

# BRIEFING REPORT

STANDING COMMITTEE ON APPROPRIATION(SCOA)

OFFICE OF THE CHIEF PROCUREMENT OFFICER

21 AUGUST 2018



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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# INTRODUCTION

- ❑ **Object of the Public Finance Management Act.**—The object of this Act is to secure transparency, accountability, and sound management of the revenue, expenditure, assets and liabilities of the institutions to which this Act applies.
- ❑ National Treasury must prescribe uniform treasury norms and standards
- ❑ National Treasury must enforce the PFMA and any prescribed norms and standards, including any prescribed standards of generally recognised accounting practice and uniform classification systems, in national departments;
- ❑ National Treasury must monitor and assess the implementation of the PFMA, including any prescribed norms and standards, in provincial departments, in public entities and in constitutional institutions;

# Deviations and Expansions – Trend in number of applications.

Department / Entry	Expansion	Deviations
ACSA	1	0
African Exploration Mining Finance Corporation SOC Ltd	1	1
Agricultural Research Council	0	2
Agricultural Sector Education and Training Authority	1	0
Agriculture, Forestry & Fisheries	0	1
Amatola Water Board	2	1
Arts and Culture	1	0
Basic Education	2	1
Brand SA	0	1
Broadband Infracore	3	0
Cathsiseta	1	0
CCMA	1	0
Chemical Industries Education and Training Authority	3	1
COGTA	0	3
Companies Tribunal	0	1
Compensation fund	1	1

# Deviations and Expansions – Trend in number of applications.

Department / Entry	Expansion	Deviations
Competition Tribunal	0	1
Council for Geoscience	0	3
Council for Scientific and Industrial Research	1	1
DBSA	0	1
Defence	0	2
DHET	0	1
DIRCO	1	2
DLCA	0	1
DMV	0	2
EC Provincial Treasury	1	0
Economic Development	0	1
Environmental Affairs	4	2
Eskom	47	11
ETDP SETA	8	2
FIC	0	1
Film and Publication Board	0	1
Financial and Accounting Services SETA	1	0
Financial and Fiscal Commission	1	0

# Deviations and Expansions – Trend in number of applications.

Department / Entry	Expansion	Deviations
Financial Sector Conduct Authority	0	1
FPM SETA	1	0
Gauteng Tourism Authority	0	1
GCIS	1	0
Government Printing Works	0	1
GPAA	2	2
Health	1	3
Health and Welfare SETA	1	2
Home Affairs	1	0
Human Sciences Research Council	3	1
ICASA	0	2
IEC	3	3
Independent Development Trust	1	0
Inkomati-Usuthu Catchment Management Agency	1	0
Insurance Sector Education and Training Authority	1	0
IPID	<b>6</b>	0
IRBA	0	1

# Deviations and Expansions – Trend in number of applications.

Department / Entry	Expansion	Deviations
Iziko Museums of South African	1	0
Justice and Constitutional Development	3	3
Labour	1	<b>4</b>
Legal Aid	0	1
Local Government Education and Training Authority	1	0
Magalies Water	0	1
Medical Research Council of SA	0	<b>6</b>
Mhlathuze Water	1	0
MICT SETA	0	2
MISA	1	0
National Credit Regulator	7	2
National Health Laboratory Service	1	2
National Lotteries Commission	1	1
National Regulator for Compulsory Specifications	2	1
National Research Foundation	1	0
National Treasury	1	3
NHBRC	11	4

# Deviations and Expansions – Trend in number of applications.

Department / Entry	Expansion	Deviations
NPA	3	0
PetroSA	2	1
Police	0	3
PRASA	1	3
Presidency	0	2
Public Protector	0	1
Public Service Sector Education and Training Authority	3	0
Public Works	3	<b>11</b>
RAF	2	<b>6</b>
Rail Safety Regulator	1	3
Rand Water	0	1
RTMC	0	3
Rural Development & Land Reform	2	2
SA National Energy Development Institute	0	1
SALGA	2	0
SANRAL	<b>4</b>	3
SARS	<b>5</b>	<b>7</b>



# Deviations and Expansions – Trend in number of applications.

Department / Entry	Expansion	Deviations
SASSA	4	7
SITA	9	2
Small Business Development	1	3
Small Enterprise Development Agency	3	0
Social Development	1	0
South Africa State Theatre	1	1
South African Broadcasting Corporation Limited	1	0
South African Heritage Resources Agency	1	0
South African National Biodiversity Institute	2	1
South African National Parks	3	1
South African Post Office Limited	6	2
South African Qualifications Authority	1	1

# Deviations and Expansions – Trend in number of applications.

Department / Entry	Expansion	Deviations
South African Tourism	4	1
South African Weather Services	1	5
StatsSA	2	2
Strategic Fuel Fund	0	1
The Market Theatre	1	1
Trade & Industry	0	3
Transnet	0	1
UIF	2	0
uMalusi Council for Quality Assurance in General and Further Education and Training	1	2
Water & Sanitation	1	3
Water Research Commission	1	0
Wholesale and Retail Sector Education and Training Authority	3	<b>5</b>

# Deviations - supported/not supported

Department / Entry	Deviations	Supported	Not supported	Noting	Pending	Within AA/AO
Eskom	11	2	8	0	1	0
Public Works	11	1	2	4	4	0
SASSA	7	1	5	0	1	0
SARS	7	3	4	0	0	0
Medical Research Council of SA	6	4	2	0	0	0
RAF	6	3	1	1	1	1
South African Weather Services	5	1	1	3	0	0
Wholesale and Retail Sector Education and Training Authority	5	0	5	0	0	0
Labour	4	2	0	0	0	2
NHBRC	4	3	1	0	0	0

# Expansions - supported/not supported

Department / Entry	Expansion	Supported	Not supported	Pending	Noting	Within A/AO	Withdrawn
Eskom	47	24	16	6	0	1	0
NHBRC	11	3	8	0	0	0	0
SITA	9	4	2	2	0	0	1
ETDP SETA	8	8	0	0	0	0	0
National Credit Regulator	7	2	1	4	0	0	0
South African Post Office Limited	7	1	1	5	0	0	0
IPID	6	6	0	0	0	0	0
SARS	5	3	1	1	0	0	0
SASSA	4	1	3	0	0	0	0
SANRAL	4	0	3	1	0	0	0
Environmental Affairs	4	0	1	2	1	0	0
South African Tourism	4	3	0	1	0	0	0

# Where is the fault line

- Deviations below competitive bids are not reported(no obligation to report) by institutions. Abuse is picked by Auditor General during audits.
- Some Accounting Officers and Authorities deviate and participate in contracts arranged by other institutions. There is no obligation to report these deviations(Regulation 32 for municipalities and Regulation 16A6.6 for other institutions.
- Some Accounting Officers and Authorities use emergency provision to enter into long term contracts

# Where is the fault line

- Some Accounting Officers and Authorities think the role of National Treasury is to approve the appointment of a supplier, whereas the role of National Treasury is allow an institution not to advertise a bid but invite as many suppliers as possible and assess the proposals or quotations through bid committees.
- Some Accounting Officers and Authorities procure through deviation even though National Treasury has said no to such a deviation.
- Some Accounting Officers and Authorities do not request prior approval from National Treasury for single source procurements

# Where is the fault line

## 81. Financial misconduct by officials in departments and constitutional institutions.—

- (1) An accounting officer for a department or a constitutional institution commits an act of financial misconduct if that accounting officer wilfully or negligently—
- (a) fails to comply with a requirement of [section 38, 39, 40, 41 or 42](#); or
  - (b) makes or permits an unauthorised expenditure, an irregular expenditure or a fruitless and wasteful expenditure.
- (2) An official of a department, a trading entity or a constitutional institution to whom a power or duty is assigned in terms of [section 44](#) commits an act of financial misconduct if that official wilfully or negligently fails to exercise that power or perform that duty.

# Where is the fault line

## 83. Financial misconduct by accounting authorities and officials of public entities.—

(1) The accounting authority for a public entity commits an act of financial misconduct if that accounting authority wilfully or negligently:

- (a) fails to comply with a requirement of [section 50, 51, 52, 53, 54 or 55](#); or
- (b) makes or permits an irregular expenditure or a fruitless and wasteful expenditure.

(2) If the accounting authority is a board or other body consisting of members, every member is individually and severally liable for any financial misconduct of the accounting authority.

(3) An official of a public entity to whom a power or duty is assigned in terms of [section 56](#) commits an act of financial misconduct if that official wilfully or negligently fails to exercise that power or perform that duty.

(4) Financial misconduct is a ground for dismissal or suspension of, or other sanction against, a member or person referred to in [subsection \(2\)](#) or [\(3\)](#) despite any other legislation.



# Where is the fault line

## 86. Offences and penalties.

(1) An accounting officer is guilty of an offence and liable on conviction to a fine, or to imprisonment for a period not exceeding five years, if that accounting officer wilfully or in a grossly negligent way fails to comply with a provision of **section 38, 39 or 40**.

(2) An accounting authority is guilty of an offence and liable on conviction to a fine, or to imprisonment for a period not exceeding five years, if that accounting authority wilfully or in a grossly negligent way fails to comply with a provision of **section 50, 51 or 55**.

**THE END**