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PUBLIC Works and Infrastructure Minister Dean Macpherson briefs the media on the outcomes of the final forensic investigation conducted by PricewaterhouseCoopers (PwC) into the over R800 million Pressure Swing Adsorption (PSA) Oxygen Plant tender awarded by the Independent Development Trust (IDT). | OUPA MOKOENA Independent Newspapers

CRIME

IDT officials implicated in alleged tender fraud

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A FORENSIC investigation into the R836 million Pressure Swing Adsorption (PSA) Oxygen Plant project tender has exposed widespread procurement irregularities, fraud, and governance failures within the Independent Development Trust (IDT).

The project aimed to install oxygen plants at 60 state hospitals nationwide.

Minister of Public Works and Infrastructure Dean Macpherson yesterday released the findings and recommended disciplinary action against IDT chief executive officer Tebogo Malaka, general manager for supply chain management Dr Molebedi Sisi, and other officials.

He has also taken steps to implement consequence management, including referring the matter to the Hawks and meeting with the newly appointed IDT board.

The minister reaffirmed his commitment to building a capable and ethical state, directing the department to implement all report recommendations to restore the IDT as a trusted partner in social infrastructure delivery.

The investigation by PricewaterhouseCoopers (PwC) revealed that several companies, including Bulkeng (Pty) Ltd, were awarded contracts without valid South African Health Products Regulatory Authority (SAHPRA) licences.

Macpherson stated that Bulkeng submitted a SAHPRA licence belonging to Atlas Copco Industrial SA without their knowledge or consent, constituting "clear misrepresentation" and "fraud".

Furthermore, Bulkeng planned to subcontract over 25% of its responsibilities without disclosure, violating procurement regulations.

The investigation also found significant flaws in the bid evaluation process, including the deliberate removal of SAHPRA compliance requirements, allowing ineligible bidders to participate and win contracts.

Macpherson expressed shock at the missing or incomplete meeting minutes. The investigation report also revealed multiple irregularities in the tender process, including improperly constituted committees, undocumented bid scores, and non-transparent price negotiations.

The report noted that the project's costs escalated significantly, from an initial estimate of R216.9m to R253.3m at the design stage, and eventually to R592.5m for implementation.

Bulkeng was awarded contracts worth R428m, despite its CIDB grading limiting it to contracts up to R200m.

The report found that Malaka failed to exercise adequate oversight, ignoring red flags raised by the Department of Health, and failing to convene necessary risk committees.

Dr Sisi was also implicated for

misleading stakeholders and failing to fulfill his responsibilities.

The report stated that Dr Sisi advised against cancelling the RFQ process despite warnings from the Department of Health, assuring Malaka and the evaluation committees that the procurement process was compliant.

However, key regulatory requirements, such as valid SAHPRA licences, were not enforced.

Both Malaka and Dr Sisi approved contracts based on flawed internal assurances, according to the report.

The report recommended disciplinary action against officials involved in the tender, particularly Malaka, for endorsing the RFQ process despite irregularities and incorrectly appointing Health Department officials.

Malaka also faces criticism for improperly establishing and managing the bid specification committee (BSC) and bid evaluation committee (BEC), appointing National Department of Health officials as members instead of observers, and violating procurement protocols.

Dr Sisi is also implicated for failing to handle procurement issues in a fair, transparent, and equitable manner, as required by the IDT's supply chain management policy and the Constitution.

Additionally, the report criticises the BEC secretariat for failing to maintain accurate records of meetings and proceedings.