

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 2393 [NW2784E]**

**DATE OF PUBLICATION: 02 SEPTEMBER 2011**

**Adv A de W Alberts (FF Plus) to ask the Minister of Finance:†**

Whether he has (a) taken any steps or (b) any systems in place to curb corruption in the Government's procurement process; if not, why not; if so, what are the relevant details?

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**REPLY:**

Yes, steps have been taken and systems put in place. Following a gap analysis that was conducted to determine possible procurement related fraud and corruption a Treasury Instruction was issued by the National Treasury on 31 May 2011. This instruction note aims to take the following steps and put the following systems in place to curb corruption in the government's procurement processes:

- Institutions are compelled to submit their tender plans containing all planned procurement above R 500 000 to the relevant treasuries before 30 April of each financial year. The implementation of the plans will be monitored by the relevant treasuries. This measure will contribute towards the reduction of the "March spike" where institutions are merely inviting and awarding bids for the purpose of avoiding the surrender of unspent voted funds;
- Institutions are required to publish the names, preferences claimed and where practical the total bid prices of all bids received on their websites within 10 working days after closure of the bid. This will enhance transparency;
- Prior to the award of any bid, the names of the directors / trustees / shareholders of the preferred bidder are to be verified against the institution's staff establishment in order to determine whether or not any of the directors / trustees / shareholders are employed by the institution. This is intended to mitigate against any possible conflict of interest;

- Institutions are compelled to ensure that the tax matters of preferred bidders are in order and that the names of preferred bidders and their directors / trustees / major shareholders are not listed on the Register for Tender Defaulters and the Database of Restricted Suppliers. The Register for Tender Defaulters and the Database of Restricted Suppliers have been posted on the National Treasury's official website;
- Bids in excess of the value of R 10 million may only be advertised and awarded after the relevant treasury has verified that budgetary provisions exist for the acquisition of the goods or services and that such goods and services are aligned with the targets/outputs indicated in the strategic plan of the institution;
- Prior to the award of any bid in excess of R10 million, internal or external auditors are required to provide the Bid Adjudication Committee with written confirmation to the effect that the bid specifications were compiled in an unbiased manner and that the bid evaluation process was conducted in terms of the criteria stipulated in the bid documents;
- Previously there were no prescribed thresholds for the expansion or variation of orders against the original contract. The expansion of construction related contracts are now limited to a maximum expansion or variation of orders up to 20% of the original contract value or R20 million, whichever is the lower amount. For all other contracts the threshold is prescribed at 15% or R15 million, whichever is the lower amount. Any expansion or variation in excess of these thresholds will only be permitted subject to the prior written approval of the relevant treasury. Such requests will only be considered in exceptional cases and where good reasons exist; and
- The compulsory publication of information related to contract awards, the prohibition of placing of orders for goods and services and arranging with suppliers for such goods and services to be invoiced and paid for in the next financial as well as payment of amounts owing to creditors within the prescribed period of 30 days, are re-iterated.

Further measures will be taken in due course should current investigations indicate the need.