

To: ALL News Editors & Journalists
From: National Health Laboratory Service
Date: 3 December 2020
Re: Media Statement

1. In early 2020, the National Health Laboratory Service (NHLS) started to take steps in anticipation of the emerging Covid-19 pandemic. Because of its role as the national pathology service provider, it would be at the forefront of testing in the public sector and this would require massive effort and resources. Without testing South Africa would not be able to control the pandemic.
2. It was anticipated that the pandemic would put extreme pressure on both the availability and pricing of all items needed to perform testing. The NHLS had to act without delay to be able to obtain the equipment and reagents needed to conduct tests and also the PPE necessary to allow its staff to do so safely.
3. Therefore, the Board of the NHLS at a meeting provided management with guidelines and the authorization to conduct emergency procurement needed for Covid-19 testing. Management was requested to report to the Board on the emergency procurement and did so routinely.
4. The NHLS conducted an internal audit of the NHLS' procurement of services and equipment (including PPE) for the Covid-19 emergency during the first half of 2020. Subsequently, PriceWaterhouseCoopers Inc (**PWC**) was appointed to conduct a forensic investigation into the emergency procurement.
5. Subsequently, the NHLS received requests from the Directorate Priority Crime Investigations (DPCI) seeking information with regard to particular companies and transactions involving the procurement of PPE during the period March-April 2020.
6. The PWC scope of work was expanded to conduct a forensic investigation into the transactions between the NHLS and the six particular companies that had been identified by the DPCI. The Board extended the instruction to PWC to include an investigation of all individuals in the NHLS involved in the procurement of PPE.
7. PWC has completed its investigation. The investigation found that the Board and the CEO had fulfilled their statutory and fiduciary obligations.



8. Disciplinary proceedings have been instituted against individuals who were identified in the PWC report as having *prima facie* committed misconduct. The officials concerned were suspended pending disciplinary enquiries. The suspended officials include the Head of Supply Chain Management and other staff in Supply Chain and the Chief Financial Officer of the NHLS. In the interests of expediting justice, the Board further resolved to share the PWC report and the associated legal opinion with the DPCI and the Special Investigating Unit (SIU).
9. The alleged misconduct identified in the PWC Report has to remain confidential while the disciplinary and related legal processes take their course.
10. The Board will continue to ensure it implements measures to prevent corruption and act decisively if corrupt activities occur.
11. The Board will also like to assure the public that this situation will not impact on the services rendered by the NHLS, and measures have been put in place to ensure that the NHLS continues to provide high-quality services to the people of South Africa.

ENDS

Issued by Prof Eric Buch, Chairperson of the Board of the NHLS

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