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Tel: +27 (0) 12 843 0001
SIU Hotline: 0800 037 774
Email: info@siu.org.za
www.siu.org.za



**MEDIA STATEMENT
FOR IMMEDIATE RELEASE
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**SERVICE PROVIDERS ORDERED TO PAY BACK PROFITS EARNED FROM IRREGULAR PPE
CONTRACTS AWARDED BY KZN SOCIAL DEVELOPMENT WORTH R21 MILLION**

The Special Tribunal, through nine unopposed orders, has ordered 16 service providers to pay back profits linked to Personal Protective Equipment (PPE) by the KwaZulu-Natal Department of Social Development (DSD) following allegations of irregularities and inflated pricing in awarded contracts. The Special Tribunal has also set aside these contracts and declared them unlawful and invalid.

The ruling comes after the Special Investigating Unit (SIU) was authorised through Proclamation No. R. 23 of 2020, to investigate the affairs of all State institutions regarding procurement or contracting for goods, works, and services during or in respect of the National State of Disaster by or on behalf of State institutions.

The investigation's basis comes from the Provincial Treasury, which was commissioned to conduct a forensic investigation into allegations relating to DSD's procurement of PPE. The investigation was prompted by various public reports alleging that the procurement contracts were inflated and irregular.

The Treasury investigation concluded that PPE was procured from 16 service providers in 18 contracts, with a total cumulative value of R21,242,955.95. The report further recommended disciplinary action against several officials and the registration of a criminal case.

The probe was initiated after a forensic investigation by the Provincial Treasury, which scrutinised the DSD's procurement processes and the financial impact of its PPE contracts. The report recommended disciplinary action against implicated officials and filing a criminal case.

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The SIU processed the report through its processes and systems and identified significant shortcomings in the initial investigation. The report did not evaluate potential financial recoveries or quantify the state's losses. Additionally, no efforts were made to recover funds lost due to overpricing or irregular procurement practices.

To address these shortcomings, the SIU expanded its investigation to determine:

- Whether procurement regulations were followed
- Whether there was collusion between officials and service providers
- Whether any party committed fraud
- Whether the Department received value for money
- Whether personal protective equipment (PPE) was purchased at inflated prices

The SIU found that all service providers charged rates that exceeded the pricing guidelines set by the National Treasury. Consequently, the SIU has initiated proceedings in the Special Tribunal to recover the overpayments.

In line with the Special Investigating Units and Special Tribunals Act 74 of 1996 (SIU Act), the SIU refer any evidence of criminal conduct uncovered during its investigation to the National Prosecuting Authority (NPA) for further action. Under the SIU Act, the SIU is also authorised to initiate a civil action in the High Court or a Special Tribunal in its name to address any wrongdoing identified during its investigation resulting from acts of corruption, fraud, or maladministration.

END.

Enquiries:

Kaizer Kganyago

Spokesperson: Special Investigating Unit

Cell: 082 306 8888

E-mail: KKganyago@siu.org.za



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