

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 478 [NW534E]

478. Mr G G Hill-Lewis (DA) to ask the Minister of Finance

- (1) With regard to the annual report and the procurement processes of the Public Investment Corporation, what are the reasons that some services were not procured through a procurement process that was fair, equitable, transparent, and competitive, as required by section 51(1)(a)(iii) of the Public Finance Management Act, Act 1 of 1999;
- (2) what are the reasons that management incorrectly interpreted procurement prescripts relating to deviations which ultimately led to management omitting to ensure that the supply chain management policy and the specified Act were adhered to?

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REPLY:

- (1) The Public Investment Corporation (PIC) has policies and procedures in place to ensure that at all times procurement processes are fair, equitable, transparent and competitive as required by the Public Finance Management Act, Act 1 of 1999. During the 2019/20 financial year there were instances where the PIC Management were of the view that the PIC's Delegation of Authority should apply during the procurement process, but assurance providers took a different view, as they believed that approval should have been sought from National Treasury.
- (2) There are two main reasons:
 - The PIC Management was of the view that Treasury Regulations in instruction note 3 is silent on deviations against internal processes, therefore the internal PIC Delegation of Authority was applicable and was duly applied. Subsequent to this audit finding, National Treasury and the PIC Management had discussions and agreed that this view was of a technical nature. To avoid any recurrence, all procurement that is not explicit in the applicable regulations or legislation, is

discussed with National Treasury to avoid any misinterpretation. The PIC Management has also engaged National Treasury through the State Owned Enterprises Procurement Forum (SOEPF) on concerns with instruction note 3.

- In another instance the PIC Management approved a deviation as an emergency but due to the time frame taken to conclude the contract with the supplier, the audit opinion was that it should have been submitted to National Treasury for approval since it did not qualify as an emergency deviation that falls within the delegated authority of the Accounting Officer.

The PIC has improved its processes and procedures to prevent any recurrence.