

TO: ALL MEDIA
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EMBARGO: NONE

MEDIA STATEMENT: DEPARTMENT WEEDS OUT FRAUDULENT SECURITY SERVICE PROVIDERS

The Department of Health continues with its efforts to weed out fraud and corruption and has recently terminated the security services provided by a number of security companies. This was after it uncovered allegations of fraud, corruption and irregular activities of certain companies who were also found to be non-compliant with PSIRA requirements and SARS prescripts.

The department states this following the severing of ties with six security companies (Mvimbeni Securities, Titan Security, Labalela Security, Mkgona Security, Gcinensa Securities and Madlula Protection Services) who were providing security services in 17 hospitals and 77 clinics, offices and mortuaries in KwaZulu-Natal. The companies were on a month to month contract with the department and following an interdepartmental task team's investigations, it was revealed that:

1. Some companies were found to have invoiced the Department for higher grade personnel, however investigations showed that these personnel were not indeed deployed to the various sites. This was deliberate flouting of the PSIRA provisions and also indicative of fraudulent or irregular transactions by the service provider. The Department is currently investigating the transactions linked to such claims. The Department is also investigating similar allegations with respect to other companies.
2. The SARS has further indicated to the Department that some of the said security companies are in breach of the Income Tax Act and that their tax affairs are not in order.

The Department has also discovered that there are agents who have been sub-contracted by the successful bidders without the necessary approval by the Department and who have charged the agents 24% of the total invoice price. This 24% is made up of 10% profit and 14% VAT.

3. The Department, on verification of the security service providers, has established that some companies are operating with employees who are not PSIRA accredited. These are just some of the irregularities that have been uncovered by the investigating task team which included the police, SARS and PSIRA officials. Since some of these matters are still under investigation by the law enforcement agencies the Department is not able to provide more specific details in this regard.

The Department cannot and will not continue engaging the services of unscrupulous service providers who have broken the law.

4. Therefore the Department elected to place the said service providers on a month's notice; however it reserved the right to request the said service providers to vacate departmental premises within 24 hours in order to ensure that state property was preserved. The companies that are currently on site were entrusted to safeguard state property, patients and staff during the notice period, given the displayed unethical behavior of the terminated service providers, who were placed in a position of trust. Undoubtedly the relationship between the Department and the service providers is irreparable.

The Department took the decision to terminate the services of the security companies based on the fact that there is currently a bid process underway for the appointment of new service providers for a three year contractual period. This process is well advanced.

This move to terminate the services of certain security companies is part of an ongoing process based on our commitment to weed out fraud and corruption where ever it may be within our scope of activities so that we can better utilize our resources to provide the much needed services for our broader community.

ENDS

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