

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2792 [NW3296E]
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2792. Mrs J D Kilian (Cope) to ask the Minister of Finance:

- (1) What progress has the National Treasury made with regard to the development and implementation of a new system to curb tender malpractices where (a) civil servants and (b) political officials take advantage of the poorly managed government procurement system to win lucrative tenders through companies in which they allegedly have interests;
- (2) Whether a pilot of the new system has been introduced; if not, when does the National Treasury intend to introduce it; if so, when;
- (3) What measures are currently being implemented to arrest the tender malpractices revealed in the Auditor-General's most recent state audit which found that about R600 million in state tenders were awarded to suppliers linked to families of employees of state departments awarding the tenders?

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REPLY:

- (1) The Procurement Reform Initiative that is currently underway in the O-CPO will address the following areas:
 - a. *SCM policy and Strategy*: To manage and maintain the regulatory environment relevant to government procurement practices
 - b. *SCM Governance, Monitoring and Compliance*: To oversee and monitor government sector procurement practices to ensure compliance with the regulatory framework.
 - c. *SCM ICT*: To design and implement effective systems to improve government procurement practices
 - d. *SCM Client Support*: To provide advisory services and to implement initiative that will improve the capability of government procurement practitioners.
 - e. *Transversal Contracting*: To effectively manage government transversal contracts so that cost savings and socio-economic objectives are achieved.
 - f. *Strategic Procurement*: To research, develop and implement strategic procurement practices so that cost savings and socio-economic objectives are achieved.

The supply chain management regulatory framework has been strengthened to prohibit and bar persons in the employ of the state to do business and benefit from state contracts. The National Treasury has established a dedicated governance, monitoring and compliance unit to monitor non-compliance. Companies and individuals found to have unduly benefited from state contracts are being restricted from doing business with the state for a maximum period of 10 years and their contracts cancelled.

- (2) The Chief procurement Office has begun with the process of modernizing the state procurement system. The National Treasury with the support from SARS is currently reviewing and improving procurement systems within the construction, health and education sectors, the property leasing environment in the Department of Public Works and the delivery of housing in the Limpopo Department of Cooperative Governance, Traditional Affairs and Housing.
- (3) In addition to the strengthening of the regulatory framework, all matters reported to the National Treasury are being investigated by the Special Audit Services in collaboration with the CPO. Some are being referred to the relevant law enforcement agencies.

The Database of Restricted Suppliers can be accessed on National Treasury's website.

<http://www.treasury.gov.za/publications/other/Database%20of%20Restricted%20Suppliers.pdf>