**Case no. PFS17-18-0-000016:**

**Nature of allegation: alleged corruption / conflict of interest.**

**Source: whistle-blower**

**Investigation outcome: investigation concluded with no adverse findings, but recommendations were made.**

PFS conducted an investigation into allegations of a conflict of interest when an official formed part of the procurement panel that appointed his/her previous employer as a service provider. The whistle-blower was unsure whether or not the official had declared any possible conflicts of interest.

A full investigation revealed that the allegation was unsubstantiated. The official left the previous employ approximately 6 years prior to the procurement process, there was no direct or circumstantial evidence to indicate that the official had any business, commercial or financial interest in the service provider nor had undertaken any activities for financial gain that may have given rise to a possible conflict of interest at the time that the contract was concluded. There was no evidence of any family or close personal relationships between the official and any of the company representatives involved in the procurement of the contract. Further, the investigation revealed that the official informed the manager and other officials of the previous employment at the service provider.

During the investigation it was noted that paragraph 2.5.1 of the Accounting Officer’s Supply Chain Management System (AOS) provides that the appointment of a Quotation Committee (QC) is discretionary when dealing with procurement between R10 001 and R500 000. The practice of a QC seems inconsistent in different business units. It was therefore recommended that the Department consider establishing criteria or factors to be considered in determining whether a QC should be appointed thereby avoiding any arbitrary decisions in this regard, to bring clarity and consistency. It was also recommended that the reasons for deciding one way or the other be recorded in writing and to form part of the audit trail. (The Department of the Premier [DotP] advised that this recommendation was implemented).

It was further recommended that the Department ensure that all officials participating in the SCM process sign formal declarations of interest for every procurement process as this was not done in this instance. (DotP confirmed that all QC, BSC, BEC & BAC members sign formal declarations of interest during meetings).

It was also recommended that the Department define the term ‘Software-as-a-Service’ and include it within the SCM Delegations as there appears to be much confusion around which process to follow. (DotP responded that the review of SCM delegations are still in process.)