

**FINAL REPORT ON AN INVESTIGATION INTO
ALLEGATIONS OF PROCUREMENT
IRREGULARITIES AT THE GOVERNMENT
PRINTING WORKS RELATING TO THE
APPOINTMENT OF A SERVICE PROVIDER TO
FACILITATE A STRATEGIC PLANNING SESSION
HELD ON 16 TO 18 OCTOBER 2019**

JUNE 2020



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GLOSSARY OF TERMS

BAC	Bid Adjudication Committee
B-BBEE	Broad Based Black Economic Empowerment
BEC	Bid Evaluation Committee
BSC	Bid Specification Committee
CFO	Chief Financial Officer
CSD	Central Supplier Database
GPW	Government Printing Works
MANCO	Management Committee
PFMA	Public Finance Management Act, 1996
PPPFA	Preferential Procurement Policy Framework Act, 2000
PSC	Public Service Commission
RFQ	Request For Quotation
SCM	Supply Chain Management

LIST OF ANNEXURES

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1. BACKGROUND

- 1.1 In a letter dated **17 March 2020**, the Minister of Home Affairs, Dr PA Motsoaledi requested the Public Service Commission (PSC) to investigate allegations of corruption levelled against Ms TA Fosi, the Acting Chief Executive Officer (CEO) of the Government Printing Works (GPW) (**Annexure A**).
- 1.2 The above letter indicated that in a notice dated 4 February 2020, the Minister was requested by the General Manager: Human Resources (GM: HR) to provide guidance in relation to allegations of corruption levelled against Ms Fosi by a whistleblower.
- 1.3 The above allegations had also been made to the Minister by the Public Service Association (PSA) which had requested that in light of these allegations, the Minister's Office should consider relieving Ms Fosi of her responsibility as Acting CEO and placing her on precautionary suspension (**Annexure B**). Ms Fosi is alleged to have engaged herself in unethical conduct in that she gave an unlawful instruction which influenced the irregular appointment of a service provider to facilitate a strategic planning session of the GPW that was held during the period 16 – 18 October 2019. The PSA requested that protection be provided to the whistle-blower in terms of the Protected Disclosure Act of 2000.
- 1.4 In view of the above, the Minister requested that the PSC investigate the allegations and provide an outcome in order to enable the Minister to make an informed decision on the matter.

2. THE MANDATE OF THE PUBLIC SERVICE COMMISSION

- 2.1 The PSC's jurisdiction to conduct investigations is provided for in section 196(4)(f) of the *Constitution of the Republic of South Africa, 1996*, the powers and functions of the PSC are –

“Either of its own accord or on receipt of any complaint –

- (i) *to investigate and evaluate the application of personnel and public administration practices and to report to the relevant executive authority and legislature;*
- (ii) *to investigate grievances of employees in the public service concerning official acts or omission, and recommend appropriate remedies;*
- (iii) *to monitor and investigate adherence to applicable procedures in the public service; and*
- (iv) *to advise national and provincial organs of state regarding personnel practices in the public service, including those relating to the recruitment, appointment, transfer, discharge and other aspects of the careers of employees in the public service”.*

3. TERMS OF REFERENCE

The terms of reference for the PSC's investigation are ***to investigate the regularity of the process followed in the procurement of a service provider to facilitate a Strategic Planning Session of the GPW that was held during the period 16 to 18 October 2019.***

4. METHODOLOGY

- 4.1 The PSC requested and obtained documentation that related to the appointment of the service providers for analysis purposes. Subsequently, the PSC reviewed applicable legislation, delegations, policies and procedures.
- 4.2 In addition the PSC also conducted interviews and held discussions with the following officials in order to obtain further clarity on particular aspects on the documentation provided:

No.	NAME	DESIGNATION
1.	Mr T Mosedi	Inventory Controller
2.	Mr T Mamorare	Former Acting General Manager: Financial Services
3.	Mr A Sibanyoni	Director: Strategic Support
4.	Mr S Rizvi	Former Director: Supply Chain Management
5.	Ms A Du Toit	Supply Chain Management
6.	Ms T Blaai	Administrative Clerk
7.	Mr B Madiba	Administrative Clerk
8.	Mr O Kgari	Deputy Director: Strategic Support
9.	Ms H Gumede	Administrative Clerk
10.	Mr T Masiso	Acting Director : Supply Chain Management
11.	Ms TA Fosi	Acting Chief Executive Officer

- 4.3 Compilation and submission of the PSC provisional report to the EA and the affected officials for comments.
- 4.4 Consideration of the comments received and compilation of the final investigation report.

5. OBSTACLES AND LIMITATIONS

- 5.1 The PSC was requested to investigate an allegation that Ms Fosi, the Acting CEO had issued an unlawful instruction that led to the irregular appointment of a service provider that would provide facilitation services for the GPW's strategic planning session.
- 5.2 The above instruction is alleged to have been conveyed in a cellphone discussion between Ms Fosi and Mr S Rizvi, the former Director: SCM. Although Mr Rizvi had indicated that he had made a recording of the telephone discussion, he was unable to provide the PSC with such a recording as his phone fell into the water.
- 5.3 Be that as it may, the telephone conversation is confirmed by an official who was present and listening to the conversation as it unfolded because it was on a speaker phone. A

further official indicated that the recording was played to him but he could not remember the contents of the conversation.

6. REGULATORY FRAMEWORK APPLICABLE TO THE APPOINTMENT OF SERVICE PROVIDERS

The regulatory framework applicable to the appointment of service providers in the Public Service is summarized as follows:

Constitution, 1996	Section 217: <i>When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.</i>
Public Finance Management Act, 1999	<p>Section 38(1)(a): The Accounting Officer must ensure that the department has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.</p> <p>Section 38(1)(b): The Accounting Officer of a department is responsible for the effective, efficient, economical and transparent use of resources.</p> <p>Section 76(4)(c): The National Treasury may make regulations or issue instructions applicable to all institutions to which this act applies concerning the determination of a framework for an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.</p>
National Treasury Practice Note 8 of 2007/2008	<p>Section 3.4.1: Accounting officers/authorities should invite competitive bids for all procurement above R500,000.</p> <p>Section 3.4.1: Competitive bids should be advertised in at least the Government Tender bulletin and in other appropriate media should an accounting officer/authority deem it necessary to ensure greater exposure to potential bidders. The responsibility for advertisement costs will be that of the relevant accounting officer/authority.</p> <p>Section 3.4.3: Should it be impractical to invite competitive bids for specific procurement, e.g. in urgent or emergency cases or in case of a sole supplier, the accounting officer/authority may procure the required goods or services by other means, such as price quotations or negotiations in accordance with Treasury Regulation 16A6.4. The reasons for deviating from inviting competitive bids should be recorded and approved by the Accounting officer/authority or his/her delegate. Accounting officers/authorities are required to report within ten (10) working days to the relevant treasury and the Auditor-General all cases where goods and services above the value of R1 million (VAT inclusive) were procured in terms of Treasury Regulation 16A6.4. The report must include the description of the goods or services, the name(s) of the supplier(s), the amount(s) involved and the reasons for dispensing with the prescribed competitive bidding process.</p> <p>Section 3.5: Goods, works or services may not deliberately be split into parts or items of lesser value merely for the sake of procuring goods, works or services otherwise than through the prescribed procurement process. When determining transaction values, a requirement for goods, works or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.</p>
National Treasury	Section 2.2: It is therefore essential to ensure that persons conducting business

<p>Practice Note 9 of 2017/2018</p>	<p>with the State are tax compliant at the time of the awarding of price quotations or competitive bids. No price quotations or competitive bids shall be awarded to businesses or persons who are not tax compliant.</p> <p>Section 4.1: Designated employee(s) must verify the bidder's tax compliance status prior to the awarding of price quotations or competitive bids.</p> <p>Section 4.2: Where the recommended bidder is not tax compliant, the bidder must be notified in writing of their non-compliant status and the bidder must be requested to submit written proof from SARS of their compliance status or proof that they have made an arrangement to meet their outstanding tax obligations within 7 working days. The bidder should thereafter provide the accounting officer or accounting authority with proof of their tax compliance status which should be verified vis the Central Supplier Database or eFiling.</p> <p>Section 4.3: Should the recommended bidder fail to provide written proof of their tax compliance status in terms of paragraph 4.2 above, accounting officers and accounting authorities must reject the bid submitted by the bidder.</p>
<p>SCM – A guide to accounting officers</p>	<p>Section 5.9.3.1.1: The accounting officer/authority should prepare the terms of reference (TOR). The scope of the services described should be compatible with the available budget. The TOR should define clearly the task directive (methodology), objectives, goals and scope of the assignment and provide background information, including a list of existing relevant studies and basic data, to facilitate the consultants' preparation of their bids.</p>
<p>Preferential Procurement Policy Framework Act, 2000</p>	<p>The Preferential Procurement Policy Framework Act (PPPFA) provided for the implementation of a procurement policy for a category of preference in awarding contracts, and for the protection and/or advancement of persons or categories of persons disadvantaged by unfair discrimination.</p>
<p>Preferential Procurement Regulation, 2017</p>	<p>Section 5(1): An organ of state must state in the tender documents if the tender will be evaluated on functionality.</p> <p>Section 5(2): The evaluation criteria for measuring functionality must be objective.</p> <p>Section 5(3): The tender documents must specify –</p> <ul style="list-style-type: none"> a) the evaluation criteria for measuring functionality; b) the points for each criteria and, if any, each sub-criterion; and c) the minimum qualifying score for functionality. <p>Section 5(4): The minimum qualifying score for functionality for a tenderer to be considered further –</p> <ul style="list-style-type: none"> a) must be determined separately for each tender; b) may not be so – <ul style="list-style-type: none"> (i) low that it may jeopardise the quality of the required goods or services; (ii) high that it is unreasonably restrictive. <p>Section 5(5): Points scored for functionality must be rounded off to the nearest two decimals.</p> <p>Section 5(6): A tender that fails to obtain the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged in regulation 11.</p> <p>The 80/20 preferential system must be used for the acquisition of goods and services for a Rand value equal to or above R30,000 up to R50 million.</p> <p>The 90/10 preferential system must be used for the acquisition of goods and services for a Rand value above R50 million.</p>

7. COMMENTS RECEIVED FROM THE AFFECTED PARTIES

7.1 On 21 May 2020, both Ms Fosi and Mr Mamorare were also provided with an opportunity to comment to the PSC's report as affected parties. On 25 May 2020, a response was received from Ms Fosi (**Annexure B2**). On 22 and 26 May 2020, Mr Mamorare provided the PSC with his responses (**Annexure B3**). In dealing with the comments received, the PSC summarized the responses (in *italics*) and commented on the responses as follows:

7.2 RESPONSE BY MS A FOSI, ACTING CHIEF EXECUTIVE OFFICER

7.2.1 *Ms Fosi indicated that the Minister had received an allegation of corruption against herself as the Acting CEO of GPW. The Minister then requested the PSC to conduct an investigation into the allegations of corruption. Ms Fosi then indicated that she had looked at the contents of the entire PSC Report, and found that no finding of any act of corruption were substantiated against her. In this regard, Ms Fosi maintained that she did not commit any act of corruption.*

7.2.2 The PSC investigated **the regularity of the process followed in the procurement of a service provider to facilitate a Strategic Planning Session of the GPW that was held during the period 16 to 18 October 2019**, in accordance with the Terms of Reference for this investigation. During the investigation, there was no evidence presented to the PSC suggesting that there was corruption on the part of Ms. Fosi, otherwise the PSC would have reflected it as such in this report and referred it to a relevant competent body for further attention.

7.2.3 *However, in so far as the report relates to findings of non-compliance with the SCM prescripts, Ms Fosi observed that there were anomalies in relation to the process to procure the services of a suitable service provider, and that these anomalies which were perpetuated by the ex-Director: Supply Chain Management were discussed with the PSC investigating team.*

7.2.4 The PSC notes that Ms Fosi acknowledges that there were irregularities that occurred in the process followed to procure the services of a facilitator for the GPW's strategic session.

7.2.5 *Ms Fosi indicates that as the Acting CEO, she takes full responsibility for putting corrective measures in place to deal with weak internal controls in order to avoid a recurrence of such actions within the GPW. For instance, Ms Fosi indicates that a total*

of 8 policies in the finance environment have been revised and approved for implementation, in order to strengthen internal controls, ensure compliance and improve the overall management of the GPW. These policies and procedures include the Asset management policy, Petty cash policy, Petty cash procedures, Debtors policy, Debtors Standard Operating Procedures, Supply Chain Management Policy, Inventory policy and the Travel and subsistence policy. Ms Fosi also indicated that the Finance Delegations are being reviewed and should be approved by the end of quarter 1 in 2020.

7.2.6 The PSC acknowledges Ms Fosi's efforts in placing corrective measures to strengthen internal controls within the GPW by reviewing and revising the GPW's internal policies such as the Supply chain management policy, asset management policy, financial delegations, etc.

7.2.7 *Ms Fosi has also indicated that a former and bitter employee of the GPW made the above allegations of corruption against her. The employee who had served as a Director: Supply Chain Management and had been entrusted with the responsibility of ensuring total compliance with the relevant SCM policies and procedures. The former Director: Supply Chain Management failed to guide the team that was responsible for the procurement of the services of a facilitator as he knew that they were not knowledgeable in the area of supply chain management and that the former Director: Supply Chain Management manipulated the tender process to fulfil his malicious and ill intentions, which was self-serving. Ms Fosi indicates that she realised during the PSC's investigation that the former Director: Supply Chain Management deliberately did not comply with SCM policies so that he could come back to blackmail her and irregularly extend his employment contract, which she did not do.*

7.2.8 The PSC notes Ms Fosi's assertion that the former Director: Supply Chain Management was responsible for the irregularities that occurred in the process followed to appoint a facilitator for the GPW's strategic session. However, the PSC also notes that Ms Fosi has failed to take responsibility as the Acting Chief Executive Officer and the Accounting Officer for the irregularities that occurred.

7.2.9 *Ms Fosi indicates that the former Director: Supply Chain Management claims in his statement to have been unfairly dismissed, however, the Human Resources Department presented her with a report of wrongdoing on his part as he had been investigated for the theft of pallets and abuse of state property for personal gain. Based on the recommendation of that Report, a decision was taken to terminate his contract at the end of January 2020. The former Director: Supply Chain Management's contract had been*

due to lapse at the end of February 2020. The former Director: Supply Chain Management had admitted his guilt and had been on the verge of being suspended.

7.2.10 The PSC did not investigate the validity of the former Director: Supply Chain Management's employment contract and its subsequent termination. The PSC limited its investigation to the process followed by the GPW in appointing a facilitator and the respective roles played by the Acting CEO, Acting General Manager: Finance, the former Director: Supply Chain Management, the Director: Strategic Support, etc.

7.3 RESPONSE BY MR MAMORARE, ACTING GENERAL MANAGER: FINANCE

7.3.1 *Mr Mamorare indicated that firstly he received the submission that approved the appointment of Tranxend Consulting at an amount of R82,800.00 after Ms Fosi had signed the submission. Mr Mamorare indicates that although the submission describes that Ms Fosi signed the submission in her capacity as Head of the Branch: Strategic Management, she had also signed it in her capacity as Acting CEO and had therefore approved the appointment.*

7.3.2 The PSC acknowledges Mr Mamorare's above assertion that Ms Fosi was both the Acting CEO of the GPW and the Head of the Branch: Strategic Management at the time that she appended her signature to the submission that approved the appointment of Tranxend Consulting. However, the PSC finds that the submission clearly indicates that Ms Fosi appended her signature as Head of the Branch: Strategic Management and that she was recommending the appointment of Tranxend Consulting. Furthermore, the submission shows that Mr Mamorare appended his signature as the Acting General Manager: Finance to the submission as approval for the appointment of Tranxend Consulting.

7.3.3 In this regard, the PSC finds that Mr Mamorare as the Acting General Manager: Finance should not have signed the submission approving the appointment of Tranxend Consulting but should rather have signed the submission recommending the appointment of Tranxend Consulting and indicating whether the funds required for the appointment were available or not.

7.3.4 *Mr Mamorare also indicates that it is the culture of the GPW for the General Manager: Finance to approve expenditures within the threshold of R500,000.00 and that this culture is prevalent to date. Furthermore, Mr Mamorare indicates that there is a disconnect between certain aspects of the GPW's financial delegations as the General*

Manager: Finance is limited to approve requests for procurements within the threshold of R30,000.00 and yet the General Manager: Finance has the authority to sign off on all orders issued and approve payments within the threshold of R500,000.00.

- 7.3.5 The PSC notes Mr Mamorare's concerns and reiterates its recommendation that the GPW reviews and revises its financial delegations. The PSC also acknowledges that Ms Fosi in her capacity as the Acting Chief Executive Officers has undertaken to review the financial delegations of the GPW.

8. DISCUSSION AND ANALYSIS

- 8.1 In meetings of the Executive Committee (EXCO) of the GPW, a decision was taken that a strategic retreat session of the GPW would be held. In a submission dated **10 October 2019**, the Minister approved that the GPW would hold its strategic retreat session (**Annexure C**). The PSC notes that attached to the submission was a programme for the Strategic Retreat Session with Mr Xolani Mkhize of Tranxend cited as facilitator for the session.
- 8.2 Ms Fosi, the Head of the Branch: Strategic Management that was responsible for the organizing of the logistics of the strategic retreat session put together a team which included, *inter-alia*, the following officials:
- a) Mr A Sibanyoni, Director: Strategic Support;
 - b) Mr O Kgari, Deputy Director: Strategic Support;
 - c) Mr B Madiba, Administrative Clerk;
 - d) Ms T Blaai, Administrative Clerk; and
 - e) Ms H Gumede; Administrative Clerk.
- 8.3 The above team would also oversee the procurement of the service provider to facilitate the strategic retreat session. The said procurement would be conducted with the assistance, guidance and support of the supply chain management (SCM) unit. The scope of services that were to be provided by the facilitator would include the following:
- a) Provide facilitation of the entire strategic session from 16 to 18 October 2019;
 - b) Facilitate a team building session on 18 October 2019; and
 - c) Provide a report in line with the key outcomes of the strategic session.
- 8.4 In this regard, the following requests for quotations (RFQs) were sent to the following service providers (**Annexure D**):

NAME OF SERVICE PROVIDER	DATE ON WHICH THE RFQ WAS SENT	OFFICIAL THAT SENT THE RFQ
Tranxend Consulting	3 October 2019	Ms T Blaai
FinTech Group	3 October 2019	Ms T Blaai

info@theafricanstorytellerssa.com	3 October 2019	Ms T Blaai
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NAME OF SERVICE PROVIDER	DATE ON WHICH THE RFQ WAS SENT	OFFICIAL THAT SENT THE RFQ
Tranxend Consulting	11 October 2019	Mr B Madiba
Siphiwe Moyo	11 October 2019	Mr B Madiba
FinTech Group	11 October 2019	Mr B Madiba
Velile Supply Chain Projects	11 October 2019	Mr B Madiba
Alex Granger	11 October 2019	Mr B Madiba

- 8.5 Upon clarity being sought on how the above service providers were identified, Ms Fosi indicated that in preparing for the strategic retreat session, she had discussions with Mr Tshepo Moatshe, a former member of the Ministerial Advisory Committee who suggested that Mr Xolani Mkhize of Tranxend Consulting, be considered to provide facilitation services as he had previously rendered services to them. In an e-mail dated 11 October 2019, Mr S Rizvi forwarded the details of Velile Supply Chain Projects to the Strategic Support Unit. It was in this regard that RFQs were issued to Tranxend Consulting and Velile Supply Chain Projects.
- 8.6 In terms of the invitation for quotations it is stipulated that quotations must be e-mailed to RFQ.Procurement@gpw.gov.za. Further, that quotations that are emailed to any other e-mail address other than the one mentioned above will not be considered (**Annexure E**). The aforementioned was not adhered to as the above three quotations were received by Ms Blaai and Mr Madiba.
- 8.7 In responding to the above RFQs, the following responses were received (**Annexure F**):

SERVICE PROVIDER	RESPONSE PROVIDED	DATE OF RESPONSE
Tranxend Consulting	Issued a quotation of R82,800.00	3 October 2019
FinTech Group	No response received	Not applicable
info@theafricanstorytellerssa.com	No response received	Not applicable

SERVICE PROVIDER	RESPONSE PROVIDED	DATE OF RESPONSE
Siphiwe Moyo	Declined the invitation to issue a quotation	13 October 2019
FinTech Group	Issued a quotation of R51,165.00	14 October 2019
Velile Supply Chain Projects	Issued a quotation of R340,448.30	14 October 2019
Alex Granger	No response received	Not applicable
info@theafricanstorytellerssa.com	No response received	Not applicable

- 8.8 Upon receiving the above three quotations, Mr A Sibanyoni, Director: Strategic Support prepared a submission requesting approval to procure the services of a facilitator for consideration and approval by Mr T Mamorare, the former acting General Manager Financial Services. The submission signed by both Mr Sibanyoni and Ms Fosi on 14

October 2019, indicated that the following three quotations had been sourced and evaluated in terms of the 80/20 preference point system (**Annexure G**):

- a) Tranxend Consulting @ R82,800.00;
- b) FinTech Group @ R51,165.00; and
- c) Velile Supply Chain Projects @ R340,448.30.

8.9 In recommending the appointment of Tranxend Consulting for the provision of facilitation services, Mr Rizvi, the former Director: SCM made the following handwritten comments on 15 October 2020:

“...FinTech Group Pty sent a letter stating that the facilitator is not available on the days to facilitate the meeting. ‘Hence the bid is awarded to Tranxend Consulting...”.

8.10 On **15 October 2019**, Mr Mamorare approved, in the above-mentioned submission, that Tranxend Consulting be appointed to provide facilitation services in relation to the GPW’s strategic retreat session.

8.11 It should be noted that during interviews with Ms Du Toit, the PSC investigation team was informed that the above submission was drafted by the Strategic Support Unit and then handed over to the SCM Unit. The evaluation of the above three service providers was also done by the Strategic Support Unit in terms of the 80/20 preference point system and that they had wrongly recommended that Tranxend Consulting be appointed as FinTech Group had scored the highest points. Ms Du Toit pointed out the anomaly to Mr Sibanyoni, who indicated that Ms Fosi preferred Tranxend Consulting as the service provider that would provide facilitation services for the GPW’s strategic retreat session.

8.12 Mr Sibanyoni discussed the matter with Mr Rizvi who then phoned Ms Fosi in the presence of Ms Du Toit and Mr Sibanyoni. Mr Rizvi informed the investigation team that he made a call through a cellular phone and put it on speaker, thus all parties present (Mr Sibanyoni and Ms Du Toit) were privy to the conversation. This was confirmed by Ms Du Toit. Mr Rizvi explained to Ms Fosi the anomaly regarding the wrongful recommendation of Tranxend Consulting. It is alleged that despite the afore-mentioned explanation, Ms Fosi insisted and instructed that Tranxend Consulting be appointed as a commitment had already been made that Tranxend Consulting would be appointed as the successful service provider that would provide facilitation services.

8.13 Mr Rizvi then explained that he found himself to be in a dilemma, as Ms Fosi’s instruction would render the process of appointing Tranxend Consulting over FinTech Group to be irregular. Mr Rizvi also insinuated that he did not want to be seen to be defiant of Ms Fosi’s above instruction. It was at this point that Mr Rizvi decided to approach Mr G Nyandoro, Director: FinTech and request that FinTech, which had scored the highest points withdraws their quotation. Mr Rizvi explained that he had known Mr Nyandoro as FinTech had previously been contracted to provide certain services to the GPW. This he did on his own without Ms. Fosi ‘s involvement. He acknowledged to the investigation team that it was wrong for him to do that, however, he had pressure that his contract was

coming to an end and wanted Ms. Fosi to extend it. Ms Fosi disputed that she gave Mr. Rizvi an instruction to appoint Tranxend Consulting, but to get the best service provider for the facilitation work. She stated that Mr. Rizvi approached the Director of FinTech on his own so that he can use that to blackmail her to extend his contract.

- 8.14 It was in this regard that Mr Nyandoro issued a letter dated **14 October 2019**, sent to the GPW by email dated 15 October 2019, in which he indicated that FinTech would not be able to participate in this RFQ as their facilitator would only be available on 17 October 2019, a day after the commencement of the strategic session. In this regard, FinTech thereafter withdrew its quotation (**Annexure H**). It should be noted that Ms Du Toit disagreed with this approach and indicated that she would not take part in the process anymore. Ms Du Toit's view was that the process should have been cancelled and re-started.
- 8.15 In providing her version of events, Ms Fosi explained that Mr Rizvi had advised that the submission had wrongly recommended that Tranxend Consulting be appointed and that FinTech should have been recommended as it had scored the highest points during the evaluation phase. Ms Fosi indicated that she had not instructed Mr Rizvi to irregularly appoint Tranxend. Ms Fosi was wary of FinTech's appointment as she had enquired about FinTech's experience. Mr Rizvi had indicated that FinTech's expertise in the provision of facilitation services was limited but more experienced in the provision of training.
- 8.16 Mr T Mamorare, during his interview with the investigation team maintained that at the GPW, there has always been a practice for the CFOs to approve request to procure up to R500 000,00. In his statement as well as comments on the PSC provisional report, Mr. Mamorare indicates that the most crucial stage in the SCM value chain is the approval of the orders, which is the activity that commits the institution to services of a contractor. He pointed out that this is where the GPW delegations are self - conflicting by stating that all orders must be approved by the CFO meanwhile request to approve procurement in excess of R30 000,00 up to R500 000,00 is vested with the CEO. Furthermore, he states that the preceding signature of Ms. Fosi, the GM Strategic Management who was at the same time acting CEO, insinuated that she has authorized him to approve the request.
- 8.17 In an e-mail dated **16 October 2019**, Ms A de Kock, Provision Administration Clerk: SCM indicated to Mr Sibanyoni that he had not provided the SCM unit with an allocation notice which would be required for the processing of a purchase order (**Annexure I**). In this regard, the SCM Unit requested Mr Sibanyoni to provide them with an allocation notice. The GPW requires that an allocation notice be issued prior to an order being placed and payment effected.
- 8.18 It should be noted that Tranxend Consulting provided the facilitation services for the period **16 - 18 October 2019**. However, a purchase order (No: PO1000031175-1) was only issued to Tranxend Consulting, for the provision of facilitation services on **30 October 2019** at an amount of R82, 800.00 (**Annexure J**). An invoice dated **30 October**

2019 was also issued to the GPW and on **17 December 2019** Mr Sibanyoni certified that the services were provided and delivered satisfactorily. On **10 January 2020**, the payment of R82,800.00 was effected to Tranxend Consulting.

- 8.19 The summary of the discussions and interviews held with the officials of GPW is attached at (**Annexure K**).
- 8.20 The GPW's Financial Delegations as per Section 44 of the Public Finance Management Act approved by the Chief Executive Officer on 25 July 2017 attached at (**Annexure L**).

9. FINDINGS

9.1 In view of the above background and discussion provided, the PSC finds that there was non-compliance with the Supply Chain Management processes. The specific findings are the following:

9.1.1 Sourcing of quotations

The GPW complied with paragraph 3.4.1 of the National Treasury's Practice Note: No 8 of 2007/2008 in that the GPW invited six (6) quotations for the provision of facilitation services and three quotations were received.

The three quotations that were issued to the GPW were requested and received by the same officials, namely, Mr B Madiba and Ms T Blaai. The PSC **finds** this to be in contravention of the process of segregation of duties as provided in the GPW invitation for quotation which requires that an official that issues a RFQ should be different from the official that receives that particular quotation. The PSC finds this to be **irregular**.

9.1.2 Evaluation of the three quotations received

The GPW complied with paragraph 5(2) of the Preferential Procurement Regulations, 2001 in that the three quotations that were received for the provision of facilitation services were evaluated in accordance with the 80/20 preference system.

The evaluation of the three quotations in accordance with the 80/20 preference system was done by the Strategic Support Unit without the assistance of the SCM Unit, the custodian of all supply chain processes. Ms Fosi, the Head of the Branch: Strategic Management appended her signature to the submission that approved the appointment of the service provider prior to the involvement of the SCM unit, thus failing to fulfil her duties in ensuring that the relevant SCM processes were adhered to.

In view of the above, the Strategic Support Unit wrongly recommended that Tranxend Consulting be appointed instead of FinTech, the service provider that had scored the highest points. The PSC **finds** this to be **irregular**.

It should be noted that at the time that Ms Fosi appended her signature to the submission that appointed Tranxend Consulting, she was also the Acting CEO and she therefore had an additional fiduciary duty as the Accounting Officer to ensure that all the SCM processes were fully complied with.

9.1.3 **Appointment of the successful service provider**

The GPW did not comply with paragraph 9.5.5 of the National Treasury's Practice Note No 3 of 2003 in that the service provider that scored the highest points was not appointed for the provision of facilitation services.

The PSC **found** the following to be **irregular**:

- a) the reason given by Mr A Sibanyoni for overlooking FinTech, the highest scorer in terms of the 80/20 principles, not to be valid as it was against the specification on the RFQ;
- b) the withdrawal of FinTech from the RFQ after the evaluation was completed and recommendations to appoint Transcend Consulting already made; and
- c) the approval of the appointment on the basis that FinTech had withdrawn from the process.

Furthermore, Mr Mamorare, the Acting GM: Finance approved the appointment of Tranxend Consulting at an amount of R82,800.00 even though the financial delegations limits the GM: Financial Services to only approve amounts within the threshold of R30,000.00. The Acting GM approved the appointment of Tranxend Consulting even though only two (2) quotations were evaluated. The PSC **finds** the approval of the appointment of Tranxend Consulting to be **irregular**.

The inclusion of Mr Xolani Mkhize of Tranxend as the facilitator of the Strategic Retreat Session on the programme attached to the submission to the Minister, prior the finalisation of the SCM process is **irregular**.

9.1.4 **Payment effected to the successful service provider**

The purchase order for the provision of facilitation services was issued to Tranxend Consulting on 30 October 2019, which was almost two weeks after Tranxend Consulting had already rendered its services to the GPW. The PSC **finds** this to be **irregular**.

The payment of R82,800.00 was only effected to Tranxend Consulting on 10 January 2020 which was almost three months after the services had been rendered to the GPW. The PSC **finds** this to be **irregular**.

9.2 No finding is made on the allegation of corruption by Ms. TA Fosi.

10. RECOMMENDATIONS

- 10.1 In view of the above, the PSC **recommends** the following:
- 10.1.1 The Executive Authority must consider corrective action in relation to non-compliance with SCM processes by Ms TA Fosi, General Manager: Strategic Management, as the Accounting Officer.
 - 10.1.2 The Executive Authority must consider corrective in relation to Mr T Mamorare, the former Acting Chief Financial Officer, for failing to adhere to the GPW's Financial Delegations when approving the appointment of the facilitator.
 - 10.1.3 The GPW must ensure that adequate planning is provided for the timeous appointment of service providers.
 - 10.1.4 The GPW must ensure that the SCM unit provide technical advise in all the respective processes that pertain to supply chain management and that the relevant prescripts are stringently adhered to.
 - 10.1.5 The PSC has noted that the GPW has indicated that the SCM policy and the asset management policy, which were not approved at the time of the commencement of the investigation, have since been approved as reflected in the Acting CEO 's comments to the PSC provisional report, which is commendable and must henceforth be implemented accordingly.
 - 10.1.6 The GPW must urgently ensure that financial delegations of the GPW are reviewed, updated and approved. For instance, the conflicting provisions in the delegations, where the one allows the CFO to approve orders with unlimited threshold but at the same time the preceding provision limit the same CFO to approve request to procure to the amount of R30 000, 00 , must be corrected and aligned accordingly, The said delegations must be clearly communicated to all the relevant officials that have been appointed to enforce them.

11. CONCLUSION

The PSC would like to conclude by thanking the GPW for its assistance in facilitating the collation of documents and arrangements of interviews that were required for this investigation.