

Prasa contracts to be evaluated by teams of experts

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The office of the chief procurement officer has roped in about 13 private sector law and forensic firms to assist it in evaluating whether about 200 contracts of the Passenger Rail Agency of SA (Prasa) of more than R10m each complied with procurement and supply chain management laws. This is just one of the probes under way into the agency, which is also the subject of an ongoing large-scale forensic probe.



[Image Source: Prasa](#)

Public Protector Thuli Madonsela had given the instruction for both investigations, and the public protector would be presented with a final report once the probe into the 200-odd contracts had been finalised, Solly Tshitangano, the office's chief director for governance, monitoring and compliance, told the standing committee on public accounts.

The cost of deploying outside firms will be about R25m.

Contracts under scrutiny

Tshitangano said the office was also looking into consulting contracts awarded by Transnet, especially those made without competitive bidding, and the variation of the terms of contracts over time.

Eskom's diesel and coal contracts are also under the microscope. Tshitangano said in an interview ahead of his

presentation that the office was evaluating the documents and responses provided by Eskom on its coal contracts with the Gupta-linked Tegeta Exploration and Resources in preparation for a final report.

Eskom finally provided the documents after a tit-for-tat exchange in the media with chief procurement officer Kenneth Brown. The documents included the schedule of prepayments made to Tegeta, he said. Questions were raised over the prepayments, namely whether they were an indication that Eskom had afforded Tegeta preferential treatment. But this allegation was firmly rejected by Eskom chief financial officer Anoj Singh, who said the prepayments were a normal part of Eskom's commercial practices.

Uniform norms and standards

The office of the chief procurement officer was set up to establish uniform norms and standards for government procurement of goods and services, which amounts to about R550bn each year. Its aim is to ensure that the government gets value for money and that corruption is curbed.

Tshitangano said the Treasury was managing 40 transversal contracts for the purchase of goods such as vehicles, medical consumables and devices, and textiles, among others, worth R26bn. A regulation is in the offing that will make it compulsory for national and provincial departments to make their procurements in terms of these contracts, which achieve economies of scale.

Savings of R1bn were projected in the purchase of pupil support materials if all provinces participated in a contract to purchase them jointly. Standards for the construction of schools had established a norm of R35m per school.

Widespread noncompliance a concern

MPs also heard about the failure of government departments to pay suppliers within the mandated 30 days. This has serious consequences for small and medium enterprises, which need the cash flow to survive. Committee chairman, Themba Godi said the committee was concerned over the widespread noncompliance by departments with the 30-day rule.

Tshitangano highlighted the fact that the lack of deterrence encouraged noncompliance by government entities. More convictions and dismissals were necessary. The office was ready, he said, to train investigators and prosecutors to handle supply chain management-related cases.

MP David Ross of the DA agreed, saying, "The lack of deterrent encourages the noncompliance in legislation and we need to see convictions in criminal transgressions."

Source: Business Day