

TENSION OVERHEAD ELECTRIFICATION - EXECUTIVE SUMMARY

INVESTIGATION RESULTS - BACKGROUND SEARCHES	
SUMMARY OF MAJOR FINDINGS & CONCLUSIONS	RECOMMENDATIONS
<ul style="list-style-type: none"> • Tractionel is a reputable company and in business since 1982 • We did not find any reason to believe that the Tractionel directors are involved in illicit business activities • Tractionel complies with the following: TCC, BBEE, CIDB, VAT and CIPC • Tractionel became part of Consolidated Infrastructure Group Limited (CIG), an investment company listed on the Johannesburg Stock Exchange • KNS was involved in at least three major projects, of which the PRASA project was one, when it ran into financial difficulty. The company was subsequently liquidated 	<p>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

INVESTIGATION RESULTS - PROCUREMENT PROCESSES	
SUMMARY OF MAJOR FINDINGS & CONCLUSIONS	RECOMMENDATIONS
<p>The appointment of Tractionel for the Eerste Fabriek-Greenview/Piensaarspoort project:</p> <ul style="list-style-type: none"> • This project was unique in the sense that the initial main contractor defaulted and the contract terminated when 	<p>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

already 80% of the project had been completed

- PRASA decided not to go out on tender for the completion of the remaining 20% of the work
- PRASA negotiated with the subcontractors to, on specific terms, continue with the project
- The proposed plan was presented to the CTPC who approved the appointment of the contractors
- The CTPC recommended the plan to the GCEO who approved the recommendations (contract value was below the R100M threshold and in accordance with the GCEOs delegation)
- PRASA entered into contracts with the said contractors to complete the work
- 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
- The project was eventually finalised and handed over to PRASA

The appointment of Tractionel for the 44KV Transmission Line:

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

<ul style="list-style-type: none"> • The need for a backup 44KV transmission line occurred when the current lines often failed and brought the entire network to a standstill • A business case was compiled that confirmed the situation and recommended an additional 44KV transmission line • The project was budgeted for and registered with CAPEX • It was advertised in the printed media and through the CIDB • Three service providers reacted to the advertisement and presented their tenders • During evaluation two were disqualified • The remaining service provider, ie Tractionel, complied and was subsequently appointed for the project • The project was finalised in time and accordance the agreement 	
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INVESTIGATION RESULTS - PAYMENT VERIFICATION	
SUMMARY OF MAJOR FINDINGS & CONCLUSIONS	RECOMMENDATIONS
<p>The appointment of Tractionel for the Eerste Fabriek-Greenview/Piensaarspoort project:</p> <p> We were unable to make any findings regarding the payments made because we were not provided with the</p>	<p>We recommend the following regarding payments:</p> <ul style="list-style-type: none"> • Financial documentation has to be secured in accordance the prescribed acts and regulations and it should be readily

payment packs relating to the project

The appointment of Tractionel for the 44KV Transmission Line:

- 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.

accessible for audit purposes