

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 1867 [NW2255E]

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

Whether the National Treasury has taken any steps in respect of a certain report (details furnished) with regard to (a) procurement controls, (b) the legal regulatory requirement regarding open competition as the default method of procurement, (c) other, less competitive methods of procurement, (d) regulations regarding delay in procurement to justify emergency procedures for procurement and (e) bypassing of procurement rules at the end of the financial year; if not, why not, in each case; if so, what (i) steps in each case and (ii) are the further relevant details, in each case?

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REPLY:

(a) (i) and (ii) Major Supply Chain Management (SCM) reforms were necessitated after the promulgation of the Public Finance Management Act in 1999. The SCM processes, as an integral part of financial management reforms in government, were subjected to independent assessments such as the Public Financial Management Performance Assessment Report (PFMPAR) dated September 2008. Prior to this assessment, in December 2001, the National Treasury also conducted an extensive Joint Country Procurement Assessment Review (CPAR) with the World Bank. The assessment covered the status of procurement reform initiatives across national, provincial and local government. The findings contained in these assessments, are being used, where applicable, to improve financial management processes in government.

With regards to procurement controls more specifically, a SCM Regulatory Framework was issued as part of the Treasury Regulations, as well as various instruction notes, circulars and guidelines.

(b) (i) and (ii) The legal regulatory requirement regarding open competition is contained in the Treasury Regulations. Treasury Regulation 16A6.1 prescribes that the procurement of goods and services, either by way of quotations or through a bidding process, must be within the threshold values

as determined by the National Treasury. All bids above the determined threshold values should be advertised in at least the Government Tender Bulletin and in other appropriate media in order to ensure sufficient exposure to potential bidders.

- (c) (i) and (ii) The Treasury Regulations make provision for an institution to deviate from inviting competitive bids. The provision is, however, intended for exceptional cases when it is impractical to invite competitive bids, such as cases of emergency where immediate action is necessary or if the services required are produced or available from a sole supplier. The reasons for such deviations must be sound and must be recorded and approved by the accounting officer of the institution.

- (d)/(e) (i) and (ii) On 31 May 2011, an instruction note was issued on enhancing compliance monitoring and improving transparency and accountability in SCM. The measures included the submission of procurement plans in respect of advertised competitive bids. Institutions are compelled to submit to the relevant treasuries by 30 April of each year their procurement plans containing all planned procurement for the financial year. The procurement plans which are linked to budgetary provisions and strategic plans will contribute towards the reduction of “emergency” procurement and bypassing of procurement rules for the purpose of avoiding the surrender of unspent funds. These plans will be monitored by the relevant treasuries.