

Report of the Auditor-General on a

performance audit of entities that
are connected with government
employees and doing business
with departments of the Limpopo
Provincial Administration

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REPORT OF THE AUDITOR-GENERAL ON A PERFORMANCE AUDIT OF ENTITIES THAT ARE CONNECTED WITH GOVERNMENT EMPLOYEES AND DOING BUSINESS WITH DEPARTMENTS OF THE LIMPOPO PROVINCIAL ADMINISTRATION

1. EXECUTIVE SUMMARY

- 1.1 The Auditor-General issued a report to Parliament in January 2006 on the approval for government employees to perform other remunerative work and the disclosure of financial interests by ministers, deputy ministers and senior managers. This report indicated that designated employees (senior managers) and certain ministers failed to declare their interests and that the majority of government employees did not have approval to perform remunerative work outside their employment in government, as prescribed by the relevant legislation and regulations.
- 1.2 Based on the above, a transversal performance audit was conducted on government employee-related entities doing business with national and provincial departments.
- 1.3 During the audit specific emphasis was placed on:
 - 1.3.1 performance of remunerative work
 - 1.3.2 declaration of interest in standard bidding documentation (SBD)
 - 1.3.3 deviation from the supply chain management process in the adjudication of tenders and quotations
 - 1.3.4 non-compliance with value-added tax (VAT) legislation.
- 1.4 The audit revealed, inter alia, the following:
 - 1.4.1 The extent of business done by employee- or spouse-related companies in the Limpopo Provincial Administration for the period 1 April 2005 to 31 January 2007 amounted to approximately R293 million. Although some of the departments are still determining whether employees who are directors or members of companies and CCs that did business with departments of the Limpopo Provincial Administration had obtained the necessary approval, the majority of employees did not have approval to perform other remunerative work.
 - 1.4.2 Tenderers made misrepresentations by not declaring in the tender documentation that employees are related to the companies and CCs that are tendering.
 - 1.4.3 The following transversal findings were made where departments of the Limpopo Provincial Administration deviated from the supply chain management process

without the necessary approval and awarded tenders or contracts to employee-related entities. This could be an indication of preferential treatment of such employee-related entities or of fraudulent activities in the awarding of tenders or contracts.

- (a) Provincial departments did not always obtain three quotations for transactions with a value above R10 000 but not exceeding R200 000, in line with the regulations for the procurement of goods and services.
- (b) Provincial departments did not always apply the prescripts of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) when evaluating quotes that exceeded R30 000.
- (c) In certain instances provincial departments did not invite competitive bids for procurement where the value of the goods or services exceeded R200 000, in accordance with the regulations, and had awarded the contracts to employee-related entities.
- (d) Bids were not always scored correctly by the evaluation committees of provincial departments and as a result the contracts were incorrectly awarded to employee-related entities.
- (e) Provincial departments awarded contracts to employee-related entities that did not score the highest points during the evaluation process, without providing reasonable and justifiable grounds for doing so.

1.5 There are inconsistencies between departments in rectifying the above shortcomings. In some instances departments charged employees with misconduct and discharged the employees or issued final warnings, while others indicated that disciplinary steps could not be taken as employees were not aware that they should have obtained approval to perform other remunerative work. A consistent approach, which includes awareness, training, disciplining and legal action as well as the blacklisting of entities, should be encouraged.

1.6 In response to the findings made by the Auditor-General, the Accountant-General, the Public Service Commission (PSC) and the Department of Public Service and Administration (DPSA) indicated that the current legislation and regulations would be reviewed and that consideration would be given to amending them, if necessary, to limit and avoid the shortcomings identified in this report.

2. PURPOSE AND CONTENT OF THE REPORT

2.1 A performance audit was conducted of entities that are connected with government employees and are doing business with departments of the Limpopo Provincial

Administration, as per section 188(4) of the Constitution of the Republic of South Africa, 1996 read in conjunction with sections 5(3) and 20(3) of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA). The purpose of this report is to facilitate public accountability by bringing to the attention of the provincial legislature the findings of the performance audit.

- 2.2 Sufficient audit work was performed to provide substantiating audit evidence for the findings set out herein.
- 2.3 It is anticipated that this report, which reflects comments received from various departments, would give rise to corrective steps that would contribute constructively to the establishment and implementation of appropriate management measures and controls, and consequently to improved value for money.
- 2.4 The responsibility of instituting these management measures rests with management. The primary objective of performance auditing is to confirm independently that these measures do exist and are effective, and to provide the executive and legislative bodies with findings and examples of the effects thereof, by means of a structured reporting process.

3. AUDIT SCOPE

- 3.1 This performance audit focused on the following aspects:
 - 3.1.1 Employees of departments of the Limpopo Provincial Administration who are directors or members of companies and CCs that did business with the departments at which such employees work (annexure A refers).
 - 3.1.2 Transactions by employees' spouses who are directors or members of companies and CCs that did business with departments where the husband/wife is employed (annexure B refers).
 - 3.1.3 Employees of departments who are directors or members of companies and CCs that did business with other departments of the Limpopo Provincial Administration (annexure C refers).
- 3.2 The transactions included in this report cover the period 1 April 2005 to 31 January 2007.
- 3.3 The scope was limited to the procurement process up to the approval of payments. The scope also included determining whether employees who had an interest in the company or CC that rendered the service or supplied the goods to the department were involved in the procurement process.

- 3.4 The objective of the performance audit was to identify companies and CCs that are primarily profit driven and are transacting with departments. For this reason the following types of companies were excluded from the scope of the performance audit:
- 3.4.1 Section 21 (not for profit) companies as defined in the Companies Act, 1973 (Act No. 61 of 1973).
 - 3.4.2 Public entities listed under the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).
 - 3.4.3 Companies where the person is appointed as an independent contractor or board member in an executive capacity at a department. The reason for this is that in those cases the person's details are loaded on the Personnel and Salary System (Persal) for income tax purposes, and not because he/she is a permanent employee of the department.
 - 3.4.4 Employees who hold shares in listed companies.
- 3.5 The objectives of the procedures performed were the following:
- 3.5.1 To identify the extent of employee-related entities that did business with departments of the Limpopo Provincial Administration
 - 3.5.2 To enhance transparency and adherence to relevant legislation
 - 3.5.3 To identify and report on findings in the current processes and systems
 - 3.5.4 To possibly reduce the risk of corruption.

4. SCOPE LIMITATION

- 4.1 Due to cost implications and time constraints, the Auditor-General focused only on entities connected to employees of the departments of the Limpopo Provincial Administration that did business with the said departments and received payments in excess of R200 000 during the 2005-06 financial year, and R50 000 during the 2006-07 financial year.
- 4.2 Furthermore, departments were requested to investigate internally those transactions not included in the audit sample and to report the outcome of the internal investigations to the Auditor-General. The extent of transactions that the departments should have followed up is indicated in annexures A and B. At the time of compiling this report various departments were still in the process of investigating these transactions and the outcomes have therefore not yet been communicated to the Auditor-General.

5. MODUS OPERANDI

- 5.1 Performance audits are conducted in accordance with the internal guidelines for the planning, execution, reporting and follow-up of performance audits.
- 5.2 Computer-assisted audit techniques (CAATs) were used extensively to compile exception reports, while procedures were developed for following up on these exceptions. The following databases were used in the compilation of exception reports during the performance audit:
 - 5.2.1 Database of the Companies and Intellectual Property Registration Office (CIPRO) of directors of companies and members of CCs as at 31 January 2006. Actual dates of appointments and resignations were confirmed with CIPRO.
 - 5.2.2 Persal payroll data for March 2006.
 - 5.2.3 Consolidated Basic Accounting System (BAS) payment data for the period 1 April 2005 to 31 January 2007, unless stated otherwise. This file included accounts payable data for government departments on BAS during this period.
- 5.3 The relevant supporting documentation was requested from the departments and audited. After the performance audit of each of the departments had been finalised, a management letter/report was submitted to the department for comment. The comments received were considered and incorporated in this report.

6. SCOPE EXCLUSION

- 6.1 The scope of the performance audit did not include the verification of shares held in companies, as this information is not available on the CIPRO database. Consequently, where an individual resigned as a director of a company, it was not possible to confirm that the employee had also sold his/her shares in the company unless this was discovered by chance. A risk exists therefore that employees might have resigned as directors from companies, but had not sold their shares in the companies. If the shareholding was not declared, or the employee had not requested permission to perform other remunerative work outside his/her employment at the department, it was not possible to identify employees who held shares in companies that conducted business with departments of the Limpopo Provincial Administration.
- 6.2 Similarly, the procedures conducted during this performance audit will not reveal collusion between employees employed at a department and the company that did business with the department. This relates to employees who may be receiving another form of gratuity or emolument from the company that did business with the department.

7. OVERVIEW OF EMPLOYEE-RELATED COMPANIES AND CCs DOING BUSINESS WITH DEPARTMENTS OF THE LIMPOPO PROVINCIAL ADMINISTRATION

- 7.1 During the performance audit, a significant number of cases were identified where the employee had resigned as a director or member of the company or CC. This could possibly be attributed to the impact of the Report of the Auditor-General on the declarations of interest by ministers, deputy ministers and government employees that covered the 2004-05 financial year [RP 19/2006]. Where the employee had resigned before the transaction occurred, the information was omitted from the final summary. The following table is a summary of the number of employees, number of companies and/or CCs and amounts paid to companies or CCs that transacted with the departments. Refer to annexures A to C for details.

Summary of employee-related companies and CCs doing business with departments of the Limpopo Provincial Administration

| | Number of employees | Number of entities | Amount paid for the period 01/04/2005 to 31/01/2007 | Annexure |
|--|---------------------|--------------------|---|----------|
| Employee-related companies and/or CCs doing business with own departments | 304 | 316 | 171 811 525 | A |
| Employees' spouse-related companies and/or CCs doing business with own departments (<i>Note</i>) | 89 | 95 | 24 687 570 | B |
| Employee-related companies and/or CCs doing business with other departments of the Limpopo Provincial Administration | 625 | 924 | 97 474 449 | C |

Note: This exception report was compiled to audit the procurement process followed in awarding tenders/contracts to spouse-related companies and/or CCs

8. KEY FINDINGS, RECOMMENDATIONS AND COMMENTS FROM DEPARTMENTS

8.1 Performance of remunerative work

Regulations with respect to the performance of remunerative work by government employees differ in certain instances between departments of the Limpopo Provincial Administration. Where relevant, these differences were taken into account.

8.1.1 Regulations

- (a) Chapter VII, sections 30 and 31 of the Public Service Act, 1994 (Act No. 103 of 1994) (PSA) stipulates: *Unless it is otherwise provided for in his or her conditions of employment every officer and employee shall place the whole of his or her time at the disposal of the State. No officer or employee shall*

perform or engage himself or herself to perform remunerative work outside his/her employment in the public service, without permission granted by the relevant executing authority or officer authorised by the said authority. If an officer receives any remuneration, allowance or other reward, other than in accordance with this act, an amount equal to such remuneration received should be paid into the revenue account.

- (b) Chapter 7, section 33 of the Employment of Educators Act, 1998 (Act No. 76 of 1998) states: *Unless an Educator's conditions of service provide otherwise, an educator shall place such time as the Minister may determine at the disposal of the Employer; no educator shall without permission of the employer perform or undertake to perform remunerative work outside the educator's official duty or work.*
- (c) Paragraph 4.5.5 of the *Explanatory manual on the code of conduct for the public services* (a practical guide to ethical dilemmas in the workplace) discusses employees who undertake remunerative work outside their official employment without approval and states that *employees are expected to place their undivided attention, time and skills at the disposal of the public service as employer. The nature and demands of the job in the public service are such that the interests of both the public service and community may be prejudiced by a public servant undertaking remunerative work outside official duties. It is therefore mandatory to obtain prior approval to perform remunerative work outside official hours.*

8.1.2 Findings

- (a) A total of 304 employees were identified who are directors or members of companies or CCs that did business with the provincial department at which they are employed (annexure A refers). With respect to obtaining approval to perform remunerative work, it was found that one of these employees, as verified by the respective department, had approval to perform other remunerative work. However, in various instances the departments are still determining whether employees had approval to perform remunerative work outside their official employment at the department. The total amount paid to these companies and CCs during the period under review was R172 million.
- (b) In addition, 625 employees were identified who are directors or members of companies or CCs that did business with other provincial departments (annexure C refers). With respect to obtaining approval to perform remunerative work, it was found that seven of these employees had approval to perform other remunerative work. However, in various instances the departments are still determining whether employees had approval to perform other remunerative work. The total amount paid to these companies and CCs during the period under review was R97 million.

- (c) Although approval to perform other remunerative work was granted to three employees as indicated in the table below, the departments should assess the impact of their membership in CCs on their ability to effectively perform their respective duties in the department, especially when the amounts paid to these entities by other departments are taken into consideration. The table is a summary of employees who are directors or members of companies and/or CCs that did excessive business with other provincial departments.

| Employees doing excessive business with departments | | |
|--|----------------------------|--|
| Department | Number of employees | Amount paid by the department for the period 01/04/05 to 31/01/07 R |
| Economic Development, Environment and Tourism | 2 | 6 107 761 |
| Roads and Transport | 1 | 3 527 492 |
| Total | 3 | 9 635 253 |

- (d) In the following instances the employees indicated to the departments that they had received income as a result of their directorship and/or membership in companies and/or CCs and that they were not aware that they should have applied for approval to perform other remunerative work:

| Employees received income as a result of the directorship and/or membership in companies and/or CCs | | |
|--|--|--|
| Department | Number of employees who received income | Amount paid by the department for the period 01/04/05 to 31/01/07 R |
| Economic Development, Environment and Tourism | 1 | 49 997 |
| Local Government and Housing | 3 | 133 450 |
| Office of the Premier | 4 | 443 102 |
| Roads and Transport | 13 | 4 850 771 |
| Total | 21 | 5 477 320 |

8.1.3 Recommendations by the Auditor-General

- (a) As indicated in paragraph 8.1.2(a) and (b) above, only a few employees requested and received approval to perform other remunerative work. Therefore the relevant departments should take disciplinary action against employees whose companies or CCs did business with the departments of the Limpopo Provincial Administration but had not requested approval to perform other remunerative work.

- (b) The departments should implement action plans to monitor progress made with the disciplinary actions taken against the employees who had not applied for and received approval to perform other remunerative work. The departments should also report back to the provincial legislature on the outcomes of the disciplinary action and the action plans implemented.
- (c) The departments should monitor on a yearly basis the extent of business conducted by their employees. If it is found that the extent of business conducted by these entities are excessive and impacts on the employees' ability to perform their duties at the departments, the departments should consider withdrawing the approval granted. Approval to perform other remunerative work should not be granted if an executive authority is certain that the approval would lead to work being performed for a government department.
- (d) The departments should implement and actively monitor the systems of control to manage the performance of other remunerative work by employees. This could include the annual issuing of letters to employees, informing them of the requirement to obtain approval to perform other remunerative work. Copies of the letters of approval should be either kept centrally or placed on the employees' files. Where possible, the completeness of certain aspects of the declarations should also be verified by, for example, conducting CIPRO searches to confirm the completeness of the declared directorships and memberships of companies and/or CCs.
- (e) Designated employees should be informed of the requirement that they should also request approval to perform other remunerative work. The fact that disclosure in the financial disclosure forms is not sufficient, should be emphasised.
- (f) Companies should be requested to supply their shareholding, and not just directorship, in the tender documentation to allow departments to identify related-party transactions.
- (g) Consideration should be given to amending the existing regulations with regard to the declaration of interests and the performance of other remunerative work by government employees as follows:
 - (i) Non-designated employees who hold directorships or memberships of companies and/or CCs should disclose their directorships and memberships of companies and/or CCs. According to the DPSA the matter of extending the system to non-designated employees and supply chain management officials had been considered before and it was decided not to extend the system. However, in light of the

- recommendations and findings made in this report, the extension of the system should be reconsidered.
- (ii) Non-designated and designated employees should specifically disclose details of directorships and memberships of companies and/or CCs that had previously transacted with government. An overview of the transactions with government should also be provided.
 - (iii) Non-designated and designated employees should disclose their spouses' directorships and memberships of entities that are transacting with the specific government institution where they are employed.
- (h) Newly appointed government employees should make the disclosures within 30 days of appointment, while government employees who are transferred from one government department to another should again make the required disclosures at the new department within 30 days of transfer.
- (i) The policy should require government employees to disclose changes in circumstances that could have an impact on the completeness or accuracy of the declarations they have provided. Such disclosure should be made within 30 days of the change in circumstances. For example, a newly acquired directorship or membership should be disclosed by a government employee within 30 days of obtaining it.
- (j) Non-designated and designated employees should take personal responsibility for ensuring that CIPRO processes their resignation/ termination of directorships and memberships.

8.1.4 Responses from provincial departments

- (a) The **Department of Agriculture** has taken the following corrective measures:
- (i) In a letter to all staff the disclosure of financial interest by senior management was highlighted as well as the fact that approval has to be obtained to perform work outside the public service.
 - (ii) The department also received confirmation from the Registrar of Companies and Close Corporations of all individuals who have registrable interests. Failure to comply will result in disciplinary action being taken by the department.
 - (iii) In addition, employees who are registered as directors/members/ owners of entities must ensure that such entities do not conduct business with the department.
 - (iv) All employees are furthermore requested to sign the acknowledgement of the code of conduct issued by the department upon assumption of duty.

- (b) The **Department of Economic Development, Environment and Tourism** had charged one employee with misconduct and issued a final written warning.
- (c) The **Department of Education** has begun investigating the matters and to this effect has engaged the National Prosecuting Authority, the Special Investigating Unit and the Crime Intelligence and Forensic Audit in the Office of the Premier on a number of cases. Proper investigation of all cases is time consuming, but with the assistance of the management report of the Auditor-General it will be done. Letters were written to all affected employees indicating that contravention of the regulations is viewed in a serious light and they were informed that such action would necessitate disciplinary action.
- (d) The **Department of Health** has taken the following corrective measures:
 - (i) One officer with aggravating circumstances was formally charged with misconduct, found guilty and discharged from the public service.
 - (ii) A total of 60 employees were issued with final written warnings for failure to obtain prior approval to perform remunerative work outside the public service. The employees were also given one month's notice to resign or withdraw from the said companies and failure to do so would lead to charges of misconduct being instituted against them in a formal disciplinary hearing.
 - (iii) In addition to the above, *Circular number 162* dated 30 August 2007 was issued and implemented with immediate effect to sensitise all personnel within the department regarding the management of remunerative work outside the public service and owning of businesses.
 - (iv) It was also acknowledged that spouses of some employees are doing business with the department or other departments. The investigation into the matter revealed that none of the spouses of the service providers identified were members of bid committees that ultimately awarded tenders.
- (e) The **Department of Housing** will initiate a process of disciplinary action with regard to those found to have contravened the code of conduct and any provisions of the Public Service Regulations. The department has taken proactive measures by embarking on an education and awareness programme to educate employees on the code of conduct as well as fraud and corruption prevention, so as to build a culture of integrity.
- (f) The **Limpopo Legislature** will ensure that officials and members of the provincial legislature (MPLs) are reminded to declare their business interests annually to the secretary and the Office of the Speaker.

- (g) The **Office of the Premier** is considering disciplinary action against employees who did not have approval to perform other remunerative work.
- (h) The **Department of Public Works** is considering disciplinary action against employees who did not have approval to perform other remunerative work.
- (i) The **Department of Roads and Transport** has taken the following corrective measures:
 - (i) The department indicated that most of the employees were not aware that they had to disclose their financial interests and obtain approval to perform remunerative work outside their employment and therefore disciplinary action was not taken against them.
 - (ii) The department could not take the disciplinary route to avoid labour costs since the officials were not aware that they needed approval.
 - (iii) Mostly designated employees were made aware of the need for disclosure and approval annually but not staff at lower levels, hence most affected officials are employed at lower levels.
 - (iv) In future employees will be advised and reminded by means of circulars to disclose their financial interests and obtain approval to perform remunerative work outside their employment.
 - (v) New appointees will also be made aware of this.

8.2 Declaration of interest in standard bidding documentation

8.2.1 Regulations

- (a) The National Treasury issued *Practice note no. SCM 1 of 2003* on 5 December 2003, which prescribes the declaration of interest by using the SBD 4 (declaration of interest) form.
- (b) The SBD 4 form issued as part of the standard bidding documents utilised for tenders requires the bidder to declare the following:
 - (i) Whether any person connected to the bidder is employed by the principal.
 - (ii) Whether any person connected to the bidder has any relationship with a person employed by the principal who may be involved with the evaluation and/or adjudication of the bid.
 - (iii) Whether any person connected to the bidder is aware of any relationship between the bidder and any person employed by the principal who may be involved with the evaluation and/or adjudication of the bid.

- (c) Furthermore, paragraph 2.8.1 of the *Fraud and corruption of the supply chain management – a guide for accounting officers/authorities* (guide) defines “fraudulent practice” as a misrepresentation of facts in order to influence a selection process.

8.2.2 Findings

- (a) Various instances were identified where entities misrepresented facts on the SBD 4 forms by not declaring that employees of a department or their spouses were directors or members of companies or CCs of the entity that submitted the tender and were subsequently awarded the contract. A summary, per department, of transactions and the number of entities that had not provided the correct information is set out below.

| Misrepresentations on SBD 4 declaration of interest forms | | |
|--|---------------------------------|---------------------------|
| Department | Transaction amount R | Number of entities |
| Education | 48 106 041 | 10 |
| Health and Social Development | 20 088 955 | 6 |
| Total | 68 194 996 | 16 |

- (b) The following two instances were identified where the entities made misrepresentations on the preference points claim forms by stating that a percentage of the entity was owned by women when the entities were in fact owned by men. These entities therefore received preference points as a result of the misrepresentation and were subsequently awarded the contracts based on the misrepresentation of facts. The transactions and the number of entities that had not provided the correct information are set out below per department.

| Misrepresentations on preference points claim forms | | |
|--|---------------------------------|---------------------------|
| Department | Transaction amount R | Number of entities |
| Education | 2 258 492 | 1 |
| Health and Social Development | 42 999 | 1 |
| Total | 2 301 491 | 2 |

8.2.3 Recommendations by the Auditor-General

The departments should investigate the contracts awarded to the entities that made false declarations of interest in their bidding documents and the departments should consider cancelling contracts with these entities. The departments should furthermore consider blacklisting these entities at the National Treasury.

8.2.4 Responses from provincial departments

- (a) The findings as presented in the Auditor-General's report will be further investigated by the **Department of Education** and corrective measures will be introduced.
- (b) In response to the findings of the Auditor-General, the **Department of Health and Social Development** indicated that the matter was being investigated and that disciplinary action would be taken.
- (c) In this regard, the **Accountant-General** responded as follows:
 - (i) The SBD 4 form should be amended to also indicate the position occupied by the shareholder/director/member in the department, as well as the name of the department. Directors/members/shareholders of companies tendering should also declare their interests in other related companies, whether or not such related companies are tendering.
 - (ii) Spouses' directorship/shareholding/membership in companies that had transacted with the state in the 12 months of the past financial year should be declared. A database of all closed projects, with their performance results, should be kept and where bids are subsequently received from companies that previously tendered with government departments, reference should be made to their previous performance and the decision to award the tender should be influenced by the latter.
 - (iii) An integration of the Public Service Commission (PSC) system and CIPRO should be considered. An investigation into whether the forms are kept manually or electronically will have to be conducted. If the system is manual, a feasibility study on whether to change from manual to electronic is recommended.

8.3 Deviation from the supply chain management process in the adjudication of tenders and quotations

8.3.1 Inviting tenders and quotations

8.3.1.1 Regulations

- (a) Paragraph 3.1 of *Practice note no. SCM 2 of 2005* prescribes the procurement process of goods and services for the different thresholds as follows: *Above the value of R10 000,00 but not exceeding R200 000 (VAT included) the accounting officer should invite and accept written price quotations from as many suppliers as possible.* Furthermore, paragraph 3.3 states: *If it is not*

possible to obtain at least three (3) quotations, the reasons should be recorded and approved by accounting officer/authority or his/her delegate.

- (b) Paragraph 3.2 of *Practice note no. SCM 2 of 2005* prescribes the procurement process of goods and services for the different thresholds as follows: *The accounting officer should invite competitive bids for all procurement above R200 000. Competitive bids should be advertised in at least the Government Tender Bulletin and in other appropriate media. If it is impractical to invite competitive bids, the accounting officer may procure goods or services in accordance with TR16 A6.4, on condition that the deviation is recorded and approved by the accounting officer.*

8.3.1.2 Findings

- (a) The following cases were identified where three written quotations had not been obtained for transactions above R10 000 but not exceeding R200 000, and contracts were awarded to employee-related entities. The deviation from paragraph 3.3 of *Practice note no. SCM 2 of 2005* was not approved by the accounting officers and no reasons were supplied for the deviation from the prescripts.

| Three written quotations not obtained | | |
|---------------------------------------|---------------------|------------------------|
| Department | Number of instances | Transaction value R |
| Agriculture | 1 | 30 033 |
| Education | 4 | 303 243 |
| Health and Social Development | 2 | 92 625 |
| Total | 7 | 425 901 |

- (b) In one instance the **Department of Health and Social Development** obtained three quotations for the procurement of linen to the value of R207 323. However, the amount of the successful quote as well as the quotes submitted by the other suppliers exceeded R200 000. The department should therefore have cancelled the procurement process and invited competitive bids.

8.3.1.3 Responses from provincial departments

- (a) The head of department and chief financial officer of the **Department of Agriculture** met with officials of the supply chain management unit and instructed them to be vigilant in the inspection of all tender documents submitted by suppliers. The departmental bid adjudication committee members have also been informed of their responsibilities in respect of adherence to the supply chain management legislation, guidelines, practice notes and circulars. In addition, they have to disclose any conflict of interest at

every meeting. The department has commenced with an investigation into the findings reported by the Auditor-General.

- (b) The findings as presented in the Auditor-General's report will be further investigated by the **Department of Education** and corrective measures will be introduced.
- (c) The **Department of Health and Social Development** is in the process of conducting a forensic audit to look into supply chain management processes and procedures as well as staff appointments. The department accepts the audit findings. The department is investigating the matters and disciplinary action will be taken.

8.3.2 Prescripts of the Preferential Procurement Policy Framework Act

8.3.2.1 Regulations

Paragraph 3.4 of *Practice note no. SCM 2 of 2005* states that if the value of the goods or services procured is above R30 000 the accounting officer should apply the PPPFA in adjudicating the quotation or tender.

8.3.2.2 Findings

In the following instances quotations above R30 000 (VAT included) were not adjudicated in accordance with the PPPFA, which is contrary to *Practice note no. SCM 2 of 2005*. Therefore the objective of the PPPFA and its regulations to empower historically disadvantaged individuals through preferential procurement was not achieved.

| Prescripts of PPPFA not applied | | |
|---------------------------------|---------------------|------------------------|
| Department | Number of instances | Transaction value R |
| Education | 4 | 219 213 |
| Health and Social Development | 8 | 358 823 |
| Total | 12 | 578 036 |

8.3.2.3 Responses from provincial departments

- (a) The findings as presented in the Auditor-General's report will be further investigated by the **Department of Education** and corrective measures will be introduced.
- (b) The **Department of Health and Social Development** accepts the audit findings. The department is investigating the matters and disciplinary action will be taken.

8.3.3 Conflict of interest

8.3.3.1 Regulations

Paragraph 16A8.4 of the Treasury Regulations states: *If a supply chain management official or other role player, or any close family member, partner or associate of such official or other role player, has any private or business interest in any contract to be awarded, that official or other role player must disclose that interest; and withdraw from participating in any manner whatsoever in the process relating to that contract.*

8.3.3.2 Findings

Two instances were identified at the **Department of Health and Social Development** where quotes were requested by the chief executive officer of Thabamopo Hospital and the name of the employee was indicated on the request for quotations sent to suppliers for enquiry purposes. In both these instances the tender committee awarded the contract to the entity in which the chief executive officer has a 100% interest. However, no evidence could be found that the employee had disclosed his/her interest in the entity or had withdrawn from participation in the process relating to the contract, as required by the Treasury Regulations. The total transaction value in this regard amounted to R82 918.

8.3.3.3 Response from the Department of Health and Social Development

In response to the findings of the Auditor-General, the department investigated the matter and the chief executive officer was served with a final written warning for performing remunerative work outside the public service.

8.3.4 Validity of bids

8.3.4.1 Regulations

Paragraph 4.8.1 of the guide deals with the validity of bids and states: *Bidders should be required to submit bids valid for a period specified in the bidding documents. This period should be sufficient to enable the institution to complete the comparison and evaluation of bids, review the recommendation and award the contract.*

8.3.4.2 Findings

Two instances were identified at the **Department of Health and Social Development** where the quotations supplied by bidders had expired before the bid was accepted and as a result the department had to pay more for the goods and services procured:

- (a) Three quotations were obtained for the procurement of needle incinerators during October 2005. The lowest quote of R33 060 submitted by an employee-related entity was accepted by the tender committee during October 2005. However, when the order was placed on 20 January 2006, the entity indicated that the price had increased from R33 060 to R41 040. The department did not invite new quotes from other suppliers in this regard and purchased the goods at the increased price of R41 040 from the employee-related entity.
- (b) Three quotations were obtained by the department and were evaluated in accordance with the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and its associated regulations. An employee-related entity scored the highest points and was awarded the contract by the tender committee. However, the quotation of the employee-related entity had expired before the order was issued. Furthermore, the department changed the specifications of the quote and ordered bigger mattresses than originally requested. This resulted in the quoted price increasing from R71 980 to R78 960 when the goods were supplied. The department had not, however, requested new quotes from the other suppliers in this regard, as stipulated in paragraph 4.8.1 of the guide.

8.3.4.3 Responses from the Department of Health and Social Development

- (a) In response to the findings of the Auditor-General, the department is conducting a forensic audit to look into supply chain management processes and procedures.
- (b) It is the intention of the department to comply fully with all legislative prescripts governing procurement. All institutions have to ensure that if there are serious omissions in the specifications, all bidders should be given an equal opportunity by resubmitting quotations in accordance with a refined specification.

8.3.5 The evaluation process

8.3.5.1 Regulations

Paragraph 2.1 of *Practice note no. 3 of 2004*, issued by the Limpopo Provincial Treasury, provides the following guidance as to what renders criteria objective:

- The criteria must be stated in the bid documents and should be predetermined and made known.
- The criteria must apply to every possible supplier, which means that the playing fields must be level.

The criteria must not be used to prejudice any supplier.

8.3.5.2 Findings

In the following instances the criteria for the evaluation of quotations were not applied consistently during the evaluation process, and contracts were incorrectly awarded to employee-related entities, which could be an indication of preferential treatment of such entities:

- (a) In two instances the bidding/tender committee of the **Department of Education** did not apply the criteria for the evaluation of quotations consistently during the evaluation process. Three quotations were requested and obtained by the department for the transportation of employees. In both instances the quotations submitted by an employee-related entity were accepted. Although in both instances two buses were required by the department to transport employees, the tender committee compared the cost to supply one bus by the employee-related entity with the cost to supply two buses by the other bidders. The tender committee therefore compared quotes for goods with different specifications. In addition, the department paid the employee-related entity for the rental of two buses and not one bus, as used in the evaluation process. The following table indicates the overpayment by the department due to incorrect quotes being accepted:

| Inconsistent application of criteria during evaluation process | | | | |
|--|---|---|---|--------------------------------|
| Payment | Cost per bus used in evaluation of employee-related entity R | Lowest cost for two buses as submitted by another entity in the evaluation process R | Amount paid by the department to the employee-related entity for the rental of two buses R | Overpayment by department R |
| 1 | 7 900 | 12 000 | 15 800 | 3 800 |
| 2 | 8 800 | 10 000 | 17 600 | 7 600 |
| Total | 16 700 | 22 000 | 33 400 | 11 400 |

- (b) The **Department of Health and Social Development** requested quotations from six suppliers for 400 acrylic blankets (size 200 cm x 230 cm) on 16 May 2006. Three suppliers, including the successful employee-related bidder that submitted a quotation of R80 000, responded to the department's request between 17 and 23 May 2006. However, on 7 June 2006 a second quote for R72 000 was obtained from the employee-related entity for 400 smaller acrylic blankets (size 180 cm x 200 cm). The specifications, as indicated in the second quote received from the employee-related entity, were then used by the evaluation committee. The tender committee therefore compared quotes for goods with different specifications instead of requesting new quotes from all the suppliers for the different sized blankets as stipulated. The Polokwane/Mankweng Hospital complex tender and financial committee approved the procurement of blankets from the employee-related entity without a proper motivation for the deviation.

- (c) The **Department of Health and Social Development** obtained three quotes for the procurement of blankets. The quotes were evaluated in terms of the PPPFA and its associated regulations. The quote of R38 985 submitted by an employee-related entity was accepted. The specifications for blankets that were sent to the employee-related entity were not the same as the specifications sent to the other two suppliers. The specifications sent to the employee-related entity requested 150 cm by 200 cm woollen blankets, while the specifications sent to the other suppliers just requested a quotation for woollen blankets without an indication of the blanket size required by the department.

8.3.5.3 Responses from provincial departments

- (a) The findings as presented in the Auditor-General's report will be further investigated by the **Department of Education** and corrective measures will be introduced.
- (b) There is a possibility of fraudulent activities when looking at this particular issue. The **Department of Health and Social Development** is conducting investigations and charges will be instituted against any wrongdoers. It is evident that procedures and processes were not followed. The department is investigating the matter and disciplinary action will be taken.

8.3.6 Benchmarking

8.3.6.1 Regulations

A National Treasury circular dealing with the evaluation of bids, calculation of points and timeous payment of accounts, dated 10 May 2005, states as follows in paragraph 1 regarding the evaluation of bids: *A bid is regarded as acceptable if ... it complies in all respects with the specifications and conditions of the bid ... Deviation by more than a predetermined percentage from the cost estimate of the project/commodity cannot be regarded as a justifiable reason for the rejection of a bid and has, therefore, not been approved as an evaluation norm by the National Treasury. Bids may only be evaluated in accordance with the evaluation criteria stipulated in the bid documentation. When any bid is passed over the reasons for passing over such bid must be defensible in court.*

8.3.6.2 Findings

- (a) During the adjudication of tender number EDDP 180 by the **Department of Education**, contracts were awarded to various entities for the supply of scholastic and commercial stationery. However, during the evaluation process *347 bids were disqualified for quoting below the set benchmark* although these

bidders had adhered to all the set criteria. Bidders were disqualified for deviating by more than a predetermined percentage from a cost estimate, which is not a justifiable reason according to the National Treasury.

- (b) Six instances were identified where the **Department of Public Works** awarded contracts to a successful bidder after the bids submitted by other bidders were disqualified, as their bids deviated by more than a predetermined percentage from a cost estimate. This is not a justifiable reason according to the National Treasury. The following table refers:

| Disqualified bids for deviating by more than a predetermined percentage from the cost estimate | | | | | |
|--|---------------|--------------|-----------------------------------|--|-----------------|
| Name of the department on whose behalf the tender was evaluated and awarded | Tender number | Date awarded | Tender price of bid accepted R | Lowest acceptable bid disqualified for submitting a bid price lower than a predetermined estimate R | Difference R |
| Education | LDPW-B05778 | 07/03/2006 | 92 099 | 78 025 | 14 074 |
| Education | LDPW-B05778 | 01/02/2006 | 92 200 | 90 000 | 2 200 |
| Education | LDPW-B05096 | 11/07/2007 | 1 015 250 | 983 100 | 32 150 |
| Education | LDPW-B05176 | 27/07/2005 | 517 500 | 455 000 | 62 500 |
| Education | LDPW-B05100 | 19/08/2005 | 1 013 550 | 942 870 | 70 680 |
| Health and Social Development | LDPW-B041055 | 08/09/2005 | 2 902 152 | 2 103 242 | 798 910 |
| Total | | | 5 632 751 | 4 652 237 | 980 514 |

8.3.6.3 Responses from provincial departments

- (a) The findings as presented in the Auditor-General's report will be further investigated by the **Department of Education** and corrective measures will be introduced.
- (b) The **Department of Public Works** is currently engaging the Provincial Treasury in relation to the issue of deviating by more than a predetermined percentage from a cost estimate. This is difficult to implement in the construction industry as experience has shown that bidders who bid far below a cost estimate are unable to implement projects and in most cases abandon the projects due to the high and increasing costs of building material.

8.3.7 Scoring of bids

8.3.7.1 Regulations

According to the code of conduct for bid adjudication committees, the bid adjudication committee must ensure that the scoring of bids is fair, consistent, and correctly calculated and applied. Furthermore, the PPPFA and its associated regulations prescribe that the lowest acceptable bid must be allocated a weighting of 80 or 90 points for price and 20 or 10 points for being historically disadvantaged.

8.3.7.2 Findings

In the following instances a recalculation done by the Auditor-General indicated that the scores awarded by the departments were not calculated consistently with the requirements of the PPPFA and therefore the bids should have been awarded to another entity and not to the employee-related entity:

| Inconsistent PPPFA calculation during the scoring of bids | | | |
|---|---------------------|--|--|
| Department | Number of instances | Amount of tender awarded incorrectly due to incorrect calculations | Amount of tender that should have been awarded according to calculations done by the Auditor-General |
| | | R | R |
| Education | 1 | 801 772 | 795 900 |
| Health and Social Development | 3 | 180 361 | 173 930 |
| Public Works | 1 | 89 400 | 88 770 |
| Total | 5 | 1 071 533 | 1 058 600 |

8.3.7.3 Responses from provincial departments

- (a) The findings as presented in the Auditor-General's report will be further investigated by the **Department of Education** and corrective measures will be introduced.
- (b) The **Department of Health and Social Development** is in the process of forming a supply chain management forum that will include all the institutions to ensure that there is uniformity in application. The root cause might be a lack of capacity. The department considers embarking on capacity building with the aim of empowering responsible officials. The department is investigating the matter and disciplinary action will be taken.
- (c) The **Department of Public Works** has instituted corrective measures in order to prevent and detect non-adherence to supply chain management policies and procedures. The department has established a supply chain management unit

in the district offices to coordinate and monitor the implementation of supply chain management policies and best practices.

8.3.8 Awarding of tenders

8.3.8.1 Regulations

Paragraph 3.1 of *Practice note 3 of 2004*, issued by the Limpopo Provincial Treasury, states: *The contract must be awarded to the tenderer who scores the highest points, unless objective criteria in addition to those contemplated justify the award to another tenderer. A contract may, on reasonable and justifiable grounds, be awarded to a tenderer that did not score the highest number of points.*

8.3.8.2 Findings

In the following instances departments awarded tenders to employee-related entities that did not score the highest points during the evaluation process. However, justifiable and reasonable grounds for these deviations were not submitted and approved by the accounting officer.

| Awarding of tenders to entities that did not score the highest points | | | | |
|---|---------------------|-------------------------------|---|-----------------|
| Department | Number of instances | Value of tender accepted R | Value of tender that scored the highest points R | Difference R |
| Education | 1 | 192 677 | 160 586 | 32 091 |
| Health and Social Development | 1 | 142 698 | 144 573 | (1 875) |
| Total | 2 | 335 375 | 305 159 | 30 216 |

8.3.8.3 Responses from provincial departments

- (a) The findings as presented in the Auditor-General's report will be further investigated by the **Department of Education** and corrective measures will be introduced.
- (b) The **Department of Health and Social Development** will gather more facts by way of an investigation and disciplinary action will be taken.

8.3.9 Collusive tendering

8.3.9.1 Regulations

Section 4 of the Competition Act, 1998 (Act No. 89 of 1998) states: (1) *an agreement*

between, or concerted by, firms, or a decision by an association of firms, is prohibited if it is between parties in a horizontal relationship (a relationship between competitors) and if it involves collusive tendering. (2) An agreement to engage in a restrictive horizontal practice referred to in subsection (1) is presumed to exist between one or more firms if they have at least one director or substantial shareholder in common.

8.3.9.2 Findings

The **Department of Health and Social Development** obtained only two quotations for the procurement of medical equipment to the value of R48 970. However, the entities had the same director and collusive tendering is therefore presumed to have taken place, as contemplated in terms of section 4 of the Competition Act, 1998. These bidders should therefore have been disqualified. Furthermore, the director of the two entities was an employee of the department.

8.3.9.3 Responses from the department of Health and Social Development

In response to the findings of the Auditor-General, the department is investigating the matter and disciplinary action will be taken.

8.4 Non-compliance with value-added tax (VAT) legislation

8.4.1 Regulations

- (a) Section 23(1) of the Value-Added Tax Act, 1991 (Act No. 89 of 1991) (VAT Act) states: *All trading entities must register for VAT if taxable supplies or services rendered during a 12-month period, exceeded or are likely to exceed R300 000.*
- (b) Paragraph 7.1 of *Practice note no. SCM 2 of 2005* states that *accounting officers/authorities must be in possession of a valid tax clearance certificate for all price quotations/competitive bids over R15 000 (VAT included) (increased to R30 000 after 23 January 2006).*

8.4.2 Findings

- (a) Cases were identified at the following departments where companies and CCs of which employees are directors or members did business with departments in excess of R300 000 and where the companies or CCs were not registered for VAT:

| Companies or CCs not registered for VAT | | |
|---|------------------------|------------------------|
| Department | Transaction value R | Number of companies |
| Education | 26 821 387 | 7 |
| Health and Social Development | 8 435 561 | 8 |
| Public Works | 439 000 | 1 |
| Total | 35 695 948 | 16 |

- (b) Cases were identified at the following departments where companies or CCs charged VAT on their invoices although they were not registered for VAT according to the South African Revenue Service:

| Charged VAT although not registered for VAT | | |
|---|------------------------------|--------------------|
| Department | VAT claimed by entities R | Number of entities |
| Education | 229 244 | 2 |
| Health and Social Development | 70 051 | 4 |
| Roads and Transport | 24 958 | 1 |
| Total | 324 253 | 7 |

- (c) Although paragraph 7.1 of *Practice note no. SCM 2 of 2005* stipulates that the accounting officer must be in possession of a valid tax clearance certificate for procurement in excess of R15 000, instances were identified at the following departments where payments were made to suppliers without a tax clearance certificate attached to the payment documentation.

| No tax clearance certificates | | |
|-------------------------------|------------------------|--------------------|
| Department | Transaction value R | Number of entities |
| Agriculture | 397 686 | 1 |
| Education | 386 256 | 2 |
| Health and Social Development | 63 493 | 1 |
| Public Works | 235 320 | 1 |
| Total | 1 082 755 | 6 |

8.4.3 Responses from provincial departments

- (a) The supply chain management unit of the **Department of Agriculture** has been advised to ensure that all contractors submit tax clearance certificates for quotations exceeding R30 000. No payments will be made to suppliers that have not submitted tax clearance certificates.
- (b) The findings as presented in the Auditor-General's report will be further

investigated by the **Department of Education** and corrective measures will be introduced.

- (c) In response to the findings of the Auditor-General, the **Department of Health and Social Development** is investigating the matter and disciplinary action will be taken.
- (d) The **Department of Public Works** has since revised its supply chain management policy to address most of the concerns raised by the Auditor-General.
- (e) The **Department of Roads and Transport** has started following up on the entities that charged and claimed VAT, although they were not registered for VAT, in all the districts and will inform the Auditor-General of the outcome immediately after the task is completed.

9. APPRECIATION

- 9.1 The assistance of all role players involved during the performance audit is sincerely appreciated.

Auditor-General

Pretoria

August 2008



A U D I T O R - G E N E R A L

ABBREVIATIONS AND ACRONYMS

| Word or phrase | Description |
|--------------------------------|--|
| Auditor-General | (a) As an institution, means the institution contemplated in section 181(1)(e) of the Constitution (b) As an individual, means the individual appointed as Auditor-General, Mr Terence Nombembe |
| BAS | Basic Accounting System |
| CAATs | Computer-assisted audit techniques |
| CIPRO | Companies and Intellectual Property Registration Office |
| CC | Close corporation |
| Designated employee | Any person occupying a post on SMS grade C (13) in a department |
| DPSA | Department of Public Service and Administration |
| Employee-related companies/CCs | Companies/CCs that are connected with government employees in terms of directorship or membership |
| Government employee | A person in the public service who holds a post on the fixed establishment of a state institution |
| Non-designated employee | Employees other than designated employees |
| PAA | Public Audit Act, 2004 (Act No. 25 of 2004) |
| Persal | Personnel and Salary System |
| PFMA | Public Finance Management Act, 1999 (Act No. 1 of 1999) |
| PPPFA | Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) |
| PSA | Public Service Act, 1994 (Act No. 103 of 1994) |
| PSC | Public Service Commission |
| SARS | South African Revenue Service |
| SBD | Standard bidding documentation |
| SCM | Supply chain management |
| SMS | Senior management staff |
| VAT Act | Value-Added Tax Act, 1991 (Act No. 89 of 1991) |
| VAT | Value-added tax |

EMPLOYEE-RELATED COMPANIES AND/OR CLOSE CORPORATIONS DOING BUSINESS WITH OWN DEPARTMENTS

The table is a summary of employees who are directors or members of companies and/or CCs that did business with the departments where they are employed.

| List of employees doing business with their own department | | | | | | |
|---|---|----------------------------|----------------------------|--|--|---|
| No. | Department | Number of employees | Number of companies | Amount paid for the period 01/04/2005 to 31/01/2007 | Number of employees with approval already verified by the departments | Value of transactions to be followed up by the departments |
| | | | | R | | R |
| 1 | Agriculture | 5 | 5 | 45 100 110 | 0 | 60 882 |
| 2 | Economic Development, Environment and Tourism | 2 | 2 | 221 800 | 0 | 1 800 |
| 3 | Education | 154 | 160 | 99 564 906 | 0 | 3 361 046 |
| 4 | Health and Social Development | 132 | 136 | 26 471 563 | 0 | 2 539 359 |
| 5 | Limpopo Legislature | 0 | 0 | 0 | n/a | 0 |
| 6 | Local Government and Housing | 1 | 1 | 10 000 | 1 | 10 000 |
| 7 | Office of the Premier | 0 | 0 | 0 | n/a | 0 |
| 8 | Provincial Treasury | 0 | 0 | 0 | n/a | 0 |
| 9 | Public Works | 4 | 6 | 91 937 | 0 | 91 937 |
| 10 | Roads and Transport | 4 | 4 | 273 909 | 0 | 16 593 |
| 11 | Safety, Security and Liaison | 2 | 2 | 77 300 | 0 | 77 300 |
| 12 | Sport, Arts and Culture | 0 | 0 | 0 | n/a | 0 |
| | Total | 304 | 316 | 171 811 525 | 1 | 6 158 917 |

EMPLOYEES' SPOUSE-RELATED COMPANIES AND/OR CLOSE CORPORATIONS DOING BUSINESS WITH OWN DEPARTMENTS

The table is a summary of employees' spouses who are directors or members of companies and/or CCs that did business with the departments where their spouses are employed.

| Employees' spouses doing business with departments where the spouses are employed | | | | | |
|--|---|----------------------------|----------------------------|--|---|
| No. | Department | Number of employees | Number of companies | Amount paid for the period 01/04/2005 to 31/01/2007 | Value of transactions to be followed up by the departments |
| | | | | R | R |
| 1 | Agriculture | 1 | 1 | 682 | 682 |
| 2 | Economic Development, Environment and Tourism | 1 | 1 | 8 550 | 8550 |
| 3 | Education | 45 | 45 | 5 951 445 | 1 455 255 |
| 4 | Health and Social Development | 37 | 42 | 18 059 684 | 1 683 569 |
| 5 | Limpopo Legislature | 0 | 0 | 0 | 0 |
| 5 | Local Government and Housing | 0 | 0 | 0 | 0 |
| 7 | Office of the Premier | 0 | 0 | 0 | 0 |
| 8 | Provincial Treasury | 0 | 0 | 0 | 0 |
| 9 | Public Works | 4 | 5 | 599 741 | 160 691 |
| 10 | Roads and Transport | 1 | 1 | 67 468 | 67 468 |
| 11 | Safety, Security and Liaison | 0 | 0 | 0 | 0 |
| 12 | Sport, Arts and Culture | 0 | 0 | 0 | 0 |
| | Total | 89 | 95 | 24 687 570 | 3 376 215 |

EMPLOYEE-RELATED COMPANIES AND/OR CLOSE CORPORATIONS DOING BUSINESS WITH OTHER DEPARTMENTS OF THE LIMPOPO PROVINCIAL ADMINISTRATION

The table is a summary of employees who are directors or members of companies and/or CCs that did business with other departments.

| List of employees doing business with other departments | | | | | |
|---|---|---------------------|---------------------|--|---|
| No. | Department | Number of employees | Number of companies | Amount paid by other departments to employee-related entities for the period 01/04/2005 to 31/01/2007 R | Number of employees with approval already verified by the departments |
| 1 | Agriculture | 9 | 9 | 286 540 | 0 |
| 2 | Economic Development, Environment and Tourism | 3 | 3 | 6 157 758 | 2 |
| 3 | Education | 484 | 777 | 64 981 529 | 0 |
| 4 | Health and Social Development | 71 | 74 | 8 780 315 | 0 |
| 5 | Limpopo Legislature | 1 | 1 | 5 246 | 0 |
| 6 | Local Government and Housing | 7 | 7 | 393 112 | 1 |
| 7 | Office of the Premier | 15 | 17 | 6 616 592 | 1 |
| 8 | Provincial Treasury | 3 | 3 | 44 103 | 1 |
| 9 | Public Works | 5 | 5 | 198 007 | 1 |
| 10 | Roads and Transport | 24 | 25 | 9 473 595 | 1 |
| 11 | Safety, Security and Liaison | 2 | 2 | 529 002 | 0 |
| 12 | Sport, Arts and Culture | 1 | 1 | 8 650 | 0 |
| | Total | 625 | 924 | 97 474 449 | 7 |