



PROJECT REPORT

SERVICES SETA

FIVE STARS COMMUNICATIONS AND PROJECTS CC

PROC T313

BACKGROUND

1. Since 2018, OUTA has been investigating corruption and maladministration in the Sector Education and Training Authorities (“SETAS”). In January 2019, OUTA submitted a request for information in terms of the Promotion of Access to Information Act 2 of 2000 (“PAIA”) to Services SETA (“SSETA”), requesting specific information on several tenders that were awarded by SSETA. One of the bids OUTA requested information on was PROC T474 – The appointment of a creative design agency for the development and production of SSETA’s branding and marketing materials.
2. OUTA didn’t receive any of the information requested in terms of PAIA. Only after a lengthy but successful court application, did SSETA hand over the requested documentation.
3. The documents received enabled OUTA to do further investigations into and analysis of Bid PROC T474 which was awarded to Star Sign and Print (Pty) Ltd (“SSP”). The contract ended up costing the taxpayer R28 million.
4. The investigation into SSP revealed that two previous bids to supply SSETA with branded and marketing material namely PROC T277 and PROC T313, were awarded to Five Stars Communications and Projects (Pty) Ltd (“Five Star”) who has the same beneficial owner as SSP namely Mr Ngwenya Ntasako Baloyi.
5. On 27 February 2023, OUTA submitted a PAIA application to SSETA, requesting all the documents related to PROC T277 and PROC T313.
6. On 16 March 2023, OUTA received the following documents from SSETA for Bid PROC T313:
 - Procurement Plan 2016
 - PROC T313 Checklist
 - Bid Adverts

- Five Star Proposal
 - Pricing Schedule
 - Tender Compliance Checklist
 - BSC
 - BEC Report PROC T313
 - BEC Declaration of Interest
 - BAC Report PROC T313
 - BAC Declaration of Interest
 - AA Report
 - Letter of Award
 - Service Level Agreement
 - Regret letters
 - Invoices and Proof of Payment
7. In order to investigate and analyse Bid PROC T313, OUTA considered not only the abovementioned documents but also other available information and/ or documents relevant to this specific bid.
8. Although OUTA received the **bidding** documents for PROC T277, we did not receive any of the billing information and, despite several requests, SSETA failed to provide it. OUTA decided to proceed with an investigation and analysis on Bid PROC T313 only.

SSETA PROCUREMENT PLAN

9. In October 2016, SSETA released its amended procurement plan. The plan made provision for the appointment of a service provider to develop an integrated communication strategy and the possibility of rebranding the organisation. As a result, a need has been identified to re-design, develop and to produce promotional items and material and career guides.

10. The contract's value for the period 22 August 2016 to March 2018, was estimated at R40,000,000.

ADVERTISEMENT

11. According to the Bid Evaluation Committee's ("BEC") report, the bid was advertised in the Government Tender Bulletin, Sunday Independent and the New Age newspapers.
12. OUTA was provided with copies of the advertisements in the Government Tender Bulletin of 26 February 2016 and the advertisement in the Sunday Independent of 21 February 2016 but we did not receive a copy of the advertisement that was placed in the New Age.

BID EVALUATION

13. The closing date for bid submissions was 22 March 2016 and the BEC considered and evaluated the bid on 23 May 2016.
14. The BEC committee members who attended the meeting were Mahlomola Teffo (Chairperson), Mlungiseleli Mkhuhlu (Standing Member), Vusi Nkosi (Alternative Member), Jabulani Kunene (SCM representative) and Mbalenhle Dlamini (SCM representative).
15. It was reported that a total of 16 bids were received and that 13 of the bids fulfilled the minimum requirements and short-listing criteria qualified for further evaluation.
16. Of the 13 bid proposals received and evaluated on pre-compliance (phase 1 of the bid evaluation process), 12 bid proposals qualified for further evaluation on functionality.
17. Only bidders that score 70 or more out of 100 in the functionality evaluation proceed to the price and preference evaluation.

18. Of the 12 bids that were evaluated, Five Star was the only bidder that was scored more than 70 during the functionality evaluation. In fact, Five Star was scored above 70 by both Mr Teffo and Mr Mkhulhu.
19. The average price of all the bids received was calculated at R1,449,261.28 with the lowest price R99,695.00. Five Star's price was the highest at R4,872,699.97.
20. The BEC recommended that Five Star be awarded the tender considering the nature of the work to be performed and their BBBEE score.
21. The BEC report was signed by Mr Mahlomola Teffo and approved by the CEO, Mr Andile Nongogo.

BID ADJUDICATION COMMITTEE – RECOMMENDATION TO THE EXECUTIVE COMMITTEE

22. The members of the Bid Adjudicating Committee ("BAC") signed a declaration of confidentiality and impartiality form on 18 August 2016.
23. A submission of a bid award recommendation for bid PROC T313 was prepared and submitted to the SSETA Executive Committee for their approval. The recommendation was signed by Mr Andile Nongogo in his capacity as the Chairperson of the BAC on 22 August 2016. The recommendation was approved by the Chairperson of the SSETA Accounting Authority, Mr Themba Mhambi, also on 22 August 2016.
24. The BAC confirmed the findings of the BEC and recommended that Five Star be appointed.

LETTER OF AWARD

25. On 22 August 2016, the same date the BAC recommended and approved to award the bid, SSETA issued a Letter of Award to Five Star for bid no. PROC T313.

26. The Letter of Award was signed on behalf of SSETA by Mr Tsheola Matsebe the Acting Senior Manager: SCM, Ms Amanda Buzo the Executive Manager: Legal Services and the CEO Mr Andile Nongogo.
27. Mr Ngwenya Baloyi received the letter on 22 August 2016 on behalf of Five Star who indicated that he held the position of “Director”.
28. In the Request for Bids (“RFB”), the validity period was stated as 90 days from the closing date for the bid. The validity period is the period stipulated by a public entity in the bid document as the maximum period the bid will remain valid after the bid closing date for the specific bid. During the validity period the public entity has to evaluate, adjudicate and finalise the award of a contract.
29. Once the validity period has been expired, the tender is no longer valid. If it becomes apparent that the tender process will not be finalised within the validity period, the public entity which has advertised the tender, must write to all the bidders and ask them to agree, in writing, to an extension of the validity period.
30. The award of this tender was not made within 90 days from the closing date. The closing date for PROC T313 was 22 March 2016 and the award was made 5 months or 158 calendar days after the closing date.
31. OUTA didn’t receive information and/ or documentation that indicated that the bidders were notified and/ or agreed to the extension of the validity date. The failure by SSETA to ask the bidders to agree to an extension of the validity date before the expiry of the validity period, made the award to Five Star invalid.¹

¹ <https://aequitate.co.za/2020/07/07/can-tender-validity-periods-be-extended/> - The High Court decision in the matter of *Joubert Galpin Searle and Others v Road Accident Fund and Others* [2014] is instructive. The court considered, amongst other issues, the legal effect of the expiry of the tender validity period. In this instance the validity period had expired before the Road Accident Fund (“RAF”) had completed the evaluation and adjudication of the bids received. After the date on which it had expired, the RAF wrote to each bidder and requested the amendment and renewal of its bid to reflect a validity period of one year. This conduct was challenged in court. The High Court held that once the tender validity period had expired, there was nothing to extend. The tender had been concluded, albeit unsuccessfully. The court said that the RAF had no power to award the tender after the expiry date of the validity period, and it also did not have the power to extend the tender validity period once the tender had become invalid at the end of the validity period. In practical terms this meant that the entire process had to start again from the point where the tender was advertised. The

32. In December 2021, the Public Protector (“PPSA”) reported on an investigation into allegations of irregularities during the appointment of a service provider for the monitoring and management of legacy projects, Bid No PROC T255, which resulted in improper conduct and maladministration by SSETA (Report No 76 of 2021/22). It was found that the bid that was awarded to Dadani Trading CC on 10 June 2015, was *void ab initio* based on the validity period that was irregularly extended in conflict with the RFB and the SCM policy.²
33. According to the PPSA report, both chairpersons, Mr Mahlomola Teffo of the BEC and Mr Andile Nongogo for the BAC, signed the BEC/ BAC Evaluation and Recommendation Report which recommended the appointment of Dadani Trading as the successful bidder to be awarded Bid T255. The report further found that the conduct of the SSETA constituted improper conduct as envisaged in the Constitution and constituted maladministration in terms of the Public Protector Act.
34. In the aforementioned report, SSETA argued that they calculated the 90 days as working day and not calendar days.
35. If SSETA truly believed that the validity period for Bid PROC T313 only expires after 90 working days, then the validity period would have expired on 28 July 2016. The award was made on 22 August 2016, more than 3 weeks after the date.
36. In this instance, both the Chairpersons Mr Mahlomola Teffo and Mr Andile Nongogo signed the BEC/ BAC Evaluation and Recommendation Report which recommended the appointment of Five Star as the successful bidder to be awarded Bid PROC T313. This award therefor constituted improper conduct and

importance of this judgment is, inter alia, that it specifically identifies the fact that the evaluation and adjudication of bids must be finalised during the validity period. If the organisation sees that it will not finalise the process during the validity period, it must invite the bidders in good time to agree to the extension of the original validity period. Once the validity period has run its course and come to an end, it also ends the bidding or tender process. (Dr Hilda Grobler)

² https://www.pprotect.org/sites/default/files/legislation_report/FINAL%20Report-%20MJ%20Tshwale%20v%20Services%20SETA.pdf

maladministration and was made irregular. The tender should have been re-advertised and re-evaluated.

37. It seems that during this time period when the Dadani and Five Star bids were awarded (2015 – 2017), SSETA officials did not exercise the necessary care regarding procurement policies and procedures.

SERVICE LEVEL AGREEMENT

38. The Service Level Agreement (“SLA”) was signed by Mr Andile Nongogo on behalf of SSETA and by Mr Ngwenya Baloyi on behalf of Five Star. Both individuals signed the agreement in Parktown on 15 September 2016.
39. Clause 1.1.12 of the SLA stated that Mr Andile Nongogo was the designated official of SSETA who would manage the project for the duration of the contract.
40. Clause 1.1.15 of the SLA stated that Mr Ngwenya Baloyi was the lead consultant for Five Star and the duly authorised person responsible.
41. The SLA also confirmed that all prices included Value Added Tax (“VAT”).
42. Clause 3.5 of the SLA specifically stated that the entity (Five Star) had to ensure that in providing its services and in its dealing with SSETA that its conduct did not in any way contravene or cause SSETA to contravene any legislation or policies including the Public Finance Management Act (PFMA).
43. The SLA confirmed that the contract period was from date of award until 31 March 2018.
44. The SLA confirmed that Five Star should have ensured that they perform the services competently, efficiently and in a timely manner with that degree of skill and care as can be expected from a qualified, experienced and competent specialist or expert in the field.

BID PROPOSAL – FIVE STARS COMMUNICATIONS AND PROJECTS CC

45. The bid proposal submitted by Five Star was analysed by OUTA.
46. In this section of the report, several screenshots of the documents submitted by Five Star for the bid were copied into this document for ease of reference and clarity.
47. A company profile of Five Star and a cover letter dated 8 March 2016, were submitted together with the bidding documents. The letter was signed by Mr Ngwenya Baloyi in his capacity as Managing Director.
48. In the SSETA procurement plan, the value of the bid was estimated to be approximately R40,000,000. In the Request for Bids and the Invitation to Bid, it was confirmed that the bid will be in excess of R1million.
49. According to the South African Revenue Services (SARS), a vendor must register for VAT when the value of taxable supplies made in any consecutive 12 month period exceeded or is likely to exceed R1million; or where in terms of a written contractual obligation, the value of taxable supplies to be made in a 12 month period will exceed R1million. In their bidding documents, Five Star declared a turnover of more than R1million a year and the Request for Bids confirmed that the bid will exceed R1million. Therefore, Five Star should have registered as a VAT vendor.
50. Should the vendor fail to register, the VAT Act would deem all the prices charged by the vendor after his liability for registration came into existence, to include VAT at 14% (VAT rate at the time). This would be the case irrespective of whether VAT was in fact charged by the vendor. SARS would therefore be entitled to recover 14% from all prices charged by the company from the date the company should have been registered as a vendor. The 14% retrospective recovery of VAT from the prices charged by the vendor may eliminate all of the vendor's profits even

before considering the penalties and interest that the vendor could be subject to. These penalties include inter alia:

- A 10% penalty of the amount of the VAT that was not paid.
- Interest at the prescribed rate on the amount of VAT that was not paid.
- The potential imposition of an understatement penalty.

51. In the Standard Bid Document ("SBD"), Five Star declared that it was not registered as a VAT vendor.

NAME OF BIDDER... FIVE STAR COMMUNICATIONS AND PROJECTS CC

POSTAL ADDRESS... 136 VOORHAMME STREET, UNIT 3 SILVERPARK, SILVERTONDALE

STREET ADDRESS... 136 VOORHAMME STREET, UNIT 3 SILVERPARK, SILVERTONDALE

TELEPHONE NUMBER

1 CODE... 012... NUMBER... 504 0315

CELLPHONE NUMBER... 0832962785

FACSIMILE NUMBER

CODE... 086... NUMBER... 666 3960

E-MAIL ADDRESS... info@fivestarcommunications.co.za

VAT REGISTRATION NUMBER... n/a

52. A VAT vendor search revealed that Five Star Farming (the new name of Five Star from 2019 when a name change was submitted at CIPC) is currently registered as a VAT vendor. The date of registration is however not published by SARS.

v1.0.5

VAT Vendor Search

Note: You need a valid Vat Number or an Exact VAT Trading Name. [Help](#) for more information. Click on

VAT Number:

VAT Trading Name:

VAT Trading Name	VAT Registration Number	Office
FIVE STAR FARMING	4770287334	JOHANNESBURG

53. If Five Star did not submit VAT returns for the period of this tender, it was in contravention of the VAT Act and SARS is enabled to collect the outstanding tax together with interest and penalties.
54. The SBD part 4 makes provision for a declaration of interest by the bidder or its representative. Mr Ngwenya Baloyi signed this declaration for Five Star in his capacity as the General Manager of the entity.
55. Mr Baloyi declared *inter alia* that none of the company's directors/ trustees/ shareholders/ members or their spouses conducted business with the state in the previous twelve months.

2.8 Did you or your spouse, or any of the company's directors / trustees / shareholders / members or their spouses conduct business with the state in the previous twelve months? YES / NO

2.8.1 If so, furnish particulars:

.....

..... *nil*

.....

56. In the bidding documents, "State" was defined as:
- 56.1 any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No 1 of 1999);
- 56.2 any municipality or municipal entity;
- 56.3 provincial legislature;
- 56.4 National Assembly or the National Council of Provinces; or
- 56.5 Parliament.

57. Five Star noted their recent success stories in the company portfolio submitted together with their bid documents (page 33). It was stated that in the 2014/2015 financial year, Five Star completed the design of promotional material for SSETA.

A RECENT SUCCESS STORY...

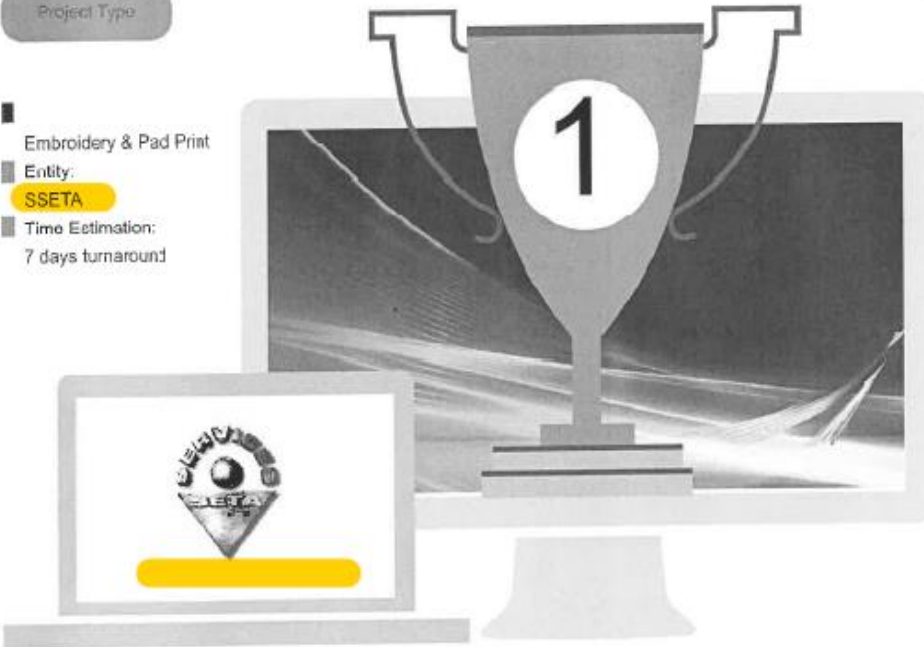
PORTFOLIO

Project Type

Embroidery & Pad Print

Entity: SSETA

Time Estimation: 7 days turnaround



In the 2014-2015 financial year, Five Stars Communications completed the design of the promotional material for the SSETA (Services Sector Education and Training Authority).

The assignment was exceptionally arduous and challenging as embroidery traditionally can run into weeks if not months of production time. To make it even more exceptional, we still pushed to include packaging as per required quantities all within a tight deadline.

- Units: 1500 bags embroidery
- Units: 1500 hats embroidery
- Units: 1500 pens pad printing
- Units: 1500 usb pac printing

7 working days turnaround, FLAT!

58. Five Star's portfolio also included evidence that it supplied printing services to the National Library of South Africa in 2015 (page 57). The National Library resorts under the Department of Sports, Arts and Culture.

Portfolio of evidence

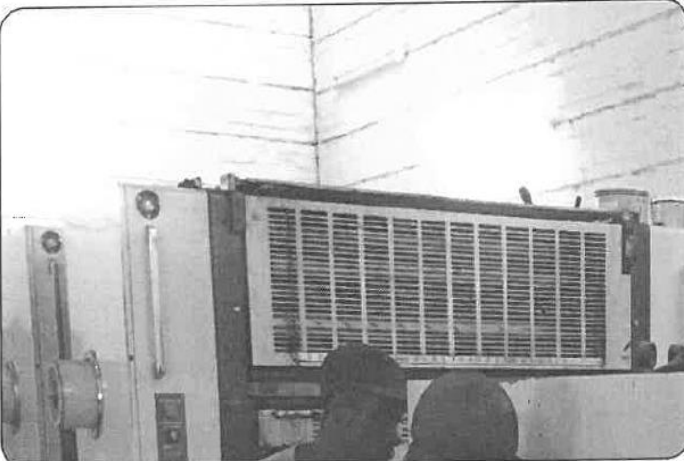


PORTFOLIO

- Project Type
Printing of Marketing & Promotional Material
- Company Name:
National Library of S.A.
- Time Estimation:
2 Weeks
- Year of service:
2015

59. Also, in the portfolio of evidence (page 61) it was recorded that Five Star printed the Strategic Plan and Annual Performance Plan for SSETA in 2016.

Portfolio of evidence



PORTFOLIO

- Project Type
Printing of Strategic Plan and Annual Performance Plan
- Company Name:
SSETA
- Time Estimation:
4 Days
- Year of service:
2016

60. On 18 August 2015, SSETA issued a "Letter of Award to Five Star in terms of Bid PROC T277 for the design, development and production of promotional items on an as and when required basis from the date of appointment until 31 March 2016".

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P O Box 3322, Houghton, 2041
Tel: (011) 276 9600, Fax: (011) 276 9623
E-mail: customercare@serviceseta.org.za
Website: www.serviceseta.org.za



Five Star Communications and Projects

Unit 2 & 3 Silverpark
186 Voortrekkers Street
Silverdale
Pretoria

info@fivestarc Communications.co.za
Tel: 012 770 3749
Cell: 083 296 9785

18 August 2015

Dear Ngwenya Baloyi

LETTER OF AWARD IN TERMS OF BID REFERENCE NUMBER PROC T277: APPOINTMENT OF A SERVICE PROVIDER FOR DESIGN, DEVELOPMENT AND PRODUCTION OF PROMOTIONAL ITEMS ON AN AND AS WHEN REQUIRED BASIS FROM DATE OF APPOINTMENT UNTIL 31 MARCH 2016

61. Mr Baloyi signed the declaration of interest in his capacity as Managing Director of Five Star on 8 March 2016 and he certified that the information furnished to SSETA was correct. He also accepted that the state might reject the bid or act against him should the declaration he signed, proved to be false.

DECLARATION

I, THE UNDERSIGNED (NAME)..... NGWENYA BALOYI

CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS 2 and 3 ABOVE IS CORRECT.

I ACCEPT THAT THE STATE MAY REJECT THE BID OR ACT AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.

[Signature]

Signature

08 MARCH 2016

Date

MANAGING DIRECTOR

Position

FIVE STAR COMMUNICATIONS AND PROJECTS cc

Name of bidder

62. Mr Baloyi knowingly and by his own admission, made a false declaration regarding Five Star's business with the state in the preceding twelve months. This was confirmed by Five Star's portfolio of evidence he submitted together with the bid proposal.
63. In the bidding proposal of Five Star, Mr Baloyi stated that he had 12 years' experience in the printing industry and that he was the co-founder and Chief

Executive Officer of Star Sign and Print. This statement will be explored later in this report.

64. Mr Mahlomola Teffo was the chairperson of the BEC on both the PROC T277 and PROC T313 bids which were awarded to Five Star. He recommended the appointment of Five Star on both bids after the BEC evaluated the bids. PROC T277 was evaluated on 15 August 2015 and PROC T313 was evaluated on 23 May 2016.
65. These two BEC meetings took place 8 months apart and both were for exactly the same service.
66. Mr Andile Nongogo in his capacity as the BAC Chairperson and Mr Themba Mhambi in his capacity as the chairperson of the SSETA Accounting Authority, approved both bids on 14 August 2015 (PROC T277) and 22 August 2016 (PROC T313) respectively.
67. None of the SSETA officials who evaluated, recommended and approved bid PROC T313, questioned the declaration of interest by Mr Baloyi. It is even more concerning that Mr Teffo, as an experienced chairperson of the BEC, did not raise a red flag when he chaired the two BEC meetings to evaluate similar bids 8 months apart.
68. The Supplier Declaration Form that is part of the SBD, is a declaration by the service provider under oath that all the information supplied are true and correct. Mr Baloyi signed this declaration on 8 March 2016. The Commissioner of Oaths, a police officer stationed at the SAPS client service in Hillbrow, signed and stamped the declaration on 22 March 2016.
69. A deponent always signs a document in front of a Commissioner of Oath. The situation described above creates the impression that Mr Baloyi did not sign the declaration in the presence of the Commissioner of Oaths.

INVOICES, DELIVERY NOTES AND PROOF OF PAYMENTS

70. The letter of award for Bid PROC T313 stated that the contract period for the contract was from the date of award, which was 22 August 2016 until 31 March 2018. Although the award was made in August 2016, SSETA did not receive any branded items from Five Star until February 2018. All the transactions between the parties took place in February and March 2018.
71. The billing documents that were provided in terms of OUTA's PAIA application showed that the first payment to Five Star was made on 1 March 2018. OUTA wrote to SSETA on 18 April 2023 and asked SSETA if there were any other transactions between August 2016 and March 2018. SSETA confirmed that the transactions (payments) only started in 1 March 2018 and that there were no services or items delivered by Five Star to SSETA from August 2016 until March 2018.
72. The SSETA Procurement Plan estimated the capital spending on branded promotional material from August 2016 until March 2018 was R40million.
73. In other words, SSETA attempted to spend the total budget of R40million as stated in the procurement plan, before the contract with Five Star expired on 31 March 2018. This date was incidentally also the end of the 2017/2018 financial year.
74. In a response to OUTA's request for clarification on the capital spent in February and March 2018, SSETA replied as follows:

"One key factor contributing to the significant spend on branding was the recent change in our logo and overall brand identity. The decision to undergo a rebranding initiative was driven by the need to align our visual identity with the evolving vision and direction of the Services SETA. As a result, all existing artwork and marketing materials had to be updated and redesigned to adhere to the new look and feel".

75. OUTA did research to establish when SSETA changed its logo. On the annual report of 2014/2015, the old logo appeared in the report as seen below.



Services SETA
Annual Report
2014/2015

76. On the cover of the 2015/2016 SSETA annual report, the new logo appeared as seen below.



ANNUAL REPORT 2015/16



77. It is evident that SSETA changed its logo and branding during the 2015/2016 financial year. The explanation by SSETA that the significant spend on branding was because of the “recent” change in their logo and overall brand, was there for unfounded.

78. Between 1 March 2018 and 22 March 2018, Five Star submitted 29 invoices to SSETA for a range of products and services. The total payment on these invoices by SSETA was R36,962,421.11.

79. The table below is a summary of all the quotations, invoices, delivery notes and payments on Bid PROC T313.

QUOTATIONS			DELIVERIES			INVOICES		PAYMENTS		APPROVAL
Quote No - Date & items	Batch Quoted Price	Price per item	Delivery Note No	Date Goods received by SSETA	SSETA Signed for Goods Received	Invoice No	Invoice Date	Payment Date	Amount	Payment Approved by
157 - 13 Nov 2017 Exhibition Stand x 24 Truck Branding Staff Bags x 460 Business Cards x 5500 Thank You Packs x 300 Work Wear x 402	901 300,00 143 460,00 692 392,80 56 320,00 11 846,00 296 957,36	37 554,16 143 460,00 1 505,20 10,24 39,48 738,70	601172 601179 601176 601174 601178 601180	17-Jan-18 31-Jan-18 30-Jan-18 30-Jan-18 31-Jan-18 01-Feb-18	Mwelase Meshack Meshack Meshack Meshack Ashin	165	01-Feb-18	No Date	2 102 276,16	Nongogo
216 - 22 Feb 2018 Pull Up Banners x 20 Tear Drop Banners x 14	192 960,00 329 960,00	9 648,00 23 568,57	601189	26-Feb-18	Mwelase	172	27-Feb-18	01-Mar-18	522 920,00	Nongogo
207 - 2 Dec 2017 Annual Performance Plan x 100 Sector Skills Plan x 300	668 203,00 663 179,00	6 682,03 2 210,59	601196	24-Feb-18	Sithole	177	27-Feb-18	01-Mar-18	1 331 382,00	Nongogo
SETA 201 - 10 Jan 2017 Bathrooms Branding Printing Sign A2 x 100 Printing Sign A4 x 100	1 367 010,00 850 000,00 320 000,00	1 367 010,00 8 500,00 3 200,00	601188	15-Feb-18	Mwelase	180	27-Feb-18	01-Mar-18	1 367 010,00	Nongogo
SETA 210 - 27 Jan 2018 Tender Box	302 010,00	302 010,00	601184	12-Feb-18	Mwelase	179	27-Feb-18	01-Mar-18	302 010,00	Nongogo
205 - 23 Jan 2018 Safety Boots x 397	260 035,00	655,00	6011106	27-Feb-18	Zenia	171	27-Feb-18	01-Mar-18	260 035,00	Nongogo
211 - 20 Jan 2018 Programs Limpopo x 300	141 269,00	470,89	601192	26-Feb-18	Mwelase	174	27-Feb-18	01-Mar-18	141 269,00	Nongogo
SETA 212 - 5 Feb 2018 Design of ECDI Website Introduction Videos ECDI Booklet Venue Branding Strategy Urgent Animated 2D Video	1 267 350,00 562 650,00 399 300,00 290 400,00 344 850,00		6011101	26-Feb-18	Mwelase	168	05-Dec-16	01-Mar-18	5 478 150,00	Nongogo
204 - 22 Jan 2018 Design & Layout Learner Material x 25	907 500,00	36 300,00	6011102	26-Feb-18	Mwelase	169	27-Feb-18	01-Mar-18	907 500,00	Nongogo
SETA 192 - 12 Nov 2017 Container Branding - Hairdressing x 1	612 910,00	612 910,00	601197	26-Feb-18	Mwelase	175	27-Feb-18	01-Mar-18	612 910,00	Nongogo
SETA 220 - 10 Feb 2018 Video - Limpopo Event	187 600,00		6011193	05 26-Feb-18	Mwelase	176	27-Feb-18	01-Mar-18	187 600,00	Nongogo
SETA 207 - 27 Jan 2018 T-Shirts Limpopo x 20	93 579,60	4678,98	601191	26-Feb-18	Mwelase	178	27-Feb-18	01-Mar-18	93 579,60	Nongogo
203 - 21 Feb 2018 A2 Photo Prints x 2 Programme (Event) x 100 Tumblers x 10 Coasters x 60 Perspex Boardroom Sign x 2 Sketch x 1 Wall Paper x 1 PVC Banner x 1	161 860,00 141 269,00 18 800,00 58 800,00 162 260,00 44 360,00 205 860,00 52 860,00	80 930,00 1 412,69 1 880,00 980,00 81 130,00 44 360,00 205 860,00 52 860,00	60111010	12-Mar-18	Mwelase	193	16-Mar-18	23-Mar-18	846 069,00	Nongogo
SETA 205 - 13 Feb 2018 Learner Material Design & Layout x 36	1 306 800,00	36 300,00	60111011	12-Mar-18	Mwelase	185	16-Mar-18	27-Mar-18	1 306 800,00	Nongogo
No Quote			60111012	12-Mar-18	Mwelase	186	16-Mar-18	27-Mar-18	391 600,00	Nongogo
No Quote			60111013	12-Jun-18	Mwelase	201	16-Mar-18	27-Mar-18	187 600,00	Nongogo
158 - 14 Nov 2017 Design 1 Design 2	2 577 300,00 826 100,00	2 577 300,00 826 100,00	601183	Jan 2018		164	01-Feb-18	No Date	3 403 400,00	Nongogo
213 - 10 Feb 2018 Conference Booklet x 100 Conference Bags x 1500 USBs x 40 Charging Point Hire x 2 Registration Booth x 1 Pull Up Banners S-shape x 20 Teardrop Banners x 60 Wall Banners x 10 Pole Banners x 4 Suspension Signs x 9 Alluminium Signs x 7 A3 Printout x 15 Note Pads x 1000 Pens x 1000 Lanyards x 1000 Mouse Pads x 1000 Face Cloths x 1000 Water Bottle Stickers x 1000 Rolling Banners x 2 Exhibition Stands x 15 20L Camping Showers x 2	846 370,00 962 380,00 43 915,20 137 430,00 103 610,00 260 460,00 1 111 960,00 304 460,00 193 960,00 167 866,00 240 116,00 24 251,95 314 140,00 244 100,00 236 190,00 626 190,00 104 190,00 69 200,00 176 366,00 964 210,00 52 860,00	8 463,70 641,58 1 097,88 68 715,00 103 610,00 13 023,00 18 532,66 30 446,00 48 490,00 18 651,77 34 302,28 1 616,79 314,14 244,10 236,19 626,19 104,19 69,20 88 183,00 64 280,66 26 430,00	601198	28-Feb-18		170	27-Feb-18	05-Mar-18	7 129 775,15	Nongogo

203 - 5 Feb 2018										
Caps x 500	188 250,00	376,50	6011100	26-Feb-18	Mwelase	173	27-Feb-18	01-Mar-18	1 012 560,00	Nongogo
T-Shirts x 500										
Water Bottles x 500	167 750,00	335,50								
Pull Up Banners x 6	147 670,00	24 611,66								
Media Wall Banners x 6	153 760,00	25 626,66								
Backdrop Banners x 1	54 510,00	54 510,00								
Teardrop Banners x 9	150 310,00	16 701,11								
Telescopic Banners x 9	150 310,00	16 701,11								
SETA 231 - 23 Feb 2018										
ECDI Conference booklet x 1000	1 087 370,00	1 087,37	6011103	26-Feb-18	Mwelase	181	27-Feb-18	01-Mar-18	1 087 370,00	Nongogo
SETA 212 - 11 Feb 2018										
ECDI Video	281 400,00	281 400,00	60111013	13-Mar-18	Mwelase	182	16-Mar-18	22-Mar-18	281 400,00	Nongogo
SETA 213 - 8 Feb 2018										
Redesign of ECDI Website into portal	1 324 950,00	1 324 950,00	60111034	16-Mar-18	Mwelase	183	16-Mar-18	22-Mar-18	1 324 950,00	Nongogo
SETA 204 - 12 Feb 2018										
Program (Day Event) Design & Layout	72 600,00	72 600,00	60111012	16-Mar-18	Mwelase	184	16-Mar-18	22-Mar-18	792 949,60	Nongogo
Wall Banners x 2	63 810,00	31 905,00								
String Bags x 320	114 197,60	356,87								
Lanyards x 650	136 172,00	209,50								
Water Bottles x 320	66 485,60	207,77								
Helmets x 160	96 007,20	600,05								
Reflectors x 160	96 007,20	600,05								
Pull Up Banners x 8	147 670,00	18 458,75								
SETA 208 - 16 Feb 2018										
Social Media and Copy Writer						188	16-Mar-18	22-Mar-18	206 800,00	Nongogo
ECDI	79 200,00									
Kliptown	57 200,00									
Motheo	22 000,00									
TVET Colleges	48 400,00									
SETA 207 - 16 Feb 2018										
Umbrellas x 6	264 340,00	44 056,66	60111011	16-Mar-18	Mwelase	187	16-Mar-18	22-Mar-18	1 044 696,60	Nongogo
Program Design & Layout x 1	18 150,00	18 150,00								
Gazibo x 3	63 010,00	21 003,33								
Wall Banners x 2	63 810,00	31 905,00								
String Bags x 320	114 197,60	356,87								
Lanyards x 650	136 172,00	209,50								
Water Bottles x 320	66 485,60	207,77								
Helmets x 160	80 607,20	503,79								
Reflectors x 160	80 607,20	503,79								
Exhibition Printouts x 15	157 310,00	10 487,33								
SETA 209 - 16 Feb 2018										
Folders x 400	29 184,00	72,96	6011108	12-Mar-18	Mwelase	189	16-Mar-18	22-Mar-18	1 953 706,00	Nongogo
Program Day Event x 300	141 269,00	470,89								
Program Gala Dinner x 300	141 269,00	470,89								
Teardrop Banners x 10	145 610,00	14 561,00								
Telescopic Banners x 10	145 610,00	14 561,00								
Wall Banners x 4	105 510,00	26 377,50								
PVC Hanging Banners x 6	153 760,00	25 626,66								
String Bags x 400	129 932,00	324,83								
USB x 400	122 332,00	305,83								
Pens x 400	102 652,00	256,63								
Lanyards x 400	102 652,00	256,63								
Braai Sets x 400	323 128,00	807,82								
Gift Sets x 400	163 128,00	407,82								
190 - 16 Feb 2018										
TVET Video	187 600,00		60111014	12-Jun-18	Mwelase	190	16-Mar-18	22-Mar-18	704 368,00	Nongogo
Video Motheo	187 600,00									
RSVP Cala and Motheo	46 640,00									
Photography - Cala	58 400,00		60111018	13-Mar-18	Mwelase					
Photography - Motheo	58 400,00		60111036	No Date	Mwelase					
Photography - TVET	116 800,00		60111017	12-Mar-18	Mwelase					
Catering Kliptown	48 928,00									
SETA 211 - 18 Feb 2018										
Pens x 1000	278 100,00	278,10	6011107	12-Mar-18	Mwelase	191	16-Mar-18	22-Mar-18	845 730,00	Nongogo
Utopia Booth & Branding	119 760,00	119 760,00								
Directional Signage x 24	270 910,00	11 287,91								
Pledge Wall Banner x 4	176 960,00	44 240,00								
222 - 21 Feb 2018										
String Bags x 400	29 184,00	72,96	6011109	12-Mar-18	Mwelase	192	16-Mar-18	22-Mar-18	1 136 011,00	Nongogo
Water Bottles x 350	67 913,00	194,04								
Hand Towels x 350	131 598,00	375,99								
Key Rings x 350	96 228,00	274,94								
Braai Sets x 400	323 128,00	807,82								
Gift Sets x 400	163 128,00	407,82								
Wall Banners x 1	54 510,00	54 510,00								
Helmets x 300	135 161,00	450,53								
Reflectors x 300	135 161,00	450,53								
TOTAL									36 962 427,11	

80. The major concerns regarding the services by Five Star were:
- 80.1 duplication of costs;
- 80.2 the delivering of services that were not included on the pricing schedule; and
- 81.2 the excessive overcharging and inflating of prices on all the services and products supplied by Five Star.
81. Without going into the detail of every transaction, there are certain transactions that needs to be highlighted:
- 81.1 INVOICE 164 – DESIGN 1 and DESIGN 2
- 81.1.1. On 14 November 2017, Five Star quoted SSETA for several designs. The designs were mostly for SSETA internal documents, templates and branding of certain items. The quotes included 55 designs and several consultations.
- 81.1.2. Invoice 164 in the amount of R3,403,400.00, was prepared by Five Star on 1 February 2018 and submitted for payment. The invoice was made up in two parts. “Design 1” was for an amount of R2,577,300.00 and “Design 2” for an amount of R826,100.00. Each of the two parts of the invoice, were broken down in main tasks. The main tasks were further broken down in specific units, the number of units and the unit price. For every main task there was a time allocation for the specific task.
- 81.1.3. An undated payment advice signed by the CEO Mr Andile Nongogo, showed that payment was made for the total invoice amount of R3,403,400.00.
- 81.1.4. It is important to do a detailed breakdown of this invoice because in further discussions below, it will be demonstrated that Five Star charged SSETA excessive and inflated prices and that Five Star invoiced SSETA twice for the same services in some instances. It is very concerning that SSETA officials and the CEO, who

authorised all the Five Star payments, were not able to identify the double charging of services that were submitted on separate invoices.

“Design 1” part of the invoice:

- 81.1.5. On the “Design 1” part of the invoice, Five Star charged **R181,500.00** for the design of a new SSETA PowerPoint template (5 hours). The tasks were broken down as follows:

Rebuild the SSETA PowerPoint graphics	1	18,150.00	18,150.00
Creative design	3	18,150.00	54,450.00
Alignment to noted brand manual editions	1	18,150.00	18,150.00
5 slide background on multiple page	5	18,150.00	90,750.00

- 81.1.6. Five Star charged **R90,750.00** for the design of two SSETA newsletter templates (3 hours). The tasks were broken down as follows:

HTML design and layout	1	18,150.00	18,150.00
Export to template	1	18,150.00	18,150.00
Design of header graphics	3	18,150.00	54,450.00

- 81.1.7. Five Star charged **R181,500.00** for the design of five versions of a mnemonic signature (12 hours). The tasks were broken down as follows”:

Concept development	3	18,150.00	54,450.00
Logo animation & motion graphics	2	18,150.00	36,300.00
5 options for video use	5	18,150.00	90,750.00

- 81.1.8. Five Star charged **R490,050.00** for the design of a SSETA Brand (CI) Manual (30 hours). The tasks were broken down as follows:

Amendment of logo use & typography on all current brands	21	18,150.00	381.150.00
Addition on photo guides	3	18,150.00	54,450.00

Addition of digital (online & video) elements	3	18,150.00	54,450.00
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- 81.1.9. Five Star charged **R127,150.00** for the design of a “Need for Speed” concept and poster (7 hours). The tasks were broken down as follows:

2 initial concepts	2	18,150.00	36,300.00
1 finalisation of approved concept	2	18,150.00	36,300.00
Custom graphic design & iconography	1	18,150.00	18,150.00
Infographic design	2	18,150.00	36,300.00

- 81.1.10. Five Star charged **R471,900.00** for the redesign and layout of SSETA internal templates (30 hours). The tasks were broken down as follows:

Attendance Register	2	18,150.00	36,300.00
Board Pack Cover Page	2	18,150.00	36,300.00
Leave Form	2	18,150.00	36,300.00
Letterhead	2	18,150.00	36,300.00
Local Travel Form	2	18,150.00	36,300.00
Marketing Requisition	2	18,150.00	36,300.00
Memo	2	18,150.00	36,300.00
Non-Staff Members Form	2	18,150.00	36,300.00
Payment Advice Form*	2	18,150.00	36,300.00
Petty Cash Form	2	18,150.00	36,300.00
Purchase Requisition Form	2	18,150.00	36,300.00
Stationary Request Form	2	18,150.00	36,300.00
Travel Claim Form	2	18,150.00	36,300.00

- 81.1.11. To demonstrate the work that was done by Five Star, examples of two payment advice forms were retrieved. One from before the date of the quote i.e 14 November 2017, and one form from a period after it was “redesigned” by Five Star.



PROJECT ACCOUNTING
INVOICE UNIT
RECEIVED
2018 -03- 22
GND-STAMP
SIGNATURE:

81.1.14. The minor changes shown above are surely not worth R36,000.00. If the “redesigns” done by Five Star was this minor, surely SSETA personnel could have done it. This is an example of overcharging by the service provider and negligence on the part of SSETA employees to act in the best interest of the institution. There is no justification for the appointment of a service provider to make minor

changes in the layout of internal documents and stationary at R36,000.00 per document.

81.1.15. Five Star charged SSETA for several designs and branding for the Entrepreneurship and Cooperative Development Institute (“ECDI”) Conference held on 1 March 2018. ECDI was a new concept developed by SSETA to address the challenges faced by entrepreneurs. The services and tasks provided by Five Star to SSETA regarding the ECDI Conference will be detailed below.

81.1.16. On the Design 1 part of the invoice, Five Star charged **R181,500.00** for the design of “Save-the-date” mailers for the ECDI Conference (10 hours). The tasks were broken down as follows:

3 initial options	3	18,150.00	54,450.00
3 revisions for chosen concepts	3	18,150.00	54,450.00
4 edits for Logo, copywriting & Type Case	4	18,150.00	72,600.00

81.1.17. Five Star charged **R90,750.00** for the design of the conference’s presentations including icon development for the ECDI Conference (4 hours). The tasks were broken down as follows:

3 PowerPoint background graphics	3	18,150.00	54,450.00
Setting of fonts & headings	1	18,150.00	18,150.00
Setup of iconography standards	1	18,150.00	18,150.00

81.1.18. Five Star charged **R54,450.00** for the design of the conference’s bags for the ECDI Conference (2 hours). The tasks were broken down as follows:

2 initial options in 2 different colours	2	18,150.00	36,300.00
Setup of branding placement	1	18,150.00	18,150.00

81.1.19. Five Star charged **R54,450.00** for the design of lanyards for the ECDI Conference (2 hours). The tasks were broken down as follows:

2 initial options	2	18,150.00	36,300.00
Setup for printing template	1	18,150.00	18,150.00

- 81.1.20. Five Star charged **R145,200.00** for the branding and signage templates for the ECDI Conference (5 hours). The tasks were broken down as follows:

Branding and signage templates	1	18,150.00	18,150.00
3 options for pullup banners with artwork	3	18,150.00	54,450.00
3 artwork designs for sharkfin banners	3	18,150.00	54,450.00
Design of 1 strip large format banner	1	18,150.00	18,150.00

- 81.1.21. Five Star charged **R145,200.00** for digital screen branding and video for the ECDI Conference (25 hours). The tasks were broken down as follows:

Design of 6 graphic stills to form slides	6	18,150.00	108,900.00
Animations of transitions & slide duration	1	18,150.00	18,150.00
Export to video	1	18,150.00	18,150.00

- 81.1.22. Five Star charged **R72,600.00** for the ECDI logo design and setup for the ECDI manual (25 hours). The tasks were broken down as follows:

Logo placement and usage	1	18,150.00	18,150.00
Logo states	1	18,150.00	18,150.00
Typography standards	1	18,150.00	18,150.00
Corporate colour	1	18,150.00	18,150.00

- 81.1.23. Five Star charged **R108,900.00** for the University of Venda's invitation concept as part of ECDI conference (2 hours). The tasks were broken down as follows:

3 initial options	3	18,150.00	54,450.00
Development of branding concept	1	18,150.00	18,150.00
Graphic design	1	18,150.00	18,150.00
Background design	1	18,150.00	18,150.00

- 81.1.24. Five Star charged **R181,500.00** for the ECDI Conference’s Communications portal (45 hours). The tasks were broken down as follows:

Homepage	3	18,150.00	54,450.00
Presentations download page	1	18,150.00	18,150.00
Speaker and Partner Profiles	1	18,150.00	18,150.00
Real-time conference programme	1	18,150.00	18,150.00
Online registration and database update	1	18,150.00	18,150.00
Exhibitor profiles and maps	1	18,150.00	18,150.00
Conference updates page	1	18,150.00	18,150.00
Contact details	1	18,150.00	18,150.00

“Design 2” part of the invoice

- 81.1.25. On the “Design 2” part of the invoice, Five Star charged **R62,700.00** for the design of SSETA’s Annual Performance Plan (APP). The tasks were broken down as follows:

Design and editing	2	18,150.00	36,300.00
Layout	1	18,150.00	18,150.00
Consultation	3	2,750.00	8,250.00

- 81.1.26. Five Star charged **R104,500.00** for the design of SSETA’s Strategic Plan (SP). The tasks were broken down as follows:

Design, layout and editing	3	18,150.00	54,450.00
Review correction	2	18,150.00	36,300.00
Consultation	5	2,750.00	13,750.00

- 81.1.27. Five Star charged **R108,900.00** for the design of SSETA’s Sector Skills Plan (SSP). The tasks were broken down as follows:

Design, layout and editing	3	18,150.00	54,450.00
Consultation – corrections review	2	18,150.00	36,300.00
Effect changes	1	18,150.00	18,150.00

- 81.1.28. Five Star charged **R108,900.00** for the design of Construction SETA (“CETA”) and SSETA’s job application adverts. It is unknown why SSETA was charged for CETA’s job advertisements. The task was broken down as follows:

2 X logo and header	6	18,150.00	108,900.00
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- 81.1.29. Five Star charged **R90,750.00** for the design of a SSETA’s discretionary grant advert. The tasks were broken down as follows:

Design and layout	3	18,150.00	54,450.00
2 X designs – Black and white, and colour	2	18,150.00	36,300.00

- 81.1.30. Five Star charged **R18,150.00** for the design of SSETA’s gift cards. The task was broken down as follows:

Design and layout	1	18,150.00	18,150.00
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- 81.1.31. Five Star charged **R54,450.00** for the design of SSETA’s mailers for the truck launch. The task was broken down as follows:

Design and layout, 2 X designs	3	18,150.00	54,450.00
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- 81.1.32. Five Star charged **R54,450.00** for the design of a SSETA bursary advert. The task was broken down as follows:

Design and layout	3	18,150.00	54,450.00
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- 81.1.33. Five Star charged **R54,450.00** for the design of SSETA’s boardroom contest. The task was broken down as follows:

Design and layout	3	18,150.00	54,450.00
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- 81.1.34. Five Star charged **R54,450.00** for the design of SSETA's hairdressing containers. The task was broken down as follows:

Design and layout	3	18,150.00	54,450.00
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- 81.1.35. Five Star charged **R54,450.00** for the design of a SSETA career guidance truck. The task was broken down as follows:

Design and layout	3	18,150.00	54,450.00
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- 81.1.36. Five Star charged **R59,950.00** for the design of a TVET College's Annual General Meeting document. The tasks were broken down as follows:

Design, layout and editing	3	18,150.00	54,450.00
Consultation	5	2,750.00	13,750.00

- 81.1.37. Some of the fees charged as shown above, are ridiculous and very inflated. The design for SSETA's stationary items at R36,300 per design as described *supra*, was at least 3500% higher than the industry norm. A simple desktop search showed that the most expensive fee charged for the design of a letterhead, was approximately R1000.

- 81.1.38. The acceptance of a quote with inflated prices as shown above, was unacceptable. More so, authorising payment of the invoices. The CEO surely contravened the PFMA and did not act in the best interest of SSETA.

81.2 INVOICE 165 – BUSINESS CARDS

- 81.2.1 On invoice 165, Five Star charged SSETA an amount of R56,320.00 for 5500 business cards. That worked out to R10.24 for one business card. An internet search for pricing of design and printing for business card showed an average cost of between R1.00 to R3.00 per card. Five Star inflated the price for business cards with at least 350%.

81.2.2 The business cards were included on the invoice with several other items such as 24 exhibition stands for R901,300.00, truck branding for R143,460.00, 460 staff bags for R692,392.80, 300 thank you packs for R11,846.00 and 402 sets of work wear for R296,975.36. The total amount on the invoice was R2,102,276.16 and Mr Andile Nongogo authorised payment.

81.3 INVOICE 177 – ANNUAL PERFORMANCE PLAN

81.3.1 On invoice 177, Five Star charged SSETA an amount of R1,331,382.00 for the design layout, review and printing of 100 Annual Performance Plans (“APP”) and 300 Strategic Plans/ Sector Skills Plans (“SP/SSP”). The delivery note indicated that Five Star only delivered 100 APP’s and 100 SP/SSP’s. The delivery note further indicated that 3 CDs were delivered. This suggested that Five Star did not print the total number of SP/SSP’s which were quoted for.



APP

NO	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
1	Disk Preparation	4	1 650,00	6 600,00
	Cover	100	101,20	10 120,00
	Design layout and review	16	18 150,00	290 400,00
	Disk Presentation	1	660,00	660,00
	Disk Duplication	78	3 850,00	300 300,00
	Print	12500	4,10	51 250,00
	Single sided UV vanish	100	0,83	83,00
	perfect binding	100	87,90	8 790,00
				668 203,00
				668 203,00

SP / SSP

NO	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
2	Disk Preparation	4	1 650,00	6 600,00
	Cover	300	101,20	30 360,00
	Design layout and review	16	18 150,00	290 400,00
	Disk Presentation	1	660,00	660,00
	Disk Duplication	68	3 850,00	261 800,00
	Print	11400	4,10	46 740,00
	Single sided UV vanish	300	0,83	249,00
	perfect binding	300	87,90	26 370,00
				663 179,00
				663 179,00

Total 1 331 382,00

- 81.3.2 Five Star charged SSETA for 16 design- and layout reviews on the APP and the SP/SSP. That is a total of 32 reviews at R18,150.00 per review.
- 81.3.3 Five Star already charged SSETA R62,700.00 for the design, layout and editing for the APP. See paragraph 81.1.25 *supra* and Invoice 164. Five Star also already charged SSETA an amount of R104,500.00 for the design of the Sector Plan. See paragraph 81.1.26 *supra* and Invoice 164. For the design of the Sector Skills Plan SSETA was already charged R108,900.00 as shown in paragraph 81.1.27 *supra*. SSETA therefor paid R276,100.00 over and above the total of R1,331,382.00 on this invoice, invoice 177, for the APP and SP/SSP.
- 81.3.4 When analysing invoice 177, SSETA ultimately paid R6,682.03 for one APP document with 125 pages and R6,631.79 for one SP/SSP document with 114 pages.
- 81.3.5 The delivery of the CDs suggested that SSETA would have to print more documents themselves if they needed it.
- 81.3.6 Five Star was paid for items that were not delivered and should have credited SSETA with the costs of at least 200 SP/SSP documents in the amount of R442,119.34.
- 81.3.7 Notwithstanding the double charges, the discrepancies with regard to the delivered items and the exorbitant prices charged by Five Star, the CEO ultimately authorised payment in excess of one million rand for 200 manuals.
- 81.4 INVOICE 180 – BATHROOM SIGNS
- 81.4.1 On 10 January 2017, Five Star quoted and invoiced SSETA in the amount of R1,367,010.00 for 200 bathroom signs. According to the quote, Five Star would produce 100 A2 size signs and 100 A4 size signs.

81.4.2 The delivery note, signed on 15 February 2018 by Ms Duduzile Mwelase, indicated that she received 100 A4 size signs, 100 A3 size signs and 100 A1 size signs. On a request to explain why SSETA received items not specified on the invoice, SSETA provided the following answer:

“The supplier had no A2 sizes and receiving the A1 sizes as replacement was for the benefit of the Services SETA in that the A1 sizes are larger than the A2 sizes therefore there was no prejudice to the Services SETA. The larger frames could still adequately serve the organisation’s requirements. Ms Mwelase made a decision to reject the A3 frames and requested the supplier to provide A1 frames as a substitution since A3 is smaller than the A2 size.”

81.4.3 The delivery note indicated that Ms Mwelase did not reject the A3 frames and signed that it was received.

Delivery Note

DELIVERY NO #	DATE
601188	2018/02/15
CUSTOMER ID	TERMS
564	Net 30 Days

DELIVER TO

Finance Department
Services SETA
20 Eton Road
Parktown
(011) 2769624

NO	DESCRIPTION	QTY	CHECKED
1.	Clip frames- A4	100	✓
2.	Clip frames -A3	100	✓
3.	Clip frames -A1	100	✓

Complaints and queries can only be accepted if done in writing within 30 days of receipt of goods

No goods may be returned without prior authorisation from the company

Please retain proof of delivery note

Delivered by: Edwin

Date: 15/02/18

Signature: [Signature]

Received by: Duduzile

Date: 15/02/18

Signature: [Signature]

81.4.4 If SSETA did indeed receive 300 bathroom signs, the average price per sign was R4,556.70. If the A3 signs were rejected as stated by Ms Mwelase, then SSETA received 200 signs at an average price of R6,835.05 per sign.

81.4.5 Notwithstanding the discrepancy in the number of signs received by SSETA, SSETA was overcharged for these signs. A simple internet search showed that bathroom signs could be purchased from under a R100 each.

81.4.6 Although SSETA did not receive the items that were specified on the invoice and was charged inflated prices, Mr Nongogo still authorised payment for more than a million rand.

81.5 INVOICE 179 – TENDER BOX BRANDING

81.5.1 On 27 January 2018, Five Star quoted SSETA for the branding of a tender box in the amount of R302,010.00. The breakdown of the quote was as follows:

- Disk Preparation: R1,650.00
- Disc Presentation: R660.00
- Design and Layout: R72,600.00
- Disc Duplication: R23,100.00
- Printing Sign one: R102,000.00
- Lamination: R102,000.00

81.5.2 Five Star then prepared an invoice (Invoice no 179) and it was dated 27 January 2017. This date cannot be correct. It is assumed that “2017” was a typing error and that it should have been “2018”. The signature of Mr Andile Nongogo appears at the bottom of the invoice which indicates that he took notice of the invoice prepared by Five Star for the branding of the tender box.

81.5.3 A delivery note (Delivery No 601184) dated 12 February, was prepared by Five Star 2018 and the delivery was done on the same day by Ms Itumeleng Sekatane, an employee of Five Star. The tender box branding was received by Ms Duduzile Mwelase on behalf of SSETA. Both individuals signed the delivery note. On the

delivery note, there is an indication that the delivered goods were “checked”. The delivery note indicated that 1 item was delivered.



QOUTATION

BILL TO
 Finance Department
 Services SETA
 20 Eton Road
 Parktown
 (011)2769624

QOUTATION NO #	DATE
SETA 210	27/01/2018
CUSTOMER ID	TERMS
564	Net 30 Days
Ship to (if Different)	

Finance Department
 Services SETA
 20 Eton Road
 Parktown
 011)2769624

Tender Box

NO	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
1	Disk Preparation	1	1 650,00	1 650,00
	Disk Presentation	1	660,00	660,00
	Design and Layout	4	18 150,00	72 600,00
	Disk Duplication	6	3 850,00	23 100,00
	Printing Sign one	4	25 500,00	102 000,00
	Lamination	4	25 500,00	102 000,00
				302 010,00
				302 010,00

Ngwenya Belayi
 Contact: 083 296 9765 | 012 770 3749
 Email: info@fivestarcommunication.co.za



INVOICE

BILL TO
Finance Department
Services SETA
20 Eton Road
Parktown
(011)2769624

INVOICE NO #	DATE
179	27/02/2017
CUSTOMER ID	TERMS
564	Net 30 Days
Ship to (if Different)	
Finance Department Services SETA 20 Eton Road Parktown 011)2769624	

Tender Box

NO	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
1	Disk Preparation	1	1 650,00	1 650,00
	Disk Presentation	1	660,00	660,00
	Design and Layout	4	18 150,00	72 600,00
	Disk Duplication	6	3 850,00	23 100,00
	Printing Sign one	4	25 500,00	102 000,00
	Lamination	4	25 500,00	102 000,00
				302 010,00
				302 010,00

Ngwenya Baloyi
Contact: 083 296 9785 | 012 770 3749
Email: info@fivestarcommunications.co.za



Delivery Note

DELIVERY NO #	DATE
801184	2018/02/12
CUSTOMER ID	TERMS
564	Net 30 Days

DELIVER TO
 Finance Department
 Services SETA
 20 Eton Road
 Parktown
 (011) 2768624

NO	DESCRIPTION	QTY	CHECKED
1.	Tender box branding	1	

Complaints and queries can only be accepted if done in writing within 30 days of receipt of goods

No goods may be returned without prior authorisation from the company

Please retain proof of delivery note

Delivered by Fhumeleng Sakekane Date 12-02-2018 Signature

Received by Duduzile Mvelase Date 12-02-2018 Signature

Ngwenya Boloyi
 Contact: 083 296 9735 | 012 770 3749
 Email: info@fivestarcommunications.co.za

81.5.5 OUTA requested SSETA to confirm whether the tender box was listed in its asset register or not. SSETA confirmed that the tender box was indeed captured in its asset register and provided OUTA with proof thereof.

81.5.6 An extract from the SSETA asset register indicated that the tender box was listed under the “furniture and fittings” category as a “wooden tender box” with a value of R9,690.00. It was also recorded that the tender box was kept at the reception area on the ground floor of building 15. According to the asset register, the invoice for the manufacturing of the tender box was dated 22 November 2017.

81.5.7 This extract of the asset register confirms that SSETA had the tender box from at least November 2017. This information confirms that Five Star did not manufacture the tender box but was just responsible for the branding that was applied to the cabinet.

Tender box

Tshamunwe Nlesamari <TshamunweN@serviceseta.org.za>
To: Mungisieli Mkhuluza; Jabulani Kunene
Cc: Fikile Malla; Tsheola Matsebe; fuufhedzani phaswana

Reply Reply All Forward Wed 2023/05/31 08:29

Hi Mlu

Find below snapshot of the asset register

Note our asset register is still on excel so I cannot print a page for you

A	E	F	G	N	O	P
				3/31/2018		
Site	Asset Name	Asset Category	Location	Invoice Date	Comment	Acquisition Cost
HEAD OFFICE	Manufacturing a wooden tender box	FURNITURE & FITTINGS	BUILDING 15 GF RECEPTION	11/22/2017	Historical Asset- Reassessed	9,690.00
						9,690.00

81.5.8 OUTA also requested a picture of the tender box. The picture, as seen below, was provided by SSETA.



- 81.5.9 On 8 June 2023, OUTA representatives did a physical inspection of the tender box at the office of SSETA located at 15 Sherborne Road, Parktown Johannesburg. Mr Mkhuhlu, a senior Legal Manager at SSETA, was present during the inspection.



- 81.5.10 A wooden cabinet with the front and sides covered with a white vinyl sheet was found at the reception area of the SSETA offices in Parktown. A SSETA logo was printed on each of the front doors and on the sides of the cabinet. The words “TENDER BOX” was also printed on the front and sides of the cabinet.
- 81.5.11 On 9 June 2023, OUTA contacted Octangle Marketing & Signage (“Octangle”), a signage and branding company situated at Unit 1, West Square Office Park, 407 West Avenue, Ferndale and requested a quotation for the printing and branding of a cabinet similar to the tender box inspected at the SSETA offices.
- 81.5.12 Octangle’s quote included full colour printed vinyl and the labour costs to apply the vinyl to the wooden cabinet for an all-inclusive fee of R3,731.75.



QUOTE

OUTA
Attention: Simone Gouws
1st floor, building 4,
Boskruin village office park
Cnr President Fouché and Hawken Road
Bromhof

Date
9 Jun 2023

Expiry
16 Jun 2023

Quote Number
QU-31958

VAT Number
4510238092

Octangle Marketing CC
TEL: 010 447 3797
OFFICE: Unit 1 West
Square Office Park,
407 West ave, Ferndale,
Randburg
POSTAL: PO Box 961
Randburg, 2125

Description	Quantity	Unit Price	VAT	Amount ZAR
Full colour printed white vinyl, applied to wooden cabinet 1 x 1800mm x 1500mm 2 x 600mm x 1500mm	1,00	2,495,00	15%	2,495,00
Application of vinyl @ Octangle Offices	1,00	750,00	15%	750,00
Subtotal				3,245,00
TOTAL VAT				486,75
TOTAL ZAR				3,731.75

Terms

50% deposit on all orders (70% on Signage), balance on or before collection. No cash deposits.
Card payments accepted - An additional 4% surcharge will be applicable.
Delivery and/or artwork fees are not included, unless specified.
The client is liable for all costs incurred on cancelled orders as well as all goods not checked on delivery or collection.

81.5.13 Five Star inflated the price for the branding of the tender box with approximately 8000%. Five Star overcharged SSETA with at least R298,000.00. The SSETA CEO who authorised payment of invoice 179 and the employees who accepted the quote, were complicit in the looting of public funds.

81.6 INVOICE 175 – HAIRDRESSING CONTAINER BRANDING

81.6.1 On 26 February 2018, Mr Ngwenya Baloyi delivered the branding material for one hairdressing container personally to SSETA. It was received by Ms Mwelase.

81.6.2 The following day, 27 February 2018, Five Star prepared an invoice for the amount of R612,910.00. The invoice was received by the SSETA's project accounting

invoice unit on 1 March 2018. Payment was authorised by the CEO, Mr Nongogo on the same day and a payment was made to Five Star in the amount of R612,910.00.

81.6.3 Similar to the branding of the tender box as discussed above, this quote and invoice was for branding of a container only, and it did not include the supply of a container.

NO	DESCRIPTION	QTY	CHECKED
1.	Hairdressing container branding	1	

Complaints and queries can only be accepted if done in writing within 30 days of receipt of goods

No goods may be returned without prior authorisation from the company

Please retain proof of delivery note

Delivered by I. Gumpel Date 26/02/2018 Signature [Signature]

Received by D. Duzile Date 26 Feb 2018 Signature [Signature]



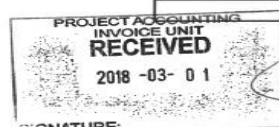
INVOICE

BILL TO
Finance Department
Services SETA
20 Eton Road
Parktown
(011)2769624

INVOICE NO #	DATE
175	27/02/2017
CUSTOMER ID	TERMS
564	Net 30 Days
Ship to (if Different)	
Finance Department Services SETA 20 Eton Road Parktown 011)2769624	

Containers

NO	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
1	Disk Preparation	1	1 650,00	1 650,00
	Disk Presentation	1	660,00	660,00
	Design and layout	8	18 150,00	145 200,00
	Disk Duplication	4	3 850,00	15 400,00
	Light box printing- lamination	5	45 000,00	225 000,00
	Light box printing- lamination	5	45 000,00	225 000,00
				612 910,00
				612 910,00



PO-021927

The Services SETA (Sector Education & Training Authority)
15 Sherborne Road, Parktown, Gauteng, 2193,
P O Box 3322, Houghton, 2041
Email: customercare@serviceseta.org.za,
Website: www.serviceseta.org.za
Tel: 011 276 9600, Fax: 011 276 9623



PAYMENT ADVICE FORM			
DEPARTMENT:	OBM	DEPT. CODE:	DG
PROJECT NUMBER		BUDGET CODE:	0003 Dg-revicta
(Attach Project Plan)			
SUPPLIER NAME: Five star		ORDER NO.:	
INVOICE NO.	DESCRIPTION	AMOUNT	
175	Containers - Den Basco chairlessing	R 612 910.00	
VAT			
TOTAL AMOUNT:		R 612 910.00	
MANAGER OF DEPARTMENT AUTHORISATION			
Invoice signed and match against purchase order		Name	D. N. N. 405
Invoice matched against deliverables		Signature	[Signature]
Is contract still valid, (If not) (contract extension and deviation/condonement letter attached).			
Supporting documents must be approved by End User:			
<input checked="" type="checkbox"/> POD attached (Proof of delivery note)		Rank	
<input checked="" type="checkbox"/> Deliverable report on services rendered or project			
<input checked="" type="checkbox"/> Attendance register or other support documents		Date:	
<input checked="" type="checkbox"/> contract related attach full contract and miles stones of contract.			
Comments:			
ACCOUNTS PAYABLE OFFICIAL			
Checklist verified		<div style="border: 1px solid black; padding: 5px;"> PROJECT ACCOUNTING INVOICE UNIT RECEIVED 2018 -03- 01 D/TE ST/LA </div>	
Invoice posted on Na			
Authorised as complete and correct:			
Comments			
		NATURE:	

81.6.4 In the SSETA's Annual Report 2021/22 it was reported that SSETA, as part of their social responsibility, transferred five hairdressing containers to deserving entities at the cost of R341,880 per container. These containers were fully equipped with salon equipment. Five Star charged SSETA R612,910.00 for the branding of one container in 2018.

81.6.5 Five Star clearly overcharged SSETA and a senior manager and the CEO was comfortable to accept the quote and approve and authorise payment for the branding of a container at almost double the price of an actual fully equipped container.

81.6.6 See below the extract from the 2021/22 SSETA Annual Report (page 87)

14. Social Responsibility

In 2021/22, the Services SETA provided several support initiatives to communities and colleges across the country. Five hairdressing containers were transferred to deserving entities and community organisations at the cost of R341 880 per container as part of social responsibility, supporting small businesses and entrepreneurial activities, and strengthening the capacity for supply. The total amount spent was R1 709 400. Beneficiaries were:

81.6.7 Finally and notwithstanding the fact that SSETA was overcharged, Five Star already charged SSETA R54,450.00 for the design and layout of 3 hairdresser containers' branding. See paragraph 81.1.34 and Invoice 164. It is evident that SSETA was charged twice for the same service.

81.7 INVOICE 171 – SAFETY BOOTS

81.7.1 On invoice 171, Five Star charged SSETA R260,035.00 for 397 pairs of safety boots at R655.00 a pair.

- 81.7.2 Five Star was appointed to design and develop branding material for SSETA, not to procure safety boots and it was clear from the quote that the safety boots did not require branding.
- 81.7.3 OUTA requested SSETA to clarify why safety boots were procured from a service provider who was appointed to design and develop branding material. SSETA provided the following explanation:
- “The Services SETA implements artisan development programmes, which necessitate the use of personal protection equipment, including safety boots. While it is true that the pricing schedule in the tender document may not have explicitly mentioned safety boots, it is essential to understand that the requirement for safety boots arose from the specific needs of the artisan development programme.*
- To address these concerns and ensure the well-being of the learners, it became imperative for the Services SETA to procure appropriate and reliable safety boots. This procurement decision was made in line with the organisation's commitment to the safety and welfare of the learners participating in the artisan development programme.”*
- 81.7.4 SSETA failed to explain why safety boots were procured from **Five Star**.
- 81.7.5 For SSETA to take the safety and welfare of the learners into consideration, is commendable but good governance and procurement policies and procedures cannot simply be ignored.
- 81.7.6 In this instance, SSETA ought to have published a tender for a service provider to supply safety boots and/ or other PPE equipment or, if the procurement policy made provision for it, requested quotations from Five Star and others for the supply of safety boots. To require a service provider to supply something that fell outside the scope of the Service Level Agreement, was highly irregular.

81.7.7 A desktop investigation showed that safety boots could be procured now (in 2023) for at least 50% less than the price paid by SSETA in 2018. Below are just some examples retrieved from the internet in June 2023.



81.7.8 Notwithstanding the inflated prices quoted for the safety boots and the procurement of boots that fell outside the scope of items to be supplied by the service provider Five Star , Ms Mwelase accepted the quote and Mr Nongogo authorised payment of R260,035.00.

81.8 INVOICE 190 – VIDEO, PHOTOGRAPHY AND CATERING

81.8.1 Five Star submitted invoices for the production of several videos and photographs taken at certain events. The pricing schedule did not make provision for any services related to the production of videos or photography services.

81.8.2 Invoice No 190 was prepared by Five Star on 16 March 2018 for an amount of R704,368.00 and the breakdown included the production of videos at “TVET” and “Motheo”.

81.8.3 No further details were given on the “TVET” video and it was therefore difficult to establish where this video was made. For each video that was produced, Five Star charged SSETA for the services of 2 camera men for 8 hours at a rate of R4,000.00 per hour per person, a camera man assistant for 8 hours at a rate of R3,100.00 per hour, a technical engineer for 8 hours at a rate of R3,850.00 per hour and camera equipment for 8 hours at a rate of R8,500.00 per hour. The total amount on the invoice for the production of the video was R187,600.00.

Video TVET

NO	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
1	Camera Man X1	8	4,000.00	32,000.00
	Camera Man X2	8	4,000.00	32,000.00
	Camera Man Assistant	8	3,100.00	24,800.00
	Technical Engineer	8	3,850.00	30,800.00
	Camera Equipment	8	8,500.00	68,000.00
				187,600.00
				187,600.00

81.8.4 On the same invoice, SSETA was also charged for photography services at “Cala”, “Motheo” and “TVET”. For the “Cala” and “Motheo” photography services, SSETA was charged for 1 Photography (we believe it should be for a photographer) for 4 hours at a rate of R4,400.00 per hour, a photography (sic) assistant for 4 hours at a rate of R2,200.00 per hour, editing for 4 hours at a rate of R4,000.00 per hour and equipment for 4 hours at a rate of R4,000.00 per hour; the total amount of R58,400.00 for each. At “TVET” the same rates were charged for 8 hours and the total amount being R116,800.00.

Photography - Cala

NO	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
1	Photography X1	4	4,400.00	17,600.00
	Photography Assistant	4	2,200.00	8,800.00
	Editing	4	4,000.00	16,000.00
	Equipment	4	4,000.00	16,000.00
				58,400.00
				58,400.00

Photography - Motheo

NO	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
1	Photography X1	4	4,400.00	17,600.00
	Photography Assistant	4	2,200.00	8,800.00
	Editing	4	4,000.00	16,000.00
	Equipment	4	4,000.00	16,000.00
				58,400.00
				58,400.00

RSVP Cala and Motheo				
NO	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
1	Project management : Onsite preparation	18	850.00	15,300.00
2	System configuration	5	1,260.00	6,300.00
3	System configuration: Template set up	4	1,260.00	5,040.00
4	Graphic design : Digital invitation elements	5	4,000.00	20,000.00
				46,640.00
				46,640.00

NO	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
1	Photography X1	8	4,400.00	35,200.00
	Photography Assistant	8	2,200.00	17,600.00
	Editing	8	4,000.00	32,000.00
	Equipment	8	4,000.00	32,000.00
				116,800.00
				116,800.00

81.8.5 Invoice 190 also indicated that Five Star provided Project Management services to SSETA and did catering at Kliptown. These services definitely did not feature in the pricing schedule.

Catering Kliptown				
NO	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
1	Food and Drinks	320	R152.90	48,928.00
				48,928.00
				48,928.00

81.8.6 Five Star only submitted delivery notes to SSETSA for the following services:

- TVET Video
- TVET Photography
- Cala Photography
- Motheo Photography

- Motheo Video

81.8.7 The Delivery notes for the following services, were not issued:

81.8.7.1 the “RSVP Cala and Motheo” part of the invoice in the amount of R46,640.00; or,

81.8.7.2 for the “Catering Kliptown” in the amount of R48,928.00.

81.8.8 Notwithstanding the absence of delivery notes for certain invoiced services, payment was made in full (R704,368.00) on 22 March 2018. The payment was approved by the CEO at the time, Mr Andile Nongogo.

81.8.9 Producing high quality videos and photographs is a skilled profession. Surely, a service provider who specialises in printing and branding of products cannot be expected to make professional videos and take high quality pictures.

81.8.10 Five Star’s company profile provided no indication that they had professional photography- or video producing skills. From the detailed breakdown of the invoice, one could surmise that Five Star did not employ any professional photographers or had any photography equipment; they had to sub-contract the services.

81.8.11 A desktop search for professional photographers produced the following results:

- Eve Smith Productions

Event photography - Rate for 1 photographer = R2900 for first 120 minutes, then R1000 per additional hour

Extra photographer = R500 per hour

Price includes editing

- Riaan Roux Photography

Event photography = R800 per hour

Price includes editing

81.8.12 If the abovementioned professional photographers were used to do the Cala and Motheo photography, it would have cost SSETA a maximum of R6900.00 or a minimum of R3200.00 for each event. If you added travel costs for a distance of 1000 kilometres at AA travel rates of R4.64 per km, the prices would increase with R4640. For both events, the total costs would have been less than R12,000.00 per event. SSETA paid Five Star (who does not have any professional photographers) R58,400.00 per event, or almost five times more per event as what a professional photographer would charge.

81.9 INVOICE 178 – T-SHIRTS LIMPOPO

81.9.1 On 27 January 2018, Five Star submitted a quote to SSETA for the branding of T-shirts for “Limpopo”. The cost was R93,579.60 for 20 T-shirts. In the quotation, Five Star would purchase the T-shirts at R187.80 per T-shirt.

BILL TO
Finance Department
Services SETA
20 Eton Road
Parktown
(011)2769624

QOUTATION NO #	DATE
SETA 207	27/01//2018
CUSTOMER ID	TERMS
564	Net 30 Days
Ship to (if Different)	
Finance Department Services SETA 20 Eton Road Parktown 011)2769624	

T- Shirts Limpopo

NO	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
1	Screen Printing	20	8,68	173,60
	Designand layout	4	18 150,00	72 600,00
	Disk Duplication	4	3 850,00	15 400,00
	Disk Preparation	1	1 650,00	1 650,00
	Purchase of T-ShirtS	20	187,80	3 756,00
				93 579,60
				93 579,60

- 81.9.2 On 17 February 2018, a delivery note (No 601191) was prepared by Five Star for 25 T-shirts.
- 81.9.3 On 26 February 2018, the 25 T-shirts were delivered by Mr Baloyi. Ms Mwelase received the delivery and marked on the delivery note that the goods were “checked”. Five Star delivered 5 extra T-shirts.
- 81.9.4 On 27 February 2018, an invoice was prepared by Five Star for 20 T-shirts in the amount of R93,579.60. If 25 T-shirts were indeed delivered as stated on the delivery note, SSETA paid R3,764.18 per T-shirt. If only 20 T-shirts were received as stated on the quote and invoice, SSETA paid R4,678.98 per T-shirt.
- 81.9.5 A Company, Print-n-Sign³, found on the internet who *inter alia* advertised printing on T-shirts, published the pricing schedule with regards to printing on T-shirts as shown on the screenshot below. The price for one single sided print T-shirt is R350.00 and the price included the cost of the T-shirt.

Pricing

Our prices work as follows:

- Setup fee: R290.00
- Shirt Price: Ranges from R90 to R180.00
- Transfers: Ranges from R60 to R90.00 per print, depending on the size and whether it's only one side or on the front and back of the shirt.

The minimum price for one single sided print T-shirt will therefore be R350.00 and 10 will be R1200.00

- 81.9.6 Another company found on the internet, namely OTC Printing⁴, advertised that the most expensive price to print on a heavy weight cotton T-shirt, when less than 40 shirts are ordered, was R226.50 for double side printing on a dark garment.

Vic Bay Heavy Weight T-Shirts Are 185g 100% Carded Cotton With A Classic Fit. Double Stitching On The Hems With A Tubular Knit (No Side Seams). These Garments Are Made In South Africa.

Quantity	Single Print on light garment	Single Print on dark garment	Double Print on light garment	Double Print on dark garment
1-12	R162.50	R171.50	R182.50	R231.50
13-39	R157.50	R166.50	R177.50	R226.50
40-69	R152.50	R161.50	R172.50	R221.50
70-99	R147.50	R156.50	R167.50	R216.50
100+	R142.50	R151.50	R162.50	R211.50

³ <https://printnsign.co.za/t-shirt-print.htm>

⁴ <https://www.otcprinting.co.za/price-list/>

- 81.9.7 Five Star charged SSETA about 12 times more in 2018 for T-shirt printing than the current (2023) prices available in the market.
- 81.9.8 Notwithstanding the discrepancy regarding the number of T-shirts that was ordered and delivered, SSETA paid between R3,764.18 and R4,678.98 for a single T-shirt. Mr Nongogo, the CEO, felt comfortable authorising payment for branded T-shirts at these exorbitant prices.
- 81.10 INVOICES 164, 168, 170, 181, 182, 183, 186,188 AND 191 - ENTREPRENEURSHIP AND COOPERATIVE DEVELOPMENT INSTITUTE
- 81.10.1 On 1 March 2018 during an inaugural conference, the SSETA's Accounting Authority announced the establishment of the Entrepreneurship and Cooperative Development Institute ("ECDi") and ECDi's adopted Programme of Action. The new division was established within SSETA to lead the design, development, testing and implementation of the ECDi's Programme of Action.
- 81.10.2 Five Star submitted several quotes to SSETA for services and products related to the ECDi conference that was to be held on 1 March 2018. All the quotes were accepted by Ms Mwelase.
- 81.10.3 The total amount for ECDi related work was an amount of R17,589,275.15. When this amount is compared to the 2012 ANC national conference that was held over 4 days at a cost of R40 million, the amount seems excessive. The ANC conference's costs covered the venue, promotional material, catering and accommodation for more than 4000 guests. The ECDi conference was a one day event and R17,5 million was spent on promotional material and website design ONLY.
- 81.10.4 The table below shows all invoices and payments for ECDi related services and products. A detailed discussion will follow on some of the invoices and prices charged by Five Star.

Invoice Date	Invoice No	ECDi Related Products and Services	Total Invoice Amount	Payment Made
01-Feb-18	164	Save-the-date mailer (10 hours)	181 500,00	980 100,00
	(Design 1)	Conference presentations (including icon development) (4 hours)	90 750,00	
		Design lanyards (2 hours)	54 450,00	-
		Branding and signage templates (5 hours)	145 200,00	-
		Design digital screen branding and video (12 hours)	145 200,00	-
		ECDI Logo and brand manual (25 hours)	72 600,00	-
		University of Venda invitation concept (2 hours)	108 900,00	-
		ECDI Conference communications portal (45 hours)	181 500,00	-
05-Dec-16	168	ECDI RSVP System emailer graphics	163 350,00	5 478 150,00
		ECDI Banner for SETA homepage	127 050,00	-
		Redesign of 10 ECDI icons	363 000,00	-
		Design of ECDI website	1 267 350,00	-
		Introduction videos	562 650,00	-
		PowerPoint presentation template	471 900,00	-
		ECDI Speaker presentations	399 300,00	-
		ECDI Booklet	399 300,00	-
		Venue branding strategy development	290 400,00	-
		Major CI review (ECDI)	1 089 000,00	-
		Urgent animated 2D teaser video	344 850,00	-
27-Feb-18	170	Conference booklet	846 370,00	7 129 775,15
		Conference bags	962 380,00	-
		USBs	43 915,20	-
		Charging Point	137 430,00	-
		Registration booth	103 610,00	-
		Pull up banners - S shape	260 460,00	-
		Teardrop banners	1 111 960,00	-
		Wall banners	304 460,00	-
		Pole banners	193 960,00	-
		Suspension signs	167 866,00	-
		Aluminium signs	240 116,00	-
		A3 printout	24 251,95	-
		Note pads	314 140,00	-
		Pens	244 100,00	-
		Lanyards	236 190,00	-
		Mouse pads	626 190,00	-
		Face cloths	104 190,00	-
		Water bottle stickers	69 200,00	-
		Railing banners	121 916,00	-
		Exhibition stands	964 210,00	-
		20 litre camping showers	52 860,00	-
27-Feb-18	181	ECDI conference digital and graphic booklet	1 087 370,00	1 087 370,00
16-Mar-18	182	Video ECDI	281 400,00	281 400,00
16-Mar-18	183	Redesign of ECDI website into a portal	1 324 950,00	1 324 950,00
16-Mar-18	186	Social media and media liaison	391 600,00	391 600,00
16-Mar-18	188	Social media and copy writer	79 200,00	70 200,00
16-Mar-18	191	Pens	278 100,00	845 730,00
		Utopia booths & branding	119 760,00	-
		Directional signage	270 910,00	-
		Pledge and wall banner	176 960,00	-
				17 589 275,15

- 81.10.5 On invoice 164, Five Star charged SSETA for the design of several ECDi related products at exorbitant prices, for example:
- R181,500.00 for a “save-the-date” mailer
 - R90,750.00 for background graphics of 3 PowerPoint slides
 - R36,300.00 for conference bags
 - R54,450.00 for lanyards
 - R54,450.00 for 3 different pullup banners
 - R54,450.00 for 3 different sharkfin banners
 - R18,150.00 for a large format banner
 - R108,900.00 for 6 graphics stills to form slides
 - R72,600 for the EDCi logo and brand manual
- 81.10.6 On invoice 168, Five Star charged SSETA R5,478,150.00 for the design of the ECDi website related services. One of these designs were already charged for on invoice 164 as shown above. On this invoice, R471,900.00 was now charged for the design of PowerPoint templates, when R90,750.00 was charged on invoice 164 for the design of PowerPoint backgrounds.
- 81.10.7 On invoice 168, Five Star charged SSETA R399,300.00 for the design of an ECDi booklet. On invoice 168, Five Star charge R846,370.00 for the design of a conference booklet. On invoice 181, Five Star charged SSETA again for the ECDi booklet in the amount of R1,087,370.00. In total, SSETA paid R2,333,040.00 for the design of the 2018 ECDi conference booklet.
- 81.10.8 On invoice 164, Five Star charged SSETA R54,450.00 for the design of 3 different pullup banners. On invoice 170, Five Star charged SSETA again an amount of R108,900.00 for the design and layout of pullup banners.
- 81.10.9 The same duplication occurred with the design for lanyards where Five Star charged R54,450.00 on invoice 164 and then again charging R18,150.00 on invoice 170.

81.10.10 There are several other products invoiced for by Five Star for the ECDi event. Five Star charged excessive prices, for example:

- R1,097.88 per branded USB
- R103,610.00 for a registration booth
- R13,023.00 for an S-shaped pull up banner
- R18,532.66 for a teardrop banner
- R1,616.79 for an A3 printout
- R314.14 for a note pad
- R244,10 for a branded pen
- R236.19 for a branded lanyard
- R629.19 for a branded mouse pad
- R64,280.66 for an exhibition stand
- R281,400.00 for video services at the ECDi conference

81.10.11 Invoice 191 indicated that Five Star supplied 1000 pens to SSETA. The breakdown of the charges on the invoice showed “die cutting” and “perfect binding” for 1000 pens. The delivery note indicated that 1000 **folders** were delivered although SSETA paid for 1000 pens.

81.10.12 According to the delivery note, the items on invoice 191 were delivered on 12 March 2018. The quote and invoice stated clearly that the items were for the ECDi conference. However, the conference was held on 1 March 2018. The items could not have been for the conference.

81.10.13 The payment of invoice 191, was approved and authorised by the CEO Mr Nongogo. As the accounting officer and responsible person for the tender, Mr Nongogo should have been more diligent when he approved payment in the amount of R845,730.00 for items that could not have been used for an event that occurred before the delivery of the items.



INVOICE

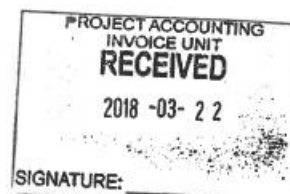
BILL TO
Finance Department
Services SETA
20 Eton Road
Parktown
(011)2769624

INVOICE NO #	DATE
191	16/03/2018
CUSTOMER ID	TERMS
564	Net 30 Days
Ship to (If Different)	

Finance Department
Services SETA
20 Eton Road
Parktown
011)2769624

Executive Summary ECDI

NO	Details	Amount
1	Pens	278,100.00
2	Utopia Booths & Branding	119,760.00
3	Directional Signage	270,910.00
4	Pledge Wall Banner	176,960.00
Total		845,730.00



ECDI CONFERENCE

NO	DESCRIPTION	QTY	CHECKED
1.	Folders	1000	
2.	Video booth	2	
3.	Utopia prints	2	
4.	Directional signs	24	
5.	Pledge wall banner	4	

Complaints and queries can only be accepted if done in writing within 30 days of receipt of goods

No goods may be returned without prior authorisation from the company
Please retain proof of delivery note

Delivered by _____ Date _____ Signature _____

Received by DANIEL MWEASE Date 12/03/2018 Signature

81.10.14 Five Star produced and delivered 207 different banners to SSETA between 26 February 2018 and 16 March 2018. A breakdown for the banners received by SSETA is as follows:

Pull Up Banners	54
Teardrop Banners	93
PVC Banners	7
Wall Banners	25
Pole Banners	4
Backdrop Banner	1
Telescopic Banners	19
Pledge Wall Banner	4

81.10.15 According to the delivery notes, Ms Mwelase received all the banners mentioned above.

81.10.16 93 teardrop banners were quoted for and produced within days of each other. However, there were major differences in the prices of the banners. SSETA paid anything between R14,561.00 and R23,568.57 for the same product. Research done by OUTA during July 2023, showed that the price range for printed teardrop banners ranged between R800 and R2,500. It seems that the service provider could charge SSETA any price for these items and that the CEO of SSETA authorised the payment of the invoices without questioning the difference in prices for the same item.

81.10.17 The prices of several other items were also inflated by as much as 300 to 400 times of that of items found in the open market. The approval of the quotes by Five Star should never have happened. Ms Mwelase and/ or other SCM personnel who were involved in the approval process of the quotes and in the generation of purchase orders against the quoted prices, should be held to account. Mr Nongogo as the responsible person for this tender in terms of the Service Level Agreement, the accounting officer and a qualified Chartered Accountant ought to have known the prices were inflated and should have stopped orders from Five Star. As the CEO, he had a duty in terms of the PFMA to act in the best interest of

SSETA and, by approving and authorising payments of this magnitude, clearly showed his total disregard for his fiduciary duties.

81.10.18 SSETA stated in their letter that attempted to answer some of the questions posed by OUTA, that the ECDi link to the ECDi website was deactivated and that it no longer exists. It was further stated that the ECDi programme has been refocused and would be run in a partnership with WITS.

81.10.19 In the 2019/2020 SSETA Annual Report, it was reported that the ECDi programme was basically cancelled and redirected to other partners. It further stated that the high-level financial commitments of 2018/2019, impeded SSETA's ability to adequately resource the ECDi division. This came as no surprise if you took into consideration the enormous amount of money that was spent on branding material.

In 2018, a new division was established within the Services SETA to lead the design, development, testing and implementation of the ECDi Programme of Action. The high-level of financial commitments in 2018/19 and 2019/20 significantly impeded the Services SETA's ability to adequately resource the ECDi Division and its work. In 2018/19, plans to build the Institute in Centurion, north of Johannesburg, were deferred. In 2019/20, bids to procure professional services for the development of two out of the nine programmes could not be awarded, and two business incubation sites were recommended for redirection to other partners.

QUALITY OF WORK

82. In their company profile, Five Star stated that their core services included planning, editing and proofing of contents and their goal was to surpass the client's expectations. It was also stated that Five Star sourced the best equipment, staff and materials to produce the highest quality results at the lowest cost.

83. Five Star definitely did not produce products and services at the lowest prices.
84. If the quality of their company profile, the proposal they submitted with the bid and their documentation submitted to SSETA were scrutinised, serious questions ought to be asked about their ability to produce quality work.
85. Below are just a few examples where Five Star on their own documents erred with spelling and grammar:
- 85.1 The street name where Five Star conducted their business from is “Voorhammer” Street. On the front page of their company profile the spelling of the street address was incorrectly spelled as “Voorhemer” Street.



- 85.2 The company’s aim in the company profile just doesn’t make sense.



- 85.3 On all the quotations that were submitted to SSETA, the word “quotation” was incorrectly spelled as “qoutation”. This spelling mistake appears twice on the document below.



- 85.4 On several quotations, invoices and delivery notes the dates were wrong. This creates an assumption that some of these documents were created in a hurry and that quality and correct details were not important to Five Star. These mistakes were ignored by SSETA.
86. One would expect that the documents Five Star produces would be of high standard especially their own business profile. More so, one would expect that at the prices they charge, an exceptionally high standard of work and professional presentation of their brand would be their priority.

MR NGWENYA NTSTAKO BALOYI

87. In OUTA’s clarification letter to SSETA, we asked whether SSETA officials were aware or not that Mr Ngwenya Baloyi was the beneficial owner of Five Star Communications and Star Sign and Print, the two companies that were awarded 3 back-to-back tenders for the development, production and supply of branded products to SSETA. (PROC T277, PROC T313, PROC T474). The response was that

SSETA officials were not aware as the two companies' ownership and business documents were never presented at the same time.

88. In the Five Star company profile that was submitted with their Bid Proposal for Bid No PROC T313, Mr Baloyi describes his work experience *inter alia* as follows:

- *"Five Stars Communications – Chief Executive Officer / Director – July 2014 to date"; and,*
- *'I am the Co-founder and Chief Executive Officer of Star Sign and Print. I take an overall look at the company from creating relationships, getting business, directing the company to its vision and ensuring that the day-to-day activities are carried out.'*


89. In Bid Proposal PROC T277, Mr Baloyi's description of his work experience was exactly the same. As a matter of fact, the two pages of the respective documents are identical.

Baloyi CV submitted for Bid PROC T3413

TEAM CV's

Mr. Ngwenya Baloyi

Managing Director



+27(0)83 296 9785

info@fivestarc Communications.co.za

www.fivestarc Communications.co.za

Role

Mr. Ngwenya Baloyi is the Managing Director of the company. His duties include managing day-to-day workflow, marketing, production and quality control in the business. He has over 12 years experience in the printing industry.

Education


> University of South Africa, Pretoria (2005)
 > BCom (Accounting) Honours – CTA Completed
 > University of the North (1999 - 2001)
 > BCom (Accounting) - Completed

Work Experience

Five Stars Communications - Chief Executive Officer/Director – July 2014 to date
 I am the Co-founder and Chief Executive Officer of Star sign and print. I take an overall look at the company from creating relationships, getting business, directing the company to its vision and ensuring that day-to-day activities are carried out.

MVD PRINT - Chief Executive Officer/Director - August 2009 - July 2010
 I was the Chief Executive Officer of Jetline sunnyside.

First Rand Group - Audit Manager (Personal Banking) - Jan 2004 - July 2009
 I was responsible for individual audit assignments for First Rand Bank – Personal banking. This entailed planning, execution, reporting and interaction with the client on audit matters.



Appointed as a service provider for design, development and supply of branded promotional items

22

Baloyi CV submitted for Bid PROC T277

TEAM CV's

Mr. Ngwenya
Baloyi

Managing Director



+27(0)83 296 9785

info@fivestarc Communications.co.za

www.fivestarc Communications.co.za

Role

Mr. Ngwenya Baloyi is the Managing Director of the company. His duties include managing day-to-day workflow, marketing, production and quality control in the business. He has over 12 years experience in the printing industry.

Education

- > University of South Africa, Pretoria (2005)
- > BCom (Accounting) Honours – CTA Completed
- > University of the North (1999 - 2001)
- > BCom (Accounting) - Completed

Work Experience

Five Star Communications - Chief Executive Officer/Director – July 2014 to date
I am the Co-founder and Chief Executive Officer of Star sign and print, I take an overall look at the company from creating relationships, getting business, directing the company to its vision and ensuring that day-to-day activities are carried out.

MVD PRINT - Chief Executive Officer/Director - August 2009 - July 2010
I was the Chief Executive Officer of Jetline sunnyside.

First Rand Group - Audit Manager (Personal Banking) - Jan 2004 - July 2009
I was responsible for individual audit assignments for First Rand Bank – Personal banking. This entailed planning, execution, reporting and interaction with the client on audit matters.

90. The company profile of Five Star, indicated that Ms Anania Baloyi was the “Chairperson” of Five Star. The company documents showed that Ms Khombomuni Anania Baloyi was the sole member of the Close Corporation when the bids were submitted. Ms Anania Baloyi is Mr Ngwenya Baloyi’s mother. It is

obvious that Mr Baloyi tried to distance himself as a shareholder or owner of the business.

91. For Bid No PROC T277, Ms Baloyi signed a document in her capacity as Managing Member of Five Star, which authorised Mr Baloyi to sign any documents regarding the bid.

Five Star Communications & Projects
 Reg No: 2007/022136/23
 Income Tax No: 951178160
 Physical Address: 186 Voorhamer Street, 2 Silverpark, Silvertondale, Pretoria
 Postal Address: P.O. Box 42088, Centurion, 0159

AUTHORITY FOR SIGNATORY

By resolution of the board of directors on 31 July 2015, at Unit 2 and 3 Silverpark, 186 Voorhamer Street, Silvertondale, Pretoria

Mr. Ngwenya Baloyi (ID No: 801031 5403 080) has been duly authorized to sign all documents in connection with the Tender for Contract Provision of Design, Development and Production of Promotional Items.

No. REF number **PROC T277** and any Contract which may arise there from on behalf of **FIVE STAR COMMUNICATIONS AND PROJECTS CC**

Signed on behalf of the company: **FIVE STAR COMMUNICATIONS AND PROJECTS**

In her capacity: **Managing Member**

Date: **31 July 2015**

Signature of Signatory: *[Signature]*

As witnesses 1. *[Signature]*
 2. *[Signature]*

Khombomuni Baloyi
 Contact: 022 753 6905 / 012 804 0315

92. For Bid No PROC T313, a similar document was signed. The signature appears to belong to Mr Ngwenya Baloyi and not his mother.

Five Star Communications & Projects
 Reg No: 2007/022136/23
 Income Tax No: 951178160
 Physical Address: 186 Voorhamer Street, 2 Silverpark, Silvertondale, Pretoria
 Postal Address: P.O. Box 42088, Centurion, 0159

AUTHORITY FOR SIGNATORY

By resolution of the board of directors on the 31st of July 2015, at Unit 2 and 3 Silver Park, 186 Voorhamer Street, Silvertondale, Pretoria

Mr. Ngwenya Baloyi (id: 801031 5403 080) has been duly authorized to sign all the documents in connection with Tender Contract Provision of Design, Development and Supply of Branded Promotional Items.

Number: **PROC T313** and any contract which may arise there from on behalf of **Five Stars Communications and Projects CC**.

Signed on behalf of the company: **Five Stars Communications and Projects CC**.

In his capacity: **Managing Member**

Date: **31 July 2015**

Signature of Signatory: *[Signature]*

As witness 1. *[Signature]*
 2. *[Signature]*

Khombomuni Baloyi
 Contact: 012 804 0315
 Email: *[Email Address]*

93. Not only was the second authorisation a fraudulent document, but it reaffirmed the fact that Mr Baloyi was the beneficial and *de facto* owner of the business who used his mother to hide his true involvement.
94. With PROC T474, a similar tender for the supply of branded items was awarded to Star Sign and Print (Pty) Ltd in 2018, Mr Baloyi used his wife, Ms Sandra Mkatshane, as a director of the company, while he was actually the beneficial owner and manager of the business. Not only did he admit in the company profile of Five Star that he was the founder and CEO of Star Sign and Print, but his Facebook profile confirms the same including posts that he made from 2012 to date.
95. Although Mr Baloyi and Ms Mkatshane only got married on 7 September 2018, he posted a picture of Sandra Mkatshane 15 January 2012 already. This suggests that they at least knew each other from 2012.



96. There are also multiple pictures and videos of his printing business on his Facebook profile. According to the pictures and the posts of Mr Baloyi, he was and

is still the beneficial owner of Star Sign and Print, although he is not listed as a director or shareholder.

97. On 4 November 2016, he posted a number of pictures on Facebook. He stated: “We do all events branding”. He also gave a contact number for Star Sign and Print (0128040315) in Pretoria. The number listed by Infobel is that of Star Sign and Print, located in Pretoria.

infobel PRO



Star Sign and Print

Voorhamer Street
0184 Pretoria
Gauteng - South Africa

0128040315

98. The pictures also showed various items with SSETA branding. This was more than a year before SSETA awarded a tender to Star Sign and Print and was most probably pictures taken of SSETA branding that was produced by Five Star.



Ngwenya Ntsako Baloyi is with Witbankstarsignand Print and Kagiso Douza Komote.

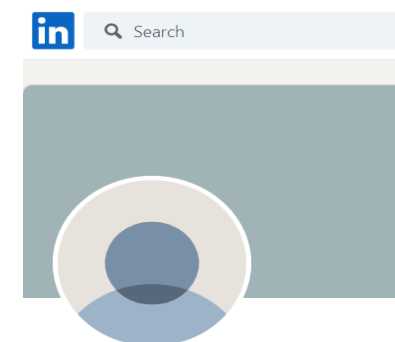
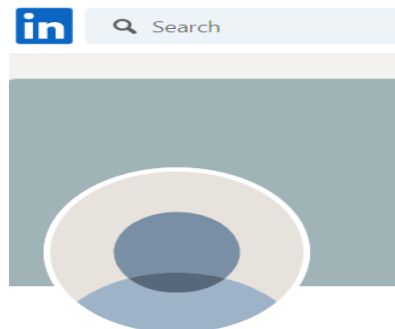
4 November 2016 · 🌐

We all do events branding, if you want your event to look like this call us on 0128040315 star sign and print





99. There are also 2 profiles for Mr Baloyi on LinkedIn. The one describing him as the CEO at Star Sign and Print and the other profile describing him as the Group CEO at Five Star Communication.



100. It appears that Mr Baloyi used his family members to hide his interest in the business activities of Five Star and Star Sign and Print.

101. It is difficult to believe that with all the work done by Five Star and Star Sign and Print that no SSETA official knew that the 3 back-to-back tenders for branding products were awarded to two different companies with the same owner and manager. The BEC and BAC members who evaluated and adjudicated the different tenders should have identified the companies and beneficial owner as alluded to above.

MR ANDILE SYDNEY NONGOGO

102. Mr Nongogo was appointed as the SSETA's CEO on 1 May 2016 and held the position for more than 2 years until 31 July 2018 when he resigned. Before his appointment as CEO, he was the CFO of SSETA from March 2014. He also served as a Deputy Director of external audit at the AGSA. In December 2020 Mr Nongogo was appointed as the CEO of the National Student Financial Aid Scheme (NSFAS).

103. Mr Nongogo was at the time of this report, a qualified Chartered Accountant and registered as such at the South African Institute of Chartered Accountants (SAICA).

104. Mr Nongogo, a very qualified and seasoned public official, ought to have profound knowledge and understanding of the PFMA, duties in terms of the Companies Act and procurement policies and procedures .

105. In his position as the designated official for Bid PROC T313, he was the person who managed the project and had oversight of all activities related to the contract.

106. He was also the Accounting Officer who was delegated to approve and authorise payments.

107. Mr Nongogo neglected his fiduciary duties towards SSETA and the taxpayer when he signed off on payments for excessively overpriced services and products

supplied by Five Star. He had the required knowledge and authority to question the prices charged by Five Star. He however chose not use the power bestowed upon him. The omission by Mr Nongogo to act appropriately, made him complicit in the fraudulent actions of the services provider and in the looting of government funds.

MS PRECIOUS DUDUZILE MWELASE

- 108. Ms Mwelase has been in the employ of SSETA from November 2017 as Senior Manager: Brand Management.
- 109. She was previously employed in senior positions at the South African Broadcasting Corporation (SABC) and Nissan SA.
- 110. Ms Mwelase is a seasoned public official who should be well acquainted with the PFMA and general procurement procedures.

RECOMMENDATIONS AND ACTIONS TO BE TAKEN

- 111. To submit this report to the SSETA Accounting Authority and to request SSETA to do an internal investigation to determine whether all the actions taken by SSETA officials were in accordance with the PFMA, SSETA SCM policy and National Treasury Regulations or not.
- 112. To request the SSETA Accounting Authority to take action against the officials who were negligent when evaluating the bid and who did not identify the false declaration by Mr Baloyi.
- 113. To request the SSETA Accounting Authority to take action against the officials who recommended and approved the award of Bid PROC T313 after the validity period expired.
- 114. To request SSETA to follow the necessary procedures to list Five Star as a restricted supplier on National Treasury's restricted suppliers database.

- 115. To notify SARS of the VAT status of Five Star.
- 116. To notify SARS of Mr Baloyi's beneficial ownership of Five Star and Star Sign and Print and to enable SARS to investigate his personal tax obligations.
- 117. To submit this report together with other investigation reports on SSETA, to the Portfolio Committee of Higher Education.
- 118. To institute criminal complaints against Nongogo, Mwelase and Baloyi at SAPS, including a request to investigate possible payment of gratification to Mr Andile Nongogo and Ms Duduzile Mwelase.
- 119. To submit this report to the SIU.
- 120. To submit this report to the NSA.
- 121. To submit this report to the Auditor-General.
- 122. To submit this report to the Director-General of Higher Education.