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CORRUPTION: RECOMMENDS DISCIPLINARY ACTION AGAINST CEO AND GM

» **Minister confirms providing the Hawks with forensic investigation.**

Roy Cokayne

Moneyweb

A forensic investigation report into the allegedly irregular and corrupt R880 million hospital oxygen plant tender managed by the Independent Development Trust (IDT) has recommended that disciplinary action be taken against IDT CEO Tebogo Malaka, IDT general manager for supply chain management Dr Molebedi Sisi and other officials.

On Tuesday Minister of Public Works and Infrastructure Dean Macpherson said the PwC report did not identify any relationship or links between the appointed contractors and the IDT or department of health (DoH) officials.

But Macpherson believed the murkiness surrounding particularly Bulkeng, one of the preferred service providers, would "have been a red flag right at the beginning".

He added that the department can only work off the evidence provided to it, but if any evidence came forward to suggest something else, they would also look into it.

Macpherson said he took a number of actions to ensure consequence management and accountability, including writing to the Hawks and providing them with the report to supplement their current criminal investigation into this matter.

"Where criminal allegations exist, I want to ensure the highest chances of success," he said.

Macpherson said he had also briefed the minister of health and the newly constituted IDT board on the contents of the report.

He stressed that "accountability must follow and will follow" and the disciplinary process going forward is for the new IDT board to determine.

"South Africans deserve to know how their money was spent – and misused," he said.

"We are not just reacting to this scandal. We are using it as an opportunity to get things right in our entities and department."

"Public works and infrastructure has immense potential to be a force for good in South Africa. That's why we must use every opportunity to better our systems



RED FLAG. Public Works and Infrastructure Minister Dean Macpherson says his department was using the scandal as an opportunity to 'get things right'. Picture: Shutterstock

and to build towards this goal," he said.

Macpherson quoted directly from a section of the forensic report, which he said "lays bare the depth of the procedural failings and regulatory breaches uncovered during the investigation".

Report findings

The report found Malaka failed to exercise oversight and confirmed she relied entirely on internal supply chain management (SCM) staff to assure her that the process had followed proper procurement protocol.

It further found that Malaka did not verify any of the documentation, act on the red flags raised by the DoH or convene the necessary risk committees to assess the matter.

Macpherson said Malaka did not act alone. The report also singles out Sisi for his role in misleading internal stakeholders and failing to act in accordance with his responsibilities.

The report found Sisi advised against cancelling the request for quotation (RFQ) process, despite clear warnings from the DoH.

It further found that Sisi assured Malaka and evaluation committees that the procurement process was compliant, when in fact key regulatory requirements, such as valid South African Health Products Regulatory Authority (Sahpra) licences, had not been enforced.

"Instead, both the CEO and Dr Sisi approved contracts and accepted flawed internal assurances," Macpherson said.

The report said it therefore appears the IDT appointed eight service providers on the panel for

the roll-out of the plants without confirming that any of them met the required criteria, adding that a Sahpra licence was again not included as a mandatory requirement in the RFQ document.

It said Sisi reported that there was an inherent requirement that the original equipment manufacturers (OEMs) be Sahpra registered and bidders were not specifically requested to supply evidence that they were Sahpra registered, as the equipment was to be procured from the Sahpra-registered OEMs.

The report said Bulkeng, as one of the preferred service providers, did not have the required authorisation to use Atlas Copco's Sahpra licence and the use of it in Bulkeng's submission to the IDT appears to be irregular.

It said the Sahpra criteria should have been included from the establishment of the panel of service providers and the entire process therefore appears to be irregular.

The report said the pre-tender estimate for the project at tender stage was R216 959 849.70 and at design stage R253 317 911.83.

It said the DoH was subsequently requested to approve increased funding for the roll out and implementation of the oxygen plants to R592 564 686.66, with the project cost therefore increasing when the market was tested by 174% from the initial estimated budget of R216 006 750.

According to the report, Bulkeng was awarded facilities with a total offer of R428 069 345.04, which exceeded its Construction Industry Development Board grading threshold of R200 mil-

lion. Macpherson said this means Bulkeng did not qualify at all to be awarded that project.

The report further highlighted that the minutes of meetings of the bid specification committee, bid evaluation committee, management bid adjudication committee and executive bid adjudication committee are very vague and contain limited information relating to the items discussed during these meetings.

Further, the submission documents that were presented often contained incorrect and incomplete information, such as the correct dates of meetings, and record-keeping of these minutes was poor, as none of the meeting recordings could be obtained.

'A monumental failure in governance'

Macpherson said these findings represent "a monumental failure in governance and adherence to IDT and IDT policies and National Treasury regulations – undermining the integrity of public procurement and threatening donor funds".

He said the Sahpra compliance requirement originally stipulated in the project execution plan and the DoH's MoA was deliberately removed from the final request for proposals.

"This opened the door for ineligible bidders to participate and win massive contracts."

"Meeting minutes were missing or incomplete – which is shocking but not surprising."

"Committee appointments were not properly constituted. Bid scores were not properly documented. Price negotiations were not transparent," said Macpherson.

He said the PwC forensic report cost R1.9 million.

Murkiness a red flag right at the beginning