



cooperative governance

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Department:  
Cooperative Governance  
REPUBLIC OF SOUTH AFRICA

**REPORT ON ASSESSMENT  
REGARDING PROCUREMENT OF  
PERSONAL PROTECTIVE EQUIPMENT**

## 1. INTRODUCTION

The Governance and Anti-Corruption unit was mandated by the Director-General: Department of Cooperative Governance to conduct assessment on the process followed to procure personal protective equipment (PPE) for the Department.

## 2. BACKGROUND AND SUMMARY OF PROCUREMENT DURING THE PERIOD OF COVID-19:

On 15 March 2020, President Cyril Ramaphosa announced the declaration of a national state of disaster following the World Health Organisation declaring the COVID-19 outbreak as pandemic as well as measures that must implemented by the nation. The Department of Public Service and Administration issued Circular 07 of 2020 that gives guidelines for the containment and management of the COVID-19 in the Public Service. The National Treasury issued various instructions since the disaster was declared for both PFMA and MFMA organs of state.

DCoG appointed Black Dot SA (Pty) Ltd to render cleaning, hygiene and pest control services in all five buildings for a period of 36 months. When the demand for Personal Protective Equipment (PPEs) and supply of hygiene consumables increased during the outbreak of COVID-19, the Department opted for expansion of the scope of the current cleaning, hygiene and pest control services company, Black Dot SA (Pty) Ltd in line with applicable National Treasury Regulations. The scope will be extended for five months for monthly supply of surgical masks, gloves, hand sanitizers and dispenser refills.

Total expenditure is as follows:

- a) The Department appointed **Black Dot SA (Pty) Ltd JV Bukuta Holdings (Pty) Ltd** on the 28 May 2018 for provision of cleaning and hygiene services for a period of thirty- six (36) months with the total cost of R11,707,800.98.
- b) The process was executed through normal bidding process and the contract was signed on the 17 July 2018. The Department negotiated with the contracted service provider to also provide the Personal Protective Equipment in terms of Paragraph 3.5.1 (ii) and 3.7.3 of National Treasury SCM Instruction Note No. 08 of 2019/2020.

Total expenditure for the period March-July 2020 :

- c) The two parties agreed and the contract with **Black Dot SA (Pty) Ltd JV Bukuta Holdings (Pty) Ltd** was varied/expanded in terms Paragraph 9.2 of National Treasury SCM Instruction No. 03 of 2016/17 and contract amount increased by **R1,738,861.21**.
- d) The Department also procured fourteen (14) infrared thermometers (body temperature scanners) through quotation process from **Labex (Pty) Ltd Suppliers of Laboratory Equipment** by deviating from normal Supply Chain Management procedures in terms of Paragraph 8.1 and 8.2 of National Treasury SCM Instruction No. 03 of 2016/17 and the total amount is **R25,760.00**.

### 3. LEGISLATIVE FRAMEWORK

**The National Treasury issued various instructions since the Disaster was declared for both PFMA and MFMA organs of state:**

1. Instruction No.8 of 2019/20: EMERGENCY PROCUREMENT IN RESPONSE TO NATIONAL STATE OF DISASTER (19 March 2020)  
MFMA Circular No. 100 - Emergency procurement in response to Covid-19
2. Instruction No.3 of 2020/21: COVID-19 DISASTER MANGEMENT CENTRAL EMERGENCY PROCUREMENT STRATEGY FOR PFMA ORGANS OF STATE (15 April 2020)  
MFMA Circular 101 –Covid-19 Bulk Procurement Strategy for Government Institutions
3. Instruction No.5 of 2020/21: EMERGENCY PROCUREMENT IN RESPONSE TO NATIONAL STATE OF DISASTER (5 May 2020)  
MFMA Circular 102 –Emergency Procurement in Response to National State of Disaster

### 4. SCOPE AND OBJECTIVES OF THE ASSESSMENT

The objectives of the assessment were to determine:

- Identify any irregular expenditure and fruitless and wasteful expenditure relating to procurement of PPE;
- Ascertain whether any such irregularities are criminal in nature; and
- Ascertain if any losses were incurred.

### 5. APPROACH AND METHODOLOGY

#### 5.1 Documents requested:

- 5.1.1 The SLA between the DCoG and Black Dot SA (PTY) Ltd.
- 5.1.2 Submission for extension of DCoG and Black Dot SA (PTY) Ltd scope of work.
- 5.1.3 Minutes of any meetings relating to procurement of PPEs.

- 5.1.3 Sign Addendum for the extension of Black Dot SA (Pty) Ltd contract scope.
- 5.1.4 Payment documents relating to the emergency procurement of PPE for the Department.
- 5.1.5 Register(s) relating to issuing of face masks, latex gloves or any items relating to PPE.
- 5.1.6 Information on quantities procured by the Department and how many were issued to officials.

## **5.2 Documents requested and received**

- 5.2.1 The SLA between the DCoG and Black Dot SA (PTY) Ltd
- 5.2.2 Submission for extension of DCoG and Black Dot SA (PTY) Ltd scope of work.
- 5.2.3 Payments documents – only information regarding petty cash received

## **5.3 Documents requested but not received yet**

- 5.3.1 Sign Addendum for the extension of Black Dot SA (Pty) Ltd contract scope.
- 5.3.2 Minutes of meetings
- 5.3.3 Register(s) relating to issuing of face masks, latex gloves or any items relating to PPE.
- 5.3.4 Payment documents - Black Dot SA (Pty) Ltd for April – July
- 5.3.5 Register(s) relating to issuing of face masks, latex gloves or any items relating to PPE
- 5.3.6 Information on quantities procured by the Department and how many were issued to officials.

## **5.4 The approach and related procedure performed in respect of the procurement assessment was as follows:**

- 5.4.1 Obtaining of Documentation;
- 5.4.2 Analysing of all relevant documentation obtained;
- 5.4.3 Contact physical inspection;
- 5.4.4 Conclusion and outcomes of the assessment; and
- 5.4.5 Recommendations.

## **6. CONSULTATIONS**

### **6.1 Units consulted during the assessment**

- 6.1.1 Supply Chain Management;
- 6.1.2 Facilities and Security Management
- 6.1.3 Finance

## 7. LIMITATION

- 7.1 Awaiting payment documents from Finance.

## 8. DISCOVERIES

### 8.1 Analysis of documents.

#### Cleaning, hygiene and pest control tender

- In 2018, the Department appointed Black Dot SA (PTY) Ltd to render cleaning, hygiene and pest control service in all five buildings for a period of 36 months, **R 11 707 800.98**.
- The SLA provider was not signed by the Department.

#### Personal Protective Equipment contract (Addendum not provided)

- The scope of the current cleaning, hygiene and pest control services provider, Black Dot SA (PTY) Ltd to provide the following:
  - Once-off supply and installation of 50 hand sanitizer dispensers and monthly refills in all DCoG buildings.
  - Monthly supply of surgical masks, gloves and hand sanitizers.
- The scope was extended for five months period (14 April – August 2020) at total contact variation amount of R 1 738 861.24.
- It was indicated on the approved submission that the % of the above mentioned variation/expansion: **R 1 738 861.24 / R 11 707 800.98 X 100 = 14.85%**, which is less than fifteen percent (15%) of the original contract amount and that complies with National Treasury prescripts on increasing initial bid scope.

#### Emergency Procurement of PPE with petty cash

The Department has also utilized the petty cash to procure emergency PPE in line with in terms of paragraph 9 of the Petty Cash Management policy. Details of procure PPE listed below:

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No	Item	Supplier	Unit price (inc vat)	Amount
1	57 (1 liter) hand Sanitizer (March)	Triple Power	R140 per liter	R7 980
2	10 Splash Suits (Disposable overalls) Once-off (April)	Marce Fire Fighting Technology	R1 380	R13 450 (R13 800 – R350 discount)
3	10 N95 Masks (April)	Moolfson's Pharmacy (Hatfield)	R55	R550
4	Social distancing signage	Slip pending	Slip pending	R 4 600
5	Social distancing tape	Slip pending	Slip pending	R 732
6	1300 large gloves	BlackDot Cleaning Company	R1.84	R2 392
7	260 masks	BlackDot Cleaning Company	R29	R 7 595
8	176 Decal round social distancing 300mm	Universal Signs & Advertising (Pty) Ltd	R46	R8 096
9	75 ABS plastic boards 300mm x 400mm	Universal Signs & Advertising (Pty) Ltd	R51.75	R3 881
Total petty cash utilized on procurement of PPE				<b>R 49 276.00</b>

Procurement of PPE and disinfection of buildings by Black Dot cleaning company

Review of payment documents received from finance and facilities and security management units, to be finalised.

## 8.2 Physical verification conducted

According to the information received from Facilities and Security Management approval was granted to procure 50 hand sanitizer dispensers to be installed in 5 buildings. Inspection was conducted in 4 building to verify the installation of hand sanitizer dispensers.

No	Building	Floors	Dispensers found
	87 Hamilton Street	9	25
	Nosa	6	6
	Pencardia 1	4	5
	Pencardia 2	4	7

**9. CONCLUSION AND RECOMMENDATION**

The conclusion and recommendations will be provided once assessment is completed.

**10. CONFIDENTIALITY OF THE REPORT**

The assessment report is intended for the attention of the Director General: Department of Cooperative Governance and the Minister for their attention and direction.