

Halting of emergency procurement of PPE

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The recent instruction by National Treasury to all government departments to halt the emergency procurement of personal protective equipment (PPE) has once again highlighted the need for the urgent review and modernisation of the public procurement system.

As allegations of corruption rise, the need for general due diligence checks and to both tighten procurement processes and introduce greater transparency in the processes has again been brought under the spotlight.

In his virtual address to lawmakers, Finance Minister Tito Mboweni emphasised a number of the following key issues of procurement, applicable to PPE in particular and to procurement in general. He stated that:

- Accounting officers must adhere to Treasury's instructions, and executive authorities – Ministers, MECs and Mayors – must hold them accountable.
- The identity of the companies, which were awarded contracts must be disclosed, and that clarity be provided on the following points:
 - Was the company registered with the Companies and Intellectual Property Commission?
 - When was it formed? Provide the age of the business.
 - The names of the shareholders.
 - Was the supplier registered with SARS?
 - Did they go through a competitive process? It needs to be demonstrated that not only was this vetting done, but that the companies competed for the contracts and that they won them on the basis of merit scores.

National and Provincial procuring institutions would also be required to provide the National Treasury with the names of all appointed PPE and protective clothing service providers for publishing on the National Treasury's website.

The instruction to halt emergency procurement requires that all departments revert to procurement processes compliant with existing instructions for procurement. The Auditor-General and National Treasury will also publish "Preventative Control Guides" to provide those officials responsible for procurement with a "toolkit" for identifying the risk of misappropriation, fraud and corruption ahead of a transaction.

National Treasury Director-General Dondo Mogajane appealed to lawmakers to expedite the passing of the Public Procurement Bill, which aims to prescribe a single regulatory framework for public procurement in terms of section 217(3) of the Constitution. Mogajane noted that, "Automating and modernising our procurement system must be done urgently, and we are putting all efforts as National Treasury to design and develop, with the assistance of the private sector, an integrated ICT solution."

Need to ensure that your procurement vetting process is compliant, get in touch with one of our Lexis ProcureCheck experts by visiting <http://ow.ly/9gjK50BxNY9>.

References:

1. SA Government News <https://www.sanews.gov.za/south-africa/national-treasury-halts-emergency-procurement-ppe>
2. Creamer Media's Engineering News <https://www.engineeringnews.co.za/article/ppe-scandal-highlights-need-to-modernise-public-procurement-national-treasury-2020-08-05>

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