

PROJECT MANAGEMENT CAPABILITIES AND GRANTS MANAGEMENT WORKSHOP

National Treasury Database of Restricted Suppliers: *Lessons on how a SETA can restrict errant Skills Development Providers (SDP)*

Contents

Restriction of Suppliers - Procurement

- Restriction of suppliers – database of defaulters
- Abuse of SCM
- Restriction of suppliers – doing business with the State

Restriction of Skills Development Providers (SDP)

- Legislative Base
- Are procurement processes and grant processes the same?
- Who approves appointment of procurement Service Providers (SP); and SDP?
- What the criteria to restrict a Service Providers vs SDP?
- Who approves restriction?
- Going Forward

Restriction of Suppliers - Procurement

Procurement Application

- Regulated by Preferential Procurement Policy Framework Act, Act 5 of 2000 and its Regulation 2022 (soon to be replaced by the Public Procurement Act, Act 28 of 2024) under the Public Finance Management Act, Act 1 of 1999

Restriction of suppliers – database of defaulters

- [SCM Circular on Restricted Database of Suppliers of 30 Sept 2011](#) requires “*Checking the Prohibition Status of Recommended Bidders prior to awarding any contract and Verifying the Prohibition Status of Recommended Bidders prior to awarding contracts...*”. Therefore a database of restricted suppliers and tender defaulters was developed and kept by Treasury
- Reasons for registration as defaulter include but not limited to:
 - Misrepresentation of information
 - Collusive bidding and fronting
 - Submission of fraudulent documentation
 - Corrupt practices
 - Non- or poor performance
 - Unethical behaviour
 - Impropriety

Restriction of Suppliers - Procurement

Abuse of SCM

- [National Treasury Instruction 3 of 2016/2017: Preventing and Combating Abuse in the Supply Chain Management System](#)

Restriction of suppliers – doing business with the State

- Regulated by [SCM INSTRUCTION NO. 03 OF 2021/22 on ENHANCING COMPLIANCE, TRANSPARENCY AND ACCOUNTABILITY IN SUPPLY MANAGEMENT](#) requires

Restriction of SDP

Legislative Base

- SETA [Grant Regulation](#) that requires:
 - Par 4 - Allocation of Mandatory Grant
 - Par 6 – Allocation of Discretionary Grant
 - Par 6(4) – Approved Discretionary Grants Policy must contain at least:
 - Par 6(5) - Setting out the funding framework, the different delivery models, and project types
 - Par 6(6) - How the PIVOTAL programmes can be delivered
 - Par 6(8) - Principles of transparency, openness, access and fairness – equal to PFMA section 38,
 - Par 9(i) “indicate the **purpose of the various grants, funding frameworks and projects and specify what is intended to be funded** from the grant, including any administrative costs that may be considered appropriate by the Accounting Authority;
 - Par 9(ii) provide for **procedures and communication on strategy** with potential beneficiaries as contemplated in sub-regulation (10) that set out timeframes for processing of applications, communication of decisions, and payment schedules;

Restriction of SDP (continue)

- Par 9(iii) determine the **proportion of discretionary grants that can be used for administration or project management** purposes in the various grant and project categories provided it indicates that a maximum of 7.5% of any grant or SETA-funded project may be used for administration or project management costs; and
- Par 9(iv) ensure that **value for money** is achieved and generally ensure that funds are spent on skills development to meet sector needs.”

Restriction of SP and SDP

Are procurement processes and grant processes the same?

- No.
 - Appointment of suppliers is based on Procurement is regulated by PPPFA & Regulation/ Public Procurement Act;
 - Funding window application or tender - SDP is based on Grant Policy in accordance with SETA Grant Regulation

Who approves appointment of procurement Service Providers (SP); and award to SDP?

- Procurement - Delegated to SCM functionaries, bid committees (where applicable) and accounting officers.
- SDP – Delegated to DG Evaluation and Adjudication Committees for accreditation

What the criteria to restrict a Service Providers vs SDP?

- Service Providers
 - SCM Policy guided by National Treasury directives on doing business with the State/Government; SCM abuse; defaulter requirements
- SDP
 - Grant Policy on non-or under performance; contravention of legislation e.g. breach of contract; abuse of system, etc.

Restriction of SP and SDP

Who approves restriction?

- SP – National Treasury on recommendation of Accounting Officers/Authorities
- SDP – Grants Adjudication Committee (or equal as delegated) for the institution; National Treasury for Government/State

Going Forward

- The point of departure is to assist, rectify, train, guide SP and SDP to improve – Economic Growth rather than to eliminate, restrict or exclude from the economy.
- Conduct due diligence/prescreening of SDP prior appointment – criteria to be included as condition of appointment.
- Guard against confusing procurement with grant application
- Have clear differentiation in SCM policy and Grants Policy especially on application, adjudication, award, contracting, defaulting, etc. processes
- Borrow from PFMA principles to beef-up Grants Policy
- Any legislative default qualifies for restriction in both SP (procurement) and SDP (grants)
- Restrict/de-accreditation leading to “blacklist”

Thank You!

www.dhet.gov.za



 @HigherEduGovZa

 @highereducation_rsa

 @highereduza

 @HigherEduGovZa