

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 259 [NW282E]
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259. Mr M G P Lekota (Cope) to ask the Minister of Finance:

- (1) Whether the Government (a) has an up-to-date database of the lowest retail prices for goods and services which are generally procured by all or different spheres of government in the discharge of their functions, (b) undertakes, through the National Treasury, systematic or random audit checks, against the retail price database, to ascertain that goods and services were indeed being procured at the most competitive prices for 100% of the time throughout all spheres of government, (c) in the interest of heightened accountability and optimal transparency regularly publishes details of all tenders approved throughout all spheres of government, on a dedicated internet site, (d) requests any competent authority to check for over-invoicing or fake invoicing and (e) has effective regulation in place to prohibit advanced payment for goods and services to prevent losses that cannot be recouped when the contractor vanishes; if not, why not; if so, what are the relevant details in each case;
- (2) whether he will make a statement on efforts being undertaken by the National Treasury in particular, and the Government in general, to (a) obtain best value for the country's strained resources and (b) root out space for fraudulent, futile, and fruitless expenditure?

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REPLY:

- (1) (a) From 1 April 2015, The National Treasury will be piloting the Price Reference System with a pre-selected departments and treasuries for a period of 6 months. The purpose of the system is to assist Government Entities to obtain fair-value prices for the goods (products & services) that government procures. The objective is to provide Government Entities with tools to ascertain fair-value prices for the goods and services and provide the buyer with information to make better purchasing decisions. (b) Accounting officers and Accounting authorities are required to do proper demand management to ensure that the needs identified in their strategic plans are delivered at the right time, price and place.(c) Starting with the Demand Plans submissions for April 2015, these will be published on the OCPO website to ensure there is a link between what has been planned for purchases and what is actually being procured. (d) Accounting Officers and Accounting Authorities monitor through internal audit units and monitoring and compliance units that prices of goods and services procured are fair,

competitive and cost effective. (e) The special conditions in any contract should set out the standard of service and penalties for failure to deliver on the agreed contract. Further to this the Accounting Officers should submit the names of contractors breaching contracts to National Treasury for restriction.

- (2) (a) National Treasury has established the Office of the Chief Procurement Officer. The Office prescribes SCM norms and standards that ensure that government in general obtains value for money when procuring goods and services and (b) also roots out fraudulent, futile and fruitless expenditure.