

Dear Acting City Manager,

I write to you regarding the deeply concerning findings emerging from Internal Audit reports, SIU investigations, and related procurement processes within the Electricity and Energy Directorate.

The evidence now before Council paints a picture, not of isolated irregularities, but of a sustained and systemic breakdown in procurement governance spanning several years.

The Internal Audit report into SCM/18-207/C, submitted to the office of the ACM on 06 October 2023, clearly identifies:

- Irregular and unauthorised expenditure,
- Payments made without adequate supporting documentation,
- Work conducted outside the scope of contract,
- The repeated use of deviations and extensions to bypass competitive procurement processes.

These findings are not historical footnotes. They form part of a pattern that continues into more recent tenders, including SCM/20-108 (High Mast) and SCM/1112/C, where the same contractors and similar irregularities are again present.

Furthermore, your office is in possession of a legal opinion written by Adv. Shaheed Patel, as instructed by Kuban Chetty Inc. on behalf of the Nelson Mandela Bay Municipality, dated 30 September 2024.

This opinion is not neutral, it is damning. The core findings captured therein clearly state that the tender must not be awarded because doing so would be irregular and unlawful, why?

(a) CIDB grading was fundamentally wrong

- Tender value: R50 million (initial), later revised to more than R100 million
- Required grading was set at: CIDB 3
- The reality is that:
  - CIDB 3 projects have a maximum cap of R3 million
  - Company awarded the tender has a CIDB 4EP which can be only be awarded projects with a maximum cap of R6 million
  - The required grading for the relevant tender is CIDB 7 for project valued at R60 million+

This is not a minor error, it invalidates the entire procurement process from the start.

(b) The preferred bidder is objectively incapable

- Only has CIDB 4EP
- Legally cannot execute a project of this scale

This means that the awarding of this tender was not just irregular, it is legally impossible to justify.

(c) Tender process was manipulated over time

- Tender was issued: 2021
- Validity: 90 days
- The tender was extended repeatedly until 2024 adjudication

This is a classic procurement abuse tactic: keep a tender alive until a desired outcome becomes possible.

These are only some of the findings stipulated in the legal opinion. Despite having all of this information at your disposal, what is particularly troubling is the apparent lack of decisive administrative action in response to these findings.

In January, during deliberations on motions I had submitted to Council relating to these very matters, I asked you directly whether you were aware of officials implicated in this web of corruption within the Directorate. You indicated that you were not.

However, it is now evident that Internal Audit reports detailing serious irregularities had already been submitted to the Office of the City Manager.

It must be emphasised that such reports are not directed to the individual occupying the office at a given moment, but to the Office itself. The responsibility to be fully apprised of matters of this magnitude rests with the Office of the City Manager, regardless of changes in personnel.

It is therefore not sufficient to rely on a lack of personal awareness as a defence. Where serious allegations and documented findings exist, there is a clear obligation to actively familiarise oneself with all relevant reports and correspondence received by the Office.

Failure to do so constitutes a breakdown in administrative accountability.

In light of the above, I hereby call on your office to urgently:

1. Institute precautionary suspensions of all officials implicated in Internal Audit, SIU, and related investigations within the Electricity and Energy Directorate.
2. Provide Council with a full list of implicated officials and contractors across all affected tenders.
3. Suspend or review all Electricity and Energy contracts that have been reasonably brought into question, including but not limited to SCM/18-207/C, SCM/20-108, SCM/20-27G, and SCM/1112/C.
4. Release all Internal Audit, SIU, and investigative reports relevant to these matters to Council.
5. Initiate a comprehensive forensic investigation into all Electricity Directorate procurement processes dating back to at least 2017.

The continued inaction in the face of such serious findings risks further financial loss to the municipality and erodes public trust in the institution.

This matter can no longer be approached with administrative passivity. It requires decisive, transparent, and accountable leadership.

I look forward to your urgent response.