

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 3788 [NW4679E]
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3788. Mr E M Buthelezi (IFP) to ask the Minister of Finance:

Whether any other companies with public sector and government-related contracts have been red-flagged for corruption and fraudulent practices as in the case of a certain company (name furnished) that has been banned from obtaining any government-related contracts by the National Treasury; if not, what is the position in this regard; if so, what are the relevant details?

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REPLY

National Treasury receives an intention to restrict a supplier from an organ of the state; such a receipt triggers a review/analysis process based on the documents submitted by the state organ. A review/analysis entails that National Treasury must check if the state organ has complied with all restriction requirements (such as enforcing the *audi alteram partem* rule). Furthermore, a review/analysis entails that National Treasury must check if all restrictions' applicable laws were complied with; amongst others are:

- a) PFMA- General Conditions of Contract – Section 23.
- b) Preferential Procurement Regulations, Regulation 14.
- c) MFMA, Section 112.
- d) MFMA Regulations – Regulation 38.
- e) MFMA - General Conditions of Contract – Section 23.
- f) MFMA Circular 43.
- g) PFMA SCM Instruction Note 3 of 2021/2022, paragraph 6.

Suppose all supplier restriction requirements were met and the state organ also complied with all applicable laws; in that case, the National Treasury goes ahead to list the supplier on the National Treasury Database of Restricted Suppliers (publicly accessible). Otherwise, the National Treasury rejects an application to restrict a supplier and provides reasons for the rejection and where to fix it (if any).

Therefore, the trigger to restrict any supplier begins with each state organ's accounting officer/accounting authority or by court order, according to the applicable laws. The organ of the state must ensure that the restriction process followed is procedurally fair as per the applicable laws because National Treasury also checks all the applicable laws and requirements before a restriction is allowed.

National Treasury is not in a position to comment on whether companies have been red-flagged for corruption and fraudulent practices since such processes must be triggered by each state organ. Suppliers, directors, and/or shareholders that have been restricted may be accessed from the National Treasury website under the Database Of Restricted Suppliers.