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**MEDIA STATEMENT  
FOR IMMEDIATE RELEASE  
30 JULY 2024**

**FIVE COMPANIES WERE ORDERED TO PAY BACK PROFIT EARNED FROM THE R1.6 BILLION  
CONTRACTS AWARDED BY IDT ON BEHALF OF THE CORRECTIONAL SERVICES DEPARTMENT**

The Special Tribunal has reviewed and set aside two contracts worth R1.6 billion that the Independent Development Trust (IDT) awarded to five companies to implement projects for the Department of Correctional Services between 2011 and 2012. The companies were ordered to pay back all profits from the now unlawful and invalid contracts.

The decision of the Special Tribunal, which was handed down on 29 July 2024, follows an investigation by the Special Investigating Unit (SIU) into the affairs of the Department of Correctional Services. This investigation revealed that the IDT failed to follow the applicable statutory and regulatory procurement provisions governing public procurement as set out in the Constitution of the Republic of South Africa, in concluding the contracts with the companies.

The Department appointed the IDT in 2011 as an implementing agent to manage the implementation of security fencing, parameter fencing, intercoms and conditions audits, and other infrastructure projects at various correctional centers in South Africa. Following its appointment as an implementing agent, the IDT contracted Secelec Consulting Engineers (Pty) Ltd, Bakone Consulting Engineers (Pty) Ltd, and Bakone Secelec Consulting JV 2011 as transactional advisors to implement the building of fences around various prisons at a cost of R492 960 564.66. The contract was later cancelled.

In 2012, the IDT appointed Manyeleti Consulting SA (Pty) Ltd and SA Fence and Gate JV as transactional advisors for a similar job. The budget for the initial tender increased with R72 454 350.62 or 15.2%. However, the total budget increased to R861 255 544.40. This escalation represents 81% of the approved budget and way above the permitted 20% deviation as per the

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National Treasury regulations. The Tribunal found that the tender/contract award was predetermined.

The decisions of IDT and the resulting contracts, which have now been reviewed and set aside by the Special Tribunal, had a total contract value of R1,660,434,091.00. Over and above the SIU's independent investigations and analysis of the irregular contracts entered into by the IDT to implement the Department's projects, the Office of the Auditor-General of South Africa during its audit found that the same contracts did not comply with the procurement prescripts and resulted in the Department incurring an irregular expenditure of R1,660,434,091.00 that had to be disclosed under irregular expenditure.

The Special Tribunal had ordered the five companies to render the full accounts of all the payments they received under the contracts awarded by IDT and reasonable expenses incurred, supported by necessary vouchers. Following the calculations of expenditure to service the now illegal contracts, the companies shall pay whatever profits that were earned. Furthermore, the companies were ordered to cover the legal costs of the review application brought by the SIU.

The SIU welcomes the decision of the Special Tribunal, as it forms part of the implementation of investigation outcomes and consequence management to recover financial losses suffered by the State.

The SIU was in terms of Proclamation R28 of 2017 authorized to investigate allegations of corruption and maladministration in the affairs of the Department of Correctional Services and to recover any financial losses suffered by the State due to corruption and negligence.

The SIU is empowered to institute a civil action in the High Court or a Special Tribunal in its name, to correct any wrongdoing uncovered during both investigations caused by acts of corruption, fraud, or maladministration. In line with the Special Investigating Units and Special Tribunals Act 74 of 1996, the SIU will refer any evidence pointing to criminal conduct it uncovers to the National Prosecuting Authority (NPA) for further action.

**END.**

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