



**MEDIA STATEMENT  
FOR IMMEDIATE RELEASE  
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**#TEMBISAHOSPITALCAPTURE: HOW TWO BILLION MEANT FOR HEALTHCARE WAS STOLEN**

The Special Investigating Unit (SIU) can reveal that there is a devastating plunder of the public purse, which we found in our probe into Tembisa Hospital, uncovering three coordinated syndicates responsible for the looting of over **R2 billion**. This staggering sum, intended for the provision of healthcare to the most vulnerable, was instead ruthlessly siphoned off through a complex web of fraud and corruption, representing an egregious betrayal of the nation's trust.

Today, the SIU is releasing our interim report on our Tembisa Hospital investigation. The release of the interim report is informed by how complex the investigation is and requires further investigation. As complex as it is, we have been able to uncover irregularities, fraudulent activities and corrupt activities by officials and service providers.

Our working relationship with the Minister of Health has enabled us to uncover wrongdoing and corruption in other investigations, such as the Home Affairs Investigation at the Refugee Centres and other areas at Home Affairs, where the Minister at the time referred the matters to the SIU for investigation. The SIU will, at a date soon to be announced, release an interim report in the Home Affairs investigations. Another investigation I can refer to is the one on Medico Legals, where we released the interim report with the Minister of Health.

In the Tembisa Hospital investigation, the SIU has worked closely with the Office of the Premier. In September 2022, the Office of the Premier referred matters to the SIU to be investigated. I will come back to this part later, where the SIU entered into a Secondment Agreement with the Office of the Premier to commence the investigation.

The SIU is currently probing allegations related to Tembisa Hospital and has to date identified three major syndicates that have misappropriated **R2 billion** meant for healthcare at the Tembisa Hospital. An analysis of 2,207 procurement bundles has revealed serious maladministration and procurement fraud. Key officials from the Gauteng Department of Health (GDOH) and Tembisa Hospital are accused of benefiting from corrupt payments that facilitated the irregular appointment

of service providers, involving money laundering and fraud through fronting and the use of false Supply Chain Management documentation.

The investigation currently involves 207 service providers which traded with the Tembisa Hospital under 4 501 purchase orders (PO). Each PO is linked to a purported three-quote procurement process purportedly involving three competing bidders. The total value of matters under investigation by the SIU in terms of the Proclamation is **R 2 043 293 404.10**. These numbers are constantly updated as new companies are identified through ongoing investigations and the flow of funds involving irregularly appointed service providers at the Tembisa Hospital.

## **SYNDICATES**

### **Maumela Syndicate**

The Maumela Syndicate refers to the syndicate that is linked to Hangwani Morgan Maumela. The SIU is reviewing 1,728 bundles worth **R816,560,710** related to the Maumela syndicate and has completed 924 analyses, uncovering significant irregularities. The SIU has traced 41 suppliers or service providers linked to Maumela, three of the companies that were awarded contracts to the value of **R13 538 292** in this syndicate are linked to Vusimuzi Matlala.

Maumela's identified assets amount to around **R520,000,000**, including luxury vehicles and properties valued at R293,434,000. Notable properties include a R75,000,000 property in Bantry Bay and various others in Gauteng. The SIU has assisted the National Prosecuting Authority (NPA) Asset Forfeiture Unit to identify assets linked to Maumela, which has resulted in the NPA's asset forfeiture unit preserving some of Maumela's assets. This includes the following assets:

### **Property in Bantry Bay, Cape Town, Western Cape**

- Property Hartbeestpoort, North West
- Two properties in Sandton, Gauteng
- Property in Zimbali Estate, Ballito, Durban, KwaZulu-Natal
- Two Twin Towers property, Cape Town, Western Cape

### **Motor Vehicles**

- Lamborghini Urus Aventador SVJ
- Lamborghini Huracan STO
- Lamborghini Aventador Ultimate Coupe,

- Lamborghini Urus
- Bentley Continental GT V8
- Isuzu D Max
- A multipurpose trailer Badger Fibreglass CC
- Regency 250 LE boat

Further proceedings in this regard are pending at the Special Tribunal and will be reported to the public once the proceedings are concluded.

### **Mazibuko Syndicate**

There is also the Mazibuko Syndicate, which is linked to Rudolph Mazibuko. The SIU reviewed 651 bundles valued at **R283,504,291**, with 392 completed analyses revealing assets worth **R42,646,502**, including multiple properties in the Western Cape and Gauteng.

### **Syndicate X**

The SIU is currently assessing 1,237 procurement bundles, valued at **R596,424,356**, linked to Syndicate X. An analysis of 646 bundles has revealed numerous procurement irregularities and the identification of secondary conduit accounts used to launder funds connected to the Tembisa Hospital, with assets tied to this syndicate valued at approximately **R150,000,000**.

Additionally, the SIU has found smaller syndicates linked through directorships and financial interactions, revealing ongoing corruption patterns. These syndicates include:

- Syndicate A: 3 service providers with payments of **R9.6 million**.
- Syndicate B: 6 service providers totalling **R76,455,929**.
- Syndicate C: 5 service providers receiving **R8,640,199**.
- Syndicate D: 6 service providers with **R37,535,454**.
- Syndicate E: 4 service providers totalling **R3,397,590**.
- Syndicate F: 3 service providers linked to one director, receiving **R28,940,852**.

The investigation is ongoing, continuously revealing new connections and irregularities.

## IMPLICATED OFFICIALS

The SIU's evidence has revealed that the total value of corrupt payments linked to officials and employees of GDOH and Tembisa Hospital is **R122,228,000.00**.

The SIU has identified at least 15 current and former officials involved in activities such as corruption, money laundering, collusion, and bid rigging with improperly appointed service providers at Tembisa Hospital. These individuals abused their positions throughout the procurement process to benefit these providers and enrich themselves. The number of identified officials is expected to rise as the investigation continues. The officials range from entry-level clerks to management-level officials.

To date, the SIU has prepared 116 disciplinary referrals against 13 officials, of which 108 were delivered to the GDOH relating to maladministration, as well as the irregular appointment of service providers at the Tembisa Hospital. One matter was held back for the preparation of civil litigation, and seven additional referrals were finalised in preparation for handover to the GDOH.

We have observed that the officials implicated are at lower levels of employment. These are the employees who have, to date, caused more losses to the Tembisa Hospital.

The phenomenon of lower officials causing more damage has been observed in other investigations, such as the Home Affairs investigations.

## MODUS OPERANDI

**Procurement Fraud and Irregularities:** The SIU found that service providers were appointed using fraudulent documents for a flawed three quote system to bypass tender processes, keeping transaction values under R500,000. This deliberate splitting of orders violated GDOH's procurement policy, which prohibits subdividing requirements to evade competitive bidding.

**Syndicate Activities:** Numerous invoices from suppliers indicated collusion between service providers and officials, with separate invoices generated for similar amounts on the same day or within a short time frame.

**Extensive Corruption:** The investigation reveals a pattern of corruption by officials and service providers, significantly undermining the intended purpose of allocated funds.

A sound procurement process typically includes a Purchase Request Form, fair vendor selection, and adherence to the Central Supplier Database (CSD) guidelines. However, the SIU found that this protocol was circumvented, allowing for further irregularities and concealment of supplier identities.

The SIU's findings indicate severe breaches of trust and authority within Tembisa Hospital's operations, including fronting and syndicated activities.

In summary, a standard RFQ procurement process involves the following steps:

1. Purchase Request Form (RLS01): This form outlines the available budget, required items, and estimated unit prices, and must be signed by the end-user and authorised by the CEO of Tembisa Hospital.

2. Submission to SCM: The completed form is sent to the Supply Chain Management (SCM) section, which handles the distribution of RFQs, evaluation, adjudication, and recommendations for service providers.

Key documents in this process include:

- RFQs: Sent to potential suppliers selected from the Central Supplier Database (CSD), but in the case of Tembisa Hospital, RFQs were sent to suppliers not sourced through the CSD or without a fair selection process.

- Bid Documents: Each bid should include:

- Quotation
- Relevant CIPC documents
- Director's identification
- Valid B-BBEE affidavit/certificate
- Tax Clearance Certificate or PIN
- CSD report
- Standard Bid Documents (SBDs) such as SBD4 (Declaration of interest), SBD8 (Past SCM practices), SBD9 (Independent Bid Determination), and SBD6.1 (Preferential Procurement calculation).
- SCM checklist (often omitted)
- The vetting committee, also referred to as the Quotation Adjudication Committee (QAC), will evaluate the recommended bidder and the signatures of the vetting committee or QAC.

## PROCUREMENT PROCESS OVERVIEW

1. Purchase Order (PO) Issuance: The GDOH Head Office issues a Purchase Order (PO) to the chosen service provider, which is then sent to them. Tembisa Hospital's Supply Chain Management (SCM) department prints the PO and adds it to the procurement bundle.

2. Components of the Procurement Bundle: The procurement bundle includes the provider's invoice and the RLS02 Goods/Service Receipt Note.

3. Goods Receipt Process:

a. Transit Office Role: The transit office receives all delivered goods and issues the RLS02. Goods are categorised as either store deliveries (everyday items like toilet paper and bandages) or direct deliveries (specific items for certain wards).

b. Receiving Store Items: Delivery trucks enter through the gate, signing the security register. After check-in, they head to the store's delivery area. The transit clerk verifies the delivery against the PO and signs it. This verification allows the GDOH to process payment. The clerk also prepares the RLS02, signs it, and sends it to Finance. A VA7 document is also issued to confirm delivery, with copies sent to the Warehouse and Posting Office for stock control.

c. Receiving Direct Deliveries: Similar to store deliveries, trucks sign in at the gate. The transit clerk checks the delivery against the PO and contacts the end-user for verification. The end-user signs the RLS02 upon confirming receipt of goods. The transit clerk records the delivery in the Sustainable Resource Management (SRM) system, which is necessary for processing payment. Note that direct deliveries are manually recorded in a register, but no VA7 is issued.

4. Procurement Conclusion: The process concludes when the transit clerk confirms the delivery in the SRM system, allowing payment to the service provider.

The SIU found several issues:

- Suppliers were not sourced from the required Central Supplier Database (CSD).
- There was no evidence of fair rotation among service providers, suggesting collusion or fronting.
- Significant non-compliance with procurement terms was identified.

It must be highlighted that none of these transactions resulted in goods being delivered to Tembisa Hospital. All money went from the hospital to fronts or conduits, and then to beneficiaries and then to purchasing assets. It is all smoke and mirrors. The hospital derived no value for money.

## **UNSUCCESSFUL BIDDERS ARE PART OF THE SCHEME**

The SIU identified various links between the winning bidders and the unsuccessful bidders through electronic money transfers, shared directorship, and collusion amongst family members, etc. To date, the SIU has been able to identify payments to the combined value of **R 1 113 270**, which were made directly or indirectly by or on behalf of the successful bidder(s) or the syndicates to the unsuccessful bidders who purportedly competed against the successful service provider for specific RFQs.

## **ACTIONS OF SCM AND RELEVANT AUTHORITIES:**

-The CEO of Tembisa Hospital at the time authorised the appointment of non-compliant bidders, raising questions about the lack of oversight from the previous CEO's office, given the frequent approvals of RFQs.



- Tembisa Hospital SCM officials requested purchase orders (POs) for these non-compliant bidders from the GDOH Head Office, yet no concerns were raised regarding the unusually high number of POs processed.

#### **ACTIONS OF THE GDOH HEAD OFFICE:**

- Non-compliant bidders were issued compliance certificates without raising any red flags. The SIU found no evidence of concern from the GDOH regarding the RFQs processed.
- The same individuals who issued these irregular compliance certificates also approved POs for non-compliant bidders, violating the principle of segregation of duties. Irregularities were only suspected by Ms Babita Deokaran in August 2021 after an analysis of prior months.

#### **ACTIONS OF THE TRANSIT OFFICE:**

- The SIU confirmed that Goods Received Vouchers were recorded in the SRM system before the transit supervisor signed off on deliveries. There is an inconsistency in delivery records compared to the number of POs, suggesting that many goods may not have been delivered at all.

#### **NUMBER OF REFERRALS MADE FOR ADMINISTRATIVE ACTION**

To date, the SIU referred 25 matters to the South African Health Products Regulatory Authority (**SAHPRA**) relating to the contravention of *inter alia* Section 22C(1)(b) of the Medicines and Related Substances Act of 1965 (**Medicines Act**), as amended.

#### **NUMBER OF REFERRALS MADE TO THE RELEVANT PROSECUTING AUTHORITY**

To date, the SIU has referred four matters to the National Prosecuting Authority (NPA) for corruption involving officials of the GDOH or the Tembisa Hospital and implicated service providers of the Tembisa Hospital with a total value of **R 42 233 938.61** paid to the officials. The R42 million is only the value for the four referrals to the NPA.

#### **RECOVERIES THROUGH CIVIL PROCEEDINGS**

The SIU's civil litigation team will prepare to institute civil proceedings to hold all those involved to account and recover monies lost by GDoH and monies corruptly paid to officials. Action will be taken to freeze and recover assets from service providers and officials involved.

Monies and assets recovered will be forfeited to the state and paid back to the fiscus, in particular, the Department of Health.

## REFERRALS FOR DISCIPLINARY ACTION

To date, the SIU has prepared 116 referrals for disciplinary action to be instituted against 13 officials, of which to date 108 were delivered to the GDOH relating to maladministration and the irregular appointment of service providers at the Tembisa Hospital. One matter was held back for the preparation of civil litigation, and seven additional referrals were finalised in preparation for handover to the GDOH.

The officials were corrupted to misuse their positions within the GDOH to the advantage of the service providers. As I indicated, in respect of Tembisa Hospital, the officials who benefited most from this fraudulent and corrupt practice were the lower-level GDOH officials who manipulated the procurement processes and the syndicated service providers.

The referrals will also be sent to the Minister of Health to monitor and ensure that disciplinary action is taken against these officials.

The officials and their levels are itemised in the interim report.

## COMPARATIVE ANALYSIS

The SIU conducted a comparative analysis to paint a picture of the corruption taking place at Tembisa Hospital. The SIU looked into transversal contracts active during the review period and found that many items purchased through a three-quote process at Tembisa Hospital were significantly overpriced compared to market rates.

The SIU is also examining the bank accounts of service providers involved in the investigation to uncover potentially fraudulent activities related to goods purportedly delivered to Tembisa Hospital.

The analysis of medical supplies showed a marked increase in expenditure from **R315,378,678** in 2018/2019 to **R598,631,372** in 2019/2020, further rising to **R979,210,500** in 2021/2023. While some increases may relate to COVID-19, similar trends were not observed at neighbouring hospitals. Notably, expenditure **dropped by 73%** from **R948,195,837** in 2022/2023 to **R255,174,351** in 2023/2024, coinciding with the release of the Gauteng Office of the Premier's SIU's secondment investigation report in December 2022 that curtailed syndicate activity.

Additionally, despite steady inpatient admissions between 2018 and 2024, significant spending increases on medical supplies were not substantiated by patient volume changes. Instances where patient numbers dropped saw corresponding increases in expenditure, whereas decreases in expenditure post-2022/2023 coincided with rising patient numbers.



# #TembisaHospitalCapture

## Tembisa Hospital's hijack story



### Tembisa Hospital Budget vs Expenditure

Increase and drop in expenditure at Tembisa Hospital between 2018 and 2024



\*The drop in expenditure was due to the SIU's secondment investigation report released by the Office of the Premier

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## FROM SECONDMENT TO PROCLAMATION

On 14 September 2022, the Office of the Premier, Gauteng (OOP), entered into a secondment agreement with the SIU to conduct a forensic investigation based on a report by the late Ms Babita Deokaran, dated 04 August 2021. Her report revealed that 63% of Purchase Orders (POs) worth between **R400,000** and **R500,000** issued from 1 April 2021 to 31 July 2021 were linked to the Tembisa Provincial Tertiary Hospital, raising concerns about excessive spending relative to other larger provincial hospitals.

The investigation aimed to probe allegations of maladministration, fraud, and corruption in the Supply Chain Management (SCM) process at Tembisa Hospital from 2019 onwards, focusing on suppliers listed in Deokaran's report. The OOP made the report public on 13 December 2022. This report led to Proclamation No. 136 of 2023, published on 01 September 2023, authorising the SIU to investigate from 01 January 2020 to 01 September 2023, while also permitting inquiries into related activities before or after these dates.

## INTERIM OBSERVATIONS AND STEPS TOWARDS SYSTEMATIC REFORM

- The investigation highlights a comprehensive disregard for duty by officials at Tembisa Hospital and the GDOH.
- Those responsible for procurement ignored fundamental regulations,
- Accounting officers abdicated their oversight role entirely. This failure of officials to perform their duties allowed for the unchecked spending of public funds, with no verification of whether what

was procured was necessary or represented fair value for the state. In essence, officials were active participants in malpractice or turned a blind eye, effectively allowing the public purse to be looted through a combination of maladministration and collusion with third parties.

The SIU's report stresses that stemming this rot requires a direct focus on the individuals in these roles. It recommends appointing officials of proven integrity and subjecting them to rigorous vetting, including lifestyle audits that extend to family members, to uncover illicit gains. Critically, the environment must change to protect junior staff who are, in some instances, often coerced into complying with the misconduct of senior officials. Officials at all levels must be empowered and obliged to report malfeasance anonymously via whistle-blower hotlines. Ultimately, a commitment to transparent practices and, most importantly, decisive consequence management against guilty officials is non-negotiable to restore integrity to their roles.

## **PURSUIT OF STOLEN MONEY AND ASSETS, AND COLLABORATION WITH OTHER LAW ENFORCEMENT AGENCIES.**

The SIU will continue to relentlessly follow the money and pursue justice through working with our law enforcement partners in the National Prosecuting Authority NPA, the Directorate for Priority Crime Investigation (DPCI), the Financial Intelligence Centre (FIC), the South African Police Service (SAPS), and the South African Revenue Service (SARS).

In line with the Special Investigating Units and Special Tribunals Act 74 of 1996 (SIU Act), the SIU will refer any evidence pointing to criminal conduct it uncovers during its investigations to the National Prosecuting Authority (NPA) for further action.

The SIU is empowered by the SIU Act to institute a civil proceedings in the High Court or the Special Tribunal in its name to rectify any wrongdoing uncovered during its investigation that is caused by acts of corruption, fraud, or maladministration.

## **ANTICIPATED COMPLETION OF THE INVESTIGATION**

The SIU anticipates that the investigation will be completed by November 2027.

## **ACKNOWLEDGEMENT OF WHISTLEBLOWERS AND THEIR PROTECTION**

The SIU acknowledges the importance of information and evidence provided by whistleblowers and will take necessary steps to protect them.

## **ACKNOWLEDGEMENT OF SIU INVESTIGATORS AND THEIR PROTECTION**

The SIU acknowledges the work of the investigators and will also take necessary steps to protect them.

**END.**

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