



June 29, 2022

**MEDIA STATEMENT
FOR IMMEDIATE RELEASE
29 JUNE 2022**

GAUTENG HEALTH MULTIMILLION PPE TENDER DECLARED INVALID AND UNLAWFUL

A R103 million personal protective equipment (PPE) tender awarded by the Gauteng Department of Health to Zakheni Strategic Supplies (Pty) Ltd has been declared unlawful and invalid. On 29 June 2022, the Special Tribunal reviewed and set aside the multimillion tender following an application by the Special Investigating Unit (SIU).

The Tribunal has ordered that Zakheni must pay back all profits earned from the unlawful and invalid tender.

The SIU investigation in the Department of Health revealed that Zakheni was awarded a R103.7 million tender without following regulations governing public procurement.

SIU probe uncovered that on 19 April 2020, the Department, through its Chief Financial Officer (CFO), Ms. Kabelo Lehloenyane, received a quotation from Zakheni for the supply to the Department of specified PPE items like gloves and mask. Twenty-four (24) hours later, the Department issued a commitment letter to Zakheni, signed by the CFO. In terms of the commitment letter, Zakheni would supply PPE to the Department to the value of R103,770,000.

In handing down the judgment, Judge Modiba, Judge President of the Special Tribunal, said:

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“The irregular manner in which the contract was awarded constitutes a material infraction to the constitutional values of fairness, transparency, equity, effectiveness and cost effectiveness. Therefore, it is just and equitable to set aside the contract.

“Zakheni is not entitled to profit from an irregular contract. I find no basis to exercise my discretion to permit Zakheni to benefit from the contract under the present circumstances. It is therefore just and equitable that Zakheni is ordered to account to the Department for the profits has earned or stands to earn from the impugned contract and to be divested of such profits.”


In terms of the Special Tribunal order, Zakheni is ordered to render to the Registrar of the Tribunal and to the SIU, within 30 days, audited financial statements for the financial year covering the period during which the parties performed under the impugned contract, to the extent that the audited financial statements reflect all financial information pertaining to the impugned contract.

The order by the Special Tribunal is a continuation of the implementation of the SIU investigation outcomes and consequence management to recover assets and financial losses suffered by State institutions and/or to prevent further losses.

Fraud and corruption allegations may be reported via the following platforms:
siu@hotline.co.za / Hotline: 0800 037 774.

Enquiries: Mr Kaizer Kganyago
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ABOUT THE SIU:

The SIU is an independent statutory body with a primary mandate to investigate allegations of corruption, malpractice and maladministration in the affairs of government departments, municipalities and State Owned Entities, and to recover financial losses suffered by State institutions. The SIU was established in terms of the Special Investigating Units and Special Tribunal Act, Act No 74 of 1996 (SIU Act).

The SIU has powers to subpoena witnesses, bank statements and cellphone records, search, seize evidence and interrogate witnesses under oath. The SIU can take civil action to correct any wrongdoing it uncovers in its investigations.

Where criminal conduct is uncovered during investigations, the SIU will bring the matter to the attention of its partners Hawks in the South African Police Service (SAPS), as well as the National Prosecuting Authority (NPA) for further action.



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