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Tighter tender rules issued in bid to combat fraud, boost transparency ...

Date: Wednesday, June 01, 2011

The National Treasury has taken new steps to improve the transparency of government procurement and tender processes through the issuance of an 'instruction note' to government accounting officers, which it says is designed to "combat fraud" and "improve accountability".

The directive arises from concerns expressed by Finance Minister Pravin Gordhan in 2009 about the number of government tenders that had become tainted by corruption. He lamented at the time that a culture of "gifts, wining and dining, and all manner of enticement" had become pervasive.

The note, which has been issued in terms of the Public Finance Management Act, becomes effective immediately and covers all spheres of government and all competitive bids exceeding R500 000.

It also warns accounting officers of the "seriousness" of late payments or nonpayment of accounts, and says that government institutions need to put mechanisms in place to ensure that all amounts owing are paid within 30 days from the date of invoice, settlement or court judgment.

Accounting officers will also need to submit yearly "procurement plans" to the relevant treasury authority, outlining all planned purchases of goods and services. The plans should be submitted by April 30 every year, but by August 31 for the current fiscal period to March 31, 2012.

For bids above R10-million in value, information ranging from proof of a budgetary provision to implications for multi-year budgeting, must be in place and can only be awarded with the concurrence of the relevant treasury, which is empowered to decrease but not increase the R10-million threshold.

The competitive bidding process for all bids exceeding R10-million will also need to be audited to ensure its compliance with the prescribed norms and standards and to minimise the risk of possible fraud, corruption and/or litigation.

Legal vetting is also required ahead of contract signing and the award of bids must be published in the Government Tender Bulletin and other media by means of which the bids were advertised.

For bids relating to the construction industry, the prescripts of the Construction Industry Development Board (CIDB) also require that bids be advertised in the CIDB's 'iTender' system and that bids are registered on its 'Register of Projects'.

The note also stipulates that the names of all bidders in respect of advertised competitive bids above the R500 000 threshold should be published online within ten working days after the closure of any advertised competitive bid. "Where practical, institutions must also publish the total price and the preferences claimed by the respective bidders. The information should remain on the website for at least 30 days."

Bidders will also be compelled to submit full details of directors, trustees and/or shareholders in all future bidding documentation, while accounting officers are required to verify, through identity numbers, whether any member of the preferred bidder has any relation to the institution's staff, or whether they are in the service of the State. Such verification must take place during the bid evaluation process.

The preferred bidder's tax matters also need to be in order and a due diligence process should establish whether the service provider is indeed in a position to execute the contract.

Source: Engineering News Online