manager |
| 11 | Mr Mante Sogole | Project Manager |

Rand Value of Potential Loss Prevented

The Department was requested on 27 April 2021 not to execute payments to service providers. The reasons were that overpricing of goods and or services not rendered but employees submitted completion certificates for work done hence it was not a true reflection. The amount of R9 714 067 was not paid out to service providers.

8.7.10.2. PPE procurement

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The allegations were that the PPE was sold more than the prescribed amount as per NTI and or that goods were not delivered. Mpumalanga DoE spent R96 375 280 on the procurement of PPE goods and services. The following 26 Mpumalanga DoE contracts were identified and investigated:

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|--------------------------|---------------------|-------------------|-----------------|
| 1 | Andilamakhondo NPC | 3 layer cloth masks | R14 125 | 1 |
| 2 | Apropath General Trading | Face cloth masks | R565 025 | 1 |
| 3 | Ayame Properties | 3 layer cloth masks | R14 125 | 1 |
| 4 | Bidvest Steiner | Sanitizer | R426 835 | 1 |
| 5 | Billymary Group | 3 layer cloth masks | R141 250 | 1 |

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|--------------------------------------|---|-------------------|-----------------|
| 6 | Creselda Educational Foundations | Washable and re-usable cloth face masks 3 layer | R216 695 | 1 |
| 7 | Cusi Plant Hire and Projects | 3 layer cloth masks | R648 075 | 1 |
| 8 | Doha Supply and Systems | Spray pump and spray spare parts kit | R920 460 | 1 |
| 9 | Esinenhlanhla Logistics and Projects | 3 layer cloth masks | R139 469 | 1 |
| 10 | Greatlinking Management Service | Cloth masks | R797 006 | 1 |
| 11 | Hlelolwakhe Trading | Cloth masks | R648 075 | 1 |
| 12 | Imperial Logistics | Surgical cloves | R138 000 | 1 |
| 13 | Indlela Trading and Projects | 3 layer cloth masks | R398 650 | 1 |
| 14 | KNK Developers | 3 layer cloth masks | R570 250 | 1 |
| 15 | Lwandilelwazi Trading | 3 layer cloth masks | R282 500 | 1 |
| 16 | Madlela Holdings | 3 layer cloth masks | R878 650 | 1 |
| 17 | Masibone Trading Enterprise | Cloth masks | R574 080 | 1 |
| 18 | Mzungwa Trading | Cloth masks | R570 250 | 1 |
| 19 | Nedtex 413 | 3 layer cloth masks | R398 650 | 1 |
| 20 | Siswa Trading and Projects | 3 layer cloth masks | R446 500 | 1 |
| 21 | Siyanqoba Empire (Pty) Ltd | 3 layer cloth masks | R64 800 | 1 |
| 22 | TGM TEE EM (Pty) Ltd | Cloth masks | R648 075 | 1 |
| 23 | Thanatelo Trading | Cloth masks | R648 050 | 1 |
| 24 | The Great Warthog (Pty) Ltd | 3 layer cloth masks | R196 614 | 1 |
| 25 | Times Ten Trading Enterprise | Cloth masks | R1 165 300 | 1 |
| 26 | Uniform Outlet (Pty) Ltd | Cloth masks | R542 424 | 1 |

b) Summary of findings

The SIU found that the proper procurement process was followed and the price of goods were not inflated and in line with NTI. The service was rendered. This matter was closed due to no irregularities found.

8.7.10.3. Clinipro (Pty) Ltd (“Clinipro”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. Clinipro has been appointed on 13 September 2017 by the Mpumalanga DoH for a period of three years as a service provider for the supply and delivery of medicine and surgical sundries. On 15 May 2020 the SCM of Mpumalanga DoE, submitted a request to the acting HoD of Mpumalanga DoE, Mr Nkosi, for the approval of participation (piggy backing) in contract at Mpumalanga DoH for the emergency procurement of Covid-19 related items. Mr Nkosi approved the application. Both Mpumalanga DoH and the Director of Clinipro, agree to the participation.

The value of the contract with Mpumalanga DoH and Clinipro was R77 493 007. The first / original contract. Mpumalanga DoE agreed into a new contract with Clinipro of which the value was R196 776 004. Mpumalanga DoE procured PPE goods which were outside the original contract between Mpumalanga DoH and Clinipro which amounted to R32 433 212. The Mpumalanga DoE contract, R196 776 004 deducting the original contract with Mpumalanga DoH R77 493 007 and R32 433 212.31 for spending good outside the original contract, equals to R86 849 785. Therefore a civil recovery of R86 849 785.03 must be instituted against Clinipro.

b) Summary of findings

In terms of NT Regulation 16A6.6, which Department’s HoD relied on participate in the contract arranged by Mpumalanga DoH, participation is allowed, subject to the written approval of such organ of state and relevant service provider. However it must be noted that it is necessary, as our courts always find, that:

- The goods or services to be the same and not merely interrelated; and
- That the contract price must be same as well.

c) Steps Taken

Civil Litigation

The SIU will instruct the office of the State Attorney to recover the amount of R86 849 785 from Clinipro.

Approval outstanding from the Head of the SIU.

Criminal referrals

Mr Jabulani Nkosi, the acting HoD contravened NT Regulation 16A6.6 in that *“The accounting officer or accounting authority may, on behalf of the department, constitutional institution or public entity, participate in any contract arranged by means of a competitive bidding process by any other organ of state, subject to the written approval of such organ of state and the relevant contractors”*.

Mr Nkosi was employed by the department as an acting HoD and by virtue of his position, in terms of Section 36(a) of the PFMA, the accounting officer.

Mr Nkosi, in terms of Section 86(1) of the PFMA, willfully or in gross negligent, fails to comply with provisions of section 38, 39 or 40 and therefore, is guilty of an offence. A criminal referral was submitted on 18 August 2021 to the MDPP, Adv. Malapane. A criminal case was registered: NELSPRUIT CAS 506/8/2021.

8.7.11. Mpumalanga Department of Community Safety Security and Liaison (“Mpumalanga DCSSL”)

8.7.11.1. Amukelani Okuhle Trading (“Amukelani”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. On three occasions the services of Amukelani were requested to provide and deliver disaster relief material to the Mpumalanga Provincial Disaster Management Centre. One contract was awarded to the value of R1 437 646.

b) Summary of findings

The procurement process was not followed. Fraudulent invoices were submitted and overpricing in respect of PPE goods were identified.

c) Steps Taken

Criminal referrals

A criminal referral was submitted on 29 July 2021 to the MDPP, Adv. Malapane. The criminal referral is against the director of Amukelani, Mr Methule. He unlawfully and intentionally made a misrepresentation to Mpumalanga DCSSL by submitting a fraudulent invoice for the supply and delivery of PPE. No arrest have been made yet. Criminal Case number NELSPRUIT CAS 355/8/2021 refers.

Civil litigation

A request was submitted to CL on 10 June 2021 to instruct the state attorney to brief council to recover the amount of R1 437 646. Appointment of SC outstanding.

8.7.11.2. Ecinue Lebam Solution (“Ecinue”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. PPE goods were sold for more than the prescribed amount as per the NTI and or services was not rendered. A total of three contracts were awarded to the service provider. The value of the contracts were R1 953 772.

b) Summary of findings

No irregularities could be found during the SIU investigation into the procurement process, the value for money exercise or the financial investigation and there were no contraventions in respect of the NTI. This matter was closed due to no irregularities found.

8.7.12. Mpumalanga Department of Public Works, Roads and Transport (“MDPWRT”)

8.7.12.1. Mkathekesis General

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The allegations were that the PPE was sold more than the prescribed amount as per NTI and or that goods were not delivered. One contract was awarded to sservice provider, Mkathekesis General to deliver a

service of pest control in MDPWRT at the Riverside Government Complex for a period of three years and to a value of the contract was R7 500 000.

b) Summary of findings

The outcome of investigation was that the procurement process followed was irregular in terms of NTI in that only one quotation was obtained. A site verification and the invoice submitted to the MDPWRT indicated that the square meter for the offices disinfected, were inflated.

8.7.12.2. Ntobe Fire Control (Pty) Ltd (“Ntobe”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The allegations were that the PPE was sold more than the prescribed amount as per NTI and or that goods were not delivered. One contract was awarded to service provider, Ntobe for the delivery of a service of pest control and disinfection in various government owned facilities within the province. The value of the contract was R729 352.

b) Summary of findings

The outcome of investigation was that the procurement process followed was irregular in terms of NTI in that only one quotation was obtained. Documents submitted by the service provider to the Department, were completed after the disinfection started which is an irregularity.

8.7.12.3. Maganeleni Trading and Projects (“Maganeleni”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The allegations were that the PPE was sold more than the prescribed amount as per NTI and or that goods were not delivered. One contract was awarded to service provider, Maganeleni for the service of pest control at various government owned facilities within the province. The value of the contract was R1 386 423.

b) Summary of findings

It is an irregularity in terms of NTI in that only one quotation was obtained. Tender documents were completed and signed after the work was done. Mangeleni purchased immovable property from the proceeds of the irregular appointment.

c) Steps Taken

Civil Litigation

A request was submitted to CL on 22 September 2021 to brief council for a preservation order of immovable property purchased following the irregular payment to the Mangeleni. SC not appointed yet.

8.7.12.4. Mordecai Trading (“Mordecai”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The allegations were that the PPE was sold more than the prescribed amount as per NTI and or that goods were not delivered. One contract was awarded to service provider, Mordecai Trading, for the delivery of PPE goods. The value of the contract was R43 345.

b) Summary of findings

The documents indicated that the procurement process followed was correct. However, the pricing of goods were inflated and not in line with NTI and therefore, an overpayment of R16 354 was identified.

c) Steps Taken

Acknowledgement of debt

An AOD was sign by the director of Mordecai, Mrs M Dhludhlu on 24 June 2021 for the amount of R16 354. The amount was paid in full to the SIU.

8.7.12.5. Royal Pest Management (“Royal Pest”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The allegations were that the PPE was sold more than the prescribed amount as per NTI and or that goods were

not delivered. One contract was awarded to service provider, Royal Pest, for the delivery of PPE goods. The value of the contract was R1 828 565.

b) Summary of findings

The procurement process followed was irregular in that only one quotation was obtained. No attempt was made to follow any competitive process and mandatory procurement documents which must be submitted by the service provider to obtain a tender, was submitted after the disinfection. This is an irregularity in terms of NTI. Kilometres travelled by the service provider was inflated and therefore, an overpayment of R717 031 was identified.

8.7.12.6. Superia Services (“Superia”)

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The allegations were that the PPE was sold more than the prescribed amount as per NTI and or that goods were not delivered. One contract was awarded to service provider, Superia for the provisions of disinfection. The value of the contract was R2 033 996.

b) Summary of findings

Superia submitted an undated quotation for disinfection of building/office in the Gert Sibande District to the Department. No attempt was made to follow the correct procurement process of goods and or services. Mandatory documents which must be submitted to apply for a tender was submitted after the disinfection. This is an irregularity in terms of NTI. Invoices were inflated.

8.7.12.7. PPE procurement with no findings

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The allegations were that the PPE was sold more than the prescribed amount as per NTI and or that goods were not delivered. The following five MDPWRT contracts were identified and investigated:

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|--------------------------|---------------------|-------------------|-----------------|
| 1 | S and S Group | Masks and sanitizer | R188 750 | 1 |

| | | | | |
|---|-------------------------------------|-------------------------------------|----------|---|
| 2 | Multi Surge (Pty) Ltd | Surgical Masks | R70 840 | 1 |
| 3 | Logan Medical and Surgical (Pty Ltd | Masks | R47 840 | 1 |
| 4 | Kasi Malitha (Pty) Ltd | Digital Thermometers | R121 600 | 1 |
| 5 | Dazo Investment (Pty) Ltd | Digital Thermometers and Sanitizers | R213 000 | 1 |

b) Summary of findings

No irregularities could be found during the SIU investigation into the procurement process, the value for money exercise or the financial investigation and there were no contraventions in respect of the NTI. The above matters were closed due to no irregularities found.

8.7.13. Govan Mbeki Local Municipality (“GMLM”)

8.7.13.1. PPE procurement with no findings

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The SIU conducted a desktop analysis to identify any discrepancies relating to the expenditure of goods. The investigations conducted are to determine any price inflation and if the proper procurement process was followed as per NTI. The value of the contracts allocated to the 27 service providers amounted to R2 453 091. A total of 16 service providers were investigated to determine if they comply with NTI. The following 16 GMLM service providers were identified and investigated:

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|--------------------------|---------------|-------------------|-----------------|
| 1 | Earth Cousins | Sanitizer | R19 150 | 1 |
| 2 | 94 Calypso | FFP2 masks | R162 800 | 1 |
| 3 | Colile General Supplies | FFP2 masks | R4 040 | 1 |
| 4 | Collab Chain | Sanitizer | R28 750 | 1 |
| 5 | Embroidery Corporate | 3 layer masks | R863 090 | 1 |

| No | Name of Service Provider | Items | Value of contract | No of contracts |
|----|-------------------------------------|--------------------------------|-------------------|-----------------|
| 6 | Mndimande Investments | Knapsacks | R700 | 1 |
| 7 | Ndumo Bhubesi Enterprise | Disinfection and deep cleaning | R392 803 | 1 |
| 8 | Original Darky | Branded cloth masks | R27 500 | 1 |
| 9 | Sizinikele Logistics and Supply | FFP2 masks | R226 800 | 1 |
| 10 | Tim Nyanda Solutions | Hand Liquid soap | R18 687 | 1 |
| 11 | Tumaina Trading and Projects | Hand sanitizer | R27 000 | 1 |
| 12 | Umusa Projects and Investments | Hand sanitizer | R27 600 | 1 |
| 13 | Iphazimulo Ka Zimu Music Production | Sanitizer | R16 990 | 1 |
| 14 | Mzilankhata Holdings | Portable office shields | R28 500 | 1 |
| 15 | SA Madison Trading and Projects | Surgical face masks | R6 000 | 1 |
| 16 | Shomari Holdings Group | Hand sanitizer | R155 832 | 1 |

b) Summary of findings

The SIU found that the proper procurement process was followed and the price of goods were not inflated and in line with NTI. The service was rendered. This matter was closed due to no irregularities found.

8.7.13.2. PPE procurement with AOD findings

a) Nature of Allegation

A media report dated 19 August 2020 published allegations of various discrepancies within the expenditure and pricing of PPE and that the procurement process was not followed. The SIU conducted a desktop analysis to identify any discrepancies relating to the expenditure of goods.

The investigations conducted are to determine any price inflation and if the proper procurement process was followed as per NTI. The value of the contracts allocated to the 27 service providers amounted to R2 453 091. A total of 11 service providers were investigated to determine if they comply with NTI. The following 11 GMLM service providers were investigated:

| No | Service provider | Value of contract | Value of AOD | Number of contracts |
|----|--------------------------------|-------------------|--------------|---------------------|
| 1 | Bonga Konke | 17,280 | R17 280 | 1 |
| 2 | Impande Resources | 8,050 | R8 050 | 1 |
| 3 | Siluma Group | 19,526 | R9 274 | 1 |
| 4 | Jukai | 14,650 | R14 650 | 1 |
| 5 | Jukai | 20,031 | R20 031 | 1 |
| 6 | Ziveera Trading and Investment | 34,628 | R34 628 | 1 |
| 7 | Mabutho Amahle Investment | 9,675 | R8 670 | 1 |
| 8 | Greatlink Management Services | Sanitizer | R258 000 | 1 |
| 9 | Businda Trading CC | Sanitizer | R4 975 | 1 |
| 10 | Simathe Holdings | Masks | R17 880 | 1 |
| 11 | Simekhona Business Enterprise | Masks | R27 600 | 1 |

b) Summary of findings

The result of the investigation was that four officials contravened an act of Fraud in that they completed evaluation forms, indicating that competing quotes were received from various service providers when in truth and in fact, these service providers did not submit evaluation forms. Thus, they choose which bidder will be the winning bid and the procurement process followed was irregular. The officials ignored the price and the process of procurement as set out by NTI.

c) Steps Taken

Acknowledgement of debt

AODs were signed due to overpricing of PPE by the service providers to the value of R102 120.

8.8. NORTHERN CAPE PROVINCE

On 21 September 2020 the Office of the Premier of the Northern Cape Province (“NCP”) requested that the procurement of all PPE made by all Provincial Departments, including that of the Premier’s Office for Covid-19 be investigated in relations to allegations of corruption. The SIU was handed a report that was compiled by the NCP Provincial Treasury (“Northern Cape PT”). The SIU initiated investigations based on some of the matters highlighted in the Northern Cape PT report.

8.8.1. Northern Cape Department of Education (“Northern Cape DoE”)

8.8.1.1. ILC Trading and Projects (Pty) Ltd (“ILC Trading”)

a) Nature of Allegation

On request of the Office of the Premier and based on matters highlighted in the Northern Cape PT report.

The Northern Cape DoE made three awards to the service provider ILC Trading:

- On 24 April 2020 for toilet rolls to the value of R18,250;
- On 8 May 2020 for 562 funnels to the value of R29,224; and
- On 8 May 2020 for 300 bars of antibacterial soap to the value of R5, 400.

b) Summary of findings

The SIU investigation did not reveal any evidence suggesting irregularities in the procurement of goods from ILC Trading with regard to the procurement of toilet rolls to the value of R18, 250. As a result, this investigation was closed without any outcomes.

8.8.2. Northern Cape Department of Social Development (“Northern Cape DSD”)

8.8.2.1. Various service providers as per consolidated report.

a) Nature of Allegation

On request of the Office of the Premier and based on matters highlighted in the Northern Cape PT report, 99 investigations in respect of PPE contracts at the Northern Cape DSD in respect of procurement process and suppliers appointment were identified. Concluded matters closed without any irregularities are set out in the table below.

| No | Name of Service Provider(s) | Number of Contracts | Value of contract(s) |
|----|-----------------------------------|---------------------|----------------------|
| 1 | Behluli Projects | 2 | R454 417 |
| 2 | Bhuti Trading | 2 | R98 450 |
| 3 | Bonang & Sonti Civil Construction | 1 | R296 200 |
| 4 | Gamsha projects | 1 | R571 123 |
| 5 | IC Catering Services | 2 | R236 000 |
| 6 | Vukolwan Enterprise 2 | 3 | R137 379 |
| 7 | Ingomso Youth General Trading | 3 | R315 990 |
| 8 | Kay Lynne Oliver Rowan | 1 | R822 570 |
| 9 | Khula Motor Mechanics & Services | 1 | R120 000 |
| 10 | Kotoane Trading | 3 | R398 116 |
| 11 | Lorato creations | 1 | R170 550 |
| 12 | Metcol Business | 1 | R160 000 |
| 13 | Miracles Trading 141 | 3 | R224 400 |
| 14 | Novandisithini General Trading | 1 | R90 000 |
| 15 | Thingos General Trading 1 | 1 | R348 550 |

b) Summary of findings

The investigation did not reveal any evidence that sustained either the allegation concerned or any other irregularities. As a result, these investigations were closed without any outcomes.

8.8.3. South African Police Service (“SAPS”)

8.8.3.1. Kamo Training and Consultancy CC

a) Nature of Allegation

This allegation was received on 30 August 2020 from a whistleblower. It is alleged that Kamo Training and Consultancy CC (“Kamo Training”), which is owned by Mandisa Shushu, the wife of Mr Norman Shushu, the former MEC for Agriculture, Land Reform & Rural Development in the

Northern Cape Province and currently a special advisor to Premier Zumani Saul, was awarded a R13 million tender to supply the SAPS with one million masks.

b) Summary of findings

During March 2020, SAPS procured surgical masks for its members. SAPS deviated from normal SCM procurement procedures with the approval of the National Commissioner. Potential suppliers were identified from the CSD. SAPS also visited potential suppliers to confirm stock before requesting quotations from a large number of suppliers.

Kamo Training was one of these suppliers and submitted a price quotation on 29 March 2020 to supply 500,000 surgical masks to the amount of R6, 500,000. Order number AG-883257 was issued on the same date to Kamo Training by the SAPS. However, Kamo Training failed to deliver, which resulted in a Letter of Demand issued by the SAPS on 16 April 2020. By 20 April 2020, Kamo Training still failed to deliver and the SAPS cancelled the contract. As a result, no masks were delivered and no payments were made.

No evidence, pointing to any irregularities with regards to the procurement of the contract was found.

8.8.4. Northern Cape Department of Transport, Safety and Liaison (“Northern Cape TSL”)

8.8.4.1. Six service providers

a) Nature of Allegation

This allegation was received on 22 October 2020 from the Northern Cape Provincial Treasury. It is alleged that the Northern Cape TSL procured sanitizer from 6 suppliers during September 2020, and that the procurement process followed in doing so, was irregular. The 6 service providers are listed in the table below.

| No | Name of Service Provider(s) | Value of contract(s) |
|----|-----------------------------|----------------------|
| 1 | Vivazela Trading | R747 500 |
| 2 | FRB Industries | R660 000 |
| 3 | Bright Idea Trading 62 | R731 400 |
| 4 | Paradox 6 Investments | R758 993 |
| 5 | Upton Solutions | R681 000 |

| No | Name of Service Provider(s) | Value of contract(s) |
|----|-----------------------------|----------------------|
| 6 | Lilac Ventures | R648 000 |

b) Summary of findings

It was found that this matter falls outside the timeframe of Proclamation R23 of 2020. The procurement process took place in September 2020, while the end date of the Proclamation is the date of publication, which is 23 July 2020. The matter can therefore not be investigated in terms of Proclamation R23 of 2020, hence it was closed.

8.8.5. Kareeberg Local Municipality

8.8.5.1. Lithemba Business Development (Pty) Ltd

a) Nature of allegation

On 4 August 2020, the SIU received an allegation from a whistleblower that an official from the Department of Health was receiving PPE tenders from the Municipality in Carnarvon in the Northern Cape. The service provider in question was an entity named Lithemba Business Development and only one contract to the value of R14, 500 was of relevance for the purposes on this investigation.

b) Summary of findings

The investigation did not reveal any evidence that sustained either the allegation concerned or any other irregularities. As a result, this investigation was closed as it did not reveal any evidence that the official did not receive any PPE tenders.

8.9. NORTH WEST PROVINCE

8.9.1. North West DoH

8.9.1.1. Various service providers appointed for the supply and delivery of PPE items

a) Nature of Allegation

The matter relates to allegations reported by a whistle-blower in August 2020 that the service providers listed in the table below were allegedly irregularly appointed for the supply and delivery of Covid-19 PPE items:

| Name of service provider | Value of contract |
|----------------------------------|-------------------|
| Adoblox | R199 400 |
| Bahlaphing Consultings | R224 000 |
| C Med Suppliers | R315 000 |
| Chulusi Development and Projects | R1 993 750 |
| Ezra Property Group | R496 000 |
| Fertex Group | R4 625 413 |
| Genesis Pharmaceuticals | R1 435 040 |
| Hubuta Medical Suppliers | R416 000 |
| Isame Business Enterprise | R499 596 |
| Ixodox | R5 140 500 |
| Keunathi Medical | R3 400 000 |
| Lechoba Medical Technologies | R131 800 |
| Maseno General Trade | R1 790 000 |
| Medi Core Technologies | R3 534 000 |
| Mojoline | R241 996 |
| Multisurge | R690 000 |
| Nyathela Consulting 2 | R190 000 |
| Quality Medical Suppliers | R4 968 000 |
| Sanbonani Holdings | R300 000 |
| Siyabuselela Trading Enterprises | R149 500 |
| Asibhukule Trading | R500 000 |
| BCN Medical Supplies | R927 940 |
| Bioclin Solutions | R21 056 |
| Biological Pharmaceutical | R27 000 |
| Biovision | R12 955 870 |

| Name of service provider | Value of contract |
|-----------------------------------|-------------------|
| Bluestorm | R747 300 |
| Boipelo Environmental Consultancy | R80 500 |
| Bontlez Rentals | R202 400 |
| Bula Medical Supplies | R1 993 750 |
| Fire & Rescue | R1 435 040 |
| Health First | R32 147 |
| Isineke MK | R850 000 |
| Khubo Holdings | R320 000 |
| KBD Multi Consulting | R2 400 000 |
| Lejo Medical and Projects | R9 127 000 |
| Logan Medical and Surgical | R2 525 500 |
| Matjila Planners and Consultants | R39 831.40 |
| Nkarise Training & Consultants | R150 000 |
| Quick Fix Holdings | R6 019 260 |
| Surgical Trading and Supplies | R700 000 |
| Thomani Zwashu | R233 800 |
| Tripwatch Market | R138 000 |
| Vukani Range Creation | R700 000 |
| Xenadu Trading Enterprise | R77 000 |
| Bophirima Taung Trading | R1 662 000 |
| Zalpha Agribusiness Company | R370 000 |

b) Summary of findings

The SIU investigation concluded that the service providers were appointed based on the prescripts included in the North West DoH SCM policy, and the additional guidelines with respect to the Emergency Procurement in Response to the National State of Disaster South Africa as provided

by NT as included in Instruction Note 05 of 2020/21. There was no evidence to substantiate the allegations against the service providers and relevant officials of the North West DoH.

8.9.1.2. Additional service providers appointed for the supply and delivery of PPE

a) Nature of Allegation

Allegations were received from the North West Business Forum on 14 August 2021 that there were companies whose contracts were allegedly awarded irregularly and whose pricing was above the threshold set by NT. The companies who were awarded contracts are as follows:

| Name of service provider | Value of contract |
|--|-------------------|
| Gadimakatse Agri Group | R3 600 000 |
| Botaqi Design Hub & Projects Motion Innovation | R29 400 |
| Motion Innovation | R350 000 |
| Ninkodol Trading | R190 000 |
| Tsaone Investment Co. | R368 970 |
| Basadi Ba Kopane | R75 296.25 |
| Fertex Group | R4,625,413 |
| Octolibra | R660 000 |
| Kedima Holdings | R248 000 |
| Khuabo Holdings | R8 250 000 |
| Junior Events | R370 000 |
| LHR Solutions | R690 000 |
| Lani M Holdings | R700 000 |
| Langutani | R44 400 |
| The Jeanmaker | R700 000 |
| Tso Tso V Construction & Projects | R1 800 000 |
| Ratanang Suppliers | R1 000 000 |
| Incredible Wills | R770 000 |

| Name of service provider | Value of contract |
|----------------------------------|-------------------|
| Rachis Projects | R6 300 000 |
| Redspot Trading | R2,680,767 |
| Takalani M Holdings | R127 500 |
| Tlharesagae Projects | R2 450 000 |
| Ore Age Holdings | R540 850 |
| Ofentse's Promotion Distributors | R1,550,000 |
| OP Kurata Transport and Tours | R700 000 |
| MCM Dynamics | R12 204 |

b) Summary of findings

All the service providers responded to a RFQ and quotations were submitted for the supply of PPE. The SIU investigation found no irregularities in respect of most of contracts and found that the prices in the quotations received for the PPE were below the threshold set by NT.

The SIU investigation found that there were overpayments made to Gadimakatse Agri as the quotation was in excess of the NT threshold and the director, Ms Kealeboga Maruping, signed AODs to the value of R36 910. There were also overpayments made to the following suppliers for quoting above the NT threshold for the supply of PPE items: The Jeanmaker, Ratanang Suppliers, Basadi Ba Kopane, Octolibra, Junior Events Management & Projects, Langutani, MCM Dynamics, OP Kurata Transport and Tours, Ninkodol Trading, Tlharesagae Trading, Ofentse Trading, Kedima Holdings, Ranchis Projects, Takalani Holdings, MCM Dynamics, Ore Age and Tsaone Investment.

The SIU investigation also found that Botaqi were overpaid as the amount quoted for the supply of masks exceeded the maximum price set by NT. The North West DoH appointed Botaqi for the supply of 840 Cloth Face mask (2 layers with filter) at R35 each, totalling R29 400. The price stipulated by NT was set at R20 per mask which means that Botaqi quoted R15 more per mask than what was allowed. The North West DoH paid R29 400 instead of R16 800 for these masks, which is an overpayment of R12 600.

Motion Innovation supplied the North West DoH with 400 boxes of examination gloves non sterile (dermagrip) at R875 each, totalling R350 000. The price set by NT was R46.44 per box totalling R18 576. Therefore Motion Innovation's prices were grossly inflated in comparison to the NT prices and the North West DoH made an overpayment of R331 424.

The SIU investigation found that Ms Rose Koekeo (Ms Koekoe), the Head of SCM at the Nic Boederstein Hospital disregarded SCM processes because she did not call for the quotations to “test” the market. Instead it appears she just “pick and choose” who she wanted to give contracts to. She did not verify if the service providers were listed on the CSD which caused the North West DoH to pay inflated prices for PPE. The evidence suggests that Ms Koekoe may be guilty of misconduct by causing financial prejudice to the North West DoH which resulted in, or contributed to the North West DoH incurring irregular expenditure to the value of R192 337.50.

The SIU investigation also found that Ms Kgakane Tsolo (Ms Tsolo), the SCM Accounting Clerk at the Nic Bodestein Hospital is guilty of dereliction of her duties by failing to sign-off the delivery notes from service providers as proof that the services were delivered.

Investigation also found that Tso Tso quoted above the threshold set by NT and this led to an overpayment of R15 000.

The SIU investigation further found that Mr Johannes Mokoena, a Station Manager at EMRS Matlosana, negligently and/or in a gross negligent way failed to exercise due diligence during the procurement and/or appointment of service providers for the supply of overalls and isolation gowns by disregarding the Treasury guidelines in accepting inflated prices for PPE items, thus contravening the provisions of PFMA and NT Instruction Note 5 of 2020/21 as the prices paid by the Department far exceeded the prices set by the NT. By disregarding SCM process, he further failed to perform proper supply chain management in not calling for the quotations to “test” the market. Instead he just “picked and chose” who he wanted to give contracts to, without even verifying if the service providers were listed on the central data base, thereby putting the Department at a risk of paying inflated prices;.

c) Steps Taken

Acknowledgment of debt

Eleven AODs were signed as a result of overpricing on invoices for the supply of PPE which exceeded the threshold set by NT as follows:

- Gadimakatse Agri. The director of the company signed two AODs to the value of R21 010 on 13 July 2021 and R15 900 on 19 October 2021
- Tso Tso. The director of the company signed an AOD of R15 000 on 21 October 2021.
- The Jeanmaker: The director of the company signed an AOD of R233 000 on 19 October 2020.
- Ratanang Suppliers: The director of the company signed an AOD of R405 80 on 21 October 2020.

- Basadi Ba Kopane Trading: The director of the company signed an AOD of R27100 on 22 October 2020.
- Octolibra: the director of the company signed an AOD of R170 000 on 23 October 2020.
- Junior Events Management & Projects: the director of the company signed an AOD of R177 000 on 04 November 2020.
- Langutane: the director of the company signed an AOD of R31 878 on 19 March 2021.
- Tsaone Investments: the director of the company signed an AOD of R18 000 on 28 September 2020.
- MCM Dynamics: the director of the company signed an AOD of R1591 on 08 September 2020.

Disciplinary action

Disciplinary referrals against Ms Koekoe, the Head of SCM and Ms Tsolo, a SCM Accounting clerk at the Nic Bodestein Hospital were sent to the North West DoH on 15 November 2021 recommending that disciplinary action be taken against them for alleged financial misconduct. Disciplinary referral against Mr Johannes Mokoena was sent to the Department on 15 December 2020 for alleged gross financial misconduct.

Civil litigation

The State Attorney was instructed on 06 October 2021 to institute civil proceedings for the recovery of overpayments made to Botaqi to the value of R12 600 and Motion Innovation to the value of R348 142.40. The SIU is waiting for counsel to be appointed in order to institute civil proceedings at the Special Tribunal.

8.9.2. North West DoE

8.9.2.1. Red Eyes Trading Enterprise (Pty) Ltd (Red Eyes)

a) Nature of Allegation

The allegation was received by the SIU on 14 August 2020. The whistle-blower alleged that the North West DoE awarded a tender to supply 50 000 3-layered cloth face masks to a service provider, Red Eyes but that they did not qualify in terms of their score. The whistle-blower contended that his company was not considered even though the quotation he submitted was the lowest.

b) Summary of findings

The SIU investigation found the following:

- The North West DoE appointed Red Eyes without adhering to the required SCM Policies or tender processes prescribed for public sector procurement;
- Red Eyes quoted and charged the North West DoE inflated prices for face masks. The value of the excess portion that the service provider charged in comparison to the guideline pricing included in NT Instruction 05 of 2020/21 is R113 000;
- Red Eyes may not have supplied and delivered all the face masks as per their appointment letter;
- The director of Red Eyes, Mr Kagiso Matido submitted the completed RFQ after the closing date;
- Red Eyes failed to submit a valid tax clearance certificate or Pin;
- Red Eyes claimed and was awarded BBEE preferred points that they did not qualify for;
- Red Eyes provided false information on their SBD form and the company was not registered on the database of the Department of Small Business Development as required; and
- Red Eyes quoted the North West DoE more than the NT prescribed rate for the supply of 5 000 face masks and was overpaid by R113 000 and the value of the contract awarded to Red Eyes is R1 200 000.

The SIU investigation also found that Mr Lindile Daantjie (Mr Daantjie), an Assistant Director: Demand and Acquisition, negligently and/or in a gross negligent way failed to exercise due diligence during the procurement and/or appointment of Red Eyes in that:

- On 27 June 2020 he sent an expired RFQ, with a submission date of 26 June 2020, to Red Eyes for the supply and delivery of 50 000 face cloth masks,
- He accepted a quotation from Red Eyes despite the fact that the quotation was not sent via email as was required by the RFQ;
- He evaluated Red Eyes's quotation and he did not send the same to be audited before recommendation for approval could be granted as required by NT Instruction Note 5 of 2020/21, which requires that audit checks be conducted to pick up and prevent irregularities pro-actively;
- He evaluated the quotation and recommended that Red Eyes be appointed despite the fact that Red Eyes was not on the CSD or SBD databases required by NT Instruction Note 5 of 2020/21, dated 28 April 2020;

- He accepted an invoice of R1.2 million from Red Eyes and recommended that payment be made, however he knew that they had only supplied and delivered 33 000 face cloth mask instead of the 50 000 that was required. Red Eyes was therefore not entitled to invoice or claim the full contract amount; and
- Mr Daantjie may be guilty of misconduct and causing financial prejudice to the North West DoE.

c) Steps Taken

Civil Litigation

The State Attorney was instructed on 10 November 2020 to appoint Counsel to consider the matter and prepare court papers to institute civil proceedings to review and set aside the appointment of Red Eyes and claim the whole amount of R1.2 million that was irregularly paid to the service provider. Counsel was appointed and civil proceedings were instituted in the Special Tribunal on 06 May 2021 under case number NW/1/21.

Disciplinary action

A disciplinary referral against the Assistant Director: Demand and Acquisition, Mr Daantjie was submitted on 30 September 2020 for financial misconduct. The disciplinary hearing was instituted and Mr Daantjie was found guilty and dismissed from the North West DoE on 24 August 2021.

8.9.2.2. Multiple service providers appointed on a single Request for Quotation (RFQ)

a) Nature of Allegation

The matter relates to the procurement of face masks for staff and learners in the North West to protect against the spread of the Covid-19 pandemic. This was reported to the SIU by a whistleblower 3 August 2020. It was alleged that the North West DoE did not adhere to their SCM Policies and NT's Instruction Note 05 of 2020/2021 when they, on two occasions, procured 50 000 face masks from each of the service providers, however on both occasions, the relevant RFQ only stated that the requirement was for a total of 50 000 face masks.

On the first occasion the following five service providers were appointed to provide the face masks:

- NA Tsunke (Pty) Ltd with registration number 2017/272677/07 for R1 225 000;
- Tadi Ya Musa Enterprise (Pty) Ltd with registration number: 2018/037196/07 for R975 000;
- CTU Manufacture Primary Cooperative Limited: with registration number: 2008/003040/24 for R1 150 000;

- Mainstream 699 (Pty) Ltd with registration number: 2008/021420/07 for R989 000;
- Health Zone Pharmacy & Clinic (Pty) Ltd with registration number: 2013/098523/07 for R1 173 000. On the second occasion, the following three service providers were appointed to provide the face masks;
- Kamogelo Investments CC with registration number: 2004/076243/23 for R1 221 875;
- Daveton Repairs for R429,464.50; and
- D Xtra Trading and Projects CC with registration number: 2010/11554/23 for R1 250 000.

No irregularities were found in respect of the appointment of the following service providers:

- Blue Transfusion for R436 425.
- Boisangos 83 Trading for R460 000.
- Complete Elements for R359 790.
- Getmosh Trading for R158 100
- Kaboentle Mining Supplies for R219 300.
- Kamelo Trading for R479 949.
- Khachani Enterprise for R519 809.30
- Mbhokondlovu for R400 000.
- Mfumama Trading for R535 527.
- Oletile Holdings for R672 750.
- Tau Tona Holdings for R245 700.

The following service providers were found to have been overpaid by the Department for the supply of PPE items which were quoted above the NT threshold: Olefile Trading and Daveyton Repairs.

b) Summary of findings

After the announcement of the National State of Disaster, the CFO, Mr Romeo Molema (Mr Molema) and the Chief Director: Finance Management Services (“FMS”), Ms Masego Jansen (Ms Jansen) created an informal committee to manage the procurement of PPE. This committee consisted of the CFO, the Chief Director: FMS, the Deputy Director SCM, Ms Persevia Tsatsimpi

(Ms Tsatsimpe), Assistant Directors, Mr Daantjie, and Mr Danie Thatwe (Mr Thatwe) and Administration Assistant Ms Julia Ditalame (Ms Ditalame).

This committee, during the procurement of the PPE, may have committed financial misconduct, as envisaged in section 81(2) of the PFMA, gross dereliction of duty, or gross negligence in the performance of their duties, in that they failed and/or refused to ensure (within their areas of responsibility, and especially during the procurement of face masks in accordance with a system which is fair, equitable, transparent, competitive and cost-effective, as prescribed by Section 217(1) of the Constitution, SCM Policy of the North West DoE, NT Practice Note 05 of 2020 and other prescripts regulating public sector procurement applicable to North West DoE, which resulted in, or contributed to the North West DoE incurring irregular expenditure to the value of R5.512 million.

The SIU investigation has established that competitive bidding as required for the procurement of goods above R500 000 was not followed and that the initial request to procure the goods as an emergency, or reasons for deviating from inviting competitive bids, was not recorded and approved by the Accounting Officer/ Authority or his/her delegate. Multiple bidders were appointed based on a single quotation with no justifiable reasons given, and no approval was sought from the Accounting Officer. The SIU investigation further found established that the three appointed suppliers, namely, Red Eyes, D Xtra Trading and Kamogelo Investment, were not registered on the SBDs database as required; and that, the bid documents were not audited to pick up and prevent irregularities proactively, as required.

c) Steps Taken

Disciplinary action

Disciplinary referrals were submitted on 31 March 2021 to the North West DoE against all the members of the committee, i.e. Mr Molema, Ms Jansen, Ms Tsatsimpi, Mr Daantjie, Mr Thatwe and Ms Ditalame for financial misconduct which caused financial prejudice to the North West DoE.

Mr Daantjie was found guilty of all the charges and he was dismissed on 24 August 2021. The disciplinary hearing of Ms Tsatsimpe started on 18 October 2021 and was postponed to 11-12 November 2021 at the instance of the employer in order to amend the charge sheet. The disciplinary hearing is currently ongoing. Ms Jansen's hearing has commenced on 29 November 2021. The disciplinary hearing against Mr Molema, was finalised and he was found guilty of all the charges on 10 September 2021 and he was dismissed on 28 September 2021.

Acknowledgement of debt

As a result of overpayment made for quotation that exceeded the threshold set by NT, the following AODs were signed with the directors of the companies:

Olefile Holdings, signed by the director of the company on 18 March 2021 for R43 800.

Daveyton Repairs, signed by the director of the company on 02 September 2021 for R45 896.

8.9.3. North West DSD

8.9.3.1. Allegations in relation to irregular appointments of and non-performance by various service providers

a) Nature of Allegation

The allegation was received by the SIU on 17 August 2020. The whistle-blower alleges that the North West DSD did not distribute the food parcels to the intended beneficiaries and did not provide catering services to the homeless people. He further contended that the North West DSD procured services for the erection and maintenance of quarantine facilities and the suppliers of PPE without following a proper tender process.

b) Summary of findings

Food parcels:

The North West DSD in collaboration with the South African Social Security Agency (SASSA) have a Social Relief of Distress (SRD) programme through which intervention is provided in the plight of needy households across the province. To identify needy households, the social workers undertake door to door expeditions to profile beneficiaries and compile home circumstance reports detailing their socio-economic conditions and recommendation for departmental interventions. During Covid-19 lockdown the social workers followed the same route to ensure that proper procedures are being followed.

The North West DSD followed a tender procurement process when sourcing all the goods and services relating to the food parcels. The following service providers were contracted to in January 2019 to provide food parcels across the North West province's districts:

- Blink Africa Group of Companies,
- DM Mega Enterprise,
- Eddie Mosa,
- Mabogo Dinku Enterprise and Projects,
- Mashota Trading,
- Mekingwe Mobile Shop,

- Mojero Trading,
- Owabo Bonke Trading;
- Perfect Girlz,
- Re Thusa Botlhe Catering and Cleaning;
- RXD Logistics 9, and
- World Focus Projects.

The service providers provided services across four districts in the province, namely;

- Bojanala,
- Dr Kenneth Kaunda,
- Dr Ruth Segomotsi Mompati, and
- Ngaka Modiri Molema.

The SIU investigation found that the service providers which were used to distribute and provide food parcels during Covid-19 lockdown period are the same service providers that the North West DSD already had Service Level Agreements (SLAs) with since January 2019 and there were no irregularities found in their appointment as they were appointed through a competitive bidding process and were already on the North West DSD database. The North West DSD utilised a panel of service providers for social relief packages during the Covid-19 period. The service providers against which allegations were made are listed in the table below:

| Name of service provider | Value of contract |
|---------------------------------------|--------------------------|
| Blink Africa Group of Companies | R1 603 080 |
| DM Mega Enterprise | R980 474 |
| Eddie Mosa | R1 129 235 |
| Mabogo Dinku Enterprise and Projects | R966 211 |
| Mashota Trading Enterprise | R1 002 076 |
| Mekgwe Mobile Shop | R1 650 000 |
| Mojero Trading | R1 643 932 |
| Perfect Girlz | R1 120 306 |
| Re Thusa Botlhe Catering and Cleaning | R730 898 |

| Name of service provider | Value of contract |
|---------------------------------------|-------------------|
| RXD Logistics 9 | R1 117 584 |
| Antha General Services | R186 305 |
| BKM Consulting | R7 700 |
| BKMH Holdings | R176 030 |
| Bram Services | R490 000 |
| D and L Fire Safety Enterprise | R51 990 |
| Dephetogo Trading | R20 698.45 |
| Diane Rapoo Security | R38 300 |
| DK Mooki Trading | R115 964.60 |
| Double D Trading Services | R54 900 |
| Duke Holdings | R62 400 |
| Dumalizwe African Cuisine | R156 060 |
| Elements Horizon | R28 950 |
| Eudina Holdings | R64 288 |
| Fabiano Global Business | R80 325 |
| FH Construction & Projects | R18 950 |
| G Z E Tech | R91 000 |
| Gaba Jack Trading & Projects | R64 171.45 |
| Gomolemo Construction & Projects | R37 500 |
| Injula Tours & Event Management | R44 600 |
| KD Sechogo Cleaning Chemicals | R39 457 |
| Kedigorisitse Construction & Projects | R97 825 |
| Kgosiethata Catering & Construction | R175 000 |
| Khalworld Trading & Projects | R28 100 |
| Lala at Nite | R16 920 |

| Name of service provider | Value of contract |
|------------------------------------|-------------------|
| Lechoba Medical Technologies | R214 682.89 |
| Lefika Pride Development | R65 620 |
| M Squared Medical Engineering | R46 900 |
| Mabora Catering & Projects | R75 240 |
| Maleta Matse Security & Cleaning | R31 395 |
| Masel Training Services | R199 556.50 |
| MDL Supply Construction Services | R29 000 |
| MJN Catering and Enterprise | R145,470.00 |
| Mmaditsebe Environmental | R30 600 |
| Mmamothofela Solutions | R174 685 |
| Mmileng wa Catering | R146 655 |
| Naka tsa Kukame Trading Enterprise | R41 200 |
| Noka e Thata Projects | R37 620 |
| Ntebaleng Cleaning & Projects | R71 500 |
| Olwe2 Project Management | R499 767 |
| Phoshlee Trading | R154 550 |
| Pro-N Medical Suppliers | R457 950 |
| PRV Enterprise | R58 227.90 |
| PYM Construction | R25 875 |
| Rabubi Trading Enterprise | R109 200 |
| Ramphatsi Trading Projects | R31 201 |
| Ramo Ray Enterprise | R28 100 |
| Reshon Projects | R213 900 |
| RKT Tools & Projects | R44 120 |
| Ruth Distribution Services | R132 135 |

| Name of service provider | Value of contract |
|----------------------------------|-------------------|
| Senna Pest Control | R44 850.25 |
| Sentsheng Trading & Projects | R135 125 |
| Sez Orefile | R54 000 |
| Sox and Sophy Trading & Projects | R38 400 |
| STB Construction and Projects | R19 000 |
| Swanico | R24 048 |
| Technozip Media House | R144 900 |
| Tshia Logistics | R99 000 |
| Tshiamong Trading | R31 200 |
| Tumisho Construction | R48 885 |
| Versatile Mindz Trading | R43 750 |
| Vho Mahusi Communication | R22 500 |
| Yondelwayo Trading | R81 600 |
| Yooham Investments | R12 949.74 |
| Zaipha Agribusiness Company | R175 000 |
| World Focus Projects | R668 996 |

The SIU interviewed the relevant senior officials in at the North West DSD, including the Acting Accounting Officer, Ms Masego Mekgwe, the CFO, Ms Poppie Moremi, the Chief Audit Executive: Provincial Treasury (who prepared the Provincial Internal Audit report), Mr Floyd Motlhale and the Director of Supply Chain, Mr Job Mnguni (Mr Mnguni), and interviewed the directors and other members of the identified service providers. The SIU also inspected all the delivery schedules and requested the bank statements of the service providers. The bank statements were reviewed in order to determine if the food was purchased for the food parcels, and if any payments were received from the North West DSD for the services rendered.

The SIU investigation found that the service providers all delivered the food parcels at the various service points in the four districts of the North West as per the SLA. The allegations levelled against the identified service providers for non-distribution of parcels could not be substantiated.

Catering services:

The service providers against which allegations were made are listed in the table below:

| Name of service provider | Value of contract |
|------------------------------------|--------------------------|
| Cascah Enterprizes | R91 000 |
| Rudo Essential Services | R87 432 |
| Dipaka Trading | R171 360 |
| Mzwaelly Construction and Projects | R151 430 |

The SU investigation followed the same approach as for the food parcels and it was found that the service providers all delivered the catering services in line with their contractual obligations. The North West DSD utilised their panel of service providers for social relief packages during the pandemic. The allegations levelled against the identified service providers for non-delivery of goods and services, irregular appointment, as well as inflation of prices could not be substantiated.

PPE items (inclusive of cleaning materials and services):

The service providers against which allegations were made are listed in the table below:

| Name of service provider | Value of contract |
|--------------------------------------|--------------------------|
| Aggie's Security Services | R50 000 |
| Akim Holdings | R42 863 |
| Araletlha | R27 550 |
| Bahwaduba Enterprise | R78 819 |
| Baji Ba Lefa Holdings | R55 710 |
| Best Enough Trading and Projects 419 | R138 500 |
| Blood Combination Trading | R18 700 |
| Boo Tsie Holdings | R53 000 |
| Brazzo Resources | R26 600 |
| Costiworx | R19 990 |
| Easymol Trading and Projects | R45 819 |

| Name of service provider | Value of contract |
|--|-------------------|
| Floydsegoe | R70 945 |
| Futurex Technologies and Projects | R35 972 |
| Gabajack Trading and Projects | R64 171 |
| Gorileng Trading Enterprise | R23 850 |
| Hurricane Pest Control | R128 862 |
| I Jogee and Son | R28 035 |
| Itumeleng Waste Removal | R26 200 |
| Karabo Motloko Trading and Projects | R54 400 |
| Katso Lesedi Holdings | R140 400 |
| Keborefela Projects | R91 000 |
| Khonagalo E Ntle Supplies and Projects | R92 000 |
| Letlotlo La Masego Holdings | R80 500 |
| Lindakel | R31 100 |
| Loapi Logistics | R154 000 |
| Mahube To Trading Enterprise | R22 800 |
| Manthatsis | R64 400 |
| Marobathota Trading | R17 920 |
| Mpho and IPS Logistics | R40 956 |
| Namtu Projects | R113 400 |
| Nathi Zoli | R157 000 |
| NJM Trading And Construction | R14 260 |
| Pajela General Construction | R96 000 |
| Siyamudumisa Trading and Projects | R80 000 |
| Tovani Trading 181 | R28 000 |
| True Ambition Projects | R38 300 |

| Name of service provider | Value of contract |
|------------------------------|-------------------|
| Tsarisa Trading and Projects | R39 250 |
| Unique Trading | R161 500 |

The SIU investigation followed the same approach as for the food parcels, and it was found that the service providers all delivered PPE items (inclusive of cleaning materials and services) in line with their contractual obligations and they were already appointed in their panel of service providers for social relief packages during the Covid-19 pandemic. The allegations levelled against the identified service providers for non-delivery of goods and services, irregular appointment, as well as inflation of prices could not be substantiated.

8.9.3.2. Additional irregularities in the procurement of PPE

a) Nature of the allegations

The SIU received documents on 18 April 2021 from the North West DSD with an internal audit report pointing to irregularities in respect of the procurement of PPE, appointments of service providers and overpayments of catering services to homeless people relating to the emergency procurement for Covid-19.

b) Summary of findings

The below is a list of contracts that were investigated to assess if there were any irregularities in respect of the procurement process. All the service providers were invited to submit quotations for the services via an RFQ. Irregularities were found in respect of the following contracts:

| Name of the service provider | Value of contract |
|--|-------------------|
| Rackel Trading and Projects (Rackel Trading) | R47 820.16 |
| I'Vee Africa Group | R187 950 |
| LPS Projects & Consulting (LPS Projects) | R42 300 |

The prices charged by Rackel Trading were inflated compared to the prescribed NT list for PPE. The North West DSD therefore overpaid Rackel Trading by R16 158.36.

The Director: SCM" of the North West DSD, Mr Job Mnguni, irregularly awarded the contract or caused the awarding of the contract to I'Vee Africa Group to the value of R187 950 under order

number: 12L215479. The request for quotation from SCM that was sent to I'Vee Africa Group was signed by Mr Mnguni on 20 May 2020 but the closing date of the bid was 18 May 2020. This means that I'Vee Africa Group submitted a quotation after the closing date of the bid.

Mr Mnguni also irregularly awarded the contract or caused the awarding of the contract to LPS Projects, for the amount of R42 300, for the provision of deep cleaning services at Mamusa Service Point, because the date of the quotation submitted by LPS Projects was 14 May 2020 and was after the closing date of 12 May 2020.

c) Steps Taken

Acknowledgment of Debt

One AOD was signed by the director of Rackel Trading on 26 October 2021 for the amount of R16 158.36, because of the overpayment made by the North West DSD.

Disciplinary action

A recommendation for disciplinary action against Mr Mnguni, the Director of SCM was submitted on 11 November 2021 for financial misconduct and causing financial prejudice to the Department through irregular appointment of a service provider, I'Vee Africa Group, which submitted its quotation for a deep cleaning services for R187 950, after the closing date of bid.

Civil Litigation

A civil referral was sent to the State Attorney's office on 27 October 2021 against LPS Projects and I'Vee Africa Group for the application to review and set aside the contracts awarded and the SIU is awaiting the appointment of Counsel. No irregularities were found in respect of the other contracts that were investigated.

8.9.4. Moses Kotane Local Municipality

8.9.4.1. Allegations in relation to irregular appointments various service providers

a) Nature of Allegation

The whistle-blower reported the allegations on or about November 2020 to the SIU. He accused office holders of abusing their powers and using resources meant to ease the plight of the poor during the Covid-19 lockdown to campaign ahead of the 2021 local government elections.

More specifically it was alleged that the service providers listed in the table below were irregularly appointed for the supply and delivery of Covid-19 PPE items:

| Name of service provider | Value of contract |
|------------------------------------|--------------------------|
| BAA-Lerona Sewing | R7 500 |
| Darkies Tribe (Pty) Ltd | R15 000 |
| Genplay (Pty) Ltd | R27 600 |
| Mokasi Creations | R7 500 |
| Motseka Entertainment | R28 497 |
| Olaotse Holding (Pty) Ltd | R393 990 |
| OMB Catering Supplies | R22 000 |
| Sedi Supply | R23 898 |
| Sentshieng Trading & Projects | R180 750 |
| Sharike Holdings | R68 918 |
| Sylvia Seemise Cleaning & catering | R21 825 |
| TMF Signs | R12 770 |
| Tshose Uniforms | R7 500 |

b) Summary of findings

The SIU investigation found that the service providers were appointed through an RFQ that was sent to them from the municipality database of service providers and based on the prescripts included in the Municipality's SCM policy, and the additional guidelines with respect to Emergency Procurement in Response to National State of Disaster South Africa, provided by NT as included in MFMA Circulars 100 and 102 of 2020/21. The SIU investigation found no evidence to substantiate the allegations made against the service providers and the relevant officials.

8.9.5. City of Matlosana Local Municipality (CMLM)

8.9.5.1. PPE procurement

a) Nature of Allegation

The allegation was received on the 19 November 2020. The whistle-blower alleges that a store manager at the Municipality, Mr Thebe Moeng (Mr Moeng) ran a procurement process for PPE

without the requisite authority/ CFO Mr Moses Grond's (Mr Grond) knowledge and allegedly irregularly appointed the following service providers:

| Name of service provider | Value of contract |
|-------------------------------------|-------------------|
| Khuwait Group | R90 000 |
| KTMW Trading | R120 000 |
| Leanoleleago Enterprise | R29 250 |
| Lema Enterprise | R29 700 |
| Montshosi Services | R29 850 |
| Murray & Dickson Construction | R1 454 207 |
| Screening Officer's Stipend | R449 162 |
| Octolibra | R207 500 |
| Phakamani Trading | R30 000 |
| Pure Water Services | R30 000 |
| Ratanang Suppliers & Projects | R29 750 |
| Red Bindi Investment | R30 000 |
| Relebogela Botshelo Trading | R59 744 |
| Sibongile Mashiya (Pty) Ltd | R980 665 |
| Tenosi Plant | R30 000 |
| Tshimiso Trading & Projects | R30 000 |
| Ubude Abuphangwa Civil & Electrical | R30 000 |
| VM Success Enterprise | R29 850 |
| Ara Chemicals | R15 750 |
| Bokatshwa Holdings | R30 000 |
| Bravura Trading | R30 000 |
| Conquest Chemicals | R30 000 |
| Creative Fleet Solutions | R150 000 |
| Cybermotives | R80 000 |

| Name of service provider | Value of contract |
|--|-------------------|
| EKS Consulting Engineers | R1 782 147 |
| Elegant Line | R47 500 |
| Incredible Wills | R178 000 |
| Kabotshe Enterprise | R30 000 |
| Pule Ramasimong Development Consultant | R60 000 |

b) Summary of Findings

The SIU conducted a search and seizure at CMLM in terms of Section 6 of the SIU Act on 18 December 2020. The SIU reviewed and analysed the documents that were seized which consisted of procurement documents, invoices, contracts and delivery notes and found that CMLM overpaid some service providers who were appointed through an RFQ and sourced from the municipality database, because the prices of the PPE (i.e. facial masks, sanitizers and surgical gloves) exceeded NT's prescribed rates.

Interviews were conducted with identified service providers who provided surgical masks, gloves and sanitisers, to afford them a right of reply to the allegations of overpayments made against them.

Six AODs have been signed to the amount of R77 066 as a result of the overpayments made. No irregularities were found in respect of most contracts that were investigated and the matters were closed.

Investigation found that the Municipal Manager (MM), Mr Roger Nkhumise (Mr Nkhumise), the CFO Mr Grond, and other officials committed gross financial misconduct in that:

- They failed to prevent losses by permitting the Municipality to procure PPE items from various service providers at wholly inflated prices;
- They failed to ensure that the resources of the municipality are used effectively, efficiently and economically;
- They failed to ensure that the Municipality follows NT Regulation with regards to pricing of PPE items;
- They failed to ensure that Municipal that the resources of the municipality are used effectively, efficiently and economically; and

- Failed to prevent irregular expenditures by allowing Municipality to contract with entities that are not tax compliant.

Investigation also found that the MM and CFO committed gross financial misconduct in contravention of Section 173 and 174 of the MFMA. Under these sections, the senior municipal officials can be criminally prosecuted for financial misconduct that falls short of outright fraud and corruption.

c) Steps Taken

Disciplinary action

Disciplinary referrals were made against the MM Mr Nkhumise, the CFO, Mr Grond, the store manager, Mr Moeng, the Assistant Director: SCM, Mr Ben Mtileni (Mr Mtileni), and the Building & Construction Manager, Mr Joseph Sekwati (Mr Sekwati) for gross financial misconduct. The disciplinary hearing in respect of Mr Moeng was finalised and he was given a final written warning and the disciplinary hearing of Mr Sekwati is underway.

Criminal referrals

Two criminal referrals were sent to the NPA on 17 May 2021 against the Municipal Manager, Mr Nkhumise and the CFO, Mr Grond, for gross financial misconduct in contravention of sections 173 and 174 of the MFMA.

8.9.6. Ratlou Local Municipality (RLM)

8.9.6.1. Abuse of Petrol Cards for Covid-19 related travel

a) Nature of Allegation

The allegation was received on the 17 August 2020. The whistle-blower alleges that officials were abusing the petrol cards for Covid-19 related travel. He/she alleges further that one card will incur up to R5 000 for a local trip which is not even 60km. It was alleged that the Speaker of RLM's allocated vehicle incurred petrol expenditure whilst it was at the service garage.

b) Summary of findings

The SIU met with the Hawks regarding this allegation and reviewed the forensic report received in respect of the alleged abuse of petrol. It was established that the Hawks were investigating this matter prior to the National State of Disaster being declared. It was not evident from the Covid-19 expenditure report that the petrol abuse was also related to such an expenditure.

The SIU investigation found that the car belonging to the Speaker of RLM did not incur costs in respect of petrol while it was at the service garage for services as reported by the whistle-blower and the matter was closed. There was no evidence to substantiate the allegations made.

8.9.6.2. Irregularities in respect of the purchase of yellow fleet using the Covid-19 budget

a) Nature of Allegation

On 31 July 2021, following information received from the whistle-blower in respect of procurement irregularities amounting to about R25 million, a search and seizure warrant was granted and the operation was executed. Documents and computers were seized. Contracts awarded to the following service providers for purchase of yellow fleet were investigated:

| Name of service provider | Value of contract |
|--------------------------------------|--------------------------|
| Isuzu Truck Centre | R1 769 859.50 |
| Langu Electrical & Refrigeration | R2 155 617.34 |
| Khazimlamisoyethu Trading & Projects | R3 700 000 |
| Khazimlamisoyethu Trading & Projects | R1 350 000 |
| Innoculate Holdings | R1 240 985.50 |
| ELB Equipment Holdings Ltd | R1 251 637.58 |
| Barloworld Equipment | R6 405 412.05 |

b) Summary of findings

Interviews were conducted with MM, Mr Tebogo Chanda (Mr Chanda), former Acting CFO, Mr Collen Tjale, Performance Accountant, Mr Frans Lekoto as well as an official from Provincial Treasury, Ms Onalenna Malema (Ms Malema) (Chief Director: Budgets) and it was found that the Covid-19 budget was used to fund the purchase of yellow fleet and this was reported and supported by the Provincial Treasury.

Ms Malema from Provincial Treasury indicated that RLM had the discretion to use the Covid-19 related funds for emergency needs in an effort to curb the spread of Covid-19. She further stated that the budget allocation comes from the equitable share fund allocated by NT as published in the Government Gazette No 43660 of 28 August 2020, without any conditions, as long as it is meant for Covid-19 related services. The procurement of RLM's "yellow" fleet (which consisted of 2 x motor grades, borehole drilling & equipping, purchasing of TLB, purchasing of tipper truck,

purchasing of a 2 maintenance vehicles for essential service teams, procurement of 2 mobile water trucks, landfill development compliance, waste refuse collection and procurement of 1 sewer honey-sucker truck & high pressure jet machine) were approved by Council and reported to National and Provincial Treasury in terms of the Special Adjustment of Covid related budget (capital portion) for the 2020/2021 financial year.

There was no evidence to substantiate the referral against the service providers and also against the officials in respect of the purchase of the "yellow" fleet using the Covid-19 related funds.

8.9.6.3. Irregular appointment of service providers

a) Nature of Allegation

The SIU received on 27 August 2020 allegation published in the North West Provincial Treasury ("North West PT") Covid-19 Procurement Disclosure Report. A desktop analysis was conducted to identify any discrepancies relating to the expenditure of goods. The investigations conducted were to determine if PPE was sold for more than the prescribed amount, and/or whether or not the proper procurement process was followed as per NT Instructions. The value of the contract was R165 960 and a total three service providers were appointed which are:

- Hours of Success Trading R126 300
- Pontsho Trading Enterprise R39 660
- Rebothale Trading R81 326

b) Summary of Findings

The SIU found that there were overpayments in respect of the amount quoted by Hours of Trading and Potsho Trading Enterprise which exceeded the amount prescribed by NT. No adverse finding were made in respect of Rebothale Trading, and the persons who were found to have been responsible for these overpayments were the MM, Mr Chanda, the Acting CFO, Ms Ledingwane and the Procurement Accountant, Ms Manja. This led to the disciplinary referral being made against them. It was also found that the MM, as the accounting officer, contravened section 173 of the MFMA for committing a criminal offence in that he failed to prevent the municipality from incurring an irregular expenditure and failed to ensure that the resources of the municipality are used efficiently, effectively and economically.

c) Steps Taken

Disciplinary action

A disciplinary referral was made against the MM, Mr Chanda, The Acting CFO, Ms Ledingwane and Ms Manja, the Procurement Accountant for gross financial misconduct in that they failed to prevent losses by permitting the municipality to procure various PPE items at wholly inflated prices and thus failed to prevent an irregular expenditure.

Criminal referrals

A criminal referral was made against the MM, Mr Chanda, for gross financial misconduct in contravention of section 173 of the MFMA as he failed to prevent an irregular expenditure incurred through overpayments made to Hours of Success and Pontsho Trading, and thus failed to ensure that the resources of the municipality are used efficiently, effectively and economically.

8.9.7. JB Marks Local Municipality (JB Marks)

8.9.7.1. Irregular appointment of service providers

a) Nature of Allegation

The allegation was received on the 17 August 2020. The whistle-blower alleges that the following service providers were appointed irregularly and some quoted for and were paid more than the NT Note 5 prescribed rates:

| Name of service provider | Value of contract |
|----------------------------------|--------------------------|
| Backwards Trading | R860 0000 |
| Batseba Trading | R1 368 000 |
| K201508248470 | R983 500 |
| Potch Tlokwe Chamber of Commerce | R1 200 000 |
| Jacon Francois Wessels | R11 911 |
| Steiner Hygiene Potchefstroom | R990 752.99 |
| Fukuza Supplies and Projects | R483 000 |
| HP Handelaars | R332 333 |
| Dorte (Pty) Ltd | R510 000 |
| Wohnen Interiors | R236 608 |
| CTM | R787 482.30 |

| Name of service provider | Value of contract |
|----------------------------|-------------------|
| Plumbers Depot | R735 282.30 |
| Sayeds Industrial Supplies | R146 683 |
| Mr Aluminium | R71 866 |

b) Summary of findings

The SIU met with the Administrator of JB Marks regarding this allegation and reviewed all the documents received. The contracts were analysed and interviews conducted with municipal officials, namely the MM, Mr Lebu Ralekgetho (Mr Ralekgetho), the CFO, Ms Tumisana Moeketsane (Mr Moeketsane) and SCM officials, Ms Mohau Shuping (Ms Shuping), Ms Elizabeth Nkaunyane (Ms Nkaunyane), and Ms Boitumelo Sekolopo (Ms Sekolopo). Interviews with the SCM Manager, Mr Thabang Modiko Selemale (Mr Selemale) could not take place as he resigned before he could be interviewed and efforts to schedule an interview with him were not successful. He was instrumental in sourcing and irregularly appointing service providers and some of whom were found not to be tax compliant. He also accepted quotations which far exceeded the prescribed maximum price for PPE as per Treasury Regulations Note 5.

The SIU investigation found that several service providers had quoted and were paid above the NT threshold and that these overpayments should be recovered from them. The service providers were appointed through a quotation system. The companies that were found to have been overpaid by JB Marks are:

- Backwards Trading; 20 000 3ply masks and was overpaid by R78 777;
- Batseba Trading; 50000 lt of hand sanitisers and was overpaid by R370 625;
- K201508248470; 2000 3ply masks and was overpaid by R24 560;
- Fukuza Supplies; 1500 FFP dust masks and was overpaid by R97 000;
- Dorte Pty Ltd 5000 3ply masks and was overpaid by R25 000; and
- Steiner Hygiene; 20000 3ply mask and was overpaid by R451 200.

No overpayments were found in respect of the four service providers namely, HP Handelaars, Wohnen Interiors, Jason Francois Wessels and Mr Aluminium. Investigation found that the MM, Mr Ralekgetho the CFO, Ms Moeketsane, the Site Manager, Mr Shuping, SCM Practitioner and Compliance Officer, Ms Nkaunyane and Compliance Officer, Ms Boitumelo Sekolopo have committed a gross financial misconduct for appointing service providers whose quotation exceed

the threshold set by NT and who were not tax compliant which led to the municipality incurring irregular expenditure and these warranted a disciplinary referral against each of them. The MM, in his capacity as an accounting officer, was found to have contravened section 173 of the MFMA which makes a failure to prevent a financial loss and irregular expenditure a criminal offence.

The contract awarded to Potch Tlokwe Chamber of Commerce was found to have been awarded irregularly. The investigation found that the Executive Mayor, Councillor Kgotso Khumalo (Mr Khumalo), caused the awarding of a donation of R1.2 million from the mayoral's budget to the Potch-Tlokwe Chamber of Commerce during the Covid-19 lockdown and this donation is construed as irregular and invalid in terms of Chapter 2 of the Constitution, for lack of full compliance with all the prescripts regulating public sector procurement, as inter alia set out in Section 217(1) of the Constitution, Section 112(1) MFMA, as read with the Treasury Regulations and the relevant Instructions issued by NT.

Any payments that JB Marks made to Potch-Tlokwe Chamber without any contracts and SCM processes being followed, is deemed to constitute irregular expenditure and/or fruitless and wasteful, as referred to in the MFMA. The Potch-Tlokwe Chamber invoiced JB Marks for catering for homeless people during the Covid19 lockdown for R1.2 million and was paid on 09 April 2020. However, no supporting documents were attached to the invoice submitted to confirm that the services were actually rendered.

c) Steps Taken

Civil litigation

Civil proceedings were instituted on or about February 2021 and are underway in the Special Tribunal to try to recover the overpayments made to the 7 service providers. Counsel has also been appointed to bring an application to set aside the contract awarded to the Potch Tlokwe Chamber of Commerce.

An order was obtained in the Special Tribunal on 14 December 2020 under case number: GP19/2020 to freeze the pension fund (worth approximately R100 000) of Mr Selemale pending finalisation of civil proceedings against him and summons were issued against him and against several service providers to recover on behalf of JB Marks and the proceedings are underway in the Special Tribunal. The SIU investigation has identified Mr Selemale to have been involved in various unlawful activities in the procurement of PPE, especially with regard to unlawful authorisation of payments that were not due or inflated, He resigned when he was given a notice of suspension by the Municipal Manager.

Disciplinary action

Disciplinary referrals against the MM, Mr Ralekgetho the CFO, Ms Moeketsane, the Site Manager, Mr Shuping, SCM Practitioner and Compliance Officer, Ms Nkaunyane and Compliance Officer, Ms Boitumelo Sekolopo were sent to the Municipality for gross financial misconduct which led to the municipality incurring an irregular expenditure were sent to JB Marks on 04 October 2020. All disciplinary hearings are underway and awaiting outcome thereof.

Criminal action

A criminal referral were sent to the NPA on 17 May 2021 against the Municipal Manager, Mr Ralekgetho for gross financial misconduct in contravention of sections 173 and 174 of the MFMA.

Executive action against the Executive Mayor:

The Executive Mayor resigned before a disciplinary action could be taken against, following the ANC step-aside rule, as he was facing criminal charges for allegedly stealing funds donated to the municipality, but he still remained in the municipality's payroll as a councillor. The MEC has not advised the SIU as to what action is going to be taken against him.

8.9.8. Department of Community Safety & Transport Management (CSTM)

8.9.8.1. Internal investigation

a) Nature of Allegation

Allegations were received from the office of the Administrator, Mr Mathabatha Mokonyama (Mr Mokonyama) on 03 August 2021, that there were allegations of impropriety which took place during the procurement of PPE and requested the SIU to conduct an investigation in respect of this. His office furnished the SIU with an internal investigation report to support the allegations that were reported.

b) Summary of findings

It is alleged that the Director, SCM, at the Department, may have committed a financial misconduct as envisaged in section 81(2) of the PFMA in the appointment of Zekile Holdings for the supply and delivery of 3 000 surgical masks. He failed to ensure that the CSTM comply with NT Regulation Practice Note 5 of 2021/21. The SIU investigation found that Mr Maduna appointed Zekile Holdings even though they had quoted more than the prescribed rate as per Practice Note 5. Zekile Holdings quoted R402 for 300 boxes (10 per box) of surgical masks and was paid a total amount of R120 600. They should only have been paid R13 932 if they had quoted R46.44 which

is the prescribed rate. This resulted in an overpaid of R106 668, Mr Maduna caused this overpayment which constitutes fruitless and wasteful expenditure which could have been avoided had measures outlined in section 45 of the PFMA been followed.

c) Steps Taken

Disciplinary action

A disciplinary referral was sent to the CSTM on 24 October 2021 against Mr Maduna for financial misconduct in respect of the awarding of a contract and overpayment made thereof. No action has been taken yet by CSTM.

Civil Litigation

An authorisation was obtained to institute civil proceedings against Zekile Holdings for the recovery of R106 668. A meeting will be held on 25 November 2021 with the service provider to discuss the possibility of signing an AOD as they have informed the SIU they are prepared to repay the overpaid amount.

8.10. WESTERN CAPE PROVINCE

8.10.1. Western Cape Provincial Department of Environmental Affairs and Development Planning (“DEADP”)

8.10.1.1. Assur Developers (Pty) Ltd

a) Nature of allegation

This matter was referred to the SIU by a whistleblower on 13 August 2020. The complaint was based on the 2020 Procurement Disclosure Report released by the Western Cape Provincial Treasury (“Western Cape PT”), which reflected that three thermometers at a cost of R2 970 per unit totalling R8 910 were procured from Assur Developers.

b) Summary of findings

The SIU’s assessment of the evidence received revealed that the DEADP followed a proper procurement process. The DEADP duly tested the market and obtained more than one quotation. The matter was closed as no irregularities were detected.

8.10.2. Western Cape OTP

8.10.2.1. Assur Developers (Pty) Ltd

a) Nature of allegation

This matter was referred to the SIU by a whistleblower on 13 August 2020. The complaint was based on the 2020 Procurement Disclosure Report released by the WCPT, which reflected that 160 thermometers at a cost of R1,350 per unit totalling R216, 000 were procured from Assur Developers.

b) Summary of findings

The SIU's assessment of the evidence received revealed that the OTP followed a proper procurement process. The OTP duly tested the market and obtained more than one quotation. The matter was closed as no irregularities were detected.

8.10.3. Western Cape Provincial DoH

8.10.3.1. Carl Zeiss (Pty) Ltd ("Carl Zeiss")

a) Nature of allegation

This matter was referred to the SIU on 6 August 2020 by Werksmans Attorneys, on behalf of Intamarket Medical Technologies (Pty) Ltd ("Intamed"). The allegations entailed procurement irregularities with regard to the procurement of a Carl Zeiss neurosurgical microscope at a price of R9 994 926 by the Tygerberg Academic Hospital, by means of a limited bid tender process.

b) Summary of findings

The assessment of the evidence received revealed that:

- There is no basis to find that the purchase was not cost-efficient, fair and/or equitable;
- Intamed has already instituted review proceedings in court against the Western Cape DoH in this matter; and
- In view of the above, there are no reasonable grounds for the SIU to recommend either disciplinary action or civil action (which is in any event pending between the parties).

c) Steps Taken

On 9 October 2020, the SIU submitted systemic recommendations to the Western Cape DoH with a view to prevent similar situations, which has exposed them to the risk of their SCM processes being taken on review, as illustrated in this instance.

8.10.4. Western Cape Provincial DoE

8.10.4.1. Masiqhame Trading 1057 CC (“Masiqhame”)

a) Nature of allegation

On 13 August 2020, a member of the public informed the SIU regarding concerns in the award of contracts to Masiqhame. The concern was based on the published Disclosure Report released by the Western Cape PT. This report details all the PPE procured by the Western Cape DoE. In terms of the Disclosure Report, Masiqhame benefitted from numerous transactions comprising the supply of PPE to the Western Cape DoE. According to the Disclosure Report, the payments made in favour of Masiqhame amounted to R111 826 721. The investigation comprised of two aspects, the **first** being the procurement of hand sanitisers and related items amounting to R73 724 348 and the **second** pertaining to the procurement of cloth masks, amounting to R54 353 082.

b) Summary of findings

The investigation in respect of the procurement of hand sanitisers and related items has been finalised. Masiqhame has had contracts with the Western Cape DoE since 2013 for the supply of stationery. In 2017, after an exhaustive assessment process, Masiqhame was awarded a three-year contract (1 October 2017 – 30 September 2020) to supply and deliver cleaning materials (including hand sanitisers), gardening and electrical supplies to Western Cape DoE Head Office, Education District Offices and all non-section 21 schools throughout the Western Cape Province. The list of products contained in the contract made provision for the supply of 207 different cleaning items. The Covid-19 list of PPE safety requirements and products are included in the list of products supplied by Masiqhame to Western Cape DoE. The SIU investigation did not reveal any irregularities.

Secondly, with regard to the investigation conducted in respect of the procurement of cloth masks, the evidence obtained indicated that the procurement process followed by the Western Cape DoE was irregular. This is the case as the Western Cape DoE failed to adequately test the market, thus failing to comply with the prescripts of section 217 of the Constitution. Furthermore, the Western Cape DoE provided Masiqhame with multiple opportunities to alter its price, yet failed to afford other service providers the same opportunity.

c) Steps Taken

Disciplinary action

The SIU obtained evidence that suggests that the following senior officials of the Western Cape DoE may be guilty of misconduct. The investigation of the SIU has thus far revealed that the officials concerned, committed act(s) and/or may have been responsible for omission(s) in respect of the

procurement of, and contracting for PPE and related goods and services during the national state of disaster that was declared in the fight against the Covid-19 pandemic, which conduct or omissions the SIU submits amounts to misconduct, dereliction of duty and/or negligence in the performance of their official duties at the Western Cape DoE.

| Full names | Job Title | Date of referral letter |
|--|---|-------------------------|
| Ms Lisa Schaffers (“Ms Schaffers”) | Deputy Director: SCM Operations | 01/10/2021 |
| Mr William Jeffrey Stef Jantjies (“Mr Jantjies”) | Director: Institutional Management and Governance | 01/10/2021 |
| Mr Leon John Ely (“Mr Ely”) | Deputy Director General: Finance | 01/10/2021 |

Civil litigation

The SIU issued papers from the Special Tribunal on 19 November 2021 with the view to review the contract to the value of R54 353 082 awarded to the service provider, Masiqhame, and set it aside. The papers were subsequently served on the Respondents.

8.10.5. Western Cape Government Department of Transport and Public Works

8.10.5.1. Tusk Construction Support Services 1999/001303/07 (“Tusk”)

a) Nature of allegation

On 28 September 2020 a complaint was received based on a News 24 article titled “*Western Cape PPE tender report reveals R38 million paid to one company*”, dated 23 September 2020. The complaint relates to alleged tender irregularities with regard to the procurement of PPE amounting to R40 172 133, awarded to Tusk by the Western Cape Department of Transport and Public Works.

b) Summary of findings

The SIU’s assessment of the evidence received revealed that the Western Cape Department of Transport and Public Works followed a proper procurement process. The Western Cape Department of Transport and Public Works duly tested the market and obtained more than one quotation. The matter was closed as no irregularities were detected.

8.10.6. Saldanha Bay Local Municipality (“SBLM”)

a) Nature of allegation

On 4 November 2020, Mr Brett Herron (“Mr Herron”) (Member of the Western Cape Provincial Parliament and Secretary General of the GOOD Party) submitted allegations to the SIU pertaining to complaints received regarding the distribution of food parcels in the SBLM. In essence, the allegations entailed that the food parcel distribution had been ‘hijacked’ for party political purposes and that the SIU investigate the theft of the food parcels and the unfair distribution thereof.

During the course of the investigation it was established that the total expenditure incurred in respect of the provision of food parcels and meals amounted to R812 799.

b) Summary of findings

Given the dire need of the community, it was deemed an emergency. Therefore, the SCM Department embarked on a procurement process by way of a Deviation, which was approved by the Municipal Manager, and quotations were sourced. As such, the SCM commenced with a process to verify on the CSD whether all major retailers within the municipal area were registered on the database. The municipality is not allowed to do business with organisations that are not registered on the CSD.

Quotations were requested from three retail stores as follows:

| No | Name of Service Provider | No of contracts | Value |
|-----------|---------------------------------|------------------------|---|
| 1 | Checkers Vredenburg | 0 | Unable to submit quotations for the full quantities |
| 2 | Game Vredenburg | 0 | Unable to submit quotations for the full quantities |
| 3 | Langebaan Spar | 1 | R674 257 |

However, Checkers and Game were unable to submit quotations for the full quantities required. Of the three quotations received, only Spar was able to supply the goods in the required quantities immediately. As a result, Langebaan Spar was appointed.

The total cost of the food purchased was R674 257. This initiative was funded from money initially set aside by the SBLM for Covid-19 related expenditure.

As well as providing food parcels, the SBLM also initiated a feeding scheme for homeless individuals. The source of the expenditure incurred in respect of the aforementioned was a combination of the SBLM’s own funds and grant funding received from the West Coast District

Municipality and the Western Cape Provincial Government. The homeless were provided with meals from 18 to 30 April 2020.

The following table illustrates the service providers appointed and the source of the funding:

| DATE | SUCCESSFUL SERVICE PROVIDER | AMOUNT | SOURCE OF FUNDING |
|------------------|-----------------------------|---------|--|
| 8-16 April 2020 | Insaf Projects | R33 000 | SBLM |
| 18-30 April 2020 | Duck Inn | R49 823 | Grant funding – West Coast District Municipality |
| 1-7 May 2020 | Duck Inn | R30 520 | SBLM |
| 8-15 May 2020 | Duck Inn | R25 200 | Grant funding – Western Cape Provincial Government |

The team visited a number of addresses of recipients of the municipality-funded food parcels as well as two soup kitchens in the Langebaan, Saldanha and Vredenburg Municipal area where the excess food was distributed. No allegations of fraud or non-receipt of the food parcels were found.

In order to address the needs of the its' community, the SBLM utilised a combination of funds, consisting of its own funds as well as grant funding it received for the Western Coast District Municipality and the Western Cape Provincial Government.

The SIU's investigation did not identify any irregularities regarding the provision of food parcels or meals for the homeless and as a result, the matter was closed without any outcomes.

8.10.7. Langeberg Local Municipality ("LBLM")

a) Nature of allegation

During October 2020, a complaint was received from a councillor regarding alleged irregularities in respect of the allocation of Covid-19 funds in the distribution of food parcels amounting to R700 000, by the LBLM in the Western Cape. According to this letter the funds were allocated as follows:

| Name of Organisation | No of contracts | Value |
|--------------------------------------|-----------------|----------|
| Doulos Trust | 1 | R50 000 |
| NG Church East Robertson | 1 | R192 754 |
| Bonnievale Feeding Scheme | 1 | R85 644 |
| Montagu Crisis Management Team | 1 | R127 800 |
| McGregor Community Services Projects | 1 | R57 382 |
| Choose Life in Abundance | 1 | R93 210 |
| NG Church Ashton | 1 | R93 210 |

b) Summary of findings

The SIU investigation revealed no irregularities and the LBLM accounted for all funds allocated.

All the available documents were analysed and it was found that the Relief Funds were properly utilised by the NGO's and churches. The NGO's and churches fully reported on the funds that were spent, as directed by the LBLM, providing receipts and proof payment as per the Final Audit report signed on 25 November 2020.

It should be noted that the LBLM entered into formal contracts with all of the NGO's concerned. The contracts entered into were based on the Grant-in-aid contracts usually utilised by the LBLM. The LBLM explained to the SIU that they only entered into the specific agreements because they wanted to have some sort of contract in place. The SIU determined that the Grant-in-aid policy of the LBLM would not be applicable in the specific circumstances, as this was a Provincial Grant, received from the Province with the specific mandate to provide humanitarian relief during lockdown.

8.10.8. City of Cape Town ("CoCT")

8.10.8.1. Downing Marquee Hiring ("Downings"), Ubuntu Circle of Courage, Oasis Reach and Haven Night Shelter

a) Nature of allegation

On 20 August 2020, Mr Herron (Member of the Western Cape Provincial Parliament and Secretary General of the GOOD Party) forwarded a complaint against the CoCT to the SIU. The alleged irregularities occurred with the establishment of a temporary homeless persons' shelter in

Strandfontein. The alleged irregularities comprised the irregular award of contracts to the value of R52.8 million, made up as follows:

- Disaster Risk Management Department (tents, toilets, law enforcement and security) – R48.4 million; and
- Social Development Department (management and meals) – R4.4 million.

The following service providers were appointed to provide tents and related items, management services and meals:

| Name of Service Provider | No of contracts | Value |
|---------------------------------|------------------------|--------------|
| Downing Marquee Hiring | 1 | R42 120 785 |
| Haven Night Shelter | 2 | R2 184 664 |
| Oasis Reach | 2 | R1 090 205 |
| Ubuntu Circle of Courage | 2 | R1 073 117 |

b) Summary of findings

The investigation in respect of the procurement process followed by the CoCT in respect of the award of the contract to Downings in relation to the supply of tents, toilets etc. and the conduct of officials concerned has been finalised.

The investigation into this aspect determined that the procurement process followed by the CoCT in sourcing the various items and services required from Downings was irregular and as such falls to be set aside. The CoCT failed to test the market in circumstances where it was obliged to do so, but merely accepted the quotation submitted by the service provider concerned. As such, the procurement process was not fair, transparent, equitable or cost-effective. Furthermore, the investigation revealed that the failure by the CoCT to follow a proper procurement process resulted in the incurrance of irregular expenditure in the amount of R42 293 285. Moreover, the service provider profited excessively to the detriment of the CoCT.

c) Steps Taken

Civil litigation

The SIU is in the process of compiling instructions to the State Attorney with a view to brief counsel to advise on the viability of appropriate civil action and recovery.

8.10.9. The National Department of Forestry, Fisheries and the Environment (“DFFE”)

8.10.9.1. Kanga Business Management CC (“Kanga”)

a) Nature of allegation

On 24 July 2020, the Regional Office of the DFFE reported an allegation to the effect that Kanga supplied sanitiser bottled under a false and/or forged/cloned label to the DFFE. Kanga was eventually paid an amount of R494 500, for having allegedly supplied and delivered 250 boxes of 3-ply surgical masks, as well as 3,500 x 500 ml bottles of the sanitiser concerned.

b) Summary of findings

The evidence obtained not only confirmed the abovementioned allegations to be true and correct but also revealed that Kanga was eventually paid R494, 500 for having supplied 2-ply masks of a much lesser value than the 3-ply masks that they had quoted and invoiced the DFFE for. In addition to the above, the evidence obtained revealed the procurement process concerned to have been irregular and unlawful by virtue of not having complied with the provisions of section 217(1) of the Constitution and paragraph 26.1 of the Department’s SCM policy. In respect of the sanitisers (as opposed to the masks), the evidence obtained pointed towards criminal conduct on the part of Kanga and its owner – in particular the offences of fraud, forgery and uttering.

c) Steps Taken

Disciplinary action

A recommendation to pursue disciplinary action against Ms Nonhlanhla Prudence Ngcobo (“Ms Ngcobo”) (DFFE: Chief Director: Facilities Management) as well as the supporting evidence concerned was submitted to the Director General of the DFFE on 25 February 2021. The disciplinary hearing is scheduled for 06 December 2021.

Criminal referrals

The evidence pointing towards criminal conduct by Kanga and its owner, Mr Khonano Mukoma Madima (“Mr Madima”), were referred to the NPA on 6 October 2020.

Civil litigation

In respect of civil action, senior counsel was briefed and the Notice of Motion comprising an application to have the procurement declared null and void and the purchase price (R494,500) paid back was issued on 27 September 2021. The following respondents have been cited:

- The DFFE;
- Kanga (Registration Number: 2007/139062/23);

- Mr Madima (the owner of Kanga);
- Ms Ngcobo (DFFE official);
- Mr Hector Muthabo (DFFE official); and
- Mr Martin Mughivhi (DFFE official).

8.10.10. Kannaland Local Municipality (“Kannaland”)

8.10.10.1. 4 Service Providers

a) Nature of allegation

On 8 October 2020, the SIU investigators interviewed whistleblowers regarding the allegations received from three councillors and a community leader regarding the implementation of humanitarian relief funds amounting to R475 959, by Kannaland. There were also complaints regarding the distribution process of food parcels by the following service providers:

| No | Name of Service Provider | No of contracts | Value |
|-----------|---------------------------------|------------------------|--------------|
| 1 | Flink Stores | 1 | R134 678 |
| 2 | Lammies Butchery | 1 | R26 281 |
| 3 | Spar Calitzdrop | 1 | R91 000 |
| 4 | Saverslane | 1 | R224 000 |

b) Summary of findings

In terms of the evidence obtained, irregularities did not occur in respect of the procurement processes itself. However, an advance payment amounting to R134 676 was made to Flink Stores, which entity at that stage did not have the capacity to provide products to that amount. The advance payment was made without an agreement in place to regulate the spend or a guarantee should the service provider fail to deliver as promised.

Two officials were identified who facilitated the advance payment and in the process exposed the municipality to a financial risk. These officials failed to comply with the provisions of section 78(1)(a), (b) and (c) of the MFMA, paragraphs 52 and 54 of the Kannaland SCM Policy 2019/2020 as well as the provisions 2(a), (b) and (d) of the Municipal Systems Act, Act 32 of 2000.

d) Steps Taken

Disciplinary action

A recommendation to pursue disciplinary action against Mr Eben van Rooi (“Mr van Rooi”) (Kannaland: Manager SCM) and Mr Pumezo Mngeni (“Mr Mngeni”) (Kannaland: Acting CFO) as well as the supporting evidence concerned was submitted to the Acting Municipal Manager, Mr Morné Hoogbaard on 8 September 2021. This officials failed to comply with the provisions of the MFMA and the provisions of the Municipal Systems Act, Act 32 of 2000. The Kannaland Municipality has yet to commence with the disciplinary hearings.

8.10.11. Hessequa Local Municipality (“Hessequa”)

8.10.11.1. 8 Service Providers

a) Nature of allegation

On 5 October 2020, a complaint was received from a councillor regarding alleged procurement irregularities with regard to the distribution of social relief funds amounting to R1 550 000, involving the procurement of food parcels from the following service providers:

| No | Name of Service Provider | No of contracts | Value |
|-----------|---------------------------------|------------------------|--------------|
| 1 | Riversdal Spar | 1 | R799 174 |
| 2 | OK Foods Stilbaai | 1 | R160 856 |
| 3 | Stilbaai Spar | 1 | R4 809 |
| 4 | Heidelberg Spar | 1 | R324 552 |
| 5 | OK Albertinia | 1 | R199 919 |
| 6 | Ruby's Minimarket | 1 | R8 000 |
| 7 | SSK | 1 | R6 558 |
| 8 | Heidelberg Butchery | 1 | R40 000 |

b) Summary of findings

The investigation did not reveal any evidence that sustained the allegation and/or any other irregularities which justified the institution of any criminal, civil or disciplinary proceedings. As a result, this investigation was closed without any outcomes.

The evidence obtained indicated that the food parcels concerned were indeed received by the beneficiaries, which was the main complaint.

Although the budget was underspent by R43 868, this proved to be insignificant and there were reasonable explanations for it.

8.10.12. Mossel Bay Local Municipality (“Mossel Bay Municipality”)

8.10.12.1. 7 Service Providers

a) Nature of allegation

On 16 September 2020 a complaint was lodged by a Mossel Bay Municipal Councillor, Mr Dawid Kamfer (“Mr Kamfer”), a representative of the Independent Civic Organisation of South Africa, a political party, regarding alleged procurement irregularities in respect of the distribution of food parcels and PPE amounting to R1 952 845, from the following service providers:

| No | Name of Service Provider | No of contracts | Value |
|-----------|-----------------------------------|------------------------|--------------|
| 1 | Bidvest Steiner Hygiene Pty (Ltd) | 1 | R12 723 |
| 2 | De Dekke Trading (Pty) Ltd | 1 | R1 346 352 |
| 3 | Incident Working Group Africa | 1 | R335 808 |
| 4 | JHF Holding Pty (Ltd) | 1 | R110 875 |
| 5 | Kwanonqaba Pharmacy | 1 | R20 935 |
| 6 | Marce Projects Pty (Ltd) | 1 | R74 514 |
| 7 | Vodacom (Pty) Ltd | 1 | R51 639 |

However, when investigators subsequently questioned Mr Kamfer in order to obtain further detail, his allegations were ultimately confined to a vague, unsubstantiated sweeping allegation to the effect that the Mossel Bay Municipality has been abusing the grant funds received to “buy” votes by distributing it to politically selected/preferred persons.

b) Summary of findings

The investigation did not reveal any evidence that sustained the allegation and/or any other irregularities. As a result, this investigation was closed without any outcomes.

8.10.13. Matzikama Local Municipality (“Matzikama”)

8.10.13.1. Rural Impact Training Centre NPO (“Rural Impact”)

a) Nature of allegation

Our investigation revealed possible irregularities in respect of the procurement of Rural Impact as a service provider to Matzikama after documentation was uplifted and analysed during August 2020. The irregularities were highlighted during interviews conducted in terms of Section 5(2)(c) of the SIU Act. Based on these interviews it was decided to bring a court application in the High Court of the Cape Provincial Division to declare the agreement invalid.

Rural Impact was appointed without following any competitive procurement process. The contract was to provide humanitarian relief initiatives to the poor and vulnerable in the local municipal area of Matzikama. The value of the contract is R650 000.

b) Summary of findings

The evidence obtained indicate the procurement process to have been irregular and unlawful by virtue of not having complied with the provisions of section 217(1) of the Constitution. In addition, the implementation plan stipulating the services to be rendered as well as the payments for such services did not form part of the agreement when it was signed. The subsequent implementation plan was also not signed or initialled. In terms of the agreement only amendments in writing and signed by the relevant parties could effectively form part of that agreement. These crucial terms of the contract never formed part of the agreement.

The CEO of Rural Impact, Mr Andries Blankenberg (“Mr Blankenberg”), failed to disclose his friendship of 34 years with Mr Isak Jenner (“Mr Jenner”), the Manager: Legal and Administration Matzikama. The service provider did submit the required municipal bidding document (“MBD 4”).

Mr Jafta Booysen (“Mr Booysen”), the CFO of Matzikama Local Municipality, approved the irregular appointment of the service provider.

Ms Tarryn Cloete (“Ms Cloete”), owner of Tarryn Losper Trading (Pty) Ltd (“Tarryn Losper Trading”), provided services to and on behalf of Rural Impact.

c) Steps Taken

SARS referral

The SIU submitted a referral on 8 October 2020 to SARS in respect of Ms Cloete as it is suspected that she failed to declare and pay the VAT to the SARS. As the SIU, due to the privacy provisions applicable to SARS matters, could not investigate the matter, it was referred to SARS for investigation purposes.

Potential recoveries

On 05 September 2020 the SIU prevented the Municipality from making a payment to the Rural Impact for the amount of R80,000 and this has been confirmed by the CFO in writing.

Civil litigation

The SIU submitted a referral on 27 November 2020 to the Office of the State Attorney with the view to declare the agreement invalid with a value of R650 000. This matter is currently in the High Court of the Cape Town Provincial Division, **case number 17797/20** refers. The matter is defended and the SIU are currently awaiting a court date for the hearing of the matter.

Criminal referrals

The SIU made the following criminal referrals to the National Prosecuting Authority on the 23 August 2021:

| Name and Surname | ID Number | Company Name/Officials the Municipality | Registration Number |
|-------------------------|------------------|--|--------------------------------|
| Mr Blankenberg | 7011095160081 | Rural Impact | 2018/220370/08 |
| Ms Cloete | 8510030148084 | Tarryn Losper Trading | 2016/399308/07 |
| Mr Booysen | 7107125254082 | CFO | N/A |

8.10.13.2. Duneco CC (“Duneco”)

a) Nature of allegation

On the 23 July 2020 the SIU received several allegations from two employees of Matzikama, whose identities are known to the SIU. One of these allegations relates to possible irregularities in the procurement process by the Municipality in the procurement of PPE (i.e. 20 000 facemasks and 5 000 gloves) to the value of R400 027, from Duneco.

b) Summary of findings

The evidence obtained indicates that the procurement process may have been irregular and unlawful by virtue of not having complied with the provisions of section 217 (1) of the Constitution. The CEO of Duneco, Mr Jacobus Klazen (“Mr Klazen”), made a misrepresentation in his MBD 4 documentation, by not disclosing his friendship with the Municipal Manager, Mr Aldrich Hendricks (“Mr Hendricks”). A possible contravention of the Prevention and Combatting of Corrupt Activities Act 12 of 2004 was discovered in the communication between Duneco and the Municipal Manager.

c) Steps Taken

Criminal referrals

The SIU made the following criminal referrals to the NPA on 23 August 2021:

| Name and Surname | ID Number | Company Name/Officials the Municipality | Registration Number |
|-------------------------|------------------|--|----------------------------|
| Mr Klazen | 7211275202089 | Duneco | CK1985/002066/23 |
| Ms Cloete | 8510030148084 | Tarryn Losper Trading | 2016/399308/07 |
| Mr Hendricks | 70021257145085 | Municipal Manager | N/A |
| Mr Jenner | 7205115079087 | Senior Manager: Legan and Administration | N/A |

SARS referral

The SIU submitted a referral on 8 October 2020 to the SARS in respect of Ms Cloete, owner of Tarryn Losper Trading, who provided services to and on behalf of Duneco. It is suspected that Ms Cloete failed to declare and pay the VAT to the SARS. As the SIU, due to the privacy provisions applicable to SARS matters, could not investigate the matter, it was referred to SARS for investigation purposes.

Administrative action

The SIU submitted a referral on 25 October 2021 to the Competition Commission in respect of Mr Klazen, CEO of Duneco who contravened Section 8(1) of the Competition Act 89 of 1998 “*a dominant firm may not charge an excessive price to the detriment of consumers or customers*”.

Civil litigation

The SIU submitted a civil referral on the 17 June 2021 to the Office of the State Attorney with the view to declare the contract invalid.

8.10.14. Cederberg Local Municipality (“Cederberg”)

8.10.14.1. Marice Mercuur (Pty) Ltd T/A Marice Rooibos (“Marice Rooibos”)

a) Nature of allegation

On 8 September 2020 the SIU received allegations of procurement irregularities from a whistleblower concerning the acquisition of sanitisers, dispensers and liquid soap amounting to R21 140 (2 contracts) from the service provider Marice Rooibos. It is alleged that a Senior Manager

at Cederberg is the husband of the service provider. The service provider is also a former employee of Cederberg.

b) Summary of findings

On 23 March 2020 the Cederberg contacted Ms Marice Mercuur (“Ms Mercuur”) to enquire whether she had any PPE available. In response to the enquiry, Ms Mercuur submitted quotations to the value of R15 140, including VAT, to Cederberg.

During an interview held, in terms of section 5(2)(b) and (c) of the SIU Act, with Ms Mercuur she admitted that she was not a registered VAT vendor.

A SARS referral for the contravention of the provisions of the VAT Act was made on 28 September 2021.

The investigation also revealed that Ms Mercuur was a previous employee of the Cederberg and her husband, Mr Nigel Mercuur (“Mr Mercuur”), holds the position of Senior Manager: Administration at Cederberg.

The SIU investigation also revealed that the required declaration of interest form, the MDB 4, for this award, was not part of the procurement documentation submitted by Marice Mercuur.

c) Steps Taken

SARS referral

The SIU submitted a referral on 30 September 2021 to the SARS in respect of Marice Rooibos, wherein the Cederberg was charged VAT, by Marice Rooibos, who was not a registered vendor in terms of the VAT Act.

8.10.14.2. Taryn Losper Trading (Pty) Ltd

a) Nature of allegation

On 8 September 2021 the SIU received allegations of procurement irregularities from a whistleblower concerning the provisioning of loud hailing services and Covid-19 awareness campaigns for a period of three days amounting to R28 980 to the Cederberg community. This service was procured on 15 July 2020 by means of a quotation process with the service provider Taryn Losper Trading.

b) Summary of Findings

The SIU investigation revealed that on 16 July 2020 Mr Thomas Twigg (“Mr Twigg”), the Public Participation Officer at Cederberg, completed a request for order for Taryn Losper Trading. He

contacted Ms Cloete to amend her original quotation from R30 475 to R28 920 and gave her undue preference by doing so. He did not give the other service providers the opportunity to submit amended quotations.

During a questioning of Ms Cloete, she admitted that Mr Twigg called her and requested her to bring her quote down. Mr Twigg subsequently denied this.

c) Steps Taken

SARS referral

The SIU submitted a referral on 8 October 2020 to the SARS in respect of Tarryn Losper Trading who failed to declare and pay the VAT received over to the SARS.

The SIU submitted a referral on 08 October 2021 to the SARS in respect of Tarryn Losper Trading, wherein Cederberg was charged VAT, by Ms Cloete, who was not a registered vendor in terms of the VAT Act.

8.10.14.3. Duneco CC

a) Nature of allegation

On 8 September 2021 the SIU received allegations of procurement irregularities from a whistleblower concerning the procurement of PPE amounting to R145 263 from Duneco to Cederberg.

b) Summary of Findings

Duneco submitted a quotation to Cederberg on 21 April 2020 for 3,600 face masks and 1,000 cloves. Duneco was paid an amount of R145 263.

Duneco charged Cederberg R19.58 above the NT prescribed price, which is in contravention of Annexure A of NT MFMA Circular 102 dated 5 May 2020.

Steps Taken

Administrative action

The SIU submitted a referral on 09 November 2021 to the Competition Commission in respect of Mr Klazen, the CEO of Duneco who contravened *Section 8(1) of the Competition Act* “a dominant firm may not charge an excessive price to the detriment of consumers or customers”.

8.10.14.4. Michlo Engineering Services (“Michlo”)

a) Nature of allegation

On 8 September 2021 the SIU received allegations of procurement irregularities from a whistleblower concerning the procurement of PPE amounting to R334 000 from Michlo to Cederberg.

b) Summary of Findings

On 20 May 2020, Michlo submitted a quotation to Cederberg. The quotation was for: 4,000 x Fabric Face Masks at R21.99 each with a three layer with filter an inner system (120mm x 160mm); 1,600 x 1 Litre sanitiser at R109.99 each with 70% alcohol. The total value of the quote was R303 535 including VAT.

In this regard, the investigation confirmed that on 27 May 2020 a deviation submission was submitted by the Senior Manager: Administration, Mr Mercuur, and was approved by the former Municipal Manager, Mr Henry Slimmert (“Mr Slimmert”), on 11 June 2020. It is submitted that the deviation was only completed after the quotations were sourced. Furthermore, the Supply Chain Manager, Ms Jennifer Maarman, did not sign and recommend the submission, as was duly required.

Michlo charged Cederberg R0.28 above the NT prescribed price, which is in contravention of Annexure A of NT MFMA Circular 102 dated 5 May 2020.

On 4 June 2020 Mr Shaun Neves (“Mr Neves”), the owner of Michlo, submitted a Declaration of Interest Form, MBD 4 to the Cederberg. He failed to disclose that his entity conducted business with the CoCT within a 12 month period.

Mr Neves, the owner of Michlo also failed to disclose that he was a close friend of the Public Participation Officer of Cederberg, Mr Twigg, who was responsible for this procurement process. This wilful omission was intended to make a misrepresentation to the Cederberg.

The SIU investigation also revealed that a 25 ℓ drum of sanitiser provided by Michlo to Cederberg did not contain the required 70% alcohol percentage.

The SIU investigation confirmed that Mr Neves and Ms Dominique Bailey (“Ms Bailey”), the owner of Eclectic ECMT (a joint venture partner with Michlo) attempted to bribe a state official, Western Cape Local Government, by means of alcohol and R500 cash.

c) Steps Taken

Criminal referrals

On 19 September 2020 a criminal referral (contravention of Section 12.1 of the SIU Act) was done against the Municipal Manager (Mr Slimmert). The former Municipal Manager wilfully interfered and hindered the SIU in the performance of its functions, in terms of the SIU Act. The next court date was set for the 24 November 2021 for trial.

Administrative action

The SIU submitted a referral on 28 July 2021 to the Competition Commission in respect of Mr Neves the owner of Michlo who contravened *Section 8(1) of the Competition Act “a dominant firm may not charge an excessive price to the detriment of consumers or customers”*.

The SIU submitted a referral on the 30 September 2021 to SAPHRA in respect of Michlo who do not have a license to manufacture, distribute wholesale medical devices as required by the Medicines and Related Substances Act, Act No. 101 of 1965.

Civil Litigation

The SIU will institute a civil litigation against Michlo Engineering Services to the value of R328 824. A signed memorandum, in respect of a potential civil matter involving the above mention parties, has been sent for consideration by the CLU Case Assessment Committee on 18 November 2021.

9. PROJECT RISKS

| No | Risk / Issue / Constraint | Mitigation Steps |
|----|--|-------------------------------------|
| 1 | Political interference where potential links between officials and service providers have been identified and local politician's involvement in the administration of municipalities | Escalate to the Executive Authority |
| 2 | Tampering and/or destruction of evidence due to the majority of matters already in the media space | Consider Search and Seizure powers |
| 3 | Delays and/or non-cooperation by implicated officials | Use SIU Powers |
| 4 | Some State institutions are too slow in providing the information to the SIU | Subpoena the required information |

| No | Risk / Issue / Constraint | Mitigation Steps |
|----|---|--|
| 5 | Poor or incomplete record-keeping by the State institutions | Escalate to the Executive Authority |
| 6 | Concern about officials who may have to testify against their Executive Members (fear of career limitations) | Escalate to the Premier of the Province or to SAPS and provide appropriate protection such as the Witness Protection Programme |
| 7 | Duplication of investigations by agencies e.g. DPCI SIU AFU Public Protector AGSA etc. may result in non-availability of documentation that may already have been seized by other entities. | Clear the duplications at the Fusion Centre |
| 8 | Service providers have closed down and the retrieval of evidence may be compromised/prejudiced | The SIU will rely on best evidence alternatively try to re-construct the evidence from other sources |
| 9 | Lack of resources | Submitted budget request to NT. Reallocating resources from projects that are coming to an end. Appointing resources from SCM panel of service providers |

10. DOMESTIC PROMINENT INFLUENTIAL PERSONS AND THEIR IMMEDIATE FAMILY

10.1. Introduction

It has become obvious from public reaction to media reports, as well as common sense, that there is real concern about the ongoing issue of prominent people and/or their immediate family benefitting from contracts with State Institutions. Questions are invariably raised as to the fairness of the awarding of such transactions and it is fair to say that public perception is that such contracts are improper as nepotism and undue influence is presumed. On the other hand, the defence is invariably that a fair process was followed, no influence was exerted and that family members of prominent people should be allowed to do business in a free capitalistic society.

10.2. The Current Common Law Position

The very nature of the work done by the SIU, demands that it has a particular focus on the validity of a contract and therefore there is a specific focus during investigations to determine the existence of causes of action which could be used in attacking the validity of an administrative action (e.g. the awarding of a contract) and/or the validity of the contract itself. The result is that the SIU regularly seeks declarations of invalidity based on non-compliance with statutory prescripts, or unlawful acts such as fraud, corruption, etc.

There is, however, no specific cause of action in common law (or statutory provisions) that allows us to attack the validity of a contract merely on the basis that the service provider is a close family member of a prominent person. Such matters will have to be investigated to determine other possible causes of action, such as non-compliance with statutory prescripts (e.g. section 217(1) of the Constitution), undue influence, improper use of considerations of nepotism, etc. It would be so much simpler if there was a substantive statutory cause of action based on a failure to safeguard against the awarding of contracts to the family of prominent persons without following proper processes.

10.3. The Current Statutory Position

The current position is that great reliance is placed on form SBD4, which NT has directed to be used during procurement processes. This requires a disclosure of any relationship to a relevant person employed by the State, or associated with decisions during the supply management process. It does not specifically refer to prominent influential persons (who may not be employed by the State), or being immediate family of prominent influential persons, nor does it specifically make non-compliance a statutory cause of action to be used in attacking the validity of the contract, or make non-compliance a criminal offence.

The only current primary statutory regulation of the issue at hand seems to be the provisions of the Financial Intelligence Centre Act, Act 38 of 2001 (“the FIC Act”) and in particular section 21G and F thereof. This section provides for instances of contracting with “foreign prominent public officials” (21G) and “domestic prominent influential persons” (21F), or their immediate family.

These sections demand a process of safeguards before such transactions are entered into. These include senior management approval, an investigation into where the money came from and ongoing monitoring. These measures seem prudent, but are clearly intended for a completely different purpose to what is required by the SIU and other entities with a direct focus on fighting corruption and maladministration. The FIC has not been created as a corruption fighting entity (even though it contributes huge value to the other entities engaged in that fight) and has a specific mandate to monitor the conduct of financial institutions and other entities that could be used for

money laundering activities and to specifically address money laundering. The sections in the FIC Act dealing with prominent influential persons and their family must be seen in this light and not as provisions aimed at creating criminal offences, or statutory causes of action that can be used in civil law.

It is therefore not surprising that there is a limited definition of an “accountable institution” to which the relevant provisions of the FIC Act are applicable. Schedule 1 to the FIC Act lists such “accountable institutions” and they are mainly private sector institutions in the financial sector and “state institutions”, as defined in the SIU Act, or “organs of state” (as defined in the Constitution) do not fall under the entities listed.

The second difficulty for the SIU is that the only applicable sanction is an administrative sanction as set out in section 45C (3) of the FIC Act. These sanctions provide for a caution, a reprimand, a direction to take remedial action, the restriction or suspension of certain activities, or a fine of up to R10 million (for individuals), or R50 million (for legal persons).

The third difficulty flows directly from the second difficulty. Sections 21F and G do not create criminal offences, or specific statutory causes of action in civil law. Section 65 of the FIC Act, which deals specifically with criminal offences, is not applicable to sections 21F and G.

The current statutory provisions are, therefore, of limited assistance to the SIU in its investigations into allegations of improper conduct where State Institutions award contracts to close family members of prominent persons. As stated before, this is perfectly understandable in the light of the completely different mandate of the FIC. The SIU should seek a remedy for perceived shortcomings in current legislation, not in an amendment of the FIC Act, but in amendments of other Acts that have a specific focus on the fight against corruption and maladministration.

10.4. Recommendation

The SIU encountered recent exposure to the difficulties that flow from contracts awarded by State Institutions to prominent influential people and/or their immediate families. The recent Ledla and Masuku-matters highlighted this problem and the SIU should make a systemic recommendation that the necessary steps be taken to enhance the effectiveness of legislative provisions in this field. The following amendments to either the PFMA, PACOCA, or preferably the new Procurement Bill, would assist the SIU in its investigations and the remedial action required fighting corruption and maladministration:

- a) Primary legislation must spell out specifically what the duties and obligations are of State Institutions (and their supply chain management-officials), as well as prominent

influential people and their immediate family members participating in procurement processes at a State Institution. These duties and obligations must include at least full disclosure by the bidders, or entities submitting quotes, the due recording of the issue in the minutes of procurement committees, a proper record of how risks were assessed and dealt with and recorded reasons why the decision was made to continue to award the bid, or quotation to the prominent influential person, or immediate family

- b) Contravention of the appropriate provisions should constitute a substantive cause of action in civil law, which by itself should be sufficient grounds to set aside a decision to award a contract to a prominent influential person or immediate family.
- c) Contravention of the new provisions, if it was done “knowingly or in a grossly negligent manner”, should constitute criminal offences.

11. ACCOUNTABILITY OF ACCOUNTING OFFICERS/AUTHORITIES AND EXECUTIVE AUTHORITIES/POLITICAL HEADS

In terms of the section 217(1) of the *Constitution of the Republic of South Africa, 1996* (“**Constitution**”), when an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective.

In respect of State institutions (e.g. departments and public entities) that are subject to the *Public Finance Management Act, 1999 (Act No. 1 of 1999)* (“PFMA”):

1.1. section 38 of the PFMA, states, *inter alia*, the following:

“38. **General responsibilities of accounting officers.**—

(1) *The accounting officer for a department, trading entity or constitutional institution—*

(a) *must ensure that that department, trading entity or constitutional institution has and maintains—*

(i) *effective, efficient and transparent systems of financial and risk management and internal control; ...*

(iii) *an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective; ...*

- (b) *is responsible for the effective, efficient, economical and transparent use of the resources of the department, trading entity or constitutional institution;*
 - (c) *must take effective and appropriate steps to— ...*
 - (ii) *prevent unauthorised, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct; and*
 - (iii) *manage available working capital efficiently and economically;*
 - (d) *is responsible for the management, including the safeguarding and the maintenance of the assets, and for the management of the liabilities, of the department, trading entity or constitutional institution; ...*
 - (g) *on discovery of any unauthorised, irregular or fruitless and wasteful expenditure, must immediately report, in writing, particulars of the expenditure to the relevant treasury and in the case of irregular expenditure involving the procurement of goods or services, also to the relevant tender board;*
 - (h) *must take effective and appropriate disciplinary steps against any official in the service of the department, trading entity or constitutional institution who—*
 - (i) *contravenes or fails to comply with a provision of this Act;*
 - (ii) *commits an act which undermines the financial management and internal control system of the department, trading entity or constitutional institution; or*
 - (iii) *makes or permits an unauthorised expenditure, irregular expenditure or fruitless and wasteful expenditure; ...*
 - (n) *must comply, and ensure compliance by the department, trading entity or constitutional institution, with the provisions of this Act.*
- (2) *An accounting officer may not commit a department, trading entity or constitutional institution to any liability for which money has not been appropriated’.*

1.2. section 50 of the PFMA, states, *inter alia*, the following:

“50. Fiduciary duties of accounting authorities.—

- (1) *The accounting authority for a public entity must—*

- (a) *exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity;*
 - (b) *act with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of the public entity; ...; and*
 - (d) *seek, within the sphere of influence of that accounting authority, to prevent any prejudice to the financial interests of the state.*
- (2) *A member of an accounting authority or, if the accounting authority is not a board or other body, the individual who is the accounting authority, may not—*
- (a) *act in a way that is inconsistent with the responsibilities assigned to an accounting authority in terms of this Act; or*
 - (b) *use the position or privileges of, or confidential information obtained as, accounting authority or a member of an accounting authority, for personal gain or to improperly benefit another person.*
- (3) *A member of an accounting authority must—*
- (a) *disclose to the accounting authority any direct or indirect personal or private business interest that that member or any spouse, partner or close family member may have in any matter before the accounting authority; and*
 - (b) *withdraw from the proceedings of the accounting authority when that matter is considered, unless the accounting authority decides that the member's direct or indirect interest in the matter is trivial or irrelevant".*

1.3. section 51 of the PFMA, states, *inter alia*, the following:

"51. General responsibilities of accounting authorities.—

- (1) *An accounting authority for a public entity—*
 - (a) *must ensure that that public entity has and maintains—*
 - (i) *effective, efficient and transparent systems of financial and risk management and internal control; ...*
 - (iii) *an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective;*
 - (iv) *a system for properly evaluating all major capital projects prior to a final decision on the project;*
 - (b) *must take effective and appropriate steps to—*

- (i) *collect all revenue due to the public entity concerned; and*
 - (ii) *prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity; and*
 - (iii) *manage available working capital efficiently and economically;*
- (c) *is responsible for the management, including the safeguarding, of the assets and for the management of the revenue, expenditure and liabilities of the public entity; ...*
- (e) *must take effective and appropriate disciplinary steps against any employee of the public entity who —*
- (i) *contravenes or fails to comply with a provision of this Act;*
 - (ii) *commits an act which undermines the financial management and internal control system of the public entity; or*
 - (iii) *makes or permits an irregular expenditure or a fruitless and wasteful expenditure;*
- (f) *is responsible for the submission by the public entity of all reports, returns, notices and other information to Parliament or the relevant provincial legislature and to the relevant executive authority or treasury, as may be required by this Act; ...*
- (h) *must comply, and ensure compliance by the public entity, with the provisions of this Act and any other legislation applicable to the public entity.*
- (2) *If an accounting authority is unable to comply with any of the responsibilities determined for an accounting authority in this Part, the accounting authority must promptly report the inability, together with reasons, to the relevant executive authority and treasury”.*

1.4. section 54 of the PFMA, states, *inter alia*, the following:

“54. Information to be submitted by accounting authorities.—

- (1) *The accounting authority for a public entity must submit to the relevant treasury or the Auditor General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant treasury or the Auditor General may require.*

(2) *Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction: ...*

(b) *participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;*

(c) *acquisition or disposal of a significant shareholding in a company;*

(d) *acquisition or disposal of a significant asset; ...*

(e) *commencement or cessation of a significant business activity; and*

(f) *a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement”.*

1.5. section 56 of the PFMA, states, *inter alia*, the following:

“56. Assignment of powers and duties by accounting authorities.—

(1) *The accounting authority for a public entity may—*

(a) *in writing delegate any of the powers entrusted or delegated to the accounting authority in terms of this Act, to an official in that public entity;*
or

(b) *instruct an official in that public entity to perform any of the duties assigned to the accounting authority in terms of this Act.*

(2) *A delegation or instruction to an official in terms of subsection (1)— ...*

(c) *does not divest the accounting authority of the responsibility concerning the exercise of the delegated power or the performance of the assigned duty”.*

1.6. section 83 of the PFMA, states, *inter alia*, the following:

“83. Financial misconduct by accounting authorities and officials of public entities.—

(1) *The accounting authority for a public entity commits an act of financial misconduct if that accounting authority wilfully or negligently —*

(a) *fails to comply with a requirement of section 50, 51, 52, 53, 54 or 55; or*

(b) *makes or permits an irregular expenditure or a fruitless and wasteful expenditure.*

- (2) *If the accounting authority is a board or other body consisting of members, every member is individually and severally liable for any financial misconduct of the accounting authority. ...*
- (4) *Financial misconduct is a ground for dismissal or suspension of, or other sanction against, a member or person referred to in subsection (2) or (3) despite any other legislation”.*

1.7. section 86 of the PFMA, states, *inter alia*, the following:

“86. *Offences and penalties.—*

- (1) *An accounting officer is guilty of an offence and liable on conviction to a fine, or to imprisonment for a period not exceeding five years, if that accounting officer wilfully or in a grossly negligent way fails to comply with a provision of section 38, 39 or 40.*
- (2) *An accounting authority is guilty of an offence and liable on conviction to a fine, or to imprisonment for a period not exceeding five years, if that accounting authority wilfully or in a grossly negligent way fails to comply with a provision of section 50, 51 or 55 ...”.*

2. In respect of State institutions (e.g. Municipalities) that are subject to the *Municipal Finance Management Act (Act No. 56 of 2003)* (“MFMA”):

2.1. section 65 of the MFMA, which must be read with section 172(1) of the MFMA, states, *inter alia*, the following:

65(2) *The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure-*

- (a) *that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;*
- (b) *that the municipality has and maintains a management accounting and IO information system which-*
 - (i) *recognises expenditure when it is incurred;*
 - (ii) *accounts for creditors of the municipality; and*
 - (iii) *accounts for payments made by the municipality;*
- (c) *that the municipality has and maintains a system of internal control in respect of creditors and payments;*
- (d) *that payments by the municipality are made-*

- (i) *directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and*
- (ii) *either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only. and only up to a prescribed limit;*
- (e) *that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure;*
- (f) *that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments;*
- (g) *that any dispute concerning payments due by the municipality to another organ of state is disposed of in terms of legislation regulating disputes between organs of state;*
- (h) *that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework;*
- (i) *that the municipality's supply chain management policy referred to in section 11 1 is implemented in a way that is fair, equitable, transparent, competitive and cost-effective; and*
- (j) *that all financial accounts of the municipality are closed at the end of each month and reconciled with its records”.*

2.2. section 171 of the MFMA, states, *inter alia*, the following

“171. *Financial misconduct by municipal officials -*

- (1) *The accounting officer of a municipality commits an act of financial misconduct if that accounting officer deliberately or negligently*
 - (a) *contravenes a provision of this Act;*
 - (b) *fails to comply with a duty imposed by a provision of this Act on the accounting officer of a municipality;*
 - (c) *makes or permits, or instructs another official of the municipality to make, an unauthorised, irregular or fruitless and wasteful expenditure; or*
 - (d) *provides incorrect or misleading information in any document which in terms of a requirement of this Act must be:*
 - (i) *submitted to the mayor or the council of the municipality, or to the Auditor General, the National Treasury or other organ of state; or*

(ii) *made public*".

2.3. section 172(1) of the MFMA, states, *inter alia*, the following

"172. Financial misconduct by officials of municipal entities.

(1) *The accounting officer of a municipal entity commits an act of financial misconduct if that accounting officer deliberately or negligently*

(a) *contravenes a provision of this Act;*

(b) *fails to comply with a duty imposed by a provision of this Act on the accounting officer of a municipal entity;*

(c) *makes or permits, or instructs another official of the municipal entity to make, an irregular or fruitless and wasteful expenditure; or*

(d) *provides incorrect or misleading information in any document which in terms of this Act must be*

(i) *submitted to the entity's board of directors or parent municipality or to the Auditor General; or*

(ii) *made public*".

2.4. section 173(1) and (2) of the MFMA, states, *inter alia*, the following:

"173. Offences.

(1) *The accounting officer of a municipality is guilty of an offence if that accounting officer*

(a) *deliberately or in a grossly negligent way*

(i) *contravenes or fails to comply with a provision of section 61(2)(b), 62(1), 63(2)(a) or (c), 64(2)(a) or (d) or 65(2)(a), (b), (c), (d), (f) or (i);*

(ii) *fails to take reasonable steps to implement the municipality's supply chain management policy referred to in section 111;*

(iii) *fails to take all reasonable steps to prevent unauthorised, irregular or fruitless and wasteful expenditure; or*

(iv) *fails to take all reasonable steps to prevent corruptive practices*

(aa) *in the management of the municipality's assets or receipt of money;*
or

- (bb) *in the implementation of the municipality's supply chain management policy;*
 - (b) *deliberately misleads or withholds information from the Auditor General on any bank accounts of the municipality or on money received or spent by the municipality; or*
 - (c) *deliberately provides false or misleading information in any document which in terms of a requirement of this Act must be*
 - (aa) *submitted to the Auditor General, the National Treasury or any other organ of state; or*
 - (bb) *made public.*
- (2) *The accounting officer of a municipal entity is guilty of an offence if that accounting officer*
- (a) *deliberately or in a grossly negligent way*
 - (i) *contravenes or fails to comply with a provision of section 94(2)(b), 95(1), 96(2), 97(a) or 99(2)(a), (c) or (e);*
 - (ii) *fails to take all reasonable steps to prevent irregular or fruitless and wasteful expenditure; or*
 - (iii) *fails to take all reasonable steps to prevent corruptive practices in the management of the entity's assets, receipt of money or supply chain management system;*
 - (b) *deliberately misleads or withholds information from the Auditor General or the entity's parent municipality on any bank accounts of the municipal entity or on money received or spent by the entity; or*
 - (c) *deliberately provides false or misleading information in any document which in terms of a requirement of this Act must be*
 - (aa) *submitted to the entity's parent municipality, the Auditor General, the National Treasury or any other organ of state; or*
 - (bb) *made public".*

2.5. section 174 of the MFMA, states, *inter alia*, the following
 “174. Penalties.

A person is liable on conviction of an offence in terms of section 173 to imprisonment for a period not exceeding five years or to an appropriate fine determined in terms of applicable legislation”.

In light of the abovementioned, the Accounting Officer or Accounting Authority of a State institution has a number of statutory legal duties to ensure good governance, especially in respect of the finances of the State institution, and a failure on the part of the Accounting Officer or Accounting Authority to comply with these statutory duties may result in civil, disciplinary, executive or even criminal proceedings being instituted against the Accounting Officer or Accounting Authority concerned. Such statutory duties are also supplemented, *inter alia*, by:

1. common law duties inherent in any employer/employee trust relationship;
2. contractual duties, as found in the Employment Contracts and Performance Contracts of Accounting Officers and Accounting Authorities;
3. the Policies, Procedures, Instructions, Standard Operating Procedures (SOPs) and Practices of the State institutions.

Furthermore, any attempt on the part of the Accounting Officer or Accounting Authority to place the blame for maladministration at the feet of one or more delegated official of the State institution will not necessarily be successful, *inter alia* because the Accounting Officer or Accounting Authority:

1. had a discretion to decide to whom he/she/they wanted to delegate authority;
2. had a discretion and right to incorporate checks and balances to ensure that such delegate authority is exercised in a lawful and reasonable manner in support of the principles set out in the Constitution and the PFMA / MFMA; and
3. retained general ownership and oversight responsibilities over governance and administration within the State institution. Section 56(2)(c) of the PFMA expressly states that “*A delegation or instruction to an official in terms of subsection (1) does not divest the accounting authority of the responsibility concerning the exercise of the delegated power or the performance of the assigned duty*”.

As stated above the PFMA and MFMA provides for certain responsibilities to the Accounting Officers and Accounting Authorities to prevent irregularities.

The SIU investigations revealed certain irregularities in various State Institutions. The irregularities found, point to possible failure on the part of relevant Accounting Authorities and Accounting Officers to comply with PFMA and MFMA.

The SIU has written formal letters to the relevant Accounting Authorities and Accounting Officers to state why they should not be held accountable for the irregularities as failures to comply with the PFMA or the MFMA.

Once the Accounting Officers and Accounting Authorities have responded, the SIU will assess the responses and determine the next appropriate steps. Where applicable referrals will be made to relevant authorities such as the Auditor General and the National Treasury for purposes of further action to implement the SIU remedial action.

Alleged influence from Executive Authorities/Political Heads of State institutions

Investigators are regularly faced with situations where Accounting Officers of State institutions contend that losses were caused by the improper interference by Political Office bearers. Section 64(1) of the PFMA spells out what accounting officers should do under such circumstances. They must ask the political head to submit the instructions/directives in writing and advise the political head if following such instructions will result in unauthorised expenditure. Further instructions by the political head must also be in writing and the accounting officer must inform the AGSA and the relevant provincial Treasury (if applicable).

The real question facing investigators, is whether Executive Authorities or Political Heads could be held accountable for their actions or lack of action. Some contend that Political Office bearers are only accountable to the electorate and those (e.g. the President, or Premier) who appointed them. If this is accepted, they would be able to cause huge losses for the State, without any consequences.

Accountability of Executive Authorities/Political Heads of State institutions

The recent Gauteng High Court Division full bench decision in the matter of Masuku v Special Investigating Unit gives some guidance.

1. The full bench of the Gauteng Division of the High Court in Pretoria, recently delivered judgment in a matter brought by the MEC of Health against the SIU. MEC Masuku was removed from his position by the Premier, based on findings and referrals that the SIU made and he challenged this.
2. The Court found that a MEC, as the political head of the Department, who had to exercise ownership and control over the Department, has a general legal duty to act with professionalism, care and diligence, and to take reasonable steps when he learns about maladministration within the Department. If the causes of such maladministration

can be traced back to contractually agreed obligations contained in his performance contract, it should strengthen an argument that he should be found to have been “derelict” in the performance of his duties.

Impact of the Masuku-judgment:

3. The Court found that, even though SIU findings and referrals, are not final and binding (since they must still be tested in civil, criminal, or disciplinary proceedings), they are still of a nature that harm can flow from them. What happened to MEC Masuku is proof of such potential harm.
4. The Court accordingly found that SIU reports and findings contained therein, are reviewable.
5. Such reviews will be based on legality and the rationality of the SIU’s conclusions and findings will be tested. The Court will look at all the evidential material and assess whether the conclusions and findings that the SIU reached, were rational and within its mandate.
6. A very important issue flowing from the judgment, is the pointer that investigators should seek access to the performance contract (or “compact”) signed by the political head with his immediate superior. This documents show the relevant duties, reflected as Key Performance Indicators (“KPI’s”).
7. Failure to perform these duties will be a strong indication that the incumbent was “derelict” in his duties. It was this dereliction in the performance of his duties that was central in the thinking of the Court in attributing accountability to MEC Masuku.
8. In addition, evidence of specific instructions, direct involvement, or lack of action (where action was required) by the political head that can be causally linked to losses incurred, will result in a case to hold the political head accountable for losses incurred.
9. In this matter, MEC Masuku contended that he did not know about irregularities, it is proper for a political head to be “hands-off” in procurement matters, he had no role to play in good governance and all the duties were those of the accounting officer.
10. The Court, however, found that the totality of the evidential material showed that he failed to act when glaring irregularities were pointed out to him, that he failed to show professionalism and care, judgment and diligence, by not attending to correspondence he requested, delayed in proceeding with an audit and failed to introduce proper controls.

11. Procurement was a specific KPI for him, but he was “derelict” in allowing this to deteriorate so badly “on his watch”.
12. The Court reached the conclusion that where certain functions are key to what a political head of a Department is supposed to do and there is clear evidence showing no involvement from him, he should be held accountable for the failure to prevent losses from occurring. This is part of the test of being “derelict” in his duties. Where there is a specific KPI to focus on a certain area and he does nothing to prevent shortcomings, it shows “dereliction” of duties.
13. In essence, the Court accepted that MEC Masuku, as the political head of the Department, who had to exercise ownership control over the Department, had a general legal duty to act with professionalism, care and diligence, and to take reasonable steps (and to do so promptly), when:
 - he learned of maladministration within the Department for which he was responsible; and/or
 - the causes of such maladministration could be traced back to contractually agreed obligations set out in a performance contract, or “compact” signed by the executive authority, or political head, with his immediate superior (e.g. the President or the Premier),without specifically tracing such a legal duty back to any specific provision of the Constitution, the PFMA, the Treasury Regulations and/or the *Executive Members’ Ethics Act, 1998 (Act No. 82 of 1998)*.
14. On the totality of the evidential material, the Court was satisfied that MEC Masuku was “derelict” in the performance of his duties and his Application was dismissed.

In *United Democratic Movement v Speaker of the National Assembly and Others* (the secret ballot judgment), the Constitutional Court nevertheless insisted that Parliament had a constitutional duty to oversee the performance of the president and the rest of Cabinet and to “hold them accountable for the use of state power and the resources entrusted to them” and must perform this duty “diligently and without delay” [Emphasis added]. It also acknowledged that this might lead to a conflict between the obligation of MPs to follow the party line and its obligation to hold the executive accountable, but held that “*in the event of conflict between upholding constitutional values and party loyalty, [MPs] irrevocable undertaking to in effect serve the people and do only what is in their best interests must prevail*”.

Relying on the 2012 Constitutional Court judgment in *Ramakatsa and Others v Magashule and Others*, which held that the constitutions of political parties had to comply with the South African

Constitution, it may also be possible to approach the courts to ask it to declare invalid provisions in party constitutions that impose an absolute ban on MPs acting in accordance with their conscience and their constitutional obligations in contravention of party or caucus decisions or instructions.

12. PUBLIC PROCUREMENT BILL

Public sector procurement is regulated by section 217(1) of the Constitution as read with the applicable provisions of the PFMA, MFMA and Regulations, Circulars, Guidelines and Practice Notes issued by the NT.

These rules were never suspended during the national state of disaster. They were amplified and expounded upon to prevent an abuse of the state procurement system for personal gain.

Sadly, what the SIU has found is that during the Covid-19 pandemic, businesses, individuals, state officials and politicians cynically exploited a public health crisis for personal gain.

There can be absolutely no doubt that with the declaration of the national state of disaster, SCM officials were placed in a very, very precarious position. Procurement of PPE and related goods and services needed to be undertaken with haste as lives were at stake.

At the same time, the public purse had to be protected.

The question is what could be done in order to strike a balance between competing interests?

Considering the rules of the game.

The Treasury Regulations as well as the MFMA Regulations provide a mechanism to be followed when having to procure goods, works or services in cases where it is impractical to follow a competitive bidding process, for example, in cases of emergencies or in urgent situations.

The reasons for such deviations from an open tender process must however be recorded in writing, properly motivated for, approved by the relevant accounting officer/authority and reported accordingly.

Unfortunately, our investigations have shown that that did not happen.

Deviations were not properly motivated for, or not motivated for at all, in certain cases.

This then opened the public procurement system up to abuse by unscrupulous individuals who acted with impunity for personal gain.

In the circumstances, the procurement fell foul of section 217(1) of the Constitution as it was neither fair, equitable, transparent, competitive nor cost-effective.

In simple terms, the rule of law was subjugated in favour of improper and unlawful personal enrichment and at the expense of the public interest.

Decisions were made based on what was expedient and not what was fair and just. This amounts to an unrelenting attack by unscrupulous parties who see state procurement (and the R145 billion that was set aside for covid related procurement and relief) as a get rich quick scheme, with scant regard for the public interest, the public purse and the principle of Ubuntu.

What have our investigations into PPE procurement revealed?

The rules of the game were ignored, either intentionally or unwittingly, or were blatantly disregarded;

There was a complete break-down of the checks and balances protection normally afforded by the principle of 'segregation of duties'. Consequently, officials working within support services processed Commitment Letters, Purchase Orders, Invoices and payments without ensuring compliance with normal SCM prescripts and other control measures;

Bearing in mind that the national state of disaster was declared on 15 March 2020, whereafter PPE procurement commenced in earnest, certain service providers/suppliers were found to have only been registered on the CIPC during February and March 2020 (and thus would not and could not have had the requisite demonstrable track records);

Suppliers who had no experience whatsoever in PPE saw an opportunity to make a quick buck outside of their core service offerings. For example, we saw construction companies diversify overnight and become PPE suppliers.

Service providers/suppliers that awarded contracts were not registered on the Central Supplier Database;

Many suppliers were awarded contracts for the supply of PPE in circumstances where such suppliers did not have the necessary licenses from SAHPRA to import, sell or distribute such PPE;

Product specifications were ignored and products that were not suitable for their intended purposes were purchased and in several instances against the advice of experts who expressed opinions on the usefulness of the products;

Political pressure played a role in the procurement of PPE;

The names of the service providers/suppliers were determined before any SCM process commenced;

Sub-standard PPE was supplied;

There were no controls in place to confirm delivery and hence there were instances of under delivery, non-delivery or incorrect products being delivered;

There was no attempt to negotiate with service providers/suppliers in bringing prices within the thresholds recommended by NT. This resulted in overpayment for PPE and price gouging;

There appears to have been no verification protocols on supplier registration details. This resulted in several suppliers claiming VAT when they were not registered with SARS as VAT vendors;

Suppliers used front companies to obtain multiple contracts from state institutions;

There were instances of cover quoting and fronting; and

Suppliers colluded with officials to obtain contracts.

What lessons have we learnt thus far? Our investigations into PPE procurement give rise to a number of grave concerns. Among the principal concerns are the following:

The ignorance or complete disregard of the rules regulating public sector procurement and the almost unchecked powers given to officials in regard to the spend of public funds;

the absence of the exercise of any effective oversight over the procurement process by responsible officials (accounting officers/authorities) and related costs; including oversight over how the costs were determined; whether what was procured was what was legitimately required and requested; and having regard to the purpose for which the procurement was undertaken, whether the State received value for what was delivered;

We have considered and examined the processes followed and compared them to what the regulatory measures require. The picture that emerges from that comparison is highly worrisome. In essence, that comparison reveals the following:

Various regulatory measures, some of a more specific nature and others that are more general in nature, have been put in place to ensure that the public interest is properly safeguarded when emergency or urgent procurement is to be undertaken;

However, many of the measures were not followed. In some instances, the failures were due to ignorance of the rules of the game, in others the adherence to incorrect measures, and in yet other instances to a simple and sometimes cynical disregard of the applicable measures;

Such failures are in themselves serious and indicate maladministration or malpractice of various degrees of seriousness;

However, as grave as the transgressions may be, it is the consequences that are of even more serious concern;

The principal and immediate effect of the failures to observe the applicable rules of the game is this. To a large extent the State institutions involved, simply tuned a blind eye to the rule of law and by doing so, they in effect allowed the public purse to be looted. The sad result is that contracts to the value of R1.39 billion have been identified as having been irregularly procured by the State and are now the subject of pending legal proceedings in the Special Tribunal where the SIU is seeking to have these contract awards reviewed and set aside, with a claim for just and equitable relief e.g. recovery of losses or profits;

The SIU is deeply conscious of the fact that there appears to be general consensus that the losses were the result of serious maladministration and/or malpractices on the part of state officials and, in some cases, in collusion with third parties.

So what can be done to stem the rot?

The sheer scale of public procurement requires civil servants that are appropriately skilled in the art of procurement and who are people of integrity;

Furthermore, layered voice stress analysis should be used in the appointment of SCM officials;

Understanding and applying the rules of the game is a must for all involved in the SCM environment. All SCM personnel must understand what constitutes an emergency and what constitutes urgency as these are very different concepts in the SCM environment. NT has provided guidance in this regard through the issuing of practice notes and circulars;

In many instances we find that junior staff follow instructions of senior managers or executive authorities even though such staff may be uncomfortable with such instructions for fear of being seen to be insubordinate. We encourage individuals to make use of WB Hotlines to report such instances. An effective mechanism that can protect both employees and the integrity of the process must be conceived. One possibility to consider is this. Creating an office in the Public Service Commission or the Department of Public Service and Administration that deals with such claims of threats or intimidation. Employees who report to that office should be given reasonable protection. However, a condition to be granted such protection should be along the following lines. The employee makes a written report to that office setting out in full the nature of the threat and identifies its author. The report must be made at the first reasonable opportunity and in any event within 24 hours of the threat being issued;

When members of the executive intervene in matters that are being attended to by their Departmental officials, they need to be conscious of the fact that such intervention should not be construed as interference. They need to appreciate that there is a thin line between political leadership and political interference. The segregation between executive and administrative (e.g. SCM processes) responsibilities should be respected at all times. Importantly, members of the

executive must conduct themselves in a manner that shows such awareness of this difference. They also need to guard against their names being used by overzealous officials. In such circumstances, perceptions are just as important as reality. Allegations of interference by an executive authority may well fall into the realms of an act of corruption as enunciated by Jafta J in the minority judgment of the Constitutional Court in MEC for Health, Eastern Cape and Another v Kirland Investments (Pty) Ltd (77/13) [2014] ZACC 6 at [45];

All SCM officials should be subject to regular vetting and annual life-style audits. Living beyond your means as dictated by your salary should be explained;

Shopping around for the best price is an alien concept to many procurement contracts. One of the key findings that we made was the state paid exorbitant prices for PPE that could have been purchased for a fraction of the price. Testing the market is critical to achieving value for money; and

Stock control is severely lacking. In one instance we found that items were purchased despite the Department having those items in stock. The purchase was done on the basis of urgency. Understanding what it is that you have must guide what it is that you need (this talks to the demand management phase of the public sector procurement process).

Public procurement is widely recognised as one of the public sector activities most vulnerable to corruption, given the large sums of money involved and the involvement of state institutions and the private sector.

Based on our experience, public sector procurement is plagued by ills such as bribery, fronting, bid rigging, collusive bidding, malfeasance and maladministration.

The result of this is that ultimately service delivery is compromised.

As transparency is an important principle in the procurement process, as recognised by our Constitution, a commitment to transparent procurement practices is necessary as the legislature moves towards overhauling the public sector procurement framework with the promulgation of the Public Procurement Bill (“the Bill”).

In this regard, the SIU makes the following submissions regarding the Bill:

Objective criteria that will be used to determine what constitutes “undesirable” procurement practices should be spelt out explicitly in the Bill;

All procurement related circulars, guidelines, practice notes, instruction notes etc. should be issued from a single source as opposed to, for example, NT, provincial treasuries and the mooted Public Procurement Regulator (“PPR”);

The status of such circulars, guidelines, practice notes, instruction notes etc. should be set out explicitly i.e. are they bonding or non-binding;

The PPR should maintain a central repository of all procurement prescripts, which prescripts should be easily accessible not only to SCM practitioners but also to members of the public;

The PPR should be independent of the NT so as to be able to execute its oversight role without any perception of bias;

Objective criteria for the selection and appointment of the Head of the PPR should be set out in the Bill;

Consequence management and the party responsible therefor, should be spelt out explicitly in the Bill i.e. who may take action, when may they take action, and what action may take. This power should be aligned with the principle of co-operative governance;

The PPR should be charged with determining what constitutes emergency/urgent procurement (and under what circumstances it is impractical to follow a competitive bidding process);

The jurisdiction and powers of the Public Procurement Tribunal should be aligned to that of a local division of a High Court;

The PPT should also be empowered to impose a financial penalty on wrongdoers where impropriety has been established;

Open Contracting as advocated by the Open Contracting Partnership should be considered. This entails the publication of State procurement data according to the Open Contracting Data Standard as a means to achieving greater open contracting reform.

13. PREVENTION, ADVISORY AND AWARENESS AND “BLACKLISTING”

13.1. Blacklisting

At the outset, it is necessary to distinguish between two separate and distinct mechanisms provided for "blacklisting" tenderers. It is also important to note that the recommendations for “blacklisting” are made against tenderers in the broadest sense i.e. individuals in their personal capacity (should they not form part of a legal entity), legal entities as well as the individuals involved in such entities.

The one mechanism is provided by the provisions of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004).

Section 29 provides for the Minister of Finance to establish a Register, to be known as the "Register for Tender Defaulters" within the Office of the NT.

In terms of section 28, a Court convicting a person (which includes juristic persons) of an offence contemplated in section 12, inter alia, may, in addition to imposing any sentence contemplated by the Act, issue an Order that the particulars of the convicted person or enterprise, and other particulars, be endorsed on such Register.

The gist of the provisions of section 13 is that it makes the acceptance or agreement to accept a gratification as an inducement to award a tender, or make a tender, inter alia, an offence.

In other words, the said provisions provide for an extended form of corruption in a tender process.

Clearly, the mechanism provided by the said provisions, including the Register for Tender Defaulters, catering, as it does, for cases of corruption, is of no assistance in dealing with tenderers, who have been awarded tenders on strength of misrepresentations made by them.

It should also be mentioned that the Preferential Procurement Policy Framework Regulations provide that an organ of state must, upon detecting that a tenderer submitted false information regarding its BBBEE status level of contributor, local production and content, or any other matter required in terms of these Regulations which will affect or has affected the evaluation of a tender, or where a tenderer has failed to declare any subcontracting arrangements-

- a) inform the tenderer accordingly;
- b) give the tenderer an opportunity to make representations within 14 days as to why-
 - i. the tender submitted should not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part;
 - ii. if the successful tenderer subcontracted a portion of the tender to another person without disclosing it, the tenderer should not be penalised up to 10 percent of the value of the contract; and
 - iii. the tenderer should not be restricted by the NT from conducting any business for a period not exceeding 10 years with any organ of state; and
- c) if it concludes, after considering the representations referred to in subregulation (1)(b), that-
 - i. such false information was submitted by the tenderer-
 - (aa) disqualify the tenderer or terminate the contract in whole or in part; and
 - (bb) if applicable, claim damages from the tenderer; or

- ii. (ii) the successful tenderer subcontracted a portion of the tender to another person without disclosing, penalise the tenderer up to 10 percent of the value of the contract.

(2)(a) An organ of state must-

- i. inform the NT, in writing, of any actions taken in terms of subregulation (1);
- ii. provide written submissions as to whether the tenderer should be restricted from conducting business with any organ of state; and
- iii. submit written representations from the tenderer as to why that tenderer should not be restricted from conducting business with any organ of state.

(3) The NT must-

- a) after considering the representations of the tenderer and any other relevant information, decide whether to restrict the tenderer from doing business with any organ of state for a period not exceeding 10 years; and
- b) maintain and publish on its official website a list of restricted suppliers.

In such circumstances, the more appropriate mechanism for dealing with the aforesaid tenderers is having such tenderers (individuals in their personal capacity (should they not form part of a legal entity), legal entities as well as the individuals involved in such entities) placed on NT's Database of Restricted Suppliers.

NT maintains a Database of Restricted Suppliers ("the Database") in terms of Regulation 16A9.1(c) of the Treasury Regulations (made in terms of Public Management Finance Act, No. 1 of 1999) dated 15 March 2005.

A decision to restrict a tenderer, person, contractor or its shareholders or directors constitutes administrative action as contemplated in the Promotion of Administrative of Justice Act, No. 3 of 2000 ("PAJA"), involving, as it does, the imposition of a restriction against competing for contracts for the supply of goods or services to the State.

Section 3 of PAJA provides that administrative action which materially and adversely affects the rights or legitimate expectations of any person, must be procedurally fair.

Generally, this means that the following requirements must be met:

There must be-

1. adequate notice to the affected party of the nature and purpose of the proposed administrative action;
2. a reasonable opportunity for the affected party to make representations (it admits of no doubt that this will include the presentation of facts and circumstances to be relied on for decision-making);
3. a clear statement of the administrative action to the affected party (i.e. the decision or steps taken after the decision-maker has applied his or her mind to the matter); and
4. adequate notice to the affected party of the right to request reasons in terms of section 5 of PAJA.

13.2. Prevention, Advisory and Awareness

The SIU investigations have highlighted, amongst others, certain shortcomings in the governance and compliance processes of state institutions in relation to the procurement that was undertaken.

As part of its value chain, the SIU now offers a prevention and advisory service to state institutions.

This initiative is aimed at assisting state institutions to prevent a recurrence of the serious maladministration that prompted an SIU investigation, by creating awareness amongst targeted groups of focus areas identified by the SIU, so as to proactively influence the systemic and behavioural root causes of maladministration, fraud and corruption.

This can be achieved by leveraging off the SIU's findings and experiences in its investigations, with the output of the engagement being a systemic improvement plan which is prepared in conjunction with the affected state institution.

Against that background, the SIU is of the respectful view that it can add value to the State by conducting targeted awareness campaigns at the prioritised state institutions.

The objectives of the campaign will be as follows:

1. The campaign will be informed by the finalised investigations and recommendations made;
2. Importantly, face to face interactions with relevant officials should alert them to the systemic and other shortcomings revealed by the SIU's investigations and thereafter give impetus to meaningful measures being put in place by the affected state institutions in order to address the allegations that were investigated;

3. In addition, the intervention will be aimed at creating awareness around how to prevent a recurrence of the ills that gave rise to the SIU's investigations in the first place.
4. To that end, it is envisaged that the SIU will, by means of the campaign, assist the state institutions to formulate and put in place the necessary strategies that will place them on an improved corporate governance trajectory.

14. FINANCIAL OVERVIEW AND ADDITIONAL RESOURCES

14.1. Background

The President signed the relevant Proclamation which allows the SIU to investigate any irregularities that occurred during the National State of Disaster that was announced by him on 15 March 2020. There are over 700 State Institutions in South Africa on the National, Provincial and Local Government level which includes all national and provincial public entities and government enterprises. The SIU investigations in terms of the Proclamation have and can cover any of these entities.

14.2. Current Recovery Model of the SIU

In terms of section 5(b) of the SIU Act, the SIU may recover fees from State institutions for the investigation services rendered. Currently the fees recovered in this way makes up around 45% of the SIU's total annual operational and capital expenditure budget whilst the other 55% is funded by way of a Government grant.

When a proclamation is issued the SIU drafts and submits a formal "Letter of Engagement" (LOE) to the State Institution which sets out the project team estimated timescales and costs for the investigation. The estimated fees are based on the number of project hours to be spent at a rate that is relevant to the specific SIU resource that will be working on the investigation. This is similar to how the AGSA recovers its fees.

For the R23 of 2020 proclamation however, the SIU's opinion was that it would be impractical and ineffective to sign LOE's with all the State Institutions that the SIU would be investigating under the Covid-19 proclamation and to attempt to recover the fees for the investigations from them especially under the current circumstances where State Institutions budgets' are under severe pressure.

14.3. Proposed Recovery and Funding Model for Proclamation R23 of 2020

The SIU had proposed an overall “umbrella” LOE with NT (NT) for this Proclamation in order for invoicing to be done centrally in terms of the investigations and that NT pays the SIU directly for these costs. After many engagements with NT, the SIU was unfortunately not successful in this regard. As a result a decision was taken by the SIU to pursue individual LOE’s to formalise the governance and invoicing processes. It has proven not be ideal as the SIU had to pursue about 99 individual LOE’s which was and still is very cumbersome and administrative intensive. In practice the SIU has been able to only get 44 LOEs signed by State Institutions, and has only invoiced R84,4 million as a result and has received only R5,6 million to date. Due to these challenges the SIU had further engagements with NT in the last 9 months on the recovery of invoiced costs for the R23 Proclamation. Unfortunately as mentioned, the SIU has not been successful in these engagements and, while the SIU is still engaging with NT, the SIU deemed it prudent to include it in this final report to make the President aware that the SIU is at risk of not getting paid for the bulk of the current +/- R216 million (numbers 1 and 2 in the table below added together, less R5,6 million received in payments to date). The SIU requires intervention in this regard with a view of the NT making central funding available for this outstanding amount.

14.4. Current Total incurred and estimated Costs for Proclamation R23 of 2020

The high level incurred and estimated costs that are projected for this proclamation are set out below:

| SIU: Consolidated additional resource requirements, including for the Covid-19 Investigations, Proclamation R23 of 2020 | | | |
|--|--|---------------|----------------------|
| | | Notes: | |
| 1 | Cost of SIU resources, at the current recovery rates of the SIU | 1 R | 200 000 000 |
| 2 | Cost of additional experts sourced through SCM, on SIU's panel of service providers | 2 R | 22 096 171 |
| 3 | Cost of 10 additional resources on short term contract | 3 R | 13 112 608 |
| 4 | Cost of additional professional services (Counsel and other) costs for Civil Litigation | 4 R | 75 000 000 |
| TOTAL ESTIMATED SIU COSTS FOR PROCLAMATION R23 OF 2020 | | | R 310 208 779 |
| 1 | These costs include actual costs of SIU permanent resources R179,347,970 incurred up to November 2021, and it further includes a 10% factor to cater for allegations that must still be investigated. The final figure was then rounded to R200 million. | | |
| 2 | These costs are for resources acquired through SCM and include a 15% provision for possible additional hours to be spent. | | |
| 3 | These costs are based on an estimate for 10 operational resources. | | |
| 4 | The litigation costs are an estimate, as a lot of the litigation processes are in the early stages. | | |

The total estimated costs is therefore +/- R310 million, which is about R41 million down from the previous estimate of R351 million. This is mainly due to a reduced amount estimated for short term contractors for use on the R23 investigation. The costs however may further escalate due to ongoing civil litigation process and the SIU investigators testifying in disciplinary processes and criminal cases.

Budget cuts on the SIU during the last financial year as well as for the MTEF 3 year period:

| Description | Current Year | | 2021 MTEF | | |
|---|-----------------|-----------------|-----------------|-----------------|------------------|
| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | |
| Grant Income - 2020 ENE Allocation | 452 865 | 478 922 | 503 310 | 480 738 | |
| Grant Income - 2021 ENE Allocation | 421 662 | 437 878 | 452 060 | 454 796 | |
| Budget Cut- Per the Special Budget tabled by Min of Finance | (10 000) | | | | |
| Budget Cut- Cost of Employee reduction- to be effected against 2020/21 Government Grant | (16 125) | | | | |
| Budget Cut- Shifting of Funds - SAA Expenditure | (5 078) | | | | |
| Budget Cuts as per the 2021 ENE Allocation Letter (circulated 04 December 2021) | | | (41 044) | (51 250) | (25 942) |
| Total Differences | (31 203) | (41 044) | (51 250) | (25 942) | (149 439) |

In the light of the total budget cuts of about R150 million to the government grant budget of the SIU for the last financial years as well as for the next 3 years, it is with respect that the SIU requests some intervention with regards to the nett R216 million outstanding costs on the R23 proclamation.



Adv. JL Mothibi

Head of the Special Investigating Unit

Date: 10 December 2021