

PRASA FORENSIC INVESTIGATIONS

ITEM	FORENSIC INVESTIGATOR	SERVICE PROVIDER	CONTRACT AMOUNT	PROCUREMENT METHOD	FINDINGS	RECOMMENDATIONS
1	NES	Siyaya Energy (Pty) Ltd	R855,738,021.00	Open tender process	<p>1. PRASA did not conduct any due diligence or needs analysis before it advertised this tender.</p> <p>2. Siyaya Energy had not attended the compulsory briefing session, its bid was considered and it was ultimately awarded the contract.</p> <p>3. Contract was extended for three years before board approval. At the time that Dr Phungula issued the Notice of Appointment, the relevant PRASA accounting authority had not yet approved the contract extension.</p> <p>4. At the time of the investigation an amount of R200,685,952 had been paid which was different from the contract amount. The most important documents relating to the procurement process were not provided.</p> <p>5. The weightings of the evaluation criteria that were applied in this tender were heavily inconsistent with the technical capability/functionality criteria that should have been applied in a tender of this value and nature.</p> <p>6. PRASA failed to identify suitable sites for construction of fuel storage tanks and failed to place fuel orders in accordance with timelines stipulated in contract.</p> <p>7. Not provided with detailed payment documentation payment.</p> <p>8. Experienced huge delays in receiving requested documents.</p> <p>7. No procurement process followed for extension of contract. In absence of important procurement documents, we were not able to conclude on whether or not procurement process was ultimately done in accordance with requirements of Constitution and PFMA.</p>	<p>1. PRASA should implement an appropriate document management system.</p> <p>2. Variation order should be dealt with in accordance with relevant financial delegations</p> <p>3. Needs analysis should be done before tender is advertised.</p>
2	NES	Siyaya DB Consulting Engineers (Pty) Ltd - HO/PT/(DM)/014/06/2013 Braamfontein	R45,897,149.80 for Braamfontein R24,289,929.45 (Increase of scope for Braamfontein through confinement process); R9,190,492.24 for additional expenses incurred for Braamfontein	Confinement	<p>1. The decision made to confine work to Siyaya DB was on a basis of MOU.</p> <p>2. Lucky Montana (GCEO) did not sign MOU.</p> <p>3. PRASA appointed service providers to executive identified projects. However, no proper planning and needs analysis was done.</p> <p>4. Daniel Mtimkhulu (former Executive Manager PRASARail Engineering) also used services of SiyayaDBD—with no contracts in place.</p> <p>5. There were unclear authorisation of confinements and contract extensions.</p> <p>6. Expenses incurred were based on unauthorised approval of PalelloLebaka.</p> <p>7. R9,190,492.24 was incurred irregularly even though Mr Montana approved it.</p> <p>8. All contracts were awarded based on confinements.</p> <p>9. Services procured from SiyayaDB were specialist services, however, highly unlikely that they were only service provider capable of providing this type of service. No emergency situation appeared to exist.</p>	<p>1. PRASA needs to ensure that it conducts a proper needs analysis and market research before it procures goods and services.</p>
3	NES	Siyaya DB Consulting Engineers (Pty) Ltd - Salt River	R40,067,762.25 for Salt River R22,660,044.75 (Increase of scope through confinement for Salt River) R6,779,770.70 for additional expenses incurred on Salt River Depot	Confinement	<p>1. R6,779,770.70 was incurred irregularly but was condoned by Mr Montana.</p> <p>2. Expenses incurred were based on unauthorised approval of PalelloLebaka.</p> <p>3. Contracts were not provided.</p> <p>4. As result of constraints experienced during investigation, we were not able to conclude on whether deviations were in-line with the relevant prescripts.</p> <p>5. In absence of complete account of payment records we were not able to conclude on whether or not payments made to SiyayaDB correspond to respective bid price and/or contractual agreements.</p>	<p>1. PRASA should implement an appropriate document management system.</p>
4	NES	Siyaya DB Consulting Engineers (Pty) Ltd Perway Asset Assessment Rehabilitation	R24,978,000.00; R9,956,760.00	Confinement	<p>1. The cost of R24,978,000 was in relation to the extension of contract in respect of accelerated infrastructure refurbishment project.</p> <p>2. The extension was increased by another R9,956,760.00 from the initial contract value of R24,978,000.00.</p> <p>3. The addendum for contract extension of Operation Masterplan was only signed by Siyaya DB representative on 13 November 2014 and there was no signature by a PRASA official on the Addendum.</p> <p>4. SiyayaDB proposal dated March 2013 of R9,956,760.00 was approved.</p> <p>5. Contracts were not provided.</p>	<p>1. PRASA should implement an appropriate document management system.</p>

5	NES	Siyaya DB Consulting - WolmertonEngineers (Pty) Ltd	R28,000,000.00	Confinement	1. A variation order was also approved in respect of this contract. The total financial implication was R6,368,185.99 including VAT but no contracts were provided.	1. PRASA should implement a appropriate document management system.
6	NES	Siyaya DB Consulting Engineers (Pty) Ltd - Germiston - Pretoria testing	R2,890,014.00	Confinement	1. This was to deliver turnkey RFP for complete works for the 120 Km/h –Germiston to Pretoria test section. 2. PRASA's record-keeping severely impacted on ability to execute our mandate. 3. No other documentation received in respect of this project.	1. PRASA should implement an appropriate document management system.
7	NES	Mathopo Moshimane Mulangaphuma Incorporated, trading as DM5 Incorporated	R1,600 000.00 R4,800,000.00 R4,800,000.00 R4,800,000.00 R26,000,000.00	Confinement	1. Service provider submitted undated proposal in respect of providing PRASA's SCM unit with legal and procurement advisory services. 2. Chris Mbatha motivated the appointment on basis of capacity constraints being experienced within the procurement department. 3. Mathopo Moshimane submitted an undated financial proposal to PRASA in respect of transaction advisory services on Railway Digital Radio Project. 4. It appears to have been no basis for the appointment of the service provider on the basis of confinement. Contract extended on five occasions. Extensions also appear to be irregular. 5. Document is undated and provides no reference to a time period during which proposed services would be rendered. 6. We were not provided with any of the internal documentation relating to approval of this contract. 7. First Addendum to extend the contract was signed by Mr Mbatha on 7 June 2012. According to PRASA's financial delegations, he was only authorised to approve procurement up to the value of R1million. 8. Second Addendum was not dated and did not state the financial implications of the extension. It appears as if Chris Mbatha exceeded his delegated authority. 9. Third Addendum was not dated as well as the scope of work and the payment terms were not indicated. 10. Fourth Addendum- proposal appears to have been signed by Chris Mbatha and the documents confirming approval was not provided. 11. Fifth Addendum -On 13 May 2014, Josephat Phungula submitted memorandum requesting extension of Mathopo Moshimane's contract for further 24 months. 12. Mr Mbatha extended this contract 5 times irregularly because he exceeded his financial delegation and he did not follow any procurement process. It appears that Mathopo Moshimane was irregularly appointed. 13. We were not able to confirm if awards were irregular because we were not able to interview Josepha Phungula and Lucky Montana. 14. PRASA's record-keeping severely impacted ability to execute mandate. 15. We therefore not able to comment how the scope of services rendered by Mathapo Moshimane changed from original contract and what cost implications of extension were. In terms of PRASA's SCM policy only PRASA's GCEO could approve extension of contracts.	1. PRASA needs to implement an appropriate document management system. 2. It was not necessary to appoint the service provider on the basis of a confinement. There could be other service providers in the market. 3. PRASA SCM policy should be extended so that it clearly covers contract extensions.
8	NES	Isphikeleli Senyoni (Pty) Ltd	R125,725,342.41	Confinement	1. Company was registered on 28 August 2012 and it was appointed through confinement by PRASA on 11 December 2012. 2. Due to insufficient information provided we could not establish compliance with scm policies and procedures. 3. Between 30 August 2013 and 31 March 2016, the total value of payments made is R125,725,342.41. 3. Although 17 service providers were appointed as a result of this confinement there is further evidence that none of the service providers were sole providers of the services that they rendered. 4. It appears that Isphikeleli Senyoni's appointment was irregular. It is difficult to recommend any remedial actions in respect of PRASA's officials because the key role players involved in this contract have left the employ of PRASA.	1. PRASA should implement an appropriate document management system.

9	NES	Modetech Services (Pty) Ltd	R3,704,573.41	Confinement	<p>1. Modetech was registered as a company on 17 July 2014 and it was appointed on confinement by PRASA on 9 January 2015.</p> <p>2. There is no indication in the motivation for confinement that an emergency situation existed.</p> <p>3. Although 26 service providers were appointed as a result of this confinement there is further evidence that none of the service providers were sole providers of the services that they rendered.</p> <p>3. Poor record keeping limiting investigation.</p>	1. PRASA should implement an appropriate document management system.
10	NES	Armcoil Afrika (Pty) Ltd	R3,000,000.00	Confinement	<p>1. The tender document does not contain any reference that PRASA intended splitting the required services amongst those contractors who met the functionality threshold and PRASA's B BBEE targets.</p> <p>2. Only an evaluation of the bidders' functionality and their respective B BBEE status was performed, and the result was utilised merely to compile a list of contractors who were, as a result of the functionality evaluation, found to be technically capable of performing the required services.</p> <p>3. No pricing evaluation was done for 17 bidders who passed functionality evaluation.</p> <p>4. Despite the GCEO's abovementioned rejection and instruction, Dr Mtimkulu appears to have subjectively decided to award certain components of the services required to certain contractors. The methods that Dr Mtimkulu applied in deciding which components to award to which contractors, and at which contract prices, is unknown.</p> <p>6. The pricing of the services does not appear to have been negotiated with Armcoil before Armcoil signed the contractual agreement, since there are no details contained in, or annexed to, the contract stating the exact service components for which Armcoil must provide services and the relevant agreed amounts attached to each of these service components.</p> <p>7. Internal audit report concluded that awards irregular as no evaluation of bidders prices were performed.</p> <p>8. None of bidders were assessed in terms of 90/10 principle stipulated by PPPFA.</p> <p>9. Non-compliance with this principle rendered tender process irregular.</p> <p>10. Deviations identified were not regular and in-line with relevant prescripts.</p>	<p>1. Not able to make recommendations in respect of remedial action because of lack of documentation provided and fact that we were not able to interview key role-players in this tender process.</p> <p>2. PRASA's poor record-keeping severely impacted on ability to execute the mandate. We, accordingly, recommend that PRASA implements appropriate document management system.</p>
11	NES	Maziya General Service cc	R43,885,560.79	Confinement	<p>1. Between 31 August 2015 and 15 April 2016, the total value of the payments made is R43,885,560.79.</p> <p>2. It appears that Maziya was appointed irregularly and this was not in compliance with the relevant prescripts.</p>	1. PRASA should implement an appropriate document management system.
12	NES	Tyre Corporation Midrand Office (Pty) Ltd	R24,000,000.00	Open tender process	<p>1. The contract period was not stipulated.</p> <p>2. Functionality threshold was changed from 65% to 70% during the BEC meeting. The threshold increase had a significant impact on tender.</p> <p>3. BEC Chairman raised concerns about exclusion of Tirepoint due to its scoring slightly below functionality threshold that resulted in Tire point being disqualified.</p> <p>4. If Tirepoint had passed functionality threshold, it would potentially have been awarded the contract as its price and equity rating were better than Tyre Corporations. Changing the functionality threshold at evaluation changed the outlook of the tender.</p> <p>5. Tirepoint was Autopax's current supplier of tyres, yet on ability and experience its scored less than Tyre Corporation.</p> <p>6. The recordings of BEC meeting could not be located and the BEC minutes were not provided.</p> <p>7. Bulk of payment documents supporting payments made to Tyre Corporation in respect of this contract was not provided.</p> <p>8. At the time of investigation, payments totalling R55,627,504.75 had been made.</p> <p>9. Contract was extended on 3 occasions and PRASA SCM Policy is silent on the extension of contracts.</p> <p>10. Eighty six (86) payments were made to Tyre Corporation amounting to R55,627,504.75. We were not able to comment on whether or not these payments were in-line with contractual agreement</p>	1. PRASA should implement an appropriate document management system.

13	NEXUS	Ebcont	R68,681,000.00	Confinement basis	<p>1. There have been significant delays with the submission of information relating to procurement and contract management. This information has been requested on a repetitive basis since April 2016. Some of the information we only received in the week prior to our reporting deadline, 31 October 2016.</p> <p>2. The payments made to Ebcont was in line with the contractual terms between PRASA and Ebcont for milestones delivered.</p>	<p>1. The PRASA Board should investigate the root causes for the delay or omission in providing the required data / documentation; and act accordingly.</p>
14	NEXUS	Focus Project Management	R38,000,000.00	Open Tender	<p>1. The contract award to TTR/Focus for the technical support on the In-Cab Signalling system of PRASA was in line with relevant prescripts.</p> <p>2. Mosholi, erroneously communicated to the service provider that they were awarded a contract at a cost of R38 million higher than what was approved by the CEO. The error was corrected.</p> <p>3. We conclude that Focus project management was paid in line with their contract terms and contract values for the technical assistance on PRASA's In-Cab Signalling system.</p>	<p>1. There was a delay in providing the documentation and data, or for misplacing / destroying / losing the documentation / data.</p> <p>2. The PRASA Board should investigate the root causes for the delay or omission in providing the required data / documentation; and act accordingly. payment verification:</p>
15	NEXUS	Intense	R54,090,070.26	Open Tender	<p>1. Intense did not submit some of the compulsory tender documents required.</p> <p>2. The whole amount of the Intense tender is irregular. The total price of Intense is R54 090 070.26 is cheaper than Intense. Dr Phungula misrepresented the CTPC's award to Intense, to the GCEO.</p> <p>3. Some invoices which were paid are missing. Some delivery notes were missing.</p> <p>4. Finance failed to supply us with the asset register regarding the equipment. Security could not supply an accurate stock record of the equipment received and equipment in stores from the supplier.</p> <p>5. A large number of the equipment are not distributed to the regions.</p>	<p>1. The PRASA Board should investigate the root causes for the delay or omission in providing the required data / documentation; and act accordingly.</p> <p>2. The Board should consider instituting disciplinary charges against the employees who were responsible and involved in the tender and contract for their failure to adhere to the relevant prescripts of the SCM Policy.</p> <p>3. Disciplinary charges are preferred against the role player employees in terms of the award of the tender.</p> <p>4. Fraud charges should be instituted against Dr Phungula. The Board should consider complying with the reporting duty in terms of section 34 of PRECCA.</p> <p>5. A surprise stock count should be performed on equipment in store and reconciled with stock distributed to the regions.</p> <p>6. A comprehensive review should be conducted of equipment received against equipment paid. Distribution of the stock to the regions should be prioritized.</p>
16	NEXUS	Lenong General Road Maintenance CC	25,754,181.56	Open Tender	<p>1. Lenong was not registered at the CIDB at the time of tender evaluation and award.</p> <p>2. The tender for the upgrade of the drainage at Dube -Phefeni was not advertised and the award was not published on the CIDB tender bulletin website.</p> <p>3. It should be noted that there have been significant delays with the submission of information relating to procurement and contract management with a significant amount of information not submitted at all. This information has been requested on a repetitive basis since April 2016.</p> <p>4. Based on our investigation on invoices and payments we can conclude that Lenong was paid in line with their contract terms and contract values on both drainage upgrade contracts in Elandsfontein and Cluster A: Dube-Phefeni.</p>	<p>1. We recommend that the relevant disciplinary steps be taken against PRASA SCM officials (and in specific the sourcing specialist SCM Dimakatso Mathe) for not complying with the CID regulations 24 and 18, when they failed to advertise and publish the award of the upgrade of the drainage at Dube -Phefeni tender.</p> <p>2. The PRASA Board should investigate the root causes for the delay or omission in providing the required data / documentation; and act accordingly.</p>
17	NEXUS	Motswako Office Solutions	R75,578,479.15	Open Tender	<p>1. We conclude that the appointment of Motswako was irregular. We would however, recommend that the Motswako appointment be condoned following the outcome of the National Treasury investigation as no bidders were prejudiced with the processes followed.</p> <p>2. Based on our investigation on the invoices and payments we can conclude that Motswako was paid in line with their contract terms and contract value.</p>	<p>1. We recommend that the Motswako appointment be condoned following the outcome of this National Treasury investigation as no bidders were prejudiced with the processes followed.</p> <p>2. The PRASA Board should investigate the root causes for the delay or omission in providing the required data / documentation; and act accordingly.</p>

18	NEXUS	Premier Sayina Africa (PSA)	R52,752,167.25	Open Tender	<p>1. PSA submitted a Letter of Good Standing which expired on 31 July 2011.</p> <p>2. The evaluation of the standard bidding documents submitted was not as fair and transparent as prescribed in Section 217 of the Constitution . All the expenditure incurred will be irregular.</p> <p>3. The bid evaluation committee incorrectly allocated 36,5% BEE points instead of 26%.</p> <p>4. PSA indicated that Imbani Holdings held 26% shares in PSA.</p> <p>5. The bid evaluation committee did not correctly calculate Ascott's BEE score, as alleged by Ascott.</p> <p>6. The appointment of PSA was irregular, due to the submission of expired Letter of Good Standing and incorrect BEE score allocated.</p> <p>7. The CAPEX budget for the project was approved.</p> <p>Mr Kubheka certified the PSA invoices, in stating that PSA delivered the services according PRASA's standards.</p> <p>PSA received the amount of R52 752 167.25 for work performed</p>	<p>1. Due to incomplete records, we cannot determine who exactly was responsible for verifying the Letter of Good Standing, and therefore do not make any recommendation.</p> <p>2. We recommend that PRASA institute disciplinary steps against the following SCM/BEC members for failing to prevent irregular expenditure - Mr Shezi, Mr Mdluli, Mr Kubheka, Mr Mkandla, Mr Swart, Mr Dinthe, Mr Tshabile and Mrs Mbabama.</p> <p>The Board of PRASA must report the irregular appointment of PSA.</p>
19	NEXUS	Resurgent Risk Management (RRM)	R52,871,837.32	Confinement basis	<p>1. SARS responded that it did not issue RRM's TCC with ref no 0064/2015/0005510417. RRM denied that SARS did not provide it, and referred the issue for legal advice.</p> <p>2. A budget was not secured for the SRTVA project before or after the GCEO signed the confinement request.</p> <p>3. The amounts of R43 291 621,06 (FY 2016) and R9 580 216,26 (FY 2017) were spent irregularly.</p> <p>3. Mantsane failed to prevent irregular expenditure when participating in the process that followed after the 2014 December meeting, which culminated on 01 March approval (Exhibit 13 - which he drafted)</p> <p>4. Mantsane failed to prevent irregular expenditure when participating in the process that followed after the 2014 December meeting, which culminated in the 1 March approval (Exhibit 13 - which he drafted)</p>	<p>1. Further follow-up with SARS should be conducted before any steps are considered, as it is possible that SARS' records may be incorrect.</p> <p>2. Disciplinary action against Mantsane for financial misconduct (contravention of section 57), inter alia for –</p> <p>Dereliction of duties and failing to prevent irregular expenditure</p> <p>3. Criminal action against Phungula and Mantsane on a charge of fraud, for misrepresenting what the CTPC had approved in the recommendation report.</p> <p>4. Criminal action against the GCEO for failing to comply with his fiduciary duties (section 50) and general responsibilities (section 51) in his capacity as a member of the Accounting Authority.</p> <p>5. The Board considers reporting the RRM contract to the SA Police Services in terms of section 34 of PRECCA, to ensure compliance with its reporting duty.</p>

20	NEXUS	SA Fence & Gate	R209,874,559.79	Open Tender	<p>1. Requirements for tender number HO/SCM/225/11/2011 included that service providers to have a minimum CIDB grading of 6SQ. SAFG's grading (at the time of submitting their proposal) was 8SQPE – Potentially Emerging indicating that they could tender for contracts in excess of R130m.</p> <p>2. Tender was awarded for (R209 million) and the following officials (Mbatha and Mosholi) transgressed CIDB regulation 18(1) and 24 in that they did not ensure that PRASA advertised the tender on CIDB's I-Tender website as well as the award of the tender on CIDB's RoP.</p> <p>3. PRASA (Mbatha and Mosholi) failed to adhere to applicable legislation and in so doing incurred irregular expenditure as indicated in Treasury Practice Note 4 of 2008/2009.</p> <p>4. PRASA did not follow correct SCM procedures in the procurement of the additional lights nor did the FCIP (who approved the original contract) approve the commitment.</p> <p>5. Twenty nine (29) payments amounting to R286 639 418.36 were paid to SAFG during the span of the project.</p>	<p>1. Based on the available information, and the non-compliance in respect of the relevant CIDB regulations, we recommend that the expenditure be declared irregular and that all payments made under this contract (HO/SCM/225/11/2011) be reported by PRASA to National Treasury as irregular expenditure.</p> <p>2. PRASA should institute disciplinary action against Mr Chris Mbatha and Ms Ms Matshidiso Mosholi, in that they failed to ensure that PRASA advertised tender HO/SCM/225/11/2011 on CIDB's I-Tender website as well as the subsequent award of the tender on CIDB's RoP, therefore contravened section 57 of the PFMA.</p> <p>3. PRASA should report the award of tender HO/SCM/225/11/2011 amounting to R209 874 559.79 to National Treasury as irregular expenditure.</p> <p>4. PRASA to report the following to National Treasury: * provision of lights in the original contract amounting to R2 471 061.00 to be fruitless and wasteful as well as irregular expenditure as this could have been avoided had PRASA taken due care. *award of the R58 153 296.72 commitment for additional lights to National Treasury as irregular expenditure. * additional cost amounting to R27 986 245.65 to National Treasury as this could have been avoided had due care been taken. Procurement through Top 6 in terms of PRECCA to the SAPS for investigation.</p> <p>5. Due to the contravention of CIDB regulation 18(1) the award of the SAFG contract is irregular and all payments in respect of this contract is regarded as irregular. PRASA must report to National Treasury all expenses incurred amounting to R295 292 897.77 as irregular.</p> <p>6. PRASA must identify all employees who authorised payments in excess of 46% and request them to provide reasons why the company should not take disciplinary action against them.</p>
21	NEXUS	Syst Applications Products (SAP)	R44,796,300.00	Confinement basis	<p>1. SAP will enable all applications to secure a strong integration of all key processes. SAP offers a variety of software solutions to various business lines and industries across South Africa. SAP is VAT registered and has been in good standing with SARS for the past couple of years. We were unable to verify SAP's BEE status. SAP has a BEE teaming agreement with Hages Infosystems.</p> <p>2. SAP and its directors did not declare any interests as per the Parliamentary Register.</p> <p>3. SAP and PRASA entered into an Initial Agreement regarding software services and implementation, which states that SAP must provide proposals to PRASA to extend the SAP implementation in PRASA. The three contracts represent further phases of implementation of SAP within PRASA, therefore normal tender regulations and procedures were not applicable to the award.</p> <p>4. Software Maintenance Order Forms are available as agreed upon in the MOU. SoW's were entered into regarding REM and EAM as agreed upon in the Initial Agreement.</p> <p>5. Single sourcing was justified in terms of the award of the three contracts.</p> <p>6. There is a lack of proper record keeping in SCM.</p> <p>7. There is a lack of proper record keeping in the finance department.</p>	<p>1. It was not within our scope to investigate where documentation is, or who is directly responsible for the delay in providing the documentation and data, or for misplacing / destroying / losing the documentation / data. 2. The PRASA Board should investigate the root causes for the delay or omission in providing the required data / documentation; and act accordingly.</p> <p>3. It was not within our scope to investigate where documentation is, or who is directly responsible for the delay in providing the documentation and data, or for misplacing / destroying / losing the documentation / data. The PRASA Board should investigate the root causes for the delay or omission in providing the required data / documentation; and act accordingly. PRASA to implement and enforce a document retention and archiving policy relating to payment information, which is in line with NT Regulations prescripts. SAP contracts to be attached to all SAP invoices. PRASA to implement a payment process policy.</p>

22	NEXUS	Tension Overhead Services	R7,589.36	Open Tender	<p>1. PRASA decided not to go out on tender for the completion of the remaining 20% of the work.</p> <p>2. PRASA negotiated with the subcontractors to, on specific terms, continue with the project.</p> <p>3. Due to time delays, the fact that no-one was on site for a long period of time and the surrounding community, theft and vandalism increased the cost of the project substantially.</p> <p>3. The project was eventually finalised and handed over to PRASA.</p> <p>4. Tractionel was paid R7 589.36 (0.03%) more than the contract amount which amounts to unauthorised expenditure. However, in terms of the SCM Policy any variation is limited to 10% of the value of the contract.</p>	<p>1. We recommend the following regarding the vetting of service providers:</p> <ul style="list-style-type: none"> - Not to only conduct desktop verifications regarding TCC and BBEE certificates but confirm with the various entities the authentication of such certificates. <p>2. We recommend the following regarding the procurement process:</p> <ul style="list-style-type: none"> - To streamline the procurement process; it is tedious and time-consuming especially with larger contracts (both projects took over a year before appointments were made and the projects could proceed. This has a negative cost implication for PRASA) - Procurement documentation has to be secured in accordance the prescribed Acts and regulations and it should be readily accessible for audit purposes. <p>3. We recommend the following regarding payments: Financial documentation has to be secured in accordance the prescribed acts and regulations and it should be readily accessible for audit purposes.</p>
23	NEXUS	SNG	R39,179,488.83	Open Tender	<p>1. There is general compliance with industry specific regulations and professional bodies by the SNG Consortium. However, most documents related to SNG and not Sekela Xabiso. SNG's letter of good standing is valid. SNG and Sekela Xabiso's BEE certificates were valid. Members of the SNG Consortium stated that they were part of SAICA but current verification indicate they are not (As confirmed by SAICA).</p> <p>2. The SNG Consortium was awarded this tender after an evaluation process was followed that was fair, transparent, equitable, cost effective and competitive. There were eight bids evaluated and SNG Consortium's bid price was the lowest. Price submitted by SNG Consortium is different from amount awarded. No information provided for the variance.</p> <p>3. Appears to be over spending in the second year. However, over the three-year period the total amount invoiced and paid was in line with the budgets that were estimated. Poor record keeping by the finance department.</p>	<p>1. Contract Administration did not comply with the SCM policy by keeping all procurement related records of contracts in safe custody to prevent damage, destruction or unauthorised use or removal. The SCM did not maintain the records to ensure the existence of an audit trail and disciplinary action is recommended. PRASA to implement and enforce a document retention and archiving policy relating to SCM information, which is in line with NT Regulations prescripts</p> <p>2. Contract Administration did not comply with the SCM policy by keeping all procurement related records of contracts in safe custody to prevent damage, destruction or unauthorised use or removal and disciplinary action is recommended. The Finance did not maintain the records to ensure the existence of an audit trail and disciplinary action is recommended. PRASA to implement and enforce a document retention and archiving policy relating to SCM information, which is in line with NT Regulations prescripts</p>

24	Bowman Gilfillan	Stefanuitte Stocks (Pty) Ltd/ 4 Phase JV	R26,377,023.16	Competitive bidding process	<p>1. Contract value incorrect - the contract value was for a fixed price of R26,377,023.16 million (including VAT) excluding a 10% contingency. However, the bid price of Stefanutti/4Phase was R29,307,803.52. This price was also recommended for the GCEO's approval and the notice to proceed issued by PRASA to Stefanutti/4Phase was also for R29,307,803.52. The contract was never rectified to reflect the correct price of R29,307,803.52 (excluding the 10% contingency) or R32,238,583.87.</p> <p>2. Late completion of Pietermaritzburg Station- construction at both Durban and Pietermaritzburg stations were intended to run concurrently, however the official approval of detailed designs by the Railway Safety Regulator and PRASA Engineering Services to proceed with Pietermaritzburg station (due to its complex geometry), took longer than anticipated. An internal approval process to re-instate the contract, to complete the works for Pietermaritzburg station was followed. Approval was granted with a new start date of 29 January 2016 and end date of 30 April 2016 almost 7 months after application. The handover of Pietermaritzburg platform took place on 24 May 2016.</p> <p>3. No delay penalties were charged by PRASA to Stefanutti/4Phase for the late completion of the Pietermaritzburg station.</p> <p>4. Conflict of interest -it should be noted, that one of the directors of 4Phase was appointed as the Commissioner of the National Planning Commission on 16 October 2015.</p> <p>5. As Stefanutti/4Phase 's contract with PRASA commenced on 9 February 2015, this 4Phase director may have been benefitting from this Cleveland contract, whilst in the position of Commissioner. It is not known if the director declared this interest to the National Planning Commission.</p>	1. We did not identify any significant irregularities pertaining to this contract.
25	Bowman Gilfillan	Stefanuitte Stocks (Pty) Ltd	R45,296,985.58	Competitive bidding process	<p>1. There were several delays during the tender process and the delays in the tender process could be an indication of lack of internal control within PRASA's SCM Department.</p> <p>2. Conflict of interest - It should be noted that one of the directors of 4Phase had been appointed as the Commissioner of the National Planning Commission on 16 October 2015. PRASA had neither identified the conflict of interest nor reported it as a risk and/or reported the benefit derived by the person in the employ of the state whilst doing business with the state.</p>	<p>1. Conflict of interest -whilst onus is in the service provider to advise the public entity of changes in its shareholding and/or directorships during the tenure of its contract, PRASA should be proactive and have control mechanisms to track whether or not it is conducting business with persons in the employ of the state and implement necessary remedial action.</p> <p>2. No significant irregularities were identified with this contract.</p>
26	Bowman Gilfillan	Naledi Rail Engineering (Pty) Ltd -RS	R103,800,000.00	Competitive bidding process	<p>1. Naledi was one of seven companies that were approved as suppliers as part of PRASA's Accelerated Rolling Stock General Overhaul/Upgrade Programme.</p> <p>2. During November 2012, PRASA's Board of Control (i.e. Board of Directors) authorised the extension of the Naledi contract.</p> <p>3. Naledi was allocated 36 plain trailers, 12 motor coaches and 10 Shosholoza Meyl coaches to refurbish for 2016.</p> <p>4. PRASA paid Naledi approximately R280 million from 2012 to date, for the general overhaul/upgrade of 171 motor, passenger and Shosholoza coaches.</p> <p>5. Subsequent to signing the agreement with Naledi, PRASA changed the material required for the Shosholoza coaches than initially anticipated. This resulted in the actual general overhaul/upgrade prices exceeding the average price per agreement.</p>	<p>1. Bowman's did not identify any irregularities pertaining to the Naledi general overhaul/upgrade contract during the course of our investigation.</p> <p>2. Bowman's was unable to perform any further investigation and can only report on the above information to National Treasury.</p>
27	Bowman Gilfillan	Naledi Rail Engineering (Pty) Ltd -RS	R191,795,353.3	Competitive bidding process		

28	Bowman Gilfillan	David Sekgobela and Associates	R149,984,890.62	Competitive bidding process	<p>1. During the tender process, both David Sekgobela and Associates and another bidder, namely Rabali Passengers & Goods Transport, achieved the exact same scores. It is unclear from tender documentation why PRASA awarded the contract to David Sekgobela and Associates.</p> <p>2. David Sekgobela and Associates was contracted to supply 16 Minibus/Kombis and 16 drivers. We noted that only 10 of the 16 Minibus/Kombis were supplied.</p> <p>3. It appears from our investigation that both PRASA and David Sekgobela and Associates failed to correct the pricing, which appears to have resulted in over-invoicing by David Sekgobela and Associates and possibly fruitless and wasteful expenditure by PRASA.</p> <p>4. During April 2014, PRASA invited suppliers in an open tender to bid for the transportation contract. We found that both Messrs Ngobeni and Rabekane failed to evaluate the bids in accordance with the following three criteria (Passenger liability insurance cover, Capacity and availability of resources and Competence of the drivers and suitability of the vehicles). Despite the incomplete bid evaluation scores, David Sekgobela and Associates was awarded the 2015 transportation.</p> <p>5. PRASA entered into an agreement on 27 January 2015 with David Sekgobela and Associates whereby they would be responsible to provide 16 Minibus/Kombis and 16 drivers to assist PRASA with the transportation of the employees after hours to and from their homes.</p> <p>6. David Sekgobela and Associates was responsible to provide 16 Minibus/Kombis and 16 drivers to PRASA for a period of two years.</p> <p>7. The supplier invoiced PRASA for R42,500 (excluding VAT) per Minibus/Kombi per month. Therefore, David Sekgobela and Associates continued to invoice PRASA an amount of R10,200,000 for the Minibus/Kombis, although it only provided 10 of the 16 Minibus/Kombis (R42,500 multiplied by 10 Minibus/Kombis = R425,000 per month multiplied by 24 months = R10,200,000 (excluding VAT)).</p> <p>8. This constitutes to over-invoicing of R4,360,500 (including VAT) over the 24 months of the contract.</p>	<p>1. The payment by PRASA on the over-invoicing by David Sekgobela and Associates constitutes fruitless and wasteful expenditure, as defined in section 1 of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).</p> <p>2. The PRASA Board should consider disciplinary action against the individuals involved and all fruitless and wasteful expenses as detailed above should be recovered from the supplier.</p> <p>3. Internal controls must be implemented through the establishment of a fruitless and wasteful register, disclosure in the annual financial statements and additional control as stipulated in the National Treasury Fruitless and Wasteful expenditure guidelines.</p>
29	Bowman Gilfillan	Nandisa Milisa Consulting Serve	R32,929,073.36	<p>Nandisa Milisa was founded shortly prior to being approved as an SDP supplier</p> <p>(Nandisa Milisa was appointed as a SDP supplier by PRASA without any of the prescribed procurement procedures being followed.)</p> <p>for the ad hoc repair services, call out and technical support</p>	<p>1. The company has no website or internet profile. The contract value was R50,000,000</p> <p>2. Nandisa Milisa has no CIDB grading.</p> <p>3. Bowman's has not seen any evidence that Nandisa Milisa was accredited before it was awarded the agreement signed on 18 June 2015.</p> <p>4. Bowman's has found no evidence that Nandisa Milisa submitted quotations to PRASA and that such quotations were subjected to a competitive bidding process.</p> <p>5. We were unable to verify 64% of the total amount paid by PRASA, against Nandisa Milisa invoices.</p> <p>6. Bowman's was unable to reconcile 81% of the total amount paid by PRASA to Nandisa Milisa, against PRASA acceptance certificates.</p> <p>7. The procurement procedures associated with the SDP program is not provided for in terms of the PRASA SCM policy and is indeed in contravention thereof.</p> <p>8. Therefore, the appointment of Nandisa Milisa by PRASA may be deemed to be irregular.</p> <p>9. It also appears, when the company profile and start-up date of the company is considered that it may have been created solely for the purpose of doing business with PRASA. If this was found to be true, it would also defeat the purpose of the SDP.</p> <p>10. Nandisa Milisa's nature of business according to the company search is unknown</p> <p>11. Nandisa Milisa has no website or internet profile.</p> <p>12. According to the vendor information, Nandisa Milisa had no CIDB grading, which is a requirement for the performance of any construction goods, works or services for the State</p> <p>13. According to vendor information, no security screening report was performed and /or obtained by PRASA for Nandisa Milisa</p>	<p>1. It appears that all awards and appointments of contractors made under the SDP can be considered to be in contravention of PRASA's SCM policies and should be regarded as irregular expenditure and reported as such.</p> <p>2. The PRASA Board should consider its legal remedies against the individuals involved with regard to possible disciplinary action, criminal investigation and /or civil recovery of losses. Further investigation will be required in this regard.</p> <p>3. Legal action against Nandisa Milisa could be considered with regard to the portion of payments that were not reconcilable to quotations, invoices and/or acceptance certificates. Further evidence would have to be prepared in this regard.</p> <p>4. Internal control processes as identified in the National Treasury Irregular Expenditure guidelines must be developed and implemented to ensure irregular expenditure is adequately addressed within the organisation in the future.</p>

30	Bowman Gilfillan	JJ Vacuum cc	R300,000,300.00	Competitive bidding process	<p>1. JJ Vacuum invoiced PRASA for approximately R230,000.00 for the work performed at the four stations.</p> <p>2. PRASA paid JJ Vacuum several months after the invoices were initially submitted and the work was completed.</p> <p>3. JJ Vacuum was liquidated on 21 November 2014 in the High Court of South Africa, Gauteng Local Division, Johannesburg, Case number: 2014/33937</p>	<p>1. We were unable to conduct any further investigations into this contract due to the dearth of information and documentation. It appears anyway that the inclusion of this supplier on the list of investigations was a clerical error in view of the fact that the value of this contract was far less than R10m.</p>
31	Bowman Gilfillan	S N Projects Management cc	R22,600,000.00	Closed tender	<p>1. According to PRASA, the three suppliers were the only suppliers that offered vegetation control services, and as a result other SDP suppliers were not requested to bid.</p> <p>2. SN Project Management, ARS Engineering and Asithokozeni submitted bid documents.</p> <p>3. However, both SN Project Management and ARS Engineering were neither approved as SDP suppliers during the four requests approved by the GCEO as explained above, nor were they listed as suppliers on the SDP contract register.</p> <p>4. There is no evidence that SN Project Management submitted quotation/pricing to PRASA for the SDP or for this tender.</p> <p>5. SN Project Management was not accredited prior to being added to the SDP contracts register or prior to the award of the contract.</p> <p>6. In terms of the contract, SN Project Management had to provide PRASA with a performance bond. SN Project Management failed to adhere to this condition.</p> <p>7. According to the PRASA SCM Assistant Manager Ms Sarah Du Plessis, only contracts exceeding R100 million has to provide PRASA with performance bond. The SCM policy is however silent on this matter.</p> <p>8. Payment does not correspond with contract -According to the contract SN Project Management would receive 50% of the contract value once all the work was completed and after PRASA inspected the work. However, PRASA paid SN Project (8.5%) after one and a half month.</p> <p>9. The rate that SN Project Management charged was not market related and appeared to be excess when compared with what other rates that other suppliers charged in their bid document.</p> <p>10. SN Project manager is operated from residential premises. It is situated in Klerksdorp but was awarded a Kwazulu-Natal vegetation control contract.</p> <p>11. The company has no website or internet profile. SN Project management no CIDB grading.</p> <p>12. The company was classified as a Black Women Owned company on the PRASA vendor registration information system. However, the only director and shareholder of SN Project Management is Mr. Fesi.</p> <p>13. TEC members evaluated bid documents and all the TEC members submitted the exact same evaluation scores for each evaluation criteria.</p>	<p>1. The appointment of Vendors in terms of the SDP by PRASA is in contravention of the PRASA SCM policies and the PFMA.</p> <p>2. The PRASA Board should consider its legal remedies against the individuals involved with regard to possible disciplinary action, criminal investigation and /or civil recovery of losses. Further investigation will be required in this regard.</p> <p>3. Internal control processes as identified in the National Treasury Irregular Expenditure guidelines must be developed and implemented to ensure irregular expenditure is adequately addressed within the organisation in the future.</p> <p>4. The identical scoring of the TEC with regard to SN Project Management creates the suspicion that there was at least some collusion or discussion between TEC members with regard to the awarding of this contract.</p>

32	Bowman Gilfillan	Conogon Trading cc Conogon provided the ad hoc work for PRASA at the Wolmerton and Braamfontein Rolling Stock depots On 1 April 2016, PRASA in a letter informed Conogon that PRASA was terminating the contract and gave Conogon 90 days' notice period from 1 April 2016 to 30 June 2016	R13,716,598.32	Conogon was appointed through the confinement process which was approved by the Group CEO, Mr Montana	<p>1. The contract value was R2 000 000, but Conogon did not utilise the full contract value during the period of the contract. Conogon were allocated approximately 75% of the contract value in purchase orders.</p> <p>2. Irregular contract period- It should be noted that the PRASA SCM policy does not allow for contracts exceeding a period of 3 years (except for certain exceptions which is not relevant to this contract). However this contract with Conogon was for a five year period.</p> <p>3. PRASA issued an accreditation certificate to Conogon, before they commenced with work at the depot in terms of the ad hoc appointments. It was required that Conogon comply with inter alia all the Health and Safety requirements. After Conogon met all the accreditation requirements, PRASA allocated work to them.</p> <p>4. Outstanding vendor registration information: PRASA was unable to supply us with the vendor registration information for Conogon.</p> <p>5. Conogon's nature of business according to the company search is stated as "Agriculture hunting forestry and fishing" however Conogon performed electrical and mechanical refurbishment of coaches that were vandalised. The work performed by Conogon was different to the nature of the business as registered with the Companies and Intellectual Property Commission (CIPC).</p> <p>6. Of the total amount of R8,382,175, Bowman's was able to reconcile a total of R1,563,436 (19%) to the physical invoices that were submitted by Conogon to PRASA during May 2014 to April 2016.</p> <p>7. Bowman's was unable to reconcile R6,818,739 (81%) against physical Conogon invoices.</p>	<p>1. Due to the fact that it appears that the appointment of and the awards to Conogon were made in contravention of PRASA policy, all payments to the organisation should be regarded as irregular expenditure and should be reported as such.</p> <p>2. The PRASA Board should consider its legal remedies against the individuals involved with regard to possible disciplinary action, criminal investigation and /or civil recovery of losses. Further investigation will be required in this regard.</p> <p>3. Legal action against Conogon could be considered with regard to the portion of payments that were not reconcilable to quotations, invoices and/or acceptance certificates. Further evidence would have to be prepared in this regard.</p> <p>4. Internal control processes as identified in the National Treasury Irregular Expenditure guidelines must be developed and implemented to ensure irregular expenditure is adequately addressed within the organisation in the future.</p>
33	Bowman Gilfillan	Scope Engineering Pty Ltd	R20,100,000.00	Supplier Development Program ("SDP").	<p>1. The supplier contracts were appointed through the Supplier Development Program ("SDP").</p> <p>2. During 2012, the Group Chief Executive Officer ("GCEO") approved the SDP. This program was intended to provide BBBEE companies with an opportunity to develop, by working together with well-established companies where after they would be capable of executing mandates independently.</p> <p>The SDP is in contravention of the PRASA SCM Policies dated February 2009 and September 2013, respectively and that all appointments of suppliers by PRASA in terms of the SDP are irregular.</p> <p>3. We could not identify any policy or procedure in terms of which the suppliers were selected.</p> <p>4. The suppliers were not accredited prior to being added to the SDP contracts register, i.e. No audit of the supplier's systems and procedures were performed in order to ensure that the supplier had capacity to deliver. No assessment of the staff, facilities, equipment and infrastructure of the supplier was performed.</p> <p>5. No assessment was performed on the supplier to determine its practical ability to carry out the required maintenance and repairs on the assets.</p>	<p>1. All appointments of suppliers made in terms of the SDP should be regarded as Irregular Expenditure as envisaged in the PFMA.</p> <p>2. The appointments of the various contractors in terms of this program appears to be completely arbitrary and it is clear that no fair and transparent competitive bidding processes were followed as is required in terms of PRASA SCM policies, the PFMA and other legislation.</p>
34	Bowman Gilfillan	Dikiza Consulting cc	R50,000,000.00			
35	Bowman Gilfillan	Langa Lebalele Trading	R50,000,000.00			
36	Bowman Gilfillan	Maredi Telecom	R15,985,716.57			
37	Bowman Gilfillan	Active Power Projects (Pty) Ltd	R128,015,367.00			
38	Bowman Gilfillan	Active Power Projects (Pty) Ltd	R11,897,955.42			
39	Bowman Gilfillan	Active Power Projects (Pty) Ltd	R12,397,955.42			
40	Bowman Gilfillan	Mabulele Rail and Infrastructure	R50,000,000.000			
41	Bowman Gilfillan	Y-Rail Trans Trading in	R52,000,000.00			
42	KPMG	Oteo	R12,111,7151.1	Tender process	<p>1. Two confined tenders took place prior to this open tender which may have impacted on the objectivity and results of the open tender process.</p> <p>2. TTT Consortium may have had an unfair advantage by having more time to consider their bid price, which may have resulted in Oteo submitting an inaccurate and comparatively lower bid price of R121 117 151.10 resulting in its award.</p> <p>3. Oteo's contract price has since escalated to R218 661 839.70, which is much higher than TTT Consortium's price of R128 247 952.84.</p> <p>4. No evidence of approval for the escalated amount of R218 661 839.80 yet Sebola provided the go ahead for Oteo to proceed.</p> <p>5. Individual scoring sheets for the BEC and BEC recommendation not signed or dated.</p> <p>6. No meetings to approve the re-instatement of the Oteo contract after it lapsed but a notice to proceed for an accelerated program was issued by Sebola on 22 April 2016, without any approval of increased costs.</p>	<p>1. Approval for increased cost to R218 661 839.70 m must be obtained.</p>
43	KPMG	Tshireletso	R43,113,905.10	Tender process	<p>1. Tshireletso was a sub-contractor to the R1.3bn Bridge City Project, and their involvement was cancelled due to non-performance and in 2013 they had financial difficult which caused delays and the contract was ultimately terminated in June 2014.</p> <p>2. Tshireletso's tax and BEE certificate are dated 2012, whereas the bid closed in 2011.</p> <p>3. We were not provided with individual scoring sheets for the BEC.</p>	<p>1. Confirm whether Zide had delegate to sign the contract</p>

44	KPMG	Superway	R89 393 077.98 R102 338 331.15	Tender process	1. Rainbow/Anquet JV who was originally awarded the contract, and Superway, did not submit the required CIDB grading certificates, and hence should have been disqualified together with Esorfranki and Yikusasa who were disqualified for this reason. 2. Pre-qualification was not performed adequately and insufficient justification as to why Bila, the PRASA BEC's highest ranking bidder, was not awarded this tender. 3. BEC scoring sheets incomplete and BEC recommendation report not signed (Mbatha). 4. Zide signed the contract which was not within his delegation.	1. Confirm whether Zide had delegation to sign the contract.
45	KPMG	TLF Rail Solutions (Consortium comprising of LDM, Transurb Technical and Focus	R95,315,330.07	Tender process	1. Award made by Montana, subject to TLF confirming its BBBEE partners and there was no evidence of such confirmation. 2. Maximum BBBEE score of 20 points which was awarded by the BEC to TLF was incorrect, as Transurb, the foreign member to the consortium did not have a BBBEE certificate	1. Follow up on outstanding documents should be done.
46	KPMG	LDM Consulting (Pty) Limited	R19,146,004.99	Tender process	1. No approval by the GCEO for deviation from the normal procurement process. 2. Approval given by Zamxaka and Sonny subject to confirmation of estimated costs. No evidence of such confirmation. 3. Based on invoice dates, LDM commenced work prior to the notice to proceed and contract.	1. Determine Mpisi has an approved delegation to approve the budget.
47	KPMG	Fastmove	R95,560,192.80	Tender process	1. No clear threshold for technical scoring and individual score sheet was not provided. 2. Following Ampcor's escalated prices, Montana's reason for not appointing Siemens, "PRASA should not be putting all its eggs in one basket" appears to be insufficiently justified; 3. Zide signed the contract which was not within his delegation. 4. Seven (7) invoices paid, without payment certificates attached.	1. Confirm whether Zide had delegation to sign the contract.
48	KPMG	DCD Group (Pty) Ltd	R17,595,667.00	Tender process	1. No specific written approval for PRASA to participate in this process. 2. Six (6) months extension of DCD's contract from 1 August 2014 to 31 December 2014, was also subject to a tender process by Transnet, but DCD did not meet the DTI threshold, but was extended by PRASA Rail as an interim solution. 3. Potential overspending of R7 534 711.00 against the contract amount of R17 595 667.00.	1. Potential overspending of R7 534 711.00 against the contract amount of R17 595 667.00
49	KPMG	CTE Investments (Pty) Limited	R824,624,368.02	GO: Contracts	Director search, the following were noted: 1. From Media report, there is possible friendships between Montana and Norris.	1. Clarity surrounding the total ad hoc expenses budgeted and paid by both PRASA Rail and PRASA Tech, to determine whether payments are within budget. 1. Contractual obligations (clauses surrounding penalties for late deliveries, warranties, and credit notes for excessive payments should be invoked).
50	KPMG	Opiconsivia	R360,400,000.00	GO: Contracts	Director search, the following were noted: 1. From Media report, possible friendship between Montana and Mabunda the co-directors with Norris of Opiconsivia and former director of Wictra	None
51	KPMG	RSRS	R180,400.00	GO: Contracts	Director search, the following were noted: 1. One of the director Amauh is politically exposed person with influence as he is married to Phumla Makaziwe Mandela daughter of the late Nelson Mandela 2. Another Director Jakavula is a former CEO of Spornet	None

52	TGR	Siyaya Rail Infrastructure Solutions and Technology (Pty) Ltd	R69,985,985,033.00	Open tender process	<p>1. We have not had sign of one member's declaration of Interest - Takalani Mukwevho.</p> <p>2. There are no documents to demonstrate that a bid specification committee was established specifically for this tender.</p> <p>3. We had sight of the submission for Adjudication from Tender Evaluation Committee which seeks to request that the Corporate Tender Committee appoints Siyaya as the successful tenderer for an amount of R78 583 734. However, it is not clear what the amount presented to the Corporate Tender Committee differs from the contract awarded by the GCEP at R69 985 033.</p> <p>4. Documents provided for review do not include the full tender document and we therefore cannot confirm whether the tender documents required in terms of 12.4 Administration was properly prepared and provided to bidders.</p> <p>5. During evaluation Siyaya scored 88 points while Transurb scored 93 points with the latter ranking first.</p> <p>6. Recommendation report was compiled by PRASA's CPO, addressed to the GCEO, recommending that GCEO approves the award of the tender to Siyaya who was not the highest ranking bidder citing that the highest ranked bidder, Transurb has a consortium agreement in place which lacks in substantive empowerment of its local partner in South Africa and that the local partner's share in the work is not substantial enough to be meaningful and may not assist in PRASA achieving strategic aims of localisation and revitalising the industry.</p> <p>8. We have not been provided with documents which record the adjudication of the tender, instead, the GCEO has approved the appointment of Siyaya after such bidder is recommended by the evaluation committee through the CPO as the preferred bidder.</p>	None
53	TGR	Abakali	R75,957,212.76	Abakali was selected from a database of suppliers without the competitive process being followed	<p>1. On 15 May 2012, The Group CEO approved the Panel of Emerging Professional in the Construction Industry Recommendation report which was intended to introduce a supplier database. The companies were not invited to provide services for a specific contract but merely for the inclusion into the supplier database.</p> <p>2. Abakali was successful in its inclusion into the database, and it has been placed in the Quantity Surveying category of companies.</p> <p>3. There are two documents that are subject to this review. First, a contract was awarded to Abakali that did not follow the competitive process- as a result of it being a part of the database and secondly, a request for ratification for the appointment of the professional team by the Project Implementation Agent, Abakali.</p> <p>4. On 24 February 2014, the General Manager of Supply Chain Management at PRASA, Mr Takalani Mukwevho issued to the GCEO a Request for the Ratification of the Appointment of the Professional Team- Berea Station. The GCEO approved the appointments, albeit with conditions.</p> <p>5. Firstly, the GCEO requested that the process by which Abakali was appointed be verified. No further comment regarding the reasons for the request, however, the issues around selection criteria alluded to above raise concern. Secondly, he requested that an explanation regarding the reasons why a competitive process was not followed in the selection of professional teams. The issue herein is that the rigorous process of verification of the PIA was not necessarily applied to the professional teams. By way of example, it is not clear whether the same stringent rules around preferential procurement were adhered to. Thirdly, The GCEO commented that the Project Manager approving the appointment of Abakali without GCEO approval should be subjected to disciplinary proceedings. Abakali was selected from a database of suppliers without the competitive process being followed. The SCM Policy provides for a database selection of suppliers on a rotational basis. It is not evident whether Abakali was selected solely as a result of rotation or whether there were other proposals received. There are no documents to demonstrate that a bid specification committee and bid evaluation committee were established specifically for this tender. As regards the two issues stated above, it is not evident whether the CTPC was established to either select Abakali as the PIA or the selection of the members to the professional teams. It can be gleaned from the Request for Ratification document that the competitive process was not followed.</p>	None

54	TGR	Crane Registered Quantity Surveyors	R11,539,963.45	Crane was appointed through selection from the PRASA supplier database.	<p>1. On 15 May 2012, the Group Chief Executive Officer (“GCEO”) Mr Lucky Montana approved the Panel of Emerging Professional (sic) In the Construction Industry Recommendation Report which was intended to introduce a Supplier Database.</p> <p>2. The companies were not invited to provide services for a specific contract but merely for the inclusion into the supplier database.</p> <p>3. Crane was successful in its inclusion into the database, and it has been placed in the Quantity Surveying category of companies.</p> <p>4. On 25 October 2011, the Senior Manager in the Supply Chain Management division addressed a letter to Crane in which Crane was appointed as a consortium of consultants to provide professional services for Phase 2 of the Modernisation Programme at the following stations in South Gauteng.</p> <p>5. The identifying tender number for this contract is the same as that of the initial tender that was issued for the inclusion on the supplier database.</p> <p>6. There are no documents to demonstrate that a bid specification committee was established specifically for this tender. The automatic selection from the database, one that stipulates that companies are selected on a rotational basis, suggests the database usurped the functions of BSC.</p> <p>7. There are no documents to demonstrate that a bid specification committee and bid evaluation committee was established specifically for this tender.</p>	None
55	TGR	Prodigy Business Services	R28,300,000.00	There is no indication from the documents we have received that the appointment of consultants was a case of emergency, sole source or confinement.	<p>1. There is no indication from the documents we have received that there are signed declarations of interest.</p> <p>2. There is no indication from the documents we have received that –the tender documents were complete, there were briefing sessions and enquiries, all potential suppliers are compliant with relevant legislation; a supplier recommendation report was compiled and there are records to ensure the existence of an audit trail.</p> <p>3. There is no indication from the documents we have received that specifies the tender threshold amount. We are thus not in a position to comment on whether the tender award ought to have been approved by GCEO.</p> <p>4. There are no documents to demonstrate that a bid specification committee was established specifically for this tender.</p> <p>5. There is no indication from the documents we have received that the Bid Evaluation Committee fulfilled these responsibilities.</p> <p>6. There is no indication from the documents we have received that indicates the tender award amount. We are thus not able to comment on whether a request or quotation following the prescripts of the PPPFA and its associated Regulations should have been or was indeed applied.</p> <p>7. There is no indication from the documents we have received that consultants were registered in the non competitive database.</p> <p>8. There is no indication from the documents we have received that PRASA received an unsolicited tender from consultants.</p>	None

56	TGR	Development and Engineering Consultants, Illiso Consulting and Molemo Consulting	R31,859,122.00 R37, 886,668.74 R48,077,875.00	Not indicated	<p>1. There is no indication from the documents we have received that there are signed declarations of interest.</p> <p>2. There is no indication from the documents we have received that –the tender documents were complete, there were briefing sessions and enquiries, all potential suppliers are compliant with relevant legislation, a supplier recommendation report was compiled and there are records to ensure the existence of an audit trail.</p> <p>3. There is no indication from the documents we have received that specifies the tender threshold amount. We are thus not in a position to comment on whether the tender award ought to have been approved by GCEO.</p> <p>4. There is no indication from the documents we have received that the CPO fulfilled these responsibilities.</p> <p>5. There are no documents to demonstrate that a bid specification committee was established specifically for this tender.</p> <p>6. There is no indication from the documents we have received that the Bid Evaluation Committee fulfilled these responsibilities.</p> <p>7. There is no indication from the documents we have received that specifies the tender award amount. We are thus not in a position to comment on whether the FCP ought to have made a recommendation for the Board.</p> <p>8. There is no indication from the documents we have received that specifies the tender award amount. We are thus not in a position to comment on whether the CTPC ought to have adjudicated this tender.</p> <p>9. It is indicated in correspondence from Teddy Nhlanhla Phoma (SCM Compliance Officer) that all consultants were not appointed through a competitive tendering process. There is no indication from the documents we have received that the appointment of consultants was a case of emergency, sole source or confinement.</p>	None
57	TGR	Inyani Civil Works and Plant Hire CC	R20,000,000.00 R82,640,158.00	Not indicated	<p>1. There are no documents to demonstrate that a bid specification committee was established specifically for this tender.</p> <p>2. We have had sight of the Submission for Adjudication and a Notice to Proceed from the Tender Evaluation Committee, as signed by General Manager: SCM, undated, which seeks to request that the Corporate Tender Procurement Committee appoints Inyani as the successful tenderer for an amount of R82 640 158.00</p> <p>3. Please note that 7 companies responded to the tender and only 2 of the 7 were shortlisted because they scored a threshold of 175 according to the technical evaluation criteria.</p> <p>4. We note that the documents provided for review do not include the full tender document and we therefore cannot confirm whether the tender documents required in terms of “12.4. Tender Administration” was properly prepared and provided to the bidders.</p> <p>5. We have not been provided with documents which record the adjudication of the tender, and instead, the GCEO has approved the appointment of Inyani, after such bidder is recommended by the evaluation committee through the Chief Procurement Officer as the preferred bidder.</p>	None
58	Strategic Investigations and Seminars	Nondela Gedeza Investments	R5,000,000.00	Memorandum of Agreement	<p>1. No evidence provide to assess procurement method.</p> <p>2. Violation of PRASA SCM Policy.</p> <p>3. Violations of Fiduciary duties of the Board of PRASA as set out in section 50 of the PFMA.</p> <p>4. Violation of General responsibilities of the Board as set out in section 51 of the PFMA.</p>	<p>1. The Accounting Authority/Officer should be charged in terms of section 86 of the PFMA</p> <p>2. Disciplinary action need to be initiate against the Chief Procurement Officer.</p> <p>3. Disciplinary action need to be initiated against Stephen Ngobeni who signed the MOA on behalf of PRASA.</p> <p>4. Disciplinary action need to be initiated against the management of the SCM Department Management</p> <p>5. Disciplinary Action against all employees of PRASA in office on the effective date of MOA.</p> <p>6. Civil action need to be initiated against the supplier as a legal person</p>

59	Strategic Investigations and Seminars	Lebepe Quantity surveyors	R24,772,440.78	Recommendation from Chief Procurement Officer	<ol style="list-style-type: none"> 1. Violation of PRASA SCM Policy 2. Violation of fiduciary duties of the Board of PRASA as set out in section 50 of the PFMA. 3. Violation of General Responsibilities of the Board of PRASA as set out in section 51 of the PFMA 4. Discrepancies are existing in the financial data provided to us by both the supplier and PRASA 	<ol style="list-style-type: none"> 1. The Accounting Authority/Officer should be charged in terms of section 86 of the PFMA 2. Disciplinary action need to be initiate against the Chief Procurement Officer. 3. Disciplinary action need to be initiated against the Chief Financial Officer 4. Disciplinary action need to b initiated against Chris Mbatha 5. Disciplinary action need to be initiated against the management of the SCM department in office on the effective dates of the recommendation report 6. Disciplinary Action against all employees of PRASA in office on the effective date of recommendation report. 7. Civil Action need to be initiated against supplier as legal person. 8. SARS should conduct a VAT auditor the Supplier as legal to ensured proper VAT claims was submitted.
60	Strategic Investigations and Seminars	Superfecta trading 209 CC	R11, 856, 544.42	Competitive Bidding Process	<ol style="list-style-type: none"> 1. Violation of the PRASA SCM Policy 2. Violations of Fiduciary duties of the Board of PRASA as set out in section 50 of the PFMA 3. Violation of General responsibilities of the Board as set out in section 51 of the PFMA. 	<ol style="list-style-type: none"> 1. The Accounting Authority/Officer should be charged in terms of section 86 of the PFMA 2. Disciplinary action need to be initiate against the Chief Procurement Officer. 3. Disciplinary action need to be initiated against the Chief Financial Officer 4. Disciplinary action need to be initiated against the management of the SCM department in office on the involvement on the Supply Chain Management 5. Disciplinary Action against all employees of PRASA in office involved in the Supply Chain Management Dept. 6. Civil Action need to be initiated against supplier as legal person.
61	Strategic Investigations and Seminars	Blue Flame Advertising (Pty) Ltd	R18,246, 471.21	Competitive bidding process	<ol style="list-style-type: none"> 1. Violation of the PRASA SCM Policy. 2. Violations of Fiduciary duties of the Board of PRASA as set out in section 50 of the PFMA 3. Violation of General responsibilities of the Board as set out in section 51 of the PFMA. 4. Payment does not correspond with bid. Therefore there were discrepancies between the payments and the bid. 	<ol style="list-style-type: none"> 1. The Accounting Authority/Officer should be charged in terms of section 86 of the PFMA 2. Disciplinary action need to be initiate against the Chief Procurement Officer. 3. Disciplinary action need to be initiated against the Chief Financial Officer 4. Disciplinary Action against all employees of PRASA in office on the involvement of Supply Chain Management Dept. 5. Civil Action need to be initiated against supplier as legal person. 6. PRASA must pay the supplier of tender HO/CORPAFFIRS/246/02/2012

62	Strategic Investigations and Seminars	Highland Projects CC	R13,371,680.16	Competitive Bidding Process	<p>1. Violation of the PRASA SCM Policy</p> <p>2. Violations of Fiduciary duties of the Board of PRASA as set out in section 50 of the PFMA</p> <p>3. Violation of General responsibilities of the Board as set out in section 51 of the PFMA.</p>	<p>1. the payment does not correspond with bid price and/or contractual agreement.</p> <p>2. The Accounting Authority/Officer should be charged in terms of section 86 of the PFMA</p> <p>3. Disciplinary action need to be initiate against the Chief Procurement Officer.</p> <p>3. Disciplinary action need to be initiated against the Chief Financial Officer</p> <p>4. Disciplinary action need to be initiated against the management of the SCM department in office on the involvement on the Supply Chain Management.</p> <p>5. Disciplinary action need to be initiated against Rebecca Setino</p> <p>6. Disciplinary Action against all employees of PRASA in office on the involvement of Supply Chain Management function</p> <p>7. Civil Action need to be initiated against supplier as legal person.</p>
63	Strategic Investigations and Seminars	Otis (Pty) Ltd	R11,731,190.12	Competitive Bidding Process	<p>1. Violation of the PRASA SCM Policy</p> <p>2. Violations of Fiduciary duties of the Board of PRASA as set out in section 50 of the PFMA</p> <p>3. Violation of General responsibilities of the Board as set out in section 51 of the PFMA.</p>	<p>2. The Accounting Authority/Officer should be charged in terms of section 86 of the PFMA</p> <p>2. Disciplinary action need to be initiate against the Chief Procurement Officer.</p> <p>3. Disciplinary action need to be initiated against SCM Dept. ,l in Office during the timeline of the tender HO/CRES/265/06/2012</p> <p>4. Compel the supplier and its directors in office during the timeline of the tender to hand over financial records pertaining to the tender.</p> <p>5. Compel the supplier to determine when maintenance became due on the and escalators</p> <p>3. Disciplinary action need to be initiate against the Chief Procurement Officer</p>
64	Strategic Investigations and Seminars	Protea Coin Asset in Transit	R4,790,985.94	Could not be established	<p>1. Violation of the PRASA SCM Policy</p> <p>2. Violations of Fiduciary duties of the Board of PRASA as set out in section 50 of the PFMA</p> <p>3. Violations of General responsibilities of the Board as set out in section 51 of the PFMA</p>	<p>1. The Accounting Authority/Officer should be charged in terms of section 86 of the PFMA</p> <p>2. Disciplinary action need to be initiate against the Chief Procurement Officer</p> <p>3. Disciplinary action need to be initiated against the Chief Financial Officer</p> <p>4. Disciplinary action need to be initiated against Management of the SCM Department in office during the timeline of the 2 transactions.</p> <p>5. Disciplinary action need to be initiated against the employees of PRASA, in Office during the timeline of the 2 transaction in involved in the SCM function.</p> <p>6. recover the R4 790 985.94 that was improperly paid to the supplier.</p>
65	Strategic Investigations and Seminars	Transnet	R42,599,870.98	Lease hold agreement Metrorail and Transnet	<p>1. Violations of Fiduciary duties of the Board of PRASA as set out in section 50 of the PFMA</p> <p>2. Violation of General responsibilities of the Board as set out in section 51 of the PFMA</p>	<p>1. The Accounting Authority/Officer should be charged in terms of section 86 of the PFMA</p> <p>3. Disciplinary action need to be initiated against the Chief Financial Officer</p> <p>3. The board of 2 government companies sign a new resolution to review and confirm all leasehold agreement between the 2 entities.</p>

66	Strategic Investigations and Seminars	Learnings Rail Service	R21,532, 930.18	Could not be established	<ol style="list-style-type: none"> 1. Violation of the PRASA SCM Policy 2. Violations of Fiduciary duties of the Board of PRASA as set out in section 50 of the PFMA 3. Violations of General responsibilities of the Board as set out in section 51 of the PFMA. 	<ol style="list-style-type: none"> 1. The Accounting Authority/Officer should be charged in terms of section 86 of the PFMA. 2. Disciplinary action need to be initiate against the Chief Procurement Officer. 3. Disciplinary action need to be initiated against the Chief Financial Officer. 4. Disciplinary action need to be initiated against Management of the SCM Department in office during the timeline of the 2 transactions. 5. Disciplinary action need to be initiated against the employees of PRASA, in Office during the timeline of the 2 transaction in involved in the SCM function. 6. Compel the supplier to hand over all proposals submitted to PRASA. <p>Recover the R21 352 930.18 that was improperly paid to the supplier, only if the supplier cannot provide evidence that the relevant Notices to proceed were trcirvrf from PRASA</p>
67	Strategic Investigations and Seminars	Mmashela Investments CC	R2,293,184.10	Could not be established	<ol style="list-style-type: none"> 1. Violation of the PRASA SCM Policy 2. Violations of Fiduciary duties of the Board of PRASA as set out in section 50 of the PFMA 	<ol style="list-style-type: none"> 1. The Accounting Authority/Officer should be charged in terms of section 86 of the PFMA. 2. Disciplinary action need to be initiate against the Chief Procurement Officer. 3. Disciplinary action need to be initiated against the Chief Financial Officer 4. Disciplinary action need to be initiated against Management of the SCM Department in office during the timeline of the 2 transactions. 5. Disciplinary action need to be initiated against the employees of PRASA, in Office during the timeline of the 2 transaction in involved in the SCM function. 6. Compel the supplier to hand over all proposals submitted to PRASA. 7. Civil action need to initiated against the supplier as a legal person and its director (s) in the office during the period 01 April to 31 January 2013. 8. recover the R2 293 184.10 that was improperly paid to the supplier, only if the supplier cannot provide evidence that the reports relevant to the invoicing was submitted to PRASA
68	Strategic Investigations & Seminars	Afri-Guard (Pty)Ltd	Supplier paid: R42,668, 687.04 from 3 March 2010 to 31 May 2016 and released value according to PRASA was R32,877, 316.48 (VAT Inclusivity not known). Variance could be indicative of the manipulation of the accounting records at PRASA or because of period corresponding assumptions made.	Prasa inherited contract from Transnet. No competitive bidding process followed.	1. Efforts to abstain additional information was unsuccessful. Supplier failed to provide sufficient financial information related to work done.	1. Accounting officer should be charged; Disciplinary action to be initiated against CPO and CFO and Supplier to hand over all proposals submitted to PRASA and financial records pertaining to transactions and events leading to services rendered. Civil action need to be initiated to recover R2 293 184.10 against supplier.

69	Strategic Investigations & Seminars	Hlanganani Protection Services	Supplier paid: R107, 889, 360.75 from 23 March 2010 to 31 May 2016 and released value according to PRASA was R88, 339, 767.10 (VAT Inclusivity not known). Variance could be indicative of the manipulation of the accounting records at PRASA or because of period corresponding assumptions made.	Prasa inherited contract from Transnet. No competitive bidding process followed. No original bid document, a signed contractual agreements or the specification of the work.	1. Efforts to obtain additional information was unsuccessful. Supplier failed to provide sufficient financial information related to work done.	1. Accounting officer should be charged; Disciplinary action to be initiated against CPO and CFO and Supplier to hand over all proposals submitted to PRASA and financial records pertaining to transactions and events leading to services rendered. Civil action need to be initiated to recover R3 124 685.55 against supplier.
70	Strategic Investigations & Seminars	Futuris Guarding Systems	Supplier paid: R59,027, 339.77 from 1 March 2010 to 31 May 2016 and released value according to PRASA was R41,133, 642.06(VAT Inclusivity not known). Variance could be indicative of the manipulation of the accounting records at PRASA or because of period corresponding assumptions made.	Prasa inherited contract from Transnet. No competitive bidding process followed. No original bid document, a signed contractual agreements or the specification of the work.	1. Efforts to obtain additional information was unsuccessful. Supplier failed to provide sufficient financial information related to work done.	1. Accounting officer should be charged; Disciplinary action to be initiated against CPO and CFO and Supplier to hand over all proposals submitted to PRASA and financial records pertaining to transactions and events leading to services rendered. Civil action need to be initiated to recover R118 044.15 against supplier.
71	Strategic Investigations & Seminars	Vusa-Isizwe Security (Pty) Ltd	Supplier paid: R199,651, 437.63 from 13 March 2010 to 31 May 2016 and released value according to PRASA was R164, 445, 630.29 (VAT Inclusivity not known). Variance could be indicative of the manipulation of the accounting records at PRASA or because of period corresponding assumptions made.	Prasa inherited contract from Transnet. No competitive bidding process followed. No original bid document, a signed contractual agreements or the specification of the work.	1. Efforts to obtain additional information was unsuccessful. Supplier failed to provide sufficient financial information related to work done.	Accounting officer should be charged; Disciplinary action to be initiated against CPO and CFO and Supplier to hand over all proposals submitted to PRASA and financial records pertaining to transactions and events leading to services rendered. Civil action need to be initiated to recover R27 904 425.38 against supplier.
72	Strategic Investigations & Seminars	Sinqobile Equestrian Security Services (Pty) Ltd	Supplier paid: R121,846, 324.44 from 17 March 2010 to 31 May 2016 and released value according to PRASA was R101,671, 012.88 (VAT Inclusivity not known).Variance could be indicative of the manipulation of the accounting records at PRASA or because of period corresponding assumptions made.	Prasa inherited contract from Transnet. No competitive bidding process followed. No original bid document, a signed contractual agreements or the specification of the work.	1. Efforts to obtain additional information was unsuccessful. Supplier provided sufficient financial information related to work done, however full comparison between records could not finalised at the time of this report.	1. Accounting officer should be charged; Disciplinary action to be initiated against CPO and CFO and Supplier to hand over all proposals submitted to PRASA and financial records pertaining to transactions and events leading to services rendered. Civil action need to be initiated to recover R1 108 205.88 against supplier.

73	Strategic Investigations & Seminars	Changing Tides 208 (Pty) Ltd	Supplier paid: R118,130, 472.89 from 12 March 2010 to 31 May 2016 and released value according to PRASA was R100, 097, 090.65(VAT Inclusivity not known). Variance could be indicative of the manipulation of the accounting records at PRASA or because of period corresponding assumptions made.	Prasa inherited contract from Transnet. No competitive bidding process followed. No original bid document, a signed contractual agreements or the specification of the work. Supplier not found on the legislative compelled registration database of PSIRA	1. Efforts to obtain additional information was unsuccessful. Supplier provided sufficient financial information related to work done, however full comparison between records could not finalised at the time of this report.	1. Accounting officer should be charged; Disciplinary action to be initiated against CPO and CFO and Supplier to hand over all proposals submitted to PRASA and financial records pertaining to transactions and events leading to services rendered. Civil action need to be initiated to recover R13 157 995.18 against supplier. All security services provided to PRASA should be stopped immediately
74	Strategic Investigations & Seminars	Enlightened Security	Supplier paid: R245 753 560.82 from 18 March 2010 to 31 May 2016 and released value according to PRASA was R100 097 090.65 (VAT Inclusivity not known). Variance could be indicative of the manipulation of the accounting records at PRASA or because of period corresponding assumptions made.	Prasa inherited contract from Transnet. No competitive bidding process followed. No original bid document, a signed contractual agreements or the specification of the work.	1. Efforts to obtain additional information was unsuccessful. Supplier failed to provide sufficient financial information related to work done.	1. Accounting officer should be charged; Disciplinary action to be initiated against CPO and CFO and Supplier to hand over all proposals submitted to PRASA and financial records pertaining to transactions and events leading to services rendered. 2. Civil action need to be initiated to recover R1 301 216.97 against supplier. 3. Supplier also task to render services at Eastern Cape Metrorail on the 01 December 2011, but no related financial transactions can be found in records provided by PRASA
75	Strategic Investigations & Seminars	R1 Security Services	Supplier paid: R107 200 968.14 from 12 March 2010 to 31 May 2016 and released value according to PRASA was R86 116 217.31 (VAT Inclusivity not known).Variance could be indicative of the manipulation of the accounting records at PRASA or because of period corresponding assumptions made.	Prasa inherited contract from Transnet. No competitive bidding process followed. No original bid document, a signed contractual agreements or the specification of the work.	1. Efforts to obtain additional information was unsuccessful. Supplier failed to provide sufficient financial information related to work done.	1. Accounting officer should be charged; Disciplinary action to be initiated against CPO and CFO and Supplier to hand over all proposals submitted to PRASA and financial records pertaining to transactions and events leading to services rendered. 2. Civil action need to be initiated to recover R6 435 783.96 against supplier. 3. Supplier also task to render services at PRASA crescent on the 01 December 2011, but no related financial transactions can be found in records provided by PRASA
76	Strategic Investigations & Seminars	VIMTSIRE Security Services	Supplier paid: R114 422 089.15 from 24 April 2010 to 31 May 2016 and released value according to PRASA was R94 991 787.01 (VAT Inclusivity not known). Variance could be indicative of the manipulation of the accounting records at PRASA or because of period corresponding assumptions made.	Prasa inherited contract from Transnet. No competitive bidding process followed. No original bid document, a signed contractual agreements or the specification of the work.	1. Efforts to obtain additional information was unsuccessful. Supplier provided sufficient financial information related to work done, however full comparison between records could not finalised at the time of this report.	1. Accounting officer should be charged; Disciplinary action to be initiated against CPO and CFO and Supplier to hand over all proposals submitted to PRASA and financial records pertaining to transactions and events leading to services rendered. 2. Civil action need to be initiated to recover R6 828 094.91 against supplier.

77	Strategic Investigations & Seminars	Royal Security CC	Supplier paid: R229 860 355.74 from 30 April 2010 to 31 May 2016 and released value according to PRASA was R195 610 652.59 (VAT Inclusivity not known). Variance could be indicative of the manipulation of the accounting records at PRASA or because of period corresponding assumptions made.	Prasa inherited contract from Transnet. No competitive bidding process followed. No original bid document, a signed contractual agreements or the specification of the work.	1. Efforts to obtain additional information was unsuccessful. Supplier failed to provide sufficient financial information related to work done.	1. Accounting officer should be charged; Disciplinary action to be initiated against CPO and CFO and Supplier to hand over all proposals submitted to PRASA and financial records pertaining to transactions and events leading to services rendered. 2. Civil action need to be initiated to recover R9 665 466.86 against supplier. 3. Supplier also task to render services at Metrorail Passenger Service on the 01 December 2012, but no related financial transactions can be found in records provided by PRASA.
78	Sekela Xabiso	Arcus Gibb (1)	R28,495, 063.00	Competitive bidding	1. There is no evidence that the tender was approved by the delegated authority and weather the specification was approved. 37 Suppliers did not attached their proof of payment slip. 29 suppliers who attended the briefing session were not recorded on tender collection register.	1. Ensure that the filling system of SCM is in order. Documents are approved by the relevant authority. SCM Policy documents should be updated. Verification of TCC.All files should have the SCM checklist pasted.
79	Sekela Xabiso	Arcus Gibb (2)	R72,365,148.00	None/SLA	1. No proof of budget before advertising. No specification. No contract documents in place. No tender documents available.	1. Ensure that the filling system of SCM is in order. Contract Administration must ensure that SLA are signed with successful tenderes.SCM Policy documents should be updated.
80	Sekela Xabiso	Mthuma Security Services (1)	R13,798,849.56	None/SLA	1. A checklist was not on file. No proof of budget before advertising. No specification. No proof a tendering process	1. Ensure that the filling system of SCM is in order. Files should be completed. SCM Policy documents should be updated. Maintenance of records. Performing all monitoring activities.
81	Sekela Xabiso	Mthuma Security Services (2)	R13,150,789.20	None/SLA	1. A checklist was not on file. No proof of budget before advertising. No specification. No proof a tendering process	1. SCM Policy documents should be updated. Performing all monitoring activities.
82	Sekela Xabiso	Chippa Protection Services	R42,550,364.88	None/SLA	1. A checklist was not on file. No proof of budget before advertising. No specification. No proof a tendering process	1. SCM Policy documents should be updated. Performing all monitoring activities.
83	Sekela Xabiso	Chippa Investment Holding	R20,98Y, 219.88	None/SLA	1. A checklist was not on file. No proof of budget before advertising. No specification. No proof a tendering process.	1. SCM Policy documents should be updated. Performing all monitoring activities.
84	Sekela Xabiso	Archway Projects	R15, 545,000.00	None/SLA	1. A checklist was not on file. No proof of budget before advertising. No specification. No proof a tendering process.	1. SCM Policy documents should be updated. Performing all monitoring activities.
85	Sekela Xabiso	Plasser South Africa (1)	R26, 331,691.38	Competitive bidding	1. Check list not signed off by procurement official. Briefing minutes were not on the file. No declaration of interest on the file.	1. Contracts should be signed and witnessed at all times as per PSASA's SCM Policy. Contract should not be varied more than the 10% as PRASA's policy.
86	Sekela Xabiso	Plasser South Africa (2)	R25, 788,124.13	None/SLA	1. Check list not on the file. No proof budget before advertising. No proof a tendering process	1.SCM Policy documents should be updated. Contracts should be signed and witnessed at all times as per PSASA's SCM Policy

87	Sekela Xabiso	Leomat Plant Hire	R22,398,471.48	Competitive bidding/Closed bids	1. Check list not on the file. Evaluation register not on file. No declaration of interest for one supplier. No TCC. 2. No BBBEE. No minutes of the technical Evaluation. Evaluation Scores were changed for some suppliers and no reasons were provided. No evidence that rejection letters were sent or e-mailed.	1. TCC should be submitted together with the bid. SCM Policy documents should be updated.
88	Sekela Xabiso	Mpfumelelo Business Enterprise	R48,294,724.59	Bidding process	1. For a lack of audit trail in respect to key items as outlined in the report, there was no evidence to substantiate that the bid Evaluation Committee had verified the tax clearance certificate issued by SARS as per the PRASA SCM Policy approved by the Board on 29 May 2014, Sections 9.2.4 and 9.6	None
89	Sekela Xabiso	Mpfumelelo Business Enterprise	R49,299,608.94	Bidding process	1. For a lack of audit trail in respect to key items as outlined in the report, no evidence was on file to substantiate that the Bid Evaluation Committee had verified the Tax Clearance Certificate issued by SARS as per the PRASA SCM Policy approved by the Board on 29 May 2014. 2. For the contract not being dated and version on file being incomplete as per PRASA SCM Policy approved by the Board on 29 May 2014 section 12.10.2.1	None
90	Sekela Xabiso	Khutele Projects	R12,306,735.24.	Bidding process	1. Based on the findings and lack of documentations to support the stipulated procedures, the SCM policy has been contravened as follows; - For not validating tax clearance certificate as per PRASA Supply Chain Management Policy, For lack of audit trail in respect of the key items outlined in the report. - For signing the contract that was not in line with the PRASA Powers and Authority of the Board and Delegation of Authority. For exceeding the threshold of the 10% variation as per the SCM policy.	None
91	Sekela Xabiso	Khutele Projects	R8,163,587.50.	Bidding process	1. Based on the findings and lack of documentation to support the stipulated procedures, For not validating the tax clearance certificate as per PRASA Supply Chain Management Policy, - SCM Policy approved by the Board on 29 May 2014. For a lack of audit trail in respect of the key items as outlined in the relevant document and performing activities as per the PRASA Supply Chain Management Policy approved by the Chairman of the Board of Control on 26 February 2009 Sections 9.9.15 and 9.9.16.	None
92	Sekela Xabiso	Khutele Projects	R11,716,547.00	Bidding process	1. Based on the findings and lack of documentation to support the stipulated procedures, the SCM Policy has been contravened as follows; For not validating the tax clearance certificate as per PRASA Supply Chain Management Policy, SCM Policy approved by the Chairman of the Board on 26 February 2009. For lack of audit trail in respect of the key items as outlined in the report and performing all monitoring activities as per PRASA SCM policy Policy, SCM Policy approved by the Chairman of the Board on 26 February 2009.	None
93	Sekela Xabiso	Voetstapine VAE SA (PTY) Ltd	R9,689,964.08.	Bidding process	1. Based on the findings and lack of documentation to support the stipulated procedures, the SCM Policy has been contravened as follows; For not validating the tax clearance certificate as per PRASA Supply Chain Management Policy, SCM Policy approved by the Chairman of the Board on 26 February 2009. 2. For a lack of audit trail in respect to key items as outlined in the report, and performing all monitoring activities as per the PRASA SCM policy approved by the Chairman of the Board on 26 February 2009. 3. For not ensuring that the the signatories were obtained for the contract and not ensuring that all contract extension were file/compiled as per the PRASA SCM, approved by the Chairman of the Board on 26 February 2009. 4. For exceeding the threshold of 10% variation as per the SCM Policy approved on 2009 May 2014.	None
94	Sekela Xabiso	Machine Tool; Promotions (PTY) LTD	R30,000,000.00	Bidding process	1. Based on the findings and lack of documentation to support the stipulated procedures, the SCM Policy has been contravened as follows; - For a lack of audit trail in respect of the key items as outlined in the report and performing all monitoring activities as per the PRASA SCM Policy approved by the Chairman of the Board on 26 February 2009.	None

95	Sekela Xabiso	Biddcom Software (PTY) LTD- Capex Hardware	R22,559,088.00	Bidding process	1. Based on the findings and lack of documentation to support the stipulated procedures, the SCM Policy has been contravened as follows; - For a lack of audit trail in respect of the key items as outlined in the report and performing all monitoring activities as per the PRASA SCM Policy approved by the Chairman of the Board on 26 February 2009. - For not obtaining approval from the GCEO of single source/confinement as per the PRASA SCM Policy approved by the Chairman of the Board on 26 February 2009.	None
96	Sekela Xabiso	Biddcom Software (PTY) LTD- Maintenance and Support	R 8,530,395.00 The contract amount on the report contradict the amount reflected on the contract list	Bidding process	1. Based on the findings and lack of documentation to support the stipulated procedures, the SCM Policy has been contravened as follows; - For lack of audit trail in respect of the key items as outlined in the report and performing all monitoring activities as per PRASA SCM policy Policy. - SCM Policy approved by the Chairman of the Board on 26 February 2009.	None
97	Sekela Xabiso	Destiny Cuisine (PTY) LTD	R10,245,000.00 There is no contract amount on the report . The amount the reflected amount emanate from the contract list.	Bidding process	Based on the findings and lack of documentation to support the stipulated procedures, the SCM Policy has been contravened as follows; - For lack of audit trail in respect of the key items as outlined in the report and performing all monitoring activities as per PRASA SCM policy Policy. -SCM Policy approved by the Chairman of the Board on 26 February 2009.	None
98	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Enza Construction (Pty) Ltd	R73,247,280.00	Competitive bidding process	1.CPO, Dr Josephat Phungula irregularly recommended the appointment of Enza Construction to the GCEO 2. Lucky Montana the then GCEO irregularly approved the appointment of Enza Construction to the GCEO	1.PRASA institute disciplinary action against Dr Josephat Phungula 2.PRASA request Transnet to institute disciplinary action against Rebecca Setino in accordance with section 64B(4) of the Public Service Act, 1994 3.Implement a proper document management system
99	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Inyatsi Construction (Pty) Ltd	R47,801,832.69	Competitive bidding process	1.Alistar Gledinning disclosed conflict of interest but continued with the evaluation of the bid. BEC members were negligent in allowing Glendenning to continue with the evaluation. 2.The bid was re-evaluated with a new committee. Ernest Gow was the only remaining member from the first committee. The evaluation criteria was changed. 3.Changes were made to the weighting criteria on the score sheets of Ernest Gow and Stephen Kondlo. The weighting on Sandra du Plessis scoresheet for methodology and CV were different from the other two members. 4.Ernest Gow's previous evaluation score was 68% and the second evaluation score was 80% 5.Inyatsi Construction was disqualified in the initial evaluation because the valid B-BBEE certificate was not provided but qualified in the second evaluation. 6. It is apparent that the tender evaluation process was manipulated to favor Inyatsi Construction.	1.PRASA institute disciplinary action against Maishe Bopape, Senior Manager SCM, S. Konlo (chairperson of the BEC); Ernest Gow (BEC member); Richard Malope (BEC member); Sidney Khuzwayo (BEC member) and Sidney Mlugisi Tenza (BEC) 2.PRASA consider instituting a criminal investigation 3.Implement a proper document management system
100	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Tswelokgotso Trading Enterprise CC	R10,791,401.88	Competitive bidding process	1.The CIDB grading in the bid specification was 3EP instead of 7EP. 2.The BEC recommended Schick Services CC because of the poor performance by Tswelokgotso Trading Enterprise CC. The PTPC approved the appointment of Tswelokgotso Trading Enterprise CC 3.The award structure, PTPC, did not form part of the 2009 and 2014 approved policies. The.PTPC resolution was not signed by the chairperson. The resolution was signed on behalf of the chairperson. The PTPC resolution appears to be irregular /or fraudulent. 4. The letter of appointment issued by Siyabonga Ncube was irregular 5.R10 612 054.80 constitutes irregular expenditure	1.PRASA institute disciplinary action against Zonke. Ntshangase - SCM; Sabelo Chiya and Siyabonga Ncube 2.Implement a proper document management system. 3.PRASA appoint a handwriting expert to verify the signature on the PTPC resolution. PRASA consider instituting a criminal investigation.

101	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Enza Construction (Pty) Ltd	R97,841,346.33	Competitive bidding process	1.The CTPC did not meet to adjudicate the bid. Dr Josephat Phungula recommended the bid to the GCEO, Lucky Montana. The CPO exceeded his delegation.	1.PRASA must institute disciplinary action against Josephat Phungula, CPO. 2.PRASA request Transnet to institute disciplinary action against Rebecca Setino in accordance with section 64B(4) of the Public Service Act, 1994. 3.Implement a proper document management system.
102	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Reutech Solutions (Pty) Ltd	R25,431,004.56	No documentation to the contract	1.there is no documents supporting the method of procurement prior to the award of the contract 2.the contract was extended on a month to month for 443 months in the amount of R55 560 820.37. No approvals for the month to month extensions. 3.the variance of 218% was a breach of Treasury prescripts. 4.The CPO, Chris Mbatha and the GCEO Lucky Montana recommended and approved improvements to the ticketing system. 5. A request to increase the contract amount was made by Sollie Ferreira and Tara Ngubane.	1.PRASA must institute disciplinary action against Sollie Ferreira, Tara Ngubane, Chris Mbatha - CPO.
103	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Supercare Service Group (Pty) Ltd	R5,027,995.08	No documentation to the contract	1.The initial bid was advertised and cancelled. No approval documentation was provided. 2.No proper process was followed in the appointment of Supercare for a six month period. 3.Rebecca Setina, Senior Manager SCM irregularly sent a letter of appointment to Supercare. 4.The extension of Supercare from 1 August 2014 to 31 August 2014 was recommended on the 17 July 2014 but approved on the 30 August 2014. 5.Re-advertised bid -The appointment of the BEC members was made by Rebecca Setino who was not delegated to do so. 6.Supercare did not make the 70% functionality threshold but qualified for next stage evaluation. The BEC recommendation report states that Supercare exceeded the 70% threshold for functionality. It appears that the CPO misrepresented that Supercare exceeded the 70% threshold for functionality. There were two bids that were disqualified fo not making the 70% threshold. Upon re-calculations the two bids scored above the 70% threshold. 7.The price for Supercare was R996 377.10 and was evaluated on R874 015.00. 8.The appointment of Supercare was approved by the GCEO and recommended by Phungula which made the approval irregular.	1.PRASA institute disciplinary action against Nomsa Kheswa, Facilities Manager, Dr Josephat Phungula, CPO, Lucky Montana, GCEO 2.Implement a proper document management system 3.PRASA request Transnet to institute disciplinary action against Rebecca Setino in accordance with section 64B(4) of the Public Service Act, 1994
104	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Nkambule and Associates CC	R1,650,000.00	Closed tender	1.The appointment was approved by the Ngoye Acting GCEO and recommended by Phungula which made the approval irregular. 2.The extension of the contract was not adjudicated by CTPC	1.PRASA institute disciplinary action against Dr Josephat Phungula, CPO, Martha Ngoye, Acting GCEO 2.Implement a proper document management system
105	Gobodo Forensic and Investigative Accounting (Pty) Ltd	PMSA	R4,950,000.00	Closed tender	1.The appointment of Supercare was approved by the GCEO and recommended by Phungula which made the approval irregular. 2.The extension of the contract was not adjudicated by CTPC	1.PRASA institute disciplinary action against Dr Josephat Phungula, CPO, Martha Ngoye, Acting GCEO 2. Implement a proper document management system
106	Gobodo Forensic and Investigative Accounting (Pty) Ltd	FIP Brakes	R6,657,498.00	Database of Transnet	1.It appears that Thabo Mashea increased/adjusted GRA's prices in his capacity as the contracts manager, which is a breach of PRASA policy and Treasury prescripts 1.Bobape requested approval from the CEO for the contract of DCD. Bobape made an error in the calculation by 2 765 788.30.	1. Implement a proper document management system
107	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Global Railway Africa (GRA)	R5,549,380.00			2.PRASA institute disciplinary action against Maishe Bopape, Senior Manager SCM

108	Gobodo Forensic and Investigative Accounting (Pty) Ltd	DCD Dorbyl	R17,959,667.00			3.PRASA recover the overpayment of 2 765 788.30.
109	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Enza Construction	R142,665,828.49	No evidence of the process used	1.No documents provided with regards to the process followed. Matshidiso Mosholi, PRASA procurement manager, issued the letter of appointment. 2.Albert Mdluli did not provide the missing documents	1.PRASA institutes disciplinary action against Matshidiso Mosholi 2.PRASA institutes disciplinary action against Albert Mdluli, senior SCM manager
110	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Sondolo IT (Pty) Ltd	R22,893,972.37	Competitive bidding	1.Evidence was not provided to indicate if the BEC recommendations were adjudicated by the relevant adjudication committee. 2.The letter of appointment was issued to Sondolo IT by Albert Mdluli	1.PRASA institutes disciplinary action against Albert Mdluli, senior SCM manager; Tshepo Marumo- SCM Manager 2.PRASA institutes disciplinary action against the CEO 3.PRASA institutes disciplinary action against the BEC members: Tshepo Marumo; Richard Malope; Wonder Mukwata and Tshifularo Nematatani 4.PRASA request Transnet to institute disciplinary action against Rebecca Setino in accordance with section 64B(4) of the Public Service Act, 1994 5. Implement a proper document management system
111	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Stevrob Investments (Pty) Ltd	R11,0638,44.10	Competitive Bidding	1. A minimum threshold of 70% was indicated for the technical evaluation functionality. PRASA paragraph 12.4.4 of the PRASA Policy states that the minimum threshold is set at 80%.The 70% minimum threshold is a breach of the policy and constitutes a risk of non performance by the service provider 2. A CIDB grading of 6GB or higher was required. It was found that Stevrob was registered in the CIDB register but had a 5GB grading. Stevrob should have been disqualified for non-compliance. 3. No individual appointment letters were given to the BEC members. A memorandum addressing all BEC members simultaneously was issued by Setino. BEC members were irregularly appointed. 4. 16 bidders were disqualified for non-compliance with administrative requirements and for less than the 70% technical functionality. Nap Designs; Stevrob Investment; and Unique Holdings proceeded to the BEE/Pricing evaluation stage. Stevrob should have been disqualified for non-compliance to the CIDB grading of 6GB. Scores of various bidders were calculated and it was found that Unique Holdings scored 67.25% 5. The recommendation report provided had missing pages and did not provide the name of a successful bidder. No evidence was provided suggesting that the BEC recommendation was subjected to an adjudication process. 6. An appointment letter dated 8 October 2014 from Albert Mdluli to Stevrob was provided. The letter indicated that Stevrob investments had been appointed for 6 months at a cost of R11,063,844.00 incl. VAT. Albert Mdluli acted irregularly by signing and issuing an appointment letter without proper procurement being followed. 7. The PRASA payment schedule indicate that Stevrob Investment had been paid R6,891,132.73	1.PRASA institute disciplinary action against BEC members, Sibusiso Mthethwa 2. PRASA institute disciplinary action against BEC members, Sibu Mahlatse Sekhu 3. PRASA institute disciplinary action against BEC members, Zukisani Myeko 4. PRASA institute disciplinary action against BEC members, Albert Mdluli 5. Rebecca Setino has since left the employ of PRASA and is now employed at Transnet. It is recommended that PRASA request that Transnet institute disciplinary action against Rebecca Setino in accordance with Section 64B (4) of the Public Service Act, 1994. 6. It is recommended that PRASA consider instituting a criminal investigation. 7.It is recommended that PRASA implement a proper document management system in the SCM unit at PRASA that will ensure that files and documents are in a secured, structured and easily accessible place.

112	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Katanga Property Care (Pty) Ltd	R498,110,61.04	Competitive Bidding	<p>1. The appointed seven contractors had neglected their contractual responsibilities at the Johannesburg Park Station on 14 March 2012. PRASA decided to terminate the contracts of the seven contractors on 14 March 2012. Copies of the termination letters were not provided.</p> <p>2. There is no mention of the contract terms and whether the contracts of the seven contractors were still valid. The said contracts and letters of termination were not provided by PRASA. The immediate termination of the contractors appears questionable.</p> <p>3. Goodman Matampi, the Regional Gauteng Manager recommended on 29 March 2012 that approval be granted for the appointment of Katanga Cleaning Services and Reagona Commercial & Industrial Hygiene on an emergency basis. The suggested contract period was for six months.</p> <p>4. The recommendation was supported by Executive Facilities (Philiswa Ngubane) , Chief Executive Officer (Tumisang Reginald Kgaboesele) on 29 March 2012, Senior Manager SCM (Ntombeziningi Shezi), Group Chief Procurement Officer (Chris Mbatha) signed in support of the the recommendation on 1 April 2012.</p> <p>5. The appointment of the two cleaning contractors were approved by Montana on 2 April 2012. The contract period 15 March 2012 - 15 October 2012.</p> <p>6. The recommendation by Matampi is not in accordance with the SCM Policy.</p> <p>7. The approval of the 2 contractors happened after the contractors started working at the Johannesburg Park Station.</p> <p>8. The appointment of Katanga Property Care was irregularly approved. There was no indication that the officials supporting the recommendation of Matampi constitute the Corporate Tender and Procurement Committee. The emergency appointment was not submitted to the CTPC for adjudication.</p> <p>9. The emergency contract was extended for a further 12 months. Relevant documents have been requested from PRASA. All payments relating to this extension constitute irregular expenditure.</p> <p>10. A resolution dated November 2013 was provided for the condiment for the extension of contract for Park Station. According to the resolution the contract was extended for for two months without prior approval. The resolution further recommended that the contract be extended for for a further 3 months. The resolution does not indicate who was responsible for the irregular extension of the contract.</p> <p>11. The resolution was supported by the DTPC and signed by Chris Mbatha as the chairperson of the DTPC. The extension of contract is a variation of which must be recommended by the CTPC for condonation.</p> <p>12. No documentation relating to the extension of the contract between the period 16 October 2012 - 31 August 2013. The initial contract ended on 15 October 2012. The appears to be an extended period of ten and a half months. No proper procurement was followed to extend the contract between 16 October 2012 to 31 August 2013.</p> <p>13. The extension was requested on the basis that a new tender evaluation process to take place to appoint a new contractor. The extension of the three months contract was given R3.9 million.</p> <p>14. Albert Mdluli requested that the CTPC extend the initial 24 month contract by a further 4 months at a total cost of R5 270 000.00</p> <p>15. Albert Mdluli's request indicates that the contract is a 24 months contract yet the initial emergency contract was effective from 15 April 2012-14 October 2012. The initial contract was a six months contract not a 24 months one. No contract was provided for the period 15 October 2012 to 31 October 2013. Albert Mdluli misrepresented the initial contract period as 24 months and monthly contract amount.</p> <p>16. An extension of contract memorandum was provided from the CPO, Dr Joseph Phungula to the GCEO which was signed by both officials on 1 April 2014 and 9 April 2014.</p> <p>17. Minutes of the CTPC were not provided indicating the recommendation for approval.</p> <p>18. The review of payments and invoices revealed that the monthly charges far exceeded the monthly contract amount R830 176.84. From July 2013 the contracted amount increased to R1 280 739.87 per month. A change in contract price constitutes a contract variation which must be approved in accordance with the PRASA SCM.</p> <p>19. The payments related to the unauthorised extensions could be considered to be irregular and could possibly amount to R18 263 890.48</p>	<p>1. It is recommended that PRASA institute disciplinary action against Goodman Matampi, Regional Manager at PRASA CRES Gauteng.</p> <p>2. It is recommended that PRASA institute disciplinary action against Ntombeziningi Shezi, Senior Manager - SCM.</p> <p>3. It is recommended that PRASA institute disciplinary action against Tara Philiswa Ngubane, Executive - Facilities.</p> <p>4. It is recommended that PRASA institute disciplinary action against Tumisang Reginald Kgaboesele.</p> <p>5. It is recommended that PRASA institute disciplinary action against Chris Mbatha, Group Chief Procurement Officer.</p> <p>6. It is recommended that PRASA institute disciplinary action against Albert Mdluli.</p> <p>7. It is recommended that PRASA institute disciplinary action against Dr Josephat Phungula, Group Chief Procurement Officer.</p> <p>8. Rebecca Setino has since left the employ of PRASA and is now employed at Transnet. It is recommended that PRASA request that Transnet institute disciplinary action against Rebecca Setino in accordance with Section 64B (4) of the Public Service Act, 1994.</p> <p>9. Disciplinary action against the then GCEO, L Montana has not been recommended as he has left the employ of PRASA.</p> <p>10. It is recommended that PRASA implement a proper document management system in the SCM unit at PRASA that will ensure that files and documents are in a secured, structured and easily accessible place.</p>
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113	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Gabade Building and Projects CC	R115,523,723.74	Competitive bidding	<p>1. The tender records projects costs as R115 523 723.74. Gabade said that they had only been appointed to renovate / upgrade the REAM/SPPM Offices and old facilities. It appears the tender was split and more than one service provider was appointed for the various services mentioned in tender request.</p> <p>2. The tender was advertised in 3 newspapers and on the CIDB website. The date for the compulsory briefing session was given as 2 February 2015 and the date for the tender closing date was given as 24 February 2015 in the advertisement.</p> <p>3. The tender advertisement indicated that a CIDB grading required was 6GB. The said tender amount was in excess of R10 000 000.00 and less than R30 000 000.00. In terms of the CIDB regulations, a CIDB grading of GB7 is required for contracts between the values R10 000 001.00 and R30 000 000.00. The request for lower grading is in contravention of the CIDB Act and regulations.</p> <p>4. The cross functional team was constituted to evaluate the WPIP Alterations and Renovations to the SPPM AND REAM Office Durban Station tender. Rebecca Setino appointed BEC members.</p> <p>5. PRASA SCM policy states that BEC members must be appointed by the CPO. No appointment letters were provided for the BEC members. It appears that the BEC was not properly constituted.</p> <p>6. Handwritten annotations were noted on the score sheets of ostensibly the 5 BEC members. The handwriting appears to be from the same person. Investigations revealed that the points allocated to Gabade ostensibly by the BEC members, are similar in all evaluation criteria. It was also noted that that the maximum points in respect of relevant staff experience have been incorrectly reflected as 20 instead of 25.</p> <p>7. The BID evaluation process is questionable and raises concerns regarding the fairness and/ or existence of a properly constituted BEC.</p> <p>8. Certain documents were requested from PRASA, which forms a substantial part of the evaluation criteria indicated in tender documents. This is in breach of the PRASA SCM policy dated 2013. The 86% allocated to Gabade is questionable. Based on the outstanding documentation, the Gabade technical evaluation points were recalculated and it was found that they have been given 38% for the technical evaluation. Thus they should have been disqualified at the technical evaluation stage.</p> <p>9. It appears that the BEC manipulated the evaluation process by excluding certain compliance requirements in order to favour Gabade. The tender evaluation process thus appears flawed and irregular.</p>	<p>1. It is recommended that PRASA institute disciplinary action against Albert Mdluli, SCM Manager at PRASA.</p> <p>2. It is recommended that PRASA institute disciplinary action against Tara Ngubane, CEO: PRASA CRES.</p> <p>3. It is recommended that PRASA institute disciplinary action against BEC members (Luvuyo Mdekazi, Sbhongile Sheri, Kholisa Dingezweni, Anthony Stainbank)for irregularly changing the evaluation criteria to suit and favor.</p> <p>4. It is recommended that PRASA institute disciplinary action against L Mdekazi, Line Manager.</p> <p>5. It is recommended that PRASA institute disciplinary action against L Ngcobo, HOD.</p> <p>6. Rebecca Setino has since left the employ of PRASA and is now employed at Transnet. It is recommended that PRASA request that Transnet institute disciplinary action against Rebecca Setino in accordance with Section 64B (4) of the Public Service Act, 1994.</p> <p>7. It is recommended that PRASA consider instituting a criminal investigation.</p> <p>8. It is recommended that PRASA implement a proper document management system in the SCM unit at PRASA that will ensure that files and documents are in a secured, structured and easily accessible place.</p>
					<p>10. During investigations, a recommendation report was dated 19 June 2015 from Albert Mdluli was provided, the acting SCM to Tara Ngubane and the CEO was provided.</p> <p>11. The construction site was physically inspected. The service provider has been paid a total of R9 625 111.70 for work done to July 2016.</p>	
					<p>10. During investigations, a recommendation report was dated 19 June 2015 from Albert Mdluli was provided, the acting SCM to Tara Ngubane and the CEO was provided.</p> <p>11. The construction site was physically inspected. The service provider has been paid a total of R9 625 111.70 for work done to July 2016.</p>	

114	Gobodo Forensic and Investigative Accounting (Pty) Ltd	Ntabelo Services CC	R122,464.46	Competitive bidding	<p>1. A copy of the tender advertisement was provided which appears to have been retrieved from PRASA website/notice board. The said advertisement appeared to have been incorrectly typed. There were handwritten changes/corrections to the invitation to bidders.</p> <p>2. The tender was advertised on the 6 February 2011 in the Isolezwe and Mercury newspapers. According to the advertisement, the compulsory briefing session and tender closing dates were given as 17 February 2014 and 7 march 2014.</p> <p>3. 13 companies submitted bids in response to the February 2014 advertisement. A BEC evaluation meeting was held on 14 March 2014. 7 companies were eliminated for scoring below 50% functionality threshold.</p> <p>4. The score sheet criteria used by the BEC evaluation team differed from the tender document. The weighting used also differed. The score for the financial stability had been omitted in the scores sheet. The financial stability was a criterion stipulated in the tender document. PRASA SCM policy states that the criteria stipulated in the tender document must be used for the bid evaluations.</p> <p>5. Report issued by RTEC to the Divisional Tender Evaluation Committee indicates that of the 13 bids, 7 bids were disqualified for scoring less than 50% for the functionality criterion.</p> <p>6 companies that proceeded to the BBBEE and Pricing, Meondo and Ikhayelihle had the lowest prices and scored 90.0 and 89.62</p> <p>7. It was noted that Meondo and Ikhayelihle were evaluated on BEE and scored 0 and 9 respectively as a result Ikhayelihle was recommended for appointment as the service provider.</p> <p>8. During the the review of SCM documents sourced from PRASA, it was discovered that a tender for the cleaning of the Berea Road Station in Duban was again advertised in August 2014. It was noted that the tender reference number for the tender which was advertised in August 2014 is different from the tendered reference number for the tender advertised in February 2014. It appears that there was no appointment after the the first advertisement. No reason was provided for the second advertisement.</p> <p>9. It was found that the minimum qualification score for functionality was given as 50% in the advertisements issued in February 2014. The August 2014 advertisement reflects the minimum qualification score for functionality as 60%</p> <p>10. Rebecca Setino issued a memorandum dated 4 September 2014 informing officials that they had been appointed as BEC members. There is no evidence that the BEC was properly constituted.</p>	<p>1. It is recommended that PRASA institute disciplinary action against Ms Tara Ngubane, Chief Executive Officer: PRASA CRES</p>
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				<p>11. The tender closing date provided indicates that 36 companies submitted bids. The recommendation report records that 42 companies responded to the tender and were all evaluated. It would appear that the said closing tender was incomplete.</p> <p>12. The minimum threshold in the tender document is incorrect and in breach of the PRASA applicable policy. Lowering the minimum threshold could constitute a serious risk for PRASA as the work delivered could be of poor quality and standard.</p> <p>13. Completed score sheet for each member was provided. The evaluation score sheets show that the evaluation criteria used was the same as indicated in the tender documents.</p> <p>14. A recommendation report was compiled by Rebecca Setino in her capacity as the Senior Manager of SCM addressed to the CEO. This is a breach of the PRASA SCM policy. Rebecca Setino acted irregularly by issuing the said report. The recommendation report should have been issued to the DTPC.</p> <p>15. According to the said report, 23 companies were recommended for evaluation on price and preference. Based on the report 5 companies had the lowest prices and proceeded to the BBB-EE and Pricing evaluation stage</p> <p>16. Of the 5 companies that proceeded to the BEE/Pricing stage, it appears that the BEC rejected the bids of Shayimpi and Sizimiselengomsebenzi. According to the recommendation report, the said service providers were going to pay their employees less than the gazetted rates. Of the 3 remaining bidders, Meondo had the lowest at R10 077 536.57. However, Meondo were allocated no points for a valid BEE certificate. The nil points suggest that they did not submit a valid BEE certificate. Meondo was contacted about their non-submission of a valid BEE certificate. Meondo said that a valid BEE certificate was part of their submission in February 2014 and in September 2014. A relevant and applicable BEE certificate for 2014 period was requested from Meondo. Meondo provided the valid BEE certificate issued by the verification agency, DRG-Siyaya Verification Agency (Pty) Ltd. The said certificate records that Meondo is a level 1 BBBEE contributor. Furthermore, the certificate was valid for the period 15 October 2013 to 14 October 2014. The BEC should have awarded Meondo the 10 points for BEE preference. The BEC should have recommended that Meondo be appointed at a price of R10 077 536.57 which is less than the price of a successful bidder, Ntabelo Services CC by R122 464.46. It is apparent that the procurement process was manipulated to favour Ntabelo Services CC.</p>	<p>2. It is recommended that PRASA institute disciplinary action against the BEC members that evaluated the tender for August 2014.</p>
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115	Gobodo Forensic and Investigative Accounting (Pty) Ltd	JHI Properties (Pty) Ltd	R14,664,380.80	Competitive bidding	<p>1. The tender to appoint a property management company was advertised in the various newspapers nationwide between 25 August 2013 and 29 August 2013. A copy of the tender advertisement was provided which appears to have been retrieved from PRASA website/notice board. The said advertisement appeared to have been incorrectly typed. There were handwritten changes/corrections to the invitation to bidders.</p> <p>2. The closing date of the submission of bids was given as 13 September 2013. We were provided with a copy of the tender register which was completed on the closing date. The said tender opening register was signed by the SCM and the end-user.</p> <p>3. We could find no evidence that the BEC was properly constituted.</p> <p>4. The documents in our possession suggest that the BEC meetings were held on 30 September, 7 October, 21 October and 14 November 2013 respectively.</p> <p>5. According to the submission for adjudication by the BEC, all 3 bidding companies achieved the functionality threshold score of 70% and subsequently proceeded to Price and BEE Evaluation stage.</p> <p>6. The BEC submission issued on 1 November 2013 indicates that the price evaluation was divided into 3 categories: Management Fee; Commission on new leases and Commission on lease renewals. In the documentation provided It was noted that both companies (JHI and Herman & Roman) passed the technical evaluation stage and were further evaluated on Price and BEE. During the price evaluation stage, it shows that Herman & Roman quoted the lowest and were awarded 90 points for price. According to the BEC submission both companies are level 3 BEE compliant and were scored 8 points. Thus Herman & Roman scored the highest points. Reference checks conducted by PRASA reveals that the bidder, Herman & Roman was facing serious financial difficulties, An extract from the Government Gazette dated 22 March 2013 was provided, which indicates that the directors of Herman & Roman had voluntarily applied for business rescue proceedings. Based on this information JHI properties were recommended for appointment. On 31 January 2014 a memorandum from Rebecca Setino to the CEO (PRASA CRES) recommended the approval of the appointment of JHI for the management of 12 selected properties in Gauteng, Western Cape and KZN for a period of 36 months. An appointment letter was provided dated 31 January 2014 from Rebecca Setino to JHI. It appears that Rebecca Setino exceeded her authority by issuing a recommendation report to Ngubane and by also issuing an appointment letter to JHI Properties. The approval by Ngubane is irregular as it appears that the BEC recommendation was not an adjudication process. The PRASA payment schedule reflect that a total amount of R6 676 590.33 has been paid to date.</p>	<p>1. It is recommended that PRASA institute disciplinary action against Ms Tara Ngubane, Chief Executive Officer: PRASA CRES</p> <p>2. Rebecca Setino has since left the employ of PRASA and is now employed at Transnet. It is recommended that PRASA request that Transnet institute disciplinary action against Rebecca Setino in accordance with Section 64B (4) of the Public Service Act, 1994.</p> <p>3. It is recommended that PRASA implement a proper document management system in the SCM unit at PRASA that will ensure that files and documents are in a secured, structured and easily accessible place.</p>
116	Deloitte & Touche	ETS Emergency Training	R15,155,048.52	PRASA provided no documents relating to the method used to appoint ETS Training.	<p>1. PRASA provided no electronic information relating to payments made.</p> <p>2. According to the spreadsheet from NT, PRASA paid a total of R15 155 048.52.</p> <p>3. The fact that we could not find any documents relating to payments to this supplier is indicative that the appointment and payments to this supplier might have been irregular.</p>	<p>1. The Finance division and SCM are the custodians of these documents. Therefore, the Finance division and SCM should be held accountable.</p> <p>2. PRASA's Accounting (the Board) at the time should be held accountable for contravening section 50(1) (a) of the PFMA in that it failed to ensure reasonable protection of procurement and financial records.</p>
117	Deloitte & Touche	Bombardier Africa Alliance Consortium (Bombardier)	R1,288,771,783.00	Request for Proposal (RFP) issued and open tender procedure followed.	<p>(1). PRASA did not provide supporting documents for one payment totalling R43 329 702.28.</p>	<p>1. PRASA should provide the outstanding documents relating to the one payment and ensure such documents are kept in line with applicable regulations.</p>
118	Deloitte & Touche	Group Five	R66,357,660.00	Request for Proposal (RFP) issued and open tender procedure followed	<p>From the available documents and interviews conducted, it appears that PRASA followed an appointment process in line with legislation and PRASA's SCM procedure.</p>	<p>1. No further action required.</p>

119	Deloitte & Touche	Marble Arch trading CC	Only received an unsigned contract for R1 522 573.08. According to the spreadsheet from NT, the contract value is R37 942 604.91	Due to limited documents relating to the appointment, it is not clear which methods were used to appoint this service provider	<p>1. Insufficient documents relating to appointment process. The absence of documents, is indicative that all appointments of Marble Arch may have been irregular.</p> <p>2. PRASA provided two appointment letters to Marble Arch, but the amounts as per the appointment letters differs significantly from the amount of payments to Marble Arch. This justify an inference that PRASA appointed Marble Arch on more than two contracts.</p> <p>3. Based on the limited documents relating to payments, which include invoices signed off by unknown PRASA officials, it appears that services totalling R4 129 057.31 in respect of Gauteng Northern region may have been rendered.</p> <p>PRASA provided no evidence that services totalling R54 868 164 were rendered, which is further indicative of irregular expenditure.</p> <p>4. All expenditure totalling R58 997 221.93 may have been irregular.</p>	<p>1. All expenditure should be classified as irregular expenditure and reported accordingly (in terms of section 55 (2) (b)(l) of the PFMA) and PRASA's The Accounting Authority at the time should be held accountable in terms of section 83(2) for contravening section 50 (1) and 51 of the PFMA in that it failed to ensure proper protection of procurement and financial records.</p> <p>2. We further recommend that this matter be reported to the South African Police Service (SAPS) in terms of section 34 of the Prevention and Combatting of Corrupt Activities Act, No 12 of 2004 (PRECCA)</p>
120	Deloitte & Touche	Fantique Trade 664 CC (Fantique)	Could not verify independently. According to spreadsheet received from NT the contract value of contract 4600003172 is R18 696 783.09 and the contract value of contract 4600002943 is R23 502 691.21	PRASA provided no documents relating to the method used to appoint Fantique in respect of both contracts.	<p>1. No documents relating to appointment process. The fact that we could not find any documents, is indicative that the appointment might have been irregular.</p> <p>2. No supporting documents for five payments totalling R1 762 243.29. We cannot comment on services relating to the five payments where we received no supporting documents totalling R1 762 243.29. No invoice for one payment totalling R2 775 230.10. No evidence that PRASA confirmed work in respect of three payments totalling R8 243 086.00</p> <p>3. In absence of any documents relating to appointments, we conclude that both appointments may be irregular and totality of expenditure by PRASA may also be irregular expenditure.</p>	<p>1. The absence of any documents relating to the procurement process is indicative that all expenditure may be irregular expenditure and should accordingly be reported (in terms of section 55 (2) (b)(l) of the PFMA). The Accounting Authority at the time should be held accountable in terms of section 83(2), which states every member is individually and severally liable for financial misconduct in that it contravened section 50 (1) (a) of the PFMA in that it failed to ensure reasonable protection of procurement records.</p> <p>2. In addition, the SCM division should be held accountable as the custodians of procurement related documents.</p> <p>3. We further recommend that this matter be reported to the South African Police Service (SAPS) in terms of section 34 of the Prevention and Combatting of Corrupt Activities Act, No 12 of 2004 (PRECCA)</p>
121	Deloitte & Touche	Fantique Trade 664 CC (Fantique)				
122	Deloitte & Touche	Pricewaterhouse Coopers Inc.	R12,864,284.00	Confinement as per paragraph 12.3.8 of PRASA 2014 SCM Policy	<p>1. The confinement process (nominated appointment) in circumstances is justifiable.</p> <p>2. Based on the documents relating to payments signed off by Mr Mlungisi Tenza, former PRASA Head of Asset Management and PWC's deliverable, it appears services were rendered.</p> <p>3. All payments made were in line with the contract</p>	1. No further action required
123	Deloitte & Touche	Sobela Engineering (Pty) Ltd	R11,700,000.00	Unsolicited bid as per paragraph 12.3.5 of PRASA 2014 Policy	<p>1. Unsolicited bid used to appointment service provider.</p> <p>2. The process not warranted in the circumstances</p> <p>3. We conclude that appointment was irregular.</p> <p>4. We conclude all expenditure incurred was irregular expenditure totalling R11 699 573.33.</p> <p>5. PRASA provided no evidence that services were rendered.</p>	<p>1. Dr Phungula and Mr Montana were ultimately responsible for Rail Cell's appointment and both these individuals resigned.</p> <p>2. PRASA's Accounting Authority at the time should be held accountable for contravening section 50(1) (a) of the PFMA in that it failed to ensure reasonable protection of financial records.</p> <p>3. The Accounting Authority, should ensure that proper controls have been put in place to avoid a similar occurrence.</p> <p>4. PRASA's Accounting Authority should report the irregular expenditure in terms of section 55 (2) (b)(l) of the PFMA.</p> <p>5. We further recommend that this matter be reported to the South African Police Service (SAPS) in terms of section 34 of the Prevention and Combatting of Corrupt Activities Act, No 12 of 2004 (PRECCA)</p>

124	Deloitte & Touche	World trading 169	PRASA did not provide any contract(s) with this service provider. According to the information from NT the contract with number 4600005825 was for R12 125 670.68	No documents provided	<ol style="list-style-type: none"> 1. No documents relating to appointment process. The absence of any documents relating to the initial appointment and extensions of contract is questionable. This is indicative that the appointment and extension of contracts may have been irregular. 2. The absence of any documents relating to payments, is indicative that all payments to this service provider may be irregular. 3. The irregular expenditure based on payments as per PRASA's system amounts to R6 785 030.34. In our view, Mr Matakata as the Chief Security Officer is responsible to ensure that all matters related to security are dealt with in accordance with prescribed processes. 4. We are of the view that Mr Matakata may have contravened section 57(1)(c) of the PFMA in that he failed to take effective steps to prevent irregular expenditure in his area of responsibility. 5. PRASA provided no evidence that services were rendered 	<ol style="list-style-type: none"> 1. Mr Montana approved all extensions of security contract and Mr Montana resigned. 2. NT should consider verifying payments to this entity through forensic analysis of PRASA's payment data. If payment is confirmed to have been made, then it would be irregular and/or fraudulent, because there is no evidence to support otherwise. 3. The Board of PRASA, as the Accounting Authority, should ensure that proper controls have been put in place to avoid a similar occurrence. The irregular expenditure should be reported as such in terms of section 55(2)(b)(l) of the PFMA 4. PRASA in collaboration with NT to consider disciplinary action against Mr Matakata in that he contravened section 57(1)(c) of the PFMA. We recommend that the matter be reported to the SAPS in terms of section 34 of PRECCA.
125	Deloitte & Touche	Thales Mziya Consortium	R1,864,771,512.08	Request for Proposal (RFP) issued and open tender procedure followed	<ol style="list-style-type: none"> 1. From the available documents, it appears that PRASA followed an appointment process in line with legislation and PRASA's SCM procedure. 2. Payments in line with contract. Supporting documents for payments did not indicate concerns/irregularities. 3. Based on the documents relating to payments and an interview with Mr Sorin Baltac (Mr Baltac), Signalling Engineer at PRASA, it appears that services were rendered 	1. No further action required
126	Deloitte & Touche	PMSA (Pty) Ltd	R20,077,200.00	Request for Proposal (RFP) issued and open tender procedure followed, limited documents regarding the appointment provided and the contract was extended four times.	<ol style="list-style-type: none"> 1. PRASA extended the initial contract on three occasions. 2. The limited information received by PRASA on the procurement process, is indicative that the process followed to appoint PMSA may be irregular. 3. No supporting documents relating to the payments. The absence of supporting documents relating to payments, is indicative that the expenditure totalling R16 592 398.80 may be irregular. 4. In the absence of any supporting documents relating to payments, we cannot comment on whether PMSA rendered services to PRASA. 	<ol style="list-style-type: none"> 1. Further extensions of contracts may expose PRASA to risk and would not be in the spirit of the Constitution and PRASA's SCM Policy. 2. The Board of PRASA should take appropriate action to mitigate and to ensure proper controls are put in place to avoid a similar occurrence. 3. PRASA's Accounting Authority at the time should be held accountable for contravening section 50(1) (a) of the PFMA in that it failed to ensure reasonable protection of procurement and financial records. The Accounting Authority should report the irregular expenditure in terms of section 55 (2) (b)(l) of the PFMA. 4. We further recommend that this matter be reported to the South African Police Service (SAPS) in terms of section 34 of the Prevention and Combatting of Corrupt Activities Act, No 12 of 2004 (PRECCA)
127	Deloitte & Touche	Datacentric (Pty) Ltd	R14,528,797.35	RFP issued and open tender procedure followed.	<ol style="list-style-type: none"> 1. From the available documents and interviews conducted, it appears that PRASA followed an appointment process in line with legislation and PRASA's SCM procedure. Poor needs assessment resulted in an over-payment of approximately R14 000 000. 2. Mr Lucky Montana (Mr Montana), the Group Chief Executive Officer (GCEO) approved the overpayment on condition that responsible officials be disciplined for the irregular expenditure. 	<ol style="list-style-type: none"> (1). PRASA should provide the outstanding documents relating to payments. (2). PRASA Board should take appropriate steps against individuals responsible for the overpayment. (3). National Treasury will verify payments to the supplier through forensic analysis of PRASA payment is confirmed.
128	Deloitte & Touche	Enterprise Technology Solutions (ETS)	R15,611,426.00	Request for Quotation (RFQ)	<ol style="list-style-type: none"> 1. From the available documents and interviews conducted, it appears that PRASA followed an appointment process in line with legislation and PRASA's SCM procedure. Although the value exceeded the threshold for quotations as per PRASA SCM policy, proper approval was obtained to issue a RFQ based on a plausible explanation. It appears that the result of an open tender process would have been the same, because PRASA specifically requested service providers accredited by ORACLE for SAP related software. 2. Payments made exceed contract value with R2 016 945.00. This is indicative that the mentioned expenditure may be irregular expenditure. 3. Although Mr Mbatha indicates that services were rendered, PRASA provided no documents indicating that the services were rendered. From the available documents it appears that the services were required, but we received no documentary evidence indicating that the services were in fact rendered. 	<ol style="list-style-type: none"> 1. PRASA's Accounting (the Board) at the time should be held accountable for contravening section 50(1) (a) of the PFMA in that it failed to ensure reasonable protection of procurement and financial records. 2. We recommend that disciplinary action be considered against Mr Mbatha, the Chief Information Officer for contravening section 57 (1) (c) of the PFMA in that he caused irregular expenditure totalling R2 016 945.00 in his area of responsibility (being overpayment of the contract value). 3. PRASA's Accounting Authority should report the irregular expenditure in terms of section 55 (2) (b)(l) of the PFMA

129	Deloitte & Touche	Internet Solutions (Pty) Ltd (Internet Solutions)	R24,855,568.98	RFP issued and open tender procedure followed.	<p>1. From the available documents and interviews conducted, it appears that PRASA followed an appointment process in line with legislation and PRASA's SCM procedure.</p> <p>2. The absence of any supporting documents relating to payments, is indicative that all expenditure totalling R23 593 029.76 incurred by PRASA may have been irregular expenditure.</p> <p>3. Although Mr Chris Mbatha indicates that services were rendered, PRASA provided no documents indicating that services were rendered.</p>	<p>1. PRASA's Accounting Authority at the time should be held accountable for contravening section 50(1) (a) of the PFMA in that it failed to ensure reasonable protection of procurement and financial records. PRASA's Accounting Authority should report the irregular expenditure in terms of section 55 (2) (b)(l) of the PFMA.</p> <p>2. We further recommend that this matter be reported to the South African Police Service (SAPS) in terms of section 34 of the Prevention and Combatting of Corrupt Activities Act, No 12 of 2004 (PRECCA)</p>
130	Deloitte & Touche	Lufthansa Consulting GmbH	R15,000,000.00	Confinement	<p>1. Initially PRASA intended to appoint Lufthansa on a confined basis in terms of clause 11.3.7 of its SCM Policy. Due to an apparent non- response from Lufthansa, PRASA Rail embarked on a competitive process of appointing a Service Provider. Before this process could be finalised, Mr Montana approved the appointment of Lufthansa on a confined basis and in doing so disregarded the competitive process that was undertaken.</p> <p>2. The confinement process in the circumstances were not warranted and not in line with section 217 of the Constitution, the PFMA and PRASA SCM Policy. We conclude that the appointment was irregular.</p> <p>3. Although all payments were in line with contract, all expenditure totalling R15 000 000 should be classified as irregular expenditure as a consequence of the irregular appointment.</p>	<p>The responsible persons (Dr Phungula, the former Chief Procurement Officer and Mr Montana) have resigned.</p> <p>We recommend that this matter be reported to the South African Police Service (SAPS) in terms of section 34 of the Prevention and Combatting of Corrupt Activities Act, No 12 of 2004 (PRECCA)</p>
131	Deloitte & Touche	Mtiya Dynamics (Pty) Ltd (Mtiya)	R14,894,761.00	RFP issued and open tender procedure followed	<p>1. From the available documents, it appears that PRASA followed an appointment process in line with legislation and PRASA's SCM procedure.</p> <p>2. As per our review of supporting document, the payments to Mtiya were in accordance with contract.</p> <p>3. Based on the documents relating to payments, which include invoices signed off by unknown PRASA officials, it appears that the services may have been rendered.</p>	1. No further action required.
132	Deloitte & Touche	Sizwe Africa IT Group	R20,115,049.00	RFP issued and open tender procedure followed.	<p>1. From the available documents, it appears that PRASA followed an appointment process in line with legislation and PRASA's SCM procedure.</p> <p>2. Payments made to Sizwe in terms of the contract under review are in line with the contract.</p> <p>3. Based on the documents relating to payments, it appears services were rendered.</p>	1. No further action
133	Deloitte & Touche	Softinity Consulting (Pty) Ltd	R144,000,000.00	RFP issued and open tender procedure followed	<p>1. From the available documents, it appears that PRASA followed an appointment process in line with legislation and PRASA's SCM procedure.</p> <p>2. Payments in line with contract. Supporting documents for payments did not indicate concerns/irregularities.</p> <p>3. Payments in line with contract. Supporting documents for payments did not indicate concerns/irregularities.</p>	1. PRASA should expedite an application for condonation relating to the finding of an irregularity in the appointment process by the Auditor General of South Africa.
134	Deloitte & Touche	Softinity Consulting (Pty) Ltd	R20,393,040.00			
135	Deloitte & Touche	Take Note 365 CC	R18,000,000.00	Confinement	<p>1. In circumstances the confinement process justifiable an in line with PRASA SCM Policy.</p> <p>2. Payments in line with contract. Supporting documents for payments did not indicate concerns/irregularities.</p> <p>3. Based on the documents relating to payments and documents received from Take Note, it appears that services were rendered.</p>	<p>1. Should PRASA endeavour to continue with similar security services in future, PRASA should follow an open tender process</p> <p>No further action required.</p>
136	JGL	Risk Release (Pty) Ltd	R15,245,357.04	Open tender	<p>1. No certified CM29 or COR32</p> <p>2. No valid Tax certificate provided.</p> <p>3. It appears that the evaluations were done twice and Risk release scored very during the first evaluation and points increased during the second evaluation which was conducted after the time lapsed.</p> <p>4. Contract was signed on 12 February 2015 by PRASA CEO after 11 months after the contract commenced on 01 April 2014.</p> <p>5. The contract was authorised by the CEO PRASA CRES which was not within his delegation of authority.</p> <p>6. The scope of bid was increased.</p>	1. Tender be cancelled. BEC and BAC be disciplined and responsible officials be disciplined including the BEC and BAC.20.
137	JGL	Diesel Electric Services (Pty) Ltd	R15,084,142.46	Open tender	<p>1. Expired BEE certificate but the bidder was allocated BBBEE points, and outdated letter form bank, older than 3 months.</p> <p>2. The award was based on the expired BBBEE certificates.</p> <p>3. No signed contract to verify the payments.</p> <p>4. The contract was extended by 41%.</p>	1. Disciplinary actions to officials .

138	JGL	Schindler Lifts (SA) (Pty) Ltd	R23,388,159.06	Open tender	<ol style="list-style-type: none"> 1. Expired BEE certificate and COR39 document was not certified. 2. The shareholding and directorship was not on original letter as required by the bid. 3. COR39 was not certified as required. 4. The contract was authorised by the PRASA CRES Chief Executive and no delegation of authority documents. 5. Payments narrations indicates the maintenance of lifts which was not part of the tender, no documents for variation of scope were submitted. 6. Possible duplicates resulting in overpayment by R 10 517 273.00 	1. Disciplinary actions to officials. The BEC and BEC members as well as the personnel who approved spending.
139	JGL	Trenchless Technologies	R37,896,446.51	Open tender	<ol style="list-style-type: none"> 1. CIDB 6SO grading requirement not met. 2. B-BBEE plan was not obtained. 3. No proof of professional indemnity insurance obtained. 4. No tax clearance certificate obtained. 5. No contract obtained to evaluate the expenditure with reference to a signed contract. 	1. Disciplinary actions to BEC and BAC members.
140	JGL	Silver Charm Investment 45 and Devet Management Solutions CC JV.	R14,691,932.47	Open tender	<ol style="list-style-type: none"> 1. Expired TCS afor the joint venture partner, Devet Management Solutions at a time of the submission and should have been disqualified. 2. The BEC report indicates that the BEC reduced the CIDB grading from 7GB to 6GB. 3. The tender opening register date indicates 14 January 2014 but the CIDB and newspaper advert indicates 19 December 2013. 4. Some payments were made for Unified Station but the contract was for Pretoria station only and no documents obtained for the extension of scope. 	1. Disciplinary actions of BEC and BAC members and the officials who executed the extended scope (unified station) and Heritage building at the Pretoria station.
141	JGL	Supercare Services Group	R44,997,393.96	Open tender	<ol style="list-style-type: none"> 1. The contract was signed by service provider on 17 February 2015 and by PRASA CRES Chief Executive on 3 March 2015 with no witnesses, but the contract site handover and start date is 01 September 2014, 7 months before the contract was signed. 2. The first major payment of R 1 210 449.77 was dated 29 September 2014 per payment schedule. 3. The contract was signed by the PRASA CRES CEO and its value was above R 20 000 000 which is above limits. 4. The contractor submitted an addendum on 12 December 2014 which was not signed by PRASA with different total contract of R 45 064 614 or R 1 251 794 86 per month as adjustment contract value. The validity of the reason could not be ascertained. 	1. Contract should be cancelled.
142	JGL	Liquid Dynamics CC, a joint venture of Cynthia's Elite/Liquid Dynamics CC formed by Liquid Dynamics CC, Cynthia's Elite Events Planning CC and Fountain of life.	R19,500,000.00	Open tender	<ol style="list-style-type: none"> 1. The BEC committee members did not score Liquid Dynamics on the first round as the JV members did not signed required documents, but the bidder was permitted to proceed to the next step of the evaluation. 2. They were flagged as non-responsive and the adjudication report recommended Open Foods for award, the BAC still recommended Liquid Dynamics as the other two bidders were found to have submitted fraudulent Bb certificates and the third received adverse security screening report. 3. The SCM and end user approached Liquid dynamics and they managed to submit all information required and on site assessment was conducted and it was concluded that they have capacity and experience to carry out the work. 4. No documents actual bid submissions of bidders, Liquid Dynamics were disqualified during the pre-evaluation, the JV was not scored and no pricing information was reflected on the bid evaluation and the BEC recommended the appointment of Open Food (Pty) Ltd. 5. The price information was only reflected in the recommendation compiled by Autopax Tender Adjudication Committee contain the motivation of the business decision to appoint the Liquid Dynamics. The report indicates the bid value for Open Food price being, R 20 475 060.67; for Food on the House being R 22 536 966.56 and the awarded price for Liquid dynamics being R 23 760 000.00. 6. Liquid Dynamics offered the highest price which could not be verified if it was the bid price as the documents were not provided. 7. The scope extension to provide canteen services at three Autopax depots occurred via addendum to the principal agreement and no contract documentation were provided. 8. Two accounts were noted from the payment data, but could not be determined which payments were for the principal agreement and which to the addendum. 9. No payment supporting documents from were obtained from PRASA. 	<ol style="list-style-type: none"> 1. Relationship between CEO and Liquid Dynamics be investigated. BAC be disciplined. 2. Payment be reported as irregular expenditure. 3. BEC and BAC members be disciple.
143	JGL	Liquid Dynamics CC	R12,565,876.95	Open tender	JV not signed by all members	1. Relationship between CEO and Liquid Dynamics be investigated. BAC be disciplined.

144	JGL	Advance Detachment Security Force	R17,088,218.00	No procurement process, it was an extension of an already existing contract	1. The tender was extended from 12 months from 1 December 2011, 1 December 2012, 1 April 2014 and on a month to month from 1 April 2015. 2. The reasons provided for the tender extensions were: Lack of PRASA Cres budget to cover costs; Could not embark on national security tender as appropriate budget was needed; An open tender process for a national security tender will be embarked on. 3. No signed contracts obtained but only for period 1 February 2012 to 30 November received from the supplier but with the values were omitted. 4. No information for the period from December 2013 to April 2014 obtained. 5. Payment totalling R 35 497 429 and R 30 694 500 respectively were noted. 6. An overpayment of R 2 052 000.00 in relation to the extension was made.	1. Action should be taken against PRASA senior management. 2. National Treasury to investigate the issue as a separate undertaken.
145	JGL	Cambridge Foods (Pty) Ltd	R17,100,000.00	No procurement process, an agreement lease was entered into between PRASA and Cambridge Food without any form of procurement process	1. Procurement process was not followed. 2. The lease agreement constitutes the development of the premises, but the negotiations were for leasing of the premises. 3. The payment of r 51 3000 000.00 for Leralla, Vereeniging and Tembisa premises were made for the development and does not relate to leasing. 4. R 60 000 000.00 VAT exclusive was omitted from the main lease agreement, but was signed on 04 July 2013 before the full lease offer agreement was signed on 28 February 2014. 5. Four officials from Cambridge corresponded with PRASA regarding the development arrangement. 6. No development arrangement could be identified. 7. The cancellation of the lease agreement and the repayment of the transferred sum with interest appear orchestrated and suspicious. 8. The full lease agreement does not include clauses relating to development of properties for R 68 million. 9. An amount of R 55 247 578.33 was repaid to PRASA by Cambridge on 18 August 2016 in relation to three premises, Tembisa, Leralla and Vereeniging.	1. CEO must be disciplined. Criminal charge must be brought against the officials. 2. All officials involved should be charged. 3. Ms Modiselle; Mr Shingane and Ms Beukes should be charged for colluding with Cambridge. 4. The charge for collusion should be further investigated.
146	JGL	Kamo Construction	R44,927,297.00	Open tender	No findings	N/A
147	JGL	Shanela Cleaning Solutions	R12,282,877.08	Open tender	No findings	N/A
148	JGL	GVK-Siya Zama Building Contractors	R51,924,700.00	Open tender	No findings	N/A
149	JGL	M and F Business Furniture	R22,231,689.06	Open tender	No findings	N/A
150	JGL	Boshard Construction (Pty) Ltd	R23,005,034.00	Closed tender	No findings	N/A
151	JGL	Boshard Construction (Pty) Ltd	R23,005,034.00	Closed tender	No findings	N/A
152	JGL	Cambridge Foods (Pty) Ltd	R17,100,000.00	No procurement process	Procurement process was not followed	1. CEO must be disciplined. Criminal charge must be brought against the officials
153	JGL	Growth point/Paramount	R104,000,000.00	No procurement process, sales agreement. The nature of the contract do not allow for normal rules of procurement.	No findings	N/A
154	JGL	TRE - Koedoespoort	R31,000,000.00	Not stated	No findings	N/A
155	JGL	Growth point	R121,000,000.00	Not stated	No findings	N/A
156	Fundudzi	Crowie Projects/Loliwe appointed as projects managers or turnkey projects management	R24,855,73.10 R49,503,203.39 R102,544,953.44 R113,601,998.64	No procurement process followed, appointment, appointment through deviation	1. Enza Construction and Focus Group management were linked to Crowie Projects but benefited from the project which is a conflict of interest. 2. Gantso motivated for payments to be made to Rowie for services that were not yet rendered. The payments were authorised by Montana and Zamxaka; 3. The appointment of Crowie for an extended period since 2007 to 2015 was irregular. 4. The payments in respect of the four contracts were in accordance with the agreements entered into between PRASA and Crowie Projects/ Loliwe. 5. The continuous appointment of Crowie Projects/ Loliwe as Project Implementation Agents/ Turnkey Development Managers for an extended period since 2007 to 2015, as well as the appointment of its related entities cannot be said to be in accordance with Section 217 (1) of the Constitution	None

157	Fundudzi	Transnet Rail Engineering	R81,751,680.00	Tender process . Appointed to deliver 67 new Hopper type wagons and 5 used Hopper wagons sold at reduced price	The amount paid to Transnet Rail Engineering was in accordance with the sale agreement entered into between PRASA and Transnet Rail Engineering.	None
158	Fundudzi	Transnet Rail Engineering - Hail Way Trading (Pty) Ltd	R336,800,317.00	Tender process . Appointed for the repairs of heavy duty and light wheels	PRASA had paid Transnet Rail Engineering a total of R127 639 432 in respect of the repair of heavy wheels, which amount is within the awarded amount of R336 800 317 (including VAT).	None
159	Fundudzi	Diko Van Der Merwe CC	R10,191,737.61	Tender process	Diko Van Der Merwe has been paid a total of R4 112 923.24 which amount was within the contract amount of R10 191 737.61 (including VAT).	None
160	Fundudzi	Genlex Agencies (Pty) Ltd	R22,000,000.00	No documents provided	We were not provided with tender documents in respect of Adhoc Work Repairs, Call out and Technical Support tender (including evaluation reports) and were therefore not able to review the tender process followed in the appointment of Genlex Agencies.	None
161	Fundudzi	Goldex Engineering and Maintenance	R66,805,823.00	Renewal of the contract that lapsed in 2014	1. No tender process followed. 2. Goldex Engineering sold its contract including its rights and obligations of the General Overhaul contract entered into with PRASA to Hailway Trading. 3. Goldex was allocated ad-hoc work and were paid R 916 336.94.	None
162	Fundudzi	Transnet Rail Engineering	R75,185,280.00	Not indicated	Not indicated	None
163	Fundudzi	Loliwe Integrated Rail Solutions	R24,855,273.1	Not indicated	Not indicated	None
164	Fundudzi	Loliwe Integrated Rail Solutions	R49,503,203.39	Not indicated	Not indicated	None
165	Fundudzi	Loliwe Integrated Rail Solutions	R102,544,953.44	Not indicated	Not indicated	None
166	Fundudzi	Loliwe Integrated Rail Solutions	R113,601,998.64	Not indicated	Not indicated	None
167	PWC	Ilanga Security services	R59,156,643.77	Competitive bidding	1. The amounts paid to Ilanga does not agree with the extension amounts. There's no payment data on the SAP system for payments made prior to May 2013. 2. The extension of the contract was not regularly approved as required. The procurement process for the extensions were often not followed as provided in the PRASA SCM Policy and relevant legislation. 3. Some extensions were approved after the commencement of the contract period or no approval exists for a specific period. 4. It appears that various requests for extension of the contract were only done in an attempt to regularise the extension period and was used to circumvent the SCM procedure provided for. 5. On 27 April 2012 the CTPC recommended that a national contract must be finalised by end of November 2012, however the tender was only advertised in August 2016 which is four (4) years later.	1. PRASA must consider taking disciplinary action against Mr. Mantsane for his failure to ensure that a national tender was advertised and service providers appointed. Mr Montane was the Head Group Corporate Security from 2007/2008 until early 2013. 2. PRASA must consider taking disciplinary action against Mr. Matakanta for his failure to ensure that a national tender was advertised and service providers appointed. Mr Matakata was the Head Group Corporate Security from 01 June 2013.

168	PWC	Semele Trading Enterprise cc	R18,368,640.00	Closed bidding	<p>1. The specifications were drafted based on internet searches conducted by Mr. Japhta and was not approved by the Bid Specification Committee as it was not in effect at the time. This resulted in the specifications only suiting distributors of the T3 Motion Mobile Transporters. As a result, only Semele submitted a bid.</p> <p>2. Mr. Mpanza from Zabo Creations attended the briefing session and he decided not to tender for the project as he felt that he would not be successful and it was not worth tendering. Mr Pratt of Fleet Africa stated that during the tender briefing meeting he got the impression that the winning bidder has already been decided.</p> <p>3. The confinement approval by the GCEO indicated a budget amount of R7 410 000. Upon submission of the tender from Semele, the CTPC approved a contract amount of R18 368 640. This is an increase of R10 958 640 which equates to 147.89% above the initial approved budgeted amount and appears to be irregular.</p> <p>4. Maintenance of the units was not included in the RFP but was included in the contract for payment and is irregular.</p> <p>5. The RFP sets out a requirement of 50 mobile transporters, whereas 50 T3 Motion mobile transporters and 14 Safeway mobile transporters were provided.</p> <p>6. Semele quoted R158 000 per unit and have included a number of additional items. They further quoted an amount of R4 999 for full service and maintenance per unit per month for 24 months. This amounts to R119 976 for maintenance per unit, totalling to R5 998 800.00 for the 50 units for a period of 24 months. This amount appears to be excessive. Mr Japhta confirmed that the units were not regularly services and were only services when required, however details of the service intervals could not be provided.</p>	<p>1. Specifications for all contracts should be drawn and approved by the BSC to ensure that the specifications are fair and address all requirements of the respective end -user department.</p> <p>2. PRASA should consider taking disciplinary action against Mr. Japheth for failing to ensure that the tender submitted by Semele is in line with the specifications as indicated in the RFP. He further failed to give proper estimate that exceeded by 147.89%</p> <p>3. National Treasury should consider further investigation in to the appointment of Semele as a result of misrepresentations that were made regarding the tender that was submitted in respect of mobile transporters as a sole supplier. The investigation should further include an analysis of maintenance costs that were charged by Semele per unit, which was not included in the RFP.</p> <p>4. PRASA should implement a system where all procurement related documents are filed in a safe and secure environment with a register to control the movement of files.</p>
169	PWC	Scheme Security Services	R15,605,437.20	Competitive bidding	<p>1. The amounts paid to Scheme does not agree with the extension amounts. There's no payment data on the SAP system for payments made prior to May 2013.</p> <p>2. The extension of the contract was not regularly approved as required. The procurement process for the extensions were often not followed as provided in the PRASA SCM Policy and relevant legislation.</p> <p>3. Some extensions were approved after the commencement of the contract period or no approval exists for a specific period.</p> <p>4. It appears that various requests for extension of the contract were only done in an attempt to regularise the extension period and was used to circumvent the SCM procedure provided for.</p> <p>5. On 27 April 2012 the CTPC recommended that a national contract must be finalised by end of November 2012, however the tender was only advertised in August 2016 which is four (4) years later.</p>	<p>1. PRASA must consider taking disciplinary action against Mr. Mantsane for his failure to ensure that a national tender was advertised and service providers appointed. Mr Mantsane was the Head Group Corporate Security from 2007/2008 until early 2013.</p> <p>2. PRASA must consider taking disciplinary action against Mr. Matakata for his failure to ensure that a national tender was advertised and service providers appointed. Mr Matakata was the Head Group Corporate Security from 01 June 2013.</p>
170	PWC	Ndwandwe	R14,487,000.00	Confinement	<p>1. The project was stopped in September 2015 as PRASA did not make payments as required. It appears that the dispute relating to payments between Ndwandwe and PRASA is still ongoing hence the project is not completed to date.</p> <p>2. The confinement process was as a result of SCM delays in procuring the service, following an open bidding process.</p> <p>3. The type of service provided by Ndwandwe is not unique. The reasons given for confinement are not reasonable as there are a number of consulting firms that can provide Change Management Programmes.</p> <p>4. The previous appointment of a service provider in 2007 cannot be used as a reason for confinement in December 2014, (seven (7) years later). Based on our interview with Ms Condone, we determined that she had requested SCM to advertise the tender in 2013. The procurement process was delayed and Ms Condone had to resort to following a confinement. This has resulted in a circumvention of the SCM procedures and the services required cannot be motivated as an emergency for cases resulting from poor planning.</p> <p>5. We determined that on 12 January 2015 Ndwandwe was notified of their appointment by PRASA for the development of a modernisation change management programme for the amount of R14,487,000 (including VAT) and entered into a SLA. The Financial Plan attached to the Consultancy Agreement reflects an estimate of R2,8 million for onboarding logistics and appears excessive for the type of services as listed on the document.</p>	<p>1. PRASA should avoid resorting to the use of confinement processes, especially due to lack of planning. Furthermore, PRASA must procure services according to a provisioning system as provided for in the SCM Policy and relevant legislation to ensure that the market is tested according to a free and fair provisioning system.</p> <p>2. PRASA should ensure that all payments to service providers are being made regularly and as agreed upon. This practice will ensure effective service delivery and avoidance of unnecessary delays in the completion of projects and prevent penalties for late payment that results in fruitless and wasteful expenditure.</p>

171	PWC	Hages Info Systems	R11,913,000.00	Competitive bidding	<p>1. The contract was for the provision of project management and business analysis capabilities in the SAP R/3 environment. We determined from our review of the documentation provided that the aforesaid contract was awarded to Hages following an open tender process.</p> <p>2. PRASA made 21 payments to Hages during the period 8 March 2013 to 24 May 2016 totalling R11,306,774 (including VAT) and in terms of the rates as provided for in the SLA. Mr Mabona confirmed that the services were delivered by Hages as required. The original contract amount was R9,500,000 (including VAT) with a VO submitted increasing the contract amount to R11,913,000 (including VAT).</p> <p>3. It was apparent from interviews conducted that there appears to be confusion amongst the SCM staff pertaining to the level of BAC required to support an appointment where a VO results in the contract amount being increased to above R10 million.</p>	<p>1. We recommend that clear guidance be given to the BEC members about how to perform the calculations for the purposes of evaluation to ensure that the procurement process is fair and accurate.</p> <p>2. PRASA should ensure that the level of BAC required to support appointments and VOs is clearly defined in their SCM Policy and should consider providing training to relevant staff.</p>
172	PWC	Siemens (Pty) Ltd (Phase 1)	R1,131,969,717.29	Not specified	<p>1. This contract was awarded to Siemens Limited for the design, construction and implementation of a new railway signalling system and Gauteng Nerve Centre for Gauteng Phase 1 during 2011. The appointment of Siemens for Gauteng Phase 1 was procured in 2010 and prior to 2012 (the period of our review).</p> <p>2. PRASA made 12 payments to Siemens for Gauteng Phase 1 during the period 15 June 2011 to 31 March 2016 totalling R711,199,901.02 which is still within the total contract amount of R1,131,969,717.29 (R1,005,988,342 + R478,800 + R98,600,000 + R26,902,575.29). This amount includes VAT, but excludes contingency and escalation costs.</p> <p>3. Six (6) VOs were issued in respect of Gauteng Phase 1. It appears that all these VOs were approved as required in terms of the SCM Policy and relevant legislation.</p>	<p>1. We have not identified any irregular conduct in respect of this contract.</p>
173	PWC	Siemens Limited (Phase 2)	R2,7626,910,43.44	Not specified	<p>1. This contract was awarded to Siemens Limited for the design, construction and implementation of a new railway signalling system for Gauteng Phase 2.</p> <p>2. PRASA made nine (9) payments to Siemens for Gauteng Phase 2 during the period 5 December 2013 to 15 March 2016 totalling R993,203,976.04 which is within the total contract amount of R2,762,691,043.44. To date of this report, no VOs were issued in respect of this contract.</p> <p>3. Based on our review of the available documentation and interviews conducted, it appears that the procurement of Siemens in respect of the Gauteng Phase 2 project was done in accordance with a provisioning system which was fair and transparent as provided for in the PRASA SCM Policy and related legislation .</p>	<p>1. We have not identified any irregular conduct in respect of this contract.</p>

174	PWC	Black Star Communications	R45,407,312.81	Open tender	<p>1. This contract was for the hardware for the online ticket reservation system for PRASA. We determined that the aforesaid contract was awarded to Black Star following an open bidding process.</p> <p>2. We noted from our review of the payment documentation and information provided that Black Star received eight (8) payments from PRASA for the period 15 October 2014 to 25 June 2015 totalling R39,357,601.06 (including VAT) which falls within the total contract amount of R45,407,312.81 to date.</p> <p>3. Based on our review of documentation obtained and information provided, we determined that testing was conducted on the software which was being developed for the online ticket booking and research agent provided by Black Star in the first contract as referred to herein above, using specific equipment. The specifications were drafted for the hardware based on the specific hardware used when the software testing was conducted. Mr Mapodile, as the end-user, was in favour of procuring a supplier for the hardware contract is based on a confinement process, but the GCEO did not support this and hence the reason why an open tender process was followed.</p> <p>4. We were provided with limited documentation relating to the procurement of Black Star for the hardware contract and hence are unable to conclude whether the procurement was done in accordance with a provisioning system which was fair and transparent as provided for in the PRASA SCM Policy and relevant legislation.</p> <p>5. A Notice to Proceed was issued to Black Star by PRASA dated 19 September 2014 and serves to confirm that PRASA has approved their appointment in the amount of R45,407,312.81 (including VAT). Mr Balakrishnan accepted the Notice to Proceed in a letter dated 22 September 2014.</p> <p>6. PRASA has however not entered into a contract with Black Star and hence the reason why a number of invoices were not paid (we determined that an internal PRASA decision was made in June 2015 whereby suppliers could not be paid if there was no valid contract entered into between the parties). It is important to note that paragraph 9.14.4 of the SCM Policy provides that contract management shall be responsible to "Ensure service level agreements are signed with successful tenderers that properly reflect the decision of the applicable adjudication committee". The supplier has on numerous occasions requested PRASA to enter into an SLA and hence cannot be penalised for the fact that PRASA has neglected their responsibility to draft and sign the contract.</p>	<p>1. The specifications for all prospective contracts should be drafted and approved by the BSC committee to ensure that the specifications are fair and address all the requirements of the respective end-user department without favouring a specific service provider.</p> <p>2. PRASA should implement a system where all procurement related documents are filed in a safe and secure environment with a register to control the movement of the procurement files. Important documents must be kept for a prescribed period and may be required for formal processes such as civil litigation and appeals processes.</p> <p>3. PRASA should ensure that all agreements with the service providers are signed by both parties timeously as provided for in the SCM Policy and shortly after contracts have been awarded. This practice will avoid a delay in payments to service providers and hence will prevent penalties for late payment that results to fruitless and wasteful expenditure.</p> <p>4. PRASA should consider taking disciplinary action against Mr Khuzwayo for neglecting his duties to ensure that the contract between Black Star and PRASA were signed by both parties.</p>
175	PWC	Black Star Communications	R75,000,000.00	Open tender	<p>1. The contract was for an online ticket booking and reservation system for PRASA. We determined from our review of the documentation provided that the aforesaid contract was awarded to Black Star following an open bidding process.</p> <p>2. Black Star received 14 payments from PRASA for the period 30 November 2012 to 15 July 2015 totalling R70,689,546 (including VAT) which falls within the total contract amount of R75,000,000 (R68,400,000 + R6,600,000).</p> <p>3. Based on our review of the documentation obtained we determined that the bidders were not evaluated based on price due to the complex nature of the solution required. The specifications were drafted by the end-user but were not approved by the BSC as the committee was not in effect at the time. It is however important to note that the RFP provides for the total cost and this should not have been ignored in the evaluation process. The Preferential Procurement Regulations 2011 provides that an organ of state (PRASA) must, prior to making an invitation for tenders (b) "Determine and stipulate the appropriate preference point system to be utilized in the evaluation and adjudication of tenders". The PPPFA states that a preference points system (90 points for price and 10 points for specific goals such as B-BBEE) must be followed for contracts with a rand value above the prescribed amount of R1 million and this was not done.</p> <p>4. The evaluation criteria for this tender reflects that the B-BBEE was incorrectly based on 20%. If the BEC ignored pricing, which had originally been allocated at 20%, they evaluated the bid based on 25% B-BBEE (i.e. 20 out of 80). The tender evaluation process therefore appears to be invalid and should have been performed.</p> <p>5. Based on the approval of the VO by Mr Montana, we noted that he reprimanded Dr Phungula and Mr Mbatha for poor planning resulting in the VO and a delay in completion of the project. It is significant to note that the project is still incomplete as at October 2016 and four (4) years after the commencement date even though it was supposed to be completed within 30 weeks according to the letter from Black Star to Mr Mbatha of PRASA dated 29 September 2012.</p>	<p>1. The specifications for all prospective contracts should be drawn up and approved by the BSC committee to ensure that the specifications are fair and address all the requirements of the respective end-user department.</p> <p>2. PRASA should ensure that the bid specifications stipulate the requirements for the tender to ensure that the tender is evaluated accordingly and as provided for in the PPPFA.</p> <p>3. PRASA should consider implementing processes and controls to ensure that projects are completed within a reasonable time frame and for the period as agreed upon to avoid unnecessary delays which may have adverse financial implications.</p>

176	PWC	Valcorp 408 cc	R36,460,251.00	Confinement	<p>1. The contract was for the "Separation of SD Forensics: Appointment of Service Provider". We determined from our review of the documentation provided that the aforesaid contract was awarded to SDFC (Valucorp's trading name) based on confinement as a result of a contract that was initially entered into between SDFC and Siyaya Energy to provide forensic services in the performance area of fuel auditing. (Siyaya was previously appointed by PRASA for the provision of fuel tanks and e-tags that included the investigation and prevention of fuel fraud at Autopax).</p> <p>2. The SDFC contract was approved and has subsequently been extended for the periods as listed hereunder:</p> <p>a) The appointment of SDFC to provide forensic services for a period of 12 months from 17 September 2012 to 16 September 2013 for a contract amount of R17,000,000 (including VAT);</p> <p>b) The application for condonation in respect of additional forensic services for a contract amount of R1,444,043 (including VAT) as approved on 3 April 2014;</p> <p>c) The appointment of SDFC to provide forensic services for a period of 18 months from 16 September 2013 to 31 March 2015 for a contract amount of R10,000,000 (including VAT).</p> <p>d) The appointment of SDFC to provide forensic services for a period of 13 months from 1 December 2014 to 31 December 2015 for a contract amount of R14,780,000 (including VAT).</p> <p>e) SDFC received 12 payments from PRASA for the period 15 May 2013 to 15 July 2015 totalling R36,460,251 (including VAT). The contract was awarded to SDFC based on a motivation for confinement. The reason for confinement was as a result of the contract which was initially entered into between SDFC and Siyaya Energy to provide forensic services relating to fuel auditing. It is important to note that the reasons given are not reasonable as there are a number of firms that can provide these forensic services. It is further significant to note that Siyaya Energy contracted SDFC to assist with the investigations into fuel fraud and hence they had an existing relationship. Therefore the reasons given for confinement and PRASA appointing SDFC directly is not valid. To appoint SDFC is irregular as the relationship has not disappeared just because the appointment has now been done directly by PRASA.</p> <p>3. The various extensions of the agreement entered into with SDFC further have not been always been approved in accordance with the SCM Policy. We noted for example that the extension in the amount of R1,444,043 was approved by the GCPO and not by the GCEO as required. We further noted that the extension in the amount of R14,780,000 was approved by the GCEO on 16 February 2015 and only submitted to the CTPC for noting purposes on 20 April 2015, whereas the CTPC should have first considered the application and then recommended the matter to the GCEO for approval. The submission report provided by SDFC to PRASA in support of the extension does not reflect the details of the investigation files that had to be completed or any information relating to disciplinary action that had to be initiated. It is further important to note that we were unable to determine from our interviews conducted the details of the cases which had to be completed, the details relating to the recovery of funds and/or if any disciplinary action was taken as a result of the further work performed by SDFC. Based on our review of the payment packs provided we determined that the invoices submitted by SDFC were not supported by the details relating to the level of the staff used and a breakdown of their rates. The invoices were also not supported by any documentation relating to disbursements incurred and was approved only based on the instruction of Mr Montana. Invoices submitted by SDFC should have been supported by the required documentation including progress reports. To date, we have been unable to find copies of any forensic reports issued by SDFC despite them being paid R36,460,251.</p>	<p>1. National Treasury should consider further investigation into the services allegedly delivered by SDFC to determine the nature of the deliverables that were submitted to PRASA as a result of the various appointments by PRASA.</p> <p>2. The investigation should include a detailed analysis of the fees charged and the payments that were made to SDFC to determine if the number of staff actually used were regular and according to the required rates for each staff level. The investigation should include a review of the supporting documentation relating to the disbursement amounts charged to determine if the disbursements were justified.</p> <p>3. PRASA should consider meeting with the Hawks unit of the SAPS to determine if any criminal proceedings were instituted against any individual as a result of the investigations performed by SDFC and the status thereof.</p>
177	PWC	Altech Radio Holdings (Pty) Ltd	R14,358,142.88	Open tender	<p>1. This contract was for the provision of a tactical radio communication system. We determined from our review of the documentation provided that the aforesaid contract was awarded to Altech following an open bidding process.</p> <p>2. We ascertained from the payment data and documentation provided that Altech received five (5) payments from PRASA for the period 4 December 2013 to 31 March 2014 totalling R14,358,142.88. There were no VOs issued in respect of this contract. During our interview with Mr Japhta he confirmed that the services were delivered by Altech as required.</p> <p>3. The RFP dated 26 September 2011 details the specifications for the provision of a tactical radio communication system and was signed by Mr Mantsane on 17 October 2011. Paragraph 3 of the Preferential Procurement Regulations 2011 provides that an organ of state must, prior to making an invitation for tenders (b) "Determine and stipulate the appropriate preference point system to be utilized in the evaluation and adjudication of tenders".</p> <p>4. Paragraph 4 further deals with the evaluation of tenders on functionality and states that the criteria must be clearly specified in the invitation to submit a tender. It however appears from our review of the available documentation that SCM did not comply with this requirement as provided for and this should have rendered the tender process as invalid.</p> <p>5. The tender was advertised with a closing date as 25 November 2011 and the validity of the tender was extended to 28 February 2013 which is 15 months after the tender closing date. We were unable to determine why there was such a long delay in the finalisation to clarify the scope and pricing in respect of the tender. The contract was awarded to Altech on 3 September 2013.</p>	<p>1. The specifications for all prospective contracts should be drawn up and approved by the BSC committee to ensure that the specifications are fair and address all the requirements of the respective end-user department.</p> <p>2. PRASA should ensure that the bid specifications clearly specify the requirements for the tender as well as the aspects for evaluation to ensure that tender documents are evaluated accordingly and as provided for in terms of the PPPFA.</p> <p>3. PRASA should consider implementing processes and controls to ensure that projects are completed within a reasonable time frame and for the period as agreed upon to avoid unnecessary delays which may have adverse financial implications.</p> <p>4. PRASA should implement a system where all procurement related documents are filed in a safe and secure environment with a register to control the movement of the procurement files as a number of documents could not be obtained.</p>

178	PWC	Psaros Communications	R25,252,919.05	No procurement file was provided	<p>1. We were not provided with any procurement documentation in respect of Psaros by either PRASA Corporate or PRASA CRES and the file could not be located. It is our understanding based on the information provided that no procurement file exists for Psaros at PRASA.</p> <p>2. We ascertained from our review of the payment data and documentation provided by Mr Psaros that they received two (2) payments from PRASA for the period 31 October 2013 to 19 December 2013 totalling R99,137.22 for training provided.</p> <p>3. Psaros has not provided services to PRASA in the amount of R25,252,919.05 as reported to us before we commenced with our investigation. There was further no procurement documentation available in support of the payment as reported to us. Mr Psaros stated that he did not submit a proposal for any tender, but was appointed only to provide training to PRASA employees for an amount of approximately R108,000 during 2013.</p> <p>4. The payment data and documentation provided reflects that one (1) payment in the amount of R633,221.68 was made to PSA for signage, although it is incorrectly reflected on SAP as a payment to Psaros.</p>	<p>1. PRASA should ensure that the information loaded onto SAP is accurate and records the true nature of the contract and payments made to the respective service providers. In addition, PRASA should consider including a field in the SAP system wherein the contract number is entered to link every payment to a specific contract, irrespective of the supplier name. This can also be supported by the maintenance of a contract register.</p> <p>2. A formal filing system should be implemented in the finance department to ensure that the supporting payment documentation is readily available and is filed according to a referencing system.</p>
179	PWC	Phumi Trading cc	R66,879,306.12	Competitive bidding	<p>1. The tender was for the construction of a new drainage system at Katlehong –Kwesine. We determined from our review of the documentation provided that the aforesaid contract was awarded to Phumi following an open bidding process.</p> <p>2. Phumi received 15 payments from PRASA for the period 30 September 2014 to 30 June 2016 totalling R64,085,797.81 and falls within the total contract amount of R66,879,306.12 (including VAT). To date of this report, there were no VOs issued in respect of this contract.</p> <p>3. We determined that the advertisement does not reflect the required CIDB grading. We were unable to determine whether the CIDB grading requirement was recorded on the tender document even though it was recorded on the advertisement placed on the CIDB website.</p> <p>4. We have not been provided with the tender documents to verify if the information is correct as recorded in the submission report. We noted from the submission report that Phumi met the required CIDB grading of 8CE/7CE as they have a CIDB grading of 8CE. Based on our review of the available documentation it however appears that the procurement of the contract was in accordance with a provisioning system which was fair and transparent as provided for in the PRASA SCM Policy and relevant legislation.</p>	<p>1. PRASA should ensure that all advertisements and the tender document include the required CIDB grading where applicable for the respective contract to ensure a competitive bidding process. The CIDB requirement should therefore not only be reflected on the CIDB website when tenders are advertised.</p>
180	PWC	Umbutho Civil and Electrical cc	R13,061,932.33	Competitive bidding	<p>1. The contract was for the refurbishment of the Gauteng South Region sub-station. We determined from our review of the documentation provided that the aforesaid contract was awarded to Umbutho following an open bidding process.</p> <p>2. We ascertained from the payment data and documentation provided that Umbutho received three (3) payments from PRASA for the period 28 November 2014 to 30 October 2015 totalling R7,092,838.38 and falls within the total contract amount of R13,061,932.33 (including VAT). To date of this report, no VOs were approved during our review.</p> <p>3. Based on our review of the available documentation and interviews conducted it appears that the procurement of Umbutho for the refurbishment of the Gauteng South Region sub-station was done in accordance with a provisioning system which was fair and transparent as provided for in the PRASA SCM Policy and related legislation.</p>	None
181	PWC	Huawei Technologies Africa	R582,080,735.98	Competitive bidding	<p>1. The contract was for the design, construction and implementation of a new digital railway signalling radio network. We determined from our review of the documentation provided that the aforesaid contract was awarded to Huawei following an open bidding process.</p> <p>2. Huawei received 30 payments from PRASA for the period 12 September 2013 to 31 March 2016 totalling R435,026,709.62 and falls within the total contract amount of R582,080,735.98 (including VAT).</p> <p>3. The site inspection was not held at the sites where the services would be implemented. Prospective bidders raised concerns and questions during the briefing meeting with the engineers who were responsible for the project and drafting of the specifications but they were unable to provide clarification. The prospective bidders were therefore required to submit bids based solely on a map depicting the various stations and hence the extent of the project was only realised upon commencement thereof. This has contributed to the significant increase in the contract amount as a result of the VOs in the amount of R97,001,547.18 (R501,547.18 + R96,500,000).</p> <p>4. We determined from our review of the evaluation scoresheets for the three bidders that Huawei and Plessey were allocated scores, but Alandick was not evaluated. It should be noted that the scoresheets completed by Mr Botabota and Mr Mapodile were incomplete in respect of Plessey. Neither Mr Botabota nor Mr Mapodile could recall the reason therefore, but indicated that it may have been as a result of a disqualification issue.</p> <p>5. We were unable to obtain the submission report which was presented to the CTPC for recommendation and were therefore unable to determine whether Alandick was disqualified as stated by the members of the BEC and/or as required during a provisioning system that was fair.</p>	<p>1. Site visits should be compulsory where the contract is dependent on knowledge of the geological areas to ensure the potential bidders understand the extent of the work required and can bid accordingly. This will assist in avoiding unnecessary VOs for cases such as the tender that was awarded to Huawei for the design, construction and implementation of a new digital railway signalling network.</p> <p>2. PRASA should implement a system where all procurement related documents are filed in a safe and secure environment with a register to control the movement of the procurement files. This control would have ensured that the submission report was available and would have assisted in providing clarification regarding the evaluation process.</p>

182	PWC	XON Systems (Pty) Ltd	R13,516,089.21	Competitive bidding	<p>1. This contract was for the construction of a datacentre in Umjantshi House. We determined from our review of the documentation provided that the aforesaid contract was awarded to XON Systems following an open bidding process.</p> <p>2. XON Systems received nine (9) payments from PRASA for the period 31 January 2014 to 31 July 2015 totalling R12,802,458.79 and falls within the total contract amount of R13,561,089.21 (including VAT) (R12,420,968.34 + R1,140,120.87). It is our understanding that XON Systems are still awaiting further payments for services rendered.</p> <p>3. Based on our review of the available documentation and interviews conducted, it appears that the procurement of XON Systems for the construction of a datacentre at Umjantshi House was done following an open bidding process which was fair and transparent as provided for in the PRASA SCM Policy and relevant legislation.</p> <p>4. We noted that the representative for the end-user on the BEC, Mr Kobuwe, was from the security division of the end-user department and not from the infrastructure division to which this project relates.</p> <p>5. It appears that Mr Kobuwe may not have had all the technical expertise to assist the BEC in evaluating this tender and the extent of the VO in the amount of R1,140,120.87 could have been avoided had a representative from the infrastructure division been a member of the BEC.</p>	<p>1. PRASA should ensure that a representative from the end-user department who have intimate knowledge of the services required must attend the BEC to ensure that the bids are evaluated fairly and that all the requirements of the project are met.</p>
183	PPM	Barker Street Office	Payment record-R35 000 000.00 Contract: R10 054 506.45	RFP	<p>1. The tender was for the SUPPLY OF FURNITURE AND ACCESSORIES.</p> <p>2. Barker Street was awarded the tender for a period of three years which was thereafter extended for further three months. No contract amount was provided. The contract was on an as and when basis with no contract amount for the supply of furniture to UMJANTSHI.</p> <p>3. Appointment of Barker Street Office was irregular. It was found that the payment amounts that were loaded on the SAP system do not correspond to the financial records that the supplier provided to us.</p> <p>4. Bad administration as contract was signed approximately two years after appointment.</p> <p>5. Financial records relating to the supplier do not correspond as SAP report, payments summary and records from the supplier indicate different amounts</p>	<p>1. Given that our perusal and investigation of the documents that we were provided with do not contain the actual bid proposal and neither were we provided with competitors' bid documents, despite having asked for this, we are unable to establish whether the procurement processes were duly followed.</p> <p>2. Furthermore, we have made a finding that the payment amounts that were loaded on the SAP system do not correspond to the financial records that the supplier provided to us. We wish to bring it to National Treasury's attention, that there is a huge discrepancy in terms of records of payment provided by PRASA in comparison to those provided by the supplier. As indicated above, this could be due to the fact that various PRASA divisions, as well as ENZA had made payments for furniture and accessories from Barker Street.</p>
184	PPM	Mosala Investments T/A Mosala	R20,987,251.9	Emergency service	<p>1. We requested documents related to this supplier from SCM PRASA CRES; no documents relating to the procurement of the supplier were available.</p> <p>2. The imminent danger should not have been one that could be alleviated by interim measures that would have allowed PRASA time to follow the proper tender process.</p> <p>3. In the event that an emergency situation does warrant the non-use of tender procedures, PRASA may not do away with a competitive procurement process altogether.</p> <p>4. From the above investigations, given that the nature of the work does not appear to have warranted an emergency and given the lack of documents, the procurement process followed in the appointing of the service provider appears in the absence of any other evidence to be short of compliance with the relevant prescripts. Given that the emergency work took a year to complete, we suggest that interim measures should have been taken, while SCM advertised for an open and fair procuring process. This suggestion is further amplified when taking into account the quantum of the project.</p>	<p>1. Where emergency procurement procedures are used, careful consideration should be given to limit the value and length of contracts concluded in order to address only the immediate emergency.</p> <p>3. Avoidance of tender processes in emergency situations. This should only be utilised in accordance with SCM Policy and Treasury guidelines.</p> <p>4. Processes of procuring under emergency situations. –Maintenance of a fair, equitable and transparent procurement process. –Use of interim measures in order for normal procurement processes to be utilised.</p>
185	PPM	Chibiwe Afritects Sa (Pty) Ltd	R19,396,652.68	No documents were provided	<p>1. We were not provided with documents related to this supplier.</p> <p>2. Similar to all other suppliers where the procurement was done at Intersite, we were not provided with documents for Chibiwe by PRASA CRES.</p> <p>3. Procurement for this project was done by Intersite Property Management in 2009.</p>	<p>1. It appears in all contracts wherein procurement was dealt with by Intersite that all documentation relating to procurement processes have been misplaced.</p> <p>2. We recommend that a system of electronic back up is implemented by PRASA in order to avoid similar situations.</p>

186	PPM	Mahlatsi Tumelo Cost Consultant	R17,631,741.52. Payment:R15,593,157.04	RFP	<p>1.The supplier does not appear to have a website however it seems that they are a firm of quantity surveyors.</p> <p>2. Mahlatsi Tumelo was selected from a database of service providers. They had responded to an RFP to become a service provider in 2012.</p>	<p>1. Given that SCM is the custodian of procurement documents, we recommend that Treasury takes steps and measures to address the relevant departments as to why the documents in this regard have not been duly maintained.</p> <p>2.Given that our perusal and investigation of the documents that we were provided with do not contain the actual bid proposal and neither were we provided with competitors' bid documents despite having asked for this, we are unable to establish whether the procurement processes were duly followed. Paragraph 9.2 of the SCM Policy, 2014 provides that, records must be maintained to ensure that there is an existence of an audit trail. Given that we were not provided with all the records, we recommend that measures be taken to ensure that SCM policies and procedures are duly adhered to. Furthermore, given that SCM is the custodian of procurement documents, we recommend that National Treasury takes steps and measures to address the relevant departments as to why the documents in this regard have not been duly maintained.</p>
187	PPM	Ampcor Khanyisa CC	R12,980,128.37	RFP	<p>1.We conducted a search and it appears that Ampcor Khanyisa CC ("Ampcor") does not have a webpage.</p> <p>2.We have established that it appears to be an engineering firm. Its line of business includes the generation, transmission and/or distribution of electric energy.</p> <p>3. An RFP was published in The New Age, the Sowetan, The Mercury, The Cape Argus and City Press Newspapers on 17 and 18 February 2013.</p> <p>4.The scope of work covered the replacement of various substation equipment such as AC/DC panels, rectifiers, primary switchgears and building of bund walls around transformers to contain oil spillages at certain PRASA substations ("the Project").</p>	<p>1. As the Project is still ongoing we advise that PRASA payments be monitored and that PRASA ensures that the work being performed by the Ampcor is completed in accordance to the contract specifications.</p>
188	PPM	Uhuru Trucking & Transport CC	R10,326,040.93	None	<p>1. We have not been provided with documents pertaining to Uhuru Trucking & Transport CC ("Uhuru").</p> <p>2.Upon request, we were advised by Ms Portia Mabitsela ("Ms Mabitsela"), a Sourcing Specialist, on 17 May 2016 that the documents were not available.</p> <p>3.We have since been advised that Uhuru appears to have been loaded on the system. Ms Mabitsela confirmed during an interview with Mr Mduli that it seems that Uhuru did not perform any services for PRASA.</p> <p>4.No payments were ever made to Uhuru.</p>	<p>None</p>
189	PPM	Siyavuna Trading CC	R20,869,845.59. Payment R58,383,864,12	Competitive process	<p>1. Siyavuna was recommended as the supplier to be appointed for the contract at an amount of R20,683,697.91.</p> <p>2.A notice to proceed was issued to Siyavuna by PRASA for the Construction of Johannesburg Park Station Gautrain Link.</p> <p>3.There is a difference of about R200,000.00 (two hundred thousand rand), which falls within the 10% (ten percent) variation.</p>	<p>1. As discussed above, PRASA needs to prioritise cashing the guarantee that was awarded in the arbitration proceeding. The relevant personnel therefore needs to proceed with, and finalise this matter.</p> <p>2.When variations are provided, there must be documents indicating such. Further, the variation must be done in accordance with the SCM Policy.</p>
190	PPM	Mbita Consulting Services	R906,552.45	Request for Tender	<p>1. (42) stations were allocated to existing suppliers including Mbita without any of them retendering for the work. Legal proceedings instituted by Mbita. Irregular award of additional stations.</p> <p>2. No accurate account of procurement documents.</p> <p>3. Agreements have missing annexures and some are blurry and omitted stations</p>	<p>1. Given the circumstances around the award of the 42 stations as well as the legal challenges PRASA has had with Mbita, we advise that PRASA expedite the process of appointing a new service provider for the services. This will also curb the current issue of having contracts renewed on a month to month basis, alternatively use the three quote system.</p>

191	PPM	Mnjiya Consulting Engineers	R45,600,000.00	No records relating to procurement	<p>1. Company has no website.</p> <p>2. From the CIPC documents that Mnjiya Consulting Engineers ("Mnjiya") is a fully black owned and managed consulting engineering firm.</p> <p>3. Appointment was done by Intersite. No records relating to procurement are available from PRASA CRES.</p> <p>4. Award of project was in 2008 for the the refurbishment of Mabopane concourse ("the Project") .</p> <p>5. A contract for the appointment was signed on 8 June 2016.</p> <p>6. Excessive variation of the scope of work.</p>	<p>1. Where scope changes occur there must be documents approving this, and it must be in line with the SCM policy.</p> <p>2. PRASA should ensure that immediately upon award of contracts, such are duly signed between the parties. As indicated, this agreement was signed in 2016, yet the project commenced in 2008.</p>
192	PPM	Mahlatsi Tumelo Cost Consultants	R17,631,741.52	RFP	<p>1. The supplier does not appear to have a website however it seems that they are a firm of quantity surveyors.</p> <p>2. Mahlatsi Tumelo was selected from a database of service providers. They had responded to an RFP to become a service provider in 2012.</p> <p>3. A Consultancy Agreement for the appointment of a professional service provider for the refurbishment of the CTC building in Durban Station to accommodate the train crew depot ("the Project") was signed between the parties.</p>	<p>1. Record keeping of payment documents</p> <p>3. Furthermore, given that SCM is the custodian of procurement documents, we recommend that Treasury takes steps and measures to address the relevant departments as to why the documents in this regard have not been duly maintained.</p>
193	PPM	Motheo Construction Group	Payment: R11,358,645.03	RFP	<p>1. The payment in full made to Motheo provides an amount R11,358,645.03. Mr Potter, director of Motheo advised that the payment differences could have been due to any variations that were implemented. The discrepancy between the amount on the notice to proceed and the amount paid is 10% (ten percent) which is in line with the variation amount.</p>	<p>1. Where variations to the scope of work are provided, such variations be documented.</p>
194	PPM	Ampcor Khanyisa	Contract value: R17,400,500.50 Payment : R26,019,669.82	RFP	<p>1. An RFP was placed on the CIDB, The New Age, the Sowetan, The Mercury, the Cape Argus and City Press on 17 and 18 February 2013.</p> <p>2. The scope of work covers the replacement of various substation equipment such as AC/DC panels, rectifiers, primary switchgears and building of bund walls around transformers to contain oil spillages at certain substations ("the Project").</p> <p>3. The contract value as indicated in the addendum to contract signed 29 April 2016 provides an amount of R17,400,500.50</p> <p>4. The Payment Summary indicates a total amount of R26,019,669.82</p>	<p>1. As the Project is still ongoing we advise that PRASA payments be monitored and that PRASA ensures that the work being performed by the Ampcor is completed in accordance to the contract specifications.</p>
195	PPM	Shabangu	Payment summary: R18,220,494.68. released value to date- R9,302,878.36	RFP	<p>1. Certain members of BEC advised that they never saw the BEC report submission to adjudication and that no decision was taken about the successful bidder. The final report was compiled and submitted by Mr Sindane.</p> <p>2. Material variation of the scope of work occurred and thus the professional fees increased.</p>	<p>1. Variations should be in accordance with SCM Policy.</p> <p>2. Capped amount should be communicated to professional team.</p> <p>3. It is also imperative that the procurement of suppliers is open and transparent.</p> <p>4. From the interviews conducted, it appeared that certain members participating in BEC did not have input with respect to the preparation of the recommendation reports nor had sight of the final report submitted to BAC.</p> <p>In this regard, this could mean that proper procurement processes were not followed.</p>

196	PPM	Dryden Projects CC	R16,241,651.36 Payment summary:R33,853,042.90	RFP	<p>1. BEC unanimously recommended Project be awarded to Soaring Summits Developers JV Real Thoughts Trading 42 CC at an amount of R16,209,995.05 Upon perusal of the DTPC minutes of 27 March 2015, it appears that the BAC recommended that the tender be re-evaluated because the recommended company, Soaring Summits Developers JV Real Thoughts Trading 42 CC, did not submit a B-BBEE certificate which was SANAS approved.</p> <p>2. Dryden was thereafter appointed for the project by BAC.</p> <p>3. Changes to the BEE scores for Soaring Summits had not been amended in recommendation report to reflect the correct status of affairs. This however would not have changed the supplier that was awarded.</p>	<p>1. Given that on two occasions Dryden awarded projects by PRASA CRES under default circumstances, going forward all projects where this supplier is involved, tendering and procurement process must be monitored to ensure strict adherence to procurement prescripts.</p> <p>2. Record keeping mechanisms should be enhanced as a lot of information is missing from SCM procurement files.</p> <p>3. Going forward, the tendering and procurement process of all projects where this supplier is involved, must be monitored to ensure strict adherence to procurement prescripts as it is questionable how Dryden is awarded projects by default.</p>
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