



POISED TO STRIKE
against corruption

**Report to the
President of the Republic of South Africa
His Excellency, President JG Zuma**

on

Investigation into certain affairs of the Gauteng Department of Health

**Proclamation R21 of 2010
Published on 14 May 2010**

29 March 2017

DISTRIBUTION LIST

Copies	To
Copy 1 of 2	Advocate JL Mothibi: Head of the Special Investigating Unit
Copy 2 of 2	Mr JG Zuma: The Honourable President of the Republic of South Africa

EXECUTIVE SUMMARY

This Report details the outcomes of an investigation by the Special Investigating Unit (SIU), conducted in terms of Proclamation R21 of 2010 issued by the President and published in Government Gazette no 33190 dated 14 May 2010 (the Proclamation). In terms of the Schedule to the Proclamation, the SIU was mandated to investigate certain affairs of the Gauteng Department of Health (the Department)

Ten matters were referred to the SIU for investigation, as listed in the Schedule to the Proclamation. The outcomes in respect of each matter are discussed in the paragraphs below.

Matter 1: The procurement of the services of and contracting with consultants or service providers for the compilation of the 2007/2008 budget

The SIU found that the appointment of the service provider was unnecessary and irregular. To this end, irregular expenditure of R799 500 was incurred.

The evidence indicated that the departmental acquisition council did not consider or approve an extension/scope variation to the initial award of R779 500. The Department paid R1 461 416 to the service provider for the compilation of the 2007/2008 budget. The amount of R681 916 in excess of the awarded amount is also found to be irregular expenditure as well as fruitless and wasteful expenditure.

The SIU obtained evidence pointing to the commission of alleged financial misconduct by the Acting Head of Department. The SIU, as it is obliged to do so, referred the evidence to the relevant prosecuting authority in terms of section 4(1)(d) of the Special Investigating Units and Special Tribunals Act, Act No. 74 of 1996. The matter was referred for investigation to the Directorate for Priority Crime Investigation by the Prosecuting Authority and is under investigation by the Anti-Corruption Task Team (ACTT) and the Asset Forfeiture Unit (AFU). The matter is being investigated by the ACTT in Johannesburg under reference number CAS755/09/2011.

The SIU obtained evidence pointing to the commission of alleged fraud and corruption in relation to the appointment and payment of the service provider. The SIU, as it is obliged to do so, referred the evidence to the relevant prosecuting authority in terms of section 4(1)(d) of the SIU Act. The matter is under investigation by the ACTT and the AFU. The matter is being investigated by the ACTT in Johannesburg under reference number CAS755/09/2011.

The officials in question resigned from the Public Service and no recommendation for disciplinary action could be made by the SIU.

Matter 2: The procurement of the services of and contracting with consultants or service providers for the establishment of a Project Management Unit (PMU)

The SIU, found that the procurement process followed to award the compilation of a Turnaround Strategy to the consultant was not fair, equitable, transparent, competitive or cost effective. To this end, irregular expenditure of R39 672 was incurred. The compilation of the turnaround strategy by the consultant led to the consultant having insight and/or prior knowledge of the Turnaround Strategy of the Department in which the envisaged PMU was set out. This provided the consultant with an unfair advantage over other bidders rendering the procurement process of the establishment of the PMU unfair.

The SIU found that the procurement process followed to award the establishment of a PMU to the consultant was not fair, equitable, transparent, competitive or cost effective. To this end, irregular expenditure of R349 732 721.10 was incurred.

The SIU found that the former Head of Department as Chairperson of the departmental acquisition council failed to ensure that proper planning occurred, that a budget was available and that approval for the expenditure in terms of that budget was obtained. The SIU also found that the former Head of Department, failed to ensure that a procurement system which is fair, equitable, transparent, competitive and cost-effective was used in the appointment of the consultant. The former Head of Department's conduct was in contravention of the provisions of section 86(1) of the PFMA in that she failed to comply with the provisions of section 38(1)(a)(i), 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii) and 39(1)(b) of the PFMA. The matter was referred for investigation to the Directorate for Priority Crime Investigation by the Prosecuting Authority and is under investigation by the ACTT and the AFU.

The SIU established that the extension of the contract with the service provider was tainted as the officials involved in this process had received undue gratifications from the service provider. These gratifications were never declared to the Department. The investigation also established that the then MEC was both a recipient of the gratification (from inception of the project) and an active supporter of the PMU project. The SIU found that the submission by the Department on which

the contract was extended, was a misrepresentation of the actual performance by the consultant. The contract should never have been extended.

The evidence revealed that the award to the consultant did not include an administration fee of 5% in respect of work the consultant sub-contracted. The additional 5% administration fee amounting to R16 033 337 is found to be irregular as well as fruitless and wasteful expenditure.

The SIU ascertained that the consultant double invoiced the Department for a total amount of R10 813 504.37, which is found to be fruitless and wasteful expenditure.

The process followed by the Department in extending the contract with the consultant was tainted by the relationship between the service provider and officials who were directly involved in this project. The receipt of gratification by these officials supports the contention that a "corrupt relationship" existed between the parties.

The investigation also revealed the following:

- that the Department suffered a loss of R25 965 620.73 due to fraud committed by the consultant and its staff in claiming hours worked, which were not due and payable by the Department.
- that the Department irregularly expended R23 894 974.48 on secondments to the Department following an irregular process.
- that the Department paid an amount of R177 968 611.94 to sub-contractors to the consultant which were irregularly appointed.

The SIU, as it is obliged to do so, referred the evidence to the relevant prosecuting authority in terms of section 4(1)(d) of the SIU Act. The matter is under investigation by the ACTT and the AFU under case reference CAS755/09/2011. The SIU is currently assisting the newly appointed ACTT investigator by providing background of the investigation and assisting with the preparation of files in respect of the obtained evidence.

Several matters were referred to the Department to pursue disciplinary action against identified officials. Flowing from these referrals the following was achieved:

- the former Director of Supply Chain Management was dismissed from the service of the Department on 15 February 2013.
- the former Director Finance of the Executive Support Programmes Management of the Department was dismissed from the service of the Department on 3 December 2012.

- the former Director of Special Projects of the Department was dismissed from the service of the Department on 4 December 2012.

Matter 3: The procurement of the services of and contracting with service providers or conference administrators for the Gauteng AIDS Conference

The SIU established the following:

- the procurement process followed in awarding the contract for the appointment of a conference administrator was not fair, equitable, transparent, competitive or cost effective. The payment for the services of the administrator in the amount of R1 693 371.30 was therefore irregular.
- The variation of the initial order to extend the scope of services of the service provider to include the procurement of cricket hats, backpacks and the printing of pamphlets and posters was found to be irregular. The payments of R1 059 943.50 and R5 296 725.00 for the extended services amounted to irregular expenditure.
- the former Head of Department, who was aware of the deviations from the tender process, neither recorded, nor reported the deviations to the relevant treasury and the Auditor-General.
- over and above the finding of irregular expenditure being incurred it was also established that costs incurred in procuring the services of the administrator, the printing and the cricket hats and backpacks amounted to fruitless and wasteful expenditure.

The SIU further obtained evidence pointing to the commission of alleged criminal activity in the following instances:

- fraud allegedly committed by the conference administrator. The matter is under investigation by the ACTT and the AFU under case reference CAS755/09/2011.
- financial misconduct by the former Head of the Department in relation to the appointment and payment of the service provider. The matter is under investigation by the ACTT and the AFU under case reference CAS755/09/2011.
- fraud by the former Head of Supply Chain Management in relation to the appointment process followed. The matter is under investigation by the ACTT and the AFU under case reference CAS755/09/2011.

The SIU further recommended that disciplinary action be instituted against the former Director of Supply Chain Management of the Department.

As a consequence of this referral, the former Director of Supply Chain Management was dismissed from the service of the Department on 15 February 2013.

Matter 4: The procurement of and contracting for goods and service relating to the provisioning of an information system and electronic health records system.

The SIU investigation established the following:

- the procurement process followed in awarding the contract to a service provider was not fair, equitable, transparent, competitive or cost effective.
- the systems acquired by the Department were never implemented.
- that expenditure of R470 807 868.73 in acquiring this system was both irregular and fruitless and wasteful.
- the Department irregularly extended the contract of the service provider to include connectivity for the implementation of the information system and electronic health records system. To this end, irregular as well as fruitless and wasteful expenditure of R14 325 045 was incurred.
- evidence pointing to the commission of alleged corruption by the appointed service provider, officials of the Department and the former Member of the Executive of the Department. The matter is under investigation by the ACTT and the AFU under case reference 42/2012.
- evidence pointing to the commission of alleged financial misconduct by the former Head of the Department and criminal conduct in respect of other departmental officials, in relation to the appointment and payment of the service provider. The matter is under investigation by the ACTT and the AFU under case reference 42/2012.

Based on the evidence obtained by the SIU, the AFU obtained a preservation order against the service provider's contractual rights to the value of R800 million and interest. A final forfeiture order was obtained. Together with interest, this amounted to a saving for the State of approximately R1,5 billion.

The evidence provided to the AFU has resulted in the AFU commencing with an investigation to recover the R470 807 868.73 paid to the service provider.

The evidence obtained by the SIU was referred to the Gauteng Department of Finance for disciplinary action to be taken against the Deputy Director, Contracts Management.

Matter 5: The procurement of and contracting for goods and services relating to the implementation of local area networks for 134 facilities

The SIU found that the procurement of the services by the Department did not comply with the legislative prescripts and were irregular. To this end, irregular expenditure of R50 021 644.87 was incurred.

The SIU found that the extension of the services by the Department did not comply with the legislative prescripts and were irregular. To this end, irregular expenditure of R5 079 533 was incurred.

The Departmental officials in question are no longer in the employ of the Public Service and no recommendation for disciplinary action could be made by the SIU.

Matter 6: The procurement of and contracting for the supply of Krone Cabling Infrastructure, CISCO Switching, Implementation, Project Management and Training

The SIU found that the procurement of the services by the Department did not comply with the legislative prescripts and were irregular. The period during which payments were made to the service providers fell outside the Proclamation period and therefore could not be further pursued by the SIU.

The Departmental officials in question are no longer in the employ of the Public Service and no recommendation for disciplinary action could be made by the SIU.

Matter 7: The procurement of and contracting for database management goods and services

The SIU's investigation has established that the deviations from normal procurement processes were not properly motivated nor approved by the authorised persons. The underlying reasons provided for the deviations were not recorded. The SIU found that the Department incurred irregular expenditure to the amount of R2 511 648.00.

The Departmental officials who were involved in the process are no longer employed in the Public Service and no recommendation for disciplinary action could be made by the SIU.

Matter 8: The procurement of and contracting for goods and services relating to the evaluation of the Transformation Project at the surgical division of the Chris Hani Baragwanath Hospital

The SIU's investigation established that the deviations from normal procurement processes were not properly motivated. The underlying reasons for the deviations could not be supported. The SIU found that the Department incurred fruitless and wasteful expenditure to the amount of R127 110.00.

The officials who were involved in the process are no longer employed in the public service and no recommendation for disciplinary action could be made by the SIU.

Matter 9: The procurement of and contracting for goods and services relating to the supply, installation, commissioning and maintenance of ultra violet germicidal units

The SIU's investigation established that the grounds upon which the bid adjudication committee and departmental acquisition council relied for the award of the tender were incorrect. The bid adjudication committee's failure to verify the representations to the bid adjudication committee amounts to an act of negligence.

The SIU's investigation established that the decision of the DAC was based on falsified information. The investigation was however not able to establish who was responsible for misleading the DAC. The misrepresentation however tainted the procurement process and had the effect of causing all expenditure incurred as being irregular.

The officials who were involved in the process are no longer employed in the public service and no recommendation for disciplinary action could be made by the SIU.

Matter 10: The incurrence of unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure and expenditure not due, owing and payable in relations to payments made to consultants, suppliers and service providers mentioned in paragraphs numbered 1 to 9 to the Schedule of the Proclamation as well as in respect of the services rendered to address the Auditor-General's qualified audit for the 2007/2008 financial year

The Auditor-General issued a qualified audit for the 2007/2008 financial year to the Department. In pursuance of regularising the audit findings the Department appointed a consultant to address the audit qualifications.

The appointment of the consultant did not follow any procurement process and did not comply with the provisions of section 217(1) of the Constitution of 1996. All expenditure incurred in this regard was irregular.

TABLE OF CONTENTS

1	INTRODUCTION	1
1.1	Mandate	1
2	BACKGROUND TO REPORT.....	4
2.1	The contracting with a consultant to compile the 2007/2008 budget	4
2.2	The procurement of the services of and contracting with consultants or service providers for the establishment of a Project Management Unit	5
2.3	The procurement of the services of and contracting with service providers or conference administrators for the Gauteng AIDS Conference	6
2.4	The procurement of and contracting for goods and service relating to the provisioning of an information system and electronic health records system.	7
2.5	The procurement of and contracting for goods and services relating to the implementation of local area networks for 134 facilities	8
2.6	The procurement of and contracting for the supply of Krone Cabling Infrastructure, CISCO Switching, Implementation, Project Management and Training	9
2.7	The procurement of and contracting for database management goods and services	10
2.8	The procurement of and contracting for goods and services relating to the evaluation of the Transformation Project at the surgical division of the Chris Hani Baragwanath Hospital ("CHBH")	10
2.9	The procurement of and contracting for goods and services relating to the supply, installation, commissioning and maintenance of ultra violet germicidal units	12
2.10	The incurrence of unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure and expenditure not due, owing and payable in relations to payments made to consultants, suppliers and service providers mentioned in paragraphs numbered 1 to 9 to the Schedule of the Proclamation as well as in respect of the services rendered to address the Auditor-General's qualified audit for the 2007/2008 financial year.	13
3	METHODOLOGY	14
3.1	Section 5(2)(a) Notices served	14
3.2	Section 5(2)(b) Notices served	14

3.3	Section 5(2)(b) & (c) hearings conducted	14
3.4	Affidavits/statements obtained	14
3.5	Documents Analysed	14
3.6	Cyber Forensic Analysis	15
3.7	Forensic Data Division	15
3.8	Forensic Accountant Analysis	15
4	REGULATORY FRAMEWORK.....	15
5	ALLEGATIONS OF CORRUPTION	16
5.1	The alleged fraud/corruption	18
5.2	A summary of findings in relation to the alleged corruption	24
6	FINDINGS	25
6.1	The contracting with a consultant to compile the 2007/2008 budget	25
6.2	The procurement of the services of and contracting with consultants or service providers for the establishment of a Project Management Unit	27
6.3	The procurement of the services of and contracting with service providers or conference administrators for the Gauteng AIDS Conference	35
6.4	The procurement of and contracting for goods and service relating to the provisioning of an information system and electronic health records system.	38
6.5	The procurement of and contracting for goods and services relating to the implementation of local area networks for 134 facilities	49
6.6	The procurement of and contracting for the supply of Krone Cabling Infrastructure, CISCO Switching, Implementation, Project Management and Training	52
6.7	The procurement of and contracting for database management goods and services	54
6.8	The procurement of and contracting for goods and services relating to the evaluation of the Transformation Project at the surgical division of the Chris Hani Baragwanath Hospital	56
6.9	The procurement of and contracting for goods and services relating to the supply, installation, commissioning and maintenance of ultra violet germicidal units	58
6.10	The incurrence of unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure and expenditure not due, owing and payable in relations to payments made to consultants, suppliers and service providers mentioned in paragraphs numbered 1 to 9 to the Schedule of the Proclamation as well as in	

	respect of the services rendered to address the Auditor-General's qualified audit for the 2007/2008 financial year.	60
7	OUTCOMES	62
7.1	The contracting with a consultant to compile the 2007/2008 budget	62
7.2	The contracting with consultants for the establishment of a Project Management Unit	65
7.3	The contracting with service providers or conference administrators for the Gauteng AIDS Conference	70
7.4	The contracting for goods and services relating to the provisioning of an information system and electronic health records system	72
7.5	The procurement of and contracting for goods and services relating to the implementation of local area networks for 134 facilities	76
7.6	The procurement of and contracting for the supply of Krone Cabling Infrastructure, CISCO Switching, Implementation, Project Management and Training	76
7.7	The procurement of and contracting for database management goods and services	77
7.8	The procurement of and contracting for goods and services relating to the evaluation of the Transformation Project at the surgical division of the Chris Hani Baragwanath Hospital	78
7.9	The procurement of and contracting for goods and services relating to the supply, installation, commissioning and maintenance of ultra violet germicidal units	78
7.10	The incurrence of unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure and expenditure not due, owing and payable in relations to payments made to consultants, suppliers and service providers mentioned in paragraphs numbered 1 to 9 to the Schedule of the Proclamation as well as in respect of the services rendered to address the Auditor-General's qualified audit for the 2007/2008 financial year	79
8	SYSTEMIC RECOMMENDATIONS	80
9	CONCLUSION.....	83

Page

GLOSSARY OF TERMS

Abbreviation	Description
3P	3P Consulting (PTY) Ltd
ACTT	Anti-Corruption Task Team
Africon	Africon (PTY) Ltd – now called Aurocon
AFU	Asset Forfeiture Unit
AGSA	Auditor General of South Africa
AUV	African Ultra Violet Suppliers (Pty) Ltd
Baraka	Baraka IT Solutions (PTY) Ltd
BAS	Basic Accounting System
BAUD	Online asset management system
BEC	Department's Bid Adjudication Committee
CAS	South African Police Service Crime Administration System
CFO	Chief Financial Officer
CHBH	Chris Hani Baragwanath Hospital
CIPC	Companies and Intellectual Property Commission
COO	Chief of Operations
Department	The Gauteng Department of Health
DAC	Departmental Acquisition Council
EOH	EOH Consulting (PTY) Ltd
ESPM	Executive Support Programmes Management
FIC	Financial Intelligence Centre
FORDAD	Forensic Data Division of the SIU
Gobodo	Gobodo Forensic and Investigative Accounting (PTY) Ltd
GPG	Gauteng Provincial Government
GSSC	Gauteng Shared Services – now called Gauteng Finance Department
HIS/e-HR	Health information and electronic health records system
HOD	Head of Department
Hofmeyr	Attorneys firm Hofmeyr Herbstein and Gihwala – now called Cliffe Decker Hofmeyr
ICT	Information and Communication Technology
ITC	Information Trans Union Credit Bureau (Pty) Ltd
LAN	Local area network
MEC	Member of the Executive
MSAU	Multi – Sectoral AIDS Unit, Gauteng Department of Health

Abbreviation	Description
NPA	National Prosecuting Authority
NT	National Treasury
PFMA	Public Finance Management Act, Act No. 1 of 1999
PMO	Project Management Office
PMU	Project Management Unit
POC	Proof of concept
Proclamation	Proclamation No. R21, 2010, Published in the Government Gazette No. 33190 on 14 May 2010
PWC	PriceWaterhouseCoopers
RDC	Relational Database Consulting (PTY) Ltd
SA	Services Agreement
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SIU	Special Investigating Unit
SIU Act	Special Investigating Units and Special Tribunals Act, Act No. 74 of 1996
SITA	State Information Technology Agency
SITA ACT	The State Information Technology Agency Act, Act No.88 of 1998
SLA	Service level agreement
Ubuntu	Ubuntu Technologies (PTY) Ltd
UVGI	Ultra violet germicidal units
VAT	Value Added Tax
WAN	Wide area network

1 INTRODUCTION

1.1 Mandate

The SIU has a legal mandate in terms of the Special Investigating Units and Special Tribunals Act, Act No. 74 of 1996, (SIU Act) to investigate and institute legal proceedings, where applicable, in instances where any of the following occurred:

- Serious maladministration in connection with the affairs of any state institution;
- Improper or unlawful conduct by employees of any state institution;
- Unlawful appropriation or expenditure of public money or property;
- Unlawful, irregular or unapproved acquisitive act, transaction, measure or practice having a bearing upon state property;
- Intentional or negligent loss of public money or damage to public property;
- Offence referred to in part 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, Act No.12 of 2004, and which offence was committed in connection with the affairs of any state institution; and
- 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.

The terms of reference of the SIU investigation into the matters referred to in this Report are set out in Proclamation R21 of 2010 issued by the President and published in Government Gazette no 33190 dated 14 May 2010 (the Proclamation). In terms of the Schedule to the Proclamation, the SIU is mandated to investigate certain affairs of the Gauteng Department of Health (the Department) in relation to the following allegations:

"1. The procurement of the services of and contracting with consultants or service providers to the approximate value of R779 500.00 for the preparation and compilation of the 2007/2008 budget for the Department and payments made to them in relation thereto in a manner that was-

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

(b) contrary to applicable-

(i) legislation;

(ii) manuals, guidelines, practice notes and instructions issued by the National Treasury and/or the applicable Provincial Treasury, as

*amended (hereinafter collectively referred to as "practice notes");
and*

*(iii) manuals, policies, procedures, instructions and/or practices of or
applicable to the Department (hereinafter collectively referred to as
"Departmental policies")*

*2 The procurement of the services of and contracting with consultants or service
providers on or about 2 July 2007 to the approximate value of R60 000 000.00
for the establishment of a Project Management Unit, its staffing and executing
its functions and the extension of that contract during or about December 2008
and March 2009 and payments made to them in relation thereto in a manner
that was:*

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

*(b) contrary to applicable legislation, practice notes and/or Departmental
policies.*

*3 The procurement of the services of and contracting with service providers or
conference administrators for the Gauteng AIDS Conference for 15 and 16
November 2007 and payments made to them in relation thereto in a manner
that was:*

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

*(b) contrary to applicable legislation, practice notes and/or Departmental
policies; and*

(c) fraudulent.

*4 The procurement of and contracting for goods and services relating to the
provisioning of an information system and electronic health records solution
system during or about December 2007 and changes made to the contract
during or about January 2009 and payments made in relation thereto in a
manner that was-*

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

*(b) contrary to applicable legislation, practice notes and/or Departmental
policies; and*

- (c) corrupt.
- 5. *The procurement of and contracting for goods and services relating to the implementation of local area networks for about 134 health facilities under tender GT/GHD/107/2007 during or about December 2007 and changes made to the contract during or about August 2008 and payments made in relation thereto in a manner that was-*
 - (a) *not fair, equitable, transparent, competitive and/or cost-effective; and*
 - (b) *contrary to applicable legislation, practice notes and/or Departmental policies.*
- 6. *The procurement of, contracting for and payments made for goods and services under tender GT/GHD/02/2009 in a manner that was-*
 - (a) *not fair, equitable, transparent, competitive and/or cost-effective; and*
 - (b) *contrary to applicable legislation, practice notes and/or Departmental policies.*
- 7. *The procurement of and contracting for database management goods and services during or about October 2008 and payments made in relation thereto in a manner that was:*
 - (a) *not fair, equitable, transparent, competitive and/or cost-effective; and*
 - (b) *contrary to applicable legislation, practice notes and/or Departmental policies.*
- 8. *The procurement of and contracting for services relating to the evaluation of the Transformation Project at the surgical division of the Chris Hani Baragwanath Hospital during or about October 2008 and payments made in relation thereto in a manner that was:*
 - a) *not fair, equitable, transparent, competitive and/or cost-effective; and*
 - b) *contrary to applicable legislation, practice notes and/or Departmental policies.*
- 9. *The procurement of and contracting for goods and services relating to the supply, installation, commissioning and maintenance of ultra violet germicidal*

irradiation units under tender GT/GDH/22/2008 and payments made in relation thereto in a manner that was –

- (a) not fair, equitable, transparent, competitive and/or cost-effective; and*
- (b) contrary to applicable legislation, practice notes and/or Departmental policies.*

10. The incurrence of -

- (a) unauthorized expenditure;*
- (b) irregular expenditure;*
- (c) fruitless and wasteful expenditure; and*
- (d) expenditure not due, owing and payable in relation to payments made –*
 - (i) to consultants, suppliers and service providers for any of the aforementioned goods and services to the Department; and*
 - (ii) in respect of services rendered to address the Auditor-General's qualified audit for the 2007/2008 financial year of the Department with regard to fixed assets."*

The SIU investigation covered the period 1 January 2006 to 14 May 2010 (as prescribed by the Proclamation).

2 BACKGROUND TO REPORT

2.1 The contracting with a consultant to compile the 2007/2008 budget

Every year between April and November, all government departments, are required to prepare annual budgets and medium-term expenditure frameworks. In June 2006, National Treasury (NT) introduced changes to the budgeting processes, which required all outputs to be cost evaluated.

The Department embarked on a procurement process and motivated that the Department did not have the necessary expertise to compile the 2007/2008 budget as new requirements were set by NT which necessitated the assistance of consultants. Officials of the Department later contested this statement indicating that

the officials already prepared the budget for the 2007/2008 financial year and the Department had the capacity to compile the budget. The Department concluded an irregular procurement process and appointed 3P Consulting (PTY) Ltd (3P) to compile the 2007/2008 Budget at a cost of R779 500.00.

3P was eventually paid an amount of R1 461 416.00. No extensions to the 3P appointment were noted. No product by 3P was presented or could be located.

The SIU uncovered evidence that a member of the Department's adjudication committee held an undeclared conflict of interest as he had, at the time, a business relationship with the Directors of 3P.

The SIU uncovered evidence of corrupt relationships between the then MEC, Mr Hlongwa of the Department and directors of 3P as well as evidence of corrupt relationships between the former Chief of Operations, the former Chief Director of Supply Chain Management and the directors of 3P.

The SIU investigated the validity of the appointment of 3P in respect of the compilation of the 2007/2008 Budget. Findings of the investigation are contained in Section 6.1 of this Report.

2.2 The procurement of the services of and contracting with consultants or service providers for the establishment of a Project Management Unit

During March 2007, 3P was contracted by Dr Rahman, the former Department Chief of Operations (COO) and the Special Advisor to the MEC and HOD to develop a "Turnaround Strategy" for the Department. 3P was paid R39 672.00 for the work conducted on the Turnaround Strategy.

The Department internal conceptual document containing the Turnaround Strategy recommended the establishment of a Project Management Office (PMO) to: *"...set the standard for project management and drive the implementation of all projects undertaken throughout the organisation."* A Project Management Unit (PMU) was suggested which will provide: *"...the expertise and skills of a Program Management environment, to implement projects and thereby transfer skills into the Department."*

As a result of the Turnaround Strategy the Department envisaged establishing and implementing a PMU under the Executive Support Programmes Management (ESPM) branch of the Department to address efficiency, innovation, coordination and management of projects.

The Turnaround Strategy formed the basis for the specifications of a tender for the PMU. The Deputy Director General: ESPM, Dr Mooketsi, compiled a terms of reference for the establishment of a PMU for the Department.

An open tender process ensued and led to the awarding of the establishment of the PMU tender to a consortium consisting of 3P, Hofmeyr, Herbstein and Gihwala attorneys (Hofmeyr) and Africon (PTY) Ltd. The tender was awarded for a period of two years at an amount of R60 000 000 per annum (VAT excl). On 2 July 2007 the Department entered into a Services Agreement (SA) with 3P only and not the consortium. The effective date of this agreement is indicated as 5 June 2007 with a termination date of 4 June 2009.

During the end of 2008 Mr Ramogale, the former Director Finance: ESPM, Department drafted a submission to the Departmental Acquisition Committee (DAC) requesting an increase of the 3P contract amount to R221 099 228.97. During February 2009 the DAC approved the extension of the PMU contract for a period of three years up to May 2012 for the escalated amount of R273 366 500.00. This escalation from R221 099 228.97 to R273 366 500.00 caused an overspending on the annual budget. 3P was eventually paid an amount of R349 732 721.10 without the DAC approving the payment of the additional amount.

The Auditor-General of South Africa (AGSA) had conducted an investigation into the appointment of consultants and sub-contractors. During June 2009 the MEC and the HoD of the Department were replaced and the Department, under new management, decided to stop all contracts entered into with sub-contractors as highlighted by the AGSA report. The SIU conducted a forensic audit and investigation into the appointment of the consultant as well as the services delivered by the consultant. Findings of the investigation are contained in Section 6.2 of this Report.

2.3 The procurement of the services of and contracting with service providers or conference administrators for the Gauteng AIDS Conference

The Gauteng Province Multi-Sectoral AIDS strategy is a strategy focussed on HIV prevention (safe sex behaviour and social values), comprehensive health care for AIDS (voluntary testing for HIV, healthy lifestyles, counselling and medical care with treatment for TB and ARV's), and social support for families affected by AIDS (children's services, access to schools, grants and poverty alleviation services).

The Multi-Sectoral AIDS strategy and plan is a joint effort of 20 government departments and 15 civil society sectors, including business and organised labour. The Gauteng AIDS Council and the Premier's Committee lead this AIDS strategy. This AIDS strategy is supported by a secretariat and the Multi Sectoral Aids Unit (MSAU), and funded by a provincial AIDS grant.

The MSAU is a directorate within the Department and was tasked to implement various campaigns to achieve these goals.

Allegations were received regarding, inter alia, irregularities in respect of the procurement of services of, and contracting with consultants or service providers, as well as payments to consultants or service providers during the course of the implementation of the Multi-Sectoral AIDS strategy. Findings of the investigation are contained in Section 6.3 of this Report.

2.4 The procurement of and contracting for goods and service relating to the provisioning of an information system and electronic health records system.

During 2007 the Department wanted to address efficiency, innovation and to acquire a single health information and electronic health records system (HIS/e-HR) which would replace the systems that were used by the Department at the time, being MEDICOM and PAAB.

The Department approached the State Information Technology Agency (SITA) to ascertain which services SITA could render in terms of supplying a new HIS/e-HR system. The SITA was supplying the said services to the Department at the time and was managing the Medicom and PAAB systems on behalf of the Department. The SITA offered to have the Medicom and PAAB systems upgraded as the upgrading of the systems would provide the services required by the Department. The Department however chose not to contract further with the SITA and did not prefer the options provided by the SITA. In the process the Department ignored the legislative prescripts of the SITA Act and by excluding the SITA during the procurement process that followed, acted irregularly.

During June 2007 the Department embarked on a tender process to appoint a service provider to provide HIS/e-HR systems to the Department.

During the same period, the Department tasked 3P to conduct a study of the needs of the Department to ascertain which specific services were required to replace the Medicom and PAAB systems. 3P appointed EOH Consulting (PTY) Ltd (EOH) on

19 October 2007 to conduct such a study. A preliminary report was issued by EOH on 7 December 2007, detailing preliminary findings. A final report was issued and presented to the Department on 15 January 2008. The EOH report clearly stated that the implementation of another HIS/e-HR system in the environment would be a high risk choice to make. The EOH report indicated that technology was not at that stage the biggest threat to the Department's service delivery but rather the lack of training, lack of succession planning and lack of infrastructure at the Department's sites. The Department ignored this report by the EOH.

A service provider, the Baoki Consortium, was irregularly appointed to conduct a Proof of Concept (POC) for a HIS/e-HR system. The Baoki Consortium was later irregularly awarded a further contract for the supply and service of the HIS/e-HR.

During 2008 the Department appointed a company, The Life Channel Communications (PTY) Ltd (LCC), to implement satellite communication services to supply communication networks at the four POC sites mentioned above. During the main contract with Baoki, the LCC was again appointed to deliver the same services at all of the Department's hospitals. This contract was entered through Baoki and the DAC dealt with it as a change order by Baoki. The payments to the LCC were made through Baoki.

The HIS/e-HR system supplied by Baoki was never implemented at any of the hospitals and clinics. The reason for the failure to implement the product was due to the fact that the Department could not deliver the hardware, equipment and or staff to implement, manage and or work on the HIS/e-HR system. The Medicom and PAAB systems were never replaced, although Baoki received payment to the amount of R24 082 500.00 specifically for its replacement.

The SIU investigated the procurement of the HIS/e-HR system. Findings of the investigation are contained in Section 6.4 of this Report.

2.5 The procurement of and contracting for goods and services relating to the implementation of local area networks for 134 facilities

During or about July 2007 the Department through an open tender process implemented a project to establish a local area network (LAN) in 46 health facilities in the Gauteng Province. The Department identified a further 134 facilities without the required network infrastructure and these were prioritised. It was envisaged that the extension of the LAN to these facilities would boost service delivery.

The LAN infrastructure formed the foundation on which the Department intended to base its information and communication technology services (ICT) services.

The SIU investigated the procurement of local area networks for 134 facilities. Findings of the investigation are contained in Section 6.5 of this Report.

2.6 The procurement of and contracting for the supply of Krone Cabling Infrastructure, CISCO Switching, Implementation, Project Management and Training

In 2008 a need for a reliable local area network infrastructure upgrade was identified by the Baoki Consortium. The Department appointed the Baoki Consortium to install a new HIS/e-HR system at various hospitals in the Gauteng region. The implementation of the services by Baoki was dependent upon the Department ensuring that the relevant infrastructure is available.

At this stage the Baoki Consortium realised that the local area network infrastructure at the Chris Hani Baragwanath Hospital (CHBH) needed to be upgraded in order to enable the implementation of the new HIS/e-HR system by the Baoki Consortium. The Department then decided to upgrade the information technology systems in other hospitals in Gauteng that were also affected, namely Charlotte Maxeke Hospital (Johannesburg General), Helen Joseph Hospital, Pretoria West Hospitals and the Department Head Office situated at the Bank of Lisbon Building.

The Department utilized a closed invitation tender process. The companies known as Baraka IT Solutions (PTY) Ltd and Ubuntu Technologies (PTY) Ltd were eventually appointed after the conclusion of the procurement process. The award amounted to the total value of R319 435 081.43 for both companies. After price negotiations during May 2009 the total award amounted to R299 468 567.78 for both companies.

The companies were required to establish, develop and install LAN infrastructure at certain identified hospitals i.e.: Chris Hani Baragwanath, Helen Joseph, Charlotte Maxeke, Pretoria West Hospitals as well as the Department's Head Office. They were also required to render and develop a back-up service, should problems occur.

The SIU investigated the procurement of the local area networks. Findings of the investigation are contained in Section 6.6 of this Report.

2.7 The procurement of and contracting for database management goods and services

The Department had previously used the services of Relational Database Consulting (PTY) Ltd (RDC) via the SITA to conduct database management services consisting of the implementation, support and maintenance of all Oracle database management systems within the Department.

A decision was taken by the Department to terminate the services of the SITA, where after the Department would have been without the services of a provider for database management systems. The investigation could not determine why and who took the decision to terminate the services of the SITA.

The services were then outsourced by the Department to RDC, without the SITA being involved in such and without following a competitive procurement process.

The Department did not follow a competitive process to appoint RDC but requested a deviation from an open tender process. The SIU investigation concluded that the request to deviate from an open tender process was based on urgency. The basis of the urgency appears to be grounded in the termination of the services of the SITA. As a consequence of the termination, the Department did not have a service provider to provide the necessary data management services.

The SIU investigated the procurement of database management goods and services. Findings of the investigation are contained in Section 6.7 of this Report.

2.8 The procurement of and contracting for goods and services relating to the evaluation of the Transformation Project at the surgical division of the Chris Hani Baragwanath Hospital (CHBH)

At a joint union management meeting during 2006 between Cosatu, Nehawu, other affiliated unions and the Department, the need was identified to implement a pilot project that would assist with the transformation of hospital management services at the CHBH. The project was called the NALEDI Transformation Pilot Project and was started in the Surgical Division of the CHBH. NALEDI is Cosatu's research and policy division. The partnership between the Department's managers, clinicians and trade unions in developing a new model and implementing it was a unique feature of the transformation project. Nehawu initiated the project during the year 2000.

The project was to transform the CHBH into a "people's hospital", intended to deliver a good quality health service. A three year research was conducted and a series of stake holder discussions led to the support of other trade unions, the hospital Board

and the Department. The research was not budgeted for, but NALEDI found external funding for the research. The Department funded the implementation of the project. An agreement was reached to start the implementation of the pilot project in the general surgery department of the hospital. The pilot project began in the surgical division in 2006 and became known as the NALEDI project.

NALEDI did not complete the project due to budget constraints and the requested financial assistance was not forthcoming from the Department. The Department could not maintain or further fund the NALEDI project due to internal departmental problems which resulted in delays in the implementation of some of the changes. NALEDI submitted its final report dated 05 May 2008 to the former MEC of the Department and made recommendations to the Department, specifying which management areas needed change at the hospital. However, the NALEDI project was terminated due to the Department's refusal to financially assist with the project. During this time the Department was confronted with labour strike action from the labour unions. The implementation of the NALEDI project across the CHBH was one of the labour unions demands.

In May 2008, the Department's management identified a need to evaluate the NALEDI transformation project to measure the impact of the pilot transformation project on both staff and patients. The evaluation was to assist the Department to ascertain whether it would be feasible for the project to be extended into other areas of the hospital.

In May 2008, specifications in respect of quotations were drafted and invitations were sent to selected service providers, requesting submissions for proposals to the Department. The service providers were selected from the Gauteng Shared Services Centre (GSSC) database as well as the database of the Department of Public Works. The procurement consisted of a request for quotations and proposals to provide project evaluation services for the NALEDI project.

Khalvest Consulting was appointed to evaluate the impact of the NALEDI project at a cost of R840 294.00 including VAT. The project was later extended at a cost of R127 110.00 including VAT.

The SIU investigated the procurement of the services of Khalvest. Findings of the investigation are contained in Section 6.8 of this Report.

2.9 The procurement of and contracting for goods and services relating to the supply, installation, commissioning and maintenance of ultra violet germicidal units

During September 2006, the Department as part of its infection control program decided to install ultra violet germicidal units (UVGI) at 12 Gauteng hospitals to assist in overall infection control of multi drug resistant and extreme drug resistant bacteria.

The infection control program consisted of administrative controls, engineering controls and personal respiratory protection precautions. The installation of the UVGI units formed part of the engineering controls. The UVGI units were designed to minimise the spread of infection by killing bacteria.

During 2007, the Department also recommended that UVGI units be installed in various ambulances and mobile clinics. The Department followed an open tender process in this regard. This process was subsequently cancelled on 22 October 2007.

In early 2008, the decision to procure UVGI units was reconsidered. It however transpired that the initial need was significantly altered as the tender now required the installation at 12 specified high-risk hospitals in Gauteng instead of ambulances and mobile clinics as initially decided by the Department in 2007.

A closed tender process was followed, with only the entities that previously responded to the 2007 tender being approached and requested to submit proposals. This resulted in the eventual appointment of African Ultra Violet Suppliers (Pty) Ltd (AUV) to supply and install the units at a cost of R40 088 692.80 and a maintenance contract valued at R17 089 090.20. The value of the total award by the DAC was thus R57 177 783.00.

The Department then entered into negotiations for a reduction in the overall costs which resulted in the installation and maintenance costs being reduced to R48 601 115.55. The letter of appointment to AUV stated that the maintenance portion will be fixed for a period of two years, which shall become effective after the completion of the two year guarantee period.

The SIU investigated the procurement of AUV units. Findings of the investigation are contained in Section 6.9 of this Report.

2.10 The incurrence of unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure and expenditure not due, owing and payable in relations to payments made to consultants, suppliers and service providers mentioned in paragraphs numbered 1 to 9 to the Schedule of the Proclamation as well as in respect of the services rendered to address the Auditor-General's qualified audit for the 2007/2008 financial year.

The investigation into the incurrence of unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure and expenditure not due, owing and payable in relations to payments made to consultants, suppliers and service providers mentioned in paragraphs numbered 1 to 9 to the Schedule of the Proclamation is dealt with in Sections 6.1 to 6.9 of this Report.

In relation to the asset management system installed at the Department, the Department investigated and researched the possibility of an on-line asset management system since 2000. This investigation by the Department resulted in the appointment of PriceWaterhouseCoopers (PWC) on a Proof of Concept (POC) basis, which included the roll-out of an online asset management system (BAUD) at various hospitals. Subsequent to the appointment of PWC, a subsidiary of PWC, Combined Systems, was appointed on 10 October 2006 as "sole service provider" to complete the asset register reconciliation and clear all the differences between the basic accounting system (BAS) and BAUD systems for the 2005/2006 financial year.

Combined Systems was again appointed on 29 January 2008 by the Department to conduct asset verification for the 2007/2008 financial year. Combined Systems was paid a total of R8 694 518.12 for the asset verification.

The Department received a qualified audit from the AGSA for the 2007/2008 financial year in regard to fixed assets.

Subsequent to the qualified audit received, 3P was appointed to conduct asset verification through the PMU. 3P appointed a company, Bosele Placements as a sub-contractor.

The SIU was able to calculate that the Department paid an amount of R5 417 737.71 to Bosele Placement for asset management.

The SIU investigated the procurement of the services of 3P. Findings of the investigation are contained in section 6.10 of this Report.

3 METHODOLOGY

The SIU obtained evidence during the course of this investigation by utilising its powers in terms of section 5(2)(a) (b) and (c) of the SIU Act, and through conducting interviews and obtaining of statements and affidavits.

3.1 Section 5(2)(a) Notices served

A total of 60 section 5(2)(a) Notices were served on various individuals and entities. The list reflecting the Notices is annexed hereto, marked "A".

3.2 Section 5(2)(b) Notices served

A total of 50 Section 5(2)(b) Notices were served on various individuals and entities. The list reflecting the Notices is annexed hereto, marked "B".

3.3 Section 5(2)(b) & (c) hearings conducted

A total of 1 section 5(2)(b) and (c) Notice was issued. The list reflecting the Notice annexed hereto, marked "C".

3.4 Affidavits/statements obtained

A total of 328 affidavits/statements from persons who could assist in ascertaining what transpired and why certain decisions were taken were finalised. The list of persons from whom affidavits/statements were taken is annexed hereto, marked "D".

3.5 Documents Analysed

The SIU obtained the following documents and reports during the course of the investigation:

- Tender documents from the Department;
- Payment documentation from the Department;
- Forensic Accounting Report of Gobodo dated 30 October 2009 in connection with the appointment of service providers to render services to the Department;
- Reports by the AGSA in relation to the appointment of consultants dated August 2009;

- Forensic Investigation Report by the Gauteng Provincial Government in relation to procurement irregularities involving the unfair awarding of a tender to African Ultra Violet suppliers dated December 2009;
- Data and documentation made available by Financial Intelligence Centre;
- Bank Statements from various banks;
- Documentation and electronic communications from the relevant Departmental Officials and the service providers/consultants; and
- Other data and documentation made available by various persons.

All documents obtained were perused and analysed.

3.6 Cyber Forensic Analysis

The SIU utilised its Cyber Forensic laboratory to uplift 19 laptops and three email servers from the Department. The laptops were imaged and the data obtained from the laptops was analysed. The list of individuals whose computers were analysed is annexed hereto, marked "E".

3.7 Forensic Data Division

The Forensic Data Division (FORDAD) of the SIU provided the investigation team with relevant information from the Financial Intelligence Centre; Companies and Intellectual Property Commission (CIPC), Information Trans Union Credit Bureau (Pty) Ltd (ITC), Windeed and eNatis.

3.8 Forensic Accountant Analysis

An SIU Forensic Auditor conducted a financial analysis on all payment documentation obtained in regards to the matters listed.

4 REGULATORY FRAMEWORK

The regulatory measures that governed or ought to have governed or were believed to have governed the decisions made or actions taken in respect of the various investigations are set out in this section.

The need for a special consideration of those measures is that our investigations revealed that on a number of occasions the following occurred: the applicable

measures were not followed; inapplicable measures were used or believed to be applicable; and in some cases there was not an appreciation that there were regulatory measures that governed the actions that were pursued or the decisions that were taken.

The SIU considered the following acts, regulations, policies and manuals during its investigation:

- The Constitution of the Republic of South Africa of 1996;
- The Public Finance Management Act, Act No. 1 of 1999 and related Regulations;
- Preferential Procurement Policy Framework Act, Act No. 5 of 2000 and related Regulations;
- The Public Service Act, Proclamation No. 103 of 1994;
- The Code of Conduct for the Public Service, as contained in the Regulations issued in terms of section 41 of the Public Service Act, dated 5 January 2001 (Code of Conduct);
- The Treasury Regulations dated 15 March 2005 made in terms of the Public Finance Management Act;
- The State Information Technology Agency Act, Act No. 88 of 1998 as amended;
- General Regulations in terms of the State Information Technology Agency Act as published in Government Gazette number 28021 of 23 September 2005;
- Relevant Practice notes issued by National Treasury;
- Gauteng Provincial Government (GPG): Supply Chain Management Manual, issued November 2003 Revision 1.0;
- Supply Chain Management: A Guide for Accounting Officers/Authorities – Annexure A General Conditions of Contract issued February 2004 by Gauteng Provincial Government;
- Travel Policy and Procedure document of the Department;
- Prevention and Combating of Corrupt Activities Act, Act No.12 of 2004;
- Executive Members Ethics Act, Act No.82 of 1998; and
- The Senior Management Service Handbook dated 1 December 2003.

5 ALLEGATIONS OF CORRUPTION

The allegations of corruption as set out in Section 5 of this Report are applicable to paragraphs numbered 1, 2, 3, 4 and 10 of the Schedule to the Proclamation.

3P was a small entity, established in 2003. Its directors were Mr Payne, Mr Lolwane and Ms Tryon. As at 2006, its staff consisted of approximately twelve (12) employees with a limited track record with regard to delivery.

The SIU obtained evidence indicating that Mr Payne and the former MEC of the Department, Mr Hlongwa, met during or about 2000. At this stage Mr Hlongwa was an elected councilor of the Johannesburg City Council and Mr Payne was engaged in work conducted for the Johannesburg City Council on behalf of 3P.

Mr Hlongwa was elected to the Gauteng Legislature and appointed as the MEC for Health in the Gauteng Provincial Government. He served in this capacity from 23 March 2006 until 31 May 2009. Since 31 May 2009, he served as chief whip for the African National Congress (ANC) in the Gauteng Legislature.

During 2006 3P was irregularly appointed to the Department to compile the 2007/2008 Budget on behalf of the Department.

During 2007 3P was appointed to design a Turnaround Strategy for the Department. No procurement process was followed in 3P's appointment. Justification for deviating from a competitive procurement process could not be found. The SIU could also not obtain any evidence indicating that Treasury Regulation 16A6.4 had been complied with as no reasons for the deviation from a competitive procurement process was recorded or approved. As a result the SIU considered the appointment of 3P on the Turnaround Strategy to be irregular.

It must be borne in mind that the Turnaround Strategy led to the bigger contract of establishing the PMU. The effect of this was that 3P developed the idea, developed the functions of the PMU and then using this information, bid on the contract. SCM Practice Note 3 of 2003 notes that a firm hired to provide consulting services for the preparation or implementation of a project and any of its affiliates, should be disqualified from subsequently providing goods or services related to the initial assignment. In terms of the above SCM Practice Note 3P was thus disqualified from participating in any bidding process on the PMU contract.

During 2007 3P was appointed to implement the PMU for the Department. The SIU found that 3P had an unfair advantage to other bidders in respect of the Turnaround Strategy in which the implementation of the PMU was set out. The unfair advantage 3P had, rendered the procurement process unfair and as a result, all expenditure in respect of the PMU was considered to be irregular expenditure.

3P provided services to the Department for the period 2006 to 2009.

The SIU was able to obtain evidence of corrupt relationships between:

- a) the Directors of 3P;
- b) the former MEC of the Department, Mr Hlongwa;
- c) the Directors of Baoki;
- d) the former Chief Director of Supply Chain Management (SCM) of the Department, Mr Ramaano;
- e) the former Director Executive Support Program Manager (ESPM) of the Department, Dr Mooketsi;
- f) the former Chief of Operations (COO) of the Department, Dr Rahman; and
- g) the former Director of Information Communication and Technology (ICT), Ms Mosupi.

The evidence of alleged fraud and corruption was referred to the relevant prosecuting authority in terms of the SIU Act. The matters are currently under investigation by the SAPS. The matters were also referred to the AFU by the SIU.

5.1 The alleged fraud/corruption

The alleged fraud and corruption are detailed below:

5.1.1 *Purchase of a house for the former MEC of the Department, Mr Hlongwa*

During August 2007, the former MEC of the Department, Mr Hlongwa was the owner of a house at 26 A College Drive, Bryanston. He was living in the house with his wife. The former MEC of the Department, Mr Hlongwa was the sole director and shareholder of Golden Pond 363 (Pty) Ltd. The former MEC of the Department, Mr Hlongwa signed a contract on behalf of Golden Pond to purchase a house situated at 163 Eccleston Drive, Bryanston for a purchase price of R7.2 million.

A deposit of R2.6 million was paid by the former MEC of the Department, Mr Hlongwa with the balance of the purchase price for the Eccleston Drive house, an amount of R4.6 million, to be financed by the sale of the former MEC of the Department, Mr Hlongwa's College Drive house. The deposit of R2.6 million on the purchase was financed as follows:

- R1.6 million was paid by 3P and channelled from 3P through an attorney, Mr Siven Samuel, to the conveyancing attorney Yousha Tayob, during March 2008. The various attorneys later claimed privilege when questioned during an enquiry held by the Gauteng Legislature.

- A further R1 million towards the deposit was paid by Mr Pillay to Mr Samuel the conveyancing attorney. Mr Pillay was a director of Regiments Health Care (Pty) Ltd, whom 3P contracted as a sub-contractor to the Department.
- The former MEC of the Department, Mr Hlongwa claimed these payments were loans from friends. There is no evidence of any loan or repayment agreements.

The balance of the purchase price for the Eccleston Drive house, an amount of R4.6 million, was to be financed by the sale of the former MEC of the Department, Mr Hlongwa's College Drive house.

Mr Smidek is a director of AME Africa Healthcare (Pty) Ltd, an entity which is a member of the Baaki Consortium. Mr Smidek is also a director of Kemsing Services.

Kemsing Services bought the 26 A College Drive house of the former MEC of the Department, Mr Hlongwa for a sum of R4.75 million. Mr Smidek facilitated the transaction on behalf of Kemsing Services. He represented Kemsing Services in its dealings with the estate agent. Mr Smidek accordingly:

- Generally exchanged e-mails, liaised and met with the estate agent;
- Arranged for signature of the offer to purchase by the directors of Kemsing Services in Cyprus;
- Arranged for the payment of a deposit on the purchase price. A sum of R475 000.00, was paid on 11 March 2008 by transfer from Kemsing Services' account held in Cyprus to the account of the estate agent;
- During 2008, facilitated decisions on how Kemsing Services should structure the property holding, and thereafter gave instructions to register Kemsing Services as a company in South Africa and generally facilitated this registration by obtaining signatures for the registration documents by the directors of Kemsing Services;
- Arranged for the payment of the purchase price of the 26 A College Drive house, and attended to the details of the international payment, requiring further payment to accommodate adjustments for foreign exchange rates;
- Arranged for the directors of Kemsing Services to sign authority to the conveyancing attorney to invest the purchase price pending transfer of the property; and
- Arranged for the directors of Kemsing Services to sign the transfer documents applicable to the property.

During most of these activities, Mr Smidek was based in Vienna, Austria. Kemsing Services paid the purchase price into the estate agent's trust account on 22 April 2008.

The transfer of the property from Golden Pond to Kemsing Services was registered on 6 August 2008. After transfer, the former MEC of the Department, Mr Hlongwa continued to live in the College Drive house until November 2009. The purchase agreement made provision for rental of R20 000.00 per month to be paid to the owner (Mr Smidek) in the event of occupation not coinciding with transfer. There is no evidence that the former MEC of the Department, Mr Hlongwa paid the required occupational rent.

Kemsing Services transferred a further amount of R1.5 million directly from its Cyprus account into the former MEC of the Department, Mr Hlongwa's personal account, under a reference indicating that it was for furniture purchased. It is believed to refer to the furniture in the College Drive house. On receipt of the payment, the former MEC of the Department, Mr Hlongwa categorised the transaction for Reserve Bank purposes as "legal, accounting, management consulting" services.

After transfer to Kemsing Services, Ukwakha Design (Pty) Ltd (Ukwakha), a sub-contractor to 3P and Baoki, completed further refurbishing work on the College Drive property to the value of R500 000.00. Despite these improvements, Kemsing Services sold the College Drive property during April 2010 for R3.9 million, at a loss of more than R950 000.00.

The former MEC of the Department, Mr Hlongwa failed to declare these benefits to the Gauteng Legislature, as required by the Code of Ethics applicable to him in terms of the Executive Members Ethics Act, Act 82 of 1998. See Section 7.2.3 of this Report in this regard.

5.1.2 Ukwakha Design (PTY) Ltd

Ukwakha went into business during 2005 and was a pre-registered or shelf company that belonged to Mr Payne and Mr Lolwane, both Directors of 3P.

Mr John Blow was appointed as a director of Ukwakha by Mr Payne and acted in the capacity of managing director. Mr Payne was in control of Ukwakha and the only person with access to the relevant bank accounts. It would appear that Ukwakha was utilised by Mr Payne as a platform to entertain corrupt activities with the former MEC of the Department and various Departmental officials. This was executed by

means of home refurbishments, renovations to properties and the purchase of furniture.

Home refurbishments provided by Ukwakha:

- During 2010 Ukwakha provided home refurbishments to the value of R952 358.85 to a house owned by Mr Ramaano (Director of SCM within the Department) situated at stand 285 Ruimsig Golf Estate, Ruimsig. No payments from Mr Ramaano for the refurbishments could be obtained.
- Ukwakha provided refurbishing work on the College Drive property, at that stage still owned by the former MEC of the Department, Mr Hlongwa, to the value of R101 872.97. No payments from the former MEC of the Department, Mr Hlongwa, for the refurbishments could be obtained.
- After the transfer of the College Drive property to Kemsing Services, Ukwakha completed further refurbishing work on the College Drive property to the value of approximately R500 000.00, at no cost to Kemsing Services.
- Furniture provided by Ukwakha to the house of Dr Mooketsi (Deputy Director General of the Executive Support Programmes Management (ESPM) within the Department and the Departmental appointed project manager of the PMU and the PMO) situated at number 5, Excelsior in Hurlingham to the value of R86 273.44. No payments from Dr Mooketsi for the furniture could be obtained.
- Ukwakha was paid an amount of R129 840.80 by 3P for managing the housing projects of the former MEC of the Department, Mr Hlongwa, Mr Ramaano and Dr Mooketsi. No payments for the services rendered could be obtained in respect of the former MEC of the Department, Mr Hlongwa, Mr Ramaano and Dr Mooketsi.
- None of the Departmental officials declared these benefits, while being voting members of the BEC and the DAC appointed to adjudicate on this matter. They also did not declare the benefits in terms of chapter 3 of the Regulations further to the Public Service Act.
- Ukwakha was employed by Baoki as a subcontractor to the Department on the Baoki POC project to deliver furniture and related services to the value of R1 635 939.90.

5.1.3 Trips provided by 3P to the former MEC of the Department and officials of the Department

The SIU uncovered evidence of various trips provided by 3P to the former MEC of the Department and officials of the Department during 2006 to 2009. No evidence of

the former MEC of the Department or the officials declaring the trips or paying/reimbursing 3P for these trips could be obtained. The expenditure related to these trips was paid for by 3P which included the costs of travel, accommodation and related costs. The table below sets out the dates on which the different officials and the former MEC of the Department travelled:

Table 1: Trips paid for by 3P		
Date	Destination	Travellers
5 - 11 Mar 2008	London, Vienna	Mr Payne, Mr Lolwane, Dr Mooketsi
27 May 2008	Durban	Mr Payne, former MEC of the Department, Mr Hlongwa
6 - 8 June 2008	Mauritius	Mr Payne, Dr Mooketsi
18 November 2008	Bloemfontein	Mr Payne, former MEC of the Department, Mr Hlongwa
24 - 30 January 2009	Dubai	Mr Payne, Dr Rahman
24 - 25 February 2009	Cape Town	Mr Payne, former MEC of the Department, Mr Hlongwa, Dr Rahman, Dr Mooketsi
10 March 2009	Durban	Mr Payne, Dr Rahman
24 March - 4 April 2009	Dubai, Singapore	Mr Payne, Dr Rahman
10 - 14 May 2009	Dubai	Mr Payne, Dr Rahman
28 - 29 September 2009	Entebbe, Lusaka	Mr Payne, former MEC of the Department, Mr Hlongwa

The trips listed above were not declared by the former MEC of the Department or the Departmental officials. The SIU was not provided with any evidence that the trips were official Departmental related trips.

The former MEC of the Department and the Departmental officials listed above were at all relevant times decision makers in the Department and in the case of Dr Mooketsi, charged with the responsibility to manage the PMU on behalf of the Department.

5.1.4 Mosupi family trip

A trip to the United Kingdom (UK) for Ms Mosupi (the former director of ITC in the Department) and her family was paid for by Mr Phil Austin who is a director of The Life Channel Africa (Pty) Ltd (TLC), a company based in the UK. TLC was sub contracted by Baoki and 3P.

TLC was initially sourced by 3P to provide television informational services to Gauteng hospitals. Mr Austin set up two companies in South Africa, LCC and The Life Channel Africa (Pty) Ltd (TLC Africa). LCC took over the informational contract from TLC. During 2008, 3P appointed LCC to implement a satellite communication

networks at the POC sites. During the main contract with Baoki, the LCC was again appointed to provide satellite networks to all of the Department's hospitals. This contract was entered into through Baoki as a change order and payments to the LCC was made through Baoki. None of this work was put out on tender.

The SIU confirmed that Ms Mosupi, her husband and two children travelled from OR Tambo International Airport to London Heathrow International Airport. The flight tickets for Ms Mosupi, her husband and two children were paid for by Mr Austin, using his personal credit card.

The SIU confirmed that Ms Mosupi took annual vacation leave for the period 4 August 2008 to 15 August 2008 being the time she spent in the UK with her family.

There is no evidence that either Ms Mosupi or her husband incurred any expenses related to travel and accommodation during this trip. Email correspondence confirmed that Mr Payne of 3P facilitated the arrangements related to the travel and accommodation.

5.1.5 The fund raising account – Dr Mookeletsi

Dr Mookeletsi was the Deputy Director General of the ESPM within the Department.

A business account was held at FNB with account number 62210145258 in the name of "OS Mookeletsi trading as an ANC fundraising account". The SIU found that the money in the account was utilised to pay for ANC related venues, t-shirts for supporters, photography services, catering and equipment hire for parties, rallies and so forth.

A number of payments were made to individuals, always in round amounts, for reasons that could not be ascertained from the bank statements.

Amethst, a member of the Baoki consortium, paid R100 000.00 into this "fundraising account" on 27 January 2009. On 27 March 2009 it made a further two payments in the amounts of R200 000.00 and R5 000.00 respectively into the "fundraising account".

A sub-contractor to 3P, Zanenza Communications was paid a total amount of R19 653.00 from the fund raising account of Dr Mookeletsi.

5.1.6 Spa treatments

3P arranged and paid for a luxury spa treatment for the former MEC of the Department, Mr Hlongwa and his wife, complete with limousine transport, on 30 September 2009.

5.1.7 Western Rangers Football Club

The Western Rangers Football Club (WRC) is incorporated in South Africa as a company, with only Mr Calvin Sehlapelo indicated as a director. On the official letterhead of the club, the former MEC of the Department, Mr Hlongwa is indicated as the chairman of the club with Mr Payne, Dr Mookoletsu and a Mr Ken James as directors. However, Mr Sehlapelo had sole signing rights on the WRC's bank account.

Mr Sehlapelo was the financial director of Regiments Health Care (Pty) Ltd, the same company of which Mr Niven Pillay was the CEO and that donated part of the deposit on the former MEC of the Department, Mr Hlongwa's house. Regiments Health Care was a sub-contractor to 3P on the PMU project.

From email communications it was ascertained that during meetings between Mr Payne, Mr Austin and the former MEC of the Department, Mr Hlongwa, benefits to the WRC were discussed. From the emails it was discovered that the TLC project, the HIS/e-HR project and the appointment of Baoki was also discussed. Mr Austin offered to promote the WRC by using television footage in which the WRC appears to obtain sponsorships.

On 4 April 2008, TLC (a subcontractor to 3P and later to Baoki) produced a draft schedule of programming related to health and well-being matters. It included four slots of four minutes each on the WRC, which was new footage to be shot on location. The slots were to form part of the "Get Active" section of the "Healthy Lifestyles" programming provided by TLC and paid for by the Department. Each slot was estimated to cost R60 000.00 to shoot. Mr Austin also offered to use the TLC's UK network to promote the WRC in the UK to obtain sponsorships.

5.2 A summary of findings in relation to the alleged corruption

The gratifications as discussed above were to advance the business interests of 3P. In the context of the corrupt relationship between 3P, Baoki, the Department's officials and the former MEC, Mr Hlongwa, the payments are seen to have had the effect of further inducing and sustaining the preferential treatment and unlawful conduct by officials of the Department and the former MEC, Mr Hlongwa. Their objectivity was accordingly tainted by the preceding and ongoing corruption.

The award of the establishment of the PMU by the Department to 3P is found to be tainted by the alleged corruption which affected the fairness, transparency and competitiveness of the appointment process. It also affected the cost-effectiveness. The extensions and escalation of costs allowed to 3P are clear indications of the

ineffective cost control in respect of this project. The aspects mentioned above are contrary to the provisions of Section 217(1) of the Constitution of 1996.

6 FINDINGS

6.1 The contracting with a consultant to compile the 2007/2008 budget

The SIU found that the Department failed to conduct proper planning for the procurement of the services of a consultant. The Department had the required personnel with relevant skills to compile the 2007/2008 budget but failed to use departmental employees to compile the budget. The Director of Budgeting of the Department stated that he eventually compiled the 2007/2008 budget. He stated that his work was handed to 3P and that 3P made no changes to the work which was submitted as their own.

The SIU found that no budget was available or approved for the appointment of a consultant to compile the 2007/2008 budget.

The SIU found that the Department failed to compile the relevant terms of reference setting out the procurement process to be followed, the evaluation criteria to be used and the scoring method to be used.

The SIU found that the Department failed to motivate why a deviation from normal procurement processes were required. In this instance, a closed bidding process was used. A detailed motivation, setting out the reasons for deviating from the normal procurement process should have been submitted to the relevant Departmental Acquisition Council (DAC) or the Head of Department (HOD) for approval prior to communicating with the bidders. No such motivation was provided by the Department or could be obtained by the SIU. No approval of the deviation from a competitive open procurement process from either the DAC or the HOD was presented to the SIU and no evidence could be found that such a motivation was in fact submitted or approved.

The SIU could not ascertain how the companies were selected or approached to take part in this closed bidding process. Three of the invited companies were registered on the supplier data base from which the Department could request proposals. 3P, the successful bidder was not registered on the supplier data base and no reasons could be obtained to justify the inclusion of 3P. 3P was only registered as a vendor to the Department after 3P's appointment.

The SIU found that a member of the Bid Evaluation Committee (BEC), Dr Maduna, the former Chief Executive Officer, George Mukhari Hospital, failed to disclose his prior business relationship with two directors of 3P. His prior business relationship with the directors of 3P could have influenced his decision or can be seen to play an influential role in his decision on this tender and certainly would have been seen by third parties as unfair in that he was allowed to adjudicate on this matter.

The SIU found that during the adjudication process undertaken by the BEC, the BEC allocated equity points to 3P, which 3P did not claim. The BEC furthermore wrongly allocated equity points to all the bidders.

The SIU found that the Department failed to ensure that the BEC and DAC meetings were recorded mechanically.

The SIU also found that 3P employees submitted timesheets for the month of August 2006, claiming 277 hours each for the Compilation of the Budget. The SIU re-calculated the cost of the submitted time sheets based on the hourly tariff as submitted by 3P in their bid proposal. The SIU found that based on the 3P proposal, 3P over charged the Department to the value of R22 975.74 for the hours as claimed.

The Department was unable to provide any records indicating that 3P's work had been monitored by the Department as was required; however, despite this, 3P's invoices amounting to R1 461 416.00 were approved by the former Chief Financial Officer, Ms Majaja, as services rendered. The SIU found that the DAC award for the preparation and compilation of the 2007/2008 budget to 3P was for a total amount of R799 500.00. The DAC did not consider or approve an extension/scope variation to the initial award of R779 500.00 to 3P. This amount is R681 916.00 more than the awarded amount which, amounts to irregular and fruitless and wasteful expenditure.

The SIU found that all expenditure for the preparation and compilation of the 2007/2008 budget amounts to irregular and fruitless and wasteful expenditure.

The SIU found that corrupt relationships existed between:

- Mr Hlongwa - the former MEC of the Department;
- Dr Rahman - the former Chief Operations Officer and at the time the Acting Head of Department;

- Mr Ramaano - the former Chief Director, Supply Chain Management of the Department; and
- The directors of 3P.

The evidence collected by the SIU revealed that corrupt relationships started during 2006 and continued until 2010. These matters were reported to the relevant Prosecuting Authority and are currently being dealt with by the South Gauteng Director of Public Prosecutions. The reference of the case docket investigated by the ACTT is Johannesburg CAS755/09/2011.

6.2 The procurement of the services of and contracting with consultants or service providers for the establishment of a Project Management Unit

In 2007, and in accordance with a document styled the "Turnaround Strategy 2007 for Department of Health", the Department decided to establish a PMU and to outsource the management of this function on open tender.

3P was awarded the PMU contract on 3 July 2007. Mr Payne invoiced the Department for costs incurred in drafting the Turnaround Strategy on 22 May 2007. 3P was paid R39 672.00 for its work on the Turnaround Strategy. However, Dr Rahman only submitted the invoice during October 2007. The Department paid this invoice on 22 October 2007. The conclusion is that 3P were already involved in the project and the purported procurement process followed was done to try and legitimise the appointment. This would appear to shed light on why documentation could not be located that sets out the process that was followed. In light of the earlier findings establishing an irregular relationship between 3P and various Departmental officials, the conduct exhibited in this instance would lend credence to the existence of a "corrupt relationship" between the parties. It must be borne in mind that this document styled as the "Turnaround Strategy" led to the bigger contract of establishing the PMU.

The effect of this was that 3P introduced the idea, developed the functions of the Unit and then using this information bid on the contract. SCM Practice Note 3 of 2003 notes that a firm hired to provide consulting services for the preparation or implementation of a project and any of its affiliates, should be disqualified from subsequently providing goods or services related to the initial assignment. 3P was thus disqualified from participating in any bidding process on the PMU contract.

The SIU found that 3P had an unfair advantage to other bidders and as a result the procurement process did not comply with the provisions of section 217(1) of the

Constitution of 1996 and all expenditure, amounting to R349 732 721.10 as a result of this process is found to be irregular expenditure.

The DAC award was in respect of the appointment of a consortium and not 3P only. The Service Agreement (SA) entered into with 3P, at the exclusion of the proposed consortium members, should not have occurred without DAC approval.

The DAC award did not include a further 5% administration fee in respect of work 3P sub-contracted. The additional 5% administration fee amounting to R16 033 337.00 should not have been allowed and is found to be irregular as well as fruitless and wasteful expenditure.

The SIU found that Ms Ngcobo, the former HOD and Chairperson of the DAC failed to ensure that proper planning occurred, that a budget was available and that approval for the expenditure in terms of that budget was obtained. The SIU also found that the former HOD of the Department, Ms Ngcobo failed to ensure that a procurement system which is fair, equitable, transparent, competitive and cost-effective was used in the appointment of 3P. Ms Ngcobo's conduct was in contravention of the provisions of section 86(1) of the PFMA in that she failed to comply with the provisions of section 38(1)(a)(i), 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii) and 39(1)(b) of the PFMA. These matters have been referred to the relevant Prosecuting Authority for further action. The SIU will follow up on these matters and report on progress.

The SIU obtained evidence established that the process followed by the Department in extending the contract with 3P is found to be tainted by the irregular involvement of officials of the Department who received undue benefits including the former MEC's involvement in the initial award and the continued support of the PMU project. The SIU found that the submission by Dr Mooketsi, the former Deputy Director General: ESPM of the Department, on which the contract was extended, was a misrepresentation of the actual performance by 3P. The contract should not have been extended.

The SIU found that after 3P's appointment to conduct the PMU, 3P on a monthly basis, submitted employee timesheet invoices to the Department for payment. These invoices contained the name, hourly rate and disbursement costs of employees working for 3P. 130 individuals either submitted timesheets or were seconded to the Department.

The SIU interviewed the 3P employees seconded to the Department and those employees who delivered services to the Department to ascertain which services were in fact correctly billed for.

The SIU found numerous irregularities consisting of but not limited to the following:

- The timesheets were signed off on a date prior to the period the claims were submitted for. Therefore time was claimed and paid for a period at which time the services had not yet been rendered;
- Timesheets were submitted for "other business". The relevant individuals interviewed indicated they had conducted work not related to the PMU at the Department but claimed under the PMU contract;
- Timesheets were submitted for leave and sick leave, which should not have been paid by the Department and should have been at the cost of 3P;
- Timesheets were submitted for additional time and overtime, not agreed to with the Department, as required in terms of the 3P agreement with the Department;
- Timesheets were submitted for recruitment of 3P staff, which should not have been at the cost of the Department;
- Timesheets were submitted for "move to new premises" when 3P moved into a new building, which should have been for the account of 3P and not the Department;
- Timesheets were submitted for 3P staff to attend social functions, team buildings functions and 3P year-end functions, which should have been at the expense of 3P;
- Timesheets were submitted for training of 3P staff, which should have been at the expense of 3P;
- Timesheets were submitted for 3P employees spending time orientating a 3P employee from overseas and for time spent looking for accommodation for the 3P employee in South Africa and schools for his children, which should have been at the expense of 3P;
- Timesheets for the performance of 3P administrative duties and answering telephones at 3P. The full salary was claimed even though these duties did not only include duties applicable to the Department;
- Travel and subsistence claims were submitted for 3P staff to attend training not related to the Department;
- Timesheets were submitted, the correctness of which could not be verified by the signatories. In some instances the signatures were not that of the alleged

signatories. In other instances the signatories denied submitting the timesheets or that they worked on the reflected projects.

- Duplicate timesheets were submitted for payment in several instances.

A total amount of R134 846 687.38 was paid in relation to timesheet claims submitted by 3P. The total loss suffered by the Department was calculated by the SIU to be R25 965 620.73.

The conduct amounting to fraud in respect of the timesheet claims by the relevant 3P employees had been referred to the relevant Prosecuting Authority. The reference of the case docket investigated by the ACTT is Johannesburg CAS755/09/2011. The SIU will follow up on these matters and report on progress.

During the period under review, 3P seconded 20 staff members to key positions within the Department. Four staff members were seconded to the Finance Office of the Department; one staff member was seconded to the office of the ESPM, three staff members to the ICT directorate and twelve staff members to the Department's PMO.

The SIU could not find any document reflecting a request from the Department for personnel assistance or a motivation for the secondment of 3P personnel to the Department. The secondment of staff is dealt with in section 15(2) of the Public Service Act, Proclamation 103 of 1994, which stipulates that a person from any other body may be seconded to a Government Department. The services agreement did not make provision for secondments either. There were, at the time, no moratorium placed on the appointment of staff and it is not clear why the Department opted for secondments.

A total amount of R23 894 974.48 was irregularly expended in respect of seconded personnel from 3P.

One of the key personnel placed in the Department was Mr Meso. Mr Meso was seconded from 3P to the Department as the Acting Chief Financial Officer (CFO). As the Acting Department CFO, Mr Meso approved 3P's payments. Mr Meso served as a voting member of the DAC and in the process decided on the first variation order applicable to the 3P contract. Mr Meso generally took financial decisions related to the services of 3P. However, Mr Meso did recuse himself from the DAC meeting where the extension of the 3P contract was decided upon. His involvement with 3P and as a seconded employee conducting work as the CFO at the Department is a clear conflict of interest and should not have been allowed.

3P was irregularly appointed during 2006 to compile the Departments budget for the period 2007/2008. The probabilities suggest that 3P could have influenced the availability of a budget for the PMU project for the following reasons:

- 3P had compiled the Departments budget for the period 2007/2008 and therefore would have had inside intimate knowledge regarding where funds could be drawn from;
- During 2008 the CFO of the Department, Ms Majaja resigned. The Department replaced Ms Majaja with Mr Meso an employee of 3P, 3P had Mr Meso seconded to act as CFO for the Department and this could have influenced the process; and
- The former MEC and 3P were involved in a relationship which the SIU established could be best described as a "corrupt relationship".

In effect, it would appear that 3P "controlled" the purse strings of the Department through its own employees and its influence over key personnel.

The SIU was able to obtain evidence of fraud by 3P in that 3P awarded contracts to sub-contractors in circumstances where the procurement should have been dealt with by the Department. The appointment of the sub-contractors occurred without procurement processes being followed or adherence to procurement control systems put in place by the Department. 143 sub-contractors were appointed in this manner. 3P designed Project Plans for various projects identified by 3P and the Department. 3P appointed sub-contractors to provide inter alia engineering and building services. 3P was appointed as a consultant and not to provide engineering and building services. These services should have been obtained and procured by the Department following a separate procurement process.

The SIU conducted a full investigation and financial reconciliation of the services rendered and payments made in relation to the sub-contractors. The SIU found that 3P:

- awarded contracts to friends and family of its directors, and companies in which it held an interest;
- awarded contracts for a wide range of services unrelated to the Department's strategic objectives in respect of the PMU;
- appointed companies on retainers to 3P on behalf of the Department without having the authority to do so;
- sub-contracted work to a sub-contractor, who in turn again sub-contracted the work;

- appointed Africon and Hofmeyr, the consortium members to 3P's bid, as sub-contractors to the Department;
- inflated prices where the rendering of services unreasonably escalated in price compared to previous service providers to the Department;
- claimed costs such as travel costs of employees to travel from home to work, when the costs were not due and payable by the Department;
- claimed payment from the Department prior to the approval of the relevant projects by the Department;
- submitted invoices for payment to the Department with no detail or project code, which made it impossible to identify what the sub-contractors were employed for;
- assisted companies to start businesses at the cost of the Department; and
- received generous kick-backs from sub-contractors it contracted with, often under the guise of fees for advance financing where such financing did not occur.

A total amount of R177 968 611.94 was paid by the Department in respect of services rendered by 3P's sub-contractors. The services rendered by these sub-contractors should have been obtained through a competitive procurement process conducted by the Department. The appointment of these sub-contractors by 3P circumvented the required competitive process and did not comply with the provisions of section 217(1) of the Constitution of 1996. The SIU found that the amount of R177 968 611.94 paid by the Department regarding services rendered by the sub-contractors to 3P, amounted to irregular expenditure.

The SIU was able to obtain evidence of corrupt relationships between:

- the Directors of 3P;
- the former MEC of the Department, Mr Hlongwa;
- the Directors of Baoki (Referred to under Section 5.4 and 6.4 of this Report);
- the former Chief Director of Supply Chain Management of the Department, Mr Ramaano;
- the former Director Executive Support Program Manager of the Department, Dr Mooketsi;
- the former Chief of Operations of the Department, Dr Rahman; and
- the former Director of ICT, Ms Mosupi.

The evidence of the alleged corruption was referred to the relevant prosecuting authority in terms of the SIU Act. The matters are currently under investigation by

the SAPS. The reference of the case docket investigated by the ACTT is Johannesburg CAS755/09/2011. The SIU will follow up on these matters and report on progress.

The matters were also referred to the AFU by the SIU. The gratifications were to advance the business interests of 3P. In the context of the corrupt relationship between 3P, Baoki, the Department officials and the former MEC, Mr Hlongwa, the payments are seen to have had the effect of further inducing and sustaining the preferential treatment and unlawful conduct by officials of the Department and the former MEC, Mr Hlongwa. Their objectivity was accordingly tainted by the preceding and ongoing corruption.

The award of the establishment of the PMU by the Department to 3P is found to be tainted by the alleged corruption which affected the fairness, transparency and competitiveness of the appointment process. It also affected the cost-effectiveness. The extensions and escalation of costs allowed to 3P are clear indications of the ineffective cost control in respect of this project.

The SIU found that all the expenditure in respect of the PMU contract amounting to R349 732 721.10 is irregular expenditure.

In 2009, the services agreement which was concluded on 2 July 2007 was extended for a period of 3 years to May 2012. On 1 July 2009 the Department repudiated the services agreement as extended. This was initiated by Ms Qedani Mahlangu the then newly appointed MEC for the Department.

The Department attempted to cancel the 3P contract during 2009, where after 3P approached the court to enforce the contract. On application by 3P to the South Gauteng High court, Lamont J granted a declaratory order to the effect that the services agreement between the parties had been duly renewed by agreement between the parties for a further period of three years.

The High Court also ordered the Department to implement the renewed services agreement.

The Department then obtained leave to appeal to the Supreme Court of Appeal of South Africa. A full bench of this court then confirmed the judgment of the South Gauteng High Court. The effect of this decision is that payment by the Department to 3P in terms of this extended contract for services already rendered amounting to approximately R125 million was due.

Believing the contract was awarded through corruption, but unable to prove it, the Department refused to adhere to the order.

The SIU, NPA, SAPS and AFU co-operated and worked with the State Attorney to investigate the alleged corruption which was considered as a possible basis for an application to produce further evidence.

3P subsequently went into liquidation and attorneys Brooks and Brand, representing the liquidator, pursued the payment claim consisting of approximately R125 million, which to date has accumulated to approximately R300 million with costs and interest.

The SIU provided evidence to assist the State Attorney to submit claims on behalf of the Department in the 3P Liquidated Estate. The SIU provided the evidence of duplicate payments, payments made in relation to the sub-contractors to 3P and the payments made in relation to the 5% administrative fee 3P was not entitled to, to the State Attorney. Evidence in respect of false time sheet claims by 3P was also submitted by the SIU to the State Attorney to prove claims against the 3P Liquidated Estate.

Relying on the evidence of corruption, the AFU obtained a preservation order whereby all rights accruing to 3P in terms of the Departments contract were preserved pending final forfeiture to the State. The liquidator of the 3P Liquidated Estate and PWC, a creditor of 3P who delivered services to the Department, are opposing the forfeiture order. The matter is continuing.

Apart from the claim 3P had against the Department in regard to the approximate R125 million in respect of which a forfeiture order had been obtained, there are no further assets in the 3P Liquidated Estate. The liquidation proceedings are on-going.

The SIU will continue to assist the AFU in the proceedings in which the forfeiture order in respect of the accrued rights to 3P is in dispute.

A further preservation order was obtained against the fixed property owned by the former MEC of the Department, Mr Hlongwa. Part of the evidence obtained in the course of the SIU investigation served to prove that the said property is the proceeds of corrupt activities. The final forfeiture order against this property is currently opposed.

6.3 The procurement of the services of and contracting with service providers or conference administrators for the Gauteng AIDS Conference

The Department's MSAU planned for the following Campaigns to take place during 2007 and 2008 in the Gauteng Province in adherence to Gauteng Province AIDS strategy:

- the AIDS conference to be held on 15-16 November 2007;
- the Mass Door to Door Education Campaign during 26 – 30 November 2007; and
- the Mass Door to Door Education Campaign during 17 - 21 November 2008.

6.3.1 Conference Administrator

On 11 October 2007, the MSAU developed the required specifications for a conference administrator for the Gauteng AIDS conference that was to be held on 15–16 November 2007. The MSAU obtained five written quotations from bidders and evaluated the quotations received. The MSAU then motivated a submission to Mr Ramaano, the former Director of SCM of the Department, to utilise Karmalive at a cost of R380 501.22. However, Mr Ramaano ignored the quotations received and awarded the conference administrator services to 3P, who in turn subcontracted the services to Umvini Events for an amount of R1 693 371.30. The expenditure in this regard is found to be irregular expenditure.

The actions of Mr Ramaano in this regard resulted in a loss to Department in the amount of R1 312 870.08. The expenditure in this regard is found to be fruitless and wasteful expenditure. The SIU recommended disciplinary action against Mr Ramaano. As a result of the disciplinary process that followed the SIU recommendation, Mr Ramaano was dismissed from the service of the Department on 15 February 2013.

As previously indicated 3P sub contracted the work to Umvini Events. The SIU established that a director of Umvini events (Adiel Walther Tryon) is the brother of a director of 3P (Michelle Bridget Tryon).

The SIU obtained evidence shows that 3P benefitted in the amount of R864 117.65 from the sub-contracting of work in respect of the AIDS conference administrator to Umvini Events in that 3P received R1 693 371.30 from the Department in this regard, but only paid Umvini R829 253.65. Furthermore, 3P paid Umvini Events an amount of R300 000 before the AIDS conference commenced.

The SIU obtained evidence indicates that Umvini made a misrepresentation to the Department in respect of a reference that was supplied. In terms of section 4 (1) (d) of the SIU Act, the SIU is required to refer evidence regarding or which points to the commission of an offence to the relevant prosecuting authority.

Consequently, this matter was referred to the relevant prosecuting authority under Johannesburg Central case docket CAS 755/9/2011. The SIU will follow up on these matters and report on progress.

6.3.2 Back Packs and cricket hats

The MSAU made provision to procure various supplies (back packs, cricket hats, and the printing of educational pamphlets) for the different campaigns. The back packs and cricket hats were for the use of the volunteers who were required to distribute the educational pamphlets in various identified areas.

On 18 May 2007 and 25 June 2007 respectively, the MSAU, in preparation, developed the specifications for purposes of the procurement of cricket hats and back packs for the use of the volunteers for the Mass Door to Door Education Campaigns during 2007 and 2008.

The MSAU submitted the specifications for cricket hats and a motivation (budgeted cost up to R500 000) for the 2007 Mass Door to Door Campaign to Mr Ramaano. Mr Ramaano procured the required cricket hats from 3P without obtaining competitive bids. The Department paid 3P R921 690 and R138 253.50 for the cricket hats. 3 P in turn sub-contracted the procurement of the cricket hats to a sub-contractor.

The MSAU also submitted a request to obtain approval from the DAC to go on open tender to procure 14 000 back packs for volunteers for the 2007 Mass Door to Door Campaign. The MSAU approved a budget for R686 000.00. The MSAU did not receive any communication in respect of its submission. Mr Ramaano awarded the supply of the back packs to 3P. 3P, in turn, sub-contracted the supply of the goods to a sub-contractor.

The SIU obtained evidence shows that at the relevant time, the required cricket hats (15 000) could have been purchased for R31.50 per cricket hat. Therefore, the cost of procuring the cricket hats would have amounted to R472 500.00. Mr Ramaano procured the 15 000 cricket hats from 3P for an amount of R1 059 943.50. The

actions of Mr Ramaano in this regard, resulted in a loss to the Department of R587 443.50.

The expenditure in this regard amounting to R587 443.50 to 3P, constituted fruitless and wasteful expenditure.

6.3.3 *The SIU recommended disciplinary action against Mr Ramaano. As a result of the disciplinary process that followed the SIU recommendation, Mr Ramaano was dismissed from the service of the Department on 15 February 2013*

During April 2007, the MSAU submitted a motivation to the DAC to obtain approval for the printing specifications of educational pamphlets (1 500 000 English, 450 000 Sotho and 450 000 Zulu pamphlets) (the first bulk order) and to request approval to go out on open tender. The MSAU approved a budget in the amount of R4 080 195.90 (VAT inclusive). Mr Ramaano informed the MSAU to make use of the Government Printing Works to print the educational pamphlets. During the printing process, Mr Ramaano instructed the MSAU to cancel the orders at the Government Printing Works. The Government Printing Works informed the MSAU that they had already finalised the printing of the Sotho and Zulu pamphlets for an amount of R1 550 255.28 (VAT inclusive). The Government Printing Works, as instructed, then cancelled the order for the English pamphlets.

Mr Ramaano subsequently awarded the printing of the English pamphlets to 3P. 3P, in turn, sub-contracted this service. No competitive bids were obtained in respect of the award of the printing of the English pamphlets to 3P. The Department paid 3P an amount of R2 603 475.00.

During November 2007, the MSAU established an additional need for 1 500 000 English pamphlets, 399 000 Zulu pamphlets and 399 000 Sotho pamphlets, as well as Posters for the three types of pamphlets (720 000) (the second bulk order). The MSAU also amended the outlay of the pamphlets and requested approval for the printing work.

Mr Ramaano, again without following procurement processes, awarded this printing work to 3P. 3P, in turn, sub-contracted this work. The Department paid 3P an amount of R3 063 841.20 for the printing work (the English pamphlets and 100 000 English posters). The printing of the 399 000 Zulu and 399 000 Sotho pamphlets as well as the remaining 620 000 posters, did not take place.

The actions of Mr Ramaano in appointing 3P and not the Government Printing Works resulted in a loss to the Department to the amount of R73 534.38 (being the difference between the amount quoted by the Government Printing Works for the printing of 1 500 000 English pamphlets, and the amount the Department paid 3P in this regard) and a further R163 309.38 for the second order for printing.

The expenditure in this regard (the first and second bulk printing orders) of R236 843.76, constituted fruitless and wasteful expenditure.

The SIU recommended disciplinary action against Mr Ramaano. As a result of the disciplinary process that followed the SIU recommendation, Mr Ramaano was dismissed from the service of the Department on 15 February 2013.

6.4 The procurement of and contracting for goods and service relating to the provisioning of an information system and electronic health records system.

6.4.1 The appointment of 3P and EOH

During October 2007, 3P requested the EOH, to conduct an assessment of the Medicom and PAAB systems at Sebokeng, Chris Hani Baragwanath, Pretoria West and Leratong health facilities.

The EOH commenced their assessment during the last quarter of 2007. A detailed report with specific findings were completed by the EOH and submitted to the Department's stakeholders. In the report to the Department, the EOH indicated that there were many shortcomings in the Department from a strategic and operational level. Very specific recommendations were made regarding the approach to correct the shortcomings within the Department. Despite the documented recommendations to the Department to refrain from investing further funds into technology until the fundamental requirements have been put in place, the department continued to submit and approve tenders in direct contradiction to the findings in the EOH report.

The EOH report indicated that in a department where basic medical health materials and infrastructure are limited by budget, it would make no strategic sense to implement a high end first world health information system application on an infrastructure that does not work.

6.4.2 The cancellation of the services of the SITA

During February 2007 SITA submitted a proposal to the Department to continue with the support and maintenance of the MEDICOM system for a period of three years. The MEDICOM and PAAB systems were being used by the Department at the time

as a health information system. Ms Mosupi, former Chief Director ICT at the Department, requested the SITA to submit a proposal to the Department on how the SITA could deliver on a health information system as the Department was not satisfied with the SITA products, being Medicom and PAAB. The SITA proposed to have support at the facilities available for the full implementation and upgrades of the MEDICOM module system, which according to the SITA, would have addressed the concerns the Department had with the products. Ms Mosupi did not supply a list of requirements, request for proposal or any detail on what the services were that were required, which made it impossible for the SITA to respond to specific requirements. The SITA undertook to provide a service that would be cost effective and efficient. The total cost of such a project would be R40 910 382.84 for a period of three years.

The SITA was not contacted again. The SITA became aware of the tender advertised by the Department for the information system and electronic health records system (HIS/e-HR) when the Department published the request for proposal through the GSSC. The SITA wrote to the former MEC of the Department, Mr Hlongwa on 26 July 2007, objecting to the tender being advertised. The SITA brought to the attention of the MEC the relevant legislative prescripts as set out in the SITA Act as a basis for his objection. Specific reference to section 7(1), section 7(3) and section 7(4) of the SITA Act and the General Regulations pertaining to the SITA Act with specific reference to regulation 6.2. were made. No response from the former MEC of the Department, Mr Hlongwa was received. A letter was however received by the SITA from the former HOD, Ms Ngcobo, acknowledging the objections raised by the SITA.

On 17 August 2007, the SITA submitted a document to the Department in response to the RFP for the HIS/e-HR system. No response was received by SITA. The relevant official at the SITA was informed that the Department had entered into an agreement with the Gauteng Department of Finance and the SITA, however, the detail of the agreement, could not be provided or obtained.

The procurement of a HIS/e-HR system is a service that the Department was compelled to obtain from the SITA (section 7(1)(a) of the SITA Act) and if the SITA could not provide the services, had to make use of the SITA as a procurement agent (section 7(3) of the SITA Act). Sections 7(1)(a) and 7(3) of the SITA Act are mandatory provisions that could not be circumvented through an agreement between the SITA and the Department.

3P approached Cliffe Dekker Hofmeyr Attorneys (Hofmeyr) to advise on the PFMA implications arising from the award of the tender to Baoki and the draft agreement setting out the terms of such award. In paragraph 8 of a submission by Hofmeyr to 3P dated 25 September 2008, under the heading "Compliance with the State Information Technology Act", it was noted by Hofmeyr that the contract was not concluded in terms of the said Act. The submission indicated that Mr Ramaano of the Department indicated that the Department was exempted from the provisions of the SITA Act as the Department operated through the GSSC. This furthermore indicated that the Department was aware of the provisions of the SITA Act and the SITA was wrongly and irregularly excluded from the procurement process.

If the Department reached an agreement with the SITA as previously alleged the probabilities suggest that it would have been presented to the attorney for input. No such document is referred to in the Hofmeyr memorandum. It also stands to reason that one cannot contract out of a legislative requirement. Such an agreement if concluded would in any event have been ultra vires the SITA Act.

The SIU finds that the SITA was irregularly excluded from the procurement process in respect of the HIS/e-HR systems resulting in the expenditure of the Department in this regard amounting to R470 807 868.73, being irregular expenditure.

The warnings of the EOH were ignored and the recommendations by the SITA rejected. The HIS/e-HR systems acquired by the Department were never implemented resulting in fruitless and wasteful expenditure amounting to R470 807 868.73.

The actions recommended by the SIU are detailed in Section 7.4 of this Report.

6.4.3 *The procurement of the information system and electronic health records system*

Having ignored the warnings from the SITA, the end user Ms Mosupi submitted a request to the DAC requesting approval of a proposed tender specification for the HIS/e-HR system. The submission did not make mention of the discussion held with the SITA and the warnings issued by the SITA.

The document noted that the estimated cost for the implementation of the project was R650 million over a three year period. It is unknown how Ms Mosupi calculated this amount. The submission by the SITA noted that the cost would have been less than R40 million for similar services to be rendered by the SITA.

The SIU found that the Department did not have the required budget for the project. The SIU found that the Department failed to obtain the relevant approvals to enter

into the contract with Baoki. The Department had misrepresented to the Provincial Treasury that they had incurred savings to be used to pay for the contract. The HOD, in committing the Department to the contract with Baoki, failed to comply with the provisions of section 66(2)(b) of the PFMA as well as Section 38(2) of the PFMA in that she committed the department to a liability for which money had not been appropriated.

The DAC met and conditionally approved the case.

During the same period the Department had appointed 3P to implement and manage the PMU of the Department. The Department through 3P had appointed EOH to conduct a needs assessment on behalf of the Department. The Department did not wait for the EOH report in respect of the needs assessment. No evidence was produced which indicated that NT had approved the acquisition of a new IT system or that the Department had applied for approval.

The Department continued with the tender process and adjudicated on the matter in a manner that was not fair, equitable, transparent, competitive or cost-effective as required by section 217(1) of the Constitution of 1996.

The SIU found that the BEC was not properly constituted as the BEC met before they were delegated by the HOD to adjudicate on the matter. See Section 44(1)(a) of the PFMA in this regard. Two (2) scoring members were added as scoring members of the BEC without having been appointed to do so by the HOD.

The BEC furthermore lacked the required expertise to adjudicate on a complicated IT system.

The BEC developed the evaluation criteria to be used after the advertisement of the tender. The Evaluation Charter was approved after the evaluation process was completed and yet another version of these criteria was used in the evaluation of the bids. The BEC changed the evaluation criteria during the evaluation stage and no evidence could be obtained of the BEC informing the bidders of the changes in the evaluation criteria.

The BEC used an electronic system to calculate the final scores of each bid. The electronic system used did not correctly reflect the scoring as allocated by the BEC.

During the clarification responses Ms Bailey, former Information and Communication Technology Commodity Manager and currently a Deputy Director: Contracts Management at the Gauteng Department of Finance as the administrator, changed the pricing of the Baoki bid to exclude almost 14% of the overall cost. Ms Bailey furthermore added R513 million to the pricing of the IntersystemsBV bid to allow for

training. IntersystemsBV was unaware of the changes to its bid. IntersystemsBV did not request or required such change and did not agree to the change in the costing of its bid. The decrease in cost of the Baoki bid and the increase in the cost of the IntersystemsBV bid unfairly placed IntersystemsBV as the most expensive option and Baoki as the least expensive option. The conduct of Ms Bailey constitutes a misrepresentation of the bids presented by Baoki and IntersystemsBV. When requested for an explanation, Ms Bailey could not provide an explanation. The SIU finds the conduct of Ms Bailey as irregular and a misrepresentation. The SIU recommended disciplinary action to be taken against Ms Bailey. The matter was already referred to the relevant prosecuting authority to consider the instituting of criminal proceedings against Ms Bailey. The SIU will follow up on the criminal proceedings and report accordingly.

During the clarification response, it was noted that Baoki included fully inclusive training, yet their bid document notes that training of all staff are optional. During clarification Baoki thus changed their bid, which renders the process unfair as none of the other bidders were provided with the same opportunity. It was noted that an amount of R122 767 059.00 was allocated to Baoki over and above the awarded amount to include training. This is indicative that the bid of Baoki did not include fully inclusive training.

In the submission to the DAC the BEC failed to mention the following:

- that the SITA was excluded from the procurement process;
- that the scoring criteria was changed after the tender was advertised;
- that amounts were added to the IntersystemsBV bid;
- that amounts were removed from the Baoki bid by the BEC;
- that Baoki was provided with an opportunity to amend their bid price during the evaluation phase; and
- that no budget was allocated or approved.

Based upon the submission by the BEC the DAC made an award. The SIU found that the DAC had failed in their duty to ensure that the SITA Act was complied with and that a procurement system which is fair, equitable, transparent, competitive and cost-effective was followed.

The DAC approved the appointment of IntersystemsBV and Baoki to embark on a POC respectively. During the POC both IntersystemsBV and Baoki were to implement their respective systems at designated hospitals and clinics. After the POC, the Department would then decide which of the product offerings of IntersystemsBV and Baoki best met the Departments need. However, contrary to

the DAC award, only Baoki was appointed to conduct a POC. IntersystemsBV was sent a letter of regret.

The HOD, who was also the Chairperson of the DAC, misled IntersystemsBV in believing that they had not been awarded the POC, when in fact the DAC had awarded the POC to both IntersystemsBV and Baoki. The HOD was the Chairperson of the relevant DAC and was aware of the award that had been made.

In awarding the POC contract to only Baoki Consortium, the SIU is of the view that the former HOD of the Department, Ms Ngcobo did not act in a manner that was fair, transparent, and competitive and she did not comply with the requirements that that were stipulated in the Request for Proposal.

The misrepresentation by Ms Ngcobo, the former HOD, was referred to the relevant prosecuting authority. The investigation by the ACTT is ongoing and the SIU will follow up on the criminal proceedings and report accordingly.

6.4.4 The POC Agreement

After receiving the letter of award, Baoki started with the POC project at Levai Mbatha clinic, Johan Deo Clinic, Helga Kuhn Clinic and Sebokeng Hospital as directed by the Department. The SIU could not ascertain why an academic hospital was not included as stated in the RFP.

The Department entered into a contract with Baoki for the implementation of the POC. Baoki implemented their systems. However, the SIU found that Baoki procured hardware, software, training, catering and equipment as part of change orders to the POC agreement. The SIU found that the companies Baoki subcontracted to for the provision of the services were sub-contractors to 3P and were in alleged corrupt relationships with 3P, Baoki and Department staff as well as the former MEC of the Department.

The procurement of hardware and infrastructure did not form part of the RFP and had the effect of extending the scope of the project beyond the bid specifications.

The Department delegated procurement functions to Baoki, or members of Baoki who were in an alleged corrupt relationship with the former MEC of the Department Mr Hlongwa. In the process, Baoki was under no obligation to adhere to the legal framework for procurement as set out in the relevant legislation.

The Department allowed for procurement other than through a bidding process in excess of the threshold of R500 000 provided for in terms of section 16A6.1 of the Treasury Regulations read with NT Practice Note Number 8 of 2007/08. The procurement on behalf of the Department lead to Baoki adding 7% service fees and

3P adding 5% service fee to the invoices. The effect of procuring in this manner is that the Department paid 12% more for the goods and services, which constitutes a loss to the Department and is considered to be fruitless and wasteful expenditure.

The Department allowed for the scope of the POC agreement to be extended and to include goods and services to be procured other than those that the RFP provided for. This occurred without the authorisation of the DAC. This procurement did not form part of a system of supply chain management that can be considered as fair, equitable, transparent, competitive and cost-efficient as required by section 217(1) of the Constitution of 1996.

Dr Mooketsi and Ms Mosupi authorised the change orders and had no authority to represent the Department in approving any amendment to the contract exceeding R500 000.00 and their actions were unauthorised. Any change order exceeding R500 000.00 had to be approved and authorised by the HoD or the DAC.

Goods and services were purportedly delivered. The Department however did not keep any record of the goods delivered at the Department by Baoki during the POC agreement. When the SIU attempted to reconcile the invoices submitted by Baoki the goods delivered on site, the SIU found that the Department could not indicate where the delivery took place or where the goods could be found.

The suppliers of the infrastructure were sub-contractors linked to 3P.

One of the sub-contractors was used to pay alleged substantial bribes to the former MEC Mr Hlongwa, Mr Ramaano and Dr Mooketsi.

The SIU confirmed that the training of staff did take place, however the training offered was limited to basic computer literacy as well as the basic use of the HIS/e-HR system.

The procurement of the generators and UPS's amounting to R6 038 953.92, furniture amounting to R1 635 939.90 and the local area networks amounting to R3 092 994.00, in all instances exceeded the threshold of R500 000.00 set in terms of section 16A6.1 of the Treasury Regulations read with NT Practice Note Number 8 of 2007/08, Supply Chain Management, and required a competitive bidding process. A competitive bidding process did not take place.

After implementation of the system by Baoki, verification testing did take place but the SIU finds that the system was not tested in its entirety and did not materially and substantially comply with the verification criteria. These aspects should have been highlighted and presented to the HOD of the Department for consideration which did not occur in the current matter.

6.4.5 The Baoki contract

A service level agreement was entered into between the Department and Baoki. The Department attempted to get the MEC for Finance at the time, Mr Paul Mashatile, to approve the contract between the Department and Baoki, but the MEC had refused to do so. The Department did not obtain the relevant approvals to enter into the agreement with Baoki and the Department did not obtain approval to spend the funds on the contract. The Department also did not budget for the expenditure. The Department however concluded an agreement with Baoki.

In addition to the HIS/e-HR, the implementation of the HIS/e-HR depended on the acquisition and installation of the necessary computer and information technology hardware. The Department had not budgeted or appropriated monies for the acquisition and installation of the hardware. Even if the HIS/e-HR had implemented, it would have required the training of the staff of the Department in basic computer literacy skills before they could advance to the training on the HIS/e-HR. At the time, the Department started upgrading their LAN capabilities at most of the hospitals and clinics in Gauteng with further hospitals and clinics due to be upgraded during 2009.

At no time were funds allocated to the HIS/e-HR program. The MEC for Finance did not approve the agreement entered into and the agreement ought not to have been concluded.

The Department and Baoki nonetheless proceeded unlawfully to give effect to the agreement in breach of section 66(2) of the PFMA.

6.4.6 The procurement of connectivity for the information system and electronic health records system

The EOH had found that the Department did not have the necessary infrastructure in place to ensure that the system being installed by Baoki would be able to function. Wide Area Network (WAN) connectivity was essential to the HIS/e-HR as it enabled information to be transmitted from one health facility to another, to be warehoused and to interface with other databases. Connectivity was expressly excluded from the RFP for the HIS/e-HR.

Initially, the Department intended that a WAN would be provided by the Gauteng Shared Services Centre (GSSC) now called Gauteng Provincial Government, at the four (4) sites at which Baoki was to install its HIS/e-HR system in terms of the POC. The GSSC in turn depended on Telkom to provide a basic infrastructure. In late January 2008, when Telkom was not able to indicate by when it could provide the

necessary infrastructure, the GSSC requested Mr Darryl Richter an employee of 3P, to "escalate" the matter and obtain the director of 3P, Mr Payne's, assistance.

Beyond this point, there is no further evidence of any efforts on the part of the Department or 3P to have Telkom or the GSSC provide connectivity to the POC sites.

As previously stated, 3P was appointed by the Department to manage the PMU of the Department. 3P, during 2008 appointed a company trading as The LCC to implement community based communications networks as six pilot sites under the PMU contract. Sebokeng Hospital and Levai Mbatha Clinic formed part of the pilot sites. The service level agreement notes that The Life Channel Limited is a leading provider of community based health communication networks in the United Kingdom.

The details of the service provider is noted as being The Life Channel Limited, Can Media House, Maritime Way, Preston, Lancashire, United Kingdom with the contact person noted as being Mr Phil Austin. The payment for the services occurred in three equal instalments of R606 606.67 on 30 April 2008, 31 May 2008 and 30 June 2008. The SIU uncovered the following evidence regarding The Life Channel Limited Africa and its appointment:

Mr Payne of 3P introduced his business associates to the former MEC Mr Hlongwa, including Mr Austin of The Life Channel Limited Africa ostensibly to promote informational television broadcasts to medical facilities.

- They ingratiated themselves to Mr Hlongwa through offers of benefits to the Western Rangers Football Club, of which Mr Hlongwa was the chairman and Mr Payne a Director.
- 3P contracted with The Life Channel Limited Africa (Mr Austin) to install a pilot of its informational broadcasts at two (2) of the four Baoki POC sites.

Under the guise of informational television broadcasts to patients waiting for treatment, a WAN was provided by The Life Channel Limited Africa, of which Mr Austin was a director, for the POC of the HIS/e-HR. In this manner, the Department came to have a two-way broadband satellite system that was not required. It resulted in an expensive and unnecessary installation.

The SIU uncovered evidence that Ms Mosupi, her husband and two children undertook a family holiday to the United Kingdom from 03 August 2008 to 11 August 2008. An investigation into the bank accounts of Ms Mosupi noted that Ms Mosupi did not pay for any of the expenses for the trip. A review of Ms Mosupi's personnel

file notes that she had applied for leave for the period and such leave was approved. The SIU ascertained that the vacation was paid for by Mr Austin, a Director of The Life Channel Limited, and the travel arrangements were made by Mr Payne and his staff. The matter was referred to the relevant prosecuting authority.

The SIU interviewed the staff at the four POC sites and conducted an inspection of the sites. The SIU found that satellite dishes were in fact installed at the sites. The witnesses confirmed that satellite dishes were installed and that they had been working at the time of the POC. However the equipment is no longer in working order indicative of fruitless and wasteful expenditure.

With regard to the main contract entered into between the Department and Baoki, the SIU investigation revealed that, eight days after concluding the service level agreement for the implementation of the HIS/e-HR contract there was a change request proposing to add services for the provision of a Gauteng Province Wide Area Network (VSAT) for the Department. The VSAT was intended to be used in clinics, community health centres and Hospitals. The network service was to use a Two Way Broadband VSAT Satellite Network.

Mr Payne of 3P, Mr Smidek and Mr Allen, both directors of Baoki, began preparing a change order for the inclusion of WAN. According to the agreement the change request must be submitted by the Department and not Baoki, which did not occur in this instance.

Ms Mosupi developed a submission to the DAC requesting approval for the provision of a province-wide WAN by Baoki at a cost of R223 936 304.79 over a three year period. Ms Mosupi failed to indicate in her motivation that the VSAT solution was not the most cost effective solution for the provision of the WAN. Ms Mosupi also failed to ensure that a budget was provided for the provision of the services. The SIU found that the motivation submitted by Ms Mosupi was circulated, via email between Ms Mosupi, Mr Payne, Ms Nadia Singh (3P employee) and Mr Austin of The Life Channel Limited Africa, prior to its submission to the DAC. Ms Mosupi and Mr Austin of The Life Channel Limited had an alleged corrupt relationship prior to the motivation for the VSAT technology. The submission of Ms Mosupi was approved by the DAC.

Following the DAC approval, a service level agreement (SLA) was entered into between the Life Channel Communications Limited and AMETHST, a member of the Baoki Consortium.

The SIU ascertained that Life Channel Communications Limited procured the provision of VSAT from a company trading as Vodacom Service Provider Company (PTY) Ltd. Vodacom Business Division subcontracted the provision of the VSAT to a company named Comscience (PTY) Ltd. The services were rendered during May and June 2009. 51 Department sites were equipped with VSAT technology during this period. Vodacom Business Division received R4 344 500.00 from Life Channel Communications Limited as payment for their services. Vodacom Business Division noted that an amount of R3 111 392.00 remains outstanding.

The SIU confirmed that Comscience had claimed and was paid R401 818.00 for the actual delivery of the services.

The SIU found that a total amount of R12 375 364.00 was paid to Life Channel Communications Limited by Baoki for the VSAT services, however Comscience, who installed the services only claimed R401 818.00 for full payment of the same services. Baoki invoiced the Department an amount of R14 325 045.00, including a 7% handling fee for the same services. The SIU finds that if a proper procurement process had been followed, the Department would have saved R13 923 227.00.

The required open tender process was not followed as a result of which the total expenditure on the supply of the VSAT is found to be irregular expenditure.

The VSAT services were installed but never used by the Department. The total expenditure amounting to R14 325 045.00 is found to be fruitless and wasteful expenditure.

6.4.7 Services rendered by Baoki

The SIU investigated whether Baoki had implemented the required services at the Department during the period under review. The SIU found that the systems proposed by Baoki were installed at the four POC sites but not at any of the Departments facilities. The payment for services to Baoki amounted to R470 807 868.73. The procurement processes were found to be irregular which resulted in the total payment in this regard being irregular expenditure.

The systems mentioned in the POC, the implementation phase and VSAT were never utilised which resulted in the total payment in this regard being fruitless and wasteful expenditure.

The contract was stopped during June 2009 and Baoki was unable to deliver any services. The Department is still using the Medicom system which the HIS/e-HR system was supposed to replace.

6.4.8 Evidence of corruption

The SIU was able to obtain evidence which pointed to a commission of a criminal offence/s committed in respect of fraud and the contravention of the Prevention and Combating of Corrupt Activities Act, Act No. 12 of 2004 by the then MEC of the Department, Mr Hlongwa, the Directors of 3P, the Directors of Baoki, sub-contractors to Baoki, the Chief Director of ICT of the Department, Ms Mosupi, Chief Director SCM of the Department, Mr Ramaano and Director ESPM of the Department, Dr Mookeletsu.

The evidence uncovered was referred to the relevant prosecuting authority in terms of the SIU Act. The matter is currently under investigation by the SAPS. The matter was also referred to the AFU by the SIU.

Based on the evidence obtained by the SIU, the AFU obtained a preservation order in terms of Section 38 (2) of the Prevention of Organised Crime Act, Act No. 121 of 1998, whereby the rights accruing to Baoki in terms of the contract dated 3 November 2008 entered into between Baoki and the Department, were frozen pending forfeiture to the State. At the time of the application, Baoki was claiming the outstanding contract amount of over R800 million from the Department in arbitration proceedings. The arbitration was hence stopped and no further payments were made to Baoki.

A final forfeiture order was granted against Baoki. Baoki did not contest the said evidence and did not oppose the forfeiture order. Baoki filed an answering affidavit stating that it was unable to address or refute the allegations set out in the documents supporting the preservation order in so far as they relate to the allegations of corruption in respect of the MEC, Mr Hlongwa.

A further preservation order was obtained against the fixed property owned by the former MEC of the Department Mr Hlongwa. Part of the evidence obtained in the course of the SIU investigation served to prove that the said property falls into the category of what can be deemed as proceeds of a crime. The final forfeiture order against this property is currently being opposed.

The SIU is monitoring the progress in these matters and will report accordingly.

6.5 The procurement of and contracting for goods and services relating to the implementation of local area networks for 134 facilities

The SIU found that that the system that the Department procured through the awarding of a tender to Baraka IT Solutions and KSS Technologies Consortium

(Baraka/KSS) falls within the ambit of section 7(3) of the SITA Act. The Department was compelled to approach the SITA to provide the systems required.

The investigation revealed that the SITA was not approached to provide the systems or to act as a procurement agent as required by the SITA Act. The SITA was excluded from the procurement process without justifiable reasons.

In terms of regulation 17.1.4 of the SITA Regulations published in Government Gazette No 28021 of 23 September 2005, if a department does not procure through the SITA in terms of any provision of regulation 17.2 to 17.7, the Department must, within 30 days, submit a report to the relevant treasury, the Department of Public Service and Administration and the SITA stating the provision of regulation 17.2 in terms of which the SITA was not used as the procurement agency and particulars of the procurement process followed.

Regulation 17.6 specifically provides for emergency or urgent procurement.

The SIU investigation did not reveal circumstances providing justifiable reasons to use the emergency or urgency procedure as above and did not uncover any reporting that should have occurred had the procurement proceeded in terms of the exception created by regulation 17.6.

The BEC and the DAC acted irregularly by not considering the legislative prescripts of the SITA Act and to procure the required systems without consideration of regulation 10 of the SITA Regulations providing for transversal term contracts. The procurement of Baraka/KSS was therefore irregular and the total expenditure towards the implementation of the local area network system amounting to R50 021 644.87 is regarded as irregular expenditure.

A request from Ms Mosupi's office, detailing the tender specifications, did not note a request for a deviation from using the SITA's services or that use will be made of a SITA transversal term contract. The request for approval of the specifications did not note any reason for deviating from normal procurement processes. The request also did not note or specify any justifiable emergency or urgency upon which any form of deviation could have been based. The DAC approved the specifications and the DAC also approved the use of a shortened bid advertisement period for reasons which were not stated nor requested by Ms Mosupi or recorded by the DAC. The SIU found the approval by the DAC to be irregular.

The SIU finds that the manner in which the advertisements were placed was not conducted in line with the SCM Policy prescripts. The advertisement of the tender

by inviting all potential suppliers including suppliers that were not listed in terms of the relevant SITA transversal term contract is found to be irregular.

The SIU finds that the scoring model used by the BEC to adjudicate on this tender was changed during a briefing session. The BEC also developed a scoring method which was not mentioned in the Tender Bulletin, the specifications document or the request for proposals. The change of the scoring system could have rendered the process unfair as information previously considered to be of little value became relevant after the change.

Four members of the BEC attended BEC meetings without being formally appointed to do so. One member of the BEC also acted as voting member on the DAC, which is prohibited.

The procurement process undertaken by the BEC was not product specific. However, the BEC decided to focus their evaluation based specifically on a CISCO product. The bidders who did not offer a CISCO product were not requested to adjust their products and were therefore irregularly eliminated.

The BEC preferred Baraka/KSS for appointment. A summary of the total points awarded to Baraka/KSS reveals that on the functional, price evaluation as well as the BBBEE scores, Baraka IT Solutions and KSS did not obtain the highest scores. Baraka/KSS was however appointed.

Following Baraka/KSS's appointment, price negotiations did take place but the price did not change. The awarded amount remained at R41 558 225.00. The renegotiation on price thus failed. No evidence could be found that the outcome of the failed price negotiations was returned to the DAC. This led to an over expenditure on the budget of R11 558 225.00. The over expenditure on the budget was not approved by the HOD or the DAC and forms part of the total irregular expenditure.

The SIU found that a price variance increase of R3 466 201.00 occurred due to the fact that the Department incorrectly assessed the number of switches, number of data points and number of power points. The DAC was requested to approve the price variation which was subsequently approved. The Department official's failure to correctly assess the number of switches, number of data points and number of power points amounts to negligence.

The SIU found that Baraka/KSS rendered the required services.

The SIU found that Baraka IT Solutions were re-appointed to implement local area network infrastructure within the Comprehensive Care Management and Treatment

sections within the Department facilities. It could not be determined who invited Baraka IT Solutions to submit a quotation for the extended work. It could also not be determined whether other service providers were invited to tender. The DAC awarded the contract to Baraka IT Solutions.

The Department official's failure to correctly assess the need and failure to include the Comprehensive Care Management and Treatment facilities during the initial contract can be seen as negligence. An amount of R5 079 533.00 was irregularly paid in this regard as these services should also have been rendered in terms of the relevant SITA transversal term contract.

The Departmental officials involved in this matter are no longer employed by the public service and no recommendations for disciplinary action could be made by the SIU.

6.6 The procurement of and contracting for the supply of Krone Cabling Infrastructure, CISCO Switching, Implementation, Project Management and Training

During September/October 2008, a need was identified by Baoki for the upgrade of the local area network infrastructure at the Chris Hani Baragwaneth, Charlotte Maxeke, Helen Joseph, Pretoria West Hospitals and the Department Head Office.

The Department tasked a technical project team to perform an infrastructure assessment as the local area network infrastructure environment was identified as a key dependency under the technology platform that underpins the health information system implementation. The result of the assessment revealed that the cabling in place at the time at the four primary hospitals and the Department's Head Office required total local area network infrastructure upgrades which should cater for the healthcare technology requirements. The technical team made a number of recommendations to migrate the Department towards a manageable networking environment.

Mr Tulsee, Director of ICT in the Department, made a submission to the DAC requesting DAC approval to embark on a closed tender process, alternatively a request for quotation process with companies listed on a SITA transversal term contract for the implementation and upgrade of ICT infrastructure. The motivation by Mr Tulsee noted that a three week closed tender process or request for quotation process was required to ensure that the Department meets the requirements to implement the HIS and e-HR systems. The implementation dates were set to take place between November 2008 and October 2009. The DAC conditionally approved

the matter but requested that budget availability be provided; that a work model be submitted explaining the role of the SITA in the process; that SITA submit a report to the DAC on the work completed; and that the document be submitted to the DAC indicating the assessment completed by the Department on the infrastructure needs.

No evidence was provided to the SIU that the matter was returned to the DAC in respect of budget availability or the involvement of the SITA. The SIU were not provided with any evidence indicating that the conditions set by the DAC were met. The Department proceeded with the matter.

The Department liaised with the SITA on the matter. The SITA advised that three different SITA transversal term contracts would be applicable to the tender process envisaged by the Department. The SITA advised that a separate tender process would be required for the different services and or goods listed. Three separate procurement processes should have occurred instead of a single procurement process followed by the Department.

The procurement should have been limited to the service providers listed in the relevant SITA transversal term contracts which did not occur in the current matter. Several service providers were invited that were not listed as service providers in the relevant transversal term contracts and service providers listed in the relevant SITA transversal term contracts were excluded from the procurement process.

The process followed by the Department, even though attempting to make use of the SITA transversal term contracts, did not comply with the prescripts applicable to the use of those SITA transversal term contracts as service providers were invited to tender which did not appear as listed SITA service providers on the relevant SITA transversal term contracts. SITA Regulation 10.8(b) was not complied with.

This renders the process irregular and all expenditure incurred in regard of this project is regarded as irregular expenditure.

During September 2009, a team of evaluators was tasked by the then Acting HOD, Bheki Sibeko, to investigate the work completed by Baraka/Ubuntu on the LAN project and verify the progress of the LAN deployment.

The assessment verification completed by the Department officials, confirmed documented progress reports supplied by Baraka and Ubuntu. The actual work found to be completed was exactly what the two companies reported on. According to the assessment team, work carried out was found to be commendable where sufficient progress was made referring to Chris Hani, Helen Joseph, and Pretoria

West Hospitals. The Department offices and Charlotte Maxeke Hospital were at a less advanced stage.

The Departmental officials involved in this matter are no longer employed by the public service and no recommendations for disciplinary action could be made by the SIU.

6.7 The procurement of and contracting for database management goods and services

Section 7 of the SITA Act, makes provision to the effect that all procurement of IT system related goods and services must be procured through the SITA. If the SITA is unable to provide such services or goods the SITA will act as the procurement agent. In the DAC minutes provided it is apparent that the SITA was not consulted nor considered during the procurement of Relational Database Consulting (RDC) by the Department. The SITA should have been involved in the process as this is a compulsory legislative requirement in terms of the SITA Act.

Section 217(1) of the Constitution of 1996 as well as section 38(1)(a)(iii) of the PFMA, demands that when an organ of state contracts for goods and services it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective.

NT Practice Note 8 of 2007/2008 compels departments for all procurement above R500 000 to use a competitive bidding process, unless specific instances, such as an emergency or urgency, require a deviation.

The amount quoted far exceeded the threshold value of R500 000.00 as set out in Treasury Practise Note 8 of 2007/2008 which determines that a competitive procurement process must be followed. In the current matter the required competitive procurement process was not followed. The reasons given in support of the motivation for a deviation from a competitive procurement process, does not support such deviation.

Mr Tulsee obtained a quotation from RDC for the services to be rendered. Using the quotation received, Mr Tulsee drafted a submission to the DAC requesting approval of the appointment of RDC.

In his submission to the DAC Mr Tulsee stated that due to the services of the SITA being terminated, the supplier RDC is to be engaged to supply database management services to the Department to ensure that business continuity is maintained. The impression created was that the cancellation of the contract with the SITA resulted in the Department facing a perilous situation in not having a

service provider to manage the data base services. He stated that the Department will be directly put under a major risk if they do not contract with the RDC as the Department does not have the skills to deliver the service themselves. He also stated that if the Department does not contract with the RDC, it will inevitably create administrative logistical problems and result finally in patient maladministration at health facilities. He stated that the RDC has gained extensive knowledge of the Department site, infrastructure, processes and procedures. He therefore motivated for a preferred service provider to be appointed, attached to an element of urgency in support of the deviation request.

Mr Tulsee failed to inform the DAC that the emergency was self-created by the Department cancelling the services of the SITA. Mr Tulsee did not motivate as to why no other service provider could provide the same service. Mr Tulsee also failed to inform the DAC that the services being procured fell within the ambit of the SITA Act.

Mr Tulsee motivated that if the Department was to contract with RDC, a saving would be incurred. No saving was incurred as Mr Tulsee had miscalculated the costs. Mr Tulsee in making the submission and the DAC in approving that the RDC provide the services fall foul of the prescripts of the SITA Act as the services required fell solely within the ambit of the SITA. The approval by the DAC was thus contrary to legislative prescripts and irregular. In approving the award, the Department incurred irregular expenditure.

Following the appointment of RDC, Mr Tulsee made a submission, co-signed and approved by Ms Mosupi, requesting that the DAC rectify that VAT be catered for, as the VAT was erroneously omitted in the contract awarded to the RDC. Mr Tulsee stated in the submission that the contract amount is R2 203 200.00 exclusive of VAT and that an amount of R308 448.00 should now be made available to cater for VAT. The SIU found that the omission of VAT amounted to an act of negligence as had Mr Tulsee perused the quote properly he would have noted that the price quoted was VAT exclusive and this anomaly would have been detected before the award had been made.

The conduct of the DAC officials and Mr Tulsee who drafted the submission to the DAC, did not comply with the provisions of section 45(c) of the PFMA in that they failed to take appropriate steps to prevent irregular expenditure. The Department could not provide the SIU with proof that the deviation from the required tender procedure was reported to the National Treasury as required by National Treasury Practise Note 8 of 2007/2008. The SIU however cannot conclude that the deviation

had been reported to National Treasury due to the lack of proper record keeping in the Department.

From the evidence made available to the SIU, the SIU ascertained that a budget for the project was not allocated prior to the award but budget approval occurred subsequently. The Department paid R2 511 648.00 for the services of RDC.

Two invoices submitted for payment to the Department by the RDC could not be presented to the SIU by the GSSC, the RDC or the Department. No irregularities could be detected on the invoices supplied.

As a result of the fact that the provisions of section 7 of the SITA Act as well as the prescripts of 217(1) of the Constitution of 1996, were not complied with all the expenditure in respect of this project amounting to R2 511 648.00, is irregular expenditure.

The Departmental officials involved in this matter are no longer employed by the public service and no recommendations for disciplinary action could be made by the SIU.

6.8 The procurement of and contracting for goods and services relating to the evaluation of the Transformation Project at the surgical division of the Chris Hani Baragwanath Hospital

The SIU found NALEDI submitted a report to the former MEC of the Department during May 2008. The report provided information on what NALEDI had accomplished and the obstacles they experienced that delayed implementation of certain aspects of the transformation process. Based on the report submitted and the uncertainty of management regarding the impact of the transformation as well as union issues that transpired due to employee concerns, the Department management decided to evaluate the transformation project conducted by NALEDI. The Department management decided that before the transformation could be extended to other areas of the CHBH and other provincial hospitals, the pilot project conducted in the Surgical Division had to be evaluated to measure its impact on both hospital staff and patients.

During May 2008 an invitation to submit quotations and proposals to provide project evaluation services for the NALEDI Transformation Project at the CHBH under the Department was drafted. Three entities were requested to submit quotations. The entities were Mfana Ka Ndlovu Consulting (also known as Khalvest Consulting), SD Malebo Logistic and MSV Consulting CC. During August 2008 a further two

companies, Idzima Training and Development Research Africa were requested to submit quotations.

After the request for quotations were sent on 18 May 2008, an application for a deviation from the normal procurement process was submitted to the DAC during October 2008. However the process in terms of which the quotations were requested were delayed for three months.

The SIU noted that the process followed would have constituted a deviation from normal procurement process based on an urgency/emergency. The request for the deviation submitted to the DAC could however not be presented to the SIU. The cryptic typed version of the discussions that took place within the DAC did not reflect an approval of the deviation, but the evidence suggests that the DAC did in fact approve the deviation. Due to the effluxion of time between the first quote requested and the award being made, the grounds upon which the emergency/urgency was based would appear to have dissipated. However the DAC members which had been interviewed, could not recall whether the deviation was in fact based on an urgency/emergency.

On 03 October 2008, scorecard assessments for Khalvest and Idzima were performed by Mr Lebodi, Director, Human Resources Management and Organisational Development and Ms Mogase, former Deputy Director, Human Resource Management and Organisational Development of the Department.

The potential service providers were not informed of the scoring criteria the Department would have used. However, in the current matter it did not appear to have affected the outcome of the award. It was noted that the scorecard assessment occurred without the intervention of the BEC being the only body that could undertake such an assessment. Mr Lebodi and Ms Mogase were not appointed members of the BEC and the process undertaken by them to score companies is not provided for in the GPG SCM Manual or any other prescript. The value of these scorecards is thus questionable. There is further no definitive indication that the scorecards played a role in the eventual decision to award this contract. The Department noted that Idzima Training and Development Research Africa should be appointed. However, following a review of the correspondence of the Department, the SIU found that the name of Idzima Training and Development Research Africa was changed to Khalvest. The author of the changes could not be identified.

The DAC did provide written approval for the deviation from normal procurement procedure which was conditional. The minutes of the DAC meeting did not indicate

on what the approval for the deviation from the normal procurement procedure was based. The minutes are merely a summary of the proceedings and the SIU could not determine on what the decision to deviate was based or whether the deviation was justified. Khalvest commenced with their duties.

Khalvest submitted a draft report on 09 December 2008 to the Department. The Department considered the report to be incomplete. Khalvest cited non-cooperation by key stakeholders within the Department which prevented them from getting the necessary information to complete their report. The Department at this point decided as a way forward, that more time is to be granted to the project team to address outstanding issues.

The staff at CHBH stated that they were not consulted by Khalvest. At the appointment of Khalvest the Department arranged for several major role players to assist Khalvest with the provision of information or access to both staff and information, as required. The SIU's view is that it was reasonable to expect that the Department had taken steps to ensure that all information and personnel are placed at the disposal of Khalvest during this study. It is therefore surprising that the Head of the Surgical Division at CHBH was not consulted. The probabilities suggest that Khalvest did not take reasonable steps in fulfilling their mandate. The first instance that Khalvest raised any issue in regards their constraints was at the final reporting stage. This then necessitated an extension of their scope and time allocation to complete the project with cost implications. It is the view of the SIU that had the Project been monitored the constraints would have been timeously noted and the necessary information and access to personnel would have been supplied thus ensuring the completion of the project within the specified time period.

The cost implication attached to the extension to the value of R127 110.00 amounts to fruitless and wasteful expenditure. The lack of a proper contract regulating the rights and obligations of the parties however makes it impossible to make a definitive finding in this regard.

6.9 The procurement of and contracting for goods and services relating to the supply, installation, commissioning and maintenance of ultra violet germicidal units

The SIU found that in 2007 the Department sought to install mobile UVGI units in ambulances and clinics. The tender was cancelled prior to the units being purchased due to objections raised about the processes followed.

In 2008 the Department revised its need and decided to acquire the UVGI units to be installed at 12 hospitals in Gauteng.

The BEC recommended that a closed tender process be followed as it was envisaged that the bidders responding to the call for the tender would be the same suppliers that responded to the 2007 tender process. This motivation was directed to the DAC who approved same.

The SIU is of the view that the use of the closed tender process was warranted as the product being sought was a specialised product which was only available from a limited number of suppliers.

The SIU was presented with cryptic, incomplete, handwritten BEC minutes. The BEC presented to the DAC that African Ultra Violet manufactured the UVGI and that African Ultra Violet have seven to eight years' experience. The minutes of the BEC meeting on which this motivation was based, does not support this submission. According to the minutes African Ultra Violet did not specifically indicate that they manufactured the UVGI units and their tender documents stipulated limited experience in the installation of the UVGI units, namely six weeks. The tender documents also did not contain a submission indicating that African Ultra Violet manufactured the UVGI units and during interviews with African Ultra Violet personnel, it was confirmed that African Ultra Violet never manufactured the UVGI units.

The tender documents contradict the eventual submission by the BEC to the DAC. The SIU could not find any indication that these contradictions were investigated or even detected by the BEC members. The indication is that the BEC members were negligent by failing to clarify these contradictions before presenting the matter to the DAC. This conduct exposed the Department to risk.

Serious concerns were raised by Mr Moonsammy, Chief Director, Procurement Business Unit, Gauteng Department of Finance, who refused to sign the recommendation to the DAC. He contended that the recommendation to the DAC to award the contract to AUV was at an unacceptably high premium compared to the price offered by Tecmed. He further advised that in his view the BEC did not take the preference price points into consideration which should have resulted in Tecmed being recommended. He was also of the view that the technical evaluation favoured Tecmed rather than African Ultra Violet.

Tecmed tendered for the same services at an amount of R23 562 629.60 compared to AUV who tendered at an amount of R57 177 783.00. The evidence points to the

fact that the grounds upon which the BEC and DAC relied for the award to AUV were incorrect. The BEC's failure to verify these representations amounts to an act of negligence.

The SIU found that, had the BEC properly considered Mr Moonsammy's concerns; the erroneous submissions by the BEC to the DAC would have been detected.

The SIU investigated the possibility that a misrepresentation was made during the presentation phase of the bid which was conducted by AUV. Due to the cryptic and incomplete nature of the handwritten minutes the evidence is inconclusive in regard to any fraud committed by African Ultra Violet during presentations to the BEC. The SIU found that handwritten notes are the only available record of the BEC meetings and that no electronic recordings of these meetings exist. This severely hampered the SIU's ability to make findings in respect of possible misrepresentations during the BEC meetings.

The UVGI units were installed at the 12 sites for which they had been commissioned and they were maintained for the guarantee period as envisaged in the contract.

The investigation has revealed that AUV has not complied with a requirement of the agreement in respect of the maintenance that had to be conducted after the two year guarantee period. The investigation has revealed that maintenance was only conducted until 2011, which would be to the end of the warranty period. No other maintenance has been undertaken since then. The units appear to be in need of urgent maintenance to ensure their proper functioning. The SIU informed the Department in writing to take steps to ensure that the Units are maintained.

The Department was not able to advise the SIU as to why the maintenance portion of the contract was not put into operation. It is however noted that the Department did not pay the maintenance portion of the tender price and therefore suffered no direct monetary loss in this respect.

Due to the disrepair of the UVGI units observed by the SIU investigating team and the failure to maintain these units the expenditure on the installation of these units to the amount of R34 075 388.88 could result in fruitless and wasteful expenditure should urgent steps not be taken.

6.10 The incurrence of unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure and expenditure not due, owing and payable in relations to payments made to consultants, suppliers and service providers mentioned in paragraphs numbered 1 to 9 to the Schedule of the Proclamation

as well as in respect of the services rendered to address the Auditor-General's qualified audit for the 2007/2008 financial year.

The investigation into the incurrence of unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure and expenditure not due, owing and payable in relation to payments made to consultants, suppliers and service providers mentioned in paragraphs numbered 1 to 9 to the Schedule of the Proclamation is dealt with in Sections 6.1 to 6.9 of this Report.

6.10.1 Asset Management

Since 2000 the Department, investigated and researched the possibility of an on-line asset management system. This investigation resulted in the appointment of PWC on a POC basis, which included the roll-out of an online asset management system (BAUD) at various hospitals. Subsequent to the appointment of PWC, a subsidiary of PWC, Combined Systems, was appointed on 10 October 2006 as "sole service provider" to complete the asset register reconciliation and clear all the differences between the BAS and BAUD systems for the 2005/2006 financial year

Combined Systems was again appointed on 29 January 2008 by the Department to conduct asset verification for the 2007/2008 financial year. Combined Systems was paid a total of R8 694 518.12 for the asset verification. The Department received a qualified audit from the AGSA for the 2007/2008 financial year in regard to fixed assets.

3P was appointed to conduct asset verification through the PMU. 3P appointed a company, Bosele Placements as a sub-contractor. The SIU was able to calculate that the Department paid an amount of R5 417 737.71 to Bosele Placement for asset management.

The SIU found that the required services did not form part of the objectives of the PMU and that the Department should have followed a competitive procurement process to appoint a relevant service provider, which did not occur. The appointment of 3P without following any procurement process did not comply with the provisions of section 217(1) of the Constitution of 1996. The total expenditure toward asset management amounting to R5 417 737.71 is considered to be irregular expenditure.

7 OUTCOMES

7.1 The contracting with a consultant to compile the 2007/2008 budget

The SIU is obliged in terms of section 4(1)(d) of the SIU Act to refer evidence indicating or pointing to the commission of an offence to the relevant prosecuting authority. During the course of the investigation the SIU obtained evidence pointing to the commission of the following offences:

7.1.1 *Alleged Corruption and Fraud*

The SIU found that alleged corrupt relationships existed between:

- Mr Hlongwa, the former MEC of the Department;
- Dr Rahman, the former Chief Operations Officer and at the time the Acting Head of Department;
- Mr Ramaano, former Chief Director, Supply Chain Management of the Department; and
- The directors of 3P.

The evidence obtained by the SIU revealed that corrupt relationships started during 2006 and continued until 2010.

The SIU also found that 3P employees submitted timesheets for the month of August 2006, claiming 277 hours each for the Compilation of the Budget. The SIU re-calculated the cost of the submitted time sheets based on the hourly tariff as submitted by 3P in their bid proposal. The SIU found that based on the 3P proposal, 3P over charged the Department to the value of R22 975.74 for the hours as claimed.

These matters were reported to the relevant Prosecuting Authority and are currently being dealt with by the South Gauteng Director of Public Prosecutions. The reference of the case docket investigated by the ACTT is Johannesburg CAS755/09/2011. The SIU is following up on the cases and will report on progress.

7.1.2 *Financial Misconduct*

The SIU found that Dr Rahman (the then Acting HOD of the Department and accounting officer) failed to report the irregular as well as the fruitless and wasteful expenditure that had been incurred by the payment to 3P in respect of the budget compilation in excess of the awarded amount, to the relevant Treasury and relevant tender board (see section 38 (1) (g) of the PFMA).

Dr Rahman also did not take effective and appropriate steps to prevent the irregular as well as fruitless and wasteful expenditure incurred in respect of the amount paid in excess of the awarded amount (see section 38 (1) (c) (ii) of the PFMA)

Dr Rahman also failed to ensure that full and proper financial records of the financial affairs of the Department (in this regard the relevant SCM documentation) were kept in accordance with the prescribed norms and standards (see section 40 (1) (a) of the PFMA).

Dr Rahman wilfully or in a grossly negligent way failed to comply with the provisions of sections 38 (1) (c) (ii), 38 (1) (g) and 40 (1) (a) of the PFMA, and therefore contravened section 86 (1) of the PFMA.

The conduct of Dr Rahman forms part of the referral made by the SIU to the Relevant Prosecuting Authority. The matter is currently under investigation by the ACTT with a reference of Johannesburg CAS755/09/2011.

7.1.3 Disciplinary referrals

Disciplinary referrals could not be made against the officials involved as the officials are no longer in the employ of the Public Service.

7.1.4 Civil recovery

3P was appointed during 2007 to manage the PMU of the Department. (Refer to Section 5.2 of this Report). In 2009, the contract with 3P was extended for a period of 3 years to May 2012. On 1 July 2009 the Department repudiated the contract as extended. This was initiated by Ms Qedani Mahlangu the newly appointed MEC for the Department.

The Department attempted to cancel the 3P contract during 2009, where after 3P approached the court to enforce the contract. On application by 3P to the South Gauteng High court, Lamont J granted a declaratory order to the effect that the Service Agreement between the parties had been duly renewed by agreement between the parties for a further period of three years.

The High Court also ordered the Department to implement the renewed Service Agreement.

The Department then obtained leave to appeal to the Supreme Court of Appeal of South Africa. A full bench of this court then confirmed the judgment of the South Gauteng High Court. The effect of this decision is that payment by the Department

to 3P in terms of this extended contract for services already rendered amounted to approximately R125 million was due.

Believing the contract was awarded through corruption, but unable to prove it, the Department refused to adhere to the order.

The SIU, NPA, SAPS and AFU co-operated and worked with the State Attorney to investigate the alleged corruption which was considered as a possible basis for an application to produce further evidence.

3P subsequently went into liquidation and attorneys Brooks and Brand, representing the liquidator, pursued the payment claim consisting of approximately R125 million, which to date has accumulated to approximately R300 million with costs and interest.

The SIU provided evidence to assist the State Attorney to submit claims on behalf of the Department in the 3P Liquidated Estate. The SIU provided the evidence of duplicate payments, payments made in relation to the compilation of the 2007/2008 Budget, payments made in relation to sub-contractors to 3P and the payments made in relation to the 5% administrative fee 3P was not entitled to, to the State Attorney. Evidence in respect of false time sheet claims by 3P was also submitted by the SIU to the State Attorney to prove claims against the 3P Liquidated Estate.

Relying on the evidence of corruption, the AFU obtained a preservation order whereby all rights accruing to 3P in terms of the Department contract were preserved pending final forfeiture to the State. The liquidator of the 3P Liquidated Estate and PWC, a creditor of 3P who delivered services to the Department, are opposing the forfeiture order. The matter is continuing.

Apart from the claim 3P had against the Department in regard to the approximate R125 million in respect of which a forfeiture order had been obtained, there are no further assets in the 3P Liquidated Estate. The liquidation proceedings are on-going.

The SIU will continue to assist the AFU in the proceedings in which the forfeiture order in respect of the accrued rights to 3P is in dispute and report on progress.

A further preservation order was obtained against the fixed property owned by the former MEC of the Department, Mr Hlongwa. Part of the evidence obtained in the course of the SIU investigation served to prove that the said property is the proceeds of corrupt activities. The final forfeiture order against this property is currently opposed.

7.2 The contracting with consultants for the establishment of a Project Management Unit

The SIU is obliged in terms of section 4(1)(d) of the SIU Act to refer evidence indicating or pointing to the commission of an offence to the relevant prosecuting authority. During the course of the investigation the SIU obtained evidence pointing to the commission of the following offences:

7.2.1 Criminal referrals

The SIU was able to obtain evidence of corrupt relationships between:

- the Directors of 3P;
- the former MEC of the Department, Mr Hlongwa;
- the Directors of Baoki;
- the former Chief Director SCM of the Department, Mr Ramaano;
- the former Director Executive Support Program Manager of the Department, Dr Mookeletsii;
- the former Chief of Operations of the Department, Dr Rahman; and
- the former Director of ICT, Ms Mosupi.

The evidence of the alleged corruption was referred to the relevant prosecuting authority in terms of the SIU Act. The matters are currently under investigation by the SAPS.

The matters were also referred to the AFU by the SIU. The gratifications were to advance the business interests of 3P. In the context of the corrupt relationship between 3P, Baoki, the Department officials and the former MEC, Mr Hlongwa, the payments are seen to have had the effect of further inducing and sustaining the preferential treatment and unlawful conduct by officials of the Department and the former MEC, Mr Hlongwa. Their objectivity was accordingly tainted by the preceding and ongoing corruption.

The award of the establishment of the PMU by the Department to 3P is found to be tainted by the alleged corruption which affected the fairness, transparency and competitiveness of the appointment process. It also affected the cost-effectiveness. The extensions and escalation of costs allowed to 3P are clear indications of the ineffective cost control in respect of this project.

The SIU obtained evidence pointing to the commission of fraud by 3P in that:

- 3P double invoiced the Department for services rendered, which led to a loss of R10 813 504.37;
- 3P irregularly added a 5% administrative fee to which they were not entitled in respect of the sub-contractors' invoices and the Department, which led to a loss of R16 033 337.72;
- The Department suffered a loss of R25 965 620.73 due to fraud committed by 3P and its staff in claiming hours worked on timesheets, which were not due and payable by the Department;
- The Department irregularly expended R23 894 974.48 on secondments to the Department following an irregular process;
- 3P claimed that work had been conducted by their sub-contractors, which were not the case or not due and payable by the Department. The Department paid an amount of R177 968 611.94 to sub-contractors which were irregularly appointed.

All matters have been referred to the relevant Prosecuting Authority to take further action on possible charges related to the:

- Former MEC of the Department, Mr Hlongwa, in respect of evidence indicating to a contravention of the provisions of the Prevention and Combatting of Corrupt Activities Act, Act No.12 of 2004, fraud and theft;
- Former Deputy Director General: Executive Support Programme Management, Dr Mooketsi, in respect of evidence indicating a contravention of the provisions of The Prevention and Combatting of Corrupt Activities Act, Act No.12 of 2004, fraud and theft;
- Former Chief Director: ICT, Ms Mosupi, in respect of evidence indicating a contravention of the provisions of The Prevention and Combatting of Corrupt Activities Act, Act No.12 of 2004, fraud and theft;
- Former Chief Director: Supply Chain Management, Department, Mr Ramaano, in respect of evidence indicating a contravention of the provisions of The Prevention and Combatting of Corrupt Activities Act, Act No.12 of 2004, fraud and theft; and
- Former Chief Operations Officer and Special Advisor to the former MEC and former HOD, Department, Dr Rahman, in respect of evidence indicating a contravention of the provisions of The Prevention and Combatting of Corrupt Activities Act, Act No.12 of 2004, fraud and theft.

These matters were reported to the relevant Prosecuting Authority and are currently being dealt with by the South Gauteng Director of Public Prosecutions. The

reference of the case docket investigated by the ACTT is Johannesburg CAS755/09/2011. The SIU will follow up on these matters and report on progress.

7.2.2 Financial Misconduct

The SIU found that the former Head of Department as Chairperson of the DAC, Ms Ngcobo, failed to ensure that proper planning occurred, that a budget was available and that approval for the expenditure in terms of that budget was obtained. The SIU also found that the former Head of Department, Ms Ngcobo, failed to ensure that a procurement system which is fair, equitable, transparent, competitive and cost-effective was used in the appointment of the consultant. The former Head of Department's conduct was in contravention of the provisions of section 86(1) of the PFMA in that she failed to comply with the provisions of section 38(1)(a)(i), 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii) and 39(1)(b) of the PFMA.

These matters were reported to the relevant Prosecuting Authority and are currently being dealt with by the South Gauteng Director of Public Prosecutions. The reference of the case docket investigated by the ACTT is Johannesburg CAS755/09/2011.

7.2.3 Disciplinary referrals

- Mr Ramaano, former Director: SCM of the Department

The SIU recommended disciplinary action against Mr Ramaano. As a result of the disciplinary process that followed the SIU recommendation, Mr Ramaano was dismissed from the service of the Department on 15 February 2013.

- Mr Ramogale, former Director Finance: ESPM of the Department

The SIU recommended disciplinary action against Mr Ramogale. As a result of the disciplinary process that followed the SIU recommendation, Mr Ramogale was dismissed from the service of the Department on 3 December 2012.

- Mr Kedama, former Director: Special Projects of the Department

The SIU recommended disciplinary action against Mr Kedama. As a result of the disciplinary process that followed the SIU recommendation, Mr Kedama was dismissed from the service of the Department on 4 December 2012.

- Ms Ngcobo, the former HOD of the Department

Ms Ngcobo is no longer employed by the Public Service and no disciplinary referral can be made.

- Ms Mosupi, former Chief Director: ICT of the Department

Ms Mosupi is no longer employed by the Public Service and no disciplinary referral can be made.

- Dr Mooketsi, former Director: ESPM of the Department

Dr Mooketsi is no longer employed by the Public Service and no disciplinary referral can be made.

- Dr Rahman, former COO of the Department

Dr Rahman is no longer employed by the Public Service and no disciplinary referral can be made.

- Mr Hlongwa, former MEC for Health.

Mr Hlongwa was appointed as the former MEC of the Department in the Gauteng Provincial Government and is currently the chief whip of the African National Congress in the Gauteng Provincial Legislature.

The Public Service Act, Proclamation No.103 of 1994, provides for the organisation and administration of the Public Service of the Republic. It regulates the conditions of employment, terms of office, discipline, retirement and discharge of members of the Public Service.

The Public Service Act is not applicable to Provincial Legislatures or members of such Legislatures, as reference to its members or Provincial Legislatures are not contained in any definition of employee or department as applicable to the Public Service Act.

Disciplinary action for misconduct can therefore not be instituted against Mr Hlongwa.

Mr Hlongwa is currently a member of the Gauteng Legislature. Mr Hlongwa failed to declare benefits to the Gauteng Legislature, as required by the Code of Ethics applicable to him in terms of the Executive Members Ethics Act, Act 82 of 1998. According to the AFU the Office of the Integrity Commissioner of the Gauteng Legislature requested copies of papers filed in the AFU related matter against Mr Hlongwa in respect of the preservation order applicable to his house. The preservation order is discussed in detail in Section 7.2.4. of this Report.

The SIU already provided the relevant evidence obtained to the AFU who, in turn, provided it to the Integrity Commissioner to take further action. The SIU have been informed that the Integrity Committee is awaiting the outcome of the criminal matter

as well as the outcome of the AFU preservation order which is currently being opposed, before taking further action. The SIU will provide feedback on the progress of the disciplinary matter against Mr Hlongwa.

7.2.4 Civil litigation

In 2009, the services agreement which was concluded on 2 July 2007 between the Department and 3P was extended for a period of three years to May 2012. On 1 July 2009 the Department repudiated the services agreement as extended. This was initiated by Ms Qedani Mahlangu the newly appointed MEC for the Department.

The Department attempted to cancel the 3P contract during 2009, where after 3P approached the court to enforce the contract. On application by 3P to the South Gauteng High court, Lamont J granted a declaratory order to the effect that the Service Agreement between the parties had been duly renewed by agreement between the parties for a further period of three years.

The High Court also ordered the Department to implement the renewed Service Agreement. The Department then obtained leave to appeal to the Supreme Court of Appeal of South Africa. A full bench of this court then confirmed the judgment of the South Gauteng High Court. The effect of this decision is that payment by the Department to 3P in terms of this extended contract for services already rendered amounted to approximately R125 million was due.

Believing the contract was awarded through corruption, but unable to prove it, the Department refused to adhere to the order.

The SIU, NPA, SAPS and AFU co-operated and worked with the State Attorney to investigate the alleged corruption which was considered as a possible basis for an application to produce further evidence.

3P subsequently went into liquidation and attorneys Brooks and Brand, representing the liquidator, pursued the payment claim consisting of approximately R125 million, which to date has accumulated to approximately R300 million with costs and interest.

The SIU provided evidence to assist the State Attorney to submit claims on behalf of the Department in the 3P Liquidated Estate. The SIU provided the evidence of duplicate payments, payments made in relation to the sub-contractors to 3P and the payments made in relation to the 5% administrative fee 3P was not entitled to, to the State Attorney. Evidence in respect of false time sheet claims by 3P was also submitted by the SIU to the State Attorney to prove claims against the 3P Liquidated Estate.

Relying on the evidence of corruption, the AFU obtained a preservation order whereby all rights accruing to 3P in terms of the Department contract were preserved pending final forfeiture to the State. The liquidator of the 3P Liquidated Estate and PriceWaterhouseCoopers, a creditor of 3P who delivered services to the Department, are opposing the forfeiture order. The matter is continuing.

Apart from the claim 3P had against the Department in regard to the approximate R125 million in respect of which a forfeiture order had been obtained, there are no further assets in the 3P Liquidated Estate. The liquidation proceedings are on-going.

The SIU will continue to assist the AFU in the proceedings in which the forfeiture order in respect of the accrued rights to 3P is in dispute.

A further preservation order was obtained against the fixed property owned by the former MEC of the Department, Mr Hlongwa. Part of the evidence obtained in the course of the SIU investigation served to prove that the said property is the proceeds of corrupt activities. The final forfeiture order against this property is currently opposed.

The SIU will continue to assist the AFU in the proceedings in which the preservation order in respect of the fixed property owned by the former MEC of the Department, Mr Hlongwa is in dispute and will report on progress.

7.3 The contracting with service providers or conference administrators for the Gauteng AIDS Conference

7.3.1 Criminal referral – Umvini Events

The obtained evidence indicates that a misrepresentation was made by Umvini in respect of a reference that was supplied to the Department for purposes of the award of the tender for the services of a conference administrator.

In terms of section 4 (1) (d) of the SIU Act, the SIU is required to refer evidence regarding or which points to the commission of an offence to the relevant prosecuting authority.

Consequently, this matter was referred to the relevant prosecuting authority (Johannesburg Central CAS 755/9/2011).

7.3.2 Financial misconduct

The obtained evidence indicates that Ms Ngcobo, the former Head of Department failed to report the irregular expenditure as well as the fruitless and wasteful expenditure (of which she was aware) that had been occasioned by the payment to 3P in respect of the appointment of a conference administrator for the Gauteng

AIDS conference, to the relevant treasury and relevant tender board (see section 38 (1) (g) of the PFMA).

The obtained evidence also indicates that Ms Ngcobo did not take effective and appropriate steps to prevent irregular and fruitless and wasteful expenditure from being incurred in respect of the award and payment for the conference administrator services to 3P (see section 38 (1) (c) (ii) of the PFMA).

The above mentioned obtained evidence indicates that Ms Ngcobo therefore committed two acts of financial misconduct in that she wilfully or negligently failed to comply with the requirements of sections 38 (1) (c) (ii) and 38 (1) (g) of the PFMA (see section 81 (1) (a) of the PFMA).

The obtained evidence indicates that Ms Ngcobo also failed to ensure that full and proper financial records of the financial affairs of the Department (in this regard, relevant SCM documentation) were kept in accordance with the prescribed norms and standards (see section 40 (1) (a) of the PFMA).

The obtained evidence indicates that Ms Ngcobo wilfully, or in a grossly negligent way failed to comply with the provisions of sections 38 (1) (c) (ii), 38 (1) (g) and 40 (1) (a) of the PFMA, and therefore contravened section 86 (1) of the PFMA.

In terms of section 4 (1) (d) of the SIU Act, the SIU is required to refer evidence regarding or which points to the commission of an offence (a contravention of section 86 (1) of the PFMA) to the relevant prosecuting authority.

Consequently, this matter was referred to the relevant prosecuting authority (Johannesburg Central CAS 755/9/2011).

7.3.3 Fraud

The obtained evidence indicates that Mr Ramaano misrepresented to the Department that he had followed the required procurement process in respect of the award of the conference administrator services contract to 3P. In this regard, he held out that he would obtain DAC approval of the quote supplied by Umvini in respect of the conference administrator services, which he never did.

In terms of section 4 (1) (d) of the SIU Act, the SIU is required to refer evidence regarding or which points to the commission of an offence to the relevant prosecuting authority.

Consequently, this matter was referred to the relevant prosecuting authority (Johannesburg Central CAS 755/9/2011).

7.3.4 Disciplinary referrals

- Ms Ngcobo, former Head of the Department

The obtained evidence indicates that Ms Ngcobo committed three acts of misconduct. However, Ms Ngcobo has left the employ of the Department, and therefore the institution of disciplinary action by the Department against Ms Ngcobo in this regard, is not possible.

- Mr Ramaano, former Director: SCM of the Department

The obtained evidence indicates that Ramaano committed five acts of financial misconduct. The SIU recommended disciplinary action against Mr Ramaano. As a result of the disciplinary process that followed the SIU recommendation, Mr Ramaano was dismissed from the service of the Department on 15 February 2013.

7.4 The contracting for goods and services relating to the provisioning of an information system and electronic health records system

7.4.1 Criminal referral

The SIU was able to obtain evidence which pointed to a commission of a criminal offence/s committed between the then MEC of the Department, Mr Hlongwa, the Directors of 3P, the Directors of Baoki, sub-contractors to Baoki, the Chief Director of ICT of the Department, Ms Mosupi, Chief Director SCM of the Department, Mr Ramaano and Director ESPM of the Department, Dr Mooketsi.

All matters have been referred to the relevant Prosecuting Authority to take further action on possible charges related to the:

- Former MEC of the Department, Mr Hlongwa, in respect of evidence indicating to a contravention of the provisions of the Prevention and Combatting of Corrupt Activities Act, Act No.12 of 2004, fraud and theft;
- Former Deputy Director General: Executive Support Programme Management, Dr Mooketsi, in respect of evidence indicating a contravention of the provisions of The Prevention and Combatting of Corrupt Activities Act, Act No.12 of 2004, fraud and theft; and
- Former Chief Director: ICT, Ms Mosupi, in respect of evidence indicating a contravention of the provisions of The Prevention and Combatting of Corrupt Activities Act, Act No.12 of 2004, fraud and theft.

The evidence uncovered was referred to the relevant prosecuting authority in terms of the SIU Act. The matter is currently under investigation by the ACTT reference number 42/2012. The matter was also referred to the AFU by the SIU.

The SIU also uncovered evidence indicating that the former Head of Department, Ms Ngcobo failed to:

- ensure the proper administration of the entire contract from the planning of the services to the execution of the services (see section 38(1)(a)(i) of the PFMA);
- ensure that the resources of the Department were used in an effective, efficient, economical and transparent manner (see section 38(1)(b) of the PFMA);
- ensure that effective and appropriate steps were taken to prevent irregular and fruitless and wasteful expenditure from being incurred in respect of the award and payment for the services to Baoki (see section 38 (1) (c) (ii) of the PFMA);
- comply and ensure compliance by the Department, with the provisions of the PFMA (see section 38(1)(n) of the PFMA); and
- the Department were committed to a liability for which money has not been appropriated (see section 38(2) of the PFMA).

The above mentioned obtained evidence indicates that Ms Ngcobo therefore committed five acts of financial misconduct in that she wilfully or negligently failed to comply with the requirements of sections 38 (1) (a)(i), 38(1)(b), 38(1)(c)(ii), 38 (1)(n) and 38 (2) of the PFMA (see section 81 (1) (a) of the PFMA).

The obtained evidence indicates that Ms Ngcobo also failed to ensure that full and proper financial records of the financial affairs of the Department (in this regard, relevant SCM documentation) were kept in accordance with the prescribed norms and standards (see section 40 (1) (a) of the PFMA).

The obtained evidence indicates that Ms Ngcobo wilfully, or in a grossly negligent way failed to comply with the provisions of sections 38 (1) (a)(i), 38(1)(b), 38(1)(c)(ii), 38 (1)(n) and 38 (2) of the PFMA, and therefore contravened section 86 (1) of the PFMA.

In terms of section 4 (1) (d) of the SIU Act, the SIU is required to refer evidence regarding or which points to the commission of an offence (a contravention of section 86 (1) of the PFMA) to the relevant prosecuting authority.

Consequently, this matter was referred to the relevant prosecuting authority.

7.4.2 Disciplinary referrals

- Ms Ngcobo, the former HOD of the Department

Ms Ngcobo is no longer employed by the Public Service and no disciplinary referral can be made.

- Ms Mosupi, the former Chief Director: ICT of the Department

Ms Mosupi is no longer employed by the Public Service and no disciplinary referral can be made.

- Dr Mooketsi, the former Director ESPM of the Department

Dr Mooketsi is no longer employed by the Public Service and no disciplinary referral can be made.

- Mr Ramaano, former Director: SCM of the Department

Mr Ramaano is no longer employed by the Public Service and no disciplinary referral can be made.

- Mr Hlongwa, previously MEC for Health in the Gauteng Provincial Government and currently chief whip of the African National Congress in the Gauteng Provincial Legislature

Mr Hlongwa was appointed as the former MEC of the Department in the Gauteng Provincial Government and is currently the chief whip of the African National Congress in the Gauteng Provincial Legislature.

The Public Service Act, Proclamation No.103 of 1994, provides for the organisation and administration of the Public Service of the Republic. It regulates the conditions of employment, terms of office, discipline, retirement and discharge of members of the Public Service. The Public Service Act is not applicable to Provincial Legislatures or members of such Legislatures, as reference to its members or Provincial Legislatures are not contained in any definition of employee or department as applicable to the Public Service Act.

Disciplinary action for misconduct can therefore not be instituted against Mr Hlongwa.

Mr Hlongwa is currently a member of the Gauteng Legislature. Mr Hlongwa failed to declare benefits to the Gauteng Legislature, as required by the Code of Ethics applicable to him in terms of the Executive Members Ethics Act, Act 82 of 1998. According to the AFU the Office of the Integrity Commissioner of the Gauteng Legislature requested copies of papers filed in the AFU related matter against Mr

Hlongwa in respect of the preservation order applicable to his house. The preservation order is discussed in detail in Section 7.2.4. of this Report.

- The SIU already provided the relevant evidence obtained to the AFU who, in turn, provided it to the Integrity Commissioner to take further action. The SIU have been informed that the Integrity Committee is awaiting the outcome of the criminal matter as well as the outcome of the AFU preservation order which is currently being opposed, before taking further action. The SIU will provide feedback on the progress of the disciplinary matter against Mr Hlongwa. Ms Bailey, the Secretariat appointed by the GSSC

The conduct of Ms Bailey constitutes a misrepresentation of the bids presented by Baoki and IntersystemsBV. When requested for an explanation, Ms Bailey could not provide an explanation. The SIU concludes that Ms Bailey's actions tainted the adjudication process. It is the considered view of the SIU that the amendment of the pricing of the bids was a significant aspect that should have been brought to the attention of the Adjudicating committee at the very least.

The SIU recommended disciplinary action to be taken against Ms Bailey.

The matter was already referred to the relevant prosecuting authority to consider the instituting of criminal proceedings against Ms Bailey.

The remainder of the members of the BEC and the DAC either left the services of the Department and the GSSC or were non-scoring members. No referral for disciplinary action will be made.

7.4.3 Civil litigation

The contract between Baoki and the Department was set up in such a manner that the Department had to pay Baoki set monthly fees, even if Baoki did not deliver any services. Baoki was paid a total of R470 million for the POC, the roll-out contract and the VSAT, with an outstanding claim of R800 million. The Baoki contract was cancelled by the Department during 2009.

Baoki instituted arbitration proceedings against the Department for payment of the R800 million. The State Attorney, appointed by the Department to defend the matter, raised a defence that the contract was concluded in contravention of section 86(1) and (3) of the PFMA.

The SIU and AFU uncovered evidence of corruption between the former MEC, officials of the Department, 3P and Baoki, which alleged corruption led to the award of the contract. The SIU also provided this evidence to assist the State Attorney in defending the claim on the basis of the corruption.

The AFU obtained a preservation order against Baoki's contractual rights to the value of R800 million, together with interest. A final forfeiture order was obtained. Together with interest, this amounted to a saving for the State of approximately R1,5 billion.

7.5 The evidence provided to the AFU has resulted in the AFU commencing with an investigation to recover the R470 807 868.73 paid to the service provider. The procurement of and contracting for goods and services relating to the implementation of local area networks for 134 facilities

7.5.1 Criminal referral

Allegations were made that members of Baraka/KSS could have influenced members of the Department to award the tender to Baraka/KSS. This matter was fully investigated by conducting life style audits on all relevant parties, obtaining bank statements and by conducting interviews. The investigation conducted by the SIU did not provide any evidence pointing towards a corrupt relationship that could have influenced the award.

The evidence uncovered does not support any referral of this matter to the relevant prosecuting authority.

7.5.2 Disciplinary referrals

The Departmental officials involved in this matter are no longer employed by the Public Service and no recommendation for disciplinary action to be taken, is made.

7.5.3 Civil litigation

7.6 Gobodo has reported on this matter to the Department during 2009. The contract has also been concluded and delivery had occurred. It is our view, that due to the effluxion of time the probabilities of any recovery with a just and equitable order would appear remote. The procurement of and contracting for the supply of Krone Cabling Infrastructure, CISCO Switching, Implementation, Project Management and Training

7.6.1 Criminal referral

Allegations were made that members of Baraka/Ubuntu could have influenced members of the Department to award the tender to Baraka/Ubuntu. This matter was fully investigated by conducting life style audits on all relevant parties, obtaining bank statements and by conducting interviews. The investigation conducted by the SIU did not provide any evidence pointing towards a corrupt relationship that could have influenced the award.

The evidence uncovered does not support any referral of this matter to the relevant prosecuting authority.

7.6.2 *Disciplinary referrals*

The Departmental officials involved in this matter are no longer employed by the Public Service and no recommendation for disciplinary action to be taken, is made.

7.6.3 *Civil litigation*

Gobodo has reported on this matter to the Department during 2009. The contract has also been concluded and delivery had occurred. It is our view, that due to the effluxion of time the probabilities of any recovery with a just and equitable order would appear remote.

7.7 The procurement of and contracting for database management goods and services

7.7.1 *Criminal referral*

Allegations were made that members of RDC could have influenced members of the Department to award the tender to RDC. This matter was fully investigated by conducting life style audits on all relevant parties, obtaining bank statements and by conducting interviews. The investigation conducted by the SIU did not provide any evidence pointing towards a corrupt relationship that could have influenced the award.

The evidence uncovered does not support any referral of this matter to the relevant prosecuting authority.

7.7.2 *Disciplinary referrals*

The Departmental officials involved in this matter are no longer employed by the Public Service and no recommendation for disciplinary action to be taken, is made.

7.7.3 *Civil litigation*

Gobodo has reported on this matter to the Department during 2009. The contract has also been concluded and delivery had occurred. It is our view, that due to the effluxion of time the probabilities of any recovery with a just and equitable order would appear remote.

7.8 The procurement of and contracting for goods and services relating to the evaluation of the Transformation Project at the surgical division of the Chris Hani Baragwanath Hospital

7.8.1 Criminal referral

Allegations were made that members of Khalvest could have influenced members of the Department to award the tender to Khalvest. This matter was fully investigated by conducting life style audits on all relevant parties, obtaining bank statements and by conducting interviews. The investigation conducted by the SIU did not provide any evidence pointing towards a corrupt relationship that could have influenced the award.

The evidence uncovered does not support any referral of this matter to the relevant prosecuting authority.

7.8.2 Disciplinary referrals

The Departmental officials involved in this matter are no longer employed by the Public service and no recommendation for disciplinary action to be taken, is made.

7.8.3 Civil litigation

Gobodo has reported on this matter to the Department during 2009. The contract has also been concluded and delivery had occurred. It is our view, that due to the effluxion of time the probabilities of any recovery with a just and equitable order would appear remote.

7.9 The procurement of and contracting for goods and services relating to the supply, installation, commissioning and maintenance of ultra violet germicidal units

7.9.1 Criminal referral

A misunderstanding could have occurred in respect of AUV's experience as it is not clear from the cryptic, handwritten minutes of the BEC meeting on 24 April 2008 whether the presenter of the AUV submissions referred to his own experience or that of AUV. The SIU furthermore could not find evidence indicating that the misrepresentations from the BEC to the DAC occurred with fraudulent intent.

Allegations were made that members of AUV could have influenced members of the Department to award the tender to AUV. This matter was fully investigated by conducting life style audits on all relevant parties, obtaining bank statements and by conducting interviews. The investigation conducted by the SIU did not provide any evidence pointing towards a corrupt relationship that could have influenced the

award. The evidence uncovered does not support any referral of these matters to the relevant prosecuting authority.

7.9.2 Disciplinary referrals

Notwithstanding the source of the representations relating to the suppliers "claims" of manufacturing the product or their experience, the BEC's failure to verify the claims upon which they based their recommendations amounts to an act of negligence.

The members of the BEC were disciplined by the GSSC and Department prior to the SIU investigation and no further action is recommended.

7.10 The incurrence of unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure and expenditure not due, owing and payable in relations to payments made to consultants, suppliers and service providers mentioned in paragraphs numbered 1 to 9 to the Schedule of the Proclamation as well as in respect of the services rendered to address the Auditor-General's qualified audit for the 2007/2008 financial year

The incurrence of unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure and expenditure not due, owing and payable in relations to payments made to consultants, suppliers and service providers mentioned in paragraphs numbered 1 to 9 to the Schedule of the Proclamation are dealt with under Section 7.1 to 7.9 above.

7.10.1 Criminal referral

The SIU found that the required services procured by the Department in relation to addressing the Auditor-General's qualified audit of 2007/2008, did not form part of the objectives of the PMU. The Department should have followed a competitive procurement process to appoint a relevant service provider, which did not occur. The appointment of 3P without following any procurement process did not comply with the provisions of section 217(1) of the Constitution of 1996. The total expenditure toward asset management amounting to R5 417 737.71 is considered to be irregular expenditure.

Possible corruption in terms of the Prevention and Combating of Corrupt Activities Act, Act No. 12 of 2004 was reported to the relevant Prosecuting Authority and is currently being dealt with by the South Gauteng Director of Public Prosecutions. The reference of the case docket investigated by the ACTT is Johannesburg CAS755/09/2011.

8 SYSTEMIC RECOMMENDATIONS

The SIU investigation has revealed several shortcomings in the Department's processes. Although many of these issues are already provided for in current legislation and policies, it is clear that the prescripts have not been followed. The SIU has endeavoured to provide a list of these shortcomings which is set out below. It is recommended that the HOD of the Department should ensure:

- **Compliance with the PFMA:**

- compliance with the provision of section 38(1)(g) of the PFMA and immediately report the irregular expenditure as well as the fruitless and wasteful expenditure that had been identified in this Report, to the relevant Treasury;
- compliance with the provisions of section 40(1)(a) of the PFMA, which states that the accounting officer of a department must ensure that full and proper records of the financial affairs of a department are kept in accordance with prescribed norms and standards. In the current matter relevant documents could not be provided which placed the SIU in the invidious position of not being able to make definitive findings; and
- that the HOD of the Department should ensure full compliance with the PFMA and prescripts applicable to the appointment of Consultants.

- **Adjudication committees:**

- that the BEC and the DAC meetings are electronically recorded and that these recordings are properly stored for future reference purposes. No electronic recordings could be provided to the SIU;
- that the submissions contained in the tender documents be verified before the BEC submit proposals to the DAC. It should furthermore be ensured that any submissions made during presentations to the BEC, be compared with those submissions contained in the initial tender documents and discrepancies addressed. It is recommended that this aspect be incorporated in the current policy document on SCM;
- that the members of the BEC and DAC compose of different members;
- that any electronic system used to assist with the scoring of the bids reflects the true scores and does not allocate points different from the actual scoring;

- that any conditional approval by the DAC be referred back to the DAC, for the DAC to consider and determine whether the conditions had been met before any award is made;
 - that the BEC as well as the DAC, in future bid evaluations, consider and determine whether VAT is included in the amounts presented. Verification must take place before a bid is considered;
 - that the DAC, when a deviation from the required tender process occurred, record the reasons for such deviation, and not only recommend the reporting of the deviation to National Treasury and the AGSA. The HOD should further ensure that when an instruction of the DAC is given in respect of the reporting of a deviation to the National Treasury and the AGSA, this instruction is complied with; and
 - that when DAC members are appointed the DAC replacement has the same powers of the absent member he/she replaced.
- General Conditions of Contract:
 - that the General Conditions of Contract are met and that contracts are properly entered into;
 - that the contracts entered into are approved by the Departments Legal Department;
 - when a tender is awarded to a consortium, it must be ensured that the agreement entered into by the Department includes all consortium members as reflected in the bid; and
 - that service deliverables be monitored and compared with the provisions of the contract entered into and the Department should insist on specific delivery in terms of that contract.
- Stock control:
 - that a proper record is implemented reflecting delivery of goods and services;
- Budgetary control and payment for services:
 - that expenditure remains within the approved budget and that all expenditure is linked to the awarded amount. Any payments over and above the awarded amount should immediately be investigated to prevent fruitless and wasteful expenditure. Any payment above the initially agreed

amount should only occur after the DAC has granted a deviation order or approved an extension of scope for the further expenditure; and

- that payments are limited to only those services actually rendered to the Department;

- **Staffing:**

- that should the Department require the secondment of personnel, key positions such as the CFO not be allocated to a secondee employed by a consultant with an interest in the financial management of the Department;
- that where secondments occurred, the seconded personnel be excluded from any decision making process involving the firm from where the secondee was seconded;
- that consultants are used for consultation purposes only and not for implementation as occurred in the current matter; and
- that consultants are not used to appoint service providers to circumvent the prescripts applicable to procurement by the Department.

- **SCM policies and procedure:**

- that the SCM policies must be followed to the letter. Any deviation from this policy must be followed by a detailed motivation and authorised by the relevant authority; and
- the motivation for deviations must be tested and supported to ensure that the underlying reasons for the deviations are valid.

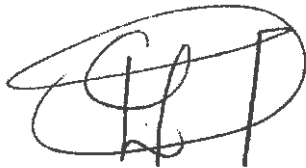
- **Compliance with the SITA Act and Regulations:**

- that the provisions of section 7 of the SITA Act, in terms of which it is compulsory to procure specific information technology goods or services through the SITA, be complied with;
- when procuring directly from a service provider in terms of a framing term contract as provided for in Regulation 10 of the SITA Regulations the Department should ensure a fair process by limiting the invitations to the suppliers listed in a specific relevant framing term contract; and
- when the goods or services that are required by the Department is dealt with in more than one framing term contract as provided for in Regulation 10 of the SITA Regulations the Department should ensure separate procurement processes.

9 CONCLUSION


The SIU's investigation in terms of Proclamation R21 of 2010 is accordingly concluded.

Recommended by:



Leonard Lekgetho
Projects Director

Approved by:



Adv JL Mothibi
Head: Special Investigating Unit

Date: 29 MARCH 2017

Annexure A

Section 5(2)(a)'s server				
No	To whom		Designation	Requesting
1	Mr	Adams	Sales Manager (Intersystem BV).	Clarifications responses by intersystem BV provided to the BEC and the regret letter provided by the Department to Intersystem BV.
2	Mr	Alie	FNB Branch Channel	3P Sub contractors-identify whether the individuals listed have linked accounts, identify at which branch these accounts are held
3	Mr	Barac	PricewaterhouseCoopers Advisory Services (Pty) Ltd	Documents pertaining to services rendered to the Department and 3P Consulting (Pty) Ltd from 1 Jan 2006 to 14 May 2010
4	Mr	Beckenstrater	PWC	Sivukile Investments share certificates, annual financial statements and bank statements
5	Mr	Beckenstrater	PricewaterhouseCoopers Inc	Letters of appointment of Directors to Sivukile Investment (Pty) Ltd registration number 1996/003121/07
6	Mr	Beer	ADT	3P Sub contractors- Security services provided by ADT
7	Ms	Govender	Administrator-Nedbank Group Forensic Services	Identification of DR Maduna's account details
8	Dr	Chetty	Former HOD of the Department	All documents relating to the tenders under investigation
9	Dr	Chetty	Former HOD of the Department	Documentation for African Ultra Violet and Khaivest
10	Ms	Christodoulou	Legal Adviser (Vodacom Business).	The service level agreement between Vodacom and The Life Channel Communication and invoices Vodacom billed Life Channel as well as reconciliation of all payments made to Vodacom in respect of the VSAT project.
11	Mr	Coetzee	DLA Cliffe Dekker Hofmeyr	Service Legal Agreements and contracts compiled between the Department and 3P Consulting (PTY) Ltd
12	Mr	Davis	Pam Holding Estate Agency-Gauteng Regional Head Office	Pam Holding Estate Agency to produce documents pertaining to property purchased by Brian Hlongwa and Joeline Crystal Davids Hlongwa
13	Mr	De Beer	ADT	3P Sub contractors- Security services provided by ADT

Annexure A

Section 5(2)(a)'s served				
No	To whom		Designation	Requesting
14	Mr	De Lange	ABSA Retail Banking Services	3P Bank Statement from Sub contractors
15	Mr	Deokaran	Gauteng Department of Health and Social Development	Travel details including S & T claims, dates and details of all authorised international departmental trips for 3P Sub contractors
16	Ms	Fredericks	Nedbank Group Services	Documents of all transactions relating to Gubevu Trust account, registration number IT/67/97, Account number 1468092332
17	Ms	Fredericks	Nedbank Group Services	Bank details of Dr Maduna, ID number 6307165679089
18	Ms	Govender	Administrator-Court Order and Subpoenas-Nedbank Group Forensic Services	Identification of Mr Ramogale account number and account holder details TO and FROM which transactions were made.
19	Ms	Govender	Administrator-Nedbank Group Forensic Services	Identification of Dr Maduna account details
20	Ms	Gumede	Former employee of 3P	Information pertaining to the relationship between 3P Consulting (Pty) Ltd and The Gauteng Department of Health
21	Mr	Gwala	Director, Khalvest	Copies of Director's qualifications, SLA, invoices submitted to the Department, Bank statements, VAT/Tax Clearance Certificate and BEE certificate.
22	Mr	Hanekom	Senior Manager, GSSC	Original Batch Payment Documents relating to payments made to 3P
23	Mr	Hanekom	Senior Manager, GSSC	Original BAS documents for all tenders under investigation
24	Ms	Khumalo	Cosmo Primary School	Attendance Register. List of learners participated in the volleyball event at Pocock's. Copies of indemnity forms. Transport Vouchers
25	Ms	Killian	Standard Bank SA	Bank statements, identify the account TO which the payments/transfer were made marked
26	Ms	Killian	Standard Bank SA	Bank Statements of M Pillay, account number 000372501
27	Ms	Killian	Standard Bank SA	Bank statements, identify the account TO which the payments/transfer were made marked Woolworths. (M Pillay)
28	Mr	Krige	Master of the High Court	Trust account documents

Annexure A

Section 5(2)(a)'s served				
No	To whom		Designation	Requesting
29	Mr	Ladendorf	Gauteng Auditor General	Any documents or reports received regarding Baoki Consortium while doing the performance audit at the Department
30	Ms	Kee	Administrator, FNB	Bank records relating to 3P
31	Ms	Makopo	Administrator, FNB	Bank records relating to 3P
32	Mr	Marokoane	Chief Director, GDoH	Deviation Letter, SITA contracts Licensing Fee, SLA, Letter of Tender Award, Purchase order, DAC approval letter and Tender Extension Approval.
33	Mr	Masipa	Standard Bank	Bank statements of 3P Sub contractors
34	Ms	Masondo	Former 3P employee	Details surrounding employment with 3P
35	Ms	Matsibatiela	Cosmo Primary School	Attendance Register. List of learners participated in the volleyball event at Pocock's. Copies of Indemnity forms. Transport Vouchers
36	Ms	Mentz	CIPC	Request for Company registration documents and directorship certificate
37	Ms	Mentz	Department of Trade and Industry-Companies and Intellectual Property Registration Office	Company Registration Documents, Directorship Certificates
38	Ms	Mentz	Department of Trade and Industry-Companies and Intellectual Property Registration Office	Company registration documentation for the Greater Nelspruit Utility Company and the Growth Foundation
39	Mr	Monyemangene	Gauteng Department of Health	Copies of legal documentation submitted by 3P Consulting. Service level agreements between the Department and 3P Consulting
40	Ms	More	Chris Hani Baragwaneth Hospital	Documents in preparation of the 2007/2008 budget
41	LT Col	Motihake	Department of Defence	Copies of Lieutenant Colonel Maduna, force number 69001220MC
42	Mr	Msimango	Gauteng Department of Health	Copies of personnel file of Ndlovuho V Mawela (married name Ramaano)
43	Ms	Murray	Gauteng Department of Health	Copies of leave request forms of Brian Hlongwa and Dr Abdul Rahman
44	Ms	Murray	Gauteng Department of Health	Copies of leave request forms of Ms Mosupi
45	Ms	Nomsuka	Sabrics	Banking details for Baoki Consortium members

Annexure A

Section 5(2)(a)'s served				
No	To whom		Designation	Requesting
46	Mr	Norton	Provincial Manager (SITA).	The submission the SITA submitted to the Department for the upgrade of MEDICOM.
47	Mr	Nyembe	CEO of Conscience (Pty) Ltd.	The number of VSAT that Conscience installed as part of the Vodacom agreement.
48	Mr	Pocock	Pococks Volleyball	Invoices submitted to 3P
49	Ms	Scott	PM Ideas (Pty) Ltd	Copy of the report where SWOT analysis was done, Maturity Product, copies of the Maturity Assessment interviews from DOC NO 20084656 and 20084685
50	Mr	Stockigt	CFO of Meditech (Pty) Ltd	Meditech bidding documents
51	Mr	Van Aardt	Managing Director, Sivukile Investments	Copies of Board Meeting Minutes for The Greater Nelspruit Utility Company. Copy of share allocations and share registers. Copies of agreements between The Greater Nelspruit Utility Company, Cascal and Semcorb Silulumanzi. Directors fees paid to Dr Maduna, correspondence, and payment agreements
52	Mr	Van Aardt	Sembcorp Silulumanzi	Minutes of board meetings which stipulates that Dr PH Maduna and Mr KR Loiwane attended meeting whilst the company was The Greater Nelspruit Company (PTY) Ltd
53	Col	Vermaak	Department of Defence	Copies of the advertised position and interview notes relating to Lieutenant Colonel Maduna's appointment at Defence, Force number 69001220MC
54	Mr	Vorster	Department of Home Affairs	3P Subcontractors copies of profiles of the individuals, spouse and children, movement control and travel details, passport and id photos
55	Mr	Voster	Department of Home Affairs	3P Sub contractors-Travel Records
56	Mr	Wentzel	Lead Consultant IntersystemsBV	All documents related to their bid
57	Dr	Xundu	Gauteng Health	Documents relating to the awarding of a tender to Baoki Consortium
58	Dr	Xundu	Gauteng Health	BEC minutes and evaluation/scoring documents by the committee.

Annexure A

Section 5(2)(a)'s served				
No	To whom		Designation	Requesting
59	Mr	Zwane	Director at Sivukile Investments	Copies of bank statements of Sivukile Investments. Copies of Board meeting minutes and certified audited financial statements of Sivukile Investments

Annexure B

Section 5(2)(b) Notices				
No	Requested from			Detail of request
1	Ms	Adams	First National Bank	Bank statements of Narsing Yogesh Pabhoo from 1 Jan 2006-14 May 2010
2	Ms	Kee	First National Bank	3P Bank Statements from Sub-contractors
3	Mr	Andrews	Standard Bank	Bank Statements of 3P Sub-contractors
4	Ms	Blom	Absa Corporate as a Relation Manager	Account details of PricewaterhouseCoopers combines systems (Pty) Ltd
5	Ms	Blom	Absa Corporate Bank	Bank Statements-KSS Technologies (Pty) Ltd & Baraka IT Solutions (Pty) Ltd
6	Ms	Brown	First National Bank	Bank statement of The Travelling People (Pty) Ltd Registration 2005/019044/07 from 1 Jan 2006-14 May 2010
7	Ms	Bush	First National Bank	Bank Statement of Lolwane Reatile Kingdom from 1 Jan 2006-14 May 2010
8	Mr	BVK Tobias (Nelspruit) Incorporated CA	BVK Tobias (Nelspruit) Incorporated CA	Register of shareholders for the said period together with the number of shares held by Dr Maduna in Gubevu Africa Development Consultants, annual Financial Statements and travel authorisation documentation
9	Mr	Chirwa	First National Bank	Bank Statements of Tyron Michelle Bridget from 1 Jan 2006-14 May 2010
10	Mr	Coetzee	Absa Small Business	Bank Statements-Baraka IT Solutions (Pty) Ltd
11	Mr	Cohen Hill Funk and Company	Cohen Hill Funk and Company	Register of shareholders for the said period together with the number of shares held by Dr Maduna in Vaspas Enterprises and annual Financial Statements.
12	Ms	Crous	First National Bank	Bank details of Fanual Meso
13	Brigadier General	Dabula	Thaba Tshwane	Copies of Dr Maduna's personnel file-force number: 69001220MC
14	Ms	De Lange	ABSA Retail Banking Service	3P Bank Statement from Sub-contractors
15	Ms	De Lange	Absa Bank	Bank Statements of Pocock's Beach Volleyball (Pty) Ltd
16	Ms	De wet	First National Bank	FNB bank details for the period of 1/01/2006 to 14/05/2010 in the name of Brits, Anna Elizabeth, ID 6605150045086. Account details 69092514952, 4901150013473000, 4000015446312
17	Mr	Deloitte and Touche CA (SA)	Deloitte and Touche CA (SA)	Register of shareholders for the said period together with the number of shares held by Dr Maduna in Gubevu CC and annual Financial Statements.
18	Mr	Eastwood	Nedbank Business Block I	Relational Database Consulting (Pty)Ltd
19	Ms	Fredericks	Nedbank Group Forensic Services	Bank details of Equiton Investments (Pty) Ltd Registration no 1998/15668/07. Account 184613200000001
20	Mr	GKN Audit Somerset West	GKN Audit Somerset West	Documents evidencing what Vaspas Enterprises (Pty) Ltd paid to Dr Maduna including all travel authorisation documentation.

Annexure B

Section 5(2)(b) Notices				
No	Requested from			Detail of request
21	Mr	Gokool	First National Bank	FNB bank details for the period of 1/01/2006-14/05/2010 held in the name of the following company Uliscape (Pty) Ltd Reg 2009/006332/07. Account number 62285769463
22	Ms	Govender	Court Orders an Subpoenas	Account Details of 3P Sub-contractors
23	Ms	Govender	Administrator-Nedbank Group Forensic Services	Dr Maduna's Nedbank Cheque Account- Details of bank transactions including details of accounts linking to these payments and or deposit
24	Mr	Hanekom	Gauteng Shared Service Centre	Original batch payment documents relating to transactions made by 3P Consulting, Baoki Consortium, Baraka IT Solutions (Pty) Ltd, Combined System (Pty) Ltd, Gijima Ast, Inyosi Consulting, Relational Database Consulting
25	Mr	Henning	Baoki Consortium	All invoices in relation to the service rendered to Baoki Consortium by the TLC Africa Private VSAT Network during such service level agreement
26	Mr	Khanyile	Absa Bank	Bank Statements-Ubuntu Technologies (Pty) Ltd
27	Ms	Killian	Standard Bank	3P Sub-contractors account name to which the electronics banking payments were effected to and names and identity numbers of persons to which these accounts belong
28	Ms	Killian	Standard Bank	Business Current Account of 3P Consulting (Pty) Ltd, account number 220398720
29	Mr	Krige	Master of High Court	Details of all known trust accounts of Mashudu Tshivhase ID 5408185604089 and Mr E Weidemann 3412115067089
30	Ms	Lowery	First National Bank	FNB Bank accounts for the period of 1/1/2006 to 14/05/2010 held in the following company Architectural Interior Finishes (Pty) Ltd Registration 2003/021316/07 Account 62061910470 (closed 2006/10/09)
31	Ms	Makopo	First National Bank	Bank Statements of Phathamanzi Water Treatment (Pty) Ltd Registration 2003/026657/07 from 1 Jan 2006-14 May 2010
32	Mr	Manson	Rand Merchant Bank	FNB bank details of Moonsamy Elizabeth-Ann. ID 7212030213080. Account number 62061580356 and 4043230009677000
33	Mr	Mashego	Momentum	Details of Gubevu Trust Account in relation to DR Maduna ID 5307165679089
34	Mr	Masipa	Standard Bank	Bank Statements of Sub-contractors
35	Ms	Masooa	Rand Merchant Bank	Bank details of Latar Entertainment Projects SA, Registration 2000/026990/07
36	Mr	Morgan	BMW Financial Services	Details of any vehicles purchased from or through BMW Financial Services by 3P Sub-contractors
37	Ms	Motaung	Investec Bank	Bank statements of 3P Sub-contractors
38	Ms	Naidoo	Nedbank	3P Bank Statement from Sub-contractors
39	Mr	Rademan	Mercantile Bank	Bank statements of 3P Sub-contractors
40	Mr	Rademan	Mercantile Bank	Bank statements related to Mashudu Tshivhase ID

Annexure B

Section 5(2)(b) Notices				
No	Requested from			Detail of request
				5408185604089 and Mr E Weidemann ID 3412115067089
41	Ms	Reeby	Standard Bank	Bank details of Inyosi Consulting (Pty) Ltd, registration number 2001/002372/07. Account number 001229419, account number 001260707
42	Ms	Singh	Wesbank Head Office	3P Sub-contractors Bank statements
43	Mr	Singh	First National Bank	Bank details of African Ultra Violet. Registration number 2001/019373/07. Account number 62102039270
44	Ms	Taylor	First National Bank	Bank details of Payne Richard John from 1 Jan 2006-14 May 2010
45	Mr	Tayob	Yousha Tayob Attorney	Original file of Mr Jabulani Brian Nhlanhla Madlala and the sale of the property 163 Eccleston Crescent Bryanston
46	Mr	The Corporate Traveller aka FCM Travel Solutions	Block 8, Pendering Office Park	All travel, accommodation, account and payment details of 3P Sub-contractors
47	Mr	Thori Chartered Accountants	Thori Chartered Accountants	Register of shareholders for the said period together with the number of shares held by Dr Maduna In Mandate Meal Management (Pty) Ltd and annual Financial Statements.
48	Ms	van der Walt	Capitec Administrator	3P Bank Statement from Sub-contractors
49	Ms	Williams	First National Bank	Bank Statements of KKR Investments (Pty) Ltd. Registration 2001/011138/07 and 1997/044288/23
50	Ms	Xundu	Gauteng Department of Health	Original documents as per Annexure A from 1 Jan 2006 to 14 May 2010 of Inyosi Consulting (Pty) Ltd

Annexure C

Section 5(2)(b) and (c) Notice

No	Date	To whom	Designation	Requesting	Outcome
1	02/02/2015	Mr Tulsee	Former Director of ICT, GDoH	Copies of all tender (bid) documents received including all bid quotations together with the supporting documents such as the Tax Clearance Certificates, CIPC company registration documents and VAT vendor registration documents of all the companies involved.	Not provided as Mr Tulsee had left the employ of the GDoH and is no longer in possession of same and he does not have access to any GDoH documentation. However oral evidence was obtained from him.

Annexure D

Annexure D: Affidavits obtained					
No	Surname	Initials	Title	Employed by (current)	Position held at 3P or The Gauteng Department of Health
1	Adams	HPF	Mr	InterSystems BV	Sales Manager
2	Adlam	L	Ms	Special Investigating Unit	Project Manager
3	Alberts	W	Mr	3P	Consultant
4	Alberts	JL	Mr	3P	Project Manager
5	Ambani (Radebe)	A	Ms	Crystal View Promotions	Managing Member
6	Appolus	J	Ms	Department of Traditional Affairs	Project Manager: Communications
7	Baba	L	Mr	The Gauteng Department of Health	Director: Facility Management
8	Bailey	I	Ms	GSSC official	Deputy Director: Contracts Management
9	Barnes	H	Ms	Siemens	Personal Assistant
10	Basu	BR	Dr	Wits University	Lector
11	Bereng	W	Mr	Ubuntu Technologies (Pty) Ltd	Director
12	Bila	R	Dr	The Gauteng Department of Health	CEO: Sterkfontein Psychiatric Hospital
13	Billings	L	Mr	GSSC	Assistant Director (Tender Administration Practitioner)
14	Bodenstein	GJ	Mr	Pretoria West District Hospital	Chief Horticulturist
15	Bogoshi	GM	Ms	The Gauteng Department of Health	Chief Executive Officer
16	Bootsi	DM	Ms	Sekhwane Construction	Owner
17	Boshoff	FC	Mr	The Gauteng Department of Health	Deputy Director: Technology
18	Botsane	MS	Mr	The Gauteng Department of Health	Director: Budget Management
19	Branco	L	Mr	Lusiba Printing Works CC	Owner
20	Breytenbach	J	Mr	National Treasury	Former Chief Director, Norms and Standards
21	Brits	JW	Mr	Self-Employed	Financial manager(Director)
22	Browne	M	Mr	GSSC	Assistant Director Contract Manager
23	Bundred	ME	Mr	Aurecon South Africa	Technical director
24	Busisiwe	R	Ms	The Gauteng Department of Health	Project Assistant
25	Buthelezi	T	Ms	The Gauteng Department of Health	Facility Manager
26	Bvunyenge	SC	Ms	Siyakha Consulting (PTY)	Project Manager
27	Cesare	MH	Ms	Olifants River Game Reserve Share Block Limited	Manager
28	Chaane	ST	Ms	The Gauteng Department of Health	Chief Director: Health Programs
29	Chanyowedza	R	Mr	3P	Consultant
30	Chappie	L	Mr	GSSC	Chief Information Officer
31	Chauke	VJ	Mr	Gobodo Incorporated	Manager
32	Chetty	E	Mr	Imprimatic Printers	Financial Manager
33	Chetty	K	DR	The Gauteng Department of Health	Accounting Officer
34	Chetty	E	Mr	Imprimatic	Financial Manager
35	Christodoulou	HPF	Ms	Vodacom Business	Legal Consultant
36	Christophorou	A	Mr	Attorney at High Court of South Africa and Director of Biccari Bollo Mariano Inc	Attorney at High Court of South Africa and Director of Biccari Bollo Mariano Inc
37	Coetser	PW	Mr	Special Investigating Unit	Forensic Consultant
38	Coetzee	F	Mr	DLA Cliffe Dekker Hofmeyr	Partner
39	Cromhout	G	Mr	The Gauteng Department of Health	former Director: Management Accounting: The Gauteng Department of Health

Annexure D

Annexure D: Affidavits obtained					
No	Surname	Initials	Title	Employed by (current)	Position held at 3P or The Gauteng Department of Health
40	da Costa	EM	Mr	African Bank	Project Manager on Business Continuity Project for the seven major hospitals
41	Da Silva	E	Ms	OR Tambo International Airport	Airport Manager
42	Dahlen	KP	Mr	The Gauteng Department of Health	Deputy Director: Clinical Engineering
43	De Hart	H	Mr	Emfuleni Municipality	n/a
44	De Jager	E	Ms	The Gauteng Department of Health	Assistant Director Secretariat
45	De Villiers	D	Ms	3P	Project Manager
46	Deacon	K	Ms	PM Ideas	Managing Director
47	Deokaran	B	Ms	The Gauteng Department of Health	Director: Management Accounting
48	Deokaran	R	Mr	3P	Project Manager
49	Dhlamini	C	Ms	The Gauteng Department of Health	Deputy Director: Transformation & Special Programme office Manager
50	Dlamini	XL	Mr	3P	Project Manager
51	Dyantyi	C	Ms	Ikageng Itereleng School	Manager
52	Elgoni	AKG	Mr	Unicef Nigeria	Technical Advisor
53	Erasmus	R	Mr	3P	Project Management
54	Floyd	EC	Ms	The Gauteng Department of Health	Manager
55	Floyd	L	Dr	The Gauteng Department of Health	Director: Multi Sectoral AIDS Unit
56	Fourie	L	Ms	The Gauteng Department of Health	Senior Administration Officer
57	Fourie	T	Mr	SAB of Standards	Manager Lightning
58	Fourie	L	Ms	The Gauteng Department of Health	Senior Administration Officer: Multi Sectoral AIDS Unit
59	Francisco	DI	Mr	GSSC	Manager
60	Freiher Knigge	NH	Mr	ICBS	Consultant
61	Freitas	B	Mr	Cosmos Secondary School	Acting School Principal
62	Gallagher	G	Mr	3P	Project Manager
63	Gemmell	G	Ms	The Gauteng Department of Health	Deputy Director
64	Govender	V	Mr	Roschon	Project Manager
65	Govender	A	Mr	3P	Project Manager
66	Gravett	S	Ms	3P	Project Manager
67	Greyling	Y	Ms	Timeless Trading	Payroll/Debtors
68	Gudu	SL	Ms	Wesbank	Business Analyst
69	Gumede	SJ	Ms	Anglo American Platinum	Accountant
70	Gwala	H	Mr	Khalvest	Director
71	Gwala	MV	Mr	Khalvest	Director
72	Hadebe	HH	Mr	The Gauteng Department of Health	Facility Manager
73	Hadebe	S	Mr	Transnet	Senior Project Manager
74	Hanekom	F	Mr	GSSC	Director Expenditure
75	Hanekom	SFJ	Mr	GSSC	Director Expenditure
76	Henning	G	Mr	Health System Technologies	Director
77	Heydenrych	K	Mr	Special Investigating Unit	Forensic Investigator
78	Hlabana	RN	Ms	Millpark Hospital	Consultant (Nursing support)
79	Hunter	J	Ms	Health System Trust	Director
80	Hunter	J	Ms	The Gauteng Department of Health	Deputy Director General Primary Health Care
81	Jack	MM	Mr	Tipp focus Consulting CC	Sub Contract

Annexure D

Annexure D: Affidavits obtained					
No	Surname	Initials	Title	Employed by (current)	Position held at 3P or The Gauteng Department of Health
82	Jack	T	Mr	3P	Consultant
83	Jacobs	MEC	Ms	GSSC	Tender Admin Practitioner
84	Janse Van Vuuren	J	Ms	The Gauteng Department of Health	Facility Manager: Sebokeng Hospital
85	Jansen	MS	Adv	Federal Employers Organisation of SA	Senior Consultant Legal Service
86	Jele	P	Ms	Imperial Consumer Product Division	HR Advisor/ Generalist
87	Jele	R	Mr	Sembcorp Silulumanzi (PTY) LTD	Public Relations Manager
88	Joseph	D	Ms	The Gauteng Department of Health	Chief Director: Human Resources Management
89	Joubert	H	Mr	Sembcorp Silulumanzi (Pty) Ltd	CFO and Company Secretary
90	Joubert	M	Ms	The Gauteng Department of Health	Chief Professional Nurse
91	Joubert	H	Mr	Sembcorp Utilities South Africa (Pty) Ltd	Chief Financial Officer
92	Kambula	PM	Mr	Ikageleng Itereleng Community Centre	Coordinator
93	Kanyane	JLK	Mr	SAPS	Colonel
94	Kaye-Petersen	E	Ms	The Gauteng Department of Health	Manager
95	Kedama	PE	Mr	The Gauteng Department of Health	Director: Project Management 2010 AND Special Projects
96	Kekana	M	Ms	The Gauteng Department of Health	Operations Manager
97	Kenoshi		Dr	The Gauteng Department of Health	CEO: Steve Biko Academic Hospital
98	Kgosi	DE	Ms	The Gauteng Department of Health	Training Co-ordinator
99	Khoza	L	Mr	Banking Association of South Africa	Senior General Manager
100	Khoza	N	Ms	3P	Project Manager Action beach volleyball project
101	Khumalo	NG	Ms	Council of Medical Schemes	Senior Project manager
102	King	DS	Ms	Micro Strategy	Director
103	Koaho	TS	Ms	The Gauteng Department of Health	Chief Clerk, Sebokeng Hospital
104	Kornizer	SM	Ms	Department of Trade and Industry	Senior Project Manager
105	Koza	N	Ms	Ntshovela Consulting	Project Manager
106	Kruger	NQ	Mr	3P	Project Manager
107	Kumalo	K	Ms	Cosmos Primary School	Principal
108	Kweza	NG	Ms	3P	Nurse
109	Labuschaigne	CJJ	Mr	3P	Project Manager
110	Le Bruh	M	Ms	3P	Project Manager
111	Le Roux	S	Ms	The Gauteng Department of Health	Director: Policy & Planning
112	Lebodi	TA	Mr	The Gauteng Department of Health	Deputy Director: Technical Support
113	Lecheke	LP	Ms	Transnet	Project Administrator
114	Leepile	S	Mr	South Rand Hospital	Facility Manager
115	Luyt	JD	Mr	Special Investigating Unit	Forensic Investigator
116	Mabaso	ENJ	Mr	3P	Project Manager
117	Mabothe (Mogale)	MR	Ms	Royal Bafokeng Holdings	Senior Project Manager
118	Madasa	V	Mr	GSSC	Assistant Director: BEE Development
119	Madupo	I	Mr	GSSC	Director
120	Mafora	JM	Mr	Malagale hunters Waterval Boven	Project Manager
121	Magabuti	T	Mr	Gauteng Shared Service Centre	Assistant Director
122	Magano	DL	Ms	The Gauteng Department of Health	Chief Executive Officer

Annexure D

Annexure D: Affidavits obtained					
No	Surname	Initials	Title	Employed by (current)	Position held at 3P or The Gauteng Department of Health
123	Magner	J	Ms	Magellan Risk Services	Director
124	Maharaj	C	Mr	Deloitte	Consultant The Gauteng Department of Health
125	Majaja	TJ	Ms	The Gauteng Department of Health	The former Chief Financial Officer
126	Majombozi	AB	Ms	3P	Project Manager
127	Makamo	BR	Mr	Department of Public Works	Director
128	Makhafola	P	Ms	GSSC	Senior Administrative Officer
129	Malan	JR	Mr	FACTS Consulting	Director
130	Malebana	KM	Mr	Diterelo Consulting CC	Director
131	Malema	F	Mr	Nissan	Financial Office
132	Malepane	ABP	Mr	The Gauteng Department of Health	Deputy Director ICT: Tshwane District
133	Mamabolo	R	Ms	Regiments Capital	Financial Manager
134	Manikkam	S	Ms	Karmalive	Owner
135	Manning		Dr	The Gauteng Department of Health	Former CEO: Chris Hani Baragwanath Hospital
136	Mapholo	R	Mr	Special Investigating Unit	Forensic Investigator
137	Maputa	Y	Ms	Acutech	Project Consultant
138	Marais	P	Mr	Potgieter-Marais Attorneys	Attorney for licensing and registration of private health establishments in the Gauteng Province
139	Marobobo	ME	Ms	The Gauteng Department of Health	IT Manager
140	Martin	G	Mr	Open Learning Group Pty (Ltd)	Trainer
141	Marupula	MA	Mr	The Gauteng Department of Health	Facility Manager
142	Masengu	G	Mr	Financial Manager	Management Accounting
143	Mashaba	GM	Mr	Hotspot Holdings	Manager
144	Mashabane	VL	Mr	Uhuru Communications	Manager
145	Mashele	J	Mr	Gauteng Provincial Treasury	Deputy Director-General-Finance
146	Masilela	SH	Mr	GSSC	Tender Administrator Practitioner
147	Masondo	SY	Ms	3P	Assistant Programme Manager
148	Masuku	D	Ms	3P	Programme Management Assistant
149	Mathibela	J	Mr	GSSC	Director: Revenue Management,
150	Matsibatlala	M	Ms	Cosmos Secondary School	Teacher
151	Maunye	C	Ms	3P	Senior Consultant
152	Mavuso	N	Ms	Multichoice	Change Analyst
153	Mazamisa	NM	Ms	The Gauteng Department of Health	Director of Health Support Services,
154	Mazarura	LT	Ms	DBSA	Project Manager
155	Mazizi	GMO	Mr	The Gauteng Department of Health	Chief Executive Officer & Acting Chief Executive Officer
156	MBaloyi	P	Ms	The Gauteng Department of Health	Deputy Director: Human Resource Management and Organizational Design
157	McManus	AC	Mr	McManus Consulting	Owner
158	Mdladlose		Mr	The Gauteng Department of Health	GRV Capturer
159	Mfenyane	SCB	Mr	The Gauteng Department of Health	CEO-Tembisa Hospital

Annexure D

Annexure D: Affidavits obtained					
No	Surname	Initials	Title	Employed by (current)	Position held at 3P or The Gauteng Department of Health
160	Mgwaba	F	Mr	Working Solutions International	CEO & Co-Owner
161	Mhlongo	M	Mr	Eurocom	Project Coordinator
162	Michaelides	S		Jawitz	Photographer , Office Manager, IT Manager, HR
163	Midlane	HR	Ms	Real Live Concert (PTY) Ltd	Accountant
164	Miller	A	Mr	McPherson Tax	Member and Partner
165	Minisi	MD	Mr	SANCO Group	Chairperson of the Board
166	Miza	N	Ms	Milpark Hospital	Nurse Consultant
167	Mndaweni	MC	Ms	The Gauteng Department of Health	Chief Executive Officer
168	Modisane	J	Mr	GSSC	Assistant Director
169	Moeketsi	M	Ms	Emfuleni Municipality	Manager at Health Clinics for the Emfuleni Municipality
170	Mogapi	A	Ms	ABSA Bank	Accountant
171	Mogase	SA	Ms	The Gauteng Department of Health	Deputy Director
172	Mohalajeng	N	Ms	The Gauteng Department of Health	Data Capturer
173	Mojanaga	BE	Ms	3P	Personal Assistant to the Program Director Nadia Singh
174	Mokhari	S	Mr	GSSC	Procurement
175	Mokhou	L	Mr	GSSC	Procurement
176	Mokoena	TG	Mr	Silulu Consultants	Director
177	Mokoka	C	Ms	SIU	Forensic Investigator
178	Mokolopo	L	Mr	The Gauteng Department of Health	Senior Admin Clerk
179	Molefe	KE	Mr	The Gauteng Department of Health	CEO-Steve Biko Academic Hospital
180	Molise	B	Mr	Sedibeng District Municipality	Senior Administrative Officer
181	Moloi	DV	Ms	The Gauteng Department of Health	Chief Director-TB & HIV
182	Molubi	FM	Ms	Johannesburg Central Collage	Junior Project Manager
183	Monyatsi	SA	Mr	The Gauteng Department of Health	Deputy Director: Networks
184	Monyemamangene	TE	Mr	The Gauteng Department of Health	former Principle Legal Adviser
185	Moodley	G	Mr	Escom	IT Manager
186	Moonsammy	A	Mr	GSSC	Chief Director: Procurement Business Unit
187	Moonsammy	L	Ms	The Growth Foundation	Project Manager. Director Special Projects
188	Moonsamy	L	Ms	3P	Former Financial Manager,
189	Mopedi	D	Ms	The Gauteng Department of Health	Deputy Director
190	Morake	TF	Mr	Absa Bank	Programme Management Assistant
191	More	J	Ms	The Gauteng Department of Health	Chief Executive Officer: Chris Hani Baragwanath Hospital
192	Moropodi	L	Ms	3P	Project Manager
193	Mosenogi	LM	Mr	Provincial Office of Gauteng Health Department	Chief Director
194	Moshebi	JS	Ms	The Gauteng Department of Health	Deputy Director Human Resource Management
195	Mostert	THC	Mr	The Gauteng Department of Health	Facility Manager
196	Motaung	TN	Mr	Colab	Programme Management Assistant then Project Manager
197	Mothusi	M	Ms	The Gauteng Department of Health	Project Manager-Senior Project Manager
198	Motsilanyane	L	Mr	MAC Consulting	Consultant
199	Moyo	OT	Mr	Hatting Consulting	Financial Accountant

Annexure D

Annexure D: Affidavits obtained					
No	Surname	Initials	Title	Employed by (current)	Position held at 3P or The Gauteng Department of Health
200	Mpadisang	K	Mr	The Gauteng Department of Health	Facility Manager
201	Mpitsang	B	Ms	3P	Communication Specialist
202	Mputa	YN	Mr	3P	Pricing Consultant
203	Msimanga	MG	Ms	The Gauteng Department of Health	Chief Director Human Resource Management
204	Mtambo	M	Ms	The Gauteng Department of Health	Staff Nurse
205	Mthembu	R	Ms	3P	Project Coordinator/Administrator
206	Mtimkulu	BM	Ms	The Gauteng Department of Health	Operational Manager
207	Mucharambeyi	KG	Mr	Muhle Unlimited Designs	Owner
208	Mudau	W	Mr	GSSC	Commodity Specialist
209	Mufana	N	Ms	Xpert Group	Assistant Programme & Project Manager
210	Mulaudzi	MJ	Mr	Blue IQ	Group Executive Head of Legal & Compliance
211	Munhenga	T	Mr	BMG Projects	Project Manager
212	Munsamy	P	Mr	JD Group	Programme Manager
213	Murray	P	Ms	The Gauteng Department of Health	Deputy Director: Human Resource Management
214	Mzamo	L	Ms	The Gauteng Department of Health	Deputy Director secretariat
215	Naidoo	S	Mr	health medicine school	Chief specialist
216	Naidoo	G	Mr	GKN Consulting	Consultant
217	Naidoo		Mr	RDC	Managing Director
218	Ncube	T	Mr	Baraka IT Solutions	Director
219	Ndima	MN	Ms	Nedbank	Junior Business Analyst
220	Ndlovu	B	Mr	Tara Care	Manager
221	Ndou	RR	Mr	SIU	Forensic Investigator
222	Nefale	M	Mr	The Gauteng Department of Health	Director of Water and Sanitation.
223	Nel	P	Ms	The Gauteng Department of Health	Deputy Director
224	Neophytou	A	Mr	Limassol Coffee Shop	Managing Member
225	Ngubeni	LJ	Mr	HLSP Consulting	Programme Manager
226	Nkabinde	CO	Mr	Idzima Training CC	Director
227	Nkadimeng	A	Ms	3P	Project Manager
228	Nkitseng	M	Ms	The Gauteng Department of Health	Primary Health Care Nurse
229	Nkomo	GS	Mr	The Gauteng Department of Health	Director : Human Resources Management
230	Nkonketsi	S	Ms	3P	Assistant
231	Nkosi	ES	Ms	The Gauteng Department of Health	Assistant Manager
232	Nkuna	VG	Mr	Development Bank Of Southern Africa	Senior Programme Manager
233	Nodada	Mr	Ms	GSSC	Deputy Manager: Accounts Payable
234	Nong	Ms	Ms	The Gauteng Department of Health	Infection Control Coordinator
235	Norton	G	Mr	SITA	Provincial Manager, Gauteng
236	Ntsha	LM	Prof	Consultant to Khalvest	Surgeon Evaluation Surgical Division
237	Ntloko	KO	Ms	Special Investigating Unit	Forensic Investigator
238	Ntsabiso	T	Ms	Self Employed	Project Manager
239	Ntuli	A	Ms	3P	Human Resource Management
240	Nyembe	L	Mr	Comscience (Pty) Ltd	CEO

Annexure D

Annexure D: Affidavits obtained					
No	Surname	Initials	Title	Employed by (current)	Position held at 3P or The Gauteng Department of Health
241	Nzimande	S	Mr	Accutech	Director
242	Padayachee	GN	Prof	National Department of Health	Chief Director
243	Paizes	L	Ms	Pink Lettuce Catering CC	Owner
244	Phashe	KR	Ms	GSSC	Director Medical Commodity
245	Phidza	F	Mr	The Gauteng Department of Health	Director ICT Gauteng Department of Economic Development. Former Assistant Director: GITOC Manager,
246	Phiri	Ian	Mr	3rd Dimension Quality Surveyors	Quality Surveyor
247	Pieterse	B	Ms	Sugar Bush Training CC	Owner
248	Pieterse	H	Mr	EOH Consulting	IT Manager
249	Pieterse	M	Ms	Accutech	Operations Manager
250	Pinini	Z	Ms	The Gauteng Department of Health	Acting Director-Tuberculosis
251	Pitamber	K	Mr	Siris Engineering	Director
252	Pitso	KB	Ms	The Gauteng Department of Health	Chief Executive Officer
253	Pocock	CEI	Ms	Pocock	Owner
254	Pottier	Z	Ms	Mangosuthu Technology	Branch Manager at Protec
255	Prinsloo	PJ	Mr	DRL Services and support	Persal Support Product Specialist
256	Purchase	A	Ms	3P	Project Manager
257	Quinn	JH	Mr	Special Investigating Unit	Forensic Investigator
258	Raadt	C	Ms	ABSA Bank	Personal Assistant
259	Rabinowitz	A	Mr	Meropa Communications	Owner
260	Ramsamy	NC	Mr	Regenesys	Financial Manager
261	Reid	KO	Ms	JD Group	Strategic Project Office Manager
262	Richter	DP	Mr	3P	Project Manager
263	Schwendinger	P	Mr	Independent HR Manager	Consultant
264	Sehume	D	Ms	Eskom	Project Administrator
265	Seimela	M	Ms	The Gauteng Department of Health	Operational Manager
266	Seseane	KT	Mr	Clinix Thepo Thaba Private Hospital	Ear, Nose and Throat Surgeon
267	Setai	R	Mr	The Gauteng Department of Health	Data Technologist
268	Sethake	LM	Ms	3P	HR Administrator
269	Shabalala	SS	Mr	3P	Project Manager
270	Sharir	A	Mr	Ashur Lightning	Managing Director
271	Shearer	A	Ms	Standard Bank	Programme Administrator
272	Shiburi	N	Mr	Multichoice Technical Operations (Pty) Ltd	Director
273	Shilubane	V	Mr	The Gauteng Department of Health	Facility Manager
274	Shirilele	M	Ms	SARS	Office / Project Manager & Administrator
275	Sishi	Z	Ms	Mangosuthu Technology	Events Co-ordinator
276	Sithole	OT	Ms	Pro-Active Health Solutions	Nurse
277	Skelly	T	Mr	Hilton Sandton	Manager
278	Smit	HPF	Mr	Retrenchment	Project Manager
279	Smith	B	Ms	Owner of Sugar Bush Training cc	Training Team Leader
280	Smith	I	Mr	3P	Project Manager
281	Smith	M	Mr	The Gauteng Department of Health	Head of Surgical Division CHBH
282	Sneller	DLS	Mr	MTN	Project Manager
283	Snyman	C	Mr	The Gauteng Department of Health	Assistant Director

Annexure D

Annexure D Affidavits obtained					
No	Surname	Initials	Title	Employed by (current)	Position held at 3P or The Gauteng Department of Health
284	Sonyoni	DM	Ms	The Gauteng Department of Health	Training Co-ordinator
285	Stander	CJ	Ms	The Gauteng Department of Health	Project Manager Communications and revitalization
286	Steenekamp	MP	Mr	Special Investigating Unit	Programme Manager
287	Stemela	EN	Ms	The Gauteng Department of Health	Nurse
288	Steyn	C	Ms	CAG Steyn	Director
289	Suping	NA	Ms	The Gauteng Department of Health	Deputy Director
290	Swanepoel	J	Mr	The Gauteng Department of Health	Director: Internal Control and Risk Management
291	Tandiswa	SP	Ms	PTS Management Consultancy (PTY) LTD	Owner
292	Thabane	T	Mr	The Gauteng Department of Health	Change Control Agent/PM Manager
293	Thepe	G	Ms	Age GAP Promotions	Junior Project Manager & QA Manager
294	Thobejane	A	Ms	ABSA	Consultant
295	Thomas	LS	Ms	Ekurhuleni Health District	Medical Specialist
296	Townsend	I	Ms	EOH Consulting (Pty) Ltd	Consulting Service
297	Triegaardt	TF	Mr	Eskom	Business Analyst
298	Tshabalala	N	Ms	Gauteng Provincial Treasury	HOD
299	Tshabalala	S	Mr	The Gauteng Department of Health	Director: Human Resources Management
300	Tshivase	M	Mr	African Ultra Violet Suppliers	Owner
301	Tulsee	J	Mr	The Gauteng Department of Health	Former Director ICT
302	Twala	T	Mr	Jiswa School	Headmaster
303	Tyacke	K	Ms	KPMG	Contractor
304	Tyron	N	Ms	The Gauteng Department of Health	Administration Officer: Multi- Sectoral AIDS Unit
305	Van Der Bank	J	Ms	The Gauteng Department of Health	Facility Manager
306	Van Der Merwe	I	Mr	The Gauteng Department of Health	Chief Executive Officer
307	Van Der Watt	A	Mr	RHO Consulting	Owner
308	Van Rensburg	J	Ms	Chris Hani Hospital	Assistant Director
309	Van Tonder	DJ	Mr	Special Investigating Unit	Forensic Investigator
310	Van Vuuren	D	Mr	The Gauteng Department of Health	Facility Manager
311	Van Vuuren	JJ	Ms	The Gauteng Department of Health	Facility Manager
312	Venter	CE	Mr	Standard Bank	Project Manager
313	Verolini	AB	Mr	VP Consulting	Project Manager
314	Vilakazi	P	Ms	Standard Bank	Programme Assistant admin
315	Von Eck	SJ	Mr	Self-Employed	Project Manager
316	von Holdt	K	Prof	University of Witwatersrand	Professor and Director
317	Weidemann	E	Mr	African Ultra Violet Suppliers	Manager
318	Wentzel	CJH	Mr	EOH Mthombo	Manager/Director
319	Wessels	V	Mr	The Gauteng Department of Health	Deputy Director
320	Weyers	R	Mr	Yusuf Dadoo	Maintenance Foreman
321	Wiggel	B	Mr	SIU	Cyber Forensic Expert
322	Wild	YL	Mr	Monster Party CC	Owner
323	Woodworth	CW	Mr	The Gauteng Department of Health	Deputy Director: Human Resources Management
324	Yusuf	MO	Mr	SITA	Client Relationship Manager

Annexure D

Annexure D: Affidavits obtained					
No	Surname	Initials	Title	Employed by (current)	Position held at 3P or The Gauteng Department of Health
325	Zanoli	E	Ms	Botjheng Water PTY LTD	Financial Accountant
326	Zhuwau	T	Mr	Department of Rural Development and Land	Consultant
327	Zulu	LA	Mr	Umveni Events	Events
328	Zulu	L	Mr	Compu-Wizzies CC	Owner

Annexure E

Computers and servers uplifted	
No	Name
1	GDOH Server
2	Dr Rahman
3	Ms Baloyi
4	Ms Seerane
5	Ms Mabuyakhulu
6	Mr Fakude – two (2) computers
7	Ms Mabunda – two (2) computers
8	Ms Msimango
9	Ms Jacobs
10	Mr Motsamai
11	Ms Marupeng
12	Mr Radebe
13	Ms Mruie
14	Dr Mckelets – two (2) computers
15	Ms Ngcobo –
16	Mr Ramaano- two (2) computers
17	Two Servers from office of the HOD
18	Ms Potgieter
19	Mr Thulsee
20	Ms Potgieter
21	Secretaries of the former MEC – two (2) computers
22	Mr Ramogale