

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 3343 [NW4004E]

DATE OF PUBLICATION: 28 OCTOBER 2011

Mr. M G P Lekota (Cope) to ask the Minister of Finance:

- (1) Whether the Government has any system in place to ensure that tenders that were approved are randomly or systematically evaluated by an authority set up for this purpose; if not, why not; if so,
- (2) whether such an authority determines that the tender (a) complied with the provisions of the Public Finance Management Act (PFMA), Act 1 of 1999, (b) was advertised, (c) was submitted by a person or company that was fully tax compliant, (d) offered value and proven expertise and (e) had no conflict of interest; if not, why does the Government not close the loopholes; if so, what are the relevant details?

NW4004E

REPLY:

- (1) A Multi-Agency Working Group (MAWG) was established during 2009 to investigate supply chain management (SCM) related fraud and corruption. One of its first initiatives was to conduct a gap analysis in SCM processes and procedures. Flowing from the gap analysis, measures were initiated (and are ongoing) to improve the SCM legislative framework. The MAWG has the advantage of being in a better position to co-ordinate, extract and manage information in its efforts to monitor adherence to SCM prescripts. The MAWG is also better positioned to facilitate remedial actions when

SCM transgressions or deficiencies are detected. Furthermore, a Special Audit Services was established within the National Treasury which works hand-in-hand with the MAWG and other organs of state to, among others, investigate alleged abuse of the tendering system. Arising from this experience, further steps will be taken to enhance institutional capacity to have a more vigorous oversight over major procurements.

- (2)** Yes. All the aspects raised in parts (a) to (e) of your question are regulated in terms of the existing SCM legislative framework. These aspects are therefore part of the overall monitoring of adherence to prescribed SCM processes by the MAWG. The National Treasury also introduced a Financial Management Capability Maturity Model to assess all government departments on the implementation of the Public Finance Management Act. SCM forms an integral part of this annual assessment.