

Our Reference: Mr Johan Kruger

Your Reference: 43/1/2/5/1

Direct Line: +27 83 444 0908

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Email Address: johan.kruger@bowmanslaw.com

BY E-MAIL

Attention: Mr. Vukani Ndaba

Department:

NATIONAL TREASURY

Republic of South Africa

Private Bag X115

Pretoria

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Dear Mr. Ndaba,

PRIVILEGED AND CONFIDENTIAL

INVESTIGATION INTO 20 SELECTED CONTRACTS (AS PER ANNEXURE C TO THE AGREEMENT BETWEEN NATIONAL TREASURY AND BOWMAN GILFILLAN DATED 10 FEBRUARY 2016) ABOVE R10 MILLION AWARDED BY PRASA FROM 2012 TO DATE – NALEDI RAIL ENGINEERING (PTY) LTD

1. Bowmans was mandated by National Treasury to investigate 20 PRASA contracts with a value exceeding R20m from 2012 to date.
2. This is our report pertaining to Naledi Rail Engineering (Pty) Ltd investigation.
3. Please do not hesitate to contact me should you require any further information.

Yours faithfully,

Bowman Gilfillan

per: Johan Kruger

Report
Department of National Treasury
PRASA Naledi Rail (PTY) Ltd
Account: 102982 - Purchase document 4600004650
General overhaul / upgrade of Metrorail motor / passenger coaches
(plain trailers) and Shosholoza coaches

December 2016

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FINDINGS AND OPINION

Mandate

1. The Public Protector in her report on the Passenger Rail Agency of South Africa ("PRASA") investigation, directed the Office of the Chief Procurement Officer ("OCPO") to conduct forensic investigations in respect of all PRASA contracts above R10 million from 2012 to date.
2. Bowmans was mandated by National Treasury to investigate 20 PRASA contracts above R10 million, awarded by PRASA between 2012 to date.
3. National Treasury selected the 20 PRASA contracts to be investigated by Bowmans.

Summary of findings and opinion

4. Included in the 20 contracts Bowmans had to investigate are two Naledi Rail Engineering (Pty) Ltd ("Naledi") projects, namely:
 - a. Purchase document 4600005801
 - b. Purchase document 4600004650
5. The table below reflects the information provided by National Treasury and PRASA relating to the investigation of Naledi Rail Engineering.

Purchasing Document	Vendor/supplying plant	Description	Target value	Released value
4600004650	102982 Naledi Rail Engineering - RS	GENERAL OVERHAUL NALEDI	103 800 000	-
4600005801	102982 Naledi Rail Engineering - RS	GENERAL OVERHAUL (NALEDI) year 1	191 795 353	280 103 417
4600005801	102982 Naledi Rail Engineering - RS	Accrued- Allocation 2013		-
4600005801	102982 Naledi Rail Engineering - RS	Accrued-Allocation 2014		-
4600005801	102982 Naledi Rail Engineering - RS	GENERAL OVERHAUL (NALEDI) year 2		-

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6. The Naledi project with purchase document number 4600005801 for the general overhaul/upgrade of the PRASA coaches was investigated by Bowmans and a separate report was submitted.
7. We confirmed with Mr Asif Rehman, Senior Manager of the Supply Chain Management Department of PRASA on 29 November 2016 that in respect of purchase document 4600004650 the following had occurred:
 - 7.1 The project was deleted from the system by PRASA.
 - 7.2 The tender documentation and agreement does not exist and therefore could not be investigated.
 - 7.3 Naledi had provided no work/services under this contract.
 - 7.4 PRASA had made no payments in respect of the contract.
 - 7.5 This contract was deleted by PRASA prior to any commencement of work/services and prior to any payment made.
8. Bowmans was unable to perform any further investigation and can only report on the above information to National Treasury.