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**THE PRESIDENCY: REPUBLIC OF SOUTH AFRICA**

Private Bag X1000, Pretoria, 0001

**NATIONAL ASSEMBLY**

**QUESTIONS FOR WRITTEN REPLY**

**Question no: 252**

**252.      Ms D Carter (Cope) to ask the President of the Republic:**

(a) What further steps has he taken with regard to the commitments he made (details furnished) that (i) the Government had taken a conscious decision to clean up the Department of Public Works by eradicating and preventing irregular procurements, (ii) he had issued a proclamation authorising the Special Investigating Unit to investigate the irregularities in the procurement of goods and services with regard to Nkandla (details furnished) and (iii) criminal referrals had also been submitted to the National Prosecuting Authority and government departments, (b) what is the current status of each commitment and (c) what is causing the inordinate delays in finalising his actions with regard to the specified commitments? NW269E

REPLY:

(a)(i) As part of the overall turnaround strategy of the Department of Public Works, the Department has concluded a detailed review of its business processes which resulted in extensive business process reengineering to vastly improve the Supply Chain Management (SCM), operations and procurement system. The revised SCM business process to put the Department’s SCM on a 7 year reform path began with a phase of correction of inefficiencies to stabilization (2014 – 2017) and ultimately to standardization, integration and optimization of the SCM business process (2017 – 2020). This will ensure that the Department’s SCM is fully compliant with the regulatory framework governing SCM and will also be able to meet its business requirements effectively and efficiently. The SCM reform initiatives are pursued in collaboration with National Treasury’s Chief Procurement Office. The Department was selected by the Minister of Finance as a pilot site for the implementation of general procurement reforms in the public sector.

The Department has reviewed and reissued its SCM Policy which promotes stricter governance and compliance. This policy now places the Department in good stead from a compliance perspective. The SCM policy is now reviewed annually. For every SCM activity that is performed, there is a mapped out process flow with activity checklists, templates and reports. Utilisation of the mentioned documentation now enhances compliance, thereby contributing to reducing irregular expenditure.

The organizational structure of SCM has also been reviewed and a new structure was developed to meet business requirements. The structure is geared to focus on the support of the various functional streams of the Department through the correct mix of skills sets and competencies. The new structure provides for adequate segregation of duties and thus conflicts of interest will be eliminated.

The Department’s Inspectorate and Compliance Unit is now a key role player in SCM processes prior to the award of every bid or quotation. This unit verifies that every SCM activity leading up to the recommendation of the bid has been complied with. Only upon receipt of the approved compliance checklist, will the bid be forwarded to the relevant committee for approval.

The Department has further developed a zero tolerance to deviations and issued a circular which enforces that any deviation is tabled with delegated authority and/or submitted to National Treasury.

The Department has also enforced consequence management against transgressors of SCM policies. Further, the Department has embarked on a process to restrict suppliers that have been found to have breached the SCM policy, committed fraud and/or colluded with staff or other suppliers.

The above initiatives have had a profound effect in curbing fraud and corruption, and which has reduced the element of irregular and fruitless and wasteful expenditure.

(a) (ii) Proclamation No. R. 59 of 2013 was issued by the President and published in the *Gazette* on 20 December 2013. The Special Investigating Unit (SIU) issued their Report on the investigation that they conducted in terms of the mentioned Proclamation on 20 August 2014. Emanating from their investigation, the SIU referred:

* evidence that indicated that 12 officials of the Department might be guilty of misconduct to the Director-General of the Department and recommended disciplinary action against them;
* Evidence that indicated possible criminal transgressions in respect of three former acting Directors-General to the relevant Prosecuting Authority and recommended that they be prosecuted. Evidence of an apparent false Tax Clearance Certificate submitted by one of the contactors, was also referred to the Prosecuting Authority;
* Evidence that indicated that Tax Clearance Certificates in respect of 14 of the consultants and contractors were possibly fraudulent or invalid to the South African Revenue Service (SARS).

The SIU has instituted a civil claim against Minenhle Makhanya Architects CC for the damages or losses they have allegedly caused the Department to suffer.

(a)(iii) As indicated above, the SIU made criminal referrals to the relevant Prosecuting Authority.

(b) Regarding the commitments referred to in (a)(i), the status appears from the reply given above in (a)(i). Regarding the disciplinary referrals, one of the employees admitted guilt and was found guilty of misconduct, after plea bargaining. The sanction was two month’s suspension without pay and a final written warning. The disciplinary hearings of the other employees are scheduled to commence in mid-March 2017. One of the employees has since passed on. The Prosecuting Authority declined to prosecute in the matters referred to them. SARS is apparently still considering the matters referred to them.

(c) The commitment referred to in (a)(i) is work in progress. The SIU investigation has been completed. The criminal referrals have been finalised as the Prosecuting Authority declined to prosecute. The delay in finalizing the disciplinary matters was caused by several court processes whereby the media requested permission to be present at the departmental disciplinary hearings. Several appeals were lodged before the media was eventually granted permission to be present at the hearings. The implicated employees appealed that decision, but the court ruled against them at the end of 2016.