

**ASSESSMENT OF SUPPLY CHAIN CORRUPTION IN THE THREE METROPOLITAN
MUNICIPALITIES, GAUTENG PROVINCE OF SOUTH AFRICA**

BY

**MOLEBEDI GORDON SISI
(STUDENT No.: 201415695)**

**SUBMITTED IN FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE
DOCTOR OF PUBLIC ADMINISTRATION**

IN THE

DEPARTMENT OF PUBLIC ADMINISTRATION



IN THE

**University of Fort Hare
FACULTY OF MANAGEMENT AND COMMERCE**
Together in Excellence

AT THE

UNIVERSITY OF FORT HARE

**SUPERVISOR:
PROFESSOR M.H. KANYANE**

**COMPLETED
10 SEPTEMBER 2018**

DECLARATION

I, Molebedi Gordon Sisi, student number 201415695, hereby declare that this thesis titled **“Assessment of Supply Chain Corruption in the three Metropolitan Municipalities in the Gauteng Province of South Africa”**, submitted to the University of Fort Hare for the degree PhD in Public Administration, has not previously been submitted for examination to any other university or institution and that the research is my own work in design and execution. Furthermore, all the sources that I have used or quoted in this study are duly acknowledged herein.

.....

Molebedi Gordon Sisi

Date: 27 March 2019



University of Fort Hare
Together in Excellence

DEDICATION

This thesis is dedicated to my wife Bennita Moloko Sisi, my daughters Oreratile and Rorisang Sisi, my parents Madipheo Agnes and Lekgotla Simon Sisi, as well as my siblings Adv. Dineo Sisi and Mamoeti Tong, and their families.



ACKNOWLEDGEMENTS

“They that wait upon the Lord shall renew their strength, they shall mount up with wings as eagles, they shall run and never be weary, they shall walk and not faint.”

Isaiah 40:31 (KJV)

Teach me Lord, teach me Lord to wait.

I thank You God for granting me wisdom, courage and strength to wait upon You and to allow You to Lead.

To my supervisor, mentor and confidante, Professor Modimowabarwa Hendrick Kanyane, I wish to express my sincere gratitude for your assistance in moulding my research and for your keen insights and attention to detail. I am particularly thankful for your academic leadership and for keeping me focused throughout the study. Your pertinent suggestions and knowledge of the broader topic contributed substantially towards improving the overall quality and the depth of the thesis. May the Good Lord continue to bless you and your family.

Thank you my wife, Bennita Moloko Sisi, for being a pillar of strength, as well as a constant source of inspiration and wisdom throughout my academic endeavours. A special mention goes to my children, Oreatile and Rorisang, for their patience with me throughout this study.

To all the participants who trusted me, and who were willing to contribute to the execution of this study: this thesis would have not been successful without your active participation. Thank you for sacrificing your time and risking your careers in the interest of mitigating the scourge of supply chain corruption – your valuable knowledge and expertise are appreciated. May the Good Lord richly bless you all.

ABSTRACT

The aim of the current study was to assess the supply chain corruption in the three metropolitan municipalities in the Gauteng Province of South Africa. Core to the assessment was to establish the causes and ramifications of supply chain corruption as well as the nature and extent of supply chain corruption in the three metropolitan municipalities. In order to meet the objectives of the current the study, a qualitative research approach underpinned by ethics and accountability theories was used. The study employed interviews and observation as a primary source of data collection as well as document review in a form of government documents, legislation and court case decisions as secondary source of data, which were then thematically analysed. The study pointed out that while supply chain corruption certainly negatively affects the day-to-day running of public affairs, it is actually the collapse of ethical behaviour together with the failure to uphold accountability and consequence management that has created fertile ground for supply chain corruption. It further, purported that in order to combat the scourge of supply chain corruption in all its manifestations, there is a need to install a Central Supplier Database application, which has been sufficiently tested to determine its effectiveness as blacklisted companies and their directors have a way of masquerading in another form, to do business with the state. South Africa needs the embodiment of ethical behaviour from its citizenry, along with anti-corruption policy enforcement and consequence management. The Kanyane Ethics Architecture should be launched in municipalities across the board as a comprehensive and all-encompassing mix model to prevent supply chain corruption, in its various manifestations, from taking place.

KEYWORDS

Metropolitan municipalities, Supply Chain Management, ethics, tendering, National Treasury, forensic investigation, legislation, code of conduct, good governance, ethics architecture.

ACRONYMS

AFU	Asset Forfeiture Unit
AGSA	Auditor-General South Africa
ANC	African National Congress
AO	Accounting Officer
APRM	African Peer Review Mechanism
BAC	Bid Adjudication Committee
BBBEE	Broad-Based Black Economic Empowerment
BEC	Bid Evaluation Committee
BoD	Board of Directors
BSC	Bid Specification Committee
CAAT	Computer-Assisted Audit Techniques
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CIO	Chief Information Officer
CIOB	Chartered Institute of Building
CIPS	Chartered Institute of Purchasing and Supply
COO	Chief Operating Officer
CPAR	Country Procurement Assessment Review
CPO	Chief Procurement Officer
CoE	City of Ekurhuleni
CoJ	City of Johannesburg
CoT	City of Tshwane
CSD	Central Supplier Database
DA	Democratic Alliance
DPSA	Department of Public Service and Administration
DRC	Democratic Republic of Congo
DTI	Department of Trade and Industry
ECSA	Engineering Council of South Africa
EPWP	Expanded Public Works Programme

GDP	Gross Domestic Product
GMRDC	Govan Mbeki Research and Development Centre
GSCF	Global Supply Chain Forum
ICPRC	Independent Corrupt Practices and Other Related Offences Commission
ICT	Information and Communication Technology
ISO	International Organisation of Standardisation
HRM	Human Resource Management
HoD	Head of Department
JCPZ	Johannesburg City Parks and Zoo
MFMA	Municipal Finance Management Act
MGDS	Malawian Growth and Development Strategy
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MSCMR	Municipal Supply Chain Management Regulations
NEPAD	New Partnership for African Development
NHBRC	National Home Builders Regulatory Council
NKJV	New King James Version
NT	National Treasury
OCPO	Office of Chief Procurement Officer
OECD	Organisation for Economic Co-operation and Development
PFMA	Public Finance Management Act
PP	Public Protector
PPPFA	Preferential Procurement Policy Framework Act
PRASA	Passenger Rail Agency of South Africa
PRECCA	Prevention and Combating of Corrupt Activities
PSC	Public Service Commission
SAICE	South African Institute of Civil Engineers
SALGA	South African Local Government Association
SAMWU	South African Municipal Workers Union
SAPS	South African Police Service

SCM	Supply Chain Management
SITA	State Information Technology Agency
SIU	Special Investigating Unit
SOE	State-owned Enterprise
TI	Transparency International
UN	United Nations
UNCAC	United Nations Convention against Corruption
UNDP	United Nations Development Programme
UNISA	University of South Africa



LIST OF TABLES

- Table 1: Public Procurement Objectives in South Africa as contained in the Constitution
- Table 2: Sample of a Typical Scorecard
- Table 3: Bid Committees, Constituents and Roles
- Table 4: Statistical Release P0302, Statistics South Africa (2016:12) Percentage distribution of the projected provincial share of total population, 2012 – 2016
- Table 5: Strategies to approach research
- Table 6 (A): Price list
- Table 6 (B): Price list
- Table 7: Syntheses: Underlying Contrasts and Commonalities in the three metropolitan municipalities
- Table 8: Possible resolution



University of Fort Hare
Together in Excellence

LIST OF FIGURES

- Figure 1: OECD Foreign Bribery Report
- Figure 2: The SCM Business Model
- Figure 3: Kanyane Ethics Architecture Model
- Figure 4: Holtzhausen's depiction of corruption as a monster
- Figure 5: Kanyane's depiction of corruption as perpetuated largely by the human factor
- Figure 6: Macro structure: Pikitup Johannesburg (SOC) Ltd.
- Figure 7: Organisational structure for Johannesburg City Parks and Zoo (JCPZ)



TABLE OF CONTENTS

DECLARATION.....	i
DEDICATION.....	ii
ACKNOWLEDGEMENTS	iii
ABSTRACT	iv
ACRONYMS	v
LIST OF TABLES.....	viii
LIST OF FIGURES.....	ix
CHAPTER ONE	1
1.1. INTRODUCTION AND BACKGROUND	1
1.1.1. HISTORICAL BACKGROUND OF SUPPLY CHAIN MANAGEMENT.....	5
1.1.2. LEGISLATION GOVERNING SCM IN MUNICIPALITIES	13
1.1.3. PROGRESS MADE BY THE REPUBLIC OF SOUTH AFRICA ON ENFORCING COMPLIANCE TO LEGISLATIVE FRAMEWORK.....	21
1.2. STATEMENT OF THE PROBLEM.....	30
1.3. RESEARCH QUESTIONS	33
1.4. AIM AND OBJECTIVES OF THE STUDY.....	33
1.5. SIGNIFICANCE OF THE STUDY	33
1.6. DATA COLLECTION METHOD	34
1.7. DATA ANALYSIS	35
1.8. LIMITATIONS AND DELIMITATIONS OF THE STUDY	36
CHAPTER TWO.....	40
CONCEPTUAL AND THEORETICAL EXPOSITIONS	40
2.1. INTRODUCTION.....	40
2.2. CONCEPTUAL EXPOSITION.....	40
2.2.1. SUPPLY CHAIN.....	40
2.2.2 CORRUPTION IN SUPPLY CHAIN	42
2.2.3. CONFLICT OF INTEREST.....	49
2.2.4. ETHICS IN SUPPLY CHAIN	50
2.3. THEORETICAL EXPOSITION	59

2.3.1 ETHICS ARCHITECTURE MODEL	67
2.3.2 ETHICAL LEADERSHIP AND ACCOUNTABILITY	71
2.4. CONCLUSION	73
CHAPTER THREE	75
RESEARCH DESIGN AND METHODOLOGY	75
3.1. INTRODUCTION.....	75
3.2. RESEARCH UNIVERSE	76
3.3. RESEARCH DESIGN AND METHODOLOGY	77
3.3.1 EXPLORATORY APPROACH	81
3.3.2 DESCRIPTIVE APPROACH	81
3.4. THE CASE STUDY STRATEGY	82
3.5. UNIT OF ANALYSIS AND SAMPLING TECHNIQUES	86
3.6. METHODS OF DATA COLLECTION AND DATA COLLECTION TECHNIQUES 87	
3.6.1. INTERVIEWS.....	88
3.6.2. OBSERVATION	91
3.6.3. DOCUMENT REVIEW	93
3.7. APPROACHES TO VERIFY QUALITATIVE DATA.....	95
3.7.1. TRIANGULATION	95
3.8. DATA ANALYSIS	100
3.8.1. DATA ANALYSIS PROCESS.....	101
3.8.2. NARRATIVE ANALYSIS	102
3.9. ETHICAL CONSIDERATIONS.....	103
3.9.1. PRIVACY, CONFIDENTIALITY AND ANONYMITY	105
3.9.2. THE RIGHT TO WITHDRAW FROM THE STUDY	105
3.9.3. DISSEMINATION OF RESULTS	106
3.10. SCOPE AND LIMITATIONS OF THE STUDY	106
3.11. CONCLUSION	107
CHAPTER FOUR.....	109
EMPIRICAL ANALYSES OF THE SELECTED CASE STUDIES IN THE CITIES OF EKURHULENI, JOHANNESBURG AND TSHWANE	109

4.1. INTRODUCTION.....	109
4.2. EMPIRICAL ANALYSES OF THE CASE STUDIES.....	110
4.2.1. THE CASE OF THE COE	111
CASE 1: ALLEGATIONS TABLED ON A R109-MILLION TENDER FOR THE SUPPLY OF INTELLIGENT WATER METERS	120
CASE 2: TWO FORMER EMPLOYEES APPEARED BEFORE THE COMMERCIAL CRIMES COURT ON CHARGES OF SUPPLY CHAIN CORRUPTION INVOLVING R32-MILLION IT TENDER	131
CASE 3: ALLEGATIONS OF IRREGULARITIES IN THE APPOINTMENT OF A CONSULTANT FOR THE RESTRUCTURING OF THE COE TO THE VALUE OF R32-MILLION	138
4.2.2. THE CASE OF THE COJ	146
CASE 1: PIKITUP JOHANNESBURG (SOC) LTD PAID AN AUDIT FIRM R6 MILLION TO INVESTIGATE TENDER RIGGING, THEN STOPPED THE PROBE BEFORE IT COULD PREPARE A FINAL REPORT ON QUESTIONABLE TENDERS WORTH R360 MILLION	159
CASE 2: JOHANNESBURG CITY PARKS AND ZOO AWARDED A TENDER TO A NURSERY COMPANY TO SUPPLY TREES FOR R57 MILLION	163
4.2.3. THE CASE OF THE COT.....	169
CASE 1: ALLEGED SUPPLY CHAIN CORRUPTION ON THE APPOINTMENT OF CONTRACTOR FOR SMART METERS FOR R930 MILLION.....	173
CASE 2: COLLUSION AND CORRUPTION IN THE INFLATION OF PRICES FOR VARIOUS GOODS PROCURED FOR THE COT, TO BE UTILISED IN THE CLEANING OF OFFICES AND SWIMMING POOLS TO THE VALUE OF R27 MILLION	178
4.3. SYNTHESSES: UNDERLYING CONTRASTS AND COMMONALITIES	182
4.3.1. CONTRASTS	182
4.3.2. COMMONALITIES	184
4.4. CONCLUSION	191
CHAPTER FIVE	193
CONCLUSIONS AND RECOMMENDATIONS	193
5.1. INTRODUCTION.....	193
5.2. CONCLUSIONS.....	196
5.3. RECOMMENDATIONS.....	200
5.4. AREAS FOR FURTHER STUDY	203

REFERENCES.....	204
ANNEXURES.....	235



University of Fort Hare
Together in Excellence

CHAPTER ONE

GENERAL BACKGROUND TO THE STUDY

1.1. INTRODUCTION AND BACKGROUND

Wanyonyi and Muturi (2015:326) affirm that procurement is the nerve centre of performance in every institution, whether public or private, and thus needs a tight system to be followed and adopted. Arrowsmith (2010:10) confirms that public procurement refers to the government activity of acquiring the goods and services necessary to successfully carrying out its functions. Turley and Perera (2014:15) suggest that public procurement can be divided into three categories: the procurement of goods and supplies; the procurement of goods and services; and the contracting of works, and infrastructure development. Bolton (2006:193) acknowledges that the South African government has given procurement particular significance, and that it has been used as a policy tool due to the discriminatory and unfair practices of the past. The author further affirms that public procurement in South Africa has been granted constitutional status and that it is recognised as a means of addressing the disparity of past discriminatory policies and practices.



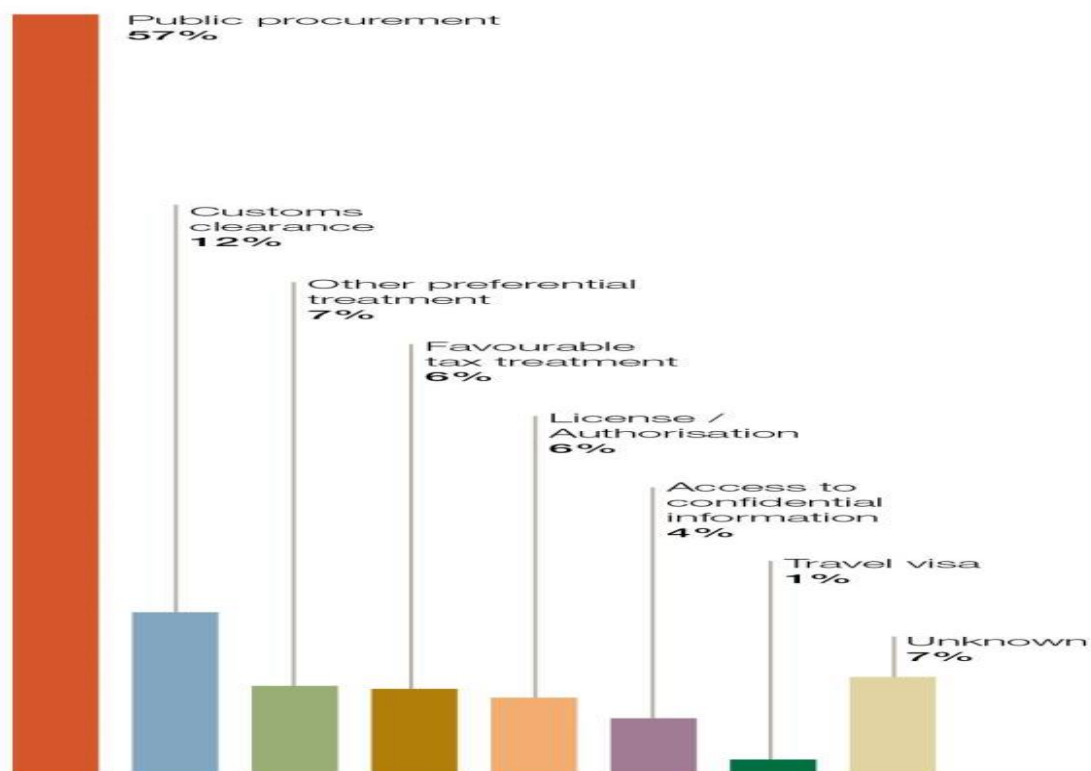
The provision in Section 217 of the Constitution of South Africa, which is in support of public sector procurement, aims to empower the previously disadvantaged and provides flexibility to public institutions in order to facilitate efficient service delivery (Ababio, Vyas-Doorgapersad and Mzini 2008:3). This constitutional provision is intended to address the disparity caused by the procurement system used during apartheid, which was based on discrimination and prejudices that favoured the white minority and disadvantaged the black majority. Ambe and Badenhorst-Weiss (2012:242) assert that, on correcting this abnormality, the democratic government transformed public sector procurement through a preferential procurement system that addressed the socio-economic objectives and imbalances of the country. The Organisation for Economic Co-operation and Development views public procurement as susceptible to corruption (OECD, 2016:6). The Republic of South Africa put in place the aforementioned provision of the Constitution,

that is, Section 217, which focussed on the following measures to mitigate supply chain corruption: fairness, equity, transparency, competitiveness and cost-effectiveness.

Thornhill (2006:322-323) and Madumo (2012:50) write that aside from a lack of capacity to deliver the required services, the biggest challenge facing the South African public sector, particularly its municipalities, is supply chain corruption. Procurement is an area that has long been recognised as being vulnerable to corruption. This is also true in the private sector, in which one of the primary concerns is the paying of kickbacks to supply chain officers. Moreover, in public sector procurement, corruption can be initiated by either a government official or a private supplier. The OECD Foreign Bribery Report (2014) provides additional evidence that public procurement is vulnerable to corruption.

Figure 1, below, shows that more than half of foreign bribery cases occurred during attempts to obtain a public procurement contract (OECD, 2014).

Figure 1: OECD Foreign Bribery Report



Source: OECD Foreign Bribery Report (OECD, 2014)

Della Porta and Vannucci (2012:3) assert that corruption, as abuse or misuse of entrusted power for private gain, is caused by a corrupt relationship that involves embezzlement, favouritism, nepotism, clientelism, fraud, extortion and maladministration. Kalubanga, Kakwezi and Kayiise (2013:17) indicated that the World Bank affirms that roughly \$1.5 trillion in public contract awards are influenced by corruption.

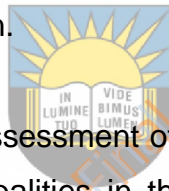
In his opening address to Parliament on 5 February 1999, President Nelson Mandela said that “our hope for the future depends on our resolution as a nation in dealing with the scourge of corruption.” He¹ stated that for us to be successful we need to accept that we are a sick society in many respects. He acknowledged that all this was spawned by apartheid; and no amount of self-induced amnesia will change this reality of history. Moreover, Mandela continued: “it is also a reality of the present that among the new cadres in various levels of government, you find individuals who are as corrupt as – if not more than – those they found in government.” In this same speech, President Nelson Mandela acknowledges that “corruption is unacceptably high and the intention of the ANC was to clean corruption, but the activists are high on the list of those who are stealing from the coffers of taxpayers”. Kanyane (2014:12) submits that corruption, if unchecked, will open a wide gap between itself and civil society. Bolton (2008:3), Eyaa and Oluka (2011:7) state that supply chain functions in a fair, equitable, transparent, competitive and cost effective environment, which is open to public and political expectations for service improvements. Woods (2008:235) submits that procurement in the public sector should be done to achieve value for money and transparency and that it should be done by means of an open tender process, which is a transparent process for sourcing goods and services. The UNODC (2005:92) declares that corruption is a major impediment to poverty alleviation and a key element in the under-performance of an economy.

Moeti (2014:11) postulates that most government corruption occurs through poor supply chain management and control. Webb (2016:4) submits that corruption in the supply chain triumphs due to the pressure that a supply chain practitioner is exposed to in

¹ <http://www.sahistory.org.za/archive/address-president-nelson-mandela-parliament-national-assembly-cape-town-5-february-1999> accessed on 6 August 2018

performing his or her duties, the opportunities presented due to inadequate control environment and the rationale of justifying corrupt behaviour.

Inge (1999:1) defines supply chain corruption as the paying of bribes to civil servants, using the public purse, in exchange for being awarded a bid for the supply of goods and services. Supply chain corruption weakens good government, distorts public policy, leads to the misallocation of resources, harms the private sector and destroys the society. This is a result of the abuse of power or influence entrusted to them due to their mandate or function to achieve personal gain. Since corruption is a secret activity, corrupt officials always hide their activities; therefore, it becomes difficult for the government to estimate the amount lost due to supply chain corruption. This may easily result in government underbudgeting on activities that should advance the lives of communities, due to procurement officials who substitute particular types of goods in an attempt to hide evidence of supply chain corruption.



The purpose of this study is the assessment of the impact of supply chain corruption in the three (3) Metropolitan Municipalities in the Gauteng Province. Vuuren (2006:37) states that research conducted on corruption exposes that, during apartheid, corruption was done on monopoly of money, power and influence that were in the hands of the minority and were used to oppress the majority. During apartheid, resources were transferred to foreign countries to frustrate economic growth and stave off revolution. The World Bank, in the UNODC (2005:81), acknowledges that corruption is an obstacle to economic and social development, and that the effects thereof are severe for the poor who are dependent on the provision of basic needs and public services.

The research is based on the three Metropolitan Municipalities of Gauteng, which were established in 2000 and which are outlined as follows:

- i. The “City of Ekurhuleni Metropolitan Municipality” (CoE) is situated in the eastern part of Gauteng Province. Its boundaries stretch from Germiston and Alberton in the west, Tembisa and Kempton Park in the north, Springs and Nigel in the east.

The strength of the City of Ekurhuleni lies in industry and its weaknesses are poverty and unemployment.

- ii. The “City of Johannesburg Metropolitan Municipality” (CoJ) is located in the provincial capital of Gauteng province; it is South Africa’s wealthiest city and has the largest economy of any metropolitan region in sub-Saharan Africa. It is located on the mineral rich Witwatersrand range of hills, which gives the city the competitive advantage of being the source of a large-scale gold and diamond trade.
- iii. The “City of Tshwane Metropolitan Municipality” (CoT) is located in the Gauteng province. Pretoria is the capital city of South Africa. It merged with Metsweding District as a result of the Gauteng Global City Region Strategy to reduce the number of municipalities in Gauteng to at-least four by 2016.

As in other parts of the country, the three Metropolitan Municipalities under study are not exempted; they experience a high level of supply chain corruption, which has an adverse effect on the provision of services. A significant amount of resources meant for service delivery in the three Metropolitan Municipalities is dedicated to the Special Investigating Unit (SIU), the Public Protector (PP), the National Prosecuting Authority and other external service providers for the investigation and prosecution of cases of supply chain corruption. It is against this background that this study focuses on the assessment of the impact of supply chain corruption in the three Metropolitan Municipalities – CoE, CoJ and CoT – in the Gauteng province.

1.1.1. Historical background of Supply Chain Management

The National Treasury (2003) provides background information on procurement reforms in the South African public sector, which began in 1995. The procurement reforms were directed at the promotion of principles of good governance and the introduction of a preference point system that intended to address the socio-economic imbalances in the country. The procurement reform processes are entrenched in the Municipal Financial

Management Act (MFMA) (Act No. 56 of 2003) and the Public Finance Management Act as well as the PPPFA (Act No. 5 of 2000) and its regulations (NT, 2005). It is in this background that Odhiambo and Kamau (2003:10) concur that public procurement has its origins in the fiduciary obligation of government administrations to deliver goods and infrastructure, for services. The writers further define public procurement as the purchasing, hiring or obtaining, by any contractual means, of goods, construction works and services by the public sector. Arrowsmith (2010:1) argues that public procurement refers to the government activity of purchasing the goods and services needed to perform its functions. According to Hommen and Rolfstam (2009:21), public procurement is “the acquisition (through buying or purchasing) of goods and services by government or public organizations”.

In 2001 the Supply Chain Management (SCM) unit in the National Treasury, in conjunction with the World Bank, completed a Joint Country Procurement Assessment Review (CPAR) to assess procurement practices throughout the public sector (National Treasury, 2005). Van Gruenen and Van Niekert (2010) declare that the CPAR identified certain deficiencies in practices relating to the governance, interpretation and implementation of the Preferential Procurement Policy Framework Act (PPPFA) and its associated regulations. The deficiencies led the Provincial Treasuries, in conjunction with the National Treasury, to embark on a vigorous reform initiative to introduce best procurement practices that are efficient and effective.

Arrowsmith (2010:1) contends that the concept of public procurement can be referred to as procurement planning, contract placement and contract administration. During apartheid, procurement processes were fragmented in South Africa, tender boards were responsible for procurement, whereas provisioning was underwritten by norms and standards in the logistics system driven by the National Treasury. Mkhize (2004:4) contends that even the logistics system was not up to standard due to the failure on the part of government to handle movable assets. Government did not have a proper financial management system. Corruption in procurement became an issue of concern as the power to source goods and services by means of a tender process was sitting in one

body/board or chairperson of the Tender-Board. The legislation gave Tender-Boards the power and monopoly to adjudicate all tenders, which corrupted the procurement system. With the introduction of new legislation, particularly the constitution, the Tender-Board legislation was repealed by provincial legislatures as they were in conflict with the provision of the constitution and were found to be susceptible to supply chain corruption. The National Treasury introduced supply chain management which empowers accounting officers to procure goods and services in line with supply chain best practices. The Tender-Board had to prepare departments for the new policy, in liaison with the relevant Provincial Treasuries. The organ of state had to build capacity to handle tenders in line with the National Treasury's instructions and practice note. In this endeavour, the relevant provincial treasuries had to support the accounting officers. In addition, Tender-Boards, working closely with their respective treasuries, monitored the situation and were required to step in only when circumstances dictate; however, this was to take place only on the clear understanding that the intervention is directed at a weak department/municipality or specific sector, rather than a blanket intervention.

In 2003, the SCM document was adopted to replace outdated procurement and provisional practices. The "Supply chain management: A guide for accounting officers of municipalities and municipal entities" document was also developed to give guidance to the adoption of the integrated SCM function and the related managerial responsibilities assigned to accounting officers in terms of sections 62 and 95 of the MFMA. The guide explains how chapter 11, part 1 of the MFMA, the municipal SCM regulations, and the SCM policy of the council or board of directors can be adopted into an operational process for accounting officers at each step of the SCM cycle (NT, 2005).

The democratic South Africa introduced a series of budgetary and financial reforms on procurement with the intention of revolutionizing the management of the public sector to meet the needs of and deliver the services required by communities. Ambe (2009:8) asserts that, in two decades, the South African public sector supply chain has undergone transformation through the introduction of procurement reforms. The reformation in procurement started in 1995, alongside the introduction of democracy, with a focus on

the promotion of principles of good governance and the introduction of a preference system to address socio-economic objectives (NT, 2005a). The reformation of procurement processes is contained in section 76(4) (C) of the Public Finance Management Act (PFMA) and the Preferential Procurement Policy Framework Act (Act 5 of 2000) (PPPFA) (SAMDI, 2005).

Public procurement is the function whereby public sector organisations acquire goods and services as well as development and construction projects from suppliers in the local and international market, subject to the general principles of fairness, equitability, transparency, competitiveness and cost-effectiveness. Bolton (2006) and Thai (2006) acknowledge that public procurement has been used by governments to achieve socio-economic objectives such as stimulating economic activity, protecting national industries from foreign competition, improving the competitiveness of certain industrial sectors, and remedying national disparities. Public procurement is the sheer volume of funds directed through government procurement and is the largest single buyer in most countries (OECD, 2007:1).

Public procurement is increasingly recognised as a profession that plays a key role in the successful management of public resources. A number of countries have become increasingly aware of the significance of procurement as an area vulnerable to mismanagement and corruption; as such, these countries have made an effort to integrate procurement into a more strategic view of government efforts. As part of the efforts to adopt a long term and strategic view of their procurement needs and management, most countries have resorted to using their annual procurement plans as a possible problem solver (Mahmood, 2010:103).

To this end, Gordhan (2014:28) states that the South African government has established the Office of the Chief Procurement Officer (OCPO) in the National Treasury. The OCPO was established in February 2013, with the intention of addressing the challenges associated with government procurement. The office of the Chief Procurement Officer had an overarching regulatory responsibility to monitor and evaluate public procurement

performance in government as well as to modernise public procurement systems for greater efficiency and transparency. The Chief Procurement Officer's strategic objective is to develop an overarching regulatory framework for public procurement oversight; modernise public procurement information systems to optimise on public procurement planning and execution, spending and cost savings; improve public procurement achievements on sustainable economic, social and environmental development; improve public procurement governance, compliance and accountability; as well as to improve the capacity and performance of procurement officials.

The OCPO does not duplicate the task of the old Tender-Board in terms of procuring goods and services for organs of state. It is not directly involved in procurement, but leads and manages procurement reform, maintains the procurement system and oversees the way in which government does business with the private sector. In line with the PFMA and the MFMA, departments' and entities' accounting officers and accounting authorities are responsible for their day-to-day SCM activities. Their responsibilities include developing their own SCM policies and management systems, and staff training and development in line with the National Supply Chain Framework. They are also required to adhere to national supply chain norms and standards of reporting and compliance. The OCPO is an important office in terms of formulating SCM laws and regulations as well as monitoring compliance therewith. As the office is still new, just three years old, it is too early to assess whether the OCPO is effective or if it is a replica of the old Tender-Board through which the procurement of goods and services was centralized to one entity, with the system being abused and manipulated for self-aggrandizement. The procurement system was abused and the process was corrupt.

In terms of the new SCM dispensation, state institutions, especially municipalities, are empowered to procure goods and services in line with the set rules and regulations; moreover, they are to be held accountable for their procurement processes. Segal and Summers (2002) affirm that accountability is government's obligation to demonstrate effectiveness in carrying out goals as well as producing the types of services that the

public wants and needs. It is, however, frustrating that despite all these efforts, supply chain corruption is still rife in the municipalities.

Prior to the introduction of the office of the Chief Procurement Officer, the SCM system was fragmented, had limited or no accountability (both politically and administratively), lacked transparency and lacked coherence. SCM performance lacked clear and standard directives; this was coupled with insufficient human resources and management capacity to complete activities according to acceptable standards in the expected time frames. In addition, the number of deviations and extensions from contracts was alarming.

It was on the basis of minimising these shortcomings that the Office of the Chief Procurement Officer (OCPO) was established and situated in the National Treasury. The OCPO was established with issues of governance, performance and compliance identified as its core areas of focus in order to eradicate supply chain corruption in National, Provincial, and state-owned entities (SOEs) including municipalities and municipal entities. The OCPO is not directly involved in procurement, but leads and manages procurement reform, maintains the procurement system and oversees the way in which government does business with the private sector.

In conversation with the Chief Procurement Officer on 17 February 2015, regarding issues of capacity in the SCM in the City of Ekurhuleni Metropolitan Municipality as well as automating supply chain processes in order to minimise corruption and the abuse of supply chain processes, the CPO stated that:

[T]here are three Central Database Systems (CDS), e-Tender and e-Commerce and eProcurement, that are operational in the National and Provincial departments as well as in the SOEs. The Central Supplier Database and a central e-tender portal were launched in April 2015, in a bid to fight corruption and make government procurement more efficient and cost-effective. Municipalities and municipal entities are required to run their own procurement processes as mandated by their respective legislation. They are required however to utilise suppliers

listed on the Central Supplier Database managed by the OCPO. The database would interface with South African Revenue Services, the Companies and Intellectual Property Commission and the payroll system, and would electronically verify a supplier's tax and black employment equity status. The system would also be able to identify a public sector official who was trying to do business with the state.

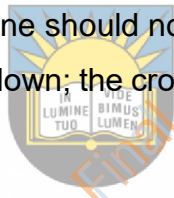
Further, in the same meeting with the CPO, he affirmed that “[a]ll tenders would be advertised on the e-tender portal, and all tender documents would be open to the public”.

The Central Supplier Database (CSD), the e-Tender Portal, g-Commerce and e-Procurement were then introduced with the intention of eliminating barriers to doing business with the state, reducing red tape and improving the way of doing business with government (NT SCM Instruction No. 4 of 2016/17). The OCPO also targeted the non-payment of suppliers by government departments (NT SCM Instruction No. 5 of 2016/17). The OCPO further reviewed the Preferential Procurement Policy Framework Act and its Regulations to support SMMEs, township and rural businesses, as well as youth and women owned entities and localisation (Budget Speech, May 2017). The OCPO played an important role as bulwark against supply chain corruption.

The OCPO constructed a standardised procurement framework within which the state manages large tenders and contracts. According to a survey by the Public Service Commission, roughly 200 000 public servants owned companies that benefited from governmental services in the form of tenders (SCOPA, August 2015). In respect of the three metros under study being able to identify the directors of the companies before appointing service providers, it is not possible to do this as the CSD system is not available; only the Auditor General has a Computer Assisted Audit Techniques (CAAT) system to check employees in government, municipalities and SOEs.

The e-commerce site contained a list of transversal contracts of government, which enabled suppliers to grasp prospective business opportunities. Through these efforts and

deliberate intentions on the part of the OCPO, the office became the scourge of profligate government departments and SOEs across the board. The OCPO rules over extravagant Ministers and, in the process, has made powerful enemies by taking on Eskom, the Passenger Rail Agency of South Africa (PRASA), the South African Social Security Agency (SASSA) and the Guptas, etc. In doing this, the office was found to be standing squarely in their way, in terms of their perpetuation of supply chain corruption in the country. As a result, the OCPO witnessed the exodus of competent and capable executives in the National Treasury, including the Chief Procurement Officer. In addition, the country was witness to a series of changes within in Finance Ministry: first, the firing of the Finance Minister, Nhlanhla Nene, and his subsequent replacement by David van Rooyen, who was soon also replaced, by Pravin Gordhan, who was later fired together with his deputy, Mcebisi Jonas. The sacking of these prudent Ministers is a publicly known fact, as President Zuma reshuffled his cabinet in December 2017. An ancient Indian philosopher, Kautilya, once said: One should not be too straightforward. Go and see the forest – “The straight trees are cut down; the crooked ones are left standing” (Greene and Elffers, 1998:211).



University of Fort Hare
Together in Excellence

Capable, committed and competent human resources were lost due to a lack of vision, coupled with selfish interests and corruption in political leadership. It was also apparent that detailed tender information disappeared overnight, and a gross manipulation of scores had been identified as issues to be dealt with. It was thus the intention of the OCPO to collaborate with anti-corruption groups such as the Police, the Special Investigation Unit (SIU), the Department of Public Service and Administration (DPSA), the Public Service Commission (PSC), the Department of Trade and Industry; it was envisioned that these collaborations would address challenges in SCM. Currently, the OCPO has a tender default register that captures the details of companies that have misrepresented themselves, defaulted on contracts awarded and/or were found to have committed acts of supply chain corruption. This default register is available at national, provincial and local government so that each time there is an appointment to be made, the default register will be checked in order to eliminate those suppliers listed in the register (SCOPA, August 2015).

More still needs to be done in the municipalities and municipal entities. Numerous audits have indicated that, in the three metros under study, SCM operations have been irregular due to non-compliance with the Constitution, Municipal Finance Management Act (MFMA) and its Regulations, Preferential Procurement Policy Framework Act (PPPFA) and its Regulations, Broad-Based Black Economic Empowerment (BBBEE) as well as SCM policies and regulations. The procurement of goods and services should be based on accurate demand planning, procurement planning, correct items and specifications management, supplier management, management of bids through the required committees, inspection and quality management, utilisation of products and services management, effective supply schedules as well as audits and enforcement.

1.1.2. Legislation governing SCM in municipalities

There are compendiums of legislative frameworks that guide procurement practices in South Africa. These include the following:

a) The Constitution of the Republic of South Africa, Act 108 of 1996

The Constitution, as the supreme law of the country, has set a platform for legislation to be aligned accordingly. It addresses procurement objectives and empowerment for disadvantaged groups, as a counter to apartheid legislation. Section 217 of the Constitution focuses on the supply chain as a problem area in terms of corruption and denying citizens the right to service delivery. The section makes provision for the procurement of goods and services to be done in a transparent, fair, equitable, competitive and cost effective manner. Bolton (2006:193) asserts that public procurement in South Africa has been granted constitutional status and is recognised as a means of addressing past discriminatory policies and practices.

Table 1: Public Procurement Objectives in South Africa as Contained in the Constitution

<i>Objective</i>	<i>Reference</i>
Primary Procurement system to be fair, equitable, transparent, competitive and cost effective	Section 217(1)
Secondary Procurement policy may provide for: - Categories of preference in the allocation of contracts; and - The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination	Section 217(2)

Source: Pauw and Wolvaardt (2009); Bolton (2006) and Watermeyer (2011).

b) Public Finance Management Act, 1999 (1 of 1999) as amended and Municipal Finance Management Act, 2003 (56 of 2003)

The two sets of legislation (PFMA and MFMA) were reinforced by the National Treasury Regulations in order to finalise the devolution of the SCM function to the accounting officer, and to formalise the integration of various functions into one single SCM function. The National Treasury regulations provide the broad legislative framework for SCM by defining the various elements of SCM such as demand management, acquisition management, logistics management, disposal management and SCM performance. Both pieces of legislation institutionalise the creation of a Supply Chain Management unit in the office of the Chief Financial Officer.

Hanks, Davies and Perera (2008:11) submit that National departments as well as provincial and local governments are allowed to extend and develop their policies, systems and structures within the ambit of the national regulatory framework. This approach empowers the national, provincial and local government in that the power to appoint service providers' rests with the accounting officers. Furthermore, these appointments are carried out in line with the standards set by the National Treasury, particularly, the Office of Chief Procurement Officer. The Accounting Officers (AOs) are

responsible and accountable for the procurement process in their departments or municipalities, unlike the Tender-Board where powers and decisions regarding procurement were centralized to one entity. Compliance with these pieces of legislation will result in a clean procurement process.

It is unfortunate that the country still experiences supply chain corruption. For example, public finances are not in order, planning for procurement of goods and services is not properly done, the ultimate costs paid for the procurement of goods and services are escalating in a shocking manner, for example, the construction of stadiums, power stations, as well as the procurement of passenger rail/locomotives, and the amount of money lost on the South African Airways, the South African Broadcasting Corporation, and so forth. Brinkerhoff (2004) declares that the lack of accountability creates opportunities for corruption. The author identifies three key components of accountability: the measurement of goals and results, the justification or explanation of those results to internal or external monitors, and the punishment of or sanctions for non-performance or corrupt behavior. The Act further unpacks the provisions of the constitution as pertaining to the prudent financial management of municipalities. It is the responsibility of municipalities and municipal entities to train officials on the MFMA so as to derive the benefits thereof from the system.

c) Prevention and Combating of Corrupt Activities Act 12 of 2004

The Act is the key statute on corruption in the country; it provides for the general offence of corruption and for specific offences. It also provides for both investigative and preventative measures in the fight against corruption. The Act places restrictions on persons and enterprises convicted of corrupt activities related to tenders and contracts. It also places an obligation on any individual in a position of authority to report certain corrupt transactions. Any conflict of interest and unacceptable conduct in the acquisition of public goods and services are addressed in the Act.

With overwhelming reports on corruption in the supply chain, Metropolitan Municipalities should focus on preventing and combating supply chain corruption in line with the provision of the Act. When Metropolitan Municipalities conclude the evaluation and adjudication of tenders, the relevant statutory bodies should be checked to verify compliance. For example, registration with the Construction Industry Development Board (CIDB) should be verified in relation to construction work, the National Home Builders Regulatory Council (NHBRC) should be consulted in matters related to the building of houses, registration with the South African Institute of Civil Engineers (SAICE) and the Engineering Council of South Africa (ECSA) should be confirmed prior to the appointment of consultants or engineers; moreover, the list/register of defaulters in the National Treasury should also be checked prior to appointment. There is a growing trend in the forgery of Broad-Based Black Economic Empowerment (BBBEE) Certificates in order to score points on equity; therefore, the verification and confirmation of authenticity should be received in writing from the agency that issued the BBBEE certificate. The Metropolitan Municipalities should also invest in an IT system that will assist in the detection and identification of contractors who are in the service of state, and those who have not declared these interests. Furthermore, a continuous lifestyle audit should be conducted on all employees in the public sector, and disciplinary action should be taken against those who are found to have committed acts of corruption.

d) Promotion of Administrative Justice Act 3 of 2000

This Act establishes fair administrative procedures, permits those affected by unfair administrative action to request reasons for such action and requires that administrators respond to such requests. Administrative action is presumed to have been taken without good cause in instances in which an administrator fails to respond within the prescribed period. Moreover, the Act provides procedural guidelines for the judicial review of administrative action. It also provides a set of possible remedies dependent on the outcome of the judicial review proceedings; these include the prohibition of an administrator from acting in a particular manner, setting aside the administrative action, correcting the defective action, and ordering the administrator to pay compensation. The Act is used to scrutinize public procurement and to ensure that it steers clear of the

abundance of reported cases related to the awarding of public tenders. It gives effect to the constitutional right of access to information held by the state. It is an important instrument for ensuring transparency and obtaining the necessary information that would enable the public to exercise its right to lawful administrative action. It serves as a deterrent to supply chain corruption, as the documents may be requested for review, which may reflect corruption.

e) The Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000

The Act prohibits the state or any person from unfairly discriminating against any person, on the grounds of race or gender, through the denial of access to contractual opportunities for rendering services or by failing to take steps to reasonably accommodate the needs of such persons. The Act gives effect to the constitutional provisions of the equality clause; it addresses the disparities of the past, which resulted in black people being marginalized and excluded from economic participation within the country. The Act assists in the realization of BBBEE and allows empowerment to be applied in the supply chain process. Discrimination, on the basis of gender and race, in the supply chain caused corruption, the effects of which are still visible today; supply chain corruption must be uprooted and exposed, and the law should take its course in dealing with corrupt supply chain practitioners.

f) Preferential Procurement Policy Framework Act 5 of 2000 and its regulations

This Act establishes the manner in which preferential procurement policies are to be implemented. Bolton (2006) affirms that the Act makes provision for the government's prioritising of the empowerment of historically disadvantaged persons by giving them preferential treatment in procurement activities. The Act and its regulations (referred to as the Preferential Procurement Policy Framework Regulations 2001) provide for an evaluation criteria of bids up to R1 000 000 using 80/20 points, with 80 points awarded for price and 20 for equity. For all bids in excess of R1 000 000, a 90/10 evaluation criteria is used, with 90 points awarded for price and 10 for equity. Bolton (2006) acknowledges that, prior to 1994, price was the overriding criterion.

The Regulations further define the criteria for awarding the preferential points, and describe the relevant verification processes. In addition to the preferential points awarded for procurement from enterprises owned by historically disadvantaged individuals (HDIs), preferential points can also be allocated for different criteria (Hanks et al., 2008). It is unfortunate that the system for the allocation of points is manipulated by not abiding by the rules and regulations thereof. In most cases, some of the supporting documents that prove and substantiate the potential and/or expertise are lost in the system, and evaluations are concluded without receipt of the relevant documents. Should the point system be instituted correctly, emerging contractors will be able to provide the required service and will move from 'emerging' to 'established' service providers. There is a criticism that the PPPFA and its Regulations does not stretch far enough to achieve the preference, empowerment and socio-economic objectives described in Section 217(2) of the Constitution (Public Sector Supply Chain Management Review 2015). In 2012, Gwede Mantashe, the Secretary General of the ANC, criticised preferential procurement as follows: "This thing of having a bottle of water that you can get for R7 procured by the government for R27 because you want to create a middle-class person who must have a business is not on. It must stop."


 University of Fort Hare
 Together in Excellence

g) Broad-Based Black Economic Empowerment Act 53 of 2003

Pauw (2011) declares that the Act became the basis of the preference points system that is used to protect and advance certain groups, as provided for in the Constitution. This piece of legislation establishes a legislative framework for the promotion of black economic empowerment. In terms of the PPPFA (2011), bidders must get their broad-based black economic empowerment (B-BBEE) status level as high as possible because the higher the status level, the more preference points they are awarded. The B-BBEE status level is a result of the measurement of a firm's contribution to Black empowerment.

Table 2: Sample of a Typical Scorecard

<i>Element</i>	<i>Weight</i>
Ownership	20
Management control	10

Employment equity	15
Skills development	15
Preferential procurement	20
Enterprise development	15
Socio-economic development initiatives	5

Source: Pauw (2011)

The determination of the weight of each one of the elements in the table reflecting the sample of a typical scorecard is not simple. The system used to determine the weights per category is administered by the Department of Trade and Industry (DTI). It should be stated that preference points do not put an end to competition between enterprises, especially since preference points give bidders a relative rather than an absolute advantage. Contracts can be won by firms offering good quality goods and services at competitive prices. Moreover, for an enterprise comprised of previously disadvantaged individuals, the preference points, of course, do not provide them with a competitive edge over similar enterprises.



University of Fort Hare
Together in Excellence

Feinstein (2005:43) states that the apartheid policies produced extreme inequalities that resulted in severely entrenched impediments to socio-economic development in the country. Hirsch (2005:69) affirms that the post-apartheid ruling party was determined to embark on an economic restructuring programme in order to empower those who were discriminated against by not being allowed to participate in the economy of the country. This was done by means of social transformation, the creation of opportunities and economic restructuring (Rubushe, 2009:30). According to Levin (2011:252), the government introduced Black Economic Empowerment (BEE) to overcome this obstacle. BBEE was not without criticism, the Department of Trade and Industry (2007:6) writes that it is necessary to adopt and implement the Codes of Good Practice due to the lack of a uniform framework for the recognition and measurement of BBEE; extensive delays in BBEE implementation due to different interpretations thereof; a lack of underlying economic substance to many BBEE transactions; fronting due to the lack of implementation guidelines; and very little transformation at the management level.

Analysts, researchers, policy makers, politicians and civil society continue to debate BBEE policy and its implementation. Mbeki (2009:15) has repeatedly criticised BEE; in his book he stated that BEE “strikes a fatal blow against black entrepreneurship by creating a small class of unproductive but wealthy black crony capitalists made up of ANC politicians”. With the prevalence of supply chain corruption in South Africa, all the good intentions of the legislation are flouted by fronting, misrepresentation, failure to declare interests and employees doing business with municipalities. Hence, in most cases, the beneficiaries of BBEE are political leaders who happened to be at the forefront of crafting the empowerment policies and regulations.

h) The South African Prevention of Corruption Act 1992

The Act and the Public Service Anti-Corruption Strategy (2002) as well as Vyas-Doorgapersad, (2007:286) define corruption as “any conduct or behaviour in relation to persons entrusted with responsibilities in public office which violates their duties as public officials and which is aimed at obtaining undue gratification of any kind for themselves or for others”. To eradicate or mitigate supply chain corruption, accounting officers should take all reasonable steps to prevent the abuse of the supply chain management system. All bids from any bidder who has previously abused the supply chain system or who has committed any improper conduct, or who has previously been convicted for supply chain corruption, should be rejected. In addition, the supply chain practitioner must check the National Treasury database for non-performing contractors and for contractors who have been blacklisted due to supply chain corruption.

Despite public procurement reform, and the concomitant legislation that has been promulgated to combat supply chain corruption, South Africa continues to face significant challenges in its public procurement practices.

1.1.3. Progress made by the Republic of South Africa on enforcing compliance to legislative framework

The legislative framework that guides the SCM policy includes: the Constitution; Public Finance Management Act (PFMA) (Act No. 1 of 1999); Local Government: Municipal Finance Management Act (MFMA) (Act No. 56 of 2003); Preferential Procurement Policy Framework Act (PPPFA) (Act No. 5 of 2000); Policy to Guide Uniformity in Procurement Reform Processes in Government; Broad-Based Black Economic Empowerment Act (BBBEE) (Act No. 53 of 2003); Municipal Systems Act (MSA) (Act No. 32 of 2000); South Africa: Competition Law (Act No. 89 of 1998); South Africa: National Small Business Act (Act No. 102 of 1996); Anti-Corruption Measures and Practices; South African Local Government Association (SALGA) (National Treasury RSA, 2005), and so forth. Despite the plethora of legislation governing the supply chain environment, corruption still ravages the country's limited resources. The South African government has acknowledged that this matter has to be addressed urgently, as it has a negative impact on service delivery. The Republic of South Africa Constitution Act of 1996 provides the constitutional basis for promoting ethical conduct.



The Local Government Municipal Structures Act 117 of 1998 has ushered in a code of conduct for councillors, while the Local Government: Municipal Systems Act 32 of 2000 has introduced a code of ethics for officials. Within this framework, and in the broader context of local government, the community and municipal functionaries will have to take cognisance of institutional and administrative measures to enhance ethical conduct and counter supply chain corruption. Curbing of supply chain corruption, together with enhanced ethical conduct, would ensure that public interest is promoted and protected by addressing the needs and desires of the local citizenry (Democracy Development Programme, 2006). The legislation was intended to curb the corruption in the public sector by introducing a code of ethics; however, we still experience situations in which ethics are being violated, civil servants are conducting business and evaluating companies that they have an interest in, in the form of shares and/or in which members of their families are shareholders, all without declaring these interests. It is therefore difficult to realise the

impact of the legislation as consequences management is still a concern for those found guilty of wrong doing.

The South African Government, through the office of the National Treasury, introduced SCM as an integral part of prudent financial management in South African public sector management (OGC, 2005:11). According to Hanks et al. (2008), SCM operates within a regulatory framework set by national government, which is extended by the provinces and local government bodies to specific policies, legislation and regulations. Government is the country's largest buyer of goods, services and construction works. To ensure good-quality, efficient and cost-effective service delivery, and therefore achieve government objectives, government SCM policies and the related legal environment must be clear and simple. Since the first democratic elections, South Africa's public SCM system, which is anchored in Section 217 of the Constitution, has evolved towards fairness, equity, transparency, competition and cost-effectiveness.

In 2004, the National Treasury made significant changes from a system infected with corruption in the supply chain, which was centralized to the Tender Board, by introducing a public sector SCM legislative framework that provides for a decentralized policy and public sector resource management. In line with the Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA), the aim was to allow managers to manage and to take full responsibility and accountability for their actions. According to Ambe (2009), transformation in public procurement was initiated to, first and foremost, promote principles of good governance and, second, to introduce a preference point system that would address and maintain the socio-economic objectives that the country has set to achieve. The reform process was initiated due to inconsistencies in policy application, a lack of accountability, a lack of supportive structures and fragmented processes.

The introduction of SCM as an integral part of prudent financial management initiated the segregation of duties in terms of SCM committees. These committees are responsible for sourcing goods and services, and for handling different areas of work, without

overstepping such boundaries. These committees are the Bid Specification Committee (BSC), the Bid Evaluation Committee (BEC) and the Bid Adjudication Committee (BAC). Their roles and responsibilities are clearly defined and dependent on each other for the successful completion of the procurement process.

Table 3: Bid Committees, Constituents and Roles

<i>Bid Committee</i>	<i>Constituents and Roles</i>
Bid Specification Committee	<p>May comprise one or more official, preferably a manager, responsible for functions that include external specialist advisors (cross functional principle); an accounting officer or a delegated official to appoint as chairperson.</p> <p>Roles: Compile technical specifications, terms of reference, requirements, conditions of contract, evaluation criteria, determine goals, and indicate method of procurement.</p>
Bid Evaluation Committee	<p>Comprised of one SCM practitioner; technical expert from the department that requires the goods/services.</p> <p>Roles: Accounting officer must appoint the chairperson and members, evaluate bids in accordance with the criteria (PPPFA), evaluate bidders' tax matters, submit a report for recommendation regarding the awarding of the</p>

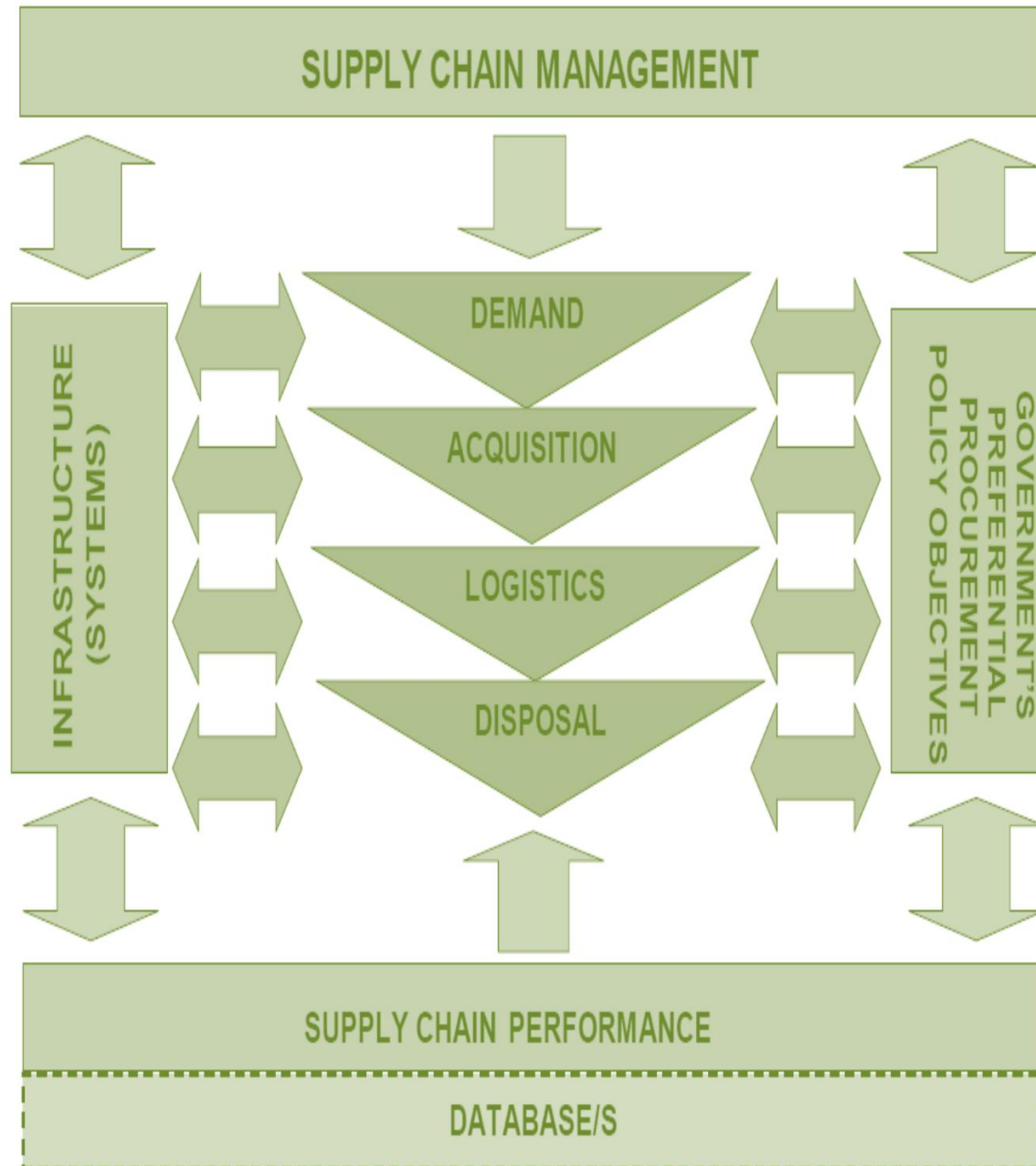
tender, check the list for restricted bidders, consult the register for tender defaulters.

Bid Adjudication Committee	<p>Comprised of at least four senior managers, including the Chief Financial Officer (CFO); at least one senior SCM practitioner to ensure compliance; and one technical expert, who is an official, to ensure compliance with the relevant specifications.</p> <p>Roles: Accounting officer must appoint the chairperson and members; a member of the Bid Evaluation Committee may present its case to the Bid Adjudication Committee; neither a member of nor a person assisting the bid evaluation committee, nor any advisor, may be a member of this committee.</p>
-----------------------------------	--

Source: Adapted from NT (2005) and Ambe and Badenhorst-Weiss (2011a)

However, reports to the National Treasury by accounting officers and authorities, and borne out by the Auditor-General (AG), indicate a continuous low level of compliance with the SCM legal framework. The negative results of this non-compliance include interruptions to the procurement of goods, services and works as well as the failure to source goods and services at the right price and at the right time. Corruption in the supply chain continues to be a matter of concern in the current dispensation. Common findings of the AG's annual reports on SCM non-compliance and irregular expenditure include the appointment of suppliers who are not tax compliant; the failure to use competitive processes for quotations and bids; the incorrect use of the preference points system; the lack of appropriate bid committees; the use of unqualified suppliers; the passing over of bids for incorrect reasons; the use of incorrect procurement processes in relation to threshold values for quotations and competitive bidding; the extension of validity periods; the incorrect use of the limited bidding process; inadequate controls and procedures for handling bids; the appointment of bid committee members who are not aligned with policy requirements; and insufficient motivation for deviations from SCM procedures.

Figure 2: The SCM Business Model



Source: Ambe and Badenhorst-Weiss (2012:11006)

Section 217 of the Constitution of the Republic of South Africa provides for the five essentials with which the procurement of goods and services must comply. These essentials are provided for in sub-section 1, as follows: “when an organ of state in the national, provincial and local sphere of government, or any other institution identified in

national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective". These are the values upon which Supply Chain Management is founded.

In this respect, supply chain management invokes a number of ethical and value-related responsibilities and attributes, all of which range across (or tie into) the qualities of SCM listed in Section 217 of the Constitution. These attributes are referred to as five pillars and are outlined in further detail below:

Value for money: It is important to consider costs and benefits over the procurement cycle; the procurement process must provide value for money and it must be cost-effective. Unnecessary delays should be avoided. In order to adhere to the value for money principle, individual departments should also ensure continuous improvement of the efficiency of internal processes and systems.

Open and effective competition: Supply Chain Management must be transparent in respect of the way in which they handle the procurement process. A framework of procurement laws, policies, practices and procedures must be readily accessible to all parties. Effective competition should be encouraged and the process should be handled openly.

Ethics and fair dealing: All participants in the procurement process should comply with ethical standards and deal with each other on the basis of mutual trust and respect; moreover, they should conduct their business fairly, reasonably and with integrity. Any bidder in violation of the procurement process should be disqualified and blacklisted. Supply Chain Practitioners are expected to declare their interests and should be empowered to recognise and deal with a conflict of interest, or the potential therefor. The staff should deal with suppliers even-handedly; this means that there should be no bias. They should not compromise the state through the acceptance of gifts. Procurement staff should also assist in the elimination of fraud and corruption, and should avoid conflict of interest. Holliday (2017) affirms that conflict of interest may occur in a situation in which

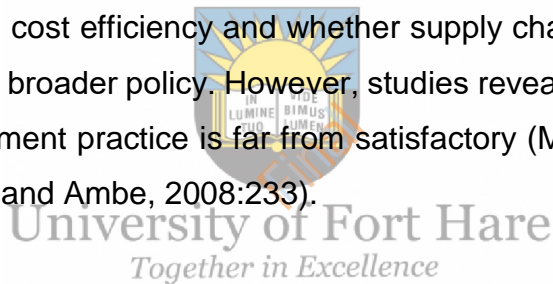
individuals have relationships with a company that has or may bid for work. In procurement, conflict of interest can result in criminal action such as fraud, bribery or corruption through the abuse of a particular position.

Accountability and reporting: This means that individuals handling procurement, as well as the relevant organisations, are answerable for their plans, actions and outcomes. Openness and transparency in administration, by external scrutiny through public reporting, is an essential element of accountability.

Equity: Within the context of these procurement guidelines, equity refers to the application and observance of government policies that are designed to advance persons who were previously disadvantaged through unfair discrimination. Within the South African context, equity is important to redress the disparity of the past. This encourages the advancement of small, medium and micro enterprises (SMMEs) and historically disadvantaged individuals (HDIs). Therefore, HDIs and SMMEs are able to playing a critical role in the economy of the country. To effect the participation of SMMEs, the government has implemented the PPPFA as the foundation upon which all procurement activities are based and its regulations for evaluation criteria. The government has declared that no public procurement system should be operational if it is not founded on this pillar (National Treasury, S.A.).

The responsibilities of realising five pillars discussed earlier, rests with the head of supply chain management (Divisional Head: SCM). This should be done by putting systems and controls in place and enforce compliance by continuously educating stakeholders of the importance of compliance so as to minimise risk in their area of work. Failure to set up systems or controls of procurement could result in significant procurement risks. In addition, they should be clear, thus enabling the legislative framework in order that well-skilled personnel manage procurement properly. (National Treasury, 2003:2) issued instruction that, Supply Chain Management must be established in the Office of the Chief Financial Officer.

Mahmood (2010:103) states that as part of the efforts to adopt a long term and strategic view of their procurement needs and management, most countries have resorted to using their annual procurement plans as a possible problem solver. In terms of the SCM business model, demand management is placed on top as the beginning of the supply chain process by which needs are identified, and specifications are determined and linked to the budget. Bid documents will be compiled with clear specifications and evaluation criteria. Logistics management will set the inventory level, as well as the receipt and distribution of material, while at the same time reviewing vendor performance. Payment will be processed within a reasonable timeframe, upon delivery and receipt of invoices. Disposal is the process by which the municipality plans to do away with unserviceable, redundant or obsolete movable assets. The last stage of the SCM process is supply chain performance, which is a monitoring process that undertakes a retrospective analysis to determine whether proper processes have been followed. It focuses on compliance with norms and standards, cost efficiency and whether supply chain practices are consistent with the government's broader policy. However, studies reveal that the implementation of supply chain management practice is far from satisfactory (Mathee, 2005; Ambe, 2006; Van Zyl, 2006; Migiro and Ambe, 2008:233).



Ruhiiga (2009:1094) argues that supply chain corruption seeps into the fabric of society and becomes institutionalized as an acceptable way of managing the daily lives of the members of said society. This directly undermines the rule of law and the ability of government to provide essential services to the people. Moeti et al. (2007:122) hold the view that corruption in national government occurs through poor procurement management and control, even though South African legislation is comprehensive in terms of the legislation, rules and regulations guiding the procurement of goods and services by municipalities.

In acknowledging the existence of supply chain corruption, the South African government established Chapter 9 institutions such as the office of the Public Protector, which serves as an ombudsman to deal with the investigation of corruption in the public sector. The office is also responsible for enforcing the Executive Ethics Act and the Executive Ethics

Code. The constitution makes provision for the establishment of an Auditor General, which focusses on the accounts, financial statements and financial management of all National and Provincial departments, municipalities, or any other institutions required by national legislation to be audited by them. According to National Treasury (2003), the Auditor General can also conduct investigations or special audits whenever it considers this to be in the interest of the public, or upon receipt of a complaint or request. The office of the Auditor General enables oversight, accountability and good governance in the public sector. It is unfortunate that, at times, the officers auditing an organ of state are conflicted as they regard the entity as a potential employer, which tends to compromise the integrity of the work or the outcome of the audit process.

According to Dike (2007:1-19), corruption is the violation of the established rules for self-gain or personal gain. It is the effort to secure wealth or power through illegitimate means, at the expense of the public. Bakamba (2009:3) submits that the most common definition of corruption involves private gains through public authority, that is, the abuse of public power for private benefit or profit. Ssonko (2010:8) affirms that corruption is one of the most serious unethical practices that undermine the public's trust and confidence in public officials. Safieddine and Atwi (2009:87) point out that "corruption is the abuse of entrusted power resulting in the reaping of benefits at the expense of the rights of an individual, a group or the whole society".

Legislation is clear on the roles and responsibilities of all parties and on what anti-corruption entities should achieve, however, the eradication of corruption in the supply chain remains a problem. The reason for this might be that officials who are supposed to be handling issues of supply chain corruption are themselves unethical when handling and investigating issues and allegations of supply chain corruption. The National Prosecuting Authority, Special Investigating Unit and Commercial Crimes are agencies that deal with criminals who are found to have violated supply chain processes for personal gain. These agencies investigate and prosecute those who commit corruption in the supply chain. There are also private institutions that investigate and report on supply chain corruption.

According to McCarthy (2006), supply chain practitioners lack the knowledge and the necessary capacity to handle procurement processes, which has led to bad governance in supply chain processes. Sheoraj (2007) submits that the lack of skills and capacity are very serious, and marks them as the greatest impediments to success in supply chain management in South Africa. On the contrary, Migiro and Ambe (2008:231) confirm that training has been provided to many SCM practitioners, however, there is a lack of appropriate knowledge for proper implementation.

On the 12th of May 2016, the Global Declaration Against Corruption “commit[ed] to expose corruption wherever it is found and to pursue and punish those who perpetrate and facilitate it. Further [it commits] to support communities who suffered from it and to ensure it does not fester in our government institutions”.

1.2. STATEMENT OF THE PROBLEM

Welman, Kruger and Mitchell (2005:15) contend that prior to research being carried out, the researcher should have an understanding of the problem and the approach to or manner of unravelling the problem. Munzhedzi (2016) posits that corruption in the supply chain process is a major challenge facing the South African government. The researcher identified supply chain corruption as a problem in the three Metropolitan Municipalities of the Gauteng province. Supply chain corruption is a threat to service delivery in the democratic South African state. It destroys the credibility of the state and reverses the gains of the democratic dispensation. Supply chain corruption gives birth to poverty and to the lack of service delivery, which affects communities negatively and thereby leads to adverse outcomes, such as loss of lives through service delivery protests, vandalism, and communities' loss of confidence in government, to mention but a few. It downplays the state's ability to fulfil the developmental aspirations of the society. Worldwide, corruption is perceived as the woodworm that attacks all sectors of society. Hope and Chikulo (2000:17) attest that corruption has become so pervasive in the African region that it has been labelled the “AIDS of democracy”.

Kanyane (2004:15) asserts that the Municipal Systems Act makes provision for municipal functionaries to deliver effective and efficient services to members of society. Service delivery protests, which seriously destroy established community services/infrastructure in some parts of the province, are motivated by issues of supply chain corruption that results in poor service delivery as well as unauthorised, fruitless and wasteful expenditure.

According to Smart Procurement (2011) and De Lange (2011:9), in 2010, the South African government spent approximately R30 billion on irregular expenditure. Procurement is an area that has long been recognized as vulnerable to corruption. This is true in the private sector, where the typical problem is the awarding of kickbacks to supply chain practitioners. It is also true in public sector procurement, where fraud can be initiated by either a public contracting official or a private supplier. The World Bank has estimated that roughly \$1.5 trillion in public contract awards are influenced by corruption.

In its 2011 Annual Report, the SIU indicated that R25 billion to R30 billion of the amount spent on the supply chain was lost to corruption, incompetence and negligence. In his presentation to Parliament in October 2011, then head of the SIU, Wille Hofmeyr, stated that they put a number of measures in place to curb corruption, mismanagement and ineptness within various municipalities. A broad-spectrum probe by the SIU into the affairs and the running of metropolitan municipalities exposed massive supply chain corruption, at which point a probe was conducted into the cases discussed below.

In the City of Ekurhuleni Metropolitan Municipality (CoE), the following cases alerted the attention of the study:

- i. Two former employees appeared before the Commercial Crimes Court on charges of supply chain corruption involving a R32 million IT tender.
- ii. Allegations of irregularities on the project for the provision of restructuring the EMM.
- iii. Allegations tabled on a R109 million tender for the supply of intelligent water meters.

In the City of Johannesburg Metropolitan Municipality (CoJ), the following cases are critical, hence, the case study:

- i. Corruption Watch established that Pikitup paid an audit firm an amount of R6 million to investigate tender rigging, then stopped the probe before it could prepare a final report into dodgy tenders worth R360 million.
- ii. Johannesburg City Parks and Zoo awarded a tender to a nursery company to supply trees at an exorbitant amount.

In the City of Tshwane Metropolitan Municipality (CoT), a number of hard-hitting recommendations have already led to the dismissal of two senior personnel. The SIU investigated the City of Tshwane Metropolitan Municipality, with a focus on the SCM, asset management and service delivery departments as well as the governance, risk and compliance, human resources, financial management, technical support and waste management divisions. The cases below were serious issues of concern, which are researched and analysed in-depth in Chapter Four of this study:

- i. Alleged supply chain corruption on the appointment of a contractor for smart meters for R930 million.
- ii. Collusion and corruption on inflated prices for various goods procured for the City of Tshwane Metropolitan Municipality at an amount of R27 million.

Furthermore, there are forty-three incidents, to the value of R430 million, under investigation, with payment in excess of R90 million on unauthorised transactions.

Based on literature that was reviewed on supply chain corruption, it became evident that the study of corruption was overwhelmed with cause – effect but lacked enforcement mechanisms to prevent it. In this study, an attempt was made to use Kanyane ethics architecture to prevent corruption from happening. Kanyane ethics architecture is a multifaceted model embedded with socialisation, institutional and legal enforcement mechanisms. Though numerous authors refer to ethics on studies conducted in supply chain corruption, none of them pays attention to Kanyane's ethics architecture, which underpinned this study. This research therefore, closes the gap in literature using Kanyane ethics architecture model.

1.3. RESEARCH QUESTIONS

The research questions that are cross-examined and addressed in this study are:

- i. Why is supply chain corruption still increasing exponentially in the areas under study when there are extant measures to fight it?
- ii. What is the extent of supply chain corruption in the three metropolitan municipalities?
- iii. What is the impact of supply chain corruption in the three metropolitan municipalities in Gauteng and how it could be resolved?

1.4. AIM AND OBJECTIVES OF THE STUDY

The aim and objectives of the study are to assess the impact of supply chain corruption in the City of Ekurhuleni Metropolitan Municipality, the City of Johannesburg Metropolitan Municipality and the City of Tshwane Metropolitan Municipality in the Gauteng province, as clearly articulated by the self-explanatory research topic.

On achieving the aim of the study, the specific objectives of the study are to:

- i. Assess the nature and extent of supply chain corruption as well as their consequences and the impact thereof.
- ii. Assess the risks and mitigations in the Supply Chain Management environment.
- iii. Suggest a workable architecture for supply chain ethics that could be used to fight supply chain corruption in the three metropolitan municipalities.

1.5. SIGNIFICANCE OF THE STUDY

The study could assist the three metropolitan municipalities to formulate a clear strategy to address the challenges identified in the research and to speed-up service delivery. It brought to light some tricks that are used within the system to perpetuate supply chain corruption. This research contributes to raising public awareness on issues of supply chain corruption and its impact on service delivery. It also highlighted the process that should be followed to report incidents of supply chain corruption, without fear of prejudice.

This study also makes a significant contribution to academic literature on the supply chain. Moreover, the study could be beneficial and add value to policy making and formulation strategies intended to curb supply chain corruption in the metropolitan municipalities specifically, and in the local government environment in general.

1.6. DATA COLLECTION METHOD

Burns and Grove (2003:373) write that, in respect of the collection of data, it is critical for the researcher to ensure that relevant data is obtained by employing methods like interviews, participant observation, focus group discussions, narratives and case studies. In this study, the three metropolitan municipalities were approached by the researcher, who requested their participation in the study. Participants were identified as per their area of work and the contributions they could make to the discussion of selected cases of supply chain corruption in the three metropolitan municipalities under study. A detailed explanation of the research was presented to each participant to assure them that confidentiality and anonymity will be maintained, and that the research is solely for academic purposes. The participants were, at the same time, informed of their rights to withdraw their participation from the study at any time if they feel that they are not protected. In this study, data was gathered through multiple methods, including unstructured interviews, the review of selected documents, the analysis of archives and direct observation. As previously stated, the required data was collected from the Special Investigating Unit (SIU), the Public Protector, case law, the Commercial Crimes Court, the Municipal Public Accounts Committee (MPAC), audit reports from the Audit General South Africa (AGSA), and internal information made available in the metropolitan municipalities under study.

The researcher observed the behaviour and practices in the supply chain environment for the three metropolitan municipalities under study. The behaviour of the participants who were interviewed was also observed. According to Denzin and Lincoln (2005:673), as a research technique, observation has been characterised as the basis of all research methods. The following participants from the three metropolitan municipalities were

interviewed: Practitioners in the SCM Divisions, Internal Audit/Forensic Investigations, Labour Relations, Corporate Legal Services as well as Risk, Governance and Compliance, Human Resource Management, Information Communication and Technology, Project Managers and service providers/contractors.

Unstructured interviews were the preferred interview technique as it enabled the process of asking questions, recording and documenting responses as well as probing for more information and providing clarity so as to obtain the required information. Bodgan and Biklen (2003:95) and Kvale (1996:6) posit that a research interview is based on the conversations of daily life, which could be defined as an interview. Neuman (2000:274) recognises an interview as social interaction between two strangers. The collected data was used purely for academic purposes so as to improve mitigation and to expose the level of supply chain corruption in the three metropolitan municipalities under study. The supply chain environment was observed on a continuous basis throughout the study, while the interviews were carried out for a period not exceeding twelve (12) months, until the research project was finalised.

1.7. DATA ANALYSIS


University of Fort Hare
Together in Excellence

According to Mouton (2003:108-109), analysing data means breaking it down into themes that are easy to manage. Due to the nature of this study, which took a qualitative approach, qualitative analysis methods were utilised to analyse data obtained through interviews, observation and the documentary review process. The data was transcribed and carefully studied with a view to formulating tangible results. The aim of this method was to understand various parts of a whole by inspecting the relationship between concepts and variables. Bodgan and Biklen (2003:147) state that data analysis refers to the process through which researchers are able to systematically search and arrange the scripts of the interviews as well as their notes and other material collected during the research process in order to enable them to arrive at the study findings. The information obtained through observation and document review was analysed as a means of triangulation of data obtained from the participants.

In this study, data obtained from the participants in a form of a story was narrated and analysed using observation, the legislative framework and other documents such as SCM policies, National Treasury Regulations, legislation and internal decisions made by SCM Committees as well as disciplinary decisions in order to arrive at a conclusion. This exercise was done to obtain balance in relation to the information provided by the study participants regarding the identified cases under study. Kanyane (2014:54) postulates that the application of a case study method is associated with a sports game, the players of which are forced to operate within the rules of the game. According to the author, cases are thus developed and broken down into episodes, which are analysed according to the rules of the game. In this study, the data was broken down into manageable sections, as suggested by McMillan and Schumacher (2006:417) and Kanyane (2014:54).

1.8. LIMITATIONS AND DELIMITATIONS OF THE STUDY

Holloway (1997:99) writes that the delimitations of a study refer to the restrictions and shortcomings over which the researcher has no control. In this study, the shortcomings were identified as difficulties in accessing data. In some cases, the participants in the study were implicated as those who did not follow the correct SCM processes. It was difficult to obtain accurate information from the service providers as they were the beneficiaries of wrongful and corrupt supply chain processes, and their information appeared to be self-incriminating. The sensitivity of a study on supply chain corruption and the fact that, in most cases, parties are implicated makes it difficult to have witnesses to the relevant transactions for fear of punishment.

This study was limited to supply chain corruption in the three metropolitan municipalities in the Gauteng Province and is therefore not generalisable to other metropolitan municipalities in the country. The obstacles identified were eliminated, by means of observation, as the primary source of data and the documentary review process as the secondary source of data. The submissions made by the participants were corroborated through observation and document review in order to check compliance in terms of the provisions of the law and the application of decisions taken by SCM Committees in some

instances. The information provided during interview sessions was checked and verified against court decisions as well as the judgments handed down in specific cases. This was done through accessing court judgments and investigation reports that are already published and available for public consumption.

1.9. CHAPTER OUTLINE

The research consists of five (5) chapters, which are briefly outlined below.

Chapter One: Evolution of Supply Chain Management

This chapter focuses on introducing the study and providing an overview of the evolution of Supply Chain Management as pertinent to the subject of corruption. The legislation governing SCM in municipalities and institutional progress made by the state to enforce compliance with the legislative framework are given attention in this study. Over and above the evolution of the supply chain and the relevant legislative framework, the chapter also focuses on the progress made by the state in enforcing compliance. In addition, the study outlines the research questions, aims and objectives of the study, together with a discussion of the significance of the study, its limitations and delimitations as well as the ethical considerations of the study. Chapter One put forward a comprehensive outline of the current study.

Chapter Two: Conceptual and Theoretical Expositions

This chapter provides the conceptual and theoretical expositions related to both ethics and supply chain corruption. It also provides a review of the literature related to the theoretical concepts of supply chain corruption and to the examination of international experiences thereof, which provide useful insights into key lessons learnt.

Chapter Three: Research Design and Methodology

Chapter Three provides an account of the research design, methodology, and philosophical paradigm that guide the selection of the research methods and how they are employed in the study. The chapter provides an explanation and justification of the

utilisation of a qualitative research paradigm in addressing the goals of the study. In this chapter, the discussion of the research design is followed by a discussion of the research methods and techniques used to collect and analyse data in the study.

Chapter Four: Empirical analyses of the selected case studies in the cities of Ekurhuleni, Johannesburg and Tshwane

This chapter provides a detailed data analysis of the identified cases of supply chain corruption in the three metropolitan municipalities, in Gauteng, that are the focus of this study. The data studied in this chapter was collected through unstructured interviews, observation and documentary review, while the case studies emanate from the statement of the problem in Chapter One of the study. The case studies are unpacked in Chapter Four, through the employment of narrative analysis in order to establish what it is that informed the alleged supply chain corruption and how it could be investigated, detected and prevented.



Chapter Five: Conclusions and Recommendations

Chapter Five provides a summary of the study, together with the conclusions drawn from the study findings, and provides a set of recommendations based on the study findings. These items are informed by the conclusions to all the preceding chapters in the study, and allow for possible propositions on how the scourge of supply chain corruption could be remedied.

1.10. CONCLUSION

The chapter raised critical issues pertaining to an outline of the evolution of supply chain corruption. In responding to political and economic changes in South Africa, the chapter provided background information regarding the status of procurement prior to 1994, and the state of supply chain management since 1994. It also introduced the concept of supply chain management, as relevant to this study. Moreover, the chapter highlighted that the procurement of goods and services was carried out through a Tender-Board, which was handled by a board with absolute power. The chapter brought to light the abuse and

corruption of the procurement process, as well as the appointment of service providers that was not done in an open and transparent manner. The procurement process was meant to benefit the minority at the expense of the majority; hence, the old defunct centralized Tender-Board system was abolished.

The democratic South Africa brought with it the constitution and its provisions which, among others, gave birth to the supply chain which has a constitutional status and recognition that the provision of goods and services should be done in an open, transparent, cost effective, competitive, equitable and fair manner. This chapter also provided a discussion of the move from the Tender-Board to the formation of the OCPO in the National Treasury. The OCPO is a custodian of compliance and the standard of the supply chain in government departments and municipalities; it was established after the Tender-Board's failure to tackle issues of corruption in the supply chain. The chapter, however, argues that it is too early to conclude whether the OCPO is a replica of the now defunct centralized tender board system. However, despite the plethora of supply chain chapter also provided information relevant to the actions and/or behavior of unethical officials within the supply chain, especially those who were involved in a conflict of interest and took advantage of their public office for personal gain. The next chapter in this study, Chapter Two, provides the theoretical exposition necessary to understanding and explaining issues of ethics which underpin the study of supply chain corruption.

CHAPTER TWO

CONCEPTUAL AND THEORETICAL EXPOSITIONS

2.1. INTRODUCTION

This chapter reflects on supply chain corruption issues within the selected framework of conceptual and theoretical expositions. As part of this discussion, constitutional bodies, ethics and corporate governance issues are reviewed in respect of the focus of this study. Moreover, the chapter offers an examination of international experiences of corruption, which provide useful insights on key lessons learnt.

This chapter develops an understanding of the concept of ethics in supply chain corruption; it further addresses the various concepts of ethics such as values and norms, morality, ethical conduct, ethical dilemma and accountability. The chapter also investigates several theories of ethics and thereby grounds the study on ethics architecture, which is discussed briefly to inform and attempt to resolve supply chain corruption.



2.2. CONCEPTUAL EXPOSITION

Various concepts, such as supply chain, corruption in supply chain, conflict of interest and ethics are defined in this chapter. These concepts, which are used throughout the study, are outlined in this chapter in order to provide clarity on matters arising in the study. The key terms utilised throughout the study are explained below.

2.2.1. Supply chain

Burt, Dobler and Starling (2003:9) define supply chain management as a chain that includes all internal functions and external suppliers involved in the identification and fulfilment of the need for material, equipment and services in an optimised fashion. National Treasury views supply chain management as an integral part of financial management that strives to introduce universally recognised best practice in the public

sector (National Treasury, 2003:2). Burt et al. (2003:9) argue that all participants of a supply chain should focus on value-adding functions such as quality, cost, time, technology and continuity of supply. The Global Supply Chain Forum (GSCF) defines supply Chain Management as the integration of key business processes from the end user through to the original supplier who provides the products, services and information that add value for customers and other stakeholders. Lambert and Cooper (2000) framework of SCM moves the SCM philosophy to a new stage. The framework is about identifying supply chain members that are vital to the processes that have to be taken into consideration and the type of integration required to link the different processes and partners. The objective is to create value, not only to the company but also for the entire supply chain network. What is required is increased process efficiency and effectiveness for the entire chain, and it is critical that the benefits thereof are equitably distributed.

The supply chain includes systems management, operations and assembly, purchasing, production scheduling, order processing, inventory management, transportation, warehousing, and customer service. Supply chains are essentially a series of linked suppliers and customers; every customer is in turn a supplier to the next downstream organisation until the finished product reaches the ultimate end user. Ross (2000:9), in summarising Monczka, Trent and Handfield (2002) define supply chain management as a continuous evolving management philosophy that seeks to unify the collective productive competencies and recourses of the business functions found both within the enterprise and outside the firm's allied business partners. According to Monczka et al. (2002:4), supply chain as a core competency presents cost reduction or improvement; improved material delivery; shorter cycle time, including product development cycle times; access to product and process technology; and quality improvement.

Watermeyer (2010:ISO 10845-1) describes the supply chain as the practice that forms, manages and implements contracts. Arrowsmith (2010:11) affirms that public procurement is the government purchasing the goods and services required for state activities, the basic purpose of which is to secure the best value for public money. Supply chain is concerned with activities that precede and continue after the signing of a contract.

Supply chain, in the public sector, focuses on inviting the private sector to bid for supplying goods and services in order to construct and maintain infrastructure. Bolton (2008:4) argues that, in the South African context, the word 'procurement' has a broader meaning than usual in that it refers to both the acquisition and the selling or lending of assets. Odhiambo and Kamau (2003:10) acknowledge that supply chain is the process of acquiring goods and services by any contractual means. The SCM process is fulfilled through the following basics: "Demand management; Acquisition management, Logistics management, Contract management, and Disposal management". It is in these areas that supply chain corruption, in the form of bribes, and wasteful, unauthorised and irregular expenditure is prevalent; moreover, corruption may take place at any stage of the procurement cycle. A report by the World Bank (2000) rates public procurement as an area of government activity in which the risk of corruption is very high. Arrowsmith (2010:12) submits that in both developed and developing economics the efficient functioning of public procurement may be distorted by the problems of collusion or corruption, or both, as procurement is a hot spot for corrupt malpractices.

2.2.2 Corruption in supply chain

Supply chain is an area that has long been recognized as susceptible to corruption, which thrives in cartels (Passas, 2007:4). The Parliamentary Centre (2000:29) and Transparency International (2012) defines corruption as the abuse of position for personal gain or for the benefit of an individual or group to whom one owes allegiance. Corruption is a two-way process involving members of both public enterprises and the receivers of services who engage in illegal, illegitimate and unethical actions that diminish a country's economic prospects while degrading its social and political standing. Dike (2007:1-19) acknowledges that corruption is the violation of the established rules for the purpose of self-gain. Corruption is used to secure wealth or power through illegitimate means, at the expense of the public. Corruption increases public spending and, at the same time, reduces public revenue; it thus contributes to large fiscal deficits and makes it difficult for government to run a sound fiscal policy. Momoh (2015:145) declares that corruption eroded the institutional capacity of government as procedures are disrespected, resources are looted, and public offices are bought and sold. Corruption increases income

inequality as well-positioned individuals take advantage of, and abuse, their positions for selfish gain (Robin, 1990:27). Supply chain corruption is perpetuated by municipal functionaries who deviate from their responsibilities due to a lack of commitment and skills. Instead, they lean towards immoral behaviour and participate in supply chain corruption, which has a negative impact on the budget that has been dedicated to service delivery and is, in turn, directed to institutions dealing with corruption in the supply chain.

The Romanian National Anti-Corruption Strategy (2007:2) defines corruption as a systematic deviation from the principles of impartiality and equity, which should be the basis of all public administration functions. The principles of impartiality and equity state that public assets should be universally, equitably and equally distributed. Mawenya (2008:2) submits that public procurement is prone to corruption, which is a chief cause of poverty on the continent of Africa and is an impediment to socio-economic development and growth. According to Lander, Kimball and Martyn (2007:12), supply chain corruption squanders limited funds meant for service delivery and infrastructure development. Wesley (2004:9) confirms that supply chain corruption continues to influence every business enterprise, and it passes on the costs thereof to the poor. Kanyane (2014:32) asserts that supply chain corruption is beneficial for those who engage in it, but not for the rest of the beneficiaries. It constrains the growth of a healthy market and distorts economic and social development; if corruption is not contained, it will affect supply chain performance and grow exponentially. Disch, Vigeland and Sunder (2009:14) confirm that corruption hinders economic development, reduces social services, and diverts investment in infrastructure, institutions and social services. Transparency International (TI), Lee and Oh (2007) write that corruption is unpalatable and costly to society, which operates on limited resources. It encourages bribery, which compromises the quality of goods and services.

In her comments on corruption, Fraser-Moleketi (2007:241) quotes a statement by the former Secretary-General of the United Nations (UN), Kofi Annan, on the adoption of the United Nations Convention against Corruption (UNCAC): "Corruption is found in all countries big and small, rich and poor, but it is in the developing world that its effects are

most destructive. Corruption hurts the poor disproportionately by diverting funds intended for development, undermining a government's ability to provide basic services, feeding inequality and injustice and discouraging foreign aid and investment. Corruption is a key element in economic under-performance and major obstacle to poverty alleviation and development". Mawenya (2008), in his address at a workshop on the African Peer Review Mechanism (APRM), declares that the continent of Africa is poor because of corruption in public procurement. Chipkin (2013:6) posits that corruption in African states, such as South Africa, is associated with the deviation from accepted or regulated practice; he adds that it is a form of non-compliance with what he called "self-interest and class formation" which is capable of weakening the state institution.

According to the Malawi Growth and Development Strategy (MGDS) (2006), economic growth and development is retarded by corruption whereby the resources from socio-economic development activities are diverted into the coffers of a few. Chiocha (2009:5) and Armstrong (2005:7) submit that corruption in the supply chain increases the cost of construction, compromises quality and undermines competition, which is one of the essential requirements of an open bidding process. In this regard, Mawenya (2008:4) declares that corruption diverts significant public funds, which have been earmarked for government projects and development, into private treasuries. Corruption occurs when public officials entrusted with public power use it for personal gain, for example, by colluding with suppliers and contractors to break the law in pursuit of personal interests or by accepting a bribe in exchange for granting a tender or confidential information. This is true as there is a possibility of potential collusion between the public contracting official and the private supplier; moreover, the process flourishes on cartels. Corruption constitutes a vertical relationship between the public official concerned, acting as a buyer in the transaction, and one or more bidders, who act as sellers in this instance.

The most commonly cited definition of corruption is the abuse of public office for private gain, as used by the World Bank (2006). The United Nations Development Programme (UNDP) defines corruption as "the misuse of public power, office or authority for private benefit. This is achieved through bribery, extortion, influence peddling, nepotism or fraud"

(UNDP 2004). Kanyane (2014:2) states that corruption is a harmful tumor that exhibits poor governance and has far reaching undesirable consequences for the social, political and economic progress of societies. Corruption goes against development and denies ratepayers and residents a better life. Money set aside for service delivery finds its way into the pockets of corrupt and unethical officials. Ganahl (2013:15) indicates that, whereas good governance indicates the use of power in the public interest, corruption indicates the use of power for specific private interests, be they those of the ruler or of his/her constituents. The author affirms that fighting corruption, that is, its violations of the rule of law and the public interest are not merely a matter of effective legal enforcement.

Tanzi (1998:8) states that corruption is intentional non-compliance with the law, aimed at deriving some advantage from one's behavior for oneself or for related individuals. Corruption disproportionately impacts upon the disadvantaged, hinders economic development, reduces social services, diverts investment in institutions critical to the existence of the nation; in fact, corruption reflects a democracy and governance deficit system (UNDP 2004:1). Van Vuuren (2006:9) affirms that corruption is a crime committed in secret, with the actions often revealed later. This affects government, as it may not anticipate the amount of money lost to corruption; moreover, government may underbudget on its preferred activities or projects. Corrupt activities on the part of the procuring officer introduces misrepresentation, as goods may be substituted with an alternative that will make hiding corruption easier. Lewis-Faupel, Neggers, Olken and Pande (2011:45) acknowledge that corruption has become the drug of choice for a regime intent on self-destruction. There is no single solution or a rounded approach with all-inclusive measures to deal with public procurement corruption in the world at large, and in South Africa in particular.

As an essential element of prudent financial management in South Africa, supply chain management is considered an important tool for managing public procurement (OGC, 2005:11). Even though SCM is considered sensible financial management, public procurement is perceived to be susceptible to corruption from project inception to completion. There is ample evidence across the world that corruption hinders economic

development, reduces social services, diverts investment in infrastructure and social services, and has a disproportionate impact on the poor. Progressively, grand corruption alters economic activity in the country to such an extent that poverty sets in. Lawal and Tobi (2006:642) perceive of corruption as the conscious attempt or deliberate diversion of resources from the satisfaction of the general interest to that of selfish interest. Earle and Turton (2005:3) allude that communities are denied access to the goods and services due to them, and infrastructure, despite the fact that the payments made are not constructed or completed, and services cannot be accessed. Corruption alters the character of institutional performance in the context of administrative effectiveness, undermines managerial efficiency and re-routes resources from global policies to individual interests (Szeftel, 1998:221). Sen (1999:275) is of the opinion that corruption is a perversion or a change from good to bad; corruption or corrupt behavior involves the violation of established rules for personal gain and profit. Lipset and Lenz (2000:112) submit that corruption is an effort to secure wealth or power through illegal means, for private gain, at public expense, or the misuse of public power for private benefit.

According to Wade (1985:467), corruption may increase transaction costs by 50%. Corruption in public procurement can be attributed to a combination of socio-economic factors. Perhaps the most crucial is bad governance, manifest by a lack of transparency, weak accountability and lack of integrity on the part of public officials entrusted with procurement. These officials often violate regulations and procedures with impunity. Corruption affects all sectors of the economy and cuts across democracy and political governance, economic governance and management, corporate governance, and socio-economic development – all of which are thematic areas of the African Peer Review Mechanism (APRM). The lukewarm attitude of those who are supposed to enforce the laws of the land (judges, police officers and public officials) could lead to individuals engaging in corrupt behavior, with the knowledge that they would get away with it. Marquette (2012:11) declares that modern literature points out that corruption is mostly so systemic that principals are corrupt themselves and have no interest in holding agents accountable.

Furthermore, some cultural and institutional factors lead to corruption, for instance, nepotism and the strength of family values are linked to the feeling of obligation. The work of Robert K. Merton has demonstrated the relationship between culture and corruption (1968). His means-ends schema implies that corruption is, at times, a motivated behavior in response to social pressure to violate the norms, so as to meet the set goals and objectives of a social system. Finally, good governance, transparency, accountability and the rule of law are key to tackling corruption in society, as corrupt leaders cannot wage an effective war against corruption. From an anti-corruption perspective, however, non-competitive procurement contracts are considered a source of concern because of their lack of transparency and democratic oversight.

Many contemporary governments have made corruption a crime, explicitly, and the degree of attention paid to corruption is soaring. Is it because, with democracy, there are higher expectations today than there have been in the past? Or is it because the media is now paying more attention to a phenomenon that has always existed but which was often ignored? There is no tailor-made answer to these questions due to the lack of reliable statistics and the inner nature of corruption itself. Likewise, the American Constitution (1787) made bribery one of two explicitly mentioned crimes, which could lead to the impeachment of a US president. Corruption is the work of people, and when individuals or small groups are found to have broken the rules governing public roles, it is tempting to search for causes in the personal qualities (real or imagined) of those involved. A personal or individual level analysis of corruption holds that corruption is simply a consequence of human nature as human beings are all subject to greed and can behave corruptly in order to rationally maximize their gain.

Accounting and financial reporting procedures should be used to minimise opportunities for corruption and malpractice in municipalities. Kaufman (2005:81) argues that an emphasis on accountability by citizens is one aspect of the growing emphasis on eliminating corruption and promoting transparency in government. However, the issue of accountability in the three metropolitan municipalities is a serious problem because of the high-level corruption and failure to administer consequence management against those

who are committing acts of supply chain corruption. Onuorah (2012:3) affirms that accountability is all about being answerable to those who have invested their trust, faith, and resources to the accounting officer. In terms of section 195(1)(f) and (g) of the Constitution, 1996, financial reporting by the municipalities is a determination of the quest for accountability. Ofordile (2013:451) indicated that accountability is a hallmark for governance. It requires that those who hold positions of public trust should account for their performance to the public or their duly elected representatives. Accountability and transparency are regarded as the cornerstone of a strong governance including the process of auditing. Hence there are several mechanisms through which accountability is enforced, among which are AGSA), MPAC and the PP. These accountability mechanisms must be strengthened to reduce the level of corruption in the country.

Mafunisa's (2007: 260-270) on his investigation of the effect of corruption in poor service delivery in the Limpopo Province. He affirms that corruption does not only damages public trust in the public service, but also negatively affects service delivery. The author reviews the role of various corruption prevention institutions including that of the Auditor-General, Public Service Commission, and the Fraud and Corruption Unit. Kroukamp (2006:206) published an article dealing with corruption in the South African public sector. The author deals with the causes and impact of corruption and emphasises the progress made by the present government against corruption. He recommends improving co-ordination between existing anti-corruption agencies, creating awareness about the consequences of corruption, establishing strong internal and external governance structures, and ensuring sound financial management practices.

Sindane (2009:492) reflects on the significance of administrative culture in promoting a professional public service. In his view, the administrative culture of the South African Public Service is characterised by corruption, negative attitudes, and divergent values. He proposes that a positive administrative culture with the attributes of ethics and accountability could be acquired and developed when officials are afforded the opportunity to study ethics. This would enhance the capacity of officials to make ethical

judgements when confronted by dilemmas. Van der Merwe (2006:32) suggests that corruption prevention methods should be informed by the nature and causes of corruption. He investigates public service corruption in the Kwa Zulu/ Natal Province and identifies various causes of corruption including greed, inadequate checks and balances, and difficult economic conditions. In Van der Merwe's view corruption could either be supply driven and caused by officials who attempt to extract bribes; or demand driven and initiated by the private sector. In his view the South African Government response to public service corruption reflects a belief that corruption is mainly supply driven. An alternative explanation could simply be that it is more convenient to focus corruption prevention measures on the public service itself – the supply side.

Habtemichael and Cloete (2009:75) point to the importance of information and communication technology (ICT) in corruption prevention strategies. The authors identified the absence of a centralised information database and the shortage of skills to utilise available ICT as obstacles in South Africa's anti-corruption effort. In the second publication by Habtemichael and Cloete (2010:85), the authors compare the phenomenon of corruption with a social virus that continuously adapts to new environments and anti-corruption efforts. They identify the poor enforcement or implementation of the existing ethics policy framework as the weakness in the South African public service corruption prevention strategy. Due to the dynamic nature of corruption the authors propose *inter alia* that ethical behaviour should be inculcated at an early stage from within the family, and that departments should have adequate corruption prevention capacity.

2.2.3. Conflict of interest

A 'conflict of interest' is regarded as a situation in which a public official or entity has a private interest that may improperly influence, or appear to influence, a public decision. It can be thought of as an inconsistency, clash or conflict between the duties of a public official or entity and their private interests. Conflict of interest is a situation in which a public official has a private interest that can influence, or appear to influence, the impartial and objective performance of his/her official duties, and it should be avoided like a

leprosy. The public official should not take advantage of his/her position to advance his/her private interests. Any conflict of interest should be declared by a public official who occupies a position in which his/her personal or private interests are likely to be affected by his/her official duties and decisions. Conflict of interest may be realized by any advantage to him/herself, to his/her family, close relatives, friends and persons or organisations with whom s/he currently has or has previously had business or political relations. When conflicts of interest are not declared, identified and regulated, they can lead to corruption, which is generally understood as the use of public money and goods for private gain. A conflict of interest was recently witnessed through the work carried out by the Public Protector on “the state capture” report as well as the recent court judgment on the corruption and money laundering case of the former Chairperson of the ANC, the MEC of Finance and others, in the Northern Cape province. A conflict of interest creates the incentive to act opportunistically notwithstanding some pre-existing obligation, be it ethical or legal, to another; as such, this matter is of special interest in both law and behavioral ethics.



2.2.4. Ethics in supply chain

Ethics refers to a standard of conduct, which indicates how a person should behave based on moral duties and virtues arising from the principles of right and wrong. Chander and Plano (1998:17), Fox and Meyer (1995:55) and Mbatha (2005:16) affirm that ethics is the branch of philosophy that deals with values related to human conduct, with respect to whether specific actions are right or wrong, and in regard to the goodness and badness of the motives for as well as the ends of such actions. Ethics is a critical ingredient for effective service delivery and the prevention of supply chain corruption. Kututwa (2005:3) argues that one cannot talk about corruption without talking about good governance. Kanyane (2014:2) declares that corruption, as a manifestation of poor governance, has far reaching negative consequences and is a deadly cancerous disease to the social, political and economic fabric of society. Kututwa (2005:3) views good governance as a system of governance that is free of abuse and corruption, that is, a system which gives attention to the rule of law. Weak governance is fertile ground for corruption, especially since governance may be regarded as the system put in place to control acts and

behaviors in order that the desired outcomes are attained. Procurement Officers weaken a governance system in Supply Chain Management, as they prefer to use the system or their own advantage rather than for the general good.

According to Mubangizi and Ile (2015:78-79), “good governance extends beyond the capacity of the public sector to the rules that create a legitimate, effective and efficient framework for the conduct of public policy. It implies managing public affairs in a transparent, accountable, participatory and equitable manner”. Bellamy and Palumbo (2010:xiii-xiv) submit that the word ‘governance’ originates from the Latin word and Greek verb ‘gubernare’ and ‘kubernan’, both words mean leading or driving a cart. Hyden, Oluwo and Okoth-Ogendo (2000:296) describe governance as the capability and ability of the government to utilise the structures of the state to improve the lives of the communities; it is the exercise of power in the management of resources that involve the nature and extent of authority. Nainawat and Meena (2013:1085) define “good corporate governance as a formal system of accountability and control of ethical and social responsibilities”. The eight major characteristics of good governance that have been identified by the United Nations’ Commission on Human Rights, in its Resolution 2000/64, are: participation, rule of law, transparency, responsiveness, consensus, equity and inclusiveness, effectiveness and efficiency as well as accountability. All thoughtful business decisions taken on good morals and ethical values are based on full compliance with the principles of good governance.

Scholars such as Bertrand (2007:1639), Olken and Barron (2009:417), Hunt (2007:574) and Olken (2007:200) argue that corruption is a worldwide problem from time immemorial. Lipset and Lenz (2000:112-113) concur by emphasizing that corrupt practices did not begin today, and that the history of corruption is as old as the world. This is supported by widespread traces of illegality and corruption. In the Bible, Luke 19:8 and Luke 16:3–8 present two interesting cases of corruption that are estimated to have taken place around AD33. Luke 19:8 presents an account involving Zacchaeus, a tax collector, who gained riches through corruption. Meanwhile, Luke 16:3–8 relates the parable of the unjust steward who conspired with debtors to defraud his master. These two examples point to

corruption at the individual level and the fact that it is an age-old phenomenon straddling nations and races. Blackburn, Bose and Haque (2006) acknowledge that most economists view corruption as a major obstacle to development. Monczka, Trent and Handfield (2002:4) offered an extensive definition of supply chain and its management that encompasses all activities associated with the flow and transformation of goods from the raw materials stage, which is referred to as extraction, through to end users, as well as the associated information flows. Aboagye (2005:37) suggests that corruption results when entrepreneurs, businesses and households seeking to access public services make or offer illegal payments or gifts.

Kanyane (2004:77) submits that while there were transformative efforts in South Africa, an opportunity was created for corruption and other social ills, which in turn deprive the citizens of their right to basic public services and benefits. Ethics are moral principles or values that guide officials in all aspects of their work. Ethical behaviour encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency. Ethical behaviour includes avoiding conflicts of interest, and not making improper use of an individual's position. Ethical behaviour is important in public procurement as it involves the expenditure of public money, and is subject to public scrutiny. Public officials should always behave ethically and fairly, including in their business undertakings. Ethical behaviour supports openness and accountability in the procurement process and gives suppliers confidence to participate in public procurement. Ethical behaviour can also reduce the cost of managing the risks associated with fraud, theft, corruption, and other

Both Transparency International and the World Bank view corruption as the abuse of public office for personal gain, and they acknowledge that corruption has tarnished socio-economic development worldwide. PSC (2009:28) report that the massive resources involved in hosting the World Cup as well as an abundance of business opportunities "brought with them an increased risk for corrupt administrative practices as some officials and members of the public try to benefit through unethical means". The report continues: "In the context of the FIFA World Cup, opportunities for government tenders abound. The pressure to award tenders unethically is a serious risk".

In their Training Manual (2010:111), the SIU states that corruption is endemic, especially in the procurement of goods and services. The term “corruption” includes common legal offences, amongst which are bribery, nepotism, conflict of interest, abuse of power, maladministration, to name but a few. Corruption manifests in tender specifications which are biased; the approval of unqualified bidders; meddling with bid documents; divulging confidential information for personal gain; soliciting kickbacks from service providers; abuse of power with the intent of attaining personal gain; and laxity in managing and enforcing the terms of the contract during the implementation stage of the project. In return, bribers expect to be awarded a bid and to have their illicit transactions fast tracked. Corruption in the supply chain destroys the relationship between the state and society as it brings about mistrust in conducting the affairs of the state. This unfortunate state of affairs has been witnessed in the unfolding events in South Africa wherein the allegation of state capture as “evidenced in the Public Protector’s report on the ‘State of Capture’ Report Number 6 of 2016/17, dated 14 October 2016”, Public Protector (2016) is rife with overwhelming evidence of the violation of the bid process and the awarding of bids to non-qualifying bidders. The case in point being the business transaction process followed by the power utility, Eskom, in respect of the prepayment of R659 558 079.00 inclusive of VAT to Tegeta (Public Protector, 2016:21).

Passas (2007:5) concedes that the supply chain is a phenomenon vulnerable to corruption. The author submits that most experts agree that supply chain corruption “poses a substantial inherent risk of creating” a haven for criminals; fighting this, in turn, requires aggressive effort (Passas, 2007:14). The EOC (2010:24) acknowledges that corruption in the supply chain involves a relationship between one or more bidders and a procurement official. It is a principal-agent problem wherein the agent (the procurement official) enriches himself at the expense of his principal (the government or the general public). As public procurement accounts for a large share of national economies, the potential for corruption to damage the national economy is significant. In the procurement process, corruption arises when the procurement official is influenced to design the procurement process or alter the outcome of the process in order to favour a particular

firm in exchange for a bribe or any other reward. Johnson (2004:82) affirms that corruption is deviant behavior linked to unethical motivation, namely, that of private gain at public expense.

Kanyane (2014:32) postulates that corruption is about the behaviour of a public servant, especially when such behaviour fool others into providing undue benefits to himself or herself or his or her family members. It includes false representation, as well as tampering with information and documents in order to gain an unfair advantage. Osborne (2002:10) suggests that people do not work with in alignment with a strong sense of ethics because they are enticed into accepting bribes. Corruption is a global menace that affects corporate credibility, economic sustainability and personal security. There is ample evidence, globally, to confirm that corruption hinders economic development; reduces social services; diverts investment in infrastructure and social services; and impacts the poor disproportionately (Khrumkin, 2007:12). According to Vee and Skitmore (2003:117), there is evidence of corruption at all levels, including collusive bidding during the tender stage; cash inducements for over-valuing work performed during the site operations stage; negligence in the form of poor quality documents during the documentation production stage; and fraudulent conduct, such as covering up poor workmanship during site operations. It has become increasingly evident that corruption is prevalent within the construction industry in general, and in the procurement process in particular. Chiocha (2009:8) reports that the construction industry is consistently ranked as one of the most corrupt industries, that is, in terms of the payment of large amounts of money for the purpose of gaining or altering contracts and circumventing regulations.

A report published by the Chartered Institute of Building (CIOB, 2006), in the United Kingdom's (UK) construction industry, indicates that corruption is soaring in many sectors of the construction industry in the UK. Lengiler and Wolfstetter (2006), Mawenya (2008) and Shakantu (2003:43) submit that several studies have exposed considerable inefficiencies in the procurement process; they have concluded that value for money is not achieved in the procurement of public infrastructure as a result of corruption. Corruption is seen as one of the causes of low income and is believed to play a critical

role in generating poverty snares. Kanyane (2014:32) submits that the causes of corruption are numerous and, if left unattended, they have the potential to bring any organisation to a grinding halt. Wraith and Simpkins (1997:4) observe that corruption is fundamentally destructive to public interest. Corruption, according to Boeckmann (2003:2), has a corrosive impact on market opportunities and the general business climate. Moreover, it deters investment, curbs economic growth and sustainable development, distorts prices and undermines legal and judicial systems.

The extant academic arguments as to whether corruption represents a net gain or net loss for developing countries have given way to the acknowledgment and acceptance that its effects on development are indisputably harmful. Corruption is now understood to distort economic development by rewarding the dishonest instead of the most competent. It also impedes effective service delivery and undermines state legitimacy. Procurement practitioners and politicians hide behind emergencies in order to inflict gargantuan crimes against the state by opting for sole sourcing, which gives them the opportunity to single-handedly appoint their cronies with attendant inflated figures to the disadvantage of the state. According to Soreide (2002:1) and the UNODC (2004:3), corruption is described as difficult to define; however, the effect of corruption cannot be underestimated. Balogun (2003:129) suggests that corruption takes place “when approved codes or rules have been ignored to attain personal ends or manipulated to frustrate public intentions”.

Procurement ethics is about an environment in which business can be conducted in a fair and reasonable manner, with integrity. It is important that all employees involved in the procurement of goods and services adhere to ethical behaviour and practices at all times. This will assist in detecting and combating fraud, corruption, fronting, favouritism and unfair or irregular practices in the supply chain. Ethics are the moral principles or values that guide officials in all aspects of their work. Ethical behaviour encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency. It includes avoiding conflicts of interest, and not making improper use of an individual’s position. A conflict of interest is defined as a “situation where an individual or the entity for which they work, whether a government, business, media outlet or civil society

organisation, is confronted with choosing between the duties and demands of their position and their own private interests” (TI, 2009c:11).


Ethical behaviour is important in public procurement as it involves the spending of public money, and is subject to public scrutiny. Public officials should always behave ethically and fairly, including in their business undertakings. Ethical behaviour supports openness and accountability in the procurement process, and it gives suppliers confidence to participate in the government market place. Kanyane (2014) indicated that ethical behavior can also reduce the cost of managing the risks associated with fraud, theft, corruption, and other improper behavior, and it can enhance confidence in public administration. Fakoya and Lalude (2001:17) submit that a continent such as Africa requires political will and determination to fight corruption unreservedly, that is, political leaders should be above reproach and exemplary. Van Vuuren (2014:9) contends that while corruption can purchase political influence, conversely, political influence can be wielded to protect the corrupt.



Kanyane (2014:24) writes that whistle-blowing is a corruption detection mechanism that has been adopted internationally to fight the scourge of corruption. On the other hand, Holtzhausen (2007:01) argues that one of the obstacles in the fight against corruption is the fact that, without legal protection, individuals are often too intimidated to speak out or blow the whistle. Corruption is generally prohibited by national criminal justice rules, legislation on ethics in public office, or the specific public procurement regulations (Wade, 1985:467). Mbeki (1999:4) points out, citing Act 94 of 1992 that corruption “is predicated mainly on the notion of inducement and seems to ignore the inherent conflict of interest between public and private interest”.

Pereira, Lehmann, Roth and Attisso (2012:88) argue that the anti-corruption architecture in South Africa has several effective legislative entities empowered with the responsibility to fight corruption and that it has also implemented a number of reforms in this regard. Even though corruption features prominently in Africa, countries such as Ethiopia, Kenya, Nigeria and Uganda have anti-corruption institutions. The Federal Ethics and Anti-

Corruption Commission (FEACC) is the chief anti-corruption institution in Ethiopia, while the Kenya Anti-Corruption Commission is a key anti-corruption institution in Kenya. Nigeria has the Independent Corrupt Practices and Other Related Offences Commission (ICPRC) which is mandated to focus on corruption. However, it is one thing to have these legal instruments and institutions, and it is quite another to enforce them, as the latter is always a challenge – this speaks to the significance of this study. The fight against corruption needs more than just a good legislative or criminal justice framework. Transparency is imperative in the fight against corruption because it makes it possible for the public to monitor the actions of office bearers in relation to the relevant rules and regulations. Article 12 of the AU Convention on Corruption envisages that State Parties undertake to allow and encourage full participation of the media and civil society in combating corruption. Corruption control is also amongst the key goals and commitments of the New Partnership for African Development (NEPAD).



Among the measures to be taken to establish the conditions for sustainable development under NEPAD is an explicit commitment to “strengthen parliamentary oversight,” while “adopting effective measures to combat corruption,” and to “review economic and corporate governance practices in the various countries and regions, and to make recommendations on appropriate standards and codes of good practice” (Kututwa, 2005:4). Doig (2012:131) states that corruption has three main components that are controllable and one that is not. The three controllable components are: opportunity, incentive, and risk. The uncontrollable component is personal honesty.

Jerome, Adjibolosoo and Busari (2005:26) liken corruption to the structure of an onion, which when peeled off another fresh inner layer emerges. Once corruption is identified, layer after layer produces yet more corruption; essentially, as one layered is removed, another appears. At the core of each of these problems is unadorned human factor decay. Ganahl (2013:4) suggests that most African citizens regard corruption as an obstacle to a better life on the continent; they believe that continued wars and genocide on the African continent are caused by corrupt African leaders and public officials. Zvekic (2002:6) states that countries with weak rule of law tend to exhibit higher levels of corruption; moreover,

the author submits that corruption – often referred to as a cancer, a virus, a disease – is associated with organized crime which is a worldwide problem and not limited solely to the public sector.

Alemazung (2010:27) states that there is no doubt that Africa's irresponsible and greedy leadership, coupled with corruption and mismanagement of state and public properties, is also largely responsible for the continent's demise. McFerson (2009:17) affirms that, due to its economic resources, the Democratic Republic of Congo (DRC) is the most corrupt and chaotic country in Africa. The country does not practice governance and has a history of repression and corruption both during and after colonialism. The late Zairian dictator, Mobutu Sese Seko, urges that "If you want to steal, steal a little in a nice way. But if you steal too much to become rich overnight, you'll be caught". McFerson (2009:44) submits that Botswana's pride as the least corrupt country in Africa is evident throughout the country; for example, a poster on the wall at the arrivals hall in Gaborone Airport declares that 'Botswana has ZERO tolerance for corruption. It is illegal to offer or ask for a bribe.' Botswana also rates high in terms of all other indicators of governance, with strong accountability mechanisms, high levels of transparency, good participation and widespread observance of the rule of law, with a professional and independent judiciary.

Lennerfors (2009:413) alleges that, with the right procurement systems and the right structures, corruption can be managed. Kututwa (2005:3) alludes that the legislative framework is the starting point in the fight against corruption. Lennerfors (2009:407) submits that globally important organizations — such as the Organization for Economic Cooperation and Development, the World Trade Organization, the International Monetary Fund, and the United Nations — are committed to combating the evil of corruption. Tightly following them are companies that are, increasingly, adding anticorruption to their statement of ethics.

Nainawat and Meena (2013:1088) view ethics and law at different levels, that is, ethics is the first line of defence against corruption while law enforcement is corrective and reactive. Ethics deals with moral duties and obligations, while offering further explanation

as to what is good or not good for others and for us. Ethics is the study of moral decisions that are made by us in the performance of our duties. Moreover, ethics is the study of characteristics of morals, and it deals with the moral choices that are made in relationship with others. Coicaud and Warner (in Walters, 2009:1) comment that ethics concerns itself with what is essentially human in our nature; in this respect, ethics has social qualities, and it encapsulates the spirit of Ubuntu. Ethics is not about the self in isolation but has in it elements of social contract. In this sense, Freakley and Burgh (in Cranston et al., 2003:1) see ethics as being concerned with 'what we ought to do'.

Mafunisa (2006:506) stresses unethical conduct by elected officials, and not corruption *per se*. As remedies to corruption, Mafunisa refers to the Executive Members' Ethics Act, 1998 (Act 82 of 1998) and discusses the role of the Auditor General, Public Protector, Special Investigating Unit, and the National Prosecuting Authority. In another article Mafunisa (2008:81) discusses codes of conduct in preventing malfeasance in the South African public service.



2.3. THEORETICAL EXPOSITION

Ethics is considered a crucial element in public service for the success of democratic institutions such as those in South Africa. Molekane and Mothae (2009:16) write that public servants are expected to perform their duties both ethically and morally. The South African Constitution (1996) makes provision for ethical behaviour by municipal functionaries and public services at large. Section 96(1) of the Constitution compels public officials to act in harmony with the code of ethics prescribed by national legislation. Section 195 of the Constitution provides that a high standard of professional ethics, as a democratic value and principle, must be promoted in public administration: transparency must be fostered by providing the public with timely, accessible and accurate information; public administration must be accountable and services must be provided impartially, fairly, equitably and without bias.

Molekane and Mothae (2009:14) write that citizens participate freely in government activities when they have confidence and trust the government. Sikakane and Reddy (2009:3) acknowledge public accountability as an important component of local governance as it promotes community involvement and participation. Vyas-Doorgapersad and Ababio (2006:385) submit that ethics refers to the conduct of civil servants and public perception regarding acceptable standards of service, as offered by civil servants. It is, therefore, important that when government employees render services they should do so in a just and fair manner.

There are a number of theories that may be relevant to the study of supply chain corruption; however, this study is underpinned by the theory of ethics. The South African government developed policies, procedures and processes to govern and regulate supply chain management. A compendium of legal instruments and regulations were promulgated to regulate the supply chain environment. Despite this legislative framework, the country still experiences supply chain corruption. The theory on ethics is based on an individual character and the way one wants to be treated. In a study on the ethical fitness of public managers, Edwards (2001:2) explains ethics in terms of several individual frameworks. Plato was of the view that ethics was based on theoretical insights that could be gained through philosophical thought. Plato (as cited in Edwards, 2001:2) refers to these theoretical insights and knowledge as the episteme; this implies that with the knowledge of good, one can become morally good and undertake good deeds. Aristotle (as cited in Edwards, 2001:2), however, refers to the study of ethics as the study of excellence or the virtues of character. In the view of Aristotle, ethics implies the kind of life people ought to live, meaning what is good and becomes good. Aristotle differs from the views of Plato on the concept and reality of ethics. According to Aristotle (as cited in Edwards, 2001:2), ethics is not just a matter of gaining intellectual understanding but also a practical, hands-on experience and a sense of what action is the most appropriate in a given situation. Institutions usually try to live by an ethical code, while the people who set up a code of ethics often study, think of and reflect on it while doing so.

Pauw, Woods, Van Der Linde, Fourie and Visser (2002:327) emphasise that ethics concerns people's ideals, their motives of choice, and their pattern of good and bad conduct. Ethics represents three varied concepts: the systematic thinking or reflection on morality; people's morality and an agreed upon view of what is permissible for the relevant practitioners or group of people. People or institutions have different living/working structures and beliefs, as such, their ways of doing things are different; however, they have acceptable behaviours and norms that guide their existence. They often reflect on their way of doing things and try to be guided by a defined code of conduct.

The Compact Oxford English Dictionary (1991:534) defines ethics as "the moral principle by which a person is guided". The word moral is defined as "of or pertaining to the distinction between right and wrong, or good and evil in relation to the actions of an individual" (Compact Oxford Dictionary, 1991:1114). Ethics is the science of morals; it is the branch of philosophy concerned with human character and conduct, a system of morals, rules of behavior and so forth. It is, essentially, a treatise on morals. The Chambers English Dictionary (1998) highlights that ethics is a branch of philosophy that investigates morality and ways of thinking that guide human behavior. Ethics involves examining the moral standards of society and asking how these standards apply to our lives, and whether these standards are reasonable or not. Implicit in this is the notion of the common good, which is one of the factors that determine whether an act is right or wrong.

The Josephson Institute of Ethics (2002:1) writes that ethics refers to the standards of conduct and that those standards indicate how one should behave based on moral duties and virtues, which are derived from the principles of right and wrong. According to the Public Service Commission (1999:150), being ethical means adhering to moral values and thus subscribing to ethical standards which indicate the appropriate stance and behaviour of individuals, groups or institutions as well as organisational and societal systems. These standards are in fact moral obligations that originate from principles about what is right and what is wrong. Ethics refers to standards of conduct, which indicate how a person should behave based on moral duties and virtues arising from the principles of

right and wrong. Ethics therefore involves two aspects: the ability to distinguish right from wrong, and the commitment to do what is right. Inge (2009:5-6) posits that ethics refers to unceasing determination in endeavoring to safeguard that people, and the institutions they shape, live up to values that are reasonable and that are based on solid ground.

Ethics can be distinguished into the categories of normative and descriptive: normative ethics designates the standards for the rightness and wrongness of acts, whereas descriptive ethics is an empirical investigation of people's moral beliefs. The law, which sets the minimum standard for ethical conduct, is viewed as the promoter of ethical behavior. The fact that an act is legal does not make it ethical, for example, the apartheid laws in South Africa were unethical. Theorists such as Edwards (2007:5) and Camerer (2001:3) have revealed that, in South Africa, a decline in ethics and morality are most commonly cited as the reason for an increase in corruption. In addressing ethics management in the public service, Mavuso (1999:63) writes that ethics is concerned with matters of conduct. According to Mavuso (1999:63), ethics serves to guide the actions or behaviour of individuals only insofar as it is necessary for the good of the institution. "Ethics is a matter of responsibility management as much as it is individual property. It requires some basic moral dispositions and presupposes some fundamental moral principles" (Mavuso, 1999:63).

According to Cameron and Stone (as cited in Baqwa, 2000), "ethics is different from law because it involves no formal sanctions. It is different from etiquette because it goes beyond mere social convention. It is different from theology because it makes no theological assumptions. It is different from prudence because it goes beyond self-interest to include the interests of others. Ethical inquiry consists of asking what is good and what is evil; what is right and what is wrong." Commenting on public sector ethics, Kennedy (1999:14) expresses the view that ethics is vested in a process of systematic thinking about what is moral, and reaching judgements in relation to what is right and wrong or good and bad. This process of thinking ultimately leads to decisions being taken, and the way people behave is an outflow of the decisions that have been taken.

Hanekom, Rowland and Bain (1986:152) argue that ethics refers to the basic principles of the right or proper action and to the rules of conduct. Ethics is not restricted to race, colour, culture or creed. Kernaghan (1993:15) notes that these criteria can be presented in writing or could merely be an individual's interpretation of what is and is not acceptable. However, both these means are insufficient in promoting public service ethics. Eze (2006:290) refers to ethics as a discipline of the passions, with the primary focus of enabling individuals to live a well-rounded life guided by reason. It deals with human conduct in so far as it is considered right or wrong, or good or bad. In addition, Eze (2006:290) postulates that ethics is concerned with philosophical inquiry about morality, moral problems and moral judgements. Moreover, we are told that ethics "is the study of moral values and conduct, it deals with morality, though it is not the same as morality. However, morality is the subject matter of ethics, it consists of the standards that an individual or a group of individuals have about what is right or wrong, good or bad. Moral standards themselves are ideals that people try to live up to concerning what is right or wrong, good or evil" (Uduigwomen as cited in Leo and Patrick, 2010:469).

Kernaghan (1993:16) writes that ethics is concerned not only with distinguishing right from wrong, or good from bad, but also with the commitment to do what is good or what is right. In its true essence, the concept of ethics is inextricably linked to the aspect of values, an issue with which the work of Levin (2002:11) is aligned. Currently, the concept of ethics has broadened to include both the characteristics of the good person and best practice. Ethics in modern times refers to a moral set of values in which the behaviour of people is being judged as good or bad, and acceptable or unacceptable. Ethics concerns itself with deliberate acts as it makes decisions between what is right and what is wrong, what is good and what is bad; it is thus normative in nature. Ethics cannot be viewed and understood in isolation as it intermingles with culture and is inseparably linked to the aspect of values.

Kanyane (2010:82) elucidates that, within the context of the public service, leaders and managers need to possess high standards of ethics and professionalism, which are two convergent qualities that could be considered non-negotiable requirements in any political

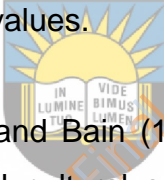
or public official, especially since leaders and managers must lead and manage by example. If government is serious about turning service delivery around for the good of the public, the conduct and the attitude of public servants and political leaders must be beyond reproach and above suspicion of selfishness in the rendering of public services; in this respect, public interest must supersede their private interests. Kalema (2007:258) alludes that civil servants should treat public accountability as the cornerstone of an ethical foundation.

Cloete (in Bauer, 2002:167) describes ethics as the throng of moral principles, norms, values and obligations that serve as conduct and rules to be observed by political office-bearers and officials to ensure openness, courtesy, responsiveness, respect for the law, excellence, efficiency and economy. Mbatha (2005:16) describes ethics as the moral values held by an individual: it is about principles relating to human behavior, with due consideration to what is right or wrong in relation to certain actions, as well as the motives for such behavior and the end thereof. The South African Constitution makes numerous calls to holders of public office to behave ethically. Section 96(1) “states that members of the Cabinet and Deputy Ministers must act in accordance with a code of ethics prescribed by national legislation”. Section 195 of the Constitution provides for Public Administration that must be governed by the democratic values”.

Holtzhausen (2007:154) states that consideration must be given to the existence of values and morals that are deemed by the public to be sound and desirable as well as providing the background for rigorous transparent administration. Holtzhausen (2010:261) explains ethics by referring to its teleological and deontological implications. Ethical deontological theories maintain that circumstances determine which actions are considered ethical or not, this is referred to as the intention of the doer. The best known ethical theories are consequentialist and deontological. Consequentialists evaluate acts based on the consequences thereof, while deontological theory evaluates acts on the basis of their characteristics. An example of a consequentialist theory is utilitarianism, which states that one should choose actions that maximize the sum of happiness across all individuals. An example of a deontological theory is the Kantian perspective, which

deems unethical all actions that violate a set of principles called the categorical imperative.

Caroll and Buchholtz (2008:2) posit that “ethics is a discipline that deals with what is good and bad”, that is, it deals with the moral behavior of an individual. Olanipekun (2006:186) and Gebler (2010:1-2) define ethics as a branch of philosophy that “studies and assesses the rights and wrongs of voluntary actions of human beings”. Caroll and Buchholtz (2008:242) assert that ethics can be defined as a discipline that deals with moral duty and obligation. Caroll and Buchholtz (2008:242) emphasise that the first line of defence against supply chain corruption is ethics, especially since law enforcement come after the fact and is a remedy or, rather, reactive. Kernaghan (1993:16) and Levin (2002:11) argue that ethics is concerned not only with distinguishing right from wrong, or good from bad, but more with the commitment to do what is good or what is right. The concept of ethics is therefore linked to the aspect of values.



According to Hanekom, Rowland and Bain (1986:152), ethics has a macro meaning, which could be applied across all cultural spectrums whilst the micro or restrictive meaning relates to a specific society or societal group. In this sense, the macro view pertains to the good or bad, or right or wrong, which refers to how good or evil and right and wrong are understood by a specific society, group or individual. Ethics evaluates conduct against some absolute criteria, which imposes negative and positive values upon it. Ethics can be one of two things: it can be something that one studies and thinks about, or it can be a code that one follows and lives by; therefore, one should be cognizant that, in the real world, ethics is often both.

Holtzhausen (2007:154-155) alludes that ethics is important in the administration of public activities because they serve as a cornerstone of transparent and accountable public administration, hence, the minimisation of corrupt behaviour. According to Lyson (2006), ethics is the principle of conduct that governs an individual or group, particularly concerning what is right or wrong, good or bad. Wood (1995) states that ethics is all about what is morally right and morally wrong, therefore, procurement ethics is concerned with

what is morally right in procurement as a profession. Ethics therefore involves two aspects: the ability to distinguish right from wrong and the commitment to do what is right.

Rightness refers to what ought to be or what is approved, and wrongness to what ought not to be or what is disapproved by the society. Kidder (1995:254) concedes that ethical dilemmas are situations in which right is conflicted to right, the author provided an example between economic growth and environmental protection, while moral temptations relate to the conflict between wrong and right, which relates to issues of bribery or improper bidding practices. Ethics can also be described as a principle of conduct governing an individual or a profession. It is a system or set of moral principles and rules of conduct recognized in respect of a particular group or culture. Kunaka and Matsheza (2002:16) affirm that ethics are values that denote, among other things, trust, respect, responsibility, accountability, fairness, empathy/honesty, good and bad, and right and wrong, among public officials. Ethics is the basis on which most procurement related principles, such as fairness, integrity, and transparency, are based.

Ethics is an important principle of government procurement and, in this regard, purchasing professionals are held to a higher standard of ethical conduct than people in other professions, yet some do not even know what is expected of them (Atkinson, 2003). Molekane and Mothae (2009:16) write that public servants are expected to perform their duties ethically and morally. The Code of Ethics is a requisite for good local governance in South Africa. The purpose of the Municipal Code of Ethics is to ensure transparency and ethical conduct on the part of government employees; it is to restore or foster public trust and citizen confidence in the administration of government and to demonstrate a formal and codified commitment to ethical behaviour by government officials (Un-Habitat, 2004:416). The office of the Public Service Commission issued a code of conduct which provided guidelines to both public officials and employers on the type of ethical behaviour that is expected of them. The code also indicates the spirit in which public officials should perform their duties; the correct actions to take so as to avoid a conflict of interest; and the terms of the public official's personal conduct (Cameron and Stone, 1995:80). A code of conduct for public service officials at the national, provincial and local government

levels includes the Code of Conduct for public servants as a Government Notice/Gazette: Regulation Gazette 5947, No. R. 825, on June 10 1997 (Public Service Commission, 2010).

The code of conduct is a requisite to avoid maladministration and unethical behaviour at all levels of government. Although there are several factors that underpin the notion of good governance, viz. corruption, Klitgaard (1998:4) proposes a formula for analysing the act of wrongdoing, the tendency for corruption to exist: corruption = monopoly + discretion – accountability ($C = M + D - A$). In the sum total, a lack of accountability in the formula is the recipe for moral bankruptcy. In this formula, lack of accountability is the result of lack of ethical behavior from government officials who are responsible for rendering services and taking full accountability when such service is not rendered. The Public Service Commission (2001:150) states that being 'ethical' means adhering to moral values and therefore subscribing to ethical standards that indicate the appropriate stance and behaviour of individuals, groups or institutions as well as organizational and social systems. These standards are moral obligations that arise from principles of right and wrong. According to the Public Service Commission (2001:152), ethical conduct and behaviour builds on core moral values while respecting cultural diversity. In addition, the Public Service Commission (2001) espouses the importance of promoting ethics and ethics management in the workplace.

2.3.1 Ethics Architecture Model

Kanyane (2014:2) confirms that the term 'ethics architecture' refers to systems and structures in the form of a set of rules, that is, institutions and practices designed by urban local authorities to promote ethical conduct against corruption. The recent emphasis on the need for an effective ethics architecture arises from the detrimental effects of corruption. The call to design an ethics architecture to address the problem of corruption, and to encourage and promote a high standard of professional conduct in the public sector, is a global phenomenon. According to Behnke (2002:679), the term "ethics architecture" was first coined by the Organisation for Economic Co-operation and Development in reference to the structure of institutions, procedures and traditions that

aim to promote ethical behaviour and to fight corruption among public officials. Kanyane (2014:8) submits that ethics architecture is a comprehensive strategy to fight corruption in modern public institutions; therefore, it becomes imperative to examine the effectiveness of ethics architecture as a tool for enhancing ethics against corruption. Ethics architecture refers to systems and structures in the form of a set of rules, institutions and practices designed by urban local authorities to promote ethical conduct against corruption. Siswana (2007:224) writes that ethics is essential in support of good governance and that the sharing of information between institutions is integral to supporting quality decision-making, accountability, transparency and responsibility.

The Kanyane ethics architecture model underpins this study because it incorporates ethics as the main principle for deterring the growth in supply chain corruption. The model addresses character development from childhood until ethical practice becomes a norm. The ethics architecture model is based on the whole process, which include socialization, as well as institutional and legal factors. The code of ethics sets out the norms and standards of what is acceptable and unacceptable conduct within an organisation; moreover, the code of ethics refers to rules that are enforceable.

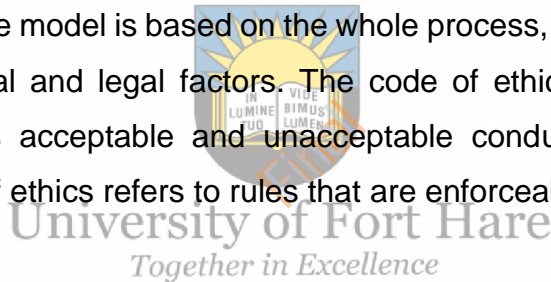


Figure 3: Kanyane's Ethics Architecture Model



The compliance and integrity approaches form part of the components of an organisational ethics architecture. Compliance is provided for by the ethics architecture components of accountability and control mechanisms, effective legislative framework, public scrutiny (active civil society and probing media) and legalistic codes of ethics or conduct. The integrity route is supported by the components of socialisation, ethical leadership (leadership commitment) as well as the codes of ethics and conduct. An effective organisational ethics architecture should fight and contain corruption through prevention, detection, investigation and resolution (Department of Public Service and Administration, 2006:22). The ethics architectural model managed by an Integrity Management Office is crucial in the battle against corruption; this should be supported by

exemplary leadership, a well-paid workforce, robust and balanced media platforms as well as active citizenry.

The Holy Bible provides, in Proverbs 22:6, that one should “train up a child in the way he should go and when he is old he will not depart from it” (Maxwell, 2007). It is an undisputed fact that one’s parents are the first and most important developers of character and the value paradigm; it is on this understanding that moral development has become an essential part of the development of core values that will remain firm throughout one’s adult life. Character building and development is a crucial component in the life of an individual. Kanyane (2014:173) comments that it is within the bosom of the family that values are handed down from one generation to the next. The family institution plays a critical socialisation role in inculcating the values of respect, honesty, incorruptibility and moral uprightness in their children during their formative years. Langevoort (2015:15-17) suggests that behavioral ethics emphasizes the need to act without any delay or omission to act, not to delay it to a later stage; it also demands self-reflection. Behavioral ethics depends on the fact that self-interested behaviour is automatic, which makes a vital contribution to the law and literature on behavioural economics. It is through behavioral ethics that, at times, less fear of behaving poorly produces more ethical behavior.

Before people or companies can be listed on the Tender Defaulters’ Register, they must be checked for clearance against acts of corruption related to state contracts or tenders. In addition, the court must make a special order directing that the convicted person or company’s particulars be placed on the Tender Defaulters’ Register. Under section 28 of the Prevention and Combating of Corrupt Activities Act 2004, the court is empowered to direct that the convicted person’s particulars, their sentence and conviction be endorsed on the Register. If a company is convicted of corruption, the court may order that the details of the company and any partner, manager, director or any other person exercising control over the company, who knew or should have known of the corruption, be endorsed on the Register.

After the court has made such an order, the clerk or registrar of the court will forward the order to the Registrar of the Tender Defaulters' Register in the Office of the National Treasury, who must then place the names on the Register. Once a person or company is placed on the Tender Defaulters' Register, the consequences are that National Treasury may terminate any existing agreement with the defaulter; the State may recover any damages from the defaulter, incurred as a result of the corruption; the defaulter cannot tender for or be awarded another procurement contract for as long as they remain on the Register, the period of which is determined by National Treasury but must be between 5 and 10 years (Public Service Commission Report, 2002).

2.3.2 Ethical leadership and Accountability

White (1903:26) postulates that the greatest want of the world is the want of man – man who will not be bought or sold; men who in their inmost souls are true and honest; man who does not fear to call sin by its right name; man whose conscience is as true to duty as the needle to the pole; man who will stand for the right though the heavens fall. Johnson (2001:2) acknowledges that ethics is the heart of leadership; in this, ethics and leadership go hand in hand. Leaders should also be conscious that the power that comes from being a leader can be used for evil as well as good, and that an ethical leader will always do what is good. When leaders assume the benefit of leadership, they also assume ethical burdens. Webb (2012:107) contends that senior managers need not only be concerned with compliance with the ethics policy framework, but they could also pay attention to promoting an ethical culture within the institution. A leader has to be willing to persevere and stick with the “right” decision, while ignoring distractions, faulty rationalizations and justifications. Webb (2012:107) suggests that sanctions imposed for wrong doing and rewards given for good work should be made visible; this will ensure that employees gain a clear understanding and knowledge of both ethics and operational policy. It is further submitted that creating enough time and allocating resources for staff members to carry out their responsibilities will be key elements in the creation of an ethical culture, and it will reduce the level of misconduct within the institution.

Edwards (2009:276) argues that ethical leadership means that leaders' conduct, behavior and practices should demonstrate high professional ethics and accountability in their daily activities. Ethical leadership is more than just influencing subordinates to achieve targeted goals for the success of the organisation. Leadership commitment is one of the critical components that provide for the effectiveness of the ethics architecture. Holtzhausen (2010:261) emphasises ethical leadership as the key to an organisational culture that exemplifies ethics and values. Waggoner (2010:15) submits that ethics gives people a sense of truth and it has a great effect on people's behavior; effective leadership is a result of ethical behaviour. Ethics promote all characteristics necessary for effective leadership, which means that the effectiveness of leadership is dependent on ethics. Leadership commitment is made visible through integrating ethical values in organisational vision and mission statements, with top leadership setting a good ethical example (Boston, 2010:66; Chapman, 1993:34) by publicly punishing corrupt actors, even top ranking officials (Klitgaard et al., 2000:34), training staff on ethics, and assuming responsibility for instilling ethical behaviour by allocating resources for ethics programmes (Chapman, 1993:25). Kanyane (2010:82) explains that, within the context of the public service, leaders and managers need to possess high standards of ethics and professionalism, which are two convergent qualities that could be considered non-negotiable requirements in any political or public official. Leaders and managers must lead and manage by example. Their conduct and attitude must be beyond reproach and above suspicion of selfishness in their service to the public.

Kanyane (2014:15) postulates that when senior appointed and elected officials engage in corrupt activities, the moral authority to fight corruption is weakened. This resonates with the work of Langseth (1999:30), who argues that organisations that are prone to corruption lack the moral authority to act against those who are corrupt at the lower level. Kanyane (2014:13) posits that the punishment of corruption should be stepped up from just losing a job at a top government post, to heavy fines and serving long prison terms. Punishing offenders through dismissal is underpinned by the deontological theory and the compliance ethics management approach; one needs to go beyond this by inculcating and promoting a culture of ethics in the local government sector.

The Oversight Model of the South African Legislative Sector (2012:3) views accountability as a social relationship wherein an individual or agency feels obliged to explain and justify his or her conduct. Parliament's Oversight and Accountability Model (2009) outlines that the accountability functions are to enhance the integrity of public governance in order to safeguard government against corruption and the abuse of power; to effect democratic control; to improve performance and enable the public to judge; to assure public confidence by being transparent, responsive and answerable. However, in recent cases, the National Assembly was seen to have handed its basic oversight role over to the Executive Authority, especially regarding the Nkandla case, where President Zuma has argued that the "remedial actions" of the Public Protector are not binding to him but are just recommendations. This was because the Public Protector in her report entitled "Secure in Comfort" found that while the President is entitled to security benefits from the government to his private home some features are not for security purposes.

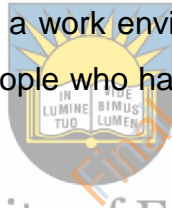
2.4. CONCLUSION



From the expositions discussed in this chapter, it is apparent that supply chain corruption undermines democracy and has a negative impact on sustainable growth and development. Supply chain corruption is caused by poor governance structures that result in abuse of entrusted authority for illicit gain. This practice has captured the complex and often highly political structures in government. Steps such as access to information are important, however, actors need the capacity to both understand and critically assess the authenticity of information requested and made available to the person requesting such information. The study shows that there is ample legislation to curb the abuse of power in supply chain management, both in South Africa and in other countries, yet there is a need for the inculcation and promotion of a culture of ethics in the local government sector. In this regard, the Kanyane ethics architecture is a comprehensive model which requires critical action. The ethics architecture model is a complete and comprehensive hybrid that comprises of legal, institutional and social elements. The model takes into consideration all stakeholders required for the success of sound governance. Ethics are essential for sound transparent public administration and, when viewed in conjunction

with a moral compass, they serve as the cornerstone of transparent public administration. There have been lessons learnt from the discussions on the differences between consequentialist and deontologist theories on ethics. It is indisputable that consequentialists and deontologists can each be applied to stimulate ethical conduct on the part of those who hold public office.

In order to combat the scourge of corruption in all its manifestations, South Africa needs an embodiment of ethical behavior from its citizenry, along with anti-corruption policy enforcement and consequence management. To this end, ethics or rather ethical behavior is the primary missing ingredient for the workforce to develop a positive attitude. Presumably, with the positive human factor, existing legal provisions that have been promulgated to mitigate the scourge of corruption will be adhered to naturally. People will be willing to do the right thing without fear of sanctions, but because they are predisposed to doing the right thing. It is within a work environment that is largely comprised of the positive human factor that even people who have not acquired the right attitude to work will change for the better.



University of Fort Hare
Together in Excellence

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. INTRODUCTION

This chapter presents the design and method used to conduct the study. In this chapter, account is given of the research design, methodology and philosophical paradigm that guided the selection of research methods and their employment in this study. The chapter provides an overview of how the population in the study was sampled and how data was collected from the participants. The research strategy adopted in this study followed case studies and utilised unstructured interviews, researcher observation and the analysis of documentation on supply chain corruption in the three Metropolitan Municipalities in Gauteng. The qualitative research paradigm was utilised and addressed the objectives of the study.



Quinlan (2011:175) affirms that the research design and methodology explain the sampling framework, the instruments used to collect data and how the data is analysed. This chapter offers a discussion of the research design and methodologies used in the study, including the strategies, instruments, data collection and analysis methods. At the same time, the stages and processes involved in the study are explained herein. In addition, in this chapter the logical assumptions underpinning this research are tested.

This study is guided by research based on the underlying philosophical assumptions about what constitutes 'valid' research and which research methods are appropriate for the development of knowledge in a given study. The research design and methodology used in this study assisted in collecting reliable data through unstructured interviews, observation and the document review process. The study is underpinned by ethics as an important principle of government procurement.

Due to the nature of this study, the researcher used qualitative research methods. The justification for each of the data collection methods used in the study are discussed herein. Finally, the data was triangulated in order to ensure the reliability and trustworthiness of the data collected.

3.2. RESEARCH UNIVERSE

The universe consists of all survey elements that qualify for inclusion in the study. The precise definition of the universe for a particular study is set by the research question, which specifies who or what is of interest. The universe was limited to the three selected metropolitan municipalities in the Gauteng province: The City of Ekurhuleni, the City of Johannesburg and the City of Tshwane. The three metropolitan municipalities are selected based on the fact that they are in the economic hub of Africa in general and in the Gauteng province of South Africa, in particular, and that they are experiencing the scourge of supply chain corruption. The three metropolitan municipalities in Gauteng are strategic for the study as they are the largest metropolitan municipalities in terms of population growth, and they are comprised of various nationalities. According to the South African National Census (2015:10), Gauteng comprises the largest share of the South African population; approximately 13,2 million people (almost 25% of the total South African Population) live in this province.

The province has an internationally renowned manufacturing and financial sector, not only confined to South Africa, but which also occupies a dominant position of influence in the Southern African region. The strength of the City of Ekurhuleni lies in industry as the City yields over one-third of the national Gross Domestic Product (GDP) and it is often referred to as “Africa’s Workshop” and houses the OR Tambo International Airport, which is the largest and busiest airport in Africa. The City of Johannesburg is South Africa’s wealthiest city and has the largest economy of any metropolitan region in sub-Saharan Africa, while the City of Tshwane is the capital city of South Africa (Gauteng Province South Africa, 2011:12).

Table 4: Statistical Release P0302, Statistics South Africa (2016:12) Percentage distribution of the projected provincial share of total population, 2012 – 2016

	2012	2013	2014	2015	2016
Eastern Cape	12,8	12,7	12,7	12,7	12,6
Free State	5,3	5,2	5,2	5,2	5,1
Gauteng	23,7	23,9	23,9	24,0	24,1
KwaZulu-Natal	19,8	19,8	19,8	19,8	19,8
Limpopo	10,4	10,4	10,4	10,4	10,4
Mpumalanga	7,8	7,8	7,8	7,8	7,7
Northern Cape	2,2	2,2	2,2	2,1	2,1
North West	6,8	6,8	6,8	6,8	6,8
Western Cape	11,2	11,2	11,2	11,2	11,3
Total	100	100	100	100	100

According to Statistics South Africa (2016:12) from 2011 to 2016 Gauteng is estimated to have experienced an inflow of approximately 1 106 375 migrants.

University of Fort Hare

The selected participants were identified as critical participants in terms of governance and service delivery in the selected metropolitan municipalities; moreover, they were found to be vulnerable to issues of supply chain corruption. It is on this premise that the three metropolitan municipalities in Gauteng are important for the study. The participants were contacted telephonically to request their participation in the study. This was followed by a meeting in which I explained the research objectives to the participants and further requested that each contribute to the study.

3.3. RESEARCH DESIGN AND METHODOLOGY

The study is underpinned by ethics theory, as the acts of supply chain corruption are committed in secret places, between two or more parties, at the expense of the vast majority. The qualitative method was used following case studies. Welman, Kruger and Mitchell (2011:188) submit that research design is made up of two basic approaches to

research, that is, the qualitative and quantitative approaches. According to Leedy (1997:195), Cooper and Schindler (2003:146), Burns and Grove (2003:195), Domegan and Fleming (2007:66), Babbie and Mouton (2011:74) and Kowalczyk (2015), research design is an overall action plan or a blueprint of how the researcher intends to conduct his or her research, which talks to the collection of data with an intention to respond to the research question, measurement and analysis of data. The research design presents a structured framework that explains how the research process will be conducted to address the research objectives; it is the logic that links the data to be collected and the conclusions to be drawn.

Babbie and Mouton (2011:75) affirm that research methodology focuses on the process, the type of tools to be used and the procedure to be followed when conducting a study. According to Burns and Grove (2003:488), methodology includes the design, setting, sample, methodological limitations, as well as the data collection and analysis techniques employed in a study. Babbie and Mouton (2008:74) as well as Leedy and Ormrod (2010:12) submit that research methodology refers to the researcher's general approach to carrying out the research project. Research methodology is the scientific method used to generate data to be analysed for the purpose of justifying one's findings (Struwig and Stead, 2010). A research method refers to the strategies used to collect and analyse data, and how the trustworthiness of the emerging data will be ensured (De Vos, Delport, Fouché and Strydom, 2011).

Qualitative and quantitative research are two approaches used in the social sciences. In this study, qualitative methods were used. Babbie and Mouton (2011:270), Maxwell (2010:478) and Denzin and Lincoln (2015:3) submit that qualitative research is conducted in a natural setting of social actors or participants. In such research, the interest is in understanding the meanings that people have constructed, that is, how people make sense of their world and the experiences they have in the world (Merriam, 2009:13). Willis (2008:40) and Leedy and Ormrod (2010:94) affirm that qualitative research “involves looking at qualities or characteristics that cannot be reduced to numerical values”, that is, it is a study based on words instead of numbers. Parkinson and Drislane (2011) postulate


that qualitative research involves participant observation or case studies which result in a narrative, descriptive account of a setting or practice. The research design used in this study was a descriptive and interpretive case study, which was analysed through qualitative methods in order to reach an adequate solution to the research problem. Neuman (2014:2) states that case study research involves a small number of cases in which a researcher carefully examines a large number of details about each case.

Malhotra and Birks (2007:152) and Delpont and De Vos (2011:65) declare that qualitative study is unstructured research intended to provide insight and understanding based on small samples. In this study, specific cases were used and participants were selected based on their contribution to and impact on supply chain management. Cases of supply chain corruption were identified from the three Metropolitan Municipalities in Gauteng, as reflected in Chapter One of this study. The main data collection techniques used in this study are unstructured interviews, researcher observation and document review.

In terms of the unstructured interviews, the participants were selected from the area of work affected by the study and based on their expertise and experience. Participants in the employment of the three Metropolitan Municipalities were selected from Supply Chain Management, Corporate Legal Services, Internal Audit/Forensic Investigation, Governance, Risk and Compliance, Human Resource Management/Labour Relations and affected service delivery departments as well as the affected service providers/contractors, all of whom were interviewed. In line with the work of Bowen (2005:219) and Olivier (2012:20), the qualitative data analysed in this study is in a form of words obtained during the interview process. The participants were interviewed based on selective criteria dependent on their level of involvement and participation per identified case in the Metropolitan Municipality in which they are employed. The data acquired from the participants were transcribed into narratives. Three methods were applied for data collection: unstructured interviews, observation and document review. According to Merriam and Tisdell (2015:137), interviews and observation are primary sources of data collection in qualitative research. In this study, unstructured interviews

and observation are classified as primary data sources, while document review is a secondary source of data.

Documents that were reviewed, amongst others, were audit reports, investigation reports, Bid Evaluation and Adjudication reports, Supply Chain Management policies and legislative framework (e.g. the Constitution, Municipal Finance Management Act, Preferential Procurement Policy Framework Act), National Treasury Regulations as well as policies and Acts promulgated with the intention of curbing supply chain corruption. The data was gathered by means of interaction with participants and was obtained through unstructured interviews, observation and document review; moreover, the data was authenticated by means of triangulation based on the three elements used to collect data and through presentations made at an Ethics seminar conducted by the University of South Africa (UNISA) as well as the Ethics and Anti-Corruption Indaba arranged by the Office of the Premier in the Gauteng Province.



According to Polit and Beck (2008:99), a qualitative research orientation can assume an exploratory, descriptive or contextual nature. Both the exploratory and the descriptive approaches of a qualitative research orientation have been used in this research. During the data collection phase, attention was given to participants' experiences and perspectives, at the same time the researcher became involved and immersed in the study as an interviewer and observer. The qualitative research orientation used in this study, as part of triangulation, made it possible for participants' behaviour to be understood, and to enhance the interpretation of the collected data.

Burns and Grove (2009:22) contend that a qualitative research orientation is a process of inquiry intended to explore and understand participants' lived experiences and uncover new insights. This includes data gathering methods, data analysis processes and the interpretation of results that shape the research. A research design focuses on the end-product and all the requisite steps in the process towards achieving that outcome. Zikmund, Babin, Carr and Griffin (2010:66) maintain that methods and procedures are determined by the research problem.

Parkinson and Drislane (2011) postulate that qualitative research involves participant observation or case studies which result in a narrative, descriptive account of a setting or practice.

The exploratory and descriptive approaches to qualitative research are outlined in further detail, below.

3.3.1 Exploratory approach

According to Polit and Beck (2008:19), the exploratory approach is applicable and appropriate to investigations of phenomena that are relatively unknown. Burns and Grove (2009:696) extrapolate that the exploratory approach is defined as an exploration of an unknown phenomenon with the intent to understand its nature, how it manifests itself and possible alternative solutions to it. In this study, the exploratory approach embraces interviews with sampled participants, observation and literature/document reviews. In this study, the exploratory approach is evidenced by the interviews and researcher observations, as conducted with participants involved in the supply chain processes in the three Metropolitan Municipalities in Gauteng.



3.3.2 Descriptive approach

According to Burns and Grove (2003:378), the descriptive stage is the initial phase wherein the researcher becomes familiar with the data; it is the most critical stage in qualitative studies. Burns and Grove (2009:696) submit that the descriptive approach provides a precise narrative of a phenomenon within a definite context with the intent to generate a theory. Polit and Beck (2008:19) argue that the descriptive approach aims to describe the importance of a known phenomenon; this is where the researcher fills the gaps by collecting more information and describing what is happening, in detail. In this study, documents were reviewed to corroborate and fill the gaps that became apparent during the interview process.

3.4. THE CASE STUDY STRATEGY

Leedy and Ormrod (2010:135) declare that qualitative case studies afford researchers the opportunity to explore or describe a phenomenon in context, using a variety of data sources. According to Denzin and Lincoln (2000:448), the case study is a part of scientific methodology. Gillham (2000a:1) attests that a case study is an investigation intended to answer specific research questions which seek a range of different evidences from the case settings. In this study, questions were unstructured and were categorised into general and specific questions. In this respect, the case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly defined (Yin, 2014:16).

The case study is a research approach wherein the researcher explores a case through detailed, in-depth data collection involving multiple sources of information such as observations, interviews, audiovisual materials, documents and reports (Creswell and Plano Clarke, 2007:245). According to Yin (2014:17), this type of research promotes an in-depth and contextual understanding of the case, which is an important consideration for this study in which contextual conditions are relevant to the research. Dul and Hak (2007:4) mention that a case study is a study in which one case or a small number of cases are selected in their real life context, with the scores obtained from these cases being investigated in a qualitative manner.

Yin (1994:6) states that researchers may adopt several strategies to approach their research, as reflected in Table 5 below.

Table 5: Strategies to approach research

Strategy	Form of research question	Requires control over event	Focus on contemporary Events
Experiment	How, Why	Yes	Yes
Survey	Who, What, Where, How many, How much	No	Yes
Archival analysis	Who, What, Where, How many, How much	No	Yes/No
History	How, Why	No	No
Case study	How, Why	No	Yes

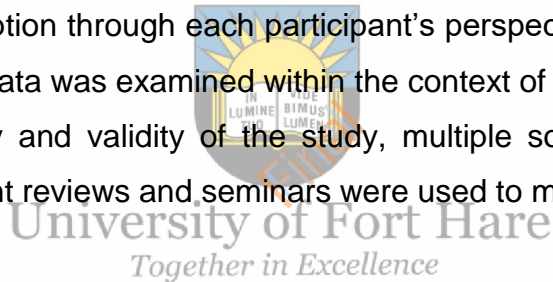
Source: Yin (1994:6)

Yin (2014:16) also differentiates between three types of case studies: exploratory, causal and descriptive. In an exploratory case study, the collection of data occurs before theories or specific research questions are formulated; it is followed up by data analysis, and leads to more systemic case studies. The first stage in this type of case study is to define the issues to be researched. The causal case study focuses on cause-and-effect relationships, while searching for explanatory theories of the phenomenon. This situation offers the most suitable conditions for adopting the case study as the research strategy of choice.

In this study, the researcher selected the case study research method. According to Creswell, Hanson, Plano Clark and Morales (2007:13), the case study method provides insight into the issue being researched, especially since the cases are selected in order

to understand the issue. The cases identified for this study were those that reached the media with allegations of supply chain corruption in the three Metropolitan Municipalities under study. The intention was to conduct research on whether the alleged supply chain corruption indeed happened; thereafter, to answer the question of how it happened, and whether it happened due to inadequacies in the governing processes and procedures? Alternatively, could the corruption have happened due to non-compliance with the rules and regulations governing Supply Chain Management in the three Metropolitan Municipalities? The researcher also conducted a desktop study, with ethics as the main object of the study.

The identified cases enabled the exploration and more meaningful understanding of complex issues related to supply chain corruption in the three metropolitan municipalities. The study makes it possible to understand the behavioural conditions pertinent to issues of supply chain corruption through each participant's perspective. Through the identified cases, the collected data was examined within the context of supply chain corruption. To improve the reliability and validity of the study, multiple sources such as interviews, observation, document reviews and seminars were used to minimise the margin of error.



Cases of supply chain corruption in the three metropolitan municipalities under study were selected and explored. Participants were selected according to their involvement in each case. The cases that were identified and listed in Chapter One are outlined below.

In the City of Ekurhuleni (CoE) Metropolitan Municipality:

- i. Two former employees appeared before the Commercial Crimes Court on charges of supply chain corruption involving R32 million IT tender.
- ii. Allegations of irregularities on the project for the provision of restructuring the EMM.
- iii. Allegations tabled on a R109 million tender for the supply of intelligent water meters.

In the City of Johannesburg (CoJ) Metropolitan Municipality:

- i. Corruption Watch established that Pikitup paid an audit firm an amount of R6 million to investigate tender rigging, then stopped the probe before it could prepare a final report into dodgy tenders worth R360 million.
- ii. City Parks awarded a tender to a nursery company to supply trees.

In the City of Tshwane (CoT), a number of hard-hitting recommendations have already led to the dismissal of two senior personnel. The SIU investigated the CoT and the focus was on SCM, Assets Management and service delivery departments as well as Governance, Risk and Compliance, Human Resources, financial management, technical support and waste management. The cases below are serious issues of concern, which require in-depth analysis.

- i. Collusion and corruption on inflated prices for various goods procured for the City of Tshwane Metropolitan Municipality.
- ii. Alleged supply chain corruption on the appointment of contractor for smart meters

Interviews were conducted with the identified participants in all three Metropolitan Municipalities under study. The interview questions were classified into general and specific questions, and were delivered to participants in unstructured interviews. General questions addressed issues of Supply Chain Management and other pertinent questions intended to gather information related to the support provided to the Metropolitan Municipalities under study. The questions included addressing all participants on specific areas of their work, responsibilities and the influence they have in respect of providing the necessary support to Supply Chain Management. More specific questions, however, were intended to address specific issues emanating from specific cases selected for this study, for each Metropolitan Municipality; these questions were directed to the affected participants as relevant to the identified cases.

In answering the questions raised in the case study, it became necessary to use a variety of secondary data ranging from journal articles, books, extract documents from the investigation and audit team. In this research, the case study approach was useful as the

identified cases were practical and posed an existing problem; moreover, the experience of the participants was important and the context of action was critical. This approach allowed the investigation to retain the holistic and meaningful characteristics of real-life events such as participants' life cycles as well as their organisational and managerial processes.

Corruption has a negative effect on the social, political, environmental and economic development of a country. It is necessary to tackle these effects before it becomes too much for the nation to amend, which could have dire consequences for its citizens. The case study, as a research strategy, encompasses specific techniques for collecting and analysing data, as directed by clearly stated theoretical assumptions. In this study, the events were observed as they unfolded, through participant responses, which were later followed up on for clarity. From the analysis, it transpired that a reformation of the public service is required to increase accountability in government and its state-owned enterprises (SoEs) as a way of curbing supply chain corruption.

3.5. UNIT OF ANALYSIS AND SAMPLING TECHNIQUES

According to Strydom (2011:223), the study population sets boundaries on the study units, that is, it refers to participants who possess specific characteristics. White (2005:113) describes a research population as the group from which participants are selected to partake in the research. The unit of analysis for this study is the three Metropolitan Municipalities in Gauteng Province (i.e. City of Ekurhuleni, City of Johannesburg and City of Tshwane). The target population for this study are the identified employees in the three Metropolitan Municipalities in the Gauteng province, as well as the affected contractors and/or service providers. As part of the targeted population, the participants were selected from the following groups: Managers in Supply Chain Management, Managers in Internal Audit, Managers in Risk Department, Managers in Human Resource Management, Managers in Information Communication Technology, Project Managers in the Department of Water and Sanitation, and Managers in Corporate Legal Services. The targeted population was identified based on the experience they

possess in the area of study and the fact that they were involved in the relevant transactions related to the procurement of goods and services. They proved to be reliable and dependable in terms of the information they provided through the interview process and in referring the researcher to documents used, from time to time, in the course of their work. The participants were senior officials who possess extensive experience in the field of their specific area of work, and were resourceful throughout the study.

3.6. METHODS OF DATA COLLECTION AND DATA COLLECTION TECHNIQUES

Antonius (2003:2) remarks that data refers to systematically collected, organised and recorded information that will empower the reader to interpret collected data properly. Data should not be collected haphazardly, but should be done in response to some questions that the researcher wishes to answer. In line with the guidelines provided by Schostak and Schostak (2008:10), the data was collected and categorized as primary and secondary sources.



Burns and Grove (2003:373) write that data gathering is the exact, logical gathering of information pertinent to the study, using methods such as interviews, participant observation, focus group discussion, narratives and case histories. Cooper and Schindler (2011:183) and Thomas et al. (2011:357) affirm that in order to yield data for qualitative investigation, the researcher should have different instruments such as interviews, observation, content analysis or review of documents. Unstructured interviews, observation and document review were employed in this study.

The primary sources of data included unstructured interviews and observation of the reactions of the identified participants for each case study. The secondary data covered the processes and procedures in the form of a document review. The secondary data brought to light a number of documents that were read and reviewed in order to validate the information and data acquired through the interview process, and to lend clarity to the observations made during the interview process. The sourced documents were the Supply Chain Management Policies of the three Metropolitan Municipalities under study,

National Treasury Regulations, Practice Notes, Rules and Regulations, Municipal Supply Chain Management Act. Other documents that were reviewed included documents on ethics and governance; Auditor General, Internal Audit, investigation, and Bid Specification reports, referred to as technical documents; Supply Chain Management Committee reports, and so forth. These documents were used to authenticate the information provided by the participants during the interview process, as well as to close the gaps that were found during interviews and observation.

3.6.1. Interviews

Johnson and Christensen (2012:198) define an interview as a method used by researchers to collect data through asking participants' questions. According to Niewenhuis (2007:87), an interview is a two-way dialogue in which the researcher pursues answers from the participants by asking questions about the phenomenon under investigation. In qualitative research, an interview is a major element for use in the collection of data. It is through an interview that the researcher is able to interact with participants and gain more meaningful knowledge of the subject under study. De Vos (2002:302) and Burns and Grove (2003:285) cite four advantages of interviews: the first reason is that an interview is a flexible technique that permits the researcher to have direct contact with the participant and enables the interviewer to discover greater depth of meaning through constructive suggestions from the participant. The second is that interpersonal skills can be used to facilitate co-operation and prompt more detailed information. The third is that, in an interview, there is a higher rate of response unlike in the questionnaires as few participants are needed to gather rich quality data. The fourth advantage of the interview is that it allows for the collection of data from participants who are unable or unlikely to complete questionnaires.

The interviews in this study were conducted as face-to-face interviews to ensure that all the questions are answered and that the responses are not provided by someone else rather than by the identified and selected participant. Face-to-face interviews eliminate the chances of distortion of the interviewee's memory of events and exploited the flow of valid and dependable information. The process enabled clarification of responses that

were vague or incomplete and allowed for questions that appeared to be unclear to be explained. There are three types of interviews, as discussed below (Niewenhuis, 2007:87).

The structured interview, as explained by Niewenhuis, in Maree (2007:87) and Denscombe (2008:175), is a face-to-face interview that is developed in advance and in detail. The researcher uses this approach when he/she wishes to acquire information that allows for directly comparable responses. At the same time, interviews should not be overly structured, as this will hamper the act of investigation.

The semi-structured interview, as described by De Vos, Strydom, Fouché and Delport (2005:296), is a process in which the interviewer has an interview schedule of predetermined questions as a mere guide rather than to dictate how the interview should flow. Creswell (2008:226) affirms that the semi-structured interview is a more commonly used technique, as it is flexible and convenient for collecting data in a limited time.

The unstructured interview is defined as a spontaneous conversation between the interviewer and interviewee; it does not follow any particular format or style of questioning, therefore, the interview can go in any direction (De Vos et al., 2005:292). The unstructured interview allows the researcher flexibility and freedom; the interviewer may develop questions during the course of the interview, and because the objectives are general the discussion may be wide ranging (Royce, Bruce and Singleton, 2005:222). The authors further state that the interviewer is at liberty to adapt the interview to take advantage of the knowledge, experience and insights of the participants. White (2005:254) affirms that the unstructured interview may disadvantage the researcher in that the information obtained from various participants may differ and the researcher may not be able to make comparisons amid the data captured from the participants.

- Method of interview used in this study

The research questionnaire could not be used as a method of data collection as that would have compromised the confidentiality of the participants. The study is sensitive as

it is addresses issues of supply chain corruption. In this study, the researcher gathered data by interviewing participants based in an unstructured interview format; this gave the researcher and the participants more latitude to explore various areas in greater depth. Although the questions were predetermined and classified into general questions and specific questions, as contained in Annexure A, changes were made during the course of the interview to allow for and accommodate further constructive engagement and extrapolation of detailed information.

Interviews were conducted outside the participants' workplace and working hours, in a quiet environment, free from disturbances, and where the interviewee felt safe and comfortable to participate. The interviews were conducted individually and each lasted for approximately one hour (60 minutes). Prior to each interview, the participants were asked whether they would be willing to participate in the study, their availability for an interview and their readiness to contribute to the study. The participants were informed that the interview would be unstructured and that follow-up questions would be posed during the interviews to seek clarity as and when the need arose, on a case-by-case basis. Notes on the discussions and deliberations were taken, and the participants were assured that the script would be destroyed after the study has been completed. A recording device was also used to capture the conversation for the purpose of transcription; the recording was deleted after the transcription and analysis of the data. A rapport was established between the interviewer and each participant.

The data obtained through the interviews afforded the researcher the opportunity to obtain the perceptions of role players in the supply chain regarding the problem of supply chain corruption, which is currently being experienced in the country. In this process, attention was given to participants to share their knowledge and their experiences in their area of work. To ensure the consistency and rationality of data, the researcher referenced documents reviewed during the document review process.

3.6.2. Observation

Briggs and Coleman (2007:237) submit that observation is the most powerful and flexible data collection strategy, because it is not dependent on the personal views of the participants but on the eyes of the researcher as an observer of the surrounding circumstances and behavior of the participant. Merriam and Tisdell (2015:161) postulate that observation is the primary source of data in qualitative research, and that it offers a direct account of the situation under study. The study also applied the principles of observation in order to understand and explore the behavior, perspectives and experiences of the people under study. For example, the study sought to understand how the participants (employees and service providers) responded to issues of corruption as this has become a topical issue in supply chain management and the country at large.

Scott and Usher (2011:109-110) suggest that observation can also be helpful in the early stages of analysis in that it allows the interviewer to make a judgement about how signs are read and thus locate the data in the context in which they were collected. However, one should be careful not to derive too much from body language, as Coleman (2012:254) cautions that body language may not be easily interpreted, particularly in terms of vast cultural diversity. The benefit of a face-to-face interview is that it is helpful in allowing the interviewer to obtain clarity and proper alignment between body language and the actual response, in some instances. A clear understanding of the phenomenon under study was achieved through combining the interview with observation and document analysis; hence, it was not difficult to interpret body language.

In this study, the researcher as the observer of the proceedings took notes of what each participant said, his or her reaction when a question was asked, as well as the surroundings in which the interview was conducted. The behavior of each participant was observed when his or her phone was ringing and the manner in which he or she responded to the call. Due to confidentiality, and a commitment to protect the participants, the interviews were not conducted at the participants' place of work; moreover, the interviews were not conducted during office hours, and caution was taken not to conflict with the interviewees' family time. It was observed that the environment made the

participants feel comfortable and relaxed. In this study, observation produced data for verifying or nullifying information provided during face-to-face encounters with the participants. It would have been difficult and impractical to observe the participants without using face-to-face interviews. It was through face-to-face interviews that the interviewer was able to observe visual clues, relating to the body language of each participant, which indicated comfort or discomfort, thus giving the interviewer clues on how best to proceed with the interview. Observation also allowed the researcher to gauge the socio-economic situation (status) of each participant; their physical location and surroundings, as well as specific and, in some cases, general comments made by the participants during the interview process.

With the researcher's extensive experience in the field of SCM in the government sector, coupled with a legal background and qualifications, it was easy to understand the process followed in SCM, forensic investigations and instituting disciplinary action against perpetrators who were suspected of having committed any acts of supply chain corruption. As the former head of SCM in a number of government departments, some characteristics of supply chain corruption could easily be picked up on during the interview process. One observed that it was difficult to retrieve documents that were in dispute or that were needed for a review exercise. Supply chain corruption operates and succeeds through a cartel system, in which employees in SCM collude with project managers and service providers.

The researcher also observed that, in some instances, orders were placed and payments made but the actual delivery of goods did not take place. Cover quotes are often used by SCM practitioners and service providers are, at times, reluctant to submit and respond to requests for quotations. They insist that the request for quotations is actually a means of cleaning the process so as to make it appear as if the correct sourcing process was followed and a competent and qualified service provider was appointed. Further, it was evident that unscrupulous SCM officials had the templates of service providers on their systems and, as and when requests for quotations are sourced, they are generated from the system; hence, the prices are highly inflated. Another observation is that the

procurement of goods and services is broken-down into small chunks and kept below R200 000, which is the approved threshold in terms of the SCM policy of the three Metropolitan Municipalities under study. The process of evaluating quotations below R200 000 is easily manipulated and is done with the intention of avoiding an open tender process. The researcher observed that the cumulative cost of procuring goods and services repeatedly, by means of a request for quotations, far exceeds a threshold for tender. All these matters will be further interrogated in the next chapter, which focusses on the findings of the study.

3.6.3. Document review

The study perused documents that are frequently used in the process of procurement of goods and services, the investigation of fraud and corruption, as well as labour related processes that should be followed when supply chain corruption is alleged to have been committed. According to Bowen (2009:27), the document review is an important source of secondary data collection and documents can be used as a source of information from the context within which participants operate. Documents can provide additional data collected from other sources. The process is carried out by reviewing existing documents which may be in the form of hard copies or electronic documents. Document analysis involves skimming, reading and interpretation.

On contributing to document review, De Vos et al. (2005:317) provide four sources of documents: personal documents; official documents, such as government documents and reports; mass media, including newspapers, magazines, journals, television, radio, films and books; and documents and data preserved in archives for research purposes. The document review was utilised in this study as a secondary means of collecting qualitative data and to triangulate data acquired through interviews and observation. The process was found to be inexpensive, as it required access to information and documents that are freely accessible from the government and municipalities as well as the intranet and the internet. The document review provided a behind-the-scenes look at issues that could not be directly observable, and it brought to light issues not exposed by other means.

The documents were analysed qualitatively and interpreted to give voice and meaning around issues of supply chain corruption. The reviewed documents were found to corroborate information provided by participants through the interview process. Briggs and Coleman (2007:281) affirm that document analysis is a form of qualitative research that requires the researcher to locate, collate, interpret and analyse empirical data and draw conclusions that describe, interpret or explain what has occurred.

The researcher accessed documents that were readily available for public consumption. Access to public documents in the custody of the government is provided for in the Constitution and in the Access to Information Act, 2000 (Act 2 of 2000); this is because the documents are not classified and protected as confidential documents. The process of accessing information in terms of the Access to Information Act was not followed; however, the letter requesting permission to conduct research was used, and approval was received from the City Managers of the selected Metropolitan Municipalities under study, as evidenced in Annexures C, D and E of this study. Some documents that were accessed electronically and manually are the Constitution, the Municipal Finance Management Act, the National Treasury Regulations as well as the Supply Chain Management Policies of the City of Ekurhuleni Metropolitan Municipality, the City of Johannesburg Metropolitan Municipality and the City of Tshwane Metropolitan Municipality. Over and above these reports, the researcher further reviewed the following documents: the delegation of authority of the three Metropolitan Municipalities; the Supply Chain Management Committees' terms of reference; bid documents; Bid Committee reports; City Managers' approval; investigation reports; internal audit reports; Auditor General reports; Municipal Public Accounts Committee reports; and the legislative framework in the municipal sector or environment.

These reports were critically scrutinised to retrieve the authenticity of data for this research. Supporting documents emanating from other departments within the three Metropolitan Municipalities were also checked, scrutinised and reviewed for the study. These documents contain information on the processes followed to appoint service

providers, the investigation on alleged supply chain corruption as well as the conflict of interest that turned out to be the main cause of supply chain corruption.

The rationale for document analysis lies in its role in methodological and data triangulation, the immense value of documents in case study research and its usefulness as a stand-alone method for specialised forms of qualitative research. Confidentiality was maintained at all times when requests were made for documents that were not available online. The study was not spared of its own set of challenges, the bulk of which were related to unavailable, disorganised, irrelevant and outdated information. The documents that were not available on the intranet and internet were found to be cumbersome and too time-consuming to collect, review and analyse. In some instances, it was difficult to access documents such as bid evaluation and bid adjudication reports. This obstacle was overcome through the letters of approval received from the City Manager/s as accounting officers of the identified Metropolitan Municipalities (see Annexures C, D and E), after which the documents were made available for the researcher's perusal.

3.7. APPROACHES TO VERIFY QUALITATIVE DATA

There are many proposed approaches to verifying qualitative research data. Three of the most useful are: triangulation, negative case and reflexive journal.

3.7.1. Triangulation

Triangulation takes place when one compares a number of different data sources and methods to validate one's research findings. Bowen (2009:38) submits that the triangulation of data sources negated threats to trustworthiness, such as reactivity, researcher and respondent bias. Triangulation can bring strength to our conclusions or identify areas for further research. It is the use of multiple sources to contrast and compare study data in order to establish supporting and contradictory information. A few common forms of triangulation are those that compare the primary data to data obtained from other sources. One of the great strengths of case studies, as compared with other methods, is that evidence can be collected from multiple sources as provided by Lacey

and Luff's (2001:23) triangulation method, which refers to gathering and analysing data from more than one source in order to gain a fuller perspective of the situation being investigated. De Vos (2011:243) argues that a qualitative researcher embarks on a voyage of discovery rather than one of verification, thus, the research is likely to stimulate new leads and avenues.

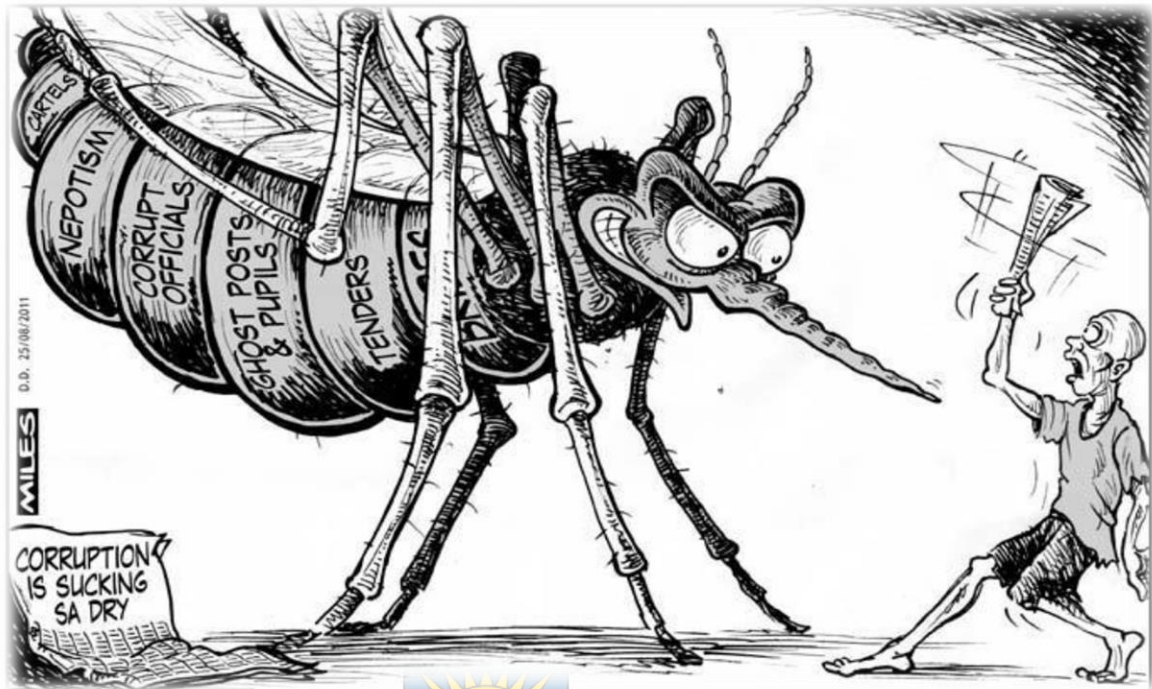
In this study, the data was triangulated using evidence from different sources to corroborate and validate the study findings. The data was triangulated through interviews, observation, document review and a paper derived from a thesis presented at the 3rd Annual Public Service Ethics Seminar conducted by the Department of Public Administration and Management (UNISA) on 31 October 2017, as well as the Gauteng Ethics and Anti-Corruption Indaba held on 21 November 2017 at the Birchwood Hotel. The researcher participated at the panel discussion at the aforementioned seminar as follows:

- Prof. Natasja Holtzhausen (University of Pretoria) presented a paper titled "Moving back to the light: Determinants for whistle-blower protection" and M G Sisi (the researcher) was a respondent.


University of Fort Hare
Together in Excellence

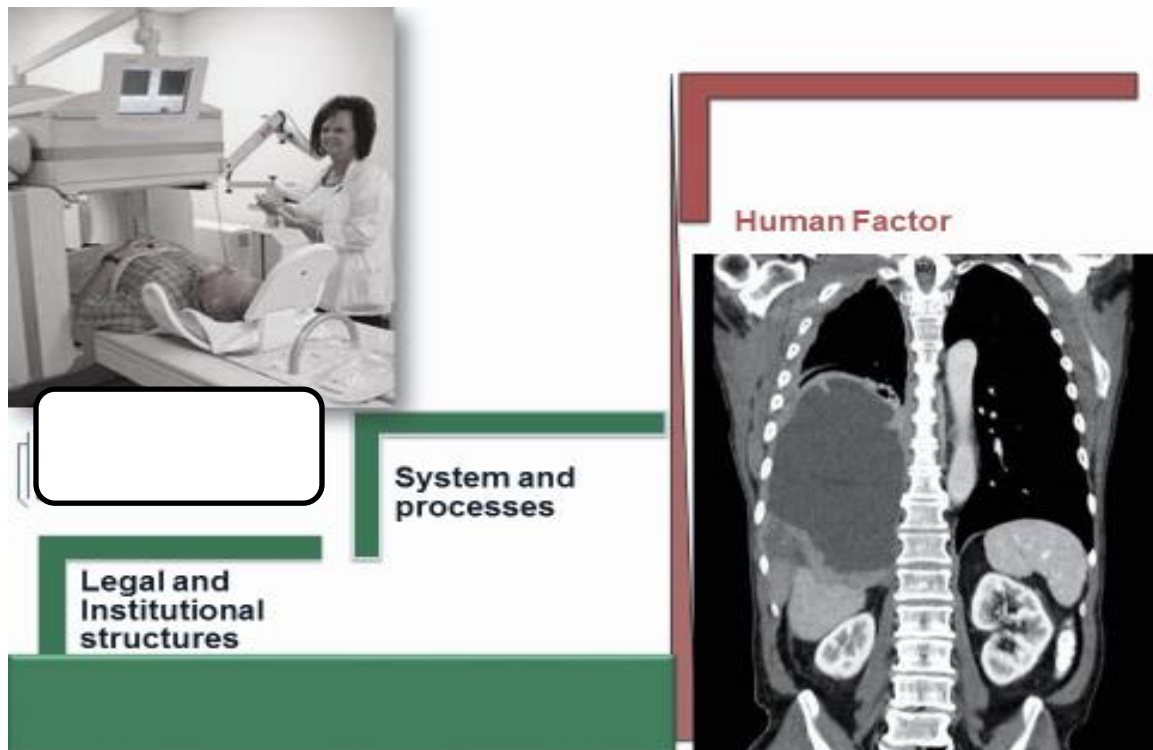
In her presentation, Prof. Holtzhausen depicted corruption as an evil, as a monster that is sucking our country dry. Edmund Burke acknowledged, as indicated by Holtzhausen (2017) and Mthethwa (2017) that the only thing necessary for the triumph of evil is for good men to do nothing.

Figure 4: Holtzhausen's depiction of corruption as a monster



- Dr Richard Mthethwa (University of Pretoria) presented a paper titled the “Manifestation of corruption and unethical behaviour of public officials in South Africa”, and Prof. Mokoko Sebola was the respondent.
- Prof. Kanyane and M G Sisi (the researcher) jointly presented a paper titled “Anti-Corruption Strategies: Time for Renewal”, to which Prof. N Holtzhausen was a respondent. In the presentation, Prof. Kanyane acknowledged that the legal and institutional structures, as well as systems and processes, are in order to a point that we have adequate legislation as a country. The main cause for concern in this regard is the human factor, as issues of ethics are personal and deal with an individual's conscious.

Figure 5: Kanyane's depiction of corruption perpetuated largely by a human factor



Prof. Kanyane (2017): 3rd Annual Public Service Ethics Seminar (31 October 2017) and Gauteng Ethics and Anti-Corruption Seminar (21 November 2017)

University of Fort Hare
Together in Excellence

- Mr H Lubita (PhD student, UNISA) presented a paper titled “Crawling in Shackles: An evaluation of Special Investigating Unit’s (SIU) constitutive and operational constraints in fighting corruption”, with Mr J Rasethe (PhD Student, UNISA) as the respondent.

The recommendations made in the last chapter of this paper were further interrogated at the Gauteng Ethics and Anti-Corruption Indaba which was held on 21 November 2017. At this indaba, the following topics were discussed with rigour:

- Tackling corruption head-on,
- Regaining public trust through integrity.

Commissions were also established to examine the following topics:

- a) Raising integrity standards for an inclusive economy and growth;
- b) Private sector liability for corruption and other economic crimes;
- c) Beyond cases and data: how to cultivate a culture of integrity;
- d) Independence of regulators, law enforcement agencies, competition authorities and supreme audit institutions; and
- e) Does legal mean ethical? From enablers of corruption to advocates of integrity.

Overall, triangulation was employed, as it is a powerful way of demonstrating concurrent validity, particularly in this study in which qualitative research methods were applied. The triangulation approach through its combination of interviews, observation and document review enabled the researcher to unearth a wealth of information pertaining to issues of supply chain corruption in the three Metropolitan Municipalities. It further added value to the study by sourcing information from other stakeholders in addressing issues of supply chain corruption in an attempt to get rid of corruption both in the public and private sector. Also, encourages the ethical behavior of those in the forefront of engaging service providers for the procurement of goods and services in the three Metropolitan Municipalities under study.

The study was further enriched by extensive experience possessed by the researcher in the field of Supply Chain Management as a practitioner and a member of the Chartered Institute of Purchasing and Supply (CIPS). It was observed that the procurement system in the City of Ekurhuleni Metropolitan Municipality is not automated, which makes it vulnerable to manipulation and susceptible to corruption. Due to the lack of an automated system, the procurement documents are missing and there is no backup plan to retrieve information. It has been observed that the project of automating procurement in the City of Ekurhuleni has been sabotaged by some employees in the SCM. The automated procurement process would minimize the cost of corruption and would also assist and enable the City to manage contracts effectively by avoiding the splitting of orders into parts or items of lesser value. Duplicate payments and bogus payments are easy to make; this is the case with the City of Ekurhuleni, particularly over the December period when

there is pressure to pay contractors and suppliers for work done, so as to avoid vandalism and destruction, and to avoid the “black Christmas” phenomenon amongst employees during this period. The process in which fraudulent payments are made is also witnessed at the end of each financial year, especially around May/June, when the City wants to increase its expenditure. Payments are made on fictitious work and bogus contractors who exist only when payment is to be made, with the account being closed immediately after, without any disciplinary process being followed on those who processed said payments. This phenomenon was also observed at the beginning of each financial year (July–September), when departments go out for their strategic planning sessions. It is a policy of the City of Ekurhuleni that there should be no procurement of alcoholic beverages with the use of public funds. The observation was that there are items that have their prices inflated, which may be to cover alcoholic beverages under the pretext of water purchased at the bar during evening sessions.

3.8. DATA ANALYSIS



Domegan and Fleming (2007:430) affirm that data analysis is a set of methods and techniques that can be used to obtain information and insights from the data collected by the researcher. Burns and Grove (2003:479) define data analysis as a mechanism for reducing and organising data in order to produce findings that the researcher should interpret; furthermore, they suggest that the data be analysed qualitatively, which is an ongoing process. Data analysis in qualitative research is done through words as a means of analysis, as explained by Descombe (2008:286). This means that data collection, processing, analysis and reporting are intertwined.

According to Nieuwenhuis (2007:100), when analysing qualitative data, the goal is to summarise what was observed or heard in terms of words, phrases, themes or patterns that would give further understanding and interpretation of the emerging data. Veal (2006:196), Schurink et al. (2011:397), Sesay (2011:95), Atkins and Wallace (2012:245) and Tuckman and Harper (2012:387) affirm that qualitative research comprises a close relationship between data collection and data analysis so as to build an intelligible

interpretation of data. There are numerous ways in which data analysis procedures are broadly defined. According to Yin (2009:24), qualitative research design links the data collected to the questions of the study.

Qualitative research methods are utilized in this study, together with a qualitative approach to mining data, as well as qualitative data analysis. When engaging in qualitative data analysis, the researcher not only wishes to highlight recurring features or patterns, but also different steps, procedures and processes at the disposal of the researcher. According to Riessman (2008:24), in narrative methods, interviews, documents or observations are used to follow participants down their trails. Best and Khan (2006:270) affirm that organising data is the first step towards analysing qualitative data; moreover, the method of organising data differs depending on one's research strategy and data collection techniques. Sivia and Skilling (2006:3) postulate that data analysis is the process of analysing and evaluating information that could be helpful in making a decision; it is through data analysis that the researcher arrives at a conclusion based on gathered information.

Flick (2013:12) submits that data analysis is the central step in qualitative research; whatever the data, its analysis – in a decisive way – forms the outcomes of the research. Baxter and Jack (2008:544) indicate that the collection of data and data analysis occur simultaneously. Sometimes data collection is limited to recording and documenting naturally occurring phenomena, for example, by recording interactions; moreover, qualitative research is concentrated on analysing such recordings. Creswell (2013:182-188) affirms that the process of qualitative data analysis and interpretation can best be represented by a spiral image – a data analysis spiral, in which the researcher moves in analytic circles rather than using a fixed linear approach.

3.8.1. Data analysis process

According to Best and Khan (2006:354), deductive and inductive logic to the research are represented by data analysis and interpretation. Marshall and Rossman (1999:150) affirm that data analysis is intended to bring order, structure and meaning to the collected data;

it is also described as a chaotic, vague and time-consuming process and, at the same time, as a creative and enthralling exercise. Field (2009) asserts that before data can be analysed to reach a certain finding, the researcher must have collected data in order to make sense of the study. Burns and Grove (2003:479) clearly posit that data analysis is a mechanism for reducing and organising data in order to produce findings that require interpretation by the researcher. Eight points, as proposed by Tesch, were used to analyse data in this study; these points are explained below.

- a) The transcripts were carefully read and proper notes were taken.
- b) Each participant's response was analysed to gauge meaning, while writing down thoughts that came to mind.
- c) After going through the transcribed recordings, the data was arranged thematically and codified accordingly. This means that themes were coded against the appropriate segment of the text.
- d) The organisation of data was analysed to check if new categories or codes emerged.
- e) The most descriptive wording for the topics were determined and converted into (sub) categories; the aim of this was to reduce the total list of categories by grouping topics that relate to each other together. The lines drawn between categories indicated an interrelationship of categories.
- f) A final decision was then made on the abbreviation of each category, and the codes were arranged alphabetically.
- g) The data pertinent to each category was put together in one place and a preliminary analysis was performed.
- h) Finally, a recoding of the data was done, as informed by the work of De Vos (2002:340).

3.8.2. Narrative Analysis

According to Riessman (1993), narrative analysis occurred as a discipline from within the broader field of qualitative research. Clandinin and Connelly (2000:98) declare that narrative inquiry uses stories, autobiography, journals, field notes, letters, conversations,

interviews, family stories, photos and life experience, as the units of analysis to research and understand the way people create meaning in their lives as narratives. Narrative analysis can, therefore, be used to acquire a deeper understanding of the ways in which a few individuals organise and derive meaning from events (Polkinghorne, 1995). In this study, the respondents conveyed their own lived experiences in their own ways. Upon finalising each interview, the audio-tapes were transcribed and the researcher summarised the narratives of each respondent. The narratives were consequently analysed and located within the thematic analyses.

3.9. ETHICAL CONSIDERATIONS

According to Partington (2003:22), ethics is a philosophical term derived from the Greek word *ethos*, meaning character or custom, and connotes a social code that conveys moral integrity and consistent values. Ethics is about knowing what is wrong and what is right, and the ability to do what is right. According to Welman, Kruger and Mitchell (2005:182), ethical considerations are important elements in research as much as they are in any other field of human activity. The researcher had a moral and ethical obligation to strictly consider the rights of the participants who availed themselves for an interview, and those who provided information and documents for the researcher's perusal (Streubert, Speziale and Carpenter, 2003:314). Grafton and Jones (2010:121) submit that all researchers are subject to ethical considerations. The engagement with participants in this study was carried out in compliance with good morals and ethics, with the following ethical considerations being adhered to:

An ethical clearance certificate was obtained from the Research Ethics Committee of the University of Fort Hare (UFH), to conduct the study (see Annexure B). The Metropolitan Municipalities being studied were approached for permission to conduct this study, and letters of request were submitted to the City Managers as the accounting officers of the three Metropolitan Municipalities in Gauteng: City of Ekurhuleni (see Annexure C), City of Johannesburg (see Annexure D) and City of Tshwane (see Annexure E). The City Managers of the three Metropolitan Municipalities in Gauteng approved the researcher's

request to conduct the study. The researcher's appointments with participants were set for individual timeslots that suit each participant, and do not disrupt their work. A letter was presented to each participant with information detailing the nature of the study. Verbal permission (informed consent) was sought from the participants, for the interviews, and they were also presented with a letter of approval from the City Manager of their respective Metropolitan Municipality; this would serve as an indication that the accounting officer is aware of the study and has permitted the researcher to engage participants on the subject of the study.

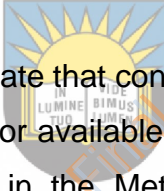
Due to the sensitivity of the study, participants were informed and their consent was obtained, as such, their participation was secured with an assurance of strict protection of their identities; the participants were informed that the interviews were strictly for academic purposes. The participants were informed of all aspects of the study that might influence their preparedness to participate in the research and also informed that their rights would be protected in that their identities would not be disclosed and their participation would be kept confidential. They were informed of their right to terminate their participation at any time should they feel that they are not protected. Further, those participants were further informed that they could withdraw from the study at any time for any reason, without explanation and without recrimination. This was addressed in accordance with the work of Borg and Gall (1989:84-92). A relationship of mutual trust and respect was established with all the study participants, which enabled open and fair participation while allowing each participant to make a valuable contribution to the study.

Ethical measures are important in both qualitative and quantitative research; these include ethical conduct in relation to a participant's information as well as the honest reporting of results. The ethical measures taken in this study include informed consent, privacy, confidentiality and anonymity as well as the right to withdraw from the study and the dissemination of results. In line with the ethical considerations for this study, participants were treated with respect and the information acquired from them through interviews and documentary evidence was used strictly for research purposes. The raw data was not made accessible to anyone except those who provided same information.

Due to the sensitive nature of this study, ethical considerations were found to be an important aspect of this study. Possible risks were continuously examined to decrease sensitivity to the participants, rather than to expose them.

3.9.1. Privacy, confidentiality and anonymity

Burns and Grove (2007:550) define privacy as the individual's right to freedom of determination of time, extent and general circumstances under which private information may be divulged or withheld from unauthorized individuals. According to Polit and Beck (2008:213), anonymity refers to the protection of a participant's identity while confidentiality refers to the protection of information divulged by a participant. In this study, the participants' private, confidential and sensitive information was protected and their experiences of being involved in the study were not divulged. The participants' names were kept confidential and were not attached to any information or documents.



Polit and Hungler (1999:143) postulate that confidentiality means that no information that a participant reveal is made public or available to others. Participants in this study were selected based on their portfolio in the Metropolitan Municipalities under study; in instances in which an individual is the only a supervisor, a decision was made to interview subordinates for the purpose of maintaining anonymity and offering protection to the participants; this makes it difficult to link the data to any individual in a department. In the study, confidentiality and anonymity were guaranteed by ensuring that the data would be used in such a way that no one other than the researcher knows the source and the provider of such information. There is no mention or disclosure of any participants' names in relation to the information obtained; instead, only the titles or positions of individuals were used.

3.9.2. The right to withdraw from the study

The right to participate in the study was explained to each participant before his/her actual engagement in the study or interview process. The participants were informed that they may withdraw from the study at any time, if they so wished, or if they feel that their confidentiality has been compromised. All the participants were given time to reflect and

advise the researcher as per their availability to participate in the study. None of the identified participants withdrew from the study.

3.9.3. Dissemination of results

The results of this study will be disseminated in the form of a research report. The participants were informed that, upon approval of the research, a copy of the thesis will be handed to the City Managers of the City of Ekurhuleni, City of Johannesburg and City of Tshwane, as the Metropolitan Municipalities studied in this thesis. The information will also be published in relevant journals; already, one research article titled “Supply Chain - A service delivery enhancement or an impediment in the Republic of South Africa” derived from the study underwent peer review and will be published in the next volume of the accredited journal, *International Journal of Management Practice*.

3.10. SCOPE AND LIMITATIONS OF THE STUDY



The study was not spared of challenges, which were encountered particularly in relation to unavailable, disorganised, irrelevant and outdated information. The documents that were not available on the intranet and internet were found to be cumbersome and time consuming to collect, review and analyse. The scope of this study was to assess supply chain corruption in the three Metropolitan Municipalities in Gauteng: The City of Ekurhuleni Metropolitan Municipality, the City of Johannesburg Metropolitan Municipality and the City of Tshwane Metropolitan Municipality. The study was limited to issues of supply chain corruption in the three Metropolitan Municipalities in the Gauteng province. In this regard, the findings of the study cannot be generalised as people who were interviewed on issues of supply chain corruption were only from the three Metropolitan Municipalities under study.

In this study, the shortcomings are the difficulties encountered in accessing data, the sensitivity of the study and the fact that the topic is delicate. The punctuality of participants for their interview sessions also posed a challenge, even though the participants were informed of and forwarded a meeting schedule in advance of each meeting, with detailed

information regarding the time and venue of each meeting. To avoid the tracing and identification of participants for fear of intimidation, appointments were set through a personal visit to the participants in their work place. In cognisance of the sensitivity of the study, the completion of the research was delayed due to the rescheduling of the time and dates of interviews. It was a challenge to access the premises of some of the companies selected for the study due to the strict security control measures at their access points; this also hampered the securing of interviews. The interviewer and participants resolved to meet at an independent place where there would be no need for identification for admission, and the confidentiality and anonymity of the participants would be guaranteed.

It was difficult to access documents such as bid evaluation and bid adjudication reports. This obstacle was finally overcome through the letters of approval from the City Managers, and the documents were made available for the researcher's perusal. The limitations of the study included threats to trustworthiness in addition to a major threat to honesty due to participant bias, by painting a different picture from the actual and factual. In this situation, triangulation was used to mitigate and limit the possibility of bias.

3.11. CONCLUSION

The focus of this study is supply chain corruption in the three Metropolitan Municipalities, as described and explained in Chapter One. This chapter described the research design and methodology used in the study. The study is qualitative in nature and data was collected by means of unstructured interviews with the identified participants. Despite the sensitivity and struggle of getting information in the form of documents from the three Metropolitan Municipalities, as well as securing interviews from the relevant service providers, enough data was collected and captured to meet the requirements of the study.

The three Metropolitan Municipalities were used to gain a comparative perspective and to determine the capacity in the Supply Chain Management department and client departments to deal with supply chain corruption. Interviews, observation, document

reviews, seminars and lindaba were used as a means to triangulate the data collected from the participants. The triangulation methods strengthened and authenticated the trustworthiness of the data collected from the participants.

To this end, in pursuit of human dignity and justice, participants were morally and ethically protected. The ensuing chapter, Chapter Four, focuses on the data analysis and the findings of the study.



CHAPTER FOUR

EMPIRICAL ANALYSES OF THE SELECTED CASE STUDIES IN THE CITIES OF EKURHULENI, JOHANNESBURG AND TSHWANE

4.1. INTRODUCTION

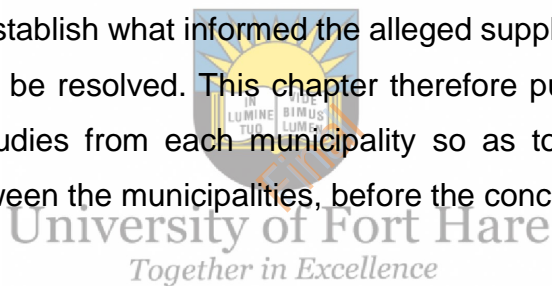
This Chapter provides a data analysis of the cases of supply chain corruption in the three Metropolitan Municipalities in Gauteng: The City of Ekurhuleni, the City of Johannesburg and the City of Tshwane. Due to the nature of the study, as specified in Chapter One, the qualitative research methods outlined in Chapter Three were found to be useful for this study. Quinlan (2011:425) submits that data analysis involves reflection and engagement with the collected data through the grouping of concepts and themes in order to identify key themes in the data and to eventually draw conclusions based on the interpretation of the data. The research involved a variety of qualitative methods, including one-on-one interviews, observation and document analyses, hence this empirical chapter. As a primary source of data collection, the behaviour of the participants, their circumstances and anxieties were observed. Observation is recommended by Huberman and Miles (2002:92), Thietart (2007:184) and Coleman (2012:254) who indicate that it allows the interviewer to observe visual clues, such as body language, which might indicate comfort or discomfort on the part of the participant. The published and unpublished documents on supply chain corruption were accessed from the intranet and internet as well as from the Metropolitan Municipalities under study. Moreover, documents such as Supply Chain Management Policy, reports from the office of the Auditor General South Africa, Internal Audit reports on processes and procedures as well as investigations reports were analysed.

The accessed data was analysed and interpreted with the intention of exploring supply chain corruption in the three Metropolitan Municipalities under study. The data was obtained by posing questions to the participants; these were categorised into general and specific questions. General questions covered matters related to Supply Chain Management in as far as supply chain corruption, the investigation of corruption as well

as processes and procedures in Supply Chain Management are concerned. These questions included topics such as ethics, governance and compliance in the procurement of goods and services.

The study participants were identified in the three Metropolitan Municipalities under study and were interviewed with the intention of collecting data through questions linked to identified cases of supply chain corruption. The selected case studies emanated from the statement of the problem in Chapter One of this study. The case studies were unpacked through narrative analysis in order to establish what informed the alleged supply chain corruption in the three Metropolitan Municipalities in Gauteng, and how this could be investigated, detected and prevented.

The identified cases were studied, unpacked and analysed, while employing narrative analysis, in order to establish what informed the alleged supply chain corruption and how such corruption could be resolved. This chapter therefore puts forward a discussion of two to three case studies from each municipality so as to inform the contrasts and syntheses drawn between the municipalities, before the conclusion is drawn at the end.



4.2. EMPIRICAL ANALYSES OF THE CASE STUDIES

The participants at the management level were identified and interviewed. They were drawn from the following departments: Supply Chain Management, Labour Relations, Risk Management, Internal Audit and Corporate Legal Services. General questions were put forward to the interviewees, in line with their responsibilities in the City of Ekurhuleni (CoE) Metropolitan Municipality, the City of Johannesburg (CoJ) Metropolitan Municipality and the City of Tshwane (CoT) Metropolitan Municipality, as relevant to the core issues of supply chain corruption. Pursuant to the collection of data by means of unstructured interviews, scheduled appointments were made and agreed upon with the participants. When approaching the participants to seek their consent to conduct the unstructured interviews, the researcher observed their situations, behaviour and their responses when certain questions were raised. The attitude, arrogance and willingness of the participants

was observed throughout the interview process, which made a significant contribution to the data analysis process. Huberman and Miles (2002:92), Thietart (2007:184) and Coleman (2012:254) states that the interviewer should observe visual clues such as body language, which might indicate comfort or discomfort on the part of the participant; these authors therefore recommend observation in qualitative research.

The published and unpublished documents that had a positive impact on the study were accessed from the intranet and internet. Internal documents such as Supply Chain Management Policy, report from the Auditor General South Africa, Internal Audit reports, Investigation reports as well as legal opinions provided by the Legal department were sourced, perused and analysed to corroborate and validate participant responses to the interview questions.

The selected case studies emanated from the statement of the problem in Chapter One of this study. In this chapter, the case studies are unpacked through narrative analysis in order to establish what informed the alleged supply chain corruption, and to determine which processes should be in place to prevent, detect and investigate the scourge of supply chain corruption in the three Metropolitan Municipalities in Gauteng. Teeter, Preston, Sandberg and Jorgen (2016:91) define narrative as a sequence of events, experiences or actions presented in written or spoken words. A narrative is found in all forms of human creativity and can be gathered through the interview and document review process. Earthy and Cronin (2008:4) affirm that narrative analysis is an approach taken to interview data that is concerned with understanding how and why people talk about their lives as a story or a series of stories.

4.2.1. The Case of the CoE

Supply Chain Management operations in the CoE were clearly explained by both managers in Supply Chain Management. They stated that Supply Chain Management operates in a legislated environment, citing the Constitution as the basis upon which the supply chain operates. Section 217 of the Constitution provides for compliance on the part of organs of state, in the national and provincial or local spheres of government or

any other institution, by stating that the procurement of goods and services must be done in a fair, equitable, transparent, competitive and cost-effective manner. Both managers in Supply Chain Management further stated that they keep abreast with the development and instructions promulgated by the National Treasury in the form of Instruction Notes and Circulars issued from time to time, with the intention of curbing the abuse of supply chain management processes.

On whether the Supply Chain Management department in the CoE complies with the structure recommended by the National Treasury, the Managers in the SCM stated that the Supply Chain Management department is established under the office of the Chief Financial Officer, which complies with National Treasury Regulations. The SCM Guide for Accounting Officers/Authorities (2004:21) and the approved SCM structure in the CoE were perused and the researcher was thus able to confirm that the information provided by the managers in Supply Chain Management in the CoE was valid. The SCM policy also covers all elements of the Supply Chain: Demand Management, Contract Administration, Material Management, Disposal Management, Procurement Strategy and Acquisition Management as well as SCM Performance and Reporting, as provided by the National Treasury.

One participant in SCM stated the following: *“though the structure of SCM is aligned in terms of Treasury Recommendation, note should be taken that the City of Ekurhuleni does not take SCM as a serious support structure that requires necessary capacity for delivery of services”*.

On explaining the procurement of goods and services, one SCM manager mentioned the provisions of the Municipal Supply Chain Management Regulation, particularly Regulation 30 which deals with the procurement of banking services that must also be done through a competitive bidding process. Regulation 31 allows the AO to request the State Information Technology Agency (SITA) to assist the municipality with the procurement of IT-related goods or services through a competitive bidding process. Regulation 32, which speaks to the procurement of goods and services by another organ

of the state, is the main regulation in this case. Regulation 36, which provides for deviation from the procurement process by outlining five reasons upon which deviation should be considered, further provides for ratification of minor breaches of the procurement process. The SCM Policy also addresses regulated and permissible deviations, which include urgency and single source providers, as provided for in the Municipal Finance Management Act (MFMA) Regulations.

Regulation 37 focuses on unsolicited bids. The regulation stipulates that a municipality is not obliged to accept an unsolicited bid. Further, it indicates that should a municipality consider the bid requirement (such as uniqueness of the product, exceptional benefit or exceptional cost advantage to the municipality, sole provider) it should provide reasons for not going through an open bid process and this should be found reasonable and sound by the Accounting Officer (AO). If the municipality consider an unsolicited bid, it must make its decision public together with reasons as to why the bid should not be open to other competitors, an explanation of potential benefits for the municipality as well as an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice. The study participants from SCM acknowledged that, for the SCM to be effective and efficient in the provisioning and procurement of goods and services, attention should be given to the relevant qualifications, training and experience as the most important ingredients for successful Supply Chain Management.

The document review revealed that the participants from SCM understand and observed the provision of the MFMA and its regulations when rendering services. It was further observed, from the way the managers in SCM responded and explained the elements of SCM as contained in the policy, that they are indeed practitioners and experts in the space and field of SCM.

The lack of capacity was raised by both SCM managers in the CoE. They confirmed that they are servicing twenty-seven (27) departments with the majority of SCM staff members being employed on an internship program. They also raised discomfort at the fact that SCM interns are disadvantaged as there is neither time nor human resources to provide

them with mentoring and skills transfer. Further, it is difficult to have interns with relevant qualifications due to the stipend that is allocated to the internship program. Through observation and document review, of the Constitution, MFMA, Municipal Supply Chain Management Regulations (MSCMR), National Treasury Circulars as well as the SCM policy, it became apparent that SCM in the CoE is aligned in terms of the National Treasury Instruction. It was, however, frustrating to discover that the information provided by the participants regarding interns is true, in that the CoE offers a meagre R2500 (two thousand five hundred rands) as a stipend to interns; moreover, this amount has not been reviewed for the past four years. This stipend provision is equivalent to nothing considering the ever-increasing cost of travelling and the socio-economic backgrounds of the interns in general. The participants' responses regarding the capacity constraints was also found to be correct as there are vacant positions in the SCM structure and interns are indeed doing the work without supervision. The filling of vacant positions requires urgent attention.

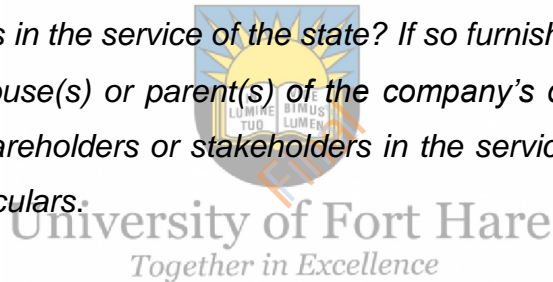


A manager in Corporate Legal Services also confirmed that, when providing opinion on the procurement of goods and services, they use the Constitution as the supreme law, together with other legislation such as the MFMA, Preferential Procurement Policy Framework Act, Broad-Based Black Economic Empowerment Act in order to check compliance with the process stipulated for the procurement of goods and services. This manager also stated that, if unchecked, non-compliance results in litigation and delays in rendering service delivery. The manager in Corporate Legal Services acknowledged that the provisions of the National Treasury Regulations and SCM Policy of the CoE are checked from time to time in order that proper legal opinion can be issued.

Managers in Supply Chain Management and Corporate Legal Services confirmed that the CoE have an approved Supply Chain Management policy and that the policy is accessible on the intranet. The documents referred to by the participants during the interview were accessed and perused to verify their existence as well as the validity of the information provided by the participants during their interviews.

On the question of conflict of interest in SCM, all SCM managers confirmed that they have declared their interests; they further emphasised that SCM policy also deals with the management of conflict of interest (MBD 4 Form in the bid document). The bid document also contains a section in which bidders are expected to declare their interests. In terms of Form “C” of the bid document, the bidder has to declare interest by responding to the questions such as the following:

- *Are you presently in the service of the state? If so furnish particulars.*
- *Have you been in the service of the state for the past twelve months? If so furnish particulars.*
- *Do you have any relationship (family, friend, other) with persons in the service of the state and who may be involved with the evaluation and/or adjudication of this bid? If so furnish particulars.*
- *Are any of the company’s directors, managers, principle shareholders or stakeholders in the service of the state? If so furnish particulars.*
- *Are any spouse(s) or parent(s) of the company’s directors, managers, principal shareholders or stakeholders in the service of the state? If so furnish particulars.*



The document, particularly “Form C” which covers the declaration of interest, was studied in detail; the researcher observed that the bidder on the ICT tender indicated that there is no conflict of interest to be declared. All responses to the declaration of interest question were negative; this gave the impression that there is absolutely no relationship between the bidder and anyone in the employment of the state. Furthermore, in the employees’ declaration of interest, there was no indication of any business relation or interest between employees and the contractor. It is evident that both the contractor and the employees – that is, the Chief Information Officer (CIO) and Information Communications and Technology (ICT) Manager – were deliberate and intentional on hiding their interests.

The participants stressed that they have given attention to conflict of interest as it has been identified as the main cause of supply chain corruption. One Manager in SCM mentioned that there should be proper monitoring and evaluation of compliance with the

provision of Section 195 of the Constitution, which sets the standard for all public office bearers in terms of professional ethics in handling the affairs of the state.

The SCM Manager bemoaned that

ethical behaviour must be upheld by executives and politicians in the City of Ekurhuleni and those with unscrupulous tendencies should refrain from giving verbal instructions to officers who are appointed to committees to pursue malicious intentions to frustrate decisions and recommendations that are not recommending service providers in their list of service providers preferred and set-aside to achieve to perpetuate selfish interest and ransacking resources meant for service delivery.

When questioned on the declaration of interest, the Manager in the Risk and Compliance Department stated that there are forms which are made available to all managers, senior managers, executive managers, divisional heads, heads of departments (HoD), Chief Operations Officer (COO), City Manager as well as any other officer serving in SCM committees such as the Bid Specifications, Bid Evaluations and Bid Adjudications committees. The Risk and Compliance Manager indicated that *“any substantial interest, which is referred to any economic interest in a supplier, that might influence or appear to influence an employee’s judgement, requires the prior written approval of the employee’s line manager”*.

The Manager submitted that under no circumstances should an employee be assigned to, accept or find him/herself in a situation with the responsibility of supervising or evaluating a family member, or a person with whom he or she has an intimate relationship. The Manager in Risk and Compliance stressed that the declaration of interest also covers the request to do work outside of the employment of the CoE, which is handled via an employee request. The Risk and Compliance department is also responsible for the declaration of gifts or hospitalities received from service providers during the course of the year, and the motivation for such gifts. The application forms for request to conduct

business outside one's normal work were made available for perusal, together with the part of the SCM bid document that deals with the declaration of interest. The process is in place for all forms of declaration of interest; this process is monitored by the divisional heads of Governance and Compliance in their respective departments in the CoE, who then report to the Head of Department: Risk and Governance on a monthly basis. The study participants indicated that the achievement of this task is dependent on creating and maintaining a culture of honesty and high ethics.

The Manager in the Risk and Compliance Department emphasised that

the declaration of interest is not the actual solution to the problem. [The] problem that requires urgent attention is the ethical behaviour of an individual, which is guided by the principles of accountability, honesty, impartiality, service quality and professionalism. The City of Ekurhuleni seemed to be intentional on weakening governance structure; this was witnessed by capacity of Divisional Heads: Governance and Compliance as well as Strategic Development. The two divisions comprising of 86 divisional heads and two heads of departments are abolished as per Council Resolution dated 19 April 2017. This was done despite the fact that the service provider was appointed for restructuring the City of Ekurhuleni and the recommendation was presented to the Council of which approval was granted for implementation of the organisational structure.

The document addressing issues of conflict of interest as well as gifts and entertainment was reviewed and the contents confirmed what the Risk and Compliance Manager stated regarding issues of conflict of interest. The document revealed that the process of declaring gifts and hospitalities received from service providers, or potential service providers, is in place; further, gifts and hospitalities are declared twice a year. The document makes explicit that staff members of the CoE are not to engage in or be engaged in any business, trade or profession other than the work of the CoE, except with the prior consent of Council – this was in reference to the Remunerative Work Policy.

The Council Resolution document was reviewed and Item A-CORP (04-2017) “Human Resources Department: Organisation Development and Technology Division – Report on the Review and Rationalisation of the Macro and the Top Organisational Structures of Ekurhuleni Metropolitan Municipality (EMM)” was presented and approved on 19 April 2017. In terms of the Organisational Structure, two departments were consolidated into one (Waste Management and Environmental Affairs as well as Fleet Management and Transport), which allows access to two Heads of Department. The Divisional Heads of Governance and Compliance were abolished as well as the Divisional Heads responsible for Strategic Development in their respective departments. This shows that a total of 88 posts were abolished, comprising of 86 divisional heads and 2 Heads of Department. The approved structure is attached at the end of this study, as Annexure G.

Two Managers in the Internal Audit Forensic Division responded to questions related to the processes and procedures followed in conducting a forensic investigation for financial misconduct, with specific reference to supply chain corruption. They stated that it is the responsibility of each division to investigate allegations of financial misconduct. Both Managers indicated that the only time when investigations are not carried out is when the allegations are frivolous, unfounded and malicious. Both managers submitted that the Heads of Departments (HoDs), the Labour Relations Division and whistle-blowers normally report cases for investigation. In some cases, these cases are reported through the Corruption Hotline and the office of the City Manager will hand them over to the Internal Audit Forensic Division for investigation. Upon conducting an investigation, the Internal Auditor compiles a report with recommendations for the attention of the Head of Department who requested the investigation and the City Manager as the accounting officer. The report includes the findings of the investigation and any remedial action that needs to be taken. The Managers in the Internal Audit Forensic Division emphasised that their work emanates from legislative provisions.

The Municipal Finance Management Act was perused and the provisions in Sections 171(4) and 172(3) were found to be in line with what the managers stated in the interview, in that the municipality or municipal entity must investigate allegations of financial

misconduct against the AO, the Chief Financial Officer, the Senior Manager or Official of the municipality or municipal entity, unless such allegations are frivolous, vexatious, speculative or obviously unfounded. One Manager in the Internal Audit division in the CoE affirmed that it is the responsibility of the division to assist the Council, Mayoral Committee, Audit Committee, Performance Audit Committee and City Manager to combat, prevent, deter and detect fraud and corruption. The documents on investigation reports presented to the council's committees, particularly the Municipal Public Accounts Committee, were reviewed in order to corroborate the information provided by the study participants.

Two managers in the Labour Relations division were interviewed about the role they played in cases of supply chain corruption; both managers indicated that the affected department submits a request to the Labour Relations division to initiate the disciplinary process for supply chain corruption. These managers stated that the law requires that the CoE must develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration; this includes the investigation of allegations of misconduct and complaints against staff (see a copy of the Collective Agreement attached as Annexure H). The Municipal Systems Act was reviewed with the intention of corroborating the submission made by the Labour Relations Manager, particularly section 67(i), which determines that a municipality or municipal entity must develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the investigation of allegations of misconduct and complaints against staff. The Managers' contributions were found to be correct and consistent with the provisions of the Municipal Systems Act.

One Manager in the Labour Relations division stated that, upon receipt of the investigation report, the Labour Relations division would appoint a Prosecutor and Presiding Officer to handle the matter and to provide final report or verdict on cases of supply chain corruption. Depending on the levels and type of contract of employment, an employee may conduct his/her own defence, be represented by a union, or appoint legal representation (attorney) at personal cost to him/herself. The collective bargaining

agreement and the Labour Relations Act were perused in order to corroborate information provided by the participants during the interview process.

Case 1: Allegations tabled on a R109-million tender for the supply of intelligent water meters

The CoE, which is responsible for the supply of water to communities in the area, as provided for in section 11 of the Water Services Act (108 of 1997), intended to appoint a service provider who would assist the City with revenue enhancement and the development of a financial recovery plan. The Department of Water and Sanitation in the City of Ekurhuleni is responsible for the supply and managing of the water resources in the municipality, while the Department of Finance's Revenue Management division is responsible for the installation of water meters, the replacement of water meters, water quality and meter reading. In this case, these two departments facilitated the appointment of the contractor.



Eight participants were identified as interview candidates; they are:

- 2 x Managers: Supply Chain Management.
- 1 x Manager: Revenue Management.
- 1 x Project Manager: Water and Sanitation.
- 1 x Manager: Labour Relations.
- 1 x Manager: Corporate Legal Services.
- 1 x Manager: Internal Audit/Forensic Investigation.
- 1 x Contractor.

The participants were asked about what led to the CoE incurring irregular expenditure for services on and supply of intelligent water meters. The Manager from Revenue Management stated that the CoE reported a loss of water that amounted to a loss of revenue. The matter was reported and discussed at the Council meeting, at which point a decision was taken that the department of Finance/Revenue Management must put measures in place to reduce water losses and minimise expenditure that amounted to billions.

On implementing Council decision, the manager in Revenue Management indicated that the department advertised a bid for the supply, delivery and off-loading of water meters and other material on an as-and-when-required basis, from the date of award until 30 June 2014, which was from the date of award/approval until 30 June 2014. The bid was presented to the Bid Specifications Committee for consideration and approval for advertisement on 14 January 2011. The specification was approved and the bid was advertised in a national newspaper (print media) on 04 February 2011, with the closing date of 08 March 2011. The tender validity period spanned 120 days, and ended on 06 July 2011. The appointment for contractor was for three years (2011- June 2014).

Interviews with the managers in the Revenue Management and Water and Sanitation departments revealed that, whilst the bid process was ongoing, their superiors (jointly for the Revenue Management and Water and Sanitation department) engaged in a parallel process of contracting service providers for the supply, installation and maintenance of the intelligent metering system for a period of three (3) years from the date of award, in terms of Regulation 32 of the Municipal Supply Chain Management Regulations as read with the EMM Supply Chain Management Policy. The Bid Adjudication Committee (BAC) recommended the appointment on 18 March 2011 and forwarded it to the AO for approval, from which approval was granted.

The document review process revealed that the appointment was done in terms of Regulation 32 of the Municipal Supply Chain Management Regulations. The researcher observed the following recommendations from Item C-F 16-2011(T), presented to the Bid Adjudication Committee for the approval of Regulation 32 dated 12 April 2011:

the content of the report submitted by the Chief Financial Officer, for the appointment of a contractor for the supply, installation and maintenance of the intelligent Metering System for a period with effect from the date of award until 30 June 2013, in terms of paragraph 32 of the Supply Chain Management Policy, be noted, further that the contractor be appointed for the supply and installation of domestic intelligent water meters in the CoE for a period with effect from the date of award until 30 June 2013, in terms

of paragraph 32 of the Supply Chain Management Policy, at the rates as set out in Table 6 (A and B):

Table 6 (A): Price list

Item	Price (excl. VAT and escalation)
1. Supply only (price per item)	R 1890
2. Supply & Installation (price per item)	R 2180
3. Wall mount unit price (price per item)	R 1850
4. Funding Model (price per item, per month over 26 months)	R 119.90
Also required	
1. Consumer Token (per token)	R 68
2. Special Token (set of 8)	R 1450
3. Meter Management System with PC and PC Interface (price per item)	R 26 000
4. Handheld Vending Unit (price per item)	R 18 500
5. Walk/Drive-by Unit for Meter Reading (price per item)	R 18 500

Price given to Ekurhuleni Metropolitan Municipality by the contractor

That the contractor be appointed for the maintenance of domestic intelligent water meters in the CoE for a period effective from the date of award until 30 June 2013, in terms of Regulation 32 of the Municipal Supply Chain Management Regulations, at the rate as set out hereunder:

Table 6 (B): Price list

<i>Item</i>	<i>Price (excl. VAT)</i>
<i>Meter Site support proposal (price per item, per month) with effect from 12 months after the date of installation</i>	R 30.25

CoE - BAC Recommendation 12 December 2011: Item C-IS 67-2011(T)

It was further observed from the letter of appointment, dated 10 February 2011, issued by the Local Municipality to the contractor that *“the appointment was made on the 10 February 2011 and was for supply and installation of prepaid water meters for a period of twelve months... The appointment was for R2 508.00 per meter inclusive of VAT and contingencies”*.

Contrary to the appointment made by the Local Municipality, the CoE appointed a contractor for intelligent water meters for a period effective from the date of award until 30 June 2013. The duration of this appointment was three years, which was a deviation from the original appointment made by the Local Municipality and the specifications of the tender.

When responding to questions regarding the procurement process, the Manager in Supply Chain Management acknowledged that the procurement of goods and services is carried out in terms of the threshold as well as the technicality of the items to be procured. The following methods of sourcing are available: through a request for a quotation, the bid process, deviation from the procurement process through utilisation of Regulation 36, Regulation 32 or Regulation 100 of the Municipal Supply Chain Management Regulation (MSCMR) in terms of the MFMA. The other Manager admitted that the CFO, in consultation with the Head of Department, handled the appointment of a contractor for the supply, installation and maintenance of the Intelligent Metering System: Water, Sanitation, and that the appointment was done in terms of Regulation 32 of the MSCMR.

The memorandum and minutes of the BAC that led to the appointment of the contractor were studied by the researcher; in addition, the MFMA regulations and the Supply Chain Management policy for the CoE were reviewed. The reviewed sets of documents confirmed the submissions made by Managers in Supply Chain Management, in that the contractor for the intelligent water metering system was procured in terms of Regulation 32(1) of the MFMA Supply Chain Management Regulations, which provides the following:

Procurement of goods and services under contracts secured by other organs of states: A supply chain management policy may allow the AO to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state; the municipality or entity has no reason to believe that such contract was not validly procured; there are demonstrable discounts or benefits for the municipality or entity to do so; and that the other organ of state and the provider have consented to such procurement in writing.



University of Fort Hare
Together in Excellence

In contrast, another manager in the SCM stated that the specification was different from that of the CoE and that it deviated from the approved specification, which makes the approval irregular as the regulation does not allow the requesting municipality to deviate from the appointment made by another municipality. The Manager stated that supply chain management processes for the procurement of goods and services are clearly stated in the SCM policy of the CoE and in the MFMA Regulations. Non-compliance with the provisions of the SCM policy results in irregular expenditure and audit findings. The department in which irregular expenditure is detected would have to compile an item for presentation to the BAC and provide reasons for any deviation that led to the irregular expenditure. The item should request that the AO notes the irregular expenditure and ratifies minor breaches. The Manager confirmed that the department did not follow the ratification process in order to ratify minor breaches.

It was observed that Regulation 32(1) of the MFMA Regulations and the Supply Chain Management policy are intended to fast-track service delivery by avoiding a lengthy supply chain process. As such, Regulation 32 is easily abused and manipulated by unscrupulous people with malicious intent to perpetuate supply chain corruption. The process of selecting and deciding which municipality to approach in order to utilise their pre-approved tender, in terms of Regulation 32, is not properly managed as it is left to the discretion of the process initiator or project manager.

The manager in the SCM insisted that the requesting department should be compelled to provide a reason or reasons why the service was on demand, what led to the delay in advertising the bid and whether there were funds available for the implementation of the project. However, both managers confirmed that the item to appoint the contractor in terms of Regulation 32 was presented to the Bid Adjudication Committee for consideration, and was recommended to the AO for approval; further, they indicated that such approval was granted by the AO.

The Project Manager in the Department of Water and Sanitation detailed, in an interview, that the item was jointly compiled by the Finance as well as the Water and Sanitation departments. He, however, confessed that the Department of Water and Sanitation was not properly engaged on the item. The Project Manager stressed that:

the intention of Finance department was to appoint contractor for intelligence water meter system, so that water losses and wasteful expenditure incurred by the City of Ekurhuleni could be reduced... The costs incurred on water losses were equated to billions, hence, the approach to appoint contractor to install intelligence water meter system was treated as an urgent matter. The issue of water losses and expenditure has become a serious concern to Council and Auditor General and required an urgent attention.

The Project Manager stated the following: *“recalled that the item was compiled by Finance department, in particular the Chief Financial Officer (CFO) and I can’t remember whether*

the item was submitted to Corporate Legal Services for comments on legality of the transaction". The Project Manager suggested that the item was presented by the Finance department to the Bid Adjudication Committee, and was supported by the Water and Sanitation department. The request for approval to utilise the services of the contractor, in terms of Regulation 32, was approved by the AO. He also confirmed that the department of Water and Sanitation was in the process of evaluating the bid that was advertised for the supply, delivery and off-loading of water meters and other material on an as-and-when-required basis. The bid was advertised on 04 February 2011 and closed on 08 March 2011; the contract was to run for a period of three years from the date of approval, that is, from 01 July 2011 until 30 June 2014. One study participant from the Revenue Management division indicated that the old infrastructure and the unmetered areas caused water loss. These challenges are the responsibilities of both the Chief Financial Officer, who is responsible for water billing, and the Head of Department: Water and Sanitation, who is responsible for the installation and maintenance of the infrastructure. The participant from Revenue Management affirmed the following:

the issue that required attention was to identify all unmetered properties and install meters, meter properties and ensure account exists in the system used by the City of Ekurhuleni (VENUS System), indigent leak repair, normal maintenance of meters, ensure meter reading and correct billing, increase payment levels through accurate billing, implement credit control and conduct proper water balancing.

In responding to a question on what caused the appointment of the contractor to be irregular, the Project Manager stated that *"the appointment was irregular as it was not addressing the requirements of the CoE"*. The Project Manager further indicated that the CoE wanted to *"appoint a contractor who would supply, install and maintain intelligence water metering system"*. This appointment was done following the process stipulated in Regulation 32, which should be in line with the specifications of the local municipality. The participant submitted that, in this case, the appointment deviated from the specifications approved by the local municipality. The Project Manager further stated that the appointment that was made through an open bid process was for the supply and

installation of water meters, and it was only for one year; this was different from the needs of the CoE. The Manager confirmed that the CoE altered the appointment to suit its specifications in terms of the duration of the contract as well as the specifications that were approved.

The Managers in Supply Chain Management offered differing responses to the question. One Manager responded in the same way as the Project Manager by acknowledging “*that the appointment was irregular*”. The CoE deviated from the specifications that were approved by the local municipality and further extended the duration of the contract beyond the period for which the contractor was appointed by the local municipality, by extending the contract from one year to three years.

The Manager in SCM indicated that

the appointment by the Local Municipality was for the contractor to supply and install prepaid water meter for a period of one year (12 months), on the other hand, the City of Ekurhuleni appointed the contractor for supply, installation and maintenance of the intelligent metering system for three years in terms of Regulation 32. That changed completely the appointment made by the local municipality and rendered the utilisation of Regulation 32 irregular and therefore invalid.

One Manager refused to reveal what had led to the appointment of the contractor. However, the other Manager stated that the appointment was made in compliance with the provisions of Regulation 32, which empowers the accounting authority to utilise the contractor procured by another organ of the state which, in this case, is the Local Municipality. The Manager further stated that the documents were sourced from the Local Municipality and were presented to the BAC for recommendation to the AO for consideration and approval; accordingly, the item was approved by the AO and the contractor rendered services to the CoE.

The contractor was also interviewed by the researcher, and subject to observation; it became apparent that the contractor had been interviewed by numerous people on the same matter and, through his nonresponsiveness, it was clear that he was not interested in participating in the study. Even though the previous interview with the contractor was based on the services that the company provides, which is not relevant to this study, the contractor reluctantly submitted that he is of the view that the procurement process was followed and, as part of the process, the CoE asked him to indicate whether he will be able to provide the relevant services as per the appointment made by the Municipality. The contractor affirmed that he responded to the CoE in writing and was further requested to submit a quotation, which was accepted by the CoE. According to the contractor, the appointment process was finalised and he was issued with a letter of appointment to render the required services, which he did successfully.

On the question of whether the appointment was regular or irregular, the contractor stated that the company does not sit in any of the SCM committee meetings in any of the Metropolitan Municipalities. Moreover, he indicated that they do not have any relationship with the employees of any of the Metropolitan Municipalities and, further, that none of their family members work in any of the Metropolitan Municipalities; therefore, they cannot be informed of the finalisation of the internal procurement process. He stated that he submitted the required information and waited on the CoE to finalise its internal process. According to the contractor, the appointment was regular and the contract was concluded legally. The participant responded by indicating that he could not speculate on the basis of conclusions and perceptions made by unidentified people, and that the company was neither part of the evaluation nor the adjudication team. The company representative stated that he cannot comment on whether the appointment was irregular as he was not privy to what transpired in the bid evaluation and adjudication meetings.

Interviewing the contractor proved to be a difficult task. His responses were vague in some instances, without documentary evidence or information provided by other participants. It would have been practically impossible to establish any of the facts of the case based solely on the interview conducted with the contractor. The contractor claimed

not to be conversant with the internal processes of the Metropolitan Municipalities and that the company submitted the requested information and documents in good faith and waited in anticipation for the CoE to finalise the internal bid adjudication process.

The documents submitted by the contractor spelled out his response regarding the declaration of interest contained in the MBD 4 form of the bid document, in which the contractor declared that he did not have any interest in the attendance register completed by members of the SCM evaluation and adjudication committees. Said attendance register, which contained the declaration of interest, was reviewed. It was observed that the Chief Financial Officer was a member of the Bid Adjudication Committee and did not recuse himself when the item was presented and recommended to the AO for approval.

The Manager in Corporate Legal Services was also interviewed on the same matter and concurred with the submission made by both the Project Manager and Managers in Supply Chain Management: *“that the appointment does not comply with the provisions of Regulation 32”*. The Manager further declares that there is a clear process that should be followed in applying for utilisation of the provisions of Regulation 32, in that the requesting entity must not deviate from what was approved by the organ of state that facilitated the process through an open tender. The deviation from the specifications are irregular and should be treated as such. The SCM Policy is also clear on the process to be followed for the utilisation of Regulation 32. The Manager confirmed that it was on this premise that the Auditor General found the CoE short of compliance and, as such, to have deviated from the supply chain management process; thus, it was determined that the CoE had committed irregular expenditure by appointing the contractor.

In response to a question as to whether the Water and Sanitation department and the Finance department were operating in silos, the Manager in the Risk division stated that *“the cause of such costly omission emanated from failure to synergise the departments based on the kind of services they are rendering to the communities and they failed to coordinate their responsibilities”*.

The Manager submitted that both departments – Water and Sanitation, and Finance – should have understood the problem and devised a solution as a collective rather than on an individual basis. In this case, both technical and financial elements of the bid specification would have been addressed. The error emanated from the planning of the work to be carried out and the process thereof. The appointment of the contractor resulted in both departments not receiving value for money; instead, all the installed meters had to be removed, as they did not serve the necessary purpose. This amounted to fruitless and wasteful expenditure on the part of the CoE as the cost thereof could not be recovered from the contractor.

The Internal Audit department was also interviewed in this regard, and the Manager of the Forensic Investigation division affirmed the following: *“it is the responsibility of the user department to report cases of supply chain corruption for investigation so that liability can be determined and proper consequence management be effected...[however,] where cases are reported directly to the Forensic Investigation division through whistle-blower, the investigation would ensue and the affected department would be notified accordingly”*. In this case, the Internal Audit department established the cause of the fruitless and wasteful expenditure and compiled a report that was submitted to the AO in order that disciplinary proceedings could be followed. The report recommended that disciplinary action should be taken against all parties implicated in the irregular appointment of the contractor. A copy of the Internal Audit report was forwarded to the office of the AO and the Divisional Head of Labour Relations for the implementation of these recommendations.

The Manager of the Labour Relations division confirmed that he received a report from the Internal Audit department, regarding the outcome of the investigation of the irregular appointment of the contractor for the supply, installation and maintenance of the intelligence water meter system. Furthermore, the said Manager stated that *“he read the report and understood the recommendations and proceeded to appoint the Presiding Officer and the Prosecutor so as to initiate disciplinary proceedings”*. He further confirmed that letters were prepared and issued to inform all the implicated parties of the date, time

and place of the hearing. However, when he had to serve notice to the implicated parties, the manager realised that they had all resigned; as such, the process was left as is, as they could no longer pursue it with the affected parties.

Case 2: Two former employees appeared before the Commercial Crimes Court on charges of supply chain corruption involving R32-million IT tender

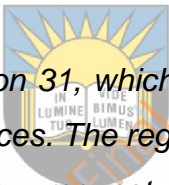
In this case, the department of Information and Communication Technology of the CoE contracted the services of a contractor for the supply, delivery, installation, configuration, implementation, commissioning and maintenance of computer and computer auxiliary components on an as-and-when-required basis, for a period of one (1) year, with effect from the date of award by the CoE. The specification was presented to the Bid Specification Committee for consideration and approval. The item was approved on 13 September 2007 for advertisement; the bid was advertised on 21 September 2007 and closed on 25 October 2007. Upon closure of the bid, the Bid Evaluation Committee comprised of representatives from the departments of SCM and ICT, who engaged on the evaluation of the bid. It must be stated that SCM evaluated mandatory compliance and the technical evaluation was conducted by ICT. A consolidated report was compiled by the department of ICT, with recommendations for the appointment of a successful bidder; ICT presented this report to the Bid Adjudication Committee, and it was approved on 19 March 2008.

The following employees of the City of Ekurhuleni and the contractor were identified by the researcher and interviewed for the purposes of this study:

- 2 x Managers: Supply Chain Management
- 1 x Manager: Information and Communication Technology.
- 1 x Manager: Labour Relations.
- 1 x Manager: Corporate Legal Services.
- 1 x Manager: Internal Audit/Forensic Investigation.
- 1 x Manager: Human Resource Management.
- 1 x Contractor.

These participants were selected and interviewed due to the role they each played in the appointment of a contractor to supply computers to the CoE.

During their interviews, the Managers in SCM outlined that the process for appointing a service provider was followed. Although the Managers in SCM were interviewed separately, they both indicated that the bid for the appointment of a contractor was advertised as per the specifications approved by the Bid Specification Committee (BSC). The bid was advertised in national newspapers, which is in compliance with supply chain management processes and procedures, as well as the CoE SCM policy. A duly appointed Bid Evaluation Committee evaluated the bid. The report was compiled by the ICT Department in consultation with SCM. They further stated that both the evaluation and adjudication of the tender documents was conducted in terms of the bid specifications compiled by ICT and approved by the Bid Specification Committee on 13 September 2007. Manager in the SCM cited:



“the provision of Regulation 31, which addresses the procurement of IT related goods and services. The regulation makes provision that the [A]ccounting [O]fficer may request State Information Technology Agency (SITA) to assist the municipality on acquisition of IT related goods and services through a competitive bidding process”. In this case, the procurement of supply, delivery, installation, configuration, implementation, commissioning and maintenance of computer and computer auxiliary components was done by the City of Ekurhuleni and the request was not made through SITA.

Furthermore, the Manager in Corporate Legal Services declared that *“upon receipt of request for legal comment on the item to be presented to the BEC for evaluation and BAC for adjudication, there was no compelling reason to reject the item as there was no suspicion of wrongdoing or malicious intent by any of the members who were involved on evaluating the bid”*. The Manager affirmed that this comment was in support of the item to be presented to the BEC and BAC as everything in related to the document was in order. Information related to the conflict of interest was known only to the relevant parties

and was not disclosed to the department of Corporate Legal Services by any of the affected parties. The Manager also referred to the bid documents, particularly Form “C” which contains the Declaration of Interest; the Manager stated that the question on conflict of interest was responded to in the negative in this document. The Manager of Corporate Legal Services indicated that the item was supported, as there was no reason to suspect corruption and malicious intent from anyone.

The custodians of the Information and Communication Technology (ICT) department, that is, both the former Chief Information Officer (CIO) and the former Managers, resigned from the CoE. Even though they were no longer employed by the CoE, the researcher made an effort to reach them for an interview, albeit unsuccessfully. Instead, their successors in the ICT department were then interviewed. Both the CIO and the Manager acknowledged that, indeed, there was a need for the appointment of a contractor. They further indicated that the bid process was followed for the appointment of a contractor for the supply, delivery, installation, configuration, implementation, commissioning and maintenance of computer and computer auxiliary components on an as-and-when-required basis. The Manager confirmed that the irregularities in the appointment were due to a conflict of interest in relation to the appointment process, in that the conflict of interest was not declared to the other committee members. Manager in ICT confirmed that the matter was handled through the Commercial Crimes Court and, upon finalisation of the criminal proceedings, the CoE would be informed accordingly.

Both the current CIO and Manager in ICT acknowledged that, in general, it was impractical to track and trace a conflict of interest in supply chain corruption unless the parties involved in the process are honest and ethical in declaring their interest. Adnan, Hashim, Mohd, Yusuwan and Ahmad (2012:722) affirm that a conflict of interest involves a personal interpretation of whether or not certain behavior is commonly acceptable, rather than if it is illegal. The onus should clearly be placed upon individuals to declare all possible instances of potential negative interpretation, before proceeding with a project.

The Manager in SCM and ICT affirmed that the bid document was clear on the declaration of interest by the bidding party. The CIO indicated that, as standard practice, the supply chain process provided for a declaration of interest by internal staff. The declaration of interest is also used for members of SCM Committees. The participants indicated that, according to the information at their disposal, it was clear that none of the parties involved in the evaluation of the bid in question had a conflict of interest. The Manager also noted that it appeared that both the former CIO and the Manager of ICT intentionally concealed their interest in this case; they had the opportunity to recuse themselves from the evaluation process but failed to do so. It is evident that these former employees misled the committee by not declaring their interest and by wilfully misrepresenting the facts.

It was observed that the participants who were interviewed were all misled by the CIO and the Manager in ICT as their conflict of interest was only known to them and was not disclosed to any of the participants in the SCM process. Upon checking the documents to which the participants referred, it became apparent that the proper procurement process was followed as the bid was advertised, evaluated and adjudicated, and the contractor was appointed; the only act of non-compliance was on the part of the Chief Information Officer, the Manager in ICT and the contractor, all of whom did not declare their conflict of interest. This information became known through the audit process conducted by the Auditor General.

The Manager in the Internal Audit department confirmed that “*the matter was discovered through audit process by auditors from the Auditor General*”. The matter was investigated to determine whether any financial loss was incurred or if there was any misconduct on the part of any employee, and to check whether there was any violation of the supply chain process – so as to determine liability on the part of those implicated on the transaction. The Manager acknowledged that this case borders on ethics and conflict of interest, in that the Chief Information Officer and Manager in ICT did not declare their interest when evaluating a bid for the appointment of a contractor. They knowingly and intentionally participated in the bid evaluation and adjudication process through SCM

committees for the appointment of the contractor, without disclosing their interest or recusing themselves from the process.

Upon review of a number of documents – the bid specification, evaluation and adjudication report, as well as the attendance register which provides for the declaration of interest – it was found that both the CIO and the Manager participated on the process. The conflict of interest had to be declared and made known to the chairperson and members of the SCM committees. The attendance register, which contains the portion in which the participants in the bid process have to declare their interest, did not reflect any declaration of interest on the part of the CIO and the Manager in ICT. It was observed that their intentions were clearly to pursue personal interest. The bid document was also reviewed and it was found that the bidder completed the MBD 4 Form, which deals with conflict of interest on the part of the bidder. The conflict of interest was not indicated in the bid document by the bidder.



The Manager in the Labour Relations division could not respond to the appointment process; he acknowledged that Managers in SCM *“would be in a better position to respond to the question as they were responsible for procurement of goods and services for the CoE”*. However, the Manager explained the disciplinary process that was followed in addressing this matter. The Manager, as a facilitator of the disciplinary process, appointed the Presiding Officer and Prosecutor to handle the matter. He confirmed that there were numerous postponements in this case due to reasons raised by the CIO and the Manager, and the non-availability of witnesses due to their Council engagements. The matter was thus delayed, at which point the affected parties tendered their resignations and the disciplinary case was closed, however, the criminal proceedings conducted by the Commercial Crimes Court were ongoing.

When asked whether the CoE took any action against the CIO and the Manager in ICT, and what happened to the service provider, the Manager in Labour Relations confirmed that a disciplinary process was instituted upon receipt of the Internal Audit report. The disciplinary hearing was conducted in terms of the Collective Agreement signed between

the organised union and the employer (a copy of the Collection Agreement is attached to this thesis, as Annexure G). The Labour Relations Manager appointed both the Prosecutor and Presiding Officer to facilitate the proceedings for determining liability. They set a date for the hearing, at which all parties were in attendance. The Presiding Officer informed them of their rights, including their right to representation. The hearing was adjourned and the second date was set by the Presiding Officer, who further informed all parties that the disciplinary proceedings would be conducted in an open and transparent manner.

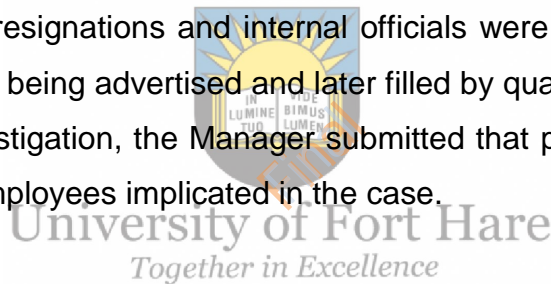
In accordance with procedural and substantive fairness, the Presiding Officer informed all parties that none should ambush the other by disclosing information and documents unknown to the other party. The Chairperson informed both the employer's representative and the employees' representative to avail all documents they intend to use in the matter to each other so that each party can adequately prepare their defence. The date, time and place for the hearing was set and agreed upon by all parties. However, on the agreed upon date, the defendants raised *points in limine* and requested a postponement due to certain relevant documents being incomplete. The Presiding Officer granted the postponement and advised that the defendants submit their *points in limine* in writing, and that the employer's response thereto should also be in writing. He further requested that he should be copied in on the communicate so that he should decide on the matter as he does not want to delay the disciplinary hearing. The case was nonetheless delayed due to the numerous postponements and *points in limine* raised by the defendants.

This case was postponed until both defendants resigned from the CoE. The Presiding Officer closed the matter as the defendants resigned from the employment of the CoE, at which stage the matter was reported to the Commercial Crimes Court. In line with the verdict of the Presiding Officer, the Manager in the Labour Relations division submitted that since the City did not want the matter to go unattended due to resignation of the employees, the option left for the City of Ekurhuleni was to close the matter whilst the Commercial Crimes Court proceeded with the case in question as it bears not only a

question of procedural competence and violations, but also criminal elements and fraudulent acts that break the law of the land rather than just violate company policy.

The Managers in SCM submitted that they informed the BAC about the case regarding the appointed service provider and the fact that the matter was ongoing. They also advised the committee that, should the service provider be found to have acted maliciously and fraudulently, the matter will be reported to the National Treasury and the service provider will be blacklisted and excluded from doing business with the CoE for a period not exceeding ten years. They also confirmed that the matter had been reported to the Commercial Crimes Court and that investigations were ongoing.

The Manager in the Human Resources division confirmed that the Department accepted the resignation of the employees and relieved them of their duties. The positions became vacant due to these resignations and internal officials were appointed to act while the vacant positions were being advertised and later filled by qualified personnel. Due to the ongoing criminal investigation, the Manager submitted that pension payments were not yet released to the employees implicated in the case.



The Managers in the Internal Audit division confirmed that they conducted an investigation into the matter and submitted a report to the AO. The participant stated that, under normal circumstances, the report would be sent to the HOD, however, in this case, the HoD (CIO) and Manager were implicated. The Internal Audit division submitted their report to the City Manager (AO) who instructed Labour Relations to institute disciplinary action against the Chief Information Officer and the Manager in ICT, and that a criminal case should be lodged with the Commercial Crimes Court. During the disciplinary proceedings, both the CIO and the Manager resigned; the CoE then closed the disciplinary matter. The Commercial Crimes Court proceeded with the matter, which led to the arrest of the contractor, the former CIO and the former Manager in ICT. Moreover, the Asset Forfeiture Unit (AFU) was engaged and the assets of the contractor, the former CIO and former Manager in the ICT division were attached. The matter went to court and it was truck off the roll due to insufficient information; thereafter, the assets, which were

kept in the custody of the Asset Forfeiture Unit, were returned to the contractor, former CIO and former Manager ICT.

It was observed that public servants who are unethical and who fail to act with integrity when doing their work betray public confidence. When a conflict of interest is exposed in this manner, it brings the system used by the CoE into question, as this practice should have been detected through the proper SCM process – which includes the segregation of duties. This practice led to reputational damage to the metro and could result in a legal challenge based on the decision taken by the CoE on awarding tender. In this case, it transpired that there was indeed a relationship between the bidder, the former CIO and the former Chief IT Architect; the relationship was not declared or disclosed by anyone implicated in this matter. From the interviews and documents review process, it became evident that the former Head of Department: Information Communications and Technology (ICT) abused his power and position by engaging with a contractor without declaring his interest and thereby disadvantaging other bidders. Further, it was apparent that the former Chief IT Architect deliberately misled the committee by not declaring his interest, which resulted in him benefitting from the appointment at the detriment of other bidders. It was this relationship that led to supply chain corruption and rendered the entire transaction irregular and deemed it criminal, which necessitated sanctions.

Case 3: Allegations of irregularities in the appointment of a consultant for the restructuring of the CoE to the value of R32-million

The facts of the case are that the department of Human Resource Management in the CoE appointed a consultant in terms of Municipal Supply Chain Management Regulation 36, read with Paragraph 13.10.1.5 of the SCM policy of the CoE. The following participants were identified as important resources for the gathering of information, via unstructured interviews, regarding the appointment of a consultant for the restructuring of the CoE:

- 2 x Managers: Supply Chain Management.
- 1 x Manager: Human Resource Management.
- 1 x Manager: Labour Relations.

- 1 x Manager: Corporate Legal Services.
- 1 x Manager: Internal Audit/Forensic Investigation.
- 1 x Manager: Risk and Compliance.

The participants were asked the following question: How was the consultant appointed for the provision of consulting services on restructuring the CoE? The Managers in Supply Chain Management stated that the contractor was appointed in terms of Regulation 36(1) (a) (v) of the Municipal Supply Chain Management Regulations, read with the EMM Supply Chain Management Policy. The Manager stated that the provision of Regulation 36(1) (a) empowers the AO to deviate from the normal procurement process. Regulation 36 (1) states that the AO may:

- (a) Dispense with the official procurement processes established by this policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only-
- (i) In an emergency;
 - (ii) If such goods or services are procured or available from a single provider only;
 - (iii) For the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) Acquisition of animals for zoos and food for such animals and/or botanical specimens for nature and game reserves; or
 - (v) *Any other exceptional case where it is impractical or impossible to follow the official procurement processes.*

In this case, the Manager in Supply Chain Management stated that the appointment was done in terms of Regulation 36(1) (a) (v), read with Paragraph 13.10.1.5 of the EMM SCM Policy. None of the Managers in Supply Chain Management could answer as to whether it was impractical or impossible to follow the official procurement process; instead, they submitted that the appointment was approved by the AO as per the provision of the Treasury Regulation and the CoE's SCM Policy.

The Manager in Human Resources Management (HRM) submitted that the *“appointment of a consultant for restructuring the CoE was urgent and important”*. According to the Manager in HRM, the process was intended to enhance service delivery. The Manager indicated that the Council took a resolution that the restructuring process was to be done. The Department made the budget available for the appointment of a consultant for the financial year in question. The Manager indicated that the Department: Human Resource Management *“had to fast-track the appointment of consultant, hence the provision of Regulation 36(1) (a) (v) was followed”*.

When asked how important the appointment of a consultant for the provision of restructuring the CoE was, the Manager in the Human Resource Management department argued that the procurement of a consultant for the restructuring of the CoE was critical to unlocking service delivery. This would be done by assisting the Human Resource Management division with establishing a macro organisational structure that would allow the CoE to render effective service delivery to its residents.

The Managers further submitted that the appointment of a consultant was for the establishment of new departments, the reorganisation of existing departments and the realignment of functions within divisions of departments as well as putting the CoE on the same level as other Metropolitan Municipalities in the country. According to the Manager, the organisational structure was an important and urgent matter in order to address capacity issues in the CoE and to improve service delivery in terms of the commitments and promises made by politicians to the citizens of Ekurhuleni Metropolitan Municipality.

Due to the urgency of establishing the organisational structure for the CoE, the lengthy process of advertising a tender would have caused a delay in the development of this project. The budget was then made available. The Manager further stated that

capacity in the SCM was a serious matter that required an urgent attention as it was causing a serious non-expenditure on the allocated budget, non-compliance to procurement processes which resulted on irregular expenditure, fruitless and wasteful expenditure and causes

uprising in the communities due to non-delivery of essential services...

The lengthy procurement process was going to cause delay and the approved budget was going to be forfeited by the end of financial year.

A Manager in the Corporate Legal Services division, who indicated that the item was submitted to him for legal comment, was also interviewed on this matter. The Manager stated that the AO was advised that there is nothing that necessitated a deviation and urgency in the appointment of a consultant. When providing his legal comment, the Manager highlighted that the risk involved in this bid is huge and that the AO should apply caution. The Manager emphasised that the item did not meet the requirements in terms of the Constitution nor did it comply with the MFMA, its Regulations and the CoE's SCM Policy. The Manager submitted that these services should be procured in accordance with a system that is fair, competitive, transparent, cost-effective and equitable. The Manager's advice was in line with these constitutional imperatives. He, however, stated that the prerogative of approving the recommendations in terms of Regulation 36 rests with the AO, and that such advice can either be accepted or rejected.

In this case, the AO elected to ignore the comments made by Corporate Legal Services and, after considering all the facts and the motivation put forward by the requesting department as well as Supply Chain Management, thus approved the appointment of a consultant in terms of Regulation 36(1) (a) (v) of the Municipal Supply Chain Management Regulations, read with Paragraph 13.10.1.5 of the EMM Supply Chain Management Policy. The Project Manager approved a payment certificate for an amount of R6 million; the payment certificate/invoice was submitted to the Expenditure division for payment and the proof of payment reflected that an amount of R6 million was paid to the contractor, even though the work was not done.

The Managers in the SCM division confirmed that, when the BAC approved the appointment of a service provider, the SCM issued the letter of appointment to the contractor and sent a copy to the department that requested the services so that proper engagement and instructions can be issued to the contractor. The department submitted

a copy of the contract to both the SCM for safekeeping and the Expenditure division for payment purposes. As is always the case, this contract had payment milestones and the Expenditure division had to process payment according to the approved payment milestones. The Manager stated that the SCM division is not involved on the process of payment or contract management, as this is the responsibility of the requesting department and the Expenditure division. On the issue of payment, the Managers in SCM stated that they do not have access to the payment certificates submitted by the bidder, as it is the responsibility of the Project Manager to sign off on payment certificates for work done and to submit these to the Payment Office/Expenditure division in order that they process payment.

The Manager in the HRM division stated that payments were made in line with the signed contract. With specific reference to the amount of R6 million that was paid for work not done, the Manager stated that the payment was an advance payment in anticipation of work that would be completed by the end of the financial year. The payment was also made to avoid losing the budget due to the end of the financial year and the lengthy process of rolling over the budget to the new financial year. The Manager stated that the payment of R6 million was approved in good faith, the project was completed and Council finally approved the macro structure. The implementation started with the positions of Head of Departments and Divisional Heads being filled. The Manager further indicated that the outstanding work was done and that all invoices submitted by the consultant were certified for payment in line with the report and proof of completed work certified and signed off by the Project Manager.

The Manager in the Internal Audit division indicated that a forensic company was appointed to conduct an investigation into the matter. The report was compiled and it was recommended that action should be taken against the Senior Manager in the Human Resource Management division, for approving payment for work not done. These recommendations were submitted to the office of the AO for implementation, however, the recommendations were not implemented and no disciplinary action was taken against anyone in the CoE. The Manager in the Internal Audit division indicated that the

memorandum requesting the appointment of a consultant in terms of Regulation 36 was compiled by the Head of Department and was approved by the AO. Both the AO and the Head of Department were implicated in this transaction and both later resigned from the CoE.

The Manager in the Labour Relations division stated that the matter was not reported to Labour Relations in order for them to institute disciplinary proceedings against any employee in the CoE. There was nothing that the Labour Relations division could have done since the report was not given to them. The Manager stated that the Labour Relations division deals with matters that are properly reported, with witnesses who provide information so that the matter can be prosecuted and the perpetrators convicted.

The Manager in the Corporate Legal Services division insisted that they were not in support of the appointment of the consultant in terms of Regulation 36 because the appointment did not meet the requirements thereof:



The Human Resource Management had long been aware of the need to restructure the City of Ekurhuleni and they did nothing in preparation to the appointment of a consultant. They failed to plan for the project and to advertise on time, poor planning should not be an excuse for non-compliance and deviation from SCM processes.

The Manager in Corporate Legal Services confirmed that the appointment did not meet the requirements in terms of the constitutional provisions on fairness, equity, transparency, competitiveness and cost-effectiveness, as provided for in Section 217. It was also short of meeting the requirements of the Municipal Supply Chain Management Regulations and the SCM policy of the CoE. The Manager in Corporate Legal Services further stated that the Department: Corporate Legal Services does not play any role in processing or receiving invoices from a contractor; it is the responsibility of the department that appointed a service provider to ensure that the work is done according to standard and that the service provider is paid for the work done. The MFMA is clear on the duration of payment, that is, 30 days from the date of receipt of an invoice. The

Manager stated that these 30 days are intended to allow the Project Manager to check and verify the quality of the work before a payment certificate is approved.

In relation to the payment of R6 million for work not done, the Manager in Corporate Legal Services submitted the following:

“the payment milestone was attached as an annexure to the contract signed between the City of Ekurhuleni and the consultant, copy of which was made available to Human Resource Management and SCM ...The payment milestone was known to the project manager as well as Expenditure Division in Finance, this was intended to protect the City of Ekurhuleni and to enforce accountability in terms of the work done by the consultant, certified by the project manager and paid for by Expenditure Division in Finance... Hopefully you would get information on the payment made to the consultant from the two Departments: Human Resource Management as the owner of business and Finance as the department responsible for processing payment.

The Manager in the Internal Audit division confirmed that the matter was investigated and found that a sum of R6 million was paid to the consultant without work being done. The Manager acknowledged that the findings and recommendations of the internal audit were submitted to the AO and the HoD: Human Resource Management. The most important recommendation was that the AO should institute disciplinary action and that the R6 million paid to the consultant should be recovered or the consultant should be instructed to do the work and submit a report upon completion thereof. Further, as proof, the Project Manager should sign off on the final report to certify that the work has been done. The Manager did not indicate whether the department or CoE instituted disciplinary action against anyone who certified payment for the work not done, or anyone who processed the payment prior to completion.

The Manager in the Governance, Risk and Compliance division was later interviewed concerning this matter. Based on the ethical standards set out in Regulation 38 of the

Supply Chain Management Regulations, published in terms of the MFMA, which focused on combating abuse of the supply chain management system, the Manager stated the following:

The AO must take necessary steps to prevent abuse, investigate any allegations against an official on fraud, corruption, favouritism, unfair or irregular practices or failure to comply with the policy and report any alleged criminal conduct to the South African Police Services (SAPS). Also, to check the National Treasury's database prior to awarding any contract and reject any bid from the bidder if any municipal rates and taxes or municipal charged owed by the bidder or any directors are in arrears for more than three months. Reject a recommendation if the bidder or any of the directors committed any fraud or corruption in competing for the particular contract. Cancel contract if a person awarded committed any fraud or corruption during the bidding process. Reject the bid if any of bidder or its directors abused supply chain management system or committed any improper conduct in relation to the system.

University of Fort Hare
Together in Excellence

The Manager submitted that, in this case, the AO did not report the matter to the SAPS nor did it institute disciplinary action. This is regrettable.

To this end, the conditions upon which deviations are allowed are clear and should be complied with at all times. The Manager in SCM went on to state that poor planning should not be used as justification for a deviation from the procurement process, albeit that this is often the case with deviations in the CoE. The Manager stated that a demand plan should be enforced across the City and non-compliance should be regarded as a serious matter. The appointment of the consultant, in terms of Regulation 36 of the Municipal Supply Chain Management Regulations, read with Paragraph 13.10.1.5 of the SCM policy of the CoE, was handled by the Head of Department: Human Resources and the AO. The memorandum recommending the appointment of a consultant was presented to the BAC for the AO's approval. The HoD: Human Resource Management and the AO initiated

the process, therefore, the findings affected them both. The report containing the recommendations was in fact directed to the AO for approval, and to the HoD: Human Resource Management for implementation; needless to say, the process followed impaired the objectivity of the transaction and compromised the rules of natural justice as “one cannot be a judge in one’s own cause”. Hence, no disciplinary action was taken in this case, and R6 million was paid for the work not done. The Manager in Human Resource Management submitted that as a corrective measure, a consultant that was paid for the work not done, was instructed to do the work that was paid for. The Department: Human Resource Management or the City of Ekurhuleni did not institute any action against the consultant or any employee for certifying payment for the work that was not done.

In response to the question of whether the Supply Chain Management department in the CoE complies with the structure recommended by the National Treasury, the SCM Managers stated that the Supply Chain Management department was established under the office of the Chief Financial Officer, which is in compliance with the recommendations of the National Treasury Regulations. After reviewing the SCM Guide for Accounting Officers/Authorities (2004:21) and the approved SCM structure in the CoE, the researcher was able to confirm that the information provided by the SCM Managers was valid. The SCM policy also covers all elements of the Supply Chain: Demand Management, Contract Administration, Material Management, Disposal Management, Procurement Strategy, Acquisition Management, SCM performance and Reporting, as provided by the National Treasury.

4.2.2. The Case of the CoJ

The Supply Chain Management procedures followed in the CoJ are the same as those followed in the CoE. The Supply Chain Management division reports to the Chief Financial Officer, in compliance with the Treasury Regulations. The approach followed when interviewing the participants was to ask a series of general and specific questions, as pertinent to the selected cases under study. The general questions dealt with the processes followed in the procurement of goods and services, as well as investigations

into instances in which any anomalies were noted. Moreover, the researcher asked specific questions related to the identified cases, as relevant to the focus of the study.

Since the research is about corruption in supply chain, it was relevant to acquire information regarding the procurement processes followed by the Managers in the Supply Chain Management division. Two Managers were identified as participants from SCM, and they were asked to explain the processes followed by the CoJ when procuring goods and services. They cited legislation that regulated these SCM processes; at the top of their list was the Constitution, particularly the provision of section 217, which states: *“when organs of state in the national and provincial or local spheres of government or any other institution contracts for goods or services, must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective”*. The Managers also indicated that the Municipal Finance Management Act addresses the provision of goods and services, and they mentioned the provisions of the Municipal Supply Chain Management Regulations, as published under GN 868 in GG 27636, dated 30 May 2005. Specific reference was made to Regulation 32 which is focusing on the *“procurement of goods and services under contracts secured by other organ of state”* and Regulation 36 which addresses any *“deviation from, and ratification of minor breaches of, procurement processes”*.

The next question posed to the participants sought to understand whether the Supply Chain Management department in the CoJ is aligned with the structure recommended by the National Treasury. The SCM Managers stated that their department was established under the office of the Chief Financial Officer, which is in compliance with the Municipal Supply Chain Management Regulations, specifically Regulation 7(3), which states that *“a supply chain management unit must, where possible, operate under the direct supervision of the chief financial officer”*, and the National Treasury Guide for Accounting Officers/Authorities (2004:21) which recommends that SCM should be placed under the supervision of the Chief Financial Officer.

The SCM Managers’ responses regarding the compliance of the CoJ – with the provisions of the Constitution, MFMA, Municipal Supply Chain Management Regulations

and the National Treasury Regulations – were verified through a review of the approved organisational structure of the Finance and SCM departments, as well as the SCM policy of the CoJ. The information provided by the Managers was found to be true and in line with the approved structure of the Finance department and SCM.

It was observed that the SCM policy comprehensively covers all elements of Supply Chain Management, namely, demand management, contract administration, material management, disposal management, procurement strategy, acquisition management, SCM performance and reporting, as provided for by the National Treasury.

Furthermore, when explaining the procurement of goods and services, the Manager in the SCM mentioned the provisions of the Municipal Supply Chain Management Regulations:

Regulation 31 allows the AO to request the State Information Technology Agency (SITA) to assist the municipality with the procurement of IT related goods or services through a competitive bidding process ... [the MSCMR addresses] permissible deviations, which include emergency, single provider, special work of art or historical objects, acquisition of animals for zoos or where it is impractical or impossible to follow the official procurement processes.

It was also observed that Regulation 36.1 provides that a supply chain management policy may allow the accounting officer (a) to dispense with official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiation but only –

- (i) in an emergency;
- (ii) if such goods or services are procured or available from a single provider only;
- (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
- (iv) acquisition of animals for zoos; or

- (v) *in any other exceptional case where it is impractical or impossible to follow the official procurement process.*

This provision is often abused and is frequently employed as a substitute for poor planning. It became apparent that the repeated utilisation of Regulation 36(1) (a) (v) is an indication of omission and the lack of compliance with the most critical component of SCM, which is a demand plan, because the budget approval process and service delivery plans are completed without a demand plan in place. The SCM Manager indicated the following in this regard:

demand plan is contained in the SCM policy of the City of Johannesburg to ensure that goods and services required to support the strategy and operational commitments are delivered just in time, in the right quantity, the right price and at the right location.

Key participants in this department acknowledged that, for the SCM division to be effective and efficient in the provisioning and procurement of goods and services, the relevant qualifications, training and experience are the most important ingredients for successful Supply Chain Management. Both Managers in the SCM made reference to the provisions of Regulation 8 of the MSCMR and stated that *“the training of SCM officials should be in line with the National Treasury guidelines”*.

A Manager from the Legal Services division also confirmed that *“when providing opinion on procurement of goods and services, the provisions of Section 217 of the Constitution is used as the standard of compliance”*. The Manager indicated that other pieces of legislation – such as the MFMA, the Preferential Procurement Policy Framework Act (PPPFA) and its Regulations, and the Broad-Based Black Economic Empowerment Act – are also used to check compliance with the requisite processes to be followed in the procurement of goods and services. The Manager stated that the SCM policy, which is available on the intranet, has also been reviewed to ensure that it is not in conflict with any legislation; he emphasised that *“non-compliance to the rules and regulations, if unchecked, results in litigations and delays on rendering service delivery and becomes costly to the municipality”*.

From the interviews and the perusal of documents such as the Constitution, the MFMA, the National Treasury Regulations and the SCM policy of the CoJ, it was evident that the participants from the SCM division understood and observed the provisions of the legislative framework governing Supply Chain Management within the municipality, and the provisions of the National Treasury. Both Managers from the SCM division proved to be knowledgeable and possessed extensive experience in working with SCM processes and practices.

When questioned on the matter of conflict of interest in SCM, and related processes, the SCM Managers confirmed that are expected to declare their interests on a yearly basis. They further stated that the State Security Agency subjects them to a lifestyle audit and security clearance once a year. In this regard, one SCM Manager stressed that *“the lifestyle audit and security clearance should not only be applicable to SCM officials, Project Managers are also involved on the SCM processes and should be subjected to the same treatment or suspicion”*. Moreover, the Managers emphasised that: *“SCM policy addresses conflict of interest and the bidders are also expected to declare their interest when responding to bid document”*.



The bid document contains a section devoted entirely to the declaration of interest. In Form “C” of the bid document, the bidder has to declare interest by responding to questions such as:

- *Are you presently in the service of the state? If so, furnish particulars.*
- *Have you been in the service of the state for the past twelve months? If so, furnish particulars.*
- *Do you have any relationship (family, friend, other) with persons in the service of the state and who may be involved with the evaluation and or adjudication of this bid? If so, furnish particulars.*
- *Are any of the company’s directors, managers, principle shareholders or stakeholders in the service of the state? If so, furnish particulars.*

- *Are any spouse or parent of the company's directors, managers, principal shareholders or stakeholders in the service of the state? If so, furnish particulars.*

Furthermore, on the question of declaration of interest, a Manager in the Risk division indicated that *"the City of Johannesburg is having a process where all employees are declaring their interest"*. Moreover, members who sit in the SCM Committees, such as the Bid Specifications, Bid Evaluations and Bid Adjudications committees, declare their interests annually. The declaration of interest includes seeking permission from the City Manager (AO) when intending to conduct remunerative business outside of their CoJ work. In an attempt to curb supply chain corruption, the Risk department is also responsible for the declaration of gifts or hospitalities received from service providers during the course of the year together with a statement of the motive/reason for such gifts.

The Manager in Risk and Governance indicated the following:

the City of Johannesburg Metropolitan Municipality is having Anti-fraud and Corruption Hotline and insisted that staff members, service providers and the public are continuously encouraged to use the hotline number to report possible or alleged incidents of supply chain corruption.

The Manager also insisted that whistleblowers have the option of remaining anonymous and are protected in terms of the Protected Disclosures Act No. 26 of 2000.

In an attempt to corroborate the responses provided by the Managers in SCM and Risk Management, the bid document, attendance register for SCM Committees and the Protected Disclosures Act were reviewed. The documents all contained provisions that bidders must declare their interest in the bid document and that committee members are to declare their interest in the attendance register, and that protection is offered to whistleblowers. In most cases, the response provided by the bidder as well as the SCM

committee member is taken as true and correct, unless proven otherwise by a whistle-blower or through investigation.

A Manager in the Forensic Department offered the following response when asked about the processes and procedures followed to conduct a forensic investigation into financial misconduct, with specific reference to supply chain corruption:

the responsibility of investigating any allegations of financial misconduct rests with Forensic Department.... Supply chain corruption is identified as the top risk in the City of Johannesburg Metropolitan Municipality and that any allegation of supply chain corruption is investigated without any delay.

The Manager stated that the Forensic department was established and capacitated to handle issues of corruption, and that they are making breakthroughs in all cases of corruption in the CoJ. Moreover, he stated that *“no case is deemed frivolous, unfounded and malicious until a thorough investigation is conducted and the outcome are clear and known”*.

The Manager also confirmed that there is public confidence in the Forensic department of the CoJ, and the public is reporting cases for investigation. He further indicated that they are working in collaboration with the Special Investigations Unit (SIU), Commercial Crimes Court, the South African Police Service and the Prosecuting Authority.

This Manager further stressed that the work of conducting an investigation emanates from legislation. In this respect, Sections 171(4) and 172(3) of the Municipal Finance Management Act provide that “the municipality or municipal entity must investigate allegations of financial misconduct against the AO, the Chief Financial Officer, Senior Manager or Official of the municipality or municipal entity unless those allegations are frivolous, vexatious, speculative or obviously unfounded”, therefore, it is evident that the submission made by the Manager was in agreement with this legislative provision.

Moreover, a Manager from the Labour Relations division was interviewed on the role that the department plays in facilitating disciplinary processes for cases of supply chain

corruption. The Manager acknowledged that, upon receipt of the investigation report from the Forensic department, the Presiding Officer and the Prosecutor would be appointed. In addition, he stated that *“it is the responsibility of the department and the Presiding Officer to ensure that disciplinary hearing is handled in terms of the collective agreement signed between the employer and the unions”* (a copy of the Collective Agreement is attached at the end of this thesis, as Annexure H).

The Presiding Officer informs the suspect of his/her right to conduct a defence against the allegations of supply chain corruption brought against him/her. The rules of natural justice are applied in all cases that affect employees. The matter is closed once the affected person is held liable or exonerated from liability. The outcome is communicated to the accused and the affected departments, and the employee will then be advised of his/her rights to a review process or appeal should s/he not be satisfied with the outcome of the case. The Presiding Officer must inform the accused of his/her rights to representation and to an interpreter. The employer is expected to effect fair disciplinary proceedings and must therefore maintain substantive and procedural fairness at all times.

The information provided by the Managers in Labour Relations was corroborated by the provisions of the Municipal Systems Act, section 67(i) in particular, which determines that a municipality or municipal entity must develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the investigation of allegations of misconduct and complaints against staff. The Collective Agreement was also reviewed and it was confirmed that the two sets of documents outlined the correct process to be followed when conducting disciplinary proceedings.

It was observed that, unlike the CoE, the CoJ has established eleven entities that are solely owned by the CoJ, to focus on a specific service delivery mandate. These entities are: City Power, Pikitup, Johannesburg Property Company, Johannesburg Roads Agency, Johannesburg Water, Johannesburg Trading Company, Metrobus, Johannesburg City Theatres, Johannesburg City Parks and Zoo, Johannesburg

Development Agency and Johannesburg Housing Company. The process that these entities follow for the procurement of goods and services is the same as that of the CoJ and the CoT, which is discussed later.

In this study, Pikitup Johannesburg (SOC) Ltd and Johannesburg City Parks and Zoo were identified as two entities that were under the spotlight for the cases of corruption under discussion. As entities of the CoJ, both Pikitup (SOC) Ltd and Johannesburg Parks and Zoo were selected for this study due to the identified cases of supply chain corruption, which are relevant to the research focus.

Pikitup was established as an independent municipal entity in 2001; it is wholly owned by the CoJ Metropolitan Municipalities to serve and provide waste management services in the greater Johannesburg area. Pikitup's core business is to ensure that domestic waste is collected and disposed of in an efficient and effective manner; this includes waste management in informal settlements and hostels, as well as the clearing of illegal dumping. The entity was established in fulfilment of the provisions of Section 24 of the Bill of Rights: *"Everyone has the right to – (a) an environment that is not harmful to their health or well-being; and (b) have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that –*

- (i) prevent pollution and ecological degradation;
- (ii) promote conservation; and
- (iii) secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

The entity's vision is to be "the leading African green environment and cemetery Management Company" and its mission is to "develop and conserve the green environment and cemeteries from the present and future generations". Pikitup's key objective is to develop and maintain all city parks, open spaces, cemeteries and conserved areas (Pikitup Integrated Annual Report 2014/15:75).

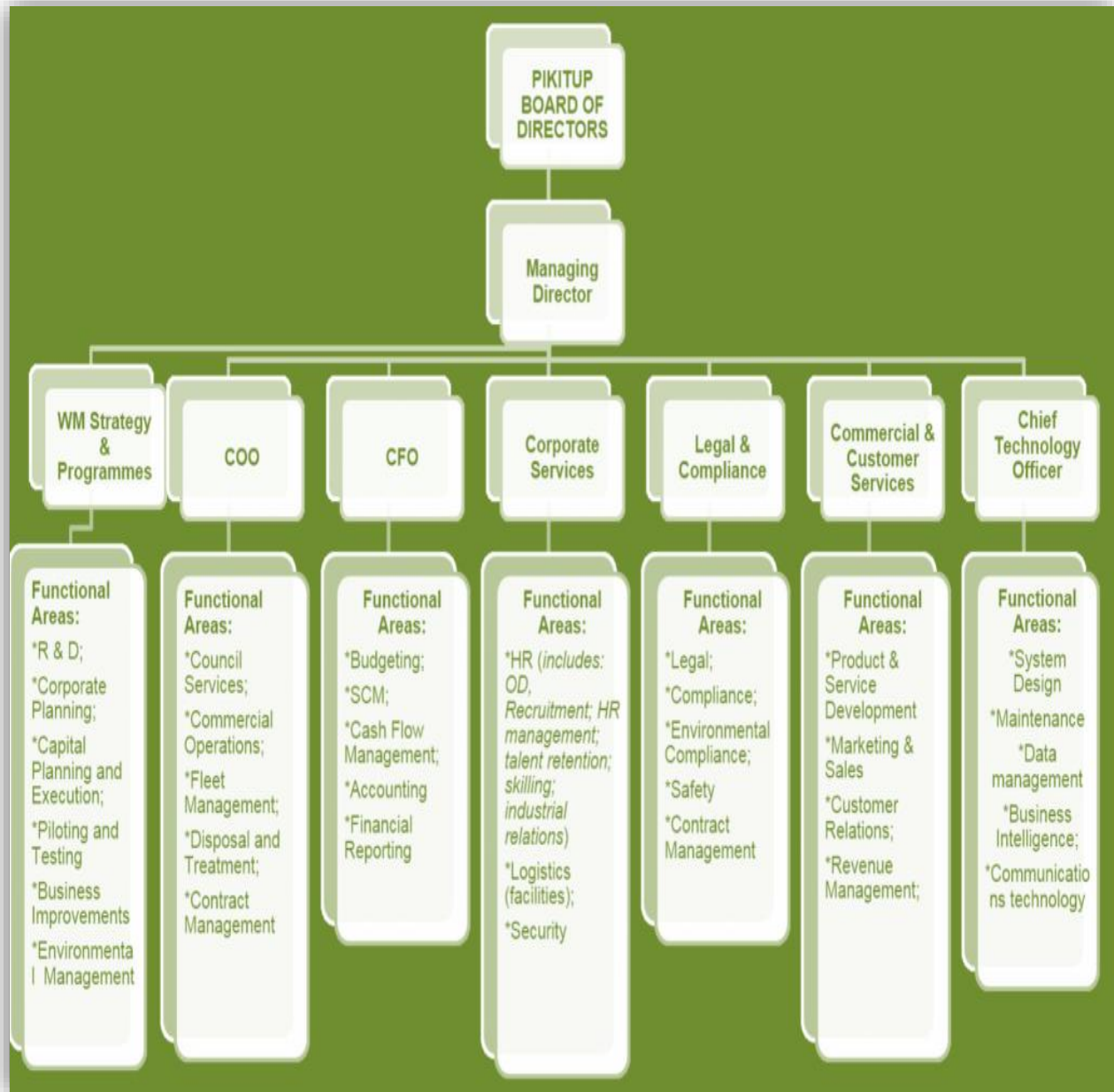
The Board of Pikitup is accountable to the CoJ in terms of the Companies Act and, consequent upon the local government regulatory framework, contractually in terms of

the Municipal Systems Act, Service Delivery Agreement and the Shareholder Compact concluded with the CoJ. The Board provides effective leadership based on a principled foundation and high ethical standards. Responsible leadership, characterised by responsibility, accountability, fairness and transparency, has been a defining characteristic of Pikitup since its establishment in 2001. The Board has approved its SCM policy and they have ensured that the policy embraced the objectives of Broad-Based Black Economic Empowerment (BBBEE) (Pikitup Integrated Annual Report 2014/15:75).



The organisational structure of Pikitup (SOC) Ltd is reflected in Figure 6.

Figure 6: Macro structure of Pikitup Johannesburg (SOC) Ltd



Pikitup Johannesburg (SOC) Ltd: 2014/15:61 Integrated Annual Report

The other entity identified for the study is Johannesburg City Parks, which was established under section 21 of the South African Companies Act. The entity has merged

with Johannesburg Zoo and is now referred to as Johannesburg City Parks and Zoo. The merger took place as a result of the CoJ's institutional review process. Johannesburg City Parks and Zoo is mandated by the CoJ to manage the City's cemeteries, parks and designated public open spaces, as well as to ensure that its environmental conservation function is carried out. In this regard, environmental conservation includes the maintenance of all trees located on sidewalks and in public open spaces within the City's borders and the Zoo; moreover, it encompasses the preservation and management of biodiversity through direct conservation action, education, research and recreation.

Johannesburg City Parks and Zoo has an approved organisational structure, which operates in accordance with the following vision and mission statement:

- Vision: A green, clean, conserved and active world-class, African City.
- Mission statement: To develop, maintain and conserve public open spaces, cemeteries and animal life for present and future generations.



University of Fort Hare
Together in Excellence

Figure 7: Organisational structure of City Parks and Zoo (JCPZ)



Source: Johannesburg City Parks and Zoo Annual Report 2014/15:11

Case 1: Pikitup Johannesburg (SOC) Ltd paid an audit firm R6 million to investigate tender rigging, then stopped the probe before it could prepare a final report on questionable tenders worth R360 million

In this case, it was established that Pikitup appointed an audit firm to conduct an investigation into tender rigging. The entity paid the audit firm R6 million, however, the instruction was stopped before the audit firm could prepare a final report on dodgy tenders worth R360 million. The matter was pursued with the intention of investigating what led to the termination of the investigation prior to the completion of the work. Various individuals who were involved in the transaction – and who have knowledge, expertise and experience in the supply chain processes – have been identified as participants in the study. At the Management level, the identified participants were:

- 1 x Manager: SCM.
- 1 x Manager: Legal and Contracts.
- 1 x Manager: Internal Audit/Forensic and Fraud Prevention.
- 1 x Manager: Human Resource Management.
- 1 x Project Manager.



The researcher conducted unstructured interviews with the key participants, with the intention of gathering data related to supply chain corruption that led to the termination of the services of the audit firm before their report was issued. When analysing the process followed to appoint a consultant to investigate tender rigging, clarity was sought regarding the process followed to appoint the audit firm.

The first question posed to each participant was: What transpired in the transaction that led to the termination of appointment before the report was submitted? To which, the Manager from the SCM division asserted that: *“the appointment of the audit firm was managed by the Forensic Unit and the office of the Managing Director”*. The Manager indicated that Pikitup has adopted Supply Chain Management systems and approved an SCM policy that is in compliance with the provisions of the Constitution, the MFMA and the National Treasury’s Municipal Supply Chain Management Regulations, 2005.

Moreover, a SCM unit was established in Pikitup in September 2009 to monitor the implementation of SCM processes for the entity. Further to this, the entity's new SCM policy, which provides for the exclusion of awards to persons in the service of the state subject to the exemptions and regulations issued by National Treasury from time to time, was approved. The Manager also submitted that the entity established a Procurement Oversight Committee, which consists of non-executive directors, to maintain oversight of the implementation of the SCM Policy and procedures. Among others, the responsibility of the committee was to review the report submitted by the AO regarding the implementation of Pikitup's SCM policy and procedures. The committee has terms of reference that the entity abides by in instituting their mandate and thus makes recommendations to management and the board contingent on these terms of reference.

The Manager in SCM submitted that the entity established and implemented the committee system for bids with clear terms of reference and segregation of duties: The Bid Specification committee would be responsible for the review and approval of specifications for advertisement; the Bid Evaluation committee would be responsible for evaluating bids; and the Bid Adjudication committee would adjudicate bids. Each committee has its own terms of reference.

Pikitup implemented the municipal bidding forms for all bidders to declare their interest and, more specifically, to indicate whether they are employees of the state. Furthermore, the directors and shareholders of bidding entities are cross-checked against Pikitup's payroll as well as that of the CoJ in order to verify whether they are the owners of the bidding companies or shareholders of companies considered for the rendering of services to the entity. In addition, Pikitup embarked on a clean-up of its supplier database.

The Manager in SCM confirmed that, in this case, the AO awarded the tender despite the Bid Adjudication Committee having questioned the decision to award a tender to a company implicated in alleged wrongdoing in a forensic investigation. The investigation was launched after Pikitup workers initiated a strike in order to demand that the entity probes allegations of supply chain corruption in the appointment of the bidder.

It was observed that the participant's response was not convincing, lacked relevance and that he did not want to elaborate on what transpired. The response was, however, corroborated by the provision of Regulation 6 of the MFMA Municipal Supply Chain Management Regulations, which address the oversight role of the Council of the Municipality or the Board of Directors (BoD) of a municipal entity. The MFMA prescribes that *"no persons in the service of the state should be awarded a tender"*.

The Manager from the Legal and Contract Management Support division confirmed that *"the National Treasury investigated the matter and issued a report which was reviewed by an independent legal adviser"*. Both the National Treasury and an independent legal adviser reached a similar conclusion. The Manager from the Legal and Contract Management division indicated that the AO of the CoJ prepared a letter to suspend the Managing Director of Pikitup (SOC) Ltd. A copy of the letter that was issued to the Managing Director was reviewed by the researcher; the letter revealed that the BoD of Pikitup resolved to institute disciplinary action against the MD, regarding her conduct in the procurement of services for the supply, operation and maintenance of plants and equipment at designated landfills, gardens and depots. The decision to suspend the AO of Pikitup emanates from the recommendations presented in the National Treasury report on the verification of compliance with statutory and regulatory requirements during the bidding process for the supply, operation and maintenance of plants and equipment at designated landfills, gardens and depots, as well as a breakdown in trust. The National Treasury determined that the tender suspected of collusion was irregular and that it should be set aside.

The Manager in the Forensic Services division confirmed that Pikitup adopted a comprehensive approach to the management of fraud risk; this approach is evident in their policy which serves as confirmation that Pikitup supports and fosters a culture of zero tolerance for fraud in all its forms. Fraud is a significant potential risk to the entity's assets, service delivery efficiency and reputation. As such, Pikitup does not tolerate fraudulent or corrupt activities, whether internal or external to the entity, and will vigorously pursue and prosecute any parties found to have committed fraud, by all legal

means available, who engage in such practices or who attempt to do so. The Manager indicated that the entity has a Social and Ethics Committee, which focuses on the reduction of corruption. The Manager also confirmed that the investigation recommended that the contractor face criminal charges for fraud due to the allegations of irregular activities, including tender collusion, and that the contractor pay back the money it overcharged.

The board informed the Managing Director that she is required to attend an enquiry in terms of section 188A of the Labour Relations Act 66 of 1995 to deal with the evidence concerning the allegations and to give her an opportunity to respond thereto. The outcome of the disciplinary process led to the dismissal of the Managing Director on the 09 September 2016; in this regard, the CoJ alleged that trust between the two parties had broken down irretrievably. The Board of Pikitup further indicated that *“legal action in the civil courts will be instituted against the Managing Director in terms of section 176 (2) of the Municipal Finance Management Act to recover the losses suffered by Pikitup”*.

Section 176 of the MFMA, which provides liability for functionaries that exercise powers and functions in terms of this Act (sub-section 2), reads as follows:

without limiting liability in terms of the common law or other legislation, a municipality may recover from a political office-bearer or official of the municipality, and a municipal entity may recover from a director or official of the entity, any loss or damage suffered by it because of the deliberate or negligent unlawful actions of that political office-bearer or official when performing a function of office.

Upon perusal of the court papers that were presented to the Labour Court, under Case No. J2362/15, pertaining to the matter between Pikitup Johannesburg (Pty) Ltd ('Pikitup') and South African Municipal Workers' Union ('SAMWU'), Simon Mathe (General Secretary of SAMWU). In this case SAMWU is the first respondent and Simon Mathe is the second respondent. It became apparent that Pikitup workers insisted that the

Managing Director of Pikitup should be removed because she is a “thief” (Labour Court, Case J 2326/15, 2016:8).

During the interviews, the participants were able to provide information regarding the rationale behind stopping the consultant before the project was finalised. The interviewees indicated that the findings of the said investigation revealed the weaknesses of the internal policies and some wrongdoing on the part of the Human Resources and Financial Management divisions, all of which implicated the Managing Director.

Case 2: Johannesburg City Parks and Zoo awarded a tender to a nursery company to supply trees for R57 million

Issues of supply chain corruption were also identified in Johannesburg City Parks, an entity established and owned by the CoJ as a result of the restructuring of the City. The case of supply chain corruption in Johannesburg City Parks and Zoo was identified as relevant to this study. In this case, the entity awarded a tender to a nursery company for the supply of trees, at an amount of R700 per tree. It was later discovered that a senior manager in the entity failed to declare his interest in the company that was appointed to supply the trees; moreover, the owner of the company also failed to declare his interest. Furthermore, the price was found to have been significantly escalated (JCPZ - Bid Document, 2013:13).


The following individuals pertinent to this case were identified and interviewed for this study:

- 1 x Manager: SCM.
- 1 x Project Manager.
- 1 x Manager: Forensic Investigation.
- 1 x Manager: Legal and Contracts.

The data was collected through unstructured interviews, observation and a review of the relevant documents. In seeking clarity regarding the process followed to appoint the contractor, the Manager in the SCM Unit indicated that the tender for the supply of trees

was advertised via the normal procurement process. The tender was advertised in the national newspapers and on the Johannesburg City Parks and Zoo website. Various bidders responded to the bid and were evaluated in relation to the scope of work approved by the Bid Specifications Committee. The Manager further stated that, in terms of the bid document, all bidders had to declare their interest; the completion of the bid document was accepted as being done in good faith, so that the Evaluation Committee could make a final decision.

The SCM Manager further confirmed that Johannesburg City Parks and Zoo's *SCM is governed by an SCM Policy which regulates all SCM practices within the City. The Policy regulates SCM practices as envisaged by the Act and its Regulations. All employees are compelled to adhere to, implement and observe the provisions and requirements of the Policy.*



The SCM Policy ascribes to a procurement system that is fair, equitable, transparent, competitive and cost effective in terms of Section 217 of the Constitution of South Africa No. 108 of 1996. The policy enhances uniformity in Supply Chain Management systems across various organs of the state. It is consistent with the Supplier Management and Development Policy. In addition, the policy is consistent with enterprise development programmes approved by the CoJ, which are not limited to the Expanded Public Works Programme (EPWP), the Indigents Policy, job pathway as well as other policies and programmes that seek to aggressively advance the empowerment of SMMEs and previously disadvantaged communities. It embraces the principles of efficient environmental management, consistent with the Broad-Based Black Economic Empowerment Act 53 of 2000 and any Codes promulgated thereunder in the Government Gazette, and is consistent with the Preferential Procurement Policy Framework Act 5 of 2000 and its Regulations.

The Manager in the Legal and Contracts division confirmed that supply chain corruption is a crime committed in secret and that those that are supposed to receive services feel the impact. He stated that, in most cases, *"it is a crime committed between two or more*

people, who are operating in syndicate and have malicious intention to defraud the state by enriching themselves at the detriment of service delivery and prejudice of the communities”.

Supply chain corruption happens when a service provider bribes an official for performance or an official solicits a bribe for performance of his/her work/duties. The Manager in the Legal and Contracts division acknowledged that the *“money used to facilitate supply chain corruption are actually the amount that was supposed to have been utilised to improve the lives of the communities”.*

This same Manager indicated that the amount the entity paid R700 per tree, while the cost thereof was actually R70. He acknowledged that the cost per tree was escalated in order to accommodate the demand made by corrupt officials operating as a cartel, and who created various orders, cover quotes and escalated the cost of goods and services for selfish interest or personal gain. The Manager continued:

the conversion made by McKinsey and the recent development and admission by SAP of paying R107 million to Gupta-linked companies in order to win contracts at Eskom and Transnet. The Manager indicated that all the amounts were unknown, it was only thorough investigations and confessions that a serious supply chain corruption was revealed.

Moreover, he claimed that this was *“how corrupt practices disadvantaged communities and bankrupt the country”.*

In responding to a question on the declaration of interest, the Manager from the Forensic Investigation division indicated that *“upon conducting investigation, a request for information was submitted to the SCM”.* The information sourced included tender documents, the bid advertisement, the evaluation report as well as the attendance register for the team that conducted the evaluation and adjudication of the tender for the supply of trees to Johannesburg City Parks and Zoo. The Manager indicated that the

declaration of interest completed by the bidder indicated no conflict of interest; further, there was no response in the completed bid document to indicate any interest or anyone in the employ of the CoJ.

The Manager of the Forensic Investigation division also indicated that he scrutinised the declaration of interest for the Evaluation and Adjudication committee. It was evident that no member of the Evaluation or Adjudication committee declared any interest and, as such, no one recused him/herself from the evaluation or adjudication processes; this makes it clear that both the service provider and the affected employee were aware and deliberate in committing supply chain corruption. The Manager further indicated that

it was later discovered that the bidder is not operating as a nursery, but is actually a “middleman”, buying trees from the nursery at a cost of R70 per tree and selling them to Johannesburg City Parks and Zoo at an amount of R700 each. The information was known to a Senior Manager in the Johannesburg Parks and Zoo, who was a shareholder in the company and was playing a major role in the award of a tender.

The Manager from the SCM division also acknowledged that “*an anti-fraud and whistle blowing strategy which outlines Johannesburg City Parks and Zoo’s stance, plans and activities for dealing with and addressing the issues of fraud and corruption was developed and implemented*”.

The Manager indicated that people who are unethical and dishonest in their dealings always failed to declare their interest to the committees and they failed to recuse themselves from participation in supply chain processes. The Manager stated that “*they always want to be present so that they can push their corrupt and malicious agenda and corrupt supply chain process*”. Conflict of interest can only be known to the committee if the affected member informs the committee of the extent of his/her conflict of interest as relevant to a particular transaction. Conflict of interest is an individual challenge and can only be eliminated through ethical behaviour.

In his response to the question on declaration of interest, the Manager from the Legal and Contracts division suggested that the company documents that were made available to the department for comments *“presented the company as a nursery that was responsive in terms of bid specification and evaluation criteria”*.

The tender documents provide sufficient evidence that the selected bidder was the highest point scorer and was capable of rendering the services listed in the requirements of the tender. The Manager in the Legal and Contracts division concurred with the Forensic Investigation department, by stating that only some time into the performance of the relevant service was it discovered *“that the bidder is not operating as a nursery, but is actually a “middleman”, and that the tree was bought at R70 and sold to the Johannesburg City Parks and Zoo at an exorbitant amount of R700 each”*.

The Manager in the Forensic Investigation division indicated that the allegations of fraud and corruption were reported to them for investigation, while the Hawks also pursued an investigation into the matter. The total cost involved in the transaction was approximately R57 million. Both the Senior Executive Manager and the bidder did not declare their interests in terms of the declaration of interest document. It was later revealed that the Senior Executive Manager in Johannesburg City Parks and Zoo was a shareholder in the company, and was an active participant in the awarding of the tender.

The Manager in the Forensic Investigation division emphasised that Municipal Supply Chain Management Regulation 44 *“prohibits the awarding of tenders to people in service of the state, or to companies in which those people are a director, manager, principal shareholder or stakeholder”*.

In addition, the Municipal Finance Management Act states that a municipality’s supply chain management policy must include *“requirements for compulsory disclosure of any conflicts of interests’ prospective suppliers may have in specific tenders and exclusion of such bidders from such tenders or bids”*.

In this case, the Executive Manager, who was a shareholder in the company awarded the tender, failed to declare his interest in the declaration of interest (JCPZ - Bid Document, 2013:13). Furthermore, upon price comparison, it was discovered that the price charged by the appointed contractor was escalated from R70 to R700 per tree (JCPZ - Bill of Quantities – Bid Document, 2013:19).

In light of this case, the researcher reviewed the following documents: the organisational structure of Johannesburg City Parks and Zoo, the RSA Constitution, the SCM Policy, the Municipal Supply Chain Management Regulations, the Municipal Finance Management Act as well as the Preferential Procurement Policy Framework Act and its Regulations. These documents clearly state that Johannesburg City Parks and Zoo is an entity of the CoJ, under sole ownership of the CoJ. The entity is bound by the provisions of the Constitution, Section 217 in particular, the MFMA as well as the PPPFA and its Regulations. Johannesburg City Parks and Zoo's SCM Policy also provides a clear outline of the process to be followed for the procurement of goods and services. The bid document also incorporates a section in which bidders are to declare their interests and acknowledge any conflict of interest. It is also the practice of the CoJ and its entities to avail the declaration forms and the request for approval to operate a business outside of normal working hours to Senior Management; such a request is to be approved by the AO.

An analysis of the organisational structure of Johannesburg City Parks and Zoo revealed that the entity has the capacity and capabilities to deliver on its mandate and to curb supply chain corruption. The SCM division of the entity is capacitated with employees who are skilled and knowledgeable in addressing issues of market and price regulations in order to mitigate price escalation and elements of supply chain corruption. The organisational structure of Johannesburg City Parks and Zoo determines that Senior Managers are responsible for critical appointments, particularly those at the level of General Managers and those who report to the Executive Managers who, in turn, report to the Managing Director (AO). The AO reports to the Board. Regrettably, the individual responsible for preventing supply chain corruption has in fact committed it.

4.2.3. The Case of the CoT

For the purpose of this study, cases of supply chain corruption were identified in the CoT. Particular individuals under the employ of the CoT were selected as study participants based on the role they played in the relevant Supply Chain Management processes and the investigation procedures followed by the CoT. An unstructured interview was scheduled with each of the identified participants, for the purpose of data collection and analysis. The interview questions were structured into two categories: general and specific. The general questions emanated from the general processes and procedures followed for the procurement of goods and services, and the investigation that led to a disciplinary hearing and remedial action being taken by the CoT. The more specific questions were those that dealt with the supply chain corruption identified in the cases under study.

The Managers in the SCM division were asked to explain the process followed in the procurement of goods and services, to which they responded by listing the range of procurement processes for various monetary thresholds. The Managers indicated that the SCM operates according to monetary thresholds, as contained in the SCM policy:

Petty cash transactions up to a monetary value of R2000 (all applicable taxes included); written quotations above R2000 and up to R30 000 (all applicable taxes included); formal written price quotations above R30 000 and up to R200 000 (all applicable taxes included).

Anything over and above this amount would require a competitive bidding process, as per the policy: *“Procurement above a transaction value of R200 000 (all applicable taxes included), and the procurement of long term contracts”.*

The CM may lower, but not increase, these thresholds and may direct that:

*Written quotations be obtained for any specific procurement of a transaction value lower than R2 000 (all applicable taxes included).
Formal written quotations be obtained for any specific procurement of a transaction value lower than R 30 000 (all applicable taxes included).*

A competitive bidding process be followed for any specific procurement of a transaction value lower than R 200 000 (all applicable taxes included).

One Manager in the SCM division noted that he kept abreast with the developments and instructions promulgated by the National Treasury, in the form of Instruction Notes and Circulars issued from time to time, with the intention of curbing abuse of supply chain management processes. The Manager from the Legal and Contracts division indicated that, when approached by the SCM department to comment on the procurement of goods and services, the threshold guidelines listed in the SCM policy becomes their starting point. The Manager confirmed that if the process followed falls within any of the approved thresholds, the transaction would be endorsed and supported for approval. Any deviation from the approved threshold should be justified and presented to the AO for approval. The Manager in the Legal Services division also indicated that it is the responsibility of all participants in the supply chain management process to avoid non-compliance as it causes delays in service delivery and, in most cases, results in litigation that could be avoided by simply following the correct procurement processes as outlined in legislation and in the approved SCM policy. This same Manager further confirmed that, when providing opinion on the procurement of goods and services, they use the provisions of the Constitution as the basis upon which the basic principles of compliance are tested.

The Managers in the SCM division showed concern regarding the splitting of orders, which appeared to be prevalent in the CoT. The SCM policy was reviewed and found to provide explicit detail regarding thresholds in the procurement of goods and services. The policy also addresses the delegation of authority. It was observed that the procurement process is automated in the sense that approval is built into the system and escalated automatically, in line with the delegation of authority, to the next level authorised to approve such an amount. The automation of SCM processes assists in the retention of proper records; one can therefore trace a transaction to the correct source or approving authority.

In response to the question of whether the Supply Chain Management division in the CoT complies with legislation and reports to the Chief Financial Officer, as recommended by the National Treasury, both Managers in this division indicated that the CoT complies with the provisions of the laws and regulations governing SCM. The Managers stated that the Supply Chain Management division was established under the office of the Chief Financial Officer, in compliance with the recommendations of the National Treasury Regulations in terms of the SCM Guide for AOs. They also referred to the SCM policy, which provides guidance on internal processes and which is aligned with the laws and regulations governing SCM, especially the provisions of the Constitution, the MFMA, BBBEE and the PPPFA and its Regulations, all of which are incorporated into the SCM policy of the CoT.

It was observed that the Managers in the SCM division were confident in their responses and they showed a significant level of professionalism in their work. In addition to this observation, the researcher reviewed the Constitution, the MFMA, the PPPFA and its Regulations, BBBEE Act and the National Treasury Regulations. The SCM Managers confirmed their extensive knowledge and experience in SCM. It was further observed that the Managers in the SCM division recognise the importance of compliance and ethics.

Furthermore, the Managers sounded knowledgeable about SCM and they submitted that *“the level of professionalism in the SCM is affected by political influence and lack of capacity [as] the major causes of non-compliance and deviation in SCM”*. They also acknowledged that employees in the SCM division lack the required knowledge for the handling of requests of a technical nature. The SCM Managers believe that, for SCM to be efficient and effective in providing the support required of it, technical training should be provided to the SCM division in order to complement their commercial knowledge.

The participants pertinent to the study of supply chain corruption in the CoT were asked to explain how they handle conflict of interest in supply chain processes. The Manager in the Forensic Investigation division acknowledged that conflict of interest was identified as the main cause of supply chain corruption; he further indicated that the declaration of interest is a genuine test of ethical behaviour in an individual capacity.

The Manager in the Forensic Investigation division also confirmed that it is difficult to detect conflict of interest in the procurement of goods and services. He acknowledged that the extent of interest in a transaction remains known only to the relevant individual who participates in the process; the burden of disclosing such interest is dependent on the individual who handles the supply chain process. In most cases, conflict of interest is detected when investigations into an individual's background or business involvement are carried out, and when access to the personal information of the implicated person is granted, or when the informer or whistleblower provides information to implicate an individual who is linked to supply chain corruption.

The Manager in the Forensic Investigation division indicated that the declaration of interest forms are made available to all employees in order that they declare their interest and solicit the approval of the City Manager in all cases in which they seek to conduct remunerative work outside of their normal working hours. The declaration of interest forms are always made available to the SCM committees to ensure that all participants in SCM processes always declare their interest and to give them the opportunity to recuse themselves from the evaluation and adjudication process if they are conflicted. The declaration of interest is also contained in the bid document so that potential service providers can declare their interest therein. The failure to declare interest is an offence as it is contrary to section 195 of the Constitution, which provides that a high standard of professional ethics and integrity must be practiced in all affairs of the state.

The Manager in the Labour Relations division was also interviewed in relation to the processes followed when handling a disciplinary hearing. The Manager referred the researcher to the Labour Relations Act and the Disciplinary Procedure Collective Agreement signed between the South African Local Government Association and the representative trade unions. The Manager confirmed that substantive and procedural fairness are considered the yardstick for all disciplinary hearings. The employer must consider the rule of natural justice *audi alteram partem*, which means that one must listen to both sides of the story.

The Labour Relations Act 66 of 1995 and the Disciplinary Procedure Collective Agreement Circular Number 01/2018 were reviewed with the intention of corroborating the response provided by Labour Relations Manager. It was determined that the documents provided clear instructions regarding the processes to be followed when handling a disciplinary matter.

Case 1: Alleged supply chain corruption on the appointment of contractor for smart meters for R930 million

This particular case comprised of an investigation into allegations of supply chain corruption in the appointment of a contractor for smart meters in the CoT. This took place when the CoT approved a ten (10) year arrangement to outsource its electricity metering and revenue collection activities to a private company. The CoT appointed the contractor, with whom it entered into a Master Services Agreement on 06 June 2013. The contractor was to be responsible for all metering and electricity revenue collection on behalf of the CoT for ten years, with the option of extending the contract for a further three years by means of mutual agreement. According to the agreement, the contractor had to install, maintain and operate a pre-paid smart metering system in order to provide the CoT with a method of collecting revenue for the supply of electricity.

The following individuals were identified as suitable study participants due to the role they each played in this case:

- 2 x Managers: SCM.
- 1 x Manager: Legal Services.
- 1 x Project Manager.
- 1 x Manager: Forensic Investigations.

The case established whether the contractor for the installation, maintenance and operation of smart meters in the CoT complied with the provisions of section 217 of the Constitution, which states that “when an organ of the state in the national, provincial or local sphere of government, or any other institution identified in the national legislation, contracts for goods or services, it must do so in accordance with a system which is fair,

equitable, transparent, competitive and cost-effective". This provision is further extrapolated in the MFMA and in the City's SCM policy.

The Managers from the SCM division acknowledged that the appointment emanated from the resolution taken by Council in terms of section 33 of the Municipal Finance Management Act, which provides that a municipality may enter into a contract, which will impose financial obligations on the municipality beyond a financial year, but if the contract will impose financial obligations on the municipality beyond the three-year period, the provision of section 33 must be fully complied with. This provision does not replace the proper procurement process. Managers in the SCM division indicated that, in this case, *"the CoT did not follow a proper, transparent, cost-effective, fair, equitable and competitive process for appointment of a service provider as provided for in the Constitution"*.

The appointment was handled as an unsolicited bid, thus denying open competition to other potential service providers; hence, the process was challenged and was found to be in violation of the Constitution, the Municipal Finance Management Act and the provisions of the SCM policy of the CoT.

Although they were interviewed separately, the Managers from the SCM division both indicated that the CoT has an approved SCM Policy that was drafted in line with the provisions of the Constitution, the MFMA and the Municipal Supply Chain Management Regulations. The bid was evaluated. The evaluation report was presented to the Supply Chain Management committee for consideration and recommendation to the AO for approval. The AO granted approval as he was convinced that the proper supply chain process was followed and that the recommendations were in order. The SCM informed the successful bidder, through an appointment letter, that their bid was successful and that they were appointed for the installation of 800 000 meters for the CoT. Accordingly, it was presumed that the contract was successfully concluded.

In relation to the SCM Managers' responses, the Constitution, section 217 in particular, the Municipal Finance Management Act and the Supply Chain Management Policy of the CoT were perused. The information provided by the SCM Managers was found to be in accordance with the provisions of the law and the SCM policy; further, this exposed the irregularities in the AO's decision to approve the appointment of a contractor. The approval was unlawful as it was in contrast to the provisions of section 217 of the Constitution.

The Manager in the Group Legal Services division confirmed that the responsibilities of the department are to defend all legal actions or applications instituted against the CoT by third parties and to institute legal actions or applications on behalf of the City of Tshwane against third parties. The Manager admitted that the item was referred to the Group Legal Services division for comment; she then stated that she was not in agreement with the approach followed by the AO. The Manager emphasised the non-compliance with the provision of section 217 of the Constitution, which rendered the process unconstitutional. The Manager indicated that, considering the cost of the project, a proper procurement process which put forward the advertisement of a bid was supposed to be followed. The Manager further indicated that there is no dispute as to whether the services were required by the CoT; however, the proper procurement process was not followed, which rendered the entire exercise irregular.

The Manager from the Forensic Investigation division was asked to describe the process followed in investigating this transaction. The Manager acknowledged that the court proceedings and the Auditor General highlighted the irregularities in the appointment of the contractor. This was determined at the realisation that the CoT, after presenting the item to Council for approval, did not follow the proper procurement process for the appointment of a service provider. The service provider was appointed based on an unsolicited bid approach, which is an exception provided for in terms of the Municipal Supply Chain Management Regulations.

In addition, the Project Manager confirmed that access to electricity is one of four basic municipal services to be provided to all residents of Tshwane. The Project Manager further acknowledged that core to the responsibilities of the Electricity Department in the CoT is the support for sustainable long-term service delivery and improving access to electricity services in order to satisfy the essential needs of consumers. The Project Manager voice his regret that out of the 800 000 meters that were agreed upon, only 13 000 meters were delivered.

When asked whether a payment certificate was submitted by the contractor for the work done, the Project Manager declared that payment certificates for these projects were submitted to the Finance Department and that the contractor was paid prior to the appointment being challenged. The Project Manager affirmed that *“the National Treasury advised the CoT that payment should be kept in abeyance pending finalisation of the National Treasury’s review of the entire procurement process, implementation and the cancellation of the project”*.

The Project Manager admitted that, after a court interdict was issued, the meter installation process was stopped; this rendered the tender process invalid due to non-compliance with the relevant legislation, especially section 217 of the Constitution. The Project Manager further submitted that the Auditor-General condemned the contract as unlawful and indicated that a directive was issued by the former Public Protector, Thuli Madonsela, to put the process on hold. The contract was declared null and void as it was found to be against the interests of the public.

The key participants’ responses suggested that the decision taken by the Council was malicious, as it appeared to have an element of corruption to it. After Council approval, the SCM process for appointing a service provider was not followed. It became difficult for the CoT to succeed in combating supply chain corruption, as those who were expected to be the *“watchdogs”* against supply chain corruption were actually the perpetrators thereof. It was observed that the perpetrators of supply chain corruption were senior executives in the Metropolitan Municipalities, who were appointed as ANC cadre

deployments and, therefore, had to serve the will of their “masters”. There is legislation in place to regulate and impose penalties on perpetrators of supply chain corruption, however, those who are expected to enforce consequence management have been found wanting as they are also implicated in supply chain corruption. The researcher further observed that *“the City of Tshwane Metropolitan Municipality ignored the recommendation by the National Treasury”* as was discovered through written communication between the office of National Treasury (OCPO) and the City of Tshwane.


The *Auditor General’s Report 2014/15* indicates that sufficient and appropriate audit evidence could not show that the contracts were awarded in accordance with the legislative requirements of a fair, equitable, transparent, competitive and cost-effective procurement process. The report also stated that some contracts were not submitted for auditing. Sufficient and appropriate audit evidence could not be obtained to show that invitations for competitive bidding were advertised for the minimum required period, as stipulated in the Supply Chain Management (SCM) Regulation 22(1) and 22(2), for some of the contracts. It was further indicated that transactions for goods and services above R200 000 threshold were procured without inviting competitive bids, as required by SCM Regulation 19(a), for some of the contracts.

The findings of Auditor General South Africa were later confirmed by The North Gauteng High Court in the case of Afrisake NPC Others as the Applicants, and The City of Tshwane Metropolitan Municipality and Others as Respondents, the case number for this matter is 74192/2013. This was an urgent application which the Applicants seek an interim interdict against the first (the City of Tshwane Metropolitan Municipality, the second (the City Manager), ninth (Executive Manager of the City of Tshwane), tenth (PEU Capital Partners (Pty) Ltd) and eleventh (Tshwane Utility Management Services (Pty) Ltd) as Respondents that they discontinue the installation of equipment in respect of the smart metering project of first Respondent, and that the Respondents are interdicted from effecting expenditure of whatever nature in respect of the smart metering project of the first Respondent, further that an order is sought that “the decisions of the first Respondent to enter into the agreement be declared to be illegal and invalid.

The North Gauteng High Court declared the contract with the service provider invalid, as it was inconsistent with the provisions of the Constitution. It was therefore set-aside. The termination spared the CoT a R950 million pay out to the smart meter provider.

Case 2: Collusion and corruption in the inflation of prices for various goods procured for the CoT, to be utilised in the cleaning of offices and swimming pools to the value of R27 million

In the findings of the 2014/15 Report, the Auditor General highlighted that the splitting of orders by procuring goods below the value of R200 000 is a serious concern. It was determined that this practice was an attempt to evade the proper tender process; it is also a violation of the SCM processes as well as the threshold set for the procurement of goods and services. In terms of the SCM policy (CoT, 2011:278), the thresholds are set as follows:



Petty cash transactions up to a monetary value of R 2 000.00 (all applicable taxes included). Written quotations above R2 000 and up to R30 000 (all applicable taxes included). Formal written price quotations above R30 000 and up to R200 000 (all applicable taxes included). Competitive bidding processes for: Procurement above a transaction value of R 200 000 (all applicable taxes included), and the procurement of long-term contracts. The CM may lower, but not increase the above thresholds and may direct that: Written quotations be obtained for any specific procurement of a transaction value lower than R 2 000 (all applicable taxes included). Formal written quotations be obtained for any specific procurement of a transaction value lower than R 30 000 (all applicable taxes included). A competitive bidding process be followed for any specific procurement of a transaction value lower than R 200 000 (all applicable taxes included).

In this case, the CoT invited prospective suppliers to apply to be accredited and registered on the supplier database for the procurement of goods and services that are required and used on regular basis. The intention of the invitation was to establish a database of pre-

approved service providers who would be approached, from time to time, when goods and services are required. It was the intention of the CoT that quotations for the supply of goods and services would be sourced from approved service providers on a rotational basis, and that the procured goods should not exceed R200 000.

The following individuals were selected for participation in this study due to the role they played in the procurement of goods and services in this case:

- 2 x Managers: SCM.
- 1 x Manager: Group Legal Services.
- 1 x Manager: Forensic Services Division.
- 1 x Manager: Labour Relations.

The participants were asked to explain how the case of supply chain corruption came to light, to which the Manager in the Forensic Division responded by acknowledging that *“even though the media have a tendency of over-stating issues, the information on supply chain corruption came to light through a television program called Check-Point”*. He further indicated that the matter was then examined through a vigorous forensic investigation. The investigators were able to unearth corruption, gross misconduct and wasteful expenditure in respect of the over-inflated prices of various items or goods procured, such as *“transformers, Handy Andy, paint, powder soap, Sunlight liquid soap, shovels, toolboxes, wall plugs and chlorine”*, all of which were found to have been procured at significantly exaggerated costs. Moreover, these items are normally procured via a quotation request, and are not complicated to source, since they are readily available in many stores. According to the Manager in the Forensic Division, the investigation revealed that an item with the wholesale value of R79 was sold to the CoT for R300.

The Manager in the Labour Relations division acknowledged that these items – transformers, Handy Andy, paint, powder soap, Sunlight liquid soap, shovels, toolboxes, wall plugs and chlorine – were sampled for investigation, at which point it was confirmed that the offered price was indeed escalated. This practice was found to be in violation of the constitutional provision that the procurement process must be considerate of the value for money principle. The Manager further noted that the senior managers involved in this

case of supply chain corruption were charged and, thereafter, dismissed; the charges included failure to adhere to the prescripts of the Constitution, the Municipal Finance Management Act, the Supply Chain Management Regulations and the City of Tshwane's SCM policy, with the intention of committing supply chain corruption. They were further found to have acted unethically by failing to report such collusion, and the concomitant supply chain corruption, to the relevant authority. It was also observed that:

in some instances, the actual goods are not delivered but only paper works are being pushed from one officer to the other, until payment is made for the [work] not done. The requesting department, through corrupt member of the cartel would create a requisition and the supplier would submit quotation, the procuring officer would generate purchase order. Upon receipt of purchase order, the supplier would submit invoice that would be taken through for payment. Based on the strength of the proof that the requisition was created, quotations were sourced, purchase order was issued to the supplier and invoice was submitted, the account payable would proceed to pay.

The Manager in the SCM division confirmed that these items are classified as store items and are kept in bulk for daily use, primarily for the maintenance and cleaning of both the CoT head office and its regional offices. The Manager stated that items such as Handy-Andy, powder soap, Sunlight liquid soap are used on a daily basis by the personnel appointed to clean the offices, kitchens, toilets and other public places, while items such as transformers, shovels, toolboxes, wall plugs and chlorine are used by the maintenance staff to maintain the condition of the offices and to attend to emergencies as and when the need arises. The Manager in the SCM division indicated that these items were sourced from service providers registered on the CoT database. The service providers were pre-screened and qualified to supply goods and services to the CoT, contingent on the request for quotations for the relevant goods. In accordance with MSCM Regulation 38, read with the SCM policy of the CoT, the Manager in the SCM division confirmed that

the AO must reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt

or fraudulent act in competing for the particular contract. Further, that the AO must reject the bid of any bidder if that bidder or any of its directors has abused the supply chain management system of the municipality or municipal entity or has committed any improper conduct in relation to such system; has been convicted for fraud or corruption during the past five years; has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or has been listed in the Register for Tender Defaulters in terms section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

Another SCM Manager insisted that the CoT's strategy is to empower small and micro enterprises in line with the provision of the Broad-Based Black Economic Empowerment Act. The Manager maintained that the appointment was done in terms of the normal procurement process, which involves requesting quotations from pre-approved service providers who are registered in the CoT SCM database. He further submitted that the service providers were approved according to the business and items for which they were registered on the database. The Manager in the SCM division insisted that the normal evaluation process, consisting of the 80/20 or 90/10 SCM threshold, was followed, where 80 or 90 is for price and 20 or 10 is for equity. The Manager in the SCM division confirmed that all the service providers were appointed to supply goods and services in line with these formulas; in this respect, he denied allegations of the prevalence of supply chain corruption in the CoT. The SCM Manager stressed that these allegations are merely rumors perpetuated by disgruntled officials in the CoT. Despite the denial of the SCM Manager, the Manager in the Group Legal Services division confirmed that *"actions were taken against the services providers who defrauded the CoT. Further that they [were] suspended from the database and blocked from doing business with the CoT"*.

The Manager in the Group Legal Services division further indicated that the employees who were implicated in the fraudulent transaction were subjected to a disciplinary hearing and, finally, were dismissed. The names of the affected service providers, together with

their identity document numbers and the names of their companies were submitted to the National Treasury to be blacklisted as defaulters in the supply chain process. The service providers implicated in this incidence of supply chain corruption were ultimately blacklisted and removed from the municipal database.

4.3. SYNTHESSES: UNDERLYING CONTRASTS AND COMMONALITIES

4.3.1. Contrasts

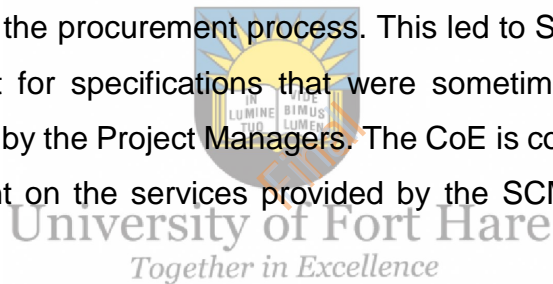
The Municipal Supply Chain Management Regulation 38 provides for the combating of the abuse of the supply chain management system. In terms of enforcing the provisions of Regulation 38, the two Metropolitan Municipalities (CoJ and CoT) under the leadership of the Democratic Alliance (DA) have been capacitated to deal with corruption; moreover, they are active in unravelling cases of supply chain corruption and enforcing consequence management. A number of the key participants in supply chain corruption have vacated their positions due to the investigations lodged by the CoJ and the CoT. In the cases under study, it became evident that the two Metropolitan Municipalities have the political and executive will, as well as the necessary support, to bring all participants in supply chain corruption to justice. This begs the question of whether the DA-run metros had the upper hand in dealing with instances of corruption that took place before the DA took over the two metros, that is, the CoJ and CoT. These cases were supposed to have been handled and finalised some time back, which brings into question the unwillingness of the municipalities led by the African National Congress (ANC) to adequately grapple with supply chain corruption.

In the ANC-led CoE, the department that is meant to investigate allegations of fraud and corruption is not adequately capacitated. Moreover, cases of supply chain corruption are not reported to the SAPS, and the investigations were often too lengthy to be finalized; even potentially successful or 'winnable' cases remained unattended without the imposition of sanctions. It became apparent that there was a lack of political and executive will to capacitate the department responsible for the investigation of fraud and corruption. It was determined that the CoE was reluctant to enforce consequence management; in

addition, those implicated in supply chain corruption resigned, only to re-enter the space at a more senior level approximately six months later.

Unlike the CoJ, the CoE does not have specific entities that specialise in critical areas, such as City Power, Pikitup, the Johannesburg Property Company, the Johannesburg Roads Agency, Johannesburg Water, the Johannesburg Trading Company, Metrobus, Johannesburg City Theatres, Johannesburg City Parks and Zoo, the Johannesburg Development Agency and the Johannesburg Housing Company. This specialisation makes it easier for supply chain practitioners in the CoJ to know and understand their environment, and to become SCM specialists.

In the CoE, SCM personnel who are not specialists in any area of work, and those who operate in the division but have not been capacitated for the specificities of particular tasks, do not work on the procurement process. This led to SCM practitioners relying on the client department for specifications that were sometimes tailor-made for specific suppliers, as targeted by the Project Managers. The CoE is comprised of 30 departments that are all dependent on the services provided by the SCM division, which is under-capacitated.



The CoJ and the CoT made a serious effort to tackle corruption. In these two Metropolitan Municipalities, the Division of Forensic Services had a Fraud Investigation section, which consisted of two sub-sections: Conduct, Anti-Corruption and Incidents Investigations, as well as Observations and Entrapment Services. Furthermore, there are two functional units within the Conduct, Anti-Corruption and Incidents Investigations sub-section: Conduct and Anti-Corruption Investigations, and Incidents Investigations. These units' employ two senior forensic auditors, six senior investigating officers, 16 investigating officers and five inspectors. In this respect, the division was adequately capacitated to handle issues of corruption in the City.

In contrast, the CoE has one divisional head and approximately 150 junior officials varying in terms of ranks and levels. The division lacks the necessary expertise and capacity to

handle cases of supply chain corruption, which has resulted in all cases of corruption being outsourced to independent investigators. The consequent delays in finalising cases of supply chain corruption have caused the CoE to suffer financial loss and reputational damage.

4.3.2. Commonalities

The three Metropolitan Municipalities were established in 2000, in accordance with the relevant legislation; they are located in the Gauteng province. The interviews and document review process revealed that SCM processes and procedures are the same across the three Metropolitan Municipalities under study. SCM is established in terms of the SCM Guide for AOs/Authorities (2004:21) and it is placed under the office of the Chief Financial Officer in the National Treasury. In addition, the SCM divisions of the three Metropolitan Municipalities are structured in terms of the Treasury Regulations, and they report to the office of the Chief Financial Officer.

The National Treasury established the Office of the Chief Procurement Officer (OCPO), which plays a major role in strengthening governance in the procurement of goods and services across all categories within the municipalities and the public sector in general. The procurement of goods and services is governed by the Constitution, section 217 in particular, which provides that when the relevant organ of state in the national, provincial or local sphere of government (or any other institution identified in national legislation) contracts for goods or services, it must do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

Upon reviewing the SCM policies of the three Metropolitan Municipalities under study, it became evident that the provisions of the Constitution, the MFMA and the National Treasury Regulations, all of which address the procurement of goods and services, were incorporated into the SCM policies of these municipalities. Furthermore, it is apparent that all the departments in the three Metropolitan Municipalities are obliged to comply with the legislative regulations and the provisions of their internal procurement policies. It was observed that, in the three Metropolitan Municipalities, poor planning is the main cause

of all deviations from the normal procurement process, which resulted in service delivery protests and placed departments under duress to effect services without following due process.

It was also found that the provisions of the MFMA were taken into consideration in all three Metropolitan Municipalities under study. It was determined that the provision of Municipal Supply Chain Management Regulation 36 was consistently abused by the three Metropolitan Municipalities; this is the regulation that focuses on deviations from the normal procurement process. Moreover, Regulation 36 appeared to be abused due to poor planning on the part of the relevant departments, which affected the quality of the services rendered. Furthermore, Regulation 32, which is focused on the procurement of goods and services under contracts secured by other organs of state, had the good intention of fast-tracking service delivery in order to avoid delays in the procurement of goods and services; good intentions notwithstanding, the proper processes were ignored and goods and services were procured with ulterior motives and corrupt intent. The same applies to the use of Regulation 31, which focusses on the procurement of IT-related goods and services.



It was established that demand planning, which is an important element of SCM, was compiled by the client department and submitted to the SCM division for compliance purposes. Despite a number of follow-ups and reminders from the SCM division, it has become apparent that client departments compile their demand plans purely as an act of malicious compliance. The goods and services that are procured are, in most cases, not in line with what was contained in the demand plan. It was also observed that the specifications are not submitted to the SCM within the appropriate timeframe in order for the proper procurement process to be effected.

The researcher observed that the senior executives in the Metropolitan Municipalities are often the individuals who are found to have committed supply chain corruption. For example, senior executives in the CoT were found to have abused their powers in execution of their work; in this regard, the City of Tshwane distorted matters of public

accountability on the part of senior executives. It was also observed that supply chain corruption, as a criminal activity, gave rise to favouritism in the recruitment of employees within the Metropolitan Municipalities. Senior Executives want to surround themselves with people with whom they have a history, especially those who would aid in the perpetuation of corruption, and who can easily be manipulated. In most cases, this relationship emanates from the political realm and, in turn, the officers enjoy political cover and protection; hence, a number of cases of supply chain corruption resulted in the perpetrators being transferred to other departments or entities.

In the cases discussed in the study, it was observed that there was a lack of commitment on the part of the leadership of the three metropolitan municipalities under study, in that they did not seem to take issues of supply chain corruption seriously. This is because a significant degree of laxity was exercised in disciplining the perpetrators of supply chain corruption and, consequently, a bad precedent was set in the three Metropolitan Municipalities. Consequence management became a serious obstacle to ensuring fair administration and ethical behaviour amongst employees in general. In cases of supply chain corruption in the three Metropolitan Municipalities, the selective application of consequence management was seen to compromise fairness in the disciplinary proceedings. The corrupt relationship between employees at senior and junior levels, as well as the service providers, compromised clean administration within supply chain processes. In addition, the mixing of politics with work encouraged corruption in supply chain processes. It is common practice within the three Metropolitan Municipalities under study that politicians are actively involved in Supply Chain Management processes, even though they are fully aware that they should not be involved in these processes at all. They influenced the appointment of SCM officers and project managers so that they can easily issue verbal instructions and exercise their influence without putting anything in writing to the officers.

Another common practice within the three Metropolitan Municipalities was that disciplinary cases were unreasonably delayed and/or lost purely on the basis of procedural issues. In some instances, the perpetrators resigned without the municipality

enforcing any discipline or even reporting the matter to the SAPS; moreover, there have been a few instances in which the employee has been employed by the municipality once again, sometimes at a more senior level than before, within six months. The delay in handling disciplinary cases does not serve as a deterrence to, but rather perpetuates, supply chain corruption in the three Metropolitan Municipalities.

Furthermore, it was noted that price escalation was a common practice in the cases of supply chain corruption selected for this study. The problem of price escalation ran across all three Metropolitan Municipalities, as evident in the following cases: The procurement of intelligence water meters in the CoE, the procurement of trees in the CoJ by Johannesburg City Parks and Zoo, and the procurement of cleaning items in the CoT. It was observed that the three metros (CoE, CoJ and CoT) all utilise the provisions of the MSCMR, Regulation 32 in particular, which indicates that goods and services can be procured under contracts secured by other organs of state, as well as Regulation 36 which provides for deviations from, and the ratification of minor breaches of, procurement processes.

Regulation 36(1) states that a supply chain management policy may allow the accounting officer “(a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only

- (i) in an emergency;
- (ii) if such goods or services are produced or available from a single provider only;
- (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
- (iv) acquisition of animals for zoos; or
- (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.

Some of these provisions, such as the emergency listed as point (i), can be tested in line with the approved SCM policies of the three Metropolitan Municipalities. Accordingly, an

emergency is defined as an unexpected and sudden event that must be dealt with urgently, and in which there is an immediate threat to life and limb. The provision related to a single provider, listed as point (ii), can also be tested and proven through the open tender process and supporting documents to show ownership of the product, which is also applicable to works of art, historical objects and animals. It is however evident that the provision listed in point (v), that is, when it is impractical or impossible to follow the proper procurement process, is most abused; in most cases of supply chain corruption which rely on this provision, there are traces of poor planning together with a lack of substantiation for this.

All three Metropolitan Municipalities (CoE, CoJ and CoT) under study were found to have abused the provisions of the Municipal Supply Chain Management Regulations, particularly Regulations 32(1) (a-d) and 36(1) (a) (v).

Regulation 32 provides for the procurement of goods and services under contracts secured by other organs of state. Regulation (1) states that “a supply chain management policy may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if-

- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
- (b) the municipality or entity has no reason to believe that such contract was not validly procured;
- (c) there are demonstrable discounts or benefits for the municipality or entity to do so; and
- (d) that other organs of state and the provider have consented to such procurement in writing.
- (e) In most cases, the goods and services procured through Regulation 32 were found to have been in the approved demand plan of the department, which caused unnecessary delays in the procurement of goods and services.

In most cases, the goods and services procured through Regulation 32 were found to have been in the approved demand plan of the requesting department and due to poor planning and unnecessary delays, the department resort to utilisation of Regulation 32 for procurement of goods and services. There are no consequences for the delay caused or the demonstrable discount referred to in paragraph (c). Regulation 36, particularly 36(1) (a) and (v), enables deviation from the normal procurement process, as follows:

a supply chain management policy may allow the accounting officer (a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only – (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.

This provision was abused despite the SCM policy's stipulation that in instances in which it is impractical or impossible to follow the official procurement process, it must be shown where and how the market was tested, why it is impractical to follow the quotation or tender route, and it must be made clear that the provider was selected in a fair manner so as not to prejudice other potential providers (CoT SCM Policy, 2011:299).

Unethical behaviour appeared to be the common denominator amongst the three Metropolitan Municipalities as, in all the cases studied here, the Managers deliberately failed to declare their interest, or ignored any such declaration, and abused the provisions of Regulations 32 and 36 of the MSCMR. In addition, the Senior Managers in the three Metropolitan Municipalities, who were supposed to be supply chain corruption “watchdogs”, were found to be active participants in redirecting public funds through corrupt activities.

Table 7: Syntheses: Underlying Contrasts and Commonalities in the three Metropolitan Municipalities

	CoE	CoJ	CoT
Contrasts	<ul style="list-style-type: none"> • Lax on consequence management. • Lack of capacity on key divisions such as SCM and Forensic Investigation. • Lack of political will to eradicate supply chain corruption. • Lack of executive commitment on uprooting supply chain corruption. • Enormous staff turnover. • ANC-run metro (2000 to date). 	<ul style="list-style-type: none"> • Effective consequence management. • Critical departments such as SCM and Forensic Investigation are well capacitated. • Politically inclined to eradicate supply chain corruption. • There is executive support. • Deliberate capacitation in key positions. • DA-run metro (2016 to date). 	<ul style="list-style-type: none"> • Effective consequence management. • Critical departments such as SCM and Forensic Investigation are well capacitated. • Political will to eradicate supply chain corruption. • There is executive support. • Deliberate capacitation in key positions. • DA-run metro (2016 to date).
Commonalities	<ul style="list-style-type: none"> • Conflict of interest amongst employees and service providers. • Collusion between the SCM and client departments as well as the service providers. • All cases in the three Metropolitan Municipalities under study implicated senior employees. • Poor planning was regarded as an impediment to successful SCM in the three Metropolitan Municipalities. • Price escalation is evident across all three Metropolitan Municipalities. • Lack of ethical behaviour is evident amongst municipal employees and service providers. • Regulation 32 and Regulation 36 of the MFMA are often soft targets for potential abuse as an easy way to effect supply chain corruption. 		

Source: Researcher's design.

4.4. CONCLUSION

The importance of public procurement in South Africa cannot be underestimated. Hence, the principle of using public procurement to achieve the country's socio-economic objectives is widely recognised. Despite the wealth of legislation promulgated by the Republic of South Africa, the findings of this study indicate that supply chain corruption is still prevalent, due to conflict of interest, lack of accountability and consequence management on the part of the relevant executives, as well as the lack of political will. This is largely due to political apathy, lax consequence management and capacity constraints in tackling corruption.

Issues such as non-compliance with the relevant legislation and policies, supply chain corruption, capacity in key departments and the SCM division in particular, should be aggressively addressed to help improve supply chain management practices in the three Metropolitan Municipalities under study. Cases that are struck off the roll due to a lack of evidence should be avoided as they expose municipalities to unnecessary litigation. It transpired that the root of cases being struck off the roll was supply chain corruption due to the unethical behaviour of municipal employees and service providers. The study determined that a clear pathway for accountable leadership should be developed in the three Metropolitan Municipalities.

The Constitution of South Africa, section 195 in particular, provides for the principle of integrity as an essential component in the fight against corruption. The country should be intentional in its focus on building a national integrity system following the Kanyane Ethics Architecture Model, as proposed in Chapter Two of this study. Integrity comprises of a high standard of professional ethics, transparency in handling the affairs of the municipality and accountability in the use of state resources. A combined reactive and proactive prognostic approach must be followed in order to tackle supply chain corruption.

The ensuing chapter draws the study to a close, with a set of conclusions and recommendations that are informed, largely, by the theoretical framework put forward in Chapter Two and the key findings set out in this chapter of the study.



CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1. INTRODUCTION

The South African government considered Supply Chain Management (SCM) an important function of government, with a significant impact on the economy and on the social needs of the public. The government, however, recognised that the centralised approach of the previous government in acquiring goods and services was highly prescriptive and had, amongst other things, the deficiencies of inconsistency in policy application, lack of accountability, lack of supportive structures and fragmented processes. Hence, the South African government established the Office of the Chief Procurement Officer (CPO) in the office of the National Treasury. The responsibility of the CPO, amongst others, is to monitor adherence to minimum norms and standards as well as policy outcomes of the SCM, and to facilitate the arrangement of transversally used term contracts. In the main, the study found that the CPO was successful in laying down the foundation for a supply chain policy framework and was becoming a threat to those who intended to corrupt the system. ***The success of the office of the CPO was short-lived as, at a point of their oversight and implementation, the very CPO resigned due to a lack of political support and has to this day not been replaced; hence, supply chain corruption is still a cause for concern in the metropolitan municipalities under study and the government sector at large.***

Upon the resignation of the OCPO, the constructed standardised procurement framework, the Central Supplier Database (CSD), through which the state was supposed to manage large tenders and contracts, never took off from the ground despite good intentions. Only the Auditor General has a Computer Assisted Audit Techniques (CAAT) system to check employees in government, municipalities and SOEs. In the absence of a CSD, employees in government who do business with the state are only discovered after the fact, through the CAAT system, which makes it difficult to prevent supply chain corruption from happening. ***Even then, the CSD application still needs to be tested in***

order to determine its effectiveness as blacklisted companies and their directors have a way of masquerading in another form of new or shelf companies in order to continue doing business with the state.

As a means to further its socio-economic policies, the government uses the procurement of goods and services for transformational ends. Supply chain involves the government, ordinary citizens and private enterprises as three major role players. In this tripartite relationship, each party has a role, which is interdependent upon and interrelated to others. The government decides on which goods or services to procure and, at the same time, processes payment for procured goods and services. The ordinary citizens, who are taxpayers and core funders of the activities and for whose benefit the goods and services are procured, are critical players to enforcing social accountability on the part of the state. Lastly, private enterprise, which supplies goods and services within the terms and conditions of the government, through the Procurement Officer, are pivotal to supply chain processes. ***In this study, it became apparent that the primary function of SCM is to obtain value for money in the procurement of goods and services, yet it is the most corrupt and vulnerable system due to the parasitic networks established for personal gain at the expense of service delivery.***

Therefore, supply chain has, however, been perceived as an area infested with waste and corruption which has resulted in increased costs of doing business and poor quality services. It has also been determined that supply chain corruption is a global phenomenon that primarily arises in interaction between corrupt government employees and corrupt service providers. ***It is therefore important to underscore, in this study, that both the government and the private sector are the menace of supply chain corruption; however, both have been besmirched by corrupt officials and collusive business executives.***

In the broader scheme of things, ethics lies at the very heart and soul of the public institutions that underpin the study of supply chain corruption in the three Gauteng metros: City of Ekurhuleni, City of Johannesburg and City of Tshwane. ***In this context, it is safe***

to argue that the lack of or inadequate ethical behaviour on the part of employees in the three metros under study, and on the part of the service providers who supply goods and services to the metros, has resulted in defiance and the undermining of all legislative frameworks meant to fight supply chain corruption in all its manifestations. Due to the failure of participants in the supply chain process to uphold the requisite ethical behaviour, the three metros porously encountered the scourge of supply chain corruption.

During the course of this study, the research questions posed in Chapter One were cross-examined and addressed. The following research question was accounted for in Chapter Four of this study: “What were the causes and ramifications of supply chain corruption, and why is it still exponentially increasing when there are extant measures to fight it?” Another core question probed in this study focussed on the nature and extent of supply chain corruption in the three metros; this question was interrogated in depth in both Chapter Two and Chapter Four of the study, as informed by theoretical framework and qualitative methodologies employed in the study. Lastly, the research question “What was the impact of supply chain corruption in the three metros under study?” and how this could be resolved received much attention in the preceding chapter, Chapter Four, and it receives further attention at the end of this chapter through the proposal of possible mechanisms, in Table 8.

What became apparent in this study was that, arguably, corruption in supply chain continues to persist largely because the accounting officers, both political office bearers and administrators, do not show commitment in enforcing supply chain legislation by instituting consequences management against the perpetrators of supply chain corruption and those who do not hold ethical values in high esteem. Hence, the compelling conclusions made in the next section.

5.2. CONCLUSIONS

Indubitably, during the course of this study, it was found that all three metros under study continuously received qualified audit reports from the Auditor General South Africa on procurement irregularities, unauthorised expenditure as well as fruitless and wasteful expenditure. Hence, it does not come as a surprise to see Accounting Officers in the metros not being spared from their failure to institute consequence management against those implicated in non-compliance. It became evident that the three metros did not comply with the provisions of the Constitution, the MFMA and its Regulations, the Preferential Procurement Policy Framework Act and its Regulations, as well as their own SCM policies.

This study argued that ethical behaviour is an essential and important tool for curbing supply chain corruption. Upholding ethics as the fundamental rule is part of a holistic anti-corruption strategy, with ethics as the main fulcrum in the fight against supply chain corruption. ***This study pointed out that, while supply chain corruption certainly negatively affected the day-to-day running of public affairs, it is actually the collapse of ethical behaviour and the failure to uphold accountability and consequence management that has created fertile ground for supply chain corruption to manifest itself as a vicious cycle.***

To contextualize the study, Chapter One provided a background to and brief history of the three metros studied herein. It also provided a historical background to the supply chain in the South African government, and its intentions in respect of economic empowerment. From the beginning of this study, supply chain corruption was viewed as an element that undermines democracy and has a negative impact on sustainable economic growth, service delivery and development; this was tested using theoretical and empirical facts posed in both Chapter Two and Chapter Four.

One can therefore safely conclude that, despite the plethora of supply chain legislation, supply chain corruption is still virally destroying the moral fabric of our

society. In this Chapter One, the objective of the study, which was to assess the nature and extent of supply chain corruption, as well as the consequences and the impact thereof, were successfully grappled with. This included the assessment of risks and mitigation in the supply chain environment. Moreover, in line with the last objective of the study, the researcher suggests a workable architecture for supply chain ethics that could be used to fight supply chain corruption, as put forward in Table 8, especially in relation to the Kanyane ethics architecture model. These three objectives were achieved and informed by the theoretical expositions proffered in Chapter Two, document reviews, observation as well as the empirical data obtained from the participants and analysed in Chapter Four.

In Chapter Two, the literature on ethics as a theory underpinning the research was studied; the chapter contributed to the epistemology of supply chain corruption, which was a missing link, often understudied and underdeveloped. The literature highlighted that a lack of ethics and accountability in government dealings has resulted in a state of anarchy and a dysfunctional government. Power in the hands of unethical and unaccountable leaders, both political and functionaries, have caused the state to lose legitimacy and a sense of direction. At the helm of the study, ethics (or rather ethical behavior) was found to be the primary missing link in order for the workforce to uphold public accountability and integrity with the highest esteem.

In Chapter One, the study argues that, in order to combat the scourge of supply chain corruption in all its manifestations, South Africa needs ethical behaviour from its citizenry, along with anti-corruption policy enforcement and consequence management. Hence, the Kanyane ethics architecture model was used as a comprehensive hybrid linchpin to emphasise the importance of ethics, as evident in the pictorial below:



Kanyane Ethics Architecture Model

In Chapter Three, the three Gauteng metros were used as case studies; this proved to be an effective qualitative research method to inform the critical issues raised in Chapter Four of the study. The data drawn from interviews, observation, document reviews, seminars and indaba on supply chain corruption authenticated the trustworthiness and validity of the data collected from the participants, through triangulation.

Chapter Four focused on analyzing the empirical data obtained through unstructured interviews with the identified participants, who were found to be key role players in supply chain processes in the selected cases of supply chain corruption in the three Metros under study.

In Chapter Four, it became evident that supply chain corruption is rife in the Cities of Ekurhuleni, Johannesburg and Tshwane. It was further found that supply chain corruption not only affects the three metros but the country as a whole. This was witnessed by numerous individuals within the supply chain, with cases of corruption being handled by the office of the Public Protector and other anti-corruption agencies; examples of these cases are the Nkandla saga, Eskom debacle, Transnet on SAP undue payment, State of Capture Report, Derailed PRASA Report by the then Public Protector, and so forth. Even the watchdogs are compromised, as witnessed by the questionable conduct of the audit firms, KPMG and Nkonki, which have been withdrawn by the Auditor General from doing business with the state.

The collusion between SCM, client departments and service providers emanated from a conflict of interest, which was a cause for concern. Interestingly, ***the study found that client departments are largely peddlers and guzzlers of supply chain corruption, especially at the bid specification and implementation stages, through collusive practices with the relevant service providers. As such, price escalation across the three metros was found to have attracted bribes from service providers who then sought to recover their money by inflating their prices, billing for work not done, failing to meet contract standards, and compromising the quality of their work by using inferior materials; this resulted in exaggerated costs and work of an inferior quality.***

Core to the issues addressed in the Chapter were the abuse of Regulation 32 and 36² of supply chain management; these two Regulations were found to have been used as soft targets for potential abuse as an easy way to corrupt the municipality. This is because goods and services were procured irregularly under the pretext of Regulation 32 and 36 of the Municipal Supply Chain Management Regulations (MSCMR). It further transpired

² Regulation 32 of the MFMA entails the “procurement of goods and services under contracts secured by other organs of state” and Regulation 36 deals with “deviation from, and ratification of, minor breaches of procurement processes”.

from the findings that the two metros, the City of Johannesburg (CoJ) and the City of Tshwane (CoT), showed some level of commitment and dedication to the eradication of supply chain corruption given that they are ruled by the opposition party, the Democratic Alliance (DA), rather than the ruling party, the African National Congress (ANC). On the contrary, the City of Ekurhuleni (CoE), which is ruled by the ANC, was found to be reluctant in enforcing consequence management and lacking capacity in key divisions such as SCM and Forensic Investigation. ***It remained to be seen, however, whether the DA led metros will be consistent in enforcing consequence management on perpetrators throughout, as opposed to those found to have defrauded supply chain management in the era of an ANC-led government when it was initially in charge of all the metros.***

5.3. RECOMMENDATIONS

Arguably, the procurement of goods and services cannot be underestimated in restoring and rebuilding the Republic of South Africa from the ravage caused by the perpetrators of corruption. The country promulgated numerous articles of legislation to address the inequality of the past, including SCM which has been used as an instrument to bring about economic equality in the country. There is also legislation, as well as regulations and policies, which regulates supply chain management in both the municipality and the government. There are, however, corrupt opportunistic tendencies that infiltrated supply chain processes and corrupted it through conflict of interest, lack of accountability, as well as deliberate and intentional strategies of incapacitating core departments meant to eradicate supply chain corruption. The deployment of cadres in strategic departments and positions, with a mandate of protecting those that are within the “inner circle” of the cartel, perpetuate supply chain corruption and eliminate those who are committed to the extermination of corruption.

As part of the country's constitutional democracy, South Africa's Chapter 9 institutions³, which were established to support and strengthen the country's constitutional democracy, must allow legitimate institutions to operate without fear or favour. The Chapter 9 institutions relevant to this study were the Public Protector, the South African Human Rights Commission and the Auditor-General. The autonomy of Chapter 9 institutions must be maintained at all times; in this respect, political influence must not be allowed to dictate terms to the state institutions established to support constitutional democracy and to eradicate supply chain corruption.

The legislative framework is deemed sufficient, however, focus should change to ethics, and the Kanyane ethics architecture model should be considered as core to the hybrid strategy in resolving supply chain corruption. A high standard of integrity and professional ethics should be the focal point in handling public affairs. It is recommended that a hybrid, of reactive and proactive, prognostic approach be introduced to tackle supply chain corruption (see Table 8, below).



The South African media played a critical role when state institutions were diluted and used as part of protracted political battles, especially under the Mandela, Mbeki and Zuma administrations. Numerous cases, which were construed as “fake news”, were later proven correct. Robust and constructive investigative journalism should be considered an instrument that can be relied upon to aggressively follow reported cases of supply chain corruption, without fail, and could thus be used to bring to book perpetrators of fraud and corruption before they destroy evidence that can be secured and used against them.

Table 8 below reflects the development of syntheses provided in Chapter Four underscored contrasts and commonalities in the three metros studied. The table is now further developed to include possible resolutions to issues of supply chain corruption.

³ The Chapter 9 Institutions are derived from the Constitution of the Republic of South Africa (1996). These institutions are: the Public Protector; the South African Human Rights Commission; the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities; the Commission for Gender Equality; the Auditor-General; and the Electoral Commission.

Table 8: Possible resolution

	CoE	CoJ	CoT
Contrasts	<ul style="list-style-type: none"> • Lax on consequence management. • Lack of capacity in key divisions such as SCM and Forensic Investigation. • Lack of political will to eradicate supply chain corruption. • Lack of executive commitment to uproot supply chain corruption. • Enormous staff turnover. • ANC run metro (2000 to date). 	<ul style="list-style-type: none"> • Effective consequence management. • Critical departments such as SCM and Forensic Investigation are capacitated. • Politically inclined to eradicate supply chain corruption. • There is executive support. • Deliberate capacitation in key positions. • DA run metro (2016 to date). 	<ul style="list-style-type: none"> • Effective consequence management. • Critical departments such as SCM and Forensic Investigation are capacitated. • Political will to eradicate supply chain corruption. • There is executive support. • Deliberate capacitation in key positions. • DA run metro (2016 to date).
Commonalities	<ul style="list-style-type: none"> • Conflict of interest amongst employees and service providers. • Collusion between SCM, client departments and service providers. • All cases in the three Metropolitan Municipalities under study implicated senior employees. • Poor planning was seen as an impediment to successful SCM in the three Metropolitan Municipalities. • Price escalation across the three Metropolitan Municipalities. • Lack of ethical behaviour on the part of both municipal employees and service providers. • Regulation 32 and Regulation 36 of the MFMA are often soft targets for potential abuse as an easy way to effect supply chain corruption. 		
Possible Mechanisms	<p>Based on the critical issues raised, the following specific recommendations are made:</p> <ol style="list-style-type: none"> Supply chain management is susceptible to many different forms and manifestations of corrupt practices and illicit behaviour, hence, businesses must prevent corruption within their ranks, and keep bribery out of tendering and procurement processes. In doing so, it is recommended that the private sector must own up and take collective responsibility by adopting anti-corruption measures and equally instituting consequence management amongst employees who violate anti-corruption measures. Employees must refuse corrupt payment offers on the grounds that it violates the business principles of the company and applicable laws of the land, and could lead to the dismissal and criminal prosecution of the employee concerned. Management should conduct advocacies to raise 		

awareness by discussing anti-corruption policies with all personnel involved in purchasing and bidding processes.

- c) It is in the public interest that the media highlight corruption and other cases of malpractice perpetrated by public officials. The South African government should recognise Investigative Journalism as an important element within the anti-corruption mainstream. It has become apparent that all forms of fraud and corruption, and its manifestations, were first known to the media through investigative journalism. Without the media, economic crimes such as the “State of the Capture”, Gupta dealings, PRASA, Transnet, Eskom, Secured in Comfort – Nkandla, etc. would never have come to light; therefore, there is a need to accord the media and other non-state actors autonomous space to prevent supply chain corruption from happening, as a proactive and rather than a reactive prognostic instrument.
- d) Employees should be trained and informed of the consequences of corruption, and the fact that it may result in legal action, financial loss, and damage to personal reputation as well as organisational reputation. The Kanyane ethics architecture model should be introduced as an accredited module in the Municipal Finance Management Program (MFMP), which is a compulsory program introduced by the National Treasury for all municipal employees. This will instill a model of virtue and the moral high ground in the mix of mechanisms available to prevent supply chain corruption, as prevention is better than cure.
- e) Combating corruption should focus on public reform of legalistic supply chain systems in order to address a culture of greed and self-interest, which is a culture that encourages supply chain corruption; this is possible through the intentional promotion and inculcation of the spirit of ‘Ubuntu’ and the Kanyane model from the cradle to the grave.

Source: Self-design

5.4. AREAS FOR FURTHER STUDY

As the study found that (a) most senior managers are affiliated with a particular political party, and are therefore on the agenda of fulfilling their political mandate while at the same time protecting their interest and that of the corrupt politicians largely due to political influence, and (b) further that the client departments were seen as the main peddlers and guzzlers of supply chain corruption, there is a need for further study into these two important aspects of supply chain corruption.

REFERENCES

BOOKS

- Adetula, V.A. 2008. *Money and Politics*. Abuja: Petra Digital Press.
- Aiyede, R.E. 2000. *The Role of INEC, ICPC and EFCC in Combating Political Corruption*. Abuja. Petra Digital Press.
- Atkins L. and Wallace, S. 2012. *Qualitative research in education*. London: SAGE.
- Babbie, E. 2004. *The Practice of Social Research*. 10th edition. Belmont: Wadsworth.
- Babbie, E. and Mouton, J. 2011. *The Practice of Social Research*. Cape Town: Oxford University Press.
- Bakamba, B.B. 2009. *Pragmatical Fighting Corruption through Collective Action: Challenges and Associated Solutions for Companies*. Kampala: Makerere University.
- Bellamy, R. and Palumbo, A. 2010. *From government to governance*. Farnham: Ashgate.
- Best, J.W. and Kahn, J.V. 2006. *Research in Education*. Boston: Pearson Education.
- Bless, C., Higson-Smith, D. and Kagee, A. 2006. *Fundamentals of social research methods: An African's perspective*. Cape Town: Juta.
- Bodgan, R.C. and Biklen, S.K. 2003. *Qualitative Research for Education: An Introduction to Theory and Methods*. 4th edition. Boston: Syracuse University.
- Booth, W.C., Colomb, G.G. and Williams, J.M. 2003. *The Craft of Research*. 2nd edition. Chicago: University of Chicago Press.
- Borg, W. R. and Gall, M. D. 1989. *Educational Research: An Introduction* 5th edition. New York: Longman.
- Briggs, A.R.J. and Coleman, M. 2007. *Research methods in educational leadership and management*. 2nd edition. London: SAGE.
- Burns, N. and Grove, S.K. 2003. *Understanding nursing research*. 3rd edition. Philadelphia: W.B. Saunders Company.

- Burt, D.N., Dobler, D.W. and Starling, S.L. 2003. *World Class Supply Management: The Key to Supply Chain Management*. 7th edition. New York: McGraw-Hill Irwin.
- Cameron, R.G. and Stone, A.B. 1995. *Serving the Public. A Guide for Practitioners and Students*. Pretoria: Van Schaik.
- Carroll, A. and Buchholtz, A. 2008. *Business and Society: Ethics and Stakeholder Management*. 7th edition. Manson: Cengage Learning.
- Chandler, R.C. and Plano, J.C. 1998. *The public administration dictionary*. 2nd edition. New York: Clio Press.
- Clandinin, D.J. and Connelly, F.M. 2000. *Narrative Inquiry: Experience and Story in Qualitative Research*. San Francisco: Jossey-Bass.
- Coldwell, D. and Herbst, F.J. 2004. *Business Research*. South Africa: Juta & Co.
- Cooper, D. and Schindler, P. 2011. *Business Research Methods*. 11th edition, McGraw Hill, Boston.
- Cooper, D.R. and Schindler, P.S. 2003. *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*. 2nd edition. Thousand Oaks, CA.: SAGE.
- Covey, S.R. 1991. *Principle-Centered Leadership*. New York: Summit Books.
- Cresswell, J. W. 2008. *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*, 3rd ed., Sage, Thousand Oaks, Calif.
- Creswell, J.W. 2013. *Qualitative inquiry and research design*. 3rd edition. Thousand Oaks, CA: SAGE.
- Creswell, J.W. 2013. *Research design: Qualitative, quantitative and mixed methods approaches*. 4th edition. New York: SAGE.
- Creswell, J.W. and Plano Clark, V.L. 2007. *Designing and conducting mixed methods research*. Thousand Oaks, CA: SAGE.
- Daiute, C. and Lightfoot, C. 2003. *Narrative Analysis: Studying the Development of Individuals in Society*. Thousand Oaks, CA: SAGE.
- Della Porta, D. and Vannucci, A. 2012. *The hidden order of corruption: An institutional approach*. Burlington: Ashgate.
- Denscombe, M. 2007. *The good research guide for small-scale social research projects*. 3rd edition. England: Open University Press.

- Denzin, N.K., and Lincoln, Y.S. 2015. *The Sage handbook of qualitative research*. 4th edition Thousand Oaks, CA: SAGE.
- Denzin, N.K. and Lincoln, Y.S. 2000. *The handbook of qualitative research*. Thousand Oaks, CA: SAGE.
- Denzin, N.K. and Lincoln, Y.S. 2005. *Handbook of Qualitative Research*. 2nd edition. London: SAGE.
- De Vaus, D.A. 2001. *Research design in social research*. Thousand Oaks, CA.: SAGE.
- De Vos, A.S, Strydom, H., Fouché, C.B. and Delport, C.S.L. 2002. *Research at Grassroots*. Pretoria: Van Schaik.
- De Vos, A.S.; Strydom, H.; Fouché, C.B. and Delport, C.S.L. 2005. *Research at grass roots for the social sciences and human service professions*. 3rd edition. Pretoria: Van Schaik Publishers.
- Didia, P. O. (2007). Theoretical Perspective to Understanding Corruption in Nigerian Economy. In A. D. Aina (Ed.) *Corruption and the Challenge of Human Development*. Ilesa-Remo: Babcock University Press.
- Disch, A, Vigeland, E, Sundet, G and Gibson, S. 2009. *Anti-Corruption Approaches: A Literature Review*. Oslo Norway. Norwegian Agency.
- Doig, A. 2012. *Conclusion to the Special Issue: Time to Consider Prevention as well as Retribution?* United Kingdom: University of Birmingham.
- Domegan, C. and Fleming, D. 2007. *Marketing Research in Ireland: Theory and Practice*. 3rd edition. Dublin: Gill & MacMillan.
- Dul, J. and Hak, T. 2007. *Case Study Methodology in Business Research*. Oxford: Butterworth-Heinemann.
- Earthy, S. and Cronin, A. 2008. *Researching Social Life: Narrative Analysis*. 3rd edition. London: SAGE.
- Eisner, E.W. 1991. *The enlightened eye: Qualitative inquiry and the enhancement of educational practice*. Toronto: Collier Macmillan.
- Fakoya, V and Lalude, A. 2001. Normative Impediments to the Control of Corruption in Nigerian State: beyond the Orthodoxy of Theoretical Postulations. A paper presented at the International Political Science Association Conference held in Abuja, October 14th -18th, 2001.

- Feinstein, C. 2005. *An economic history of South Africa: Conquest, discrimination and development*. Cambridge: Cambridge University Press.
- Ferrell O.C., Fraedrich, J. and Ferrell, L. 2008. *Business Ethics – Ethical Decision Making and Cases*. 7th edition. Boston: Houghton Mifflin Company.
- Flick, U. 2013. *The SAGE Handbook of Qualitative Data Analysis*. London: SAGE.
- Fourie, M. and Opperman, L. 2011. *Municipal Finance and Accounting*. 2nd edition. Pretoria: Van Schaik.
- Fox, W. and Meyer, J. 1995. *Public Administration Dictionary*. Pretoria: Juta.
- Gebler, D. 2010. *Ethics at a cross-roads. Business Ethics*. North America, Chicago: Authenticity Consulting LLC.
- Gillham, B. 2000. *Case study research methods*. London: Continuum.
- Girling, J. 2002. *Corruption, Capitalism and Democracy*. New York: Routledge.
- Glavee-Geo, R. 2008. *Public Procurement Reform in Ghana: An evaluation of the Implemented Changes*. Norway: Molde University College.
- Greene, R. and Elffers, J. 1998. *The 48 Laws of Power*. London: Profile Books.
- Grafton, C. and Jones, I. 2010. *Research Methods for Sports Studies*, 2nd edition. London: Taylor & Frances.
- Hancock B., Windridge K. and Ockleford, E. 2007. *An Introduction to Qualitative Research*. The NIHR RDS EM / YH.
- Hanekom, S., Rowland, R. and Bain, E. 1986. *Key aspects of Public Administration*. Pretoria: Sigma Press.
- Henning, E., van Rensburg, W. and Smit, B. 2004. *Finding your way in qualitative research*. Pretoria: Van Schaik.
- Heywood, A. 2007. *Politics*: 3rd edition. New York: Palgrave Macmillan.
- Hirsch, D. 2005. *Season of hope: Economic reform under Mandela and Mbeki*. Scottsville: University of KwaZulu-Natal Press.
- Holloway, I. 1997. *Basic Concepts for Qualitative Research*. Oxford: Blackwell.
- Hope, K. and Chikulo, B.C. (Eds). 2000. *Corruption and Development in Africa*. New York: St Martin's Press.
- Huberman, M. and Miles B.M. 2002. *The Qualitative Researcher's Companion*. Thousand Oaks, CA.: SAGE.

- Hyden, G., Oluwo, D. and Okoth-Ogend, H.W.O. 2000. *African perspectives on governance*. Trenton: Africa World Press.
- Ian Dey. 1983 *Qualitative data analysis: A user-friendly guide for social scientists*. London: Routledge.
- Johnson, B. and Christensen, L. 2012. *Educational research: Quantitative, qualitative, and mixed approaches*. 5th edition. Thousand Oaks, CA: SAGE.
- Johnson, R.A. 2004. *The struggle against corruption: A comparative study*. Basingstoke: Palgrave MacMillan.
- Kanyane, M.H. 2014. *21 Narratives of Ethical Dilemmas and their Therapeutic Resolutions in the 21st century, Ethical Architecture Handbook*. 1st edition. Wandsbeck: Reach.
- Kaufman, D. 2005. "Myths and Realities of Governance and Corruption. World Bank Governance Programme, Washington, DC.
- Kidder, R. 1995. *How Good People Make Tough Choices*. New York: Fireside.
- King, N. and Horrocks, C. 2010. *Interview in Qualitative Research*. London: SAGE.
- Klitgaard, P., Maclean-Abaroa, R. and Lindsey Parris, H. 2000. *Corrupt Cities: A Practical Guide to Cure and Prevention*. Washington, D.C.: Institute for Contemporary Studies/ World Bank Institute.
- Klitgaard, R. 1998. *International Cooperation against Corruption*, California University Press, USA.
- Krathwohl, D.R. and Smith, N.L. 2005. *How to prepare a dissertation proposal: Suggestions for students in education and the social and behavioral sciences*. New York: Syracuse University Press.
- Kreuger, L.W. and Neuman, W.L. 2006. *Social work research methods: Qualitative and quantitative applications*. Boston: Pearson Education.
- Kvale, S. 1996. *Interviews: An Introduction to Qualitative Research Interviewing*. London: SAGE.
- Lacey, A. and Luff, D. 2001. *Trent Focus for Research and Development in Primary Health Care: An Introduction Qualitative Analysis*. Trent Focus.
- Lee, R.M. 1993. *Doing Research on Sensitive Topics*. London: SAGE.

- Leedy, P. D. 1997. *Practical research: Planning and design*, 6th edition. Upper Saddle River, NJ: Merrill.
- Leedy, P.D. and Ormrod, J.E. 2010. *Practical research planning and design*. 9th edition. Upper Saddle River, NJ: Pearson Education.
- Lysons, S.K. and Farrington, B. 2006. *Purchasing and Supply Chain Management*, 7th edition. Pearson Education Limited. London.
- Lennerfors, T.T. 2009. *The Vicissitudes of Corruption Degeneration, Transgression, Jouissance*. Gothenburg University, Gothenburg, Sweden. Fields of Flow.
- Levin, R.M. 2011. "Broad-based empowerment or dependent accumulation? The state and development in South Africa." In Plaatjies, D. (ed.), *Future inheritance: building state capacity in democratic South Africa*. Auckland Park: Jacan Media.
- Lipset, S.M. and Lenz, G.S. 2000. "Corruption, culture, and markets." In Harrison, L.E. and Huntington, S.P. (eds.). *Culture Matters*. New York: Basic Books.
- MacMillan, J.H. and Schumacher, S. 2006. *Research in Education: Evidence-Based Inquiry*. 6th edition. Boston: Pearson Education.
- Malhotra, N.K. and Birks, D.F. 2007. *Marketing Research: An applied Approach*. 3rd European edition. England: Prentice Hall.
- Maxwell, J.C. 2007. New King James Version, Maxwell Leadership Bible. eBook: *Lessons in Leadership from the work of God*. Harper Collins.
- Mbaku, T.M. 2000. *Bureaucratic and Political Corruption in Africa: The Public Choice Perspective*. Malabar: Kraig.
- Mbeki, M. 2009. *Architects of Poverty: Why African Capitalism Needs Changing*. Johannesburg: Picador Africa.
- Merriam, S.B. and Tisdell, E.J. 2015. *Qualitative Research: A Guide to Design and Implementation*. 4th edition. San Francisco: Jossey-Bass.
- Merriam, S.B. 2009. *Qualitative research: A guide to design and implementation*. San Francisco: Jossey-Bass.
- Merriam, S.B. 1998. *Qualitative research and case study applications in education*. San Francisco: Jossey-Bass.
- Miles, M.B., Huberman, A.M. and Saldana, J. 2013. *Qualitative data analysis: A method sourcebook*. New York: SAGE.

- Moeti, K. 2014. *Public finance fundamentals*. 2nd edition. Cape Town: Juta.
- Moeti, K., Khalo, T., Mafunisa, J., Nsingo, S. and Makondo, T. 2007. *Public finance fundamentals*. Cape Town: Juta.
- Monczka, R., Trent, R. and Handfield, R. 2002. *Purchasing and Supply Chain Management*. 2nd edition. Cincinnati: South Western.
- Morgan, D.L. and Krueger, R.A. 1998. *The focus group kit*. Vol. 1-6. Thousand Oaks, CA: SAGE.
- Mouton, J. 2003. *How to succeed in your Master's and Doctoral Studies*, 4th edition. Pretoria: Van Schaik.
- Mubangizi, B.C. and Ile, I.U. 2015. Making the case for citizen participation for good governance and sustainable livelihoods (pp.70-99). In Allen-Ile, C.O.K, Kanyane, M.H. & Ile, I.U. 2015. *Governance and Resource Management in Southern Africa—Challenges and Opportunities for Advancement*. Wandsbeck: Reach.
- Mugenda, O. M. and Mugenda, A. G. 2003. *Research methods: Quantitative and qualitative approaches*. Nairobi: Acts Press.
- Mullane, S.P. 2009. *Ethics and Leadership*. The Johnson A. Edosomwan Leadership Institute. University of Miami.
- Myers, M.D. 2009. *Qualitative Research in Business and Management*. Washington, DC: SAGE.
- Neuman, W.L. 2000. *Social Research Methods: Qualitative and Quantitative Approaches*. 4th edition. London: Allyn & Bacon.
- Neuman, W.L. 2014. *Basics of social research. Qualitative and quantitative approaches*. 3rd edition. Harlow England: Pearson.
- Olivier, P. 2012. *Succeeding with your literature review: A handbook for students*. London: McGraw Hill.
- Olowu, D. and Sako, S. 2002. *Better governance and public policy: Capacity building and democratic renewal in Africa*. Bloomfield: Kumarian.
- Osborne, S.P. 2002. *Public management: Critical perspectives*. London: Routledge.
- Pauw, J.C. 2011. *Public Procurement and Supply Chain Management. Study Guide, programme in Public Procurement and Supply Management*. Pretoria, South Africa: Centre for Business Management, University of South Africa.

- Pauw, J.C., Woods, C., Van Der Linde, G.J.A., Fourie, D. and Visser, C.B. 2002. *Managing Public Money: A System from the South*. Cape Town: Heinemann.
- Pereira, P.G., Lehmann, S., Roth, A. and Attisso, K. 2012. *South Africa Anti-Corruption Architecture*. Basel: Basel Institute on Governance, International Centre for Asset Recovery.
- Redpath, J. 2012. *Failing to prosecute? Assessing the state of the National Prosecuting Authority in South Africa*. Pretoria: Institute for Security Studies.
- Ridley, D. 2012. *The literature review: A step-by-step guide for students*. 2nd edition. London: SAGE.
- Riessman, C.K. 1993. *Narrative Analysis*. Newbury Park: SAGE.
- Riessman, C.K. 2008. *Narrative Methods for the Human Sciences*. Thousand Oaks, CA: SAGE.
- Robin, T. 1990. *Corruption, Development and Underdevelopment*. Durham: Duke University Press.
- Robson, C. 2011. *Real World Research: A Resource for Users of Social Research Methods in Applied Settings*. 3rd edition. West Sussex: Wiley-Blackwell.
- Roller, M.R. 2014. Qualitative Research Design: Selected Articles from Research Design Review Published in 2014. Roller Marketing Research.
- Ross, D.F. 1998. *Competing through Supply Chain Management: Creating Market Winning Strategies through Supply Chain Partnership*. Boston: Kluwer Academic Publishers.
- Rossouw, D. and Van Vuuren, L. 2010. *Business Ethics*. 4th edition. New York: Oxford University Press.
- Royce, A., Singleton, J.R. and Bruce. 2005. *Approaches to social research*. 4th edition. New York: Oxford University Press.
- Rubin, H.J. and Rubin, I.S. 1995. *Qualitative Interviewing: Art of Hearing Data*. Thousand Oaks, CA: SAGE.
- Rudestam, K.E. and Newton, R.R. 2001. *Surviving your Dissertation: A Comprehensive Guide to Content and Process*. 2nd edition. Thousand Oaks, CA: SAGE.
- Saunders, M., Lewis, P. and Thornhill, A. 2003. *Research Methods for Business Students*. 3rd edition. Oxford Brookes University Business School. Harlow: Prentice Hall.

- Schostak, J.F. and Schostak, J.R. 2008. *Radical Research: Designing, developing and writing research to make a difference*. London: Routledge.
- Schuh, J.H. and Upcraft, M.L. 2001. *Assessment Practice in Student Affairs: An Applications Manual*. San Francisco: Jossey-Bass.
- Sesay, A.A. 2011. *Educational Research: A Beginner's guide*. Bloomington, IN: Xlibris Corporation.
- Sen, A. 1999. *Development as Freedom*. New York: Anchor Books.
- Sivia, D.S. and Skilling, J. 2006. *Data analysis: A Bayesian tutorial*. 2nd edition. New York: Oxford University Press.
- Soanes, C. and Hawker, S.C. 1991. *Compact Oxford English Dictionary for University and College Students*. Oxford: Oxford University Press.
- Sprinthall, R.C., Schmutte, G.T. and Sirois, L. 1991. *Understanding educational research*. Englewood Cliffs, NJ: Prentice Hall.
- Stevenson, A. 2010. *Oxford English Dictionary in English*. 3rd edition. New York: Oxford University Press.
- Struwig F.W. and Stead G.B. 2010. *Planning, design and reporting research*. 6th edition. Cape Town: Pearson Education South Africa.
- Tashakkori, A. and Teddlie, C. 2003. *Handbook of Mixed Methods in Social and Behavioural Research*. Thousand Oaks, CA: SAGE.
- Teddlie, C. and Tashakkori, A. 2007. *Foundations of mixed methods research*. Thousand Oaks, CA: SAGE.
- Terre Blanche, M., Durrheim, K. and Painter, D. (eds.) 2006. *Research in practice: Applied methods for the social sciences*. 2nd edition. Cape Town: University of Cape Town Press.
- Thai, K. V. 2006. *Advancing Public Procurement: Practices, Innovation and Knowledge Sharing*. In K. V. Thai & G. Piga (Eds.): PrAcademics Press.
- Thiétart, R. (ed.) 2007. *Doing management research: A comprehensive guide*. London: SAGE.
- Tuckman, B.W. and Harper, B.E. 2012. *Conducting educational research*. 6th edition. Lanham, Maryland: Rowman and Littlefield.
- Veal, A.J. 2006. *Research Methods for Leisure and Tourism: A Practical Guide*. 3rd edition. Harlow: Pearson Education.

- Welman, C., Kruger, S. and Mitchell, B. 2005. *Research Methodology*. Oxford: Oxford University Press.
- White, C.J. 2005. *Research: A Practical Guide*. Cape Town: Inthuthuko Publishing.
- White, E.G. 1903. *Biblical principles of Christian education designed for parents and teachers*. Ellen G. White Estate. USA, Maryland.
- Willis, J.W. 2008. *Qualitative research methods in education and educational technology*. Charlotte, NC: Information Age.
- Woods, G.G. 2008. *Financial management and cost accounting*. Stellenbosch: University of Stellenbosch.
- Wraith, R. and Simpkins, E. 1963. *Corruption in Developing Countries*. London: George Allen & Unwin.
- Yin, R.K. 2014. *Case study research: Design and methods*. 5th edition. Thousand Oaks, CA: SAGE.
- Yin, R.K. 2009. *Case study research: Design and methods*. 4th edition. Thousand Oaks, CA: SAGE.
- Yin, R.K. 1994. *Case study research: Design and methods*. 2nd edition. Newbury Park, CA: SAGE.
- Zikmund, W.G., Babin, B.J., Carr, J.C. and Griffin, M. 2010. *Business research methods*. 8th edition. Mason, HO: Cengage Learning.

BOOK CHAPTERS

- Arrowsmith, S. 2010. "Public Procurement: Basic Concepts and the Coverage of Procurement Rules." "In S. Arrowsmith (Ed.), *Public Procurement Relations: An Introduction* (pp 1-31). Nottingham, UK: EU Asia Inter-University Network.
- Coleman, M. 2012. "Interviews." In Briggs, A.R.J., Coleman M. & Morrison M., eds. *Research Methods in Educational Leadership and Management*. London: SAGE.
- Delpont, C.S.L. and De Vos A.S. 2011. "A Professional Research and Professional Service." In De Vos, A.S., Strydom H., Fouché, C.B and Delpont S.C.L, eds. *Research at grass roots: For the social sciences and human service professionals*. 4th edition. Pretoria: Van Schaik.

- Denzin, N.K. and Lincoln, Y.S. 2005. "Introduction: The discipline and practice of qualitative research." In Denzin, N. and Lincoln, Y. *The SAGE handbook of qualitative research*. 3rd edition. Thousand Oaks, CA: SAGE.
- Kanyane, M.H. 2010. "Public service delivery issues in question." In Kondlo, K. and Maserumule, M.H. (eds). *Zuma Administration: Critical Challenges*. Pretoria: HSRC Press.
- Kanyane, M.H. 2008. "Exploring and developing a culture of good governance." (pp. 95-109). In Olivier, M. and Kuhnle, S. (Eds.) *Norms and Institutional Design: Social security in Norway and South Africa*. Stellenbosch: Sun Press.
- Kanyane, M.H. 2004. "Performance management." In Mafunisa, M.J. and Maserumule, M.H. (Eds). *Cases in Public Administration and Management: A South African Perspective*. Sandown: Heinemann.
- Kennedy, K. 1999. "Public Sector Ethics and Their Operational Realisation." In Mavuso, V and Balia, D. (Eds.). *Fighting Corruption: Invitation to Ethics Management*. Pretoria: UNISA Press.
- Kernaghan, K. 1993. "Promoting Public Service Ethics: The Codification Option." In Chapman, R. *Ethics in Public Service*. Edinburgh: Edinburgh University Press. (pp 15-29).
- Langevoort, D.C. 2015. *Behavioral Ethics, Behavioral Compliance*. Georgetown University Law Center.
- Mavuso, V. 1999. Ethics Management in the Public Service. In Mavuso, V. and Balia, D. (Eds.) *Fighting Corruption. Invitation to Ethics Management*. Pretoria: UNISA Press.
- Nieuwenhuis, J. 2007. "Qualitative research designs and data gathering techniques." In Maree, K. (ed). *First steps in research*. Pretoria: Van Schaik. pp70-103.
- Pretorius, L.G. 2015. "Public financial governance and management in Southern Africa." (230-260). In Allen-Ile, C.O.K., Kanyane M.H. and Ile, I.U. 2015. *Governance and Resource Management in Southern Africa-Challenges and Opportunities for Advancement*. Wandsbeck. Westville: Reach.

- Schurink, W., Fouché, C.B. and De Vos, A.S. 2011. "Qualitative data analysis and interpretation". In De Vos, A.S., Strydom H., Fouche C.B. and Delport C.S.L., eds. *Research at Grass Roots for the social sciences and human service professionals*. 4th edition. Pretoria: Van Schaik.
- Smith, C.P. 2000. "Content analysis and narrative analysis". In Reis, H.T. and Judd, C.M. (eds.) *Handbook of research methods in social and personality psychology*. New York: Cambridge University Press.
- Soudry, O. 2007. "A Principal-Agent Analysis of Accountability in Public Procurement." In Piga, G. and Thai, K.V. (eds.) *Advancing Public Procurement: Practices, Innovation and Knowledge-Sharing*. (pp. 432-451). Boca Raton, FL: PrAcademics Press.
- Streubert Speziale, H.J. and Dona Rinaldi Carpenter, D.R. 2007. Ethical Consideration In Qualitatives Research. In D. R. Helen Streubert Speziale, *Qualitative research in nursing: advancing the humanistic imperative* (p. 71). USA: Lippincott Williams & Wilkins. Limited Preview.
- Strydom, H. 2011. "Sampling in the quantitative paradigm". In De Vos, A.S., Strydom, H., Fouché, C.B. and Delport, C.S.L. 2011. *Research at grassroots: For the Social Sciences and Human Services professions*. 4th edition. Pretoria: Van Schaik.

JOURNALS ARTICLES, WORKSHOPS AND CONFERENCES

- Ababio, E., Vyas-Doorsgapersad, S. and Mzini, L. 2008. "Service delivery and under expenditure: Strategies towards effective control of public funds." *Journal of Public Administration*, 43(3.1): 3-15.
- Aboagye, A.Q. 2005. "Corruption in Ghana: Evidence, Analysis of Corporate Procedures and Suggestions to Minimize its Incidence." *Review of Human Factor Studies*, 11(1): 33-52.
- Adnan, H., Hashim, N., Mohd, N., Yusuwan and Ahmad, N. 2012. Ethical Issues in the Construction Industry: Contractor's Perspective. *Social and Behavioural Sciences*, 35: 719-727.

- Agba, A.M.O., Ikoh, M.U. Ushie, E.M. and Agba, M.S. 2008. "Bureaucratic Corruption in Nigeria: The need for Institutional Reforms". *Journal of International Politics and Development Studies*, 4(1 & 2): 187-204.
- Alemazung, J.A. 2010. "Post-Colonial Colonialism: An Analysis of International Factors and Actors Marring African Socio-Economic and Political Development." *The Journal of Pan African Studies*, 3(10): 62-84.
- Ambe, I.M. 2009. "An exploration of supply chain management practices in the central district municipality." *Educational Research and Review*, 4(9): 427-435.
- Ambe, I.M. and Badenhorst-Weiss, J.A. 2012. "Procurement challenges in the South African public sector." *Journal of Transport and Supply Chain Management*, 6(1): 242-261.
- Ambe, I.M. and Badenhorst-Weiss, J.A. 2011. "An Exploration of Public Sector Supply Chains with Specific Reference to the South African Situation." *Journal of Public Administration*, 46(3): 1100-1115.
- Ameh, O.J. and Odusami, K.T. 2010. "Professionals' Ambivalence toward Ethics in the Nigerian Construction Industry." *Journal of Professional Issues in Engineering Education and Practice*, 136(1): 9-16.
- Balogun, M. 2003. "Causative and Enabling Factors in Public Integrity: a focus on Leadership, Governance and Character Formation". *Public Integrity*, 5: (125-147).
- Baqwa, S. 2001. "Anticorruption Efforts in South Africa: Country Report." *Journal of Public Inquiry*, 21(2): 21-24.
- Bauer, C. 2002. "Organs/mechanisms/bodies to Promote Ethical Government in South Africa." *Journal of Public Administration*, 37(2): 166-183.
- Baxter, P. and Jack, S. 2008. "Qualitative case study methodology: Study Design & Implementation for Novice Researchers." *The Qualitative Report*, 13(4): 554-559.
- Behnke, N. 2002. "A Nolan Committee for German Ethics Infrastructure." *European Journal for Political Research*, 41: 675-708.
- Bertrand, M., Djankov, S., Hanna, R. and Mullainathan, S. 2007. "Obtaining a Driver's License in India: An Experimental Approach to Studying Corruption." *The Quarterly Journal of Economics*, 122(4): 1639-1676.

- Blackburn, K., Bose, N., Haque E.M. 2006. "The incidence and persistence of corruption in economic development." *Journal of Economic Dynamics and Control*, 30: 2447-2467.
- Bolton, P. 2008. "Protecting the environment through public procurement: The case of South Africa." *Natural Resources Forum*, 32(1): 1-10.
- Bolton, P. 2006. "Government procurement as a policy tool in South Africa. *Journal of Public Procurement* 6(3): 193-217.
- Bowen, G.A. 2009. "Document Analysis as a Qualitative Research Method." *Qualitative Research Journal*, 9(2): 27-40.
- Bowen, G.A. 2005. "Preparing a Qualitative Research-Based Dissertation: Lessons Learned." *The Qualitative Report* 10(2): 208-222.
- Bruner, Jerome. 1991. "The Narrative Construction of Reality." *Critical Inquiry*, 18(1): 1-21.
- Chipkin, I. 2013. "Whither the State? Corruption, Institutions and State-Building in South Africa" *Politikon: South African Journal of Political Studies*, 40(2): 211-231.
- Cranston, N., Ehrich, L. and Kimber, M. (2003b), "The "right" decision? Towards an understanding of ethical dilemmas for school leaders", *Westminster Studies in Education*, 26(2): 135-147.
- Creswell, J.W. and Tashakkori, A. 2007. Developing publishable mixed methods manuscripts. *Journal of Mixed Methods Research*, 1:107-111.
- Creswell, J.W., Hanson, W.E., Clark Plano, V.L. and Morales, A. 2007. "Qualitative research designs: selection and implementation." *Counseling Psychologist*, 35(2): 236-264.
- Edwards, T. 2009. "Promoting Good Governance in Local Government Sphere through leadership." *Journal of Public Administration*, 44(3.2): 47-56.
- Edwards, T. 2008. "The Nuts and Bolts of Ethics, Accountability and Professionalism in the Public Sector: An Ethical Leadership Perspective." *Journal of Public Administration*, 43(1): 77-88.
- Eyaa, S. and Oluka, P.N. 2011. "Explaining noncompliance in public procurement in Uganda." *International Journal of Business and Social Science*, 2(11): 35-44.

- Eze, N. 2006. "Definitions, Descriptions, and Branches of Philosophy." *An Encyclopedia of the Arts*, 9(4): 284-292.
- Gberevbie, D.E., Shodipo, A.O. and Oviasogie, F.O. 2013. "Leadership and Accountability: The Challenges of Development in Nigeria." *Thought and Practice: A Journal of the Philosophical Association of Kenya (PAK)*, 5(1): 121-140.
- Heller, J.A. 2013. "Cross Sector Procurement: An Exploration of Differences in Strategy and Practice." *International Journal of Business and Social Science*, 4(10): 138-141.
- Holtzhausen, N. 2017. "Moving back to the light: Determinants for whistle-blower protection." 3rd Annual Public Service Ethics Seminar. Department of Public Administration and Management, UNISA Bamboo Hall Pretoria. 31 October 2017.
- Holtzhausen, N. 2010. "The role of ethics and values in securing public accountability." *Administration Publica*, 18(4): 261-280.
- Hommen, L and Rolfstan, M. 2009. Public Procurement and Innovation: Towards a Taxonomy. *Journal of Public Procurement*. 9(1): 17-56.
- Hunt, J. 2007. "How corruption hits people when they are down." *Journal of Development Economics*, 84(2): 574-589.
- Hussein, A. 2009. "The use of Triangulation in Social Sciences Research: Can qualitative and quantitative methods be combined?" *Journal of Comparative Social Work*, 4(1). Available at: <http://journal.uia.no/index.php/JCSW/article/view/212> Date Accessed: 14 June 2018.
- Jerome, A., Adjibolosoo, S. and Busari, D. 2005. "Addressing Oil Related Corruption in Africa. Is The Push for Transparency Enough?" *Review of Human Factor Studies*, 11(1): 7-32.
- Kalema, R. 2007. "Public Accountability and Citizens Demands: Considerations for Politicians and Public Officials in South Africa." *Journal of Public Administration*, 42(3): 250-259.
- Kalubanga, M, Kakwezi, P and Kayiise, D. 2013. The effects of fraudulent procurement practices on public procurement performance. *International Journal of Business and Behavioral Sciences*, 3(1): 17-27.

- Kanyane, M. 2017. "Anti-Corruption Strategies: Time for Renewal." 3rd Annual Public Service Ethics Seminar. Department of Public Administration and Management, UNISA Bamboo Hall Pretoria. 31 October 2017.
- Koppell, J.G.S. 2005. "Pathologies of Accountability: ICANN and the Challenge of Multiple Accountabilities Disorder". *Public Administration Review*, 65(1): 94-108.
- Kopung, S. and Meyer, J. 2016. "Operational Framework for Municipal Infrastructure Grant Spending in the North-West." *Journal of Public Administration*, 51(1): 115-135.
- Kroukamp, H. 2006. Corruption in South Africa with particular reference to Public Sector institutions: The Evil of All Evils. *Journal of Public Administration*. 41(2.1): 206-217.
- Kunaka, C and Matsheza, P. 2002. The SADC Protocol Against Corruption: A Regional Framework to combat corruption. Harare: Human Rights Trust of Southern Africa. SAHRITT.
- Lambert, D. and Cooper, M.C. 2000. Issues in Supply Chain Management. *Industrial Marketing Management*, 29: (65-83).
- Lander, H., Kimball, J. and Martyn, A. 2007. "Government procurement fraud." *CPA Journal*, 78(2): 16-24.
- Lawal, G. and Tobi, A. 2006. "Bureaucratic Corruption, Good Governance and Development: The Challenges and Prospects of Institution Building in Nigeria." *Journal of Applied Sciences Research*, 2(10): 642-649.
- Lee, S. and Oh, K. 2007. "Corruption in Asia: Pervasiveness and Arbitrariness." *Asia Pacific Journal of Management*, 24: 97-114.
- Leo, O.C. and Patrick, B.E. 2010. "Analysis of Corruption from the Ethical and Moral Perspectives." *European Journal of Scientific Research*, 44(3): 466-476.
- Levin, R. 2002. "Anti-corruption and ethics." *Service Delivery Review*, 1(3): 78-82.
- Lewis-Faupel, S. Neggers, Y. Olken, B.A. and Pande, R. 2016, "Can Electronic Procurement Improve Infrastructure Provision? Evidence from Public Works in India and Indonesia", *American Economic Journal: Economic Policy* 8(3): 258-283.

- Lubita, H. 2017. "Crawling in shackles: An evaluation of Special Investigation Unit's (SIU) constitutive and operational constraints in fighting corruption." 3rd Annual Public Service Ethics Seminar. Department of Public Administration and Management, UNISA Bamboo Hall Pretoria. 31 October 2017.
- Madumo, S.O. 2012. "The promotion of developmental local government to facilitate a developmental state." *Administratio Publica*, 20(3): 40-54.
- Mafunisa, M.J. 2006. The Role of Public Administration in promoting ethical conduct in Elected Officials: Overview of post 1994 South Africa. *Journal of Public Administration*. 41(3): 506-519.
- Mafunisa, M.J. 2008. The role of Codes of Conduct in promoting Ethical Conduct in the South African Public Service. *South African Journal of Labour Relations*. 32(1): 81-92.
- Mahlaba, P.J. 2004. "Fraud and Corruption in the Public Sector: An Audit Perspective." *Service Delivery Review*, 3(2): 84-87.
- Mahmood, S.A.I., 2010, 'Public procurement and corruption in Bangladesh: Confronting the challenges and opportunities', *Journal of Public Administration and Policy Research* 2(6), 103–111.
- Makhura, D. 2017. "Ethics and Anti-Corruption Indaba. Fighting corruption, promoting integrity." Birchwood Hotel and OR Tambo Conference Centre, Boksburg, Gauteng, South Africa 21 November 2017.
- Marquette H. 2012. "'Finding God' or 'moral disengagement' in the fight against corruption in developing countries? Evidence from India and Nigeria." *Public Administration and Development*, 32(1): 11-26.
- Mashabapala, M.D.J. 2008. "Developing and maintaining a corporate culture through leadership for service delivery." *Journal of Public Administration*, 43(1): 3-12.
- Maxwell, J.A. 2010. Using Numbers in Qualitative Research. *Qualitative Inquiry*. 16(6): 475-482. McFerson, H.M. 2009. "Governance and Hyper-corruption in Resource-rich African Countries." *Third World Quarterly*, 30(8): 1529-1548.
- McKerchar, M. 2008. Philosophical Paradigms, Inquiry Strategies and Knowledge Claims: Applying the Principles of Research Design and Conduct to Taxation. *eJournal of Tax Research*, 6(1): 5-22.

- Migiro, S.O. and Ambe, I.M. 2008. "Evaluation of the implementation of public sector supply chain management and challenges: A case study of the central district municipality, North West Province, South Africa." *African Journal of Business Management*, 2(12): 230-242.
- Miller, K. 2005. Public sector reform: Governance in South Africa. *Public Administration and Development* 25(4): 162-364.
- Momoh, H. 2015. "Globalisation and Corruption in Africa." *Fountain Journal of Management and Social Sciences*, 4(2): 145-158.
- Mthethwa, R. 2017. "Manifestation of corruption and unethical behavior of public officials in South Africa." 3rd Annual Public Service Ethics Seminar. Department of Public Administration and Management, UNISA Bamboo Hall Pretoria. 31 October 2017.
- Munzhedzi, P.H. 2016. "South African public sector procurement and corruption: Inseparable twins?" *Journal of Transport and Supply Chain Management*, 10(1): 197-198.
- Nainawat, R. & Meena, R. 2013. "Corporate Governance and Business Ethics." *Global Journal of Management and Business Studies*, 3(10): 1085-1090.
- Nel, C. 2017. "Where does the responsibility lies?" 3rd Annual Public Service Ethics Seminar. Department of Public Administration and Management, UNISA Bamboo Hall Pretoria. 31 October 2017.
- Ofordile, U. D. 2013. Public Sector Accounting - The Nigerian Experience, *International Journal of Finance and Accounting*, Vol. 2(8): 446-451.
- Olanipekun, F.J. 2006. "Medical ethics." *An encyclopaedia of the Arts*, 9(3): 186-193.
- Olken, B. 2007. "Monitoring Corruption: Evidence from a Field Experiment in Indonesia." *Journal of Political Economy*, 115: 200-249.
- Olken, B. and Barron, P. 2009. "The Simple Economics of Extortion: Evidence from Trucking in Aceh." *Journal of Political Economy*, 117(3): 417-452.
- Omona, J. 2010. "Meeting the Millennium Development Goals' Targets: Proposed UN Global Government Challenges of the 21st Century". *Journal of Social Development in Africa*, 25(1): 129-159.
- Onuorah, A.C. 2012. Accountability and Public Sector Financial Management in Nigeria. *Arabian Journal of Business and Management Review*, 1(6): 1-17.

- Pauw, J.C. and Wolvaardt, J.S. 2009. "Multi-Criteria Decision Analysis in Public Procurement-A Plan from the South." *In: Politeia*, 28(1): 66-88.
- Polkinghorne, D. 1995. "Narrative Configuration in Qualitative Analysis." *Qualitative Studies in Education*, 8(1): 5-23.
- Raymond, J. 2008. "Benchmarking in public procurement." *Benchmarking: An International Journal*, 15(6): 782-793.
- Richardson, P. 2008. "Good Governance: The Vital Ingredient of Economic Development." *Management in Nigeria*, 44(4): 15-20.
- Rowley, J. 2002. "Using Case Studies in Research." *Management Research News*. 25(1): 16-27.
- Ruhiiga, T.M. 2009. "Costing the impact of corruption on service delivery in South Africa: An exploratory overview." *Journal of Public Administration*, 44(4): 1090-1101.
- Safieddine, A. and Atwi, L. 2009. "Is governance a prerequisite for democracy? Insights from the Middle East." *Middle East Policy*, 16(5): 85-100.
- Shakantu, W. 2006. "Corruption in the construction industry: Forms, susceptibility and possible solutions." *Journal of Civil Engineering*, 14(7): 43-47.
- Sindane, A.M. & Bekker, K. 1999. In Defence of Hierarchy: Training in Ethics for Bureaucrats for the new millennium in the Public Sector. *Journal of Public Administration*. 34(4): 393-402.
- Søreide, T. 2002. *Corruption in public procurement. Causes, consequences and cures*. Bergen: Chr. Michelsen Institute (CMI Report R 2002:1).
- Ssonko, D.K.W. 2010. Enhancing professionalization of human resource management in the public service. *Ethics, Accountability, Transparency, Integrity and Professionalism in the Public Service: The case of Uganda*. Uganda Management Institute.
- Szeftel, M. 1998. "Misunderstanding African Politics: Corruption and the Governance Agenda." *Review of African Political Economy*, 25(76): 221-240.
- Tanzi, V. 1998. Corruption around the world: Causes, Consequences, Scope and Cures. International Monetary Funds. Fiscal Affairs Department Journal, 45(4): 559-595.
- Teeter, Preston, Sandberg and Jorgen. 2016. "Cracking the enigma of asset bubbles with narratives". *Strategic Organization. Journal*, 15(4): 91-99.

- Teeter, Preston, Sandberg and Jorgen. 2016. "Cracking the enigma of asset bubbles with narratives". *Strategic Organization. Journal*, 15(4): 91-99.
- Thornhill, C. 2006. 'Effective municipal government and administration as preconditions for efficient service delivery', *Journal of Public Administration*, Conference proceedings September, 317–332.
- Thornhill, C. 2012. "Improving local government transformation in South Africa." *Administratio Publica*, 20(3): 128-143.
- Van Gruenen D, Van Niekert J (2010). Implementation of regulationbased e-procurement in the Eastern cape provincial administration. *African Journal on Business Management*. 4(17):3655-3665.
- Van Vuuren, H. 2014. Democracy, Corruption and Conflict Management: Democracy Works Conference Paper. Centre for Development and Enterprise South Africa.
- Van Vuuren, H. 2006. Apartheid Grand Corruption, Assessing the Scale of Crimes of Profit in South Africa from 1976 to 1994: A report prepared by civil society at the request of the Second National Anti-Corruption Summit, May, 2006. Center for Conflict Studies: Cape Town.
- Vee, C. and Skitmore, M. 2003. "Professional Ethics in the Construction Industry." *Journal of Engineering, Construction and Architectural Management*, 10(2): 117-127.
- Vyas-Doorgapersad, S. 2007. "Corruption in the Public Sector: a comparative analysis". *Journal of Public Administration*. 42(5).
- Vyas-Doorgapersad, S. and Ababio, E.P. 2006. "Ethical dilemmas and democratic values: How to reposition institutions for good governance and service delivery." *Journal of Public Administration*, 41(2.2): 385-396.
- Wade, R. 1985. The market for public office: Why the Indian state is not better at development. *World Development*, 13(4): 467-497.
- Wanyonyi, S.C. and Muturi, W. 2015. "Factors Affecting Performance of Procurement Function Among Public Technical Training Institutions in Kisumu County, Kenya." *International Journal of Economics, Commerce and Management*, 3(5): 1-35.
- Watermeyer, R.B. (2011). "Regulating Public Procurement in Southern Africa through International and National Standards." Paper Presented at the Public Procurement Regulation in Africa Conference, 25 October 2011, Stellenbosch, South Africa.

- Webb, W. 2017. "A case study approach to research on ethical leadership." 3rd Annual Public Service Ethics Seminar. Department of Public Administration and Management, UNISA Bamboo Hall Pretoria. 31 October 2017.
- Webb, W. 2012. "Ethical culture and the value-based approach to integrity management: A case study of the Department of Correctional Services." *Public Administration and Development*, 32(1): 96-108.
- Wesley, K. 2004. "Fraud Management Lifecycle Theory: A Holistic Approach to Fraud Management." *Journal of Economic Crime Management*, 2(2): 1-38.
- Zungu, E. 2017. "Audit perspectives on ethics and corruption." 3rd Annual Public Service Ethics Seminar. Department of Public Administration and Management, UNISA Bamboo Hall Pretoria. 31 October 2017.

LEGISLATION

- 
- South Africa (Republic). 1996. Constitution, Act 108 of 1996. Pretoria: Government Printer.
- South Africa (Republic). 1998. Municipal Demarcation Act 27 of 1998 and Regulations. Pretoria: Government Printer.
- South Africa (Republic). 1999. Public Finance Management Act 1 of 1999. Pretoria: Government Printer.
- South Africa (Republic). 2000. Construction Industry Development Board Act 38 of 2000. Pretoria: Government Printer.
- South Africa (Republic). 2000. Preferential Procurement Policy Framework Act 5 of 2000. Pretoria: Government Printer.
- South Africa (Republic). 2000. Promotion of Access to Information Act 2 of 2000. Pretoria: Government Printer.
- South Africa (Republic). 2000. Promotion of Administrative Justice Act 3 of 2000. Pretoria: Government Printer.
- South Africa (Republic). 2000. Promotion of Equality and the Prevention of Unfair Discrimination Act 4 of 2000. Pretoria: Government Printer.

South Africa (Republic). 2003. Broad-based Black Economic Empowerment Act 53 of 2003. Pretoria: Government Printer.

South Africa (Republic). 2003. Municipal Finance Management Act No 56 of 2003. Pretoria: Government Printer.

South Africa (Republic). 2000. Municipal Systems Act 32 of 2000 and Regulations. Pretoria: Government Printer.

South Africa (Republic). 2003. Municipal Structures Act No. 117 of 1998. Pretoria: Government Printer.

South Africa (Republic). 2004. Prevention and Combating of Corrupt Activities Act No 12 of 2004. Pretoria: Government Printer.

South African Public Service Commission (PSC). 2009. State of the Public Service Report. Pretoria: Government Printer.

WEBSITE MATERIAL



Boeckmann, A. 2003. Engineering and Construction Industry Tackles Global Corruption. Online. Available at www.weforum.org (Accessed on 15 September 2016).

Camerer, L. 1997. Poverty and corruption in South Africa: Government corruption in poverty alleviation programmes. Online. Available at <http://lala@iss.co.za> (Accessed on 15 March 2017).

De Lange S. 2011. Irregular State Expenditure Jumps 62%. Business Day. Online. Available at <http://www.businessday.co.za>. (Accessed on 30 October 2015).

Dike, V.E. 2007. Africa Economic Analysis - Corruption in Nigeria: A New Paradigm for Effective Control Available Online at: <http://www.aficaeconomicanalysis.org/article/gen/corruptiondikehtm.html>. (Accessed on 15 January 2016).

Edwards, T. 2001. Ethical Fitness for Public Managers: An education and training challenge. Online. Available at <http://winelands.sun.ac.za/2001/Pappers?Edwasrds,%20Tryna.htm> (Accessed on 15 October 2015).

- Global Compact. 2010. Fighting Corruption in the Supply Chain: A Guide for Customers and Suppliers. United Nations. New York. Online. Available at http://www.globalcompact.de/wAssets/docs/Korruptionspraevention/Publikationen/st_and_together_against_corruption (Accessed on 15 August 2016).
- Hanks, J., Davies, H. and Perera, O. 2008. Sustainable Public Procurement in South Africa. Online. Available at www.iisd.org (Accessed on 23 January 2016).
- Holliday, J. 2017. Online. Available at <https://www.nao.org.uk/naoblog/managing-conflicts-of-interest/> (Accessed on 14 May 2017).
- Josephson Institute of Ethics. 2002. Making Ethical Decisions. Online. Available at <http://www.josephsoninstitute.org/MED/MED-whatisethics.htm> (Accessed on 12 August 2015).
- Lengiler, Y. and Wolfstetter, E. 2006. "Corruption in procurement auctions." Governance and the Efficiency of Economic Systems, Discussions Paper No. 90, January. Online. Available at www.sfbtr15.de/dipa/90.pdf (Accessed on 14 October 2016).
- Levi, R. 2002. Anti-corruption and ethics. Online. Available at http://dpsa.gov.za/sdi_learning_networks/conversation_challenge_311 (Accessed on 21 September 2015).
- Mbeki, T. 2005. State of the Nation Address. Address of the President of South Africa at the Second Joint Sitting of the Third Democratic Parliament, Cape Town. Online. Available at www.gcis.za/docs (Accessed on 21 October 2006).
- Mbeki, T. 2004. State of the Nation Address. Address delivered on 6 February 2004 during opening of Parliament. Online. Available at www.gcis.za/docs (Accessed on 25 September 2016).
- Office of Government of Commerce (OGC). 2005. Supply Chain Management in Public Sector procurement: A Guide version Available from: <http://www.ogc.gov.uk/documents/scm-finaljune05.pdf>. (Accessed 10 July 2016).
- Parkinson, G. and Drislane, R. 2011. Qualitative research. Online dictionary of the social sciences. Online. Available at <http://bitbucket.icaap.org/dict.pl> (Accessed on 22 March 2017).
- Polit, D., Beck, C. and Hungler B. 2001. *Essentials of nursing research: Methods, appraisal and utilization*. 5th edition. Philadelphia: JB Lippincott Co. Online. Available

- at <http://www.sonoma.edu/users/n/nolan/n400/critique.htm> (Accessed on 12 July 2017).
- Smart Procurement. 2011. SA public procurement: Poor value for money. Online. Available at www.smartprocurementworld.com (Accessed on 15 June 2016).
- The Holy Bible: King James Version. 2011. Online. Available at www.bible.com. (Accessed on 12 January 2017).
- Transparency International. 2006. Preventing corruption on construction projects: Risk assessment and proposed actions for funders, 4 July 2006. Online. Available at http://www.transparency.org/global_priorities/public_contracting/projects_public_preventing_corruption_in_construction (Accessed on 17 September 2016).
- Turley, L. and Perera, O. 2014. Implementing sustainable public procurement in South Africa: Where to start. Online. Available at <http://www.iisd.org> (Accessed on 14 July 2016).
- Waggoner, J. 2010. Ethics and Leadership: How Personal Ethics Produce Effective Leaders. *CMC Senior Theses*. Paper 26. Online. Available at http://scholarship.claremont.edu/cmc_theses/26 (Accessed on 12 July 2016).
- Walters, S. 2009. Ethics and leadership for good governance. Online. Available at <http://74.6.239.185/search/srptcache?> (Accessed on 15 August 2016).
- Webb, J. 2016. *Forbes Welcome*. [online] Forbes.com. Available at: <http://www.forbes.com/sites/jwebb/supply-chain-corruption-procurements-dirty-secret/#458dcc5c1a64> [Accessed 15 July 2016].

DISSERTATION/THESIS

- Ambe, I. M. 2006. Supply Chain Management Implementation in the Central District Municipality and Its Affiliated Municipalities. Master's Dissertation. Mafikeng, South Africa: North West University.
- Chiocha, C.I.M. 2009. Corruption and its effects on the development of the Construction Industry in Malawi. Unpublished PhD dissertation. Port Elizabeth: Nelson Mandela Metropolitan University.

- Holtzhausen, N. 2007. Whistle Blowing and Whistle Blower Protection in the South African. Doctor of Literature and Philosophy. Pretoria. University of South Africa.
- Kotoka, A., F. 2012. Assessing the level of compliance with the public procurement act 2003. (Act, 663) In Public Entities in Ashanti Region of Ghana, A Thesis submitted to the Institute of Distance Learning, Kwame Nkrumah University of Science and Technology in partial fulfilment of the requirements for the degree of Commonwealth Executive Masters of Business Administration April.
- Mbatha, J.S. 2005. The ethical dilemmas of whistle blowing and corruption in the South African Public Sector. Unpublished D. Admin dissertation. Empangeni: University of Zululand.
- Rubushe, M. 2009. Trade union investment schemes: A blemish on the social movement unionism outlook of South Africa union? Unpublished Master's thesis. Grahamstown: Rhodes University.
- Sebudubudu, D. and Osei-Hwedie, Z. 2004. Democratic Consolidation in SADC: Botswana's 2004 elections. EISA Research Report No. 11. Johannesburg: EISA.
- Sheoraj, R. 2007. The state of skills readiness in the South Africa public service: an overview of provincial and local government. Unpublished Master's thesis. Pretoria: University of Pretoria.
- Siswana, B. 2007. Leadership and governance in the South African Public Service: An overview of the public finance management system. Unpublished PhD dissertation. Pretoria: University of Pretoria.
- Van Zyl, D.C (2006). Strategic supply chain management by Matatiele Municipality, Master's Thesis, University of Stellenbosch.
- Waggoner, J. 2010. Ethics and Leadership: How Personal Ethics Produce Effective Leaders. Claremont McKenna College.

GOVERNMENT REPORTS AND OTHER DOCUMENTS

- Annual Report. 2012/13. Pikitup Johannesburg SOC Limited. 2013-2014 Integrated Annual Report.

- Armstrong, E. 2005. Integrity, Transparency and Accountability in Public Administration: Recent Trends, Regional and International Developments and Emerging Issues United Nations. August 2005. United Nations.
- Auditor – General. General report 2016/17: City of Ekurhuleni Metropolitan Municipality. Auditor General South Africa.
- Auditor – General (2012/13). General report on the audit outcomes of Gauteng local government. 2012-13. Auditor General South Africa.
- Camerer, M. 2008. “What makes for effective anti-corruption systems?” Reinventing governance. Occasional paper series produced by the Governance and APRM Programme.
- Camerer, L. 2001. Corruption in South Africa: Results on an Expert Panel Survey. Monograph 65. Pretoria: Institute for Security Studies.
- Camerer, L. 1997. Costly Crimes: Commercial crime and corruption in South Africa. Pretoria: Institute for Security Studies.
- Cameron, R.G. and Stone. A.B. 2000. Definition of Ethics. (as cited in Baqwa; Values, ethics and the battle against corruption. Edited version of an address to the Commonwealth Association for Public Administration and Management (CAPAM) Biennial Conference. Cape Town: 15 -18 October).
- Cameron, R, G and A.B. Stone. 1995. Serving the Public. A Guide for Practitioners and Students. Pretoria: Van Schaik.
- Earle, A. and Turton, A. 2005. No Duck No Dinner: How Sole Sourcing triggered Lesotho’s Struggle against Corruption. Paper presented at World Water Week 2005 in Stockholm, seminar on ‘Corruption in the Water Sector: How to fight it?’ African Water Issues Research Unit (AWIRU), CIPS, University of Pretoria.
- Fraser-Moleketi, G. 2007. Towards a common understanding of corruption in Africa. Republic of South Africa.
- Fry, R.E. 2002. Appreciative Inquiry and Organizational Transformation: Reports from the Field. Westport: Quorum Books.
- Ganahl, J.P. 2013. Corruption, Good Governance, and the African State: A Critical Analysis of the Political-Economic Foundations of Corruption in Sub-Saharan Africa. Potsdam University Press. Potsdam - Germany.

- Gigaba, M. 2017. Address by the Minister of Finance on the occasion of the Budget Vote 07 at the extended Public Committee on Finance, May 2017. Parliament. Cape Town. South Africa.
- Gordhan, P. 2014. Budget speech. National Treasury. Cape Town, South Africa.
- Inge A. 1999. Political Corruption: An Introduction to the Issues Chr. Michelsen Institute.
- Khramkin, A. 2007 “Anti-corruption practices in public procurement”, discussion paper submitted to the Government Procurement Institute of the Russian Civil Service Academy.
- Kututwa, N. 2005. African anti-corruption commitments: A review of eight NEPAD countries. Pretoria: Africa Human Security Initiative.
- Madonsela, T.N. 2010. Corruption and governance challenges: The South African experience.
- Malawi Government. 2006. Malawi Growth and Development Strategy (MGDS), Malawi, Government Printer.
- Malunga, K. 2013. Annual seminar students for law and social justice: Corruption and intimidation of whistle-blowers. 16 August 2013. Brits, North West: Public Protector South Africa.
- Mandela, N. 1999. Opening address to Parliament (5 February 1999).
- Mawenya, A.S. 2008. “Preventing corruption in Africa.” Occasional paper. SAILA, Johannesburg.
- Mawenya, A.S. 2008. ‘Corruption in public procurement in Sub-Saharan Africa and how to prevent and combat it’. Paper presented at the Anti-Corruption Southern Africa Conference, February 2007.
- Mbeki, T. 2005. Address of the President of South Africa, Thabo Mbeki, at the opening of the second Anti-Corruption Summit. Brummeria, Tshwane: CSIR.
- Mbeki, T. 1999. Keynote address to the National Anti-Corruption Summit. Cape Town, 14 April. Public Service Commission (PSC). Pietermaritzburg: Mondipak.
- Mkhize, Z. 2004. “Supply Chain Management Conference: Transforming Government Procurement System.” Paper Presented at the Supply Chain Management Conference, 22-23 November. Durban, South Africa.

- Molekane, L.P. and Mothae, P.M. 2009. Improving Accountability to Promote Good Governance and Sustainable Development: The South African Perspective. Paper delivered at IASIA Annual Conference in Brazil.
- National Treasury Republic of South Africa. 2004. SCM: A Guide for Accounting Officers/Authorities. Pretoria. Government Printer.
- National Treasury. 2003b. Policy strategy to guide uniformity in procurement reform processes in government. Pretoria: Government Printers.
- National Conference on Corruption and Governance Challenges. Nigeria, 21 January 2010.
- Nations. Auditor General's report 2016/17: City of Ekurhuleni Metropolitan Municipality.
- Ninalowo, A. 2003. "Democratic Governance, Regional Integration and Development in Africa". Development Policy Management Forum, Addis Ababa. DPMF Occasional Paper, No.11, 2003, pp.1-32.
- Ntlemeza, T. 2016. *Unity of ethics and politics at the current political juncture*. Umrabulo No. 42. African National Congress.
- Odhiambo, W. and Kamau, P. 2003. Public procurement: Lessons from Kenya, Tanzania and Uganda. OECD Development Centre Working Paper No. 208.
- OECD. 2014. OECD Foreign Bribery Report: An Analysis of the Crime of Bribery of Foreign Public Officials. OECD Publishing.
- Passas, N. 2007. 'Corruption in the procurement process/outsourcing government functions: Issues, case studies, implications by Black, W'. Institute for Fraud Prevention. Boston: North Eastern University, February 2007.
- Public Protector of South Africa. 2016/17. State of Capture Report on an investigation into alleged improper and unethical conduct by the President and other state functionaries relating to alleged improper relationships and involvement of the Gupta family in the removal and appointment of Ministers and Directors of State-Owned Enterprises resulting in improper and possibly corrupt award of state contracts and benefits to the Gupta family's businesses. Report No. 6 of 2016/17. Public Protector: Pretoria.
- Public Protector of South Africa. 2013/14. Secure in Comfort: Report on the investigation into the allegations of impropriety and unethical conduct relating to the installation

and implementation of security measures by the Department of Public Works at and in respect of the private residence of the President Jacob Zuma at Nkandla in the KwaZulu-Natal Province. Pretoria: Public Protector.

Public Service Commission (PSC). 2011. Profiling and Analysis of the most Common Manifestations of Corruption and its Related Risks in the Public Service. Pretoria: Silowa Printers.

Public Service Commission (PSC). 2002. A report on the state of the Public Service. Online. Available at info@opsc.gov.za (Accessed on 10 September 2016).

Public Service Commission (PSC). 2002. Report on Blacklisting. Pretoria: Government Printer.

Public Service Commission (PSC). 2001. Sangweni, S & Balia, D. (eds), Fighting Corruption: Towards a National Integrity Strategy: Incorporating the Report of the proceedings of the National Anti-Corruption Summit held on 14-15 April 1999 in Parliament, Cape Town.

Public Service Commission (PSC). 2001. A review of South Africa's national anticorruption strategies. Online. Available at www.psc.gov.za (Accessed on 07 August 2016).

Public Service Commission (PSC). 1999. Fighting Corruption: Towards a National Integrity Strategy. Pietermaritzburg: Interpak Books.

Republic of South Africa. 2012. Oversight Model of the South African Legislative Sector. Cape Town: Parliament Media.

Republic of South Africa. 2009. Oversight and Accountability Model, Asserting Parliament's Oversight role in enhancing democracy. Cape Town: Parliament Media.

Sikakane, B.H. & Reddy, P.S. 2009. Public Accountability in the Local Government Sphere in South Africa. Paper delivered at IASIA Annual Conference in Brazil.

Standing Committee on Public Accounts (SCOPA). 2015. Public Sector Supply Chain Management Review 2015: National Treasury briefing. 12 August 2015. Cape Town: Parliament.

Transparency International (TI). 2009. The anti-corruption plain language guide. Berlin, Germany. Amazon.

- Transparency International (TI). 2004. Global Corruption Report 2004: Political Corruption. Berlin.
- Transparency International (TI). 2004. Preventing Corruption in Construction Projects: Examples of United Nations Development Programme (UNDP). New York: UNDP.
- United Nations Office on Drugs and Crime. 2005. Crime and development in Africa. UNODC: New York.
- Watermeyer, R.B. 2010. 'Linking developmental deliverables to public sector contracts'. Workshop on Designing Efficient Public Procurement Policies to Foster Technology Transfer and Development Capacity in Emerging Markets. Global Advisory and Training Services Ltd., in cooperation with Istanbul Commerce, University, Istanbul, 1 - 2 October 2010.
- World Bank/Independent Evaluation Group. 2006. Governance and Anti-Corruption – How to Improve the World Bank's Impact? Washington, DC: World Bank.
- World Bank. 2003. Ghana 2003 Country Procurement Assessment Report, Ghana Country Department. Washington, DC: World Bank.
- Zvekic, U. 2002. Corruption and Anti-Corruption in Southern Africa. Analysis based on the results of the Regional Seminar on Anti-Corruption Investigating Strategies with particular regard to Drug Control for the SADC Member States. Hatfield, Pretoria. United Nations Office.

LEGAL CASES, POLICIES AND REGULATIONS

- Afrisake NPC and Others vs The City of Tshwane Metropolitan Municipality and Others (74192). 2016. SA SC.
- Johannesburg City Parks and Zoo. 2013. Tender for supply of trees. JCPZ. Johannesburg, South Africa.
- National Treasury. 2016. NT SCM Instruction No. 4A of 2016/17. Mandatory Central Supplier Database (CSD) to Accounting Officers and Accounting Authorities. Pretoria: Government Printers.

National Treasury. 2016. NT SCM Instruction No. 5 of 2016/17. Outstanding payments due to suppliers/creditors exceeding 30 days after submission of a valid invoice. Pretoria: Government Printers.

Pikitup Johannesburg (Pty) Ltd vs South African Municipal Workers Union (SAMWU) and Simon Mathe (General Secretary of SAMWU). Case No.: J2362/15. LC.SA. Case Heard on 16 – 18 March 2016, Judgment on 19 April 2017. SCM Policy Amendment Report. 2011. Amendment to the approved SCM policy. City of Tshwane Metropolitan Municipality, 24 February 2011. Pretoria: City of Tshwane.



ANNEXURES



Annexure A: General and Specific Questions

ANNEXURE A: GENERAL AND SPECIFIC RESEARCH QUESTIONS

1. Does the Supply Chain Management Division in the three metropolitan municipalities (CoE, CoJ and CoT) comply with the structure recommended by the National Treasury?
2. How do the three metros handle issues of conflict of interest?
3. Do the three metros have an approved policy on Supply Chain Management?
4. How did the metros incur irregular expenditure despite instructions issued by the National Treasury as well as legislation on SCM and the metros' SCM policies?
5. Did the three metros take any action against perpetrators of supply chain corruption?
6. Did the three metros follow the correct process when utilising the provision of Regulations 32 and 36 of the Municipal Supply Chain Management Regulations (MSCMR)?
7. Do the three metros have an approved process to be followed when handling disciplinary cases?
8. Was any disciplinary action taken against the perpetrators of supply chain corruption?
9. Do the three metros have proper financial management, particularly as it pertains to irregular payment in excess of the signed contract and in instances in which the work was not done?
10. Why did it take long for the three metros to implement the recommendations of the Forensic Investigation Division?
11. What was the cause of the delay in finalising disciplinary cases within a specific timeframe?

**Annexure B: An ethical clearance obtained from the University of Fort Hare (UFH)
Research Ethics Committee to conduct study**



University of Fort Hare
Together in Excellence

ETHICAL CLEARANCE CERTIFICATE
REC-270710-028-RA Level 01

Certificate Reference Number: KAN021SSIS01

Project title: **Assessment of supply chain corruption in the three metropolitan municipalities in Gauteng province of South Africa.**

Nature of Project PhD in Public Administration

Principal Researcher: Molebedi Gordon Sisi

Supervisor: Prof M.H Kanyane

Co-supervisor: N/A

On behalf of the University of Fort Hare's Research Ethics Committee (UREC) I hereby give ethical approval in respect of the undertakings contained in the above-mentioned project and research instrument(s). Should any other instruments be used, these require separate authorization. The Researcher may therefore commence with the research as from the date of this certificate, using the reference number indicated above.

Please note that the UREC must be informed immediately of

- Any material change in the conditions or undertakings mentioned in the document;
- Any material breaches of ethical undertakings or events that impact upon the ethical conduct of the research.

The Principal Researcher must report to the UREC in the prescribed format, where applicable, annually, and at the end of the project, in respect of ethical compliance.

Special conditions: *Research that includes children as per the official regulations of the act must take the following into account:*

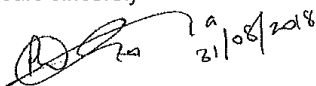
Note: The UREC is aware of the provisions of s71 of the National Health Act 61 of 2003 and that matters pertaining to obtaining the Minister's consent are under discussion and remain unresolved. Nonetheless, as was decided at a meeting between the National Health Research Ethics Committee and stakeholders on 6 June 2013, university ethics committees may continue to grant ethical clearance for research involving children without the Minister's consent, provided that the prescripts of the previous rules have been met. This certificate is granted in terms of this agreement.

The UREC retains the right to

- Withdraw or amend this Ethical Clearance Certificate if
 - Any unethical principal or practices are revealed or suspected;
 - Relevant information has been withheld or misrepresented;
 - Regulatory changes of whatsoever nature so require;
 - The conditions contained in the Certificate have not been adhered to.
- Request access to any information or data at any time during the course or after completion of the project.
- In addition to the need to comply with the highest level of ethical conduct principle investigators must report back annually as an evaluation and monitoring mechanism on the progress being made by the research. Such a report must be sent to the Dean of Research's office.

The Ethics Committee wished you well in your research.

Yours sincerely



Professor Pumla Dineo Gqola
Dean of Research

29 August 2018

**Annexure C: Letter to the City Manager: City of Ekurhuleni Metropolitan
Municipality**

PO Box 13807
Norkem Park
1631

Date: 07 July 2014

The City Manager
Ekurhuleni Metropolitan Municipality
Germiston

Attention: Mr. Khaya Ngema

**RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH STUDY AT EKURHULENI
METROPOLITAN MUNICIPALITY**

I have register with University of Fortthare, studying towards PhD in Administration. The completion of the study is dependent upon completion of Thesis; it is for this reason that I request a permission to partake in my research in Ekurhuleni Metropolitan Municipality.

My study is in Supply Chain environment and the title of my research Thesis is: **AN ASSESSMENT OF SUPPLY CHAIN FRAUD AND CORRUPTION IN THE THREE METROS IN GAUTENG**. The study is being undertaken under the Supervision of Prof. Modimowabarwa Kanyane, a prolific research and academia in the field of Public Administration.

The main aim of this study is to assess the level of supply chain fraud and corruption within the three metropolitan municipalities in Gauteng, an activity that could lead to the supply chain process that is free from fraud and corruption. Ultimately, the supply chain process that is free from fraud and corruption would assist South Africa to fulfil its national and global responsibilities on creating and empowering small businesses and eradication of poverty and creation of jobs.

The research study shall make use of interviews and completion of questionnaires with key selected potential participants or respondents, chosen according to the purposive sampling of the study. The potential participants or respondents would include:

- 5 x Supply Chain Officers at management level
- 5 x Project Managers from the core/service delivery departments
- 1 x Risk Officer

- 1 x Internal Audit
- 1 x Corporate and Legal
- 1 x Labour Relations

This will bring the total number of people to be interviewed to 14 in metropolitan municipality.

The study will be at no cost to the metro, but will be beneficial to metro as it will give a perspective and a comparative study from other metros. The ethical principles will be strictly adhered to throughout the research process so as to maintain a high standard of work and a high quality of the research study. The information obtained will be used only for the purpose of this study and will ensure anonymity and confidentiality of potential research participants or respondents. A copy of the full research report will be handed to the Ekurhuleni Metropolitan Municipality once approved by the University.

I thus request a permission to collect the necessary data/information from relevant officials at the EMM for the purpose of completion of my Research Thesis.



Molebedi Sisi

Email: Molebedi.Sisi@ekurhuleni.gov.za

(011) 999 6771



Group Chief Financial Official
Ramasela Ganda

Recommended

~~Not Recommended~~



Khaya Ngema
City Manager: EMM

Approved 15.07.14

Not Approved

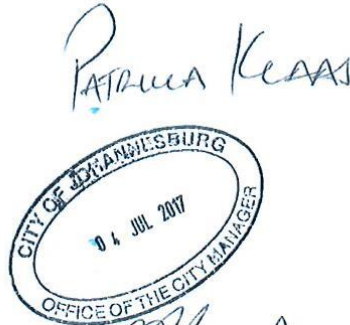
cc. HOD: HRM

**Annexure D: Letter to the City Manager: City of Johannesburg Metropolitan
Municipality**

PO Box 13807
Norkem Park
1631
Date: 28 June 2017

The City Manager
City of Johannesburg
BRAAMFONTEIN

Attention: Dr. Ndivhoniswani Lukhwareni



Handwritten: Telno: (011) 407-7305

**RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH STUDY AT THE
CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY**

The student Molebedi Sisi, Student Number: 201415695 have registered with the University of Fort Hare, studying towards PhD in Public Administration. The completion of the study is dependent upon completion of Thesis; it is for this reason that the researcher requests permission from your City to conduct study entitled: **Assessment of Supply Chain Corruption in the Three Metropolitan Municipalities in Gauteng Province**. The study is being undertaken under the Supervision of Prof. Modimowabarwa Kanyane, a prolific researcher and an academia in the field of Public Administration.

The potential participants or respondents will include the following:

- 3 x Supply Chain Management Officer at Management Level.
- 5 x Project Managers from the core/service delivery departments.
- 2 x Risk Officers.
- 2 x Officers from Internal Audit.
- 2 x Corporate Legal Services Officers.
- 2 x Labour Relations Officers.

This will bring the total number of people to be interviewed to 16 in metropolitan municipality.

The study will be at no cost to the City, but it will be beneficial as it will provide a perspective and a comparative study from other Metropolitan Municipalities. The ethical principles will be extremely adhered to throughout the study so as to maintain high standard of work and quality of the study. The information obtained during the study will be used purely for the purpose of the study and the researcher will ensure confidentiality and anonymity of potential participants on the study. A copy of the full research report will be made available to the City of Johannesburg Metropolitan Municipality once approved by the University.

It is against this background that the researcher is requesting permission to conduct research and interview relevant officers in the City of Johannesburg Metropolitan Municipality.

Hope you find this in order.

Regards,



Molebedi Sisi

Email: Molebedi.Sisi@ekurhuleni.gov.za

(011) 999 6771

079 606 8718

**Annexure E: Letter to the City Manager: City of Tshwane Metropolitan
Municipality**



City Strategy and Organisational Performance

Room CSP23 | Ground Floor, West Wing, Block D | Tshwane House | 320 Madiba Street | Pretoria | 0002
PO Box 440 | Pretoria | 0001
Tel: 012 358 742
Email: NosiphoH@tshwane.gov.za | www.tshwane.gov.za | www.facebook.com/CityOfTshwane

My ref: Research Permission/Sisi
Contact person: Pearl Maponya
Section/Unit: Knowledge Management

Tel: 012 358 4559
Email: PearlMap3@tshwane.gov.za
Date: 04 June 2018

Mr Molebedi Gordon Sisi
Private Bag X 1069
Germiston
1400

Dear Mr Molebedi Gordon Sisi,


RE: ASSESSING THE IMPACT OF SUPPLY CHAIN CORRUPTION IN THE THREE METROPOLITAN MUNICIPALITY IN THE GAUTENG PROVINCE, REPUBLIC OF SOUTH AFRICA FROM 2000 - 2014

Permission is hereby granted to Mr Molebedi Gordon Sisi, a PhD in Public Administration candidate at University of Fort Hare (UFH), to conduct research in the City of Tshwane Metropolitan Municipality.

It is noted that the aim of the study of your study is to assess the impact of supply chain corruption on the Ekurhuleni Metropolitan Municipality, City of Johannesburg and City of Tshwane in Gauteng Province. The City of Tshwane further notes that all ethical aspects of the research will be covered within the provisions of University of Fort Hare Research Ethics Policy. You will be required to sign a confidentiality agreement form with the City of Tshwane prior to conducting research.

Relevant information required for the purpose of the research project will be made available upon request. The City of Tshwane is not liable to cover the costs of the research. Upon completion of the research study, it would be appreciated that the findings in the form of a report and/or presentation be shared with the City of Tshwane.

Yours faithfully,


PEARL MAPONYA (Ms.)
DIRECTOR: KNOWLEDGE MANAGEMENT

City Strategy and Organisational Performance • Stadstrategie en Organisasieprestasie • Lefapha la Thulaganyo ya Tiro le Togamaano ya Toropokgolo • UmNyango wezokuSebenza namaQingha ahlilelweko kaMasipala • Kgoro ya Leanopekanyo la Toropokgolo le Bodiragatši bja Mmasepela • Muhaaho wa Vhupulani ha Dorobo khutwane na Mashumela • Ndzawulo ya Maqhinga ya Dorobakulu na Matirhele ya Masipala • Umnyango Wezeqhinga Ledolobha Nokusebenza Kwezikhungo

**Annexure F: Approved structure for the City of Ekurhuleni Metropolitan
Municipality**

**EKURHULENI METROPOLITAN MUNICIPALITY
MAYORAL COMMITTEE MEETING**

2017.04.19

ITEM A-CORP (04-2017)

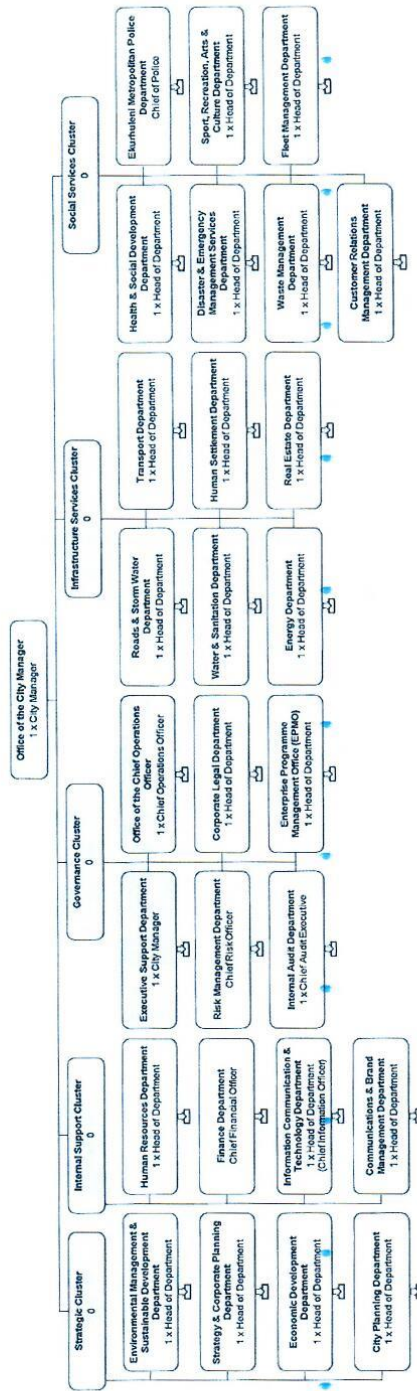
7. **That** the realignment of the positions on the Macro and Top Organisational Structures of the Ekurhuleni Metropolitan Municipality **BE APPROVED**:

JOB NAME	NUMBER OF POSTS TO BE ABOLISHED	NUMBER OF POSTS TO BE CREATED	TOTAL ESTIMATED SAVING PER ANNUM IF HOD AND DH POSITIONS ARE REDUCED (Rand)	TOTAL ESTIMATED ADDITIONAL FINANCIAL IMPLICATIONS (Rand)
Head of Department (include all HOD's of departments and the political offices, COO, and the Head: EPMO + Head: IRPTN)	2	0	3,682,190	
Divisional Head	86	0	104,513,736	
Executive Manager (estimated on 1 st notch of T17)	0	19		18,308,818
TOTALS	88	19	108,195,926	18,308,818

8. **That** the estimated saving of **R89,887,108** per annum on the implementation of the rationalization of the Macro and Top Structures with the reduction of Departments and Divisions, **BE NOTED**.
9. **That** the Cost Containment Measures **BE INVESTIGATED** by the relevant department (Finance Department) as discussed in paragraph 7.1 and policies and guidelines **BE DEVELOPED** and **REVIEWED**.
10. **That** the Timelines and the Way Forward for the finalisation of the Organisational Structures in the report, **BE CONCLUDED** for the implementation of the Macro and Top Structures as soon as the report is approved.
11. **That** the transitional arrangement guidelines and mechanisms developed by HR, Regulations stipulated in paragraph 1 and 8 of the report and the Labour Relations Act, regarding possible redundancies/access personnel **BE APPROVED**.

EKURHULENI METROPOLITAN MUNICIPALITY
Approved Organisational Structure
Office of the City Manager

Page 4



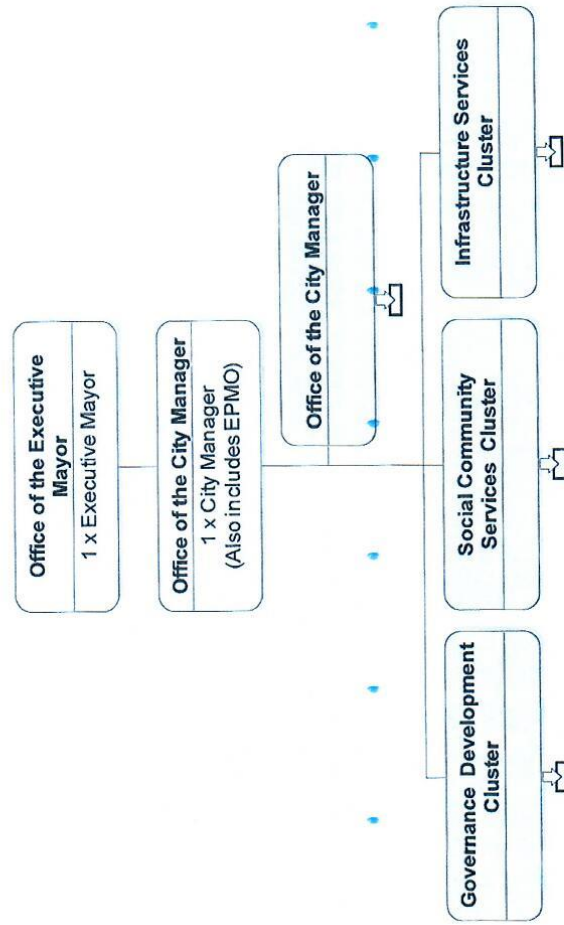
ANNEXURE A

34

A CORP (05-2015)

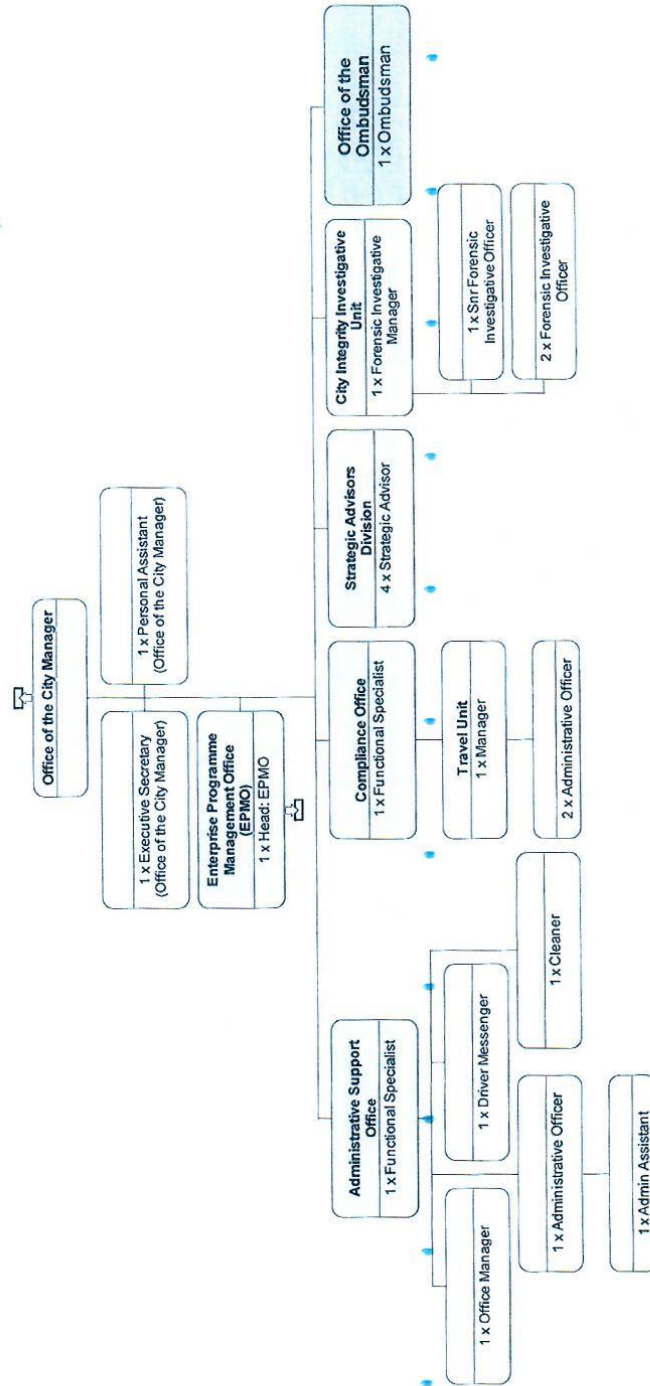
EKURHULENI METROPOLITAN MUNICIPALITY PROPOSED MACRO & TOP ORGANISATIONAL STRUCTURE

Proposed Macro & Top Organisational Structure



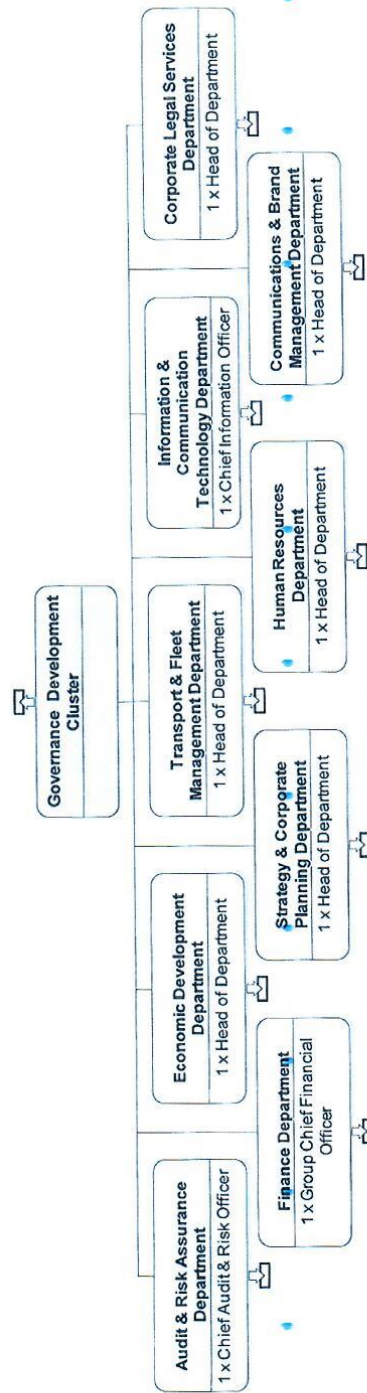
EKURHULENI METROPOLITAN MUNICIPALITY PROPOSED MACRO & TOP ORGANISATIONAL STRUCTURE

Office of the City Manager



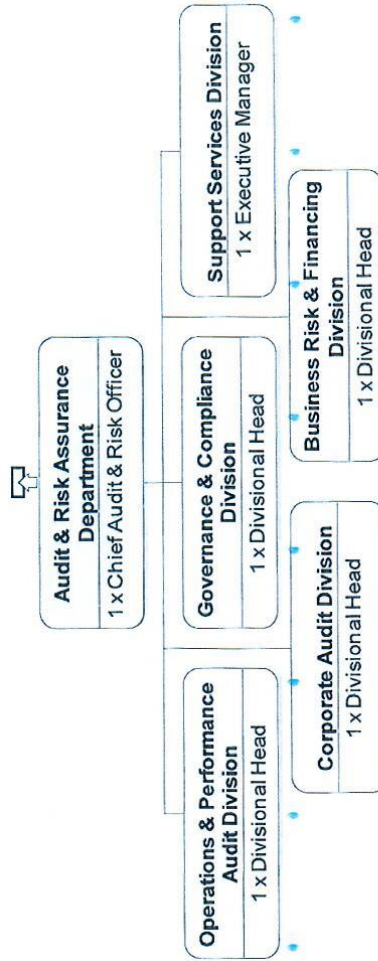
EKURHULENI METROPOLITAN MUNICIPALITY PROPOSED MACRO & TOP ORGANISATIONAL STRUCTURE

Governance Development Cluster



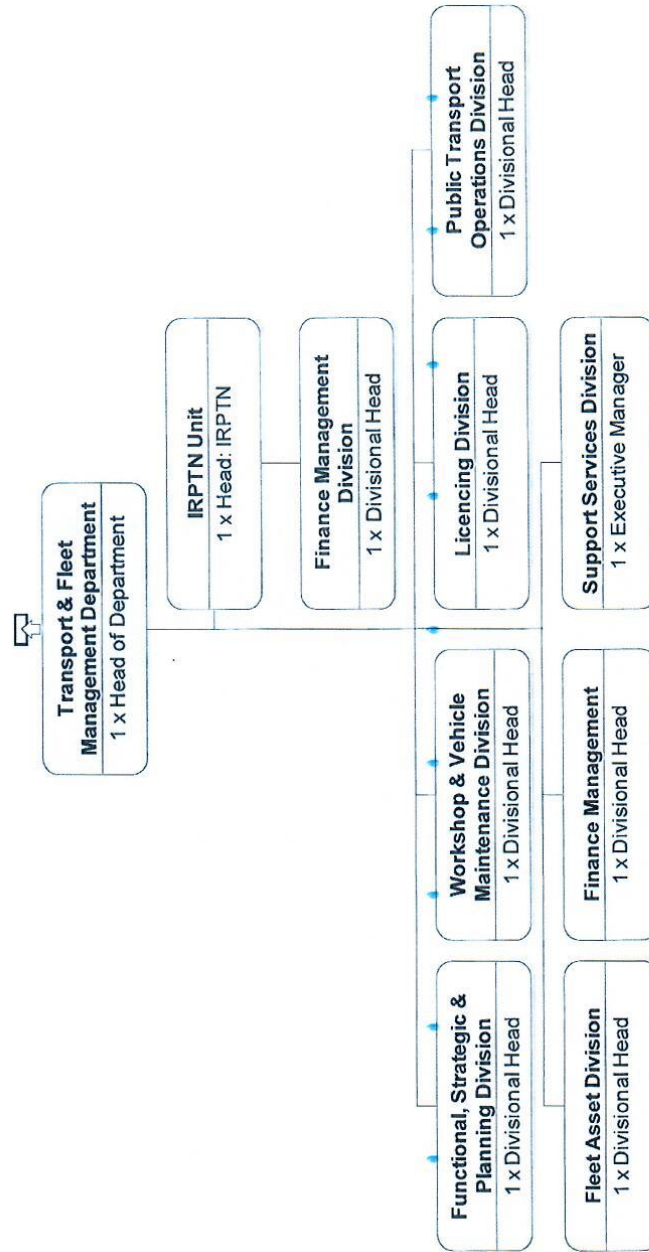
EKURHULENI METROPOLITAN MUNICIPALITY PROPOSED MACRO & TOP ORGANISATIONAL STRUCTURE

Audit & Risk Assurance Department



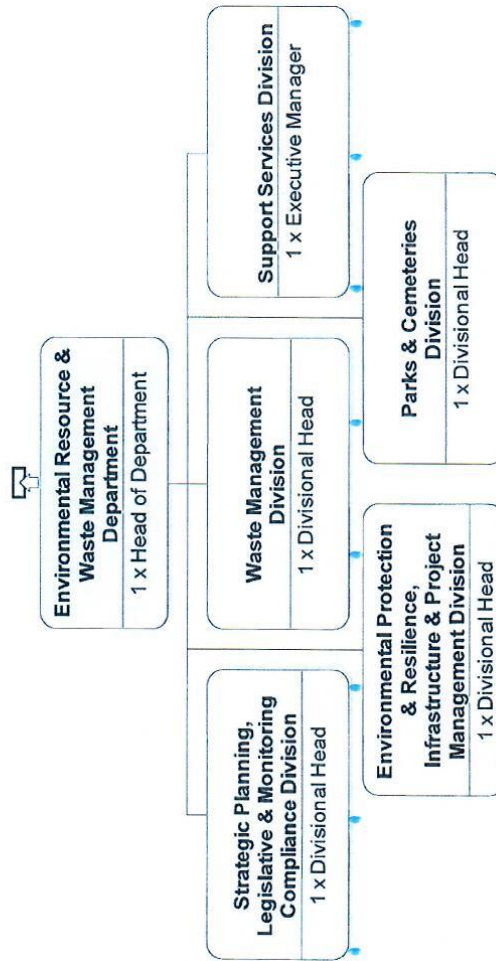
EKURHULENI METROPOLITAN MUNICIPALITY PROPOSED MACRO & TOP ORGANISATIONAL STRUCTURE

Transport & Fleet Management Department



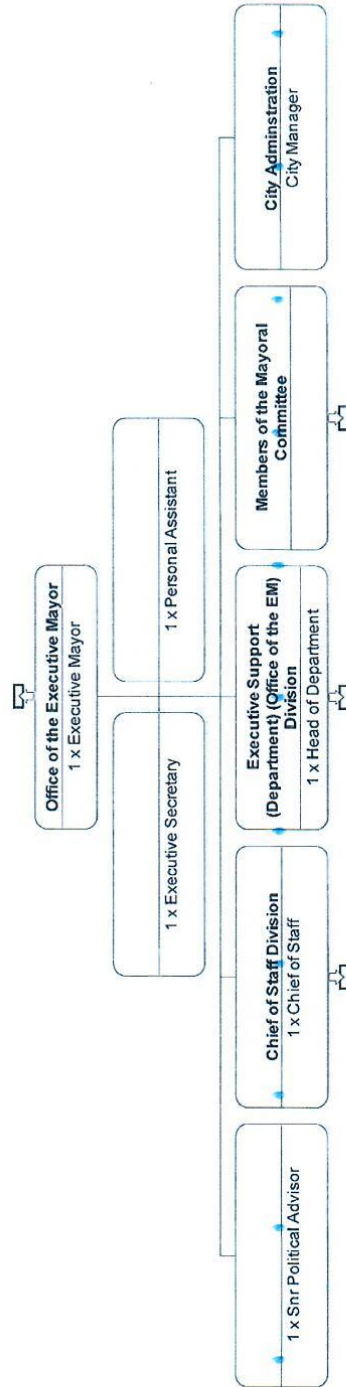
**EKURHULENI METROPOLITAN MUNICIPALITY
PROPOSED MACRO & TOP ORGANISATIONAL
STRUCTURE**

Environmental Resource & Waste Management Department



**EKURHULENI METROPOLITAN MUNICIPALITY
PROPOSED ORGANISATIONAL STRUCTURE
POLITICAL OFFICES
Office of the Executive Mayor**

10

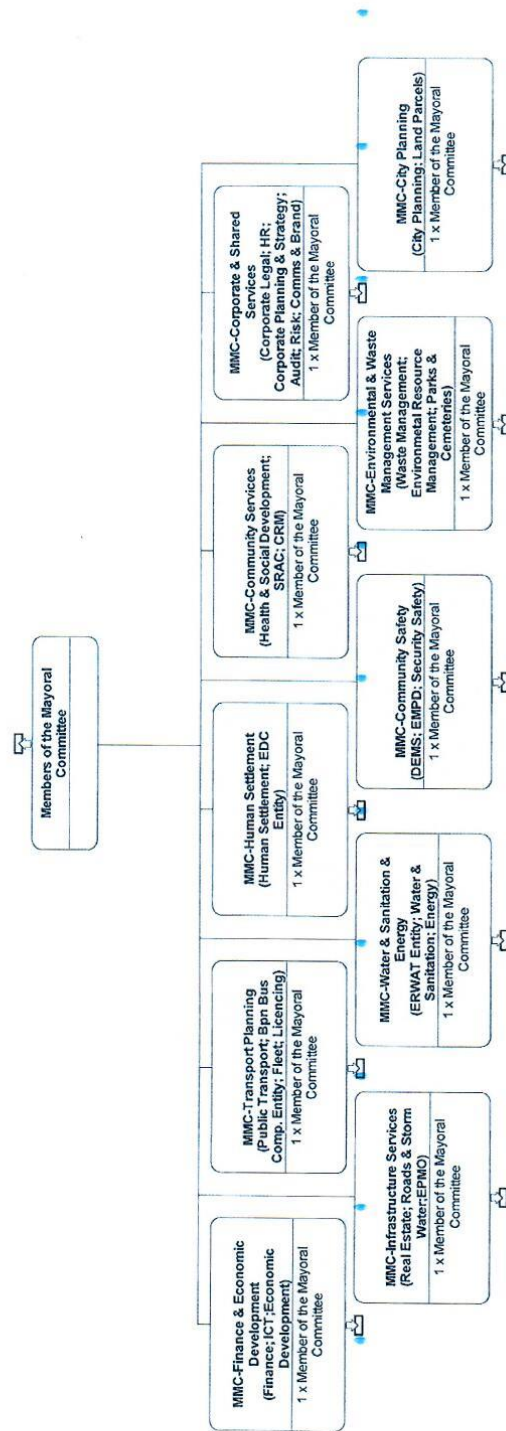


ANNEXURE C

102

EKURHULENI METROPOLITAN MUNICIPALITY PROPOSED ORGANISATIONAL STRUCTURE POLITICAL OFFICES Members of the Mayoral Committee

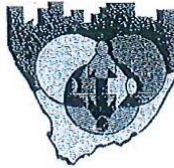
18



ANNEXURE C

110

Annexure G: Collective Agreement



SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL

(hereinafter referred to as "the Council")

MAIN COLLECTIVE AGREEMENT

In accordance with the provisions of the Labour Relations Act, 1995 made and entered into by and between the:-

SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION

(hereinafter referred to as "SALGA")

and

INDEPENDENT MUNICIPAL AND ALLIED TRADE UNION

(hereinafter referred to as "IMATU")

and

SOUTH AFRICAN MUNICIPAL WORKERS' UNION

(hereinafter referred to as "SAMWU")

(IMATU and SAMWU will together be referred to as the "Trade Unions")

MAIN COLLECTIVE AGREEMENT -- 2015 TO 2020

KS / SHK
P.S.M

TABLE OF CONTENTS

SECTION A APPLICATION

- Clause 1 Scope of Application
- Clause 2 Exclusion from Collective Agreement
- Clause 3 Period of Operation
- Clause 4 Objectives

SECTION B SUBSTANTIVE MATTERS

- Clause 5 Home Owner's Allowance
- Clause 6 Severance Pay
- Clause 7 Hours of Work
- Clause 8 Leave
 - 8.1 Annual Leave
 - 8.2 Sick Leave
 - 8.3 Maternity Leave
 - 8.4 Family Responsibility Leave
- Clause 9 Employee Benefit
 - 9.1 Medical Aid

SECTION C PROCEDURAL MATTERS

- Clause 10 Levels of Bargaining
- Clause 11 Organisational Rights
- Clause 12 Essential Services
- Clause 13 Grievance Procedure
- Clause 14 Bargaining Council Levy
- Clause 15 Medical Scheme Selection Procedures

SECTION D RULES OF THE COUNCIL

- Clause 16 Data Bank of Municipal Data
- Clause 17 Conduct of Proceedings before the Council

SECTION E EXEMPTIONS FROM COLLECTIVE AGREEMENTS OF THE COUNCIL

SECTION F ENFORCEMENT OF THIS AGREEMENT

SECTION G DISPUTE ABOUT APPLICATION AND INTERPRETATION OF THIS AGREEMENT

SECTION H AMENDMENT OF THIS AGREEMENT

SECTION I REPEAL OF EXISTING AGREEMENT


SECTION J DEFINITIONS

MAIN COLLECTIVE AGREEMENT – 2015 TO 2020

K.S. / SMK
P.S.M.

LIST OF ANNEXURES

ANNEXURE	DESCRIPTION OF ANNEXURE	RELEVANT PROVISIONS OF THIS AGREEMENT
Annexure 1	Declaration by Full-time Shop Steward in terms of Organisational Rights	Section C, Sub-Clause 11.5.9.4
Annexure 2	SAMWU Regions in terms of Organisational Rights	Section C, Sub-Clause 11.6.10
Annexure 3	IMATU Branches in terms of Organisational Rights	Section C, Sub-Clause 11.6.10
Annexure 4	Essential Services Guidelines	Section C, Sub-Clause 12.1.3
Annexure 5	Grievance Form in terms of the Grievance Procedure	Section C, Sub-Clause 13.2.1
Annexure 6	Medical Aid Complaint Form	Section C, Sub-Clause 15.7.1
Annexure 7	Data Specification for Extraction of Salary Information in terms of the Data Bank	Section D, Sub-Clause 16.1
Annexure 8	Conduct of Proceedings before the Council	Section D, Sub-Clause 17.2
Annexure 9.1	Request for Conciliation in terms of the Conduct of Proceedings before the Council	Annexure 8, Rule 10
Annexure 9.2	Certificate of Outcome	Annexure 8, Rule 15
Annexure 9.3	Request for Arbitration in terms of the Conduct of Proceedings before the Council	Annexure 8, Rule 18
Annexure 9.4	Notice of Objection to Arbitration by Same Arbitrator	
Annexure 9.5	Application to Appoint Senior Arbitrator to Arbitrate	
Annexure 9.6	Application to make a Settlement Agreement an Arbitration Award	
Annexure 9.7	Request for Pre-dismissal Arbitration	
Annexure 9.8	Guideline Settlement Agreement	
Annexure 10	Exemption Application	Section E, Sub-Clause 18.2
Annexure 11	List of Council Offices	



 1/SMK

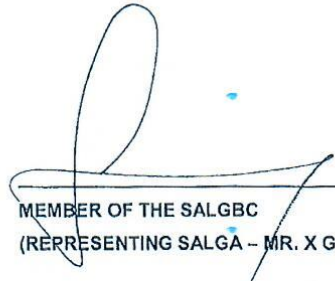
 PS: 1/11/2020

 2

MAIN COLLECTIVE AGREEMENT – 2015 TO 2020

THIS AGREEMENT WAS CONSIDERED, ADOPTED AND APPROVED BY THE BARGAINING COMMITTEE OF THE CENTRAL COUNCIL IN TERMS OF CLAUSE 17.3 OF THE CONSTITUTION, ON 25 AUGUST 2015.

SIGNED BY THE PARTIES AT DURBAN ON THIS THE 9th DAY OF SEPTEMBER 2015.



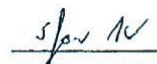
MEMBER OF THE SALGBC
(REPRESENTING SALGA – MR. X GEORGE)



MEMBER OF THE SALGBC
(REPRESENTING IMATU – MR.S KHOZA)



MEMBER OF THE SALGBC
(REPRESENTING SAMWU – MR. P. S
MOLALENYANE)



GENERAL SECRETARY OF THE SALGBC
MR SS GOVENDER

ANNEXURE 1

**DECLARATION BY FULL-TIME
SHOP STEWARD**

As agreed between and

As *Parties* to the agreement which brought me to office, I

(full name) (pay number) duly elected full-time Shop Steward, hereby agree and undertake to carry out my duties as full-time Shop Steward in conformity with the provisions of all agreements between the two *Parties* in Annexure "B" of the Organizational Rights Agreement.

Dated atthis..... day of

FULL-TIME SHOP STEWARD

WITNESS (TRADE UNION)

WITNESS (MANAGEMENT)

MAIN COLLECTIVE AGREEMENT – 2015 TO 2020

K.S. *SHK*
47
P.S.M.

ANNEXURE 2

SAMWU REGIONS

PROVINCE	REGION	TOTAL
EASTERN CAPE	1. Nelson Mandela Metro 2. O.R. Tambo 3. Pinky Ntsangani 4. Chris Hani 5. Amatola 6. Buffalo City Metro	5
GAUTENG	1. Ekurhuleni 2. Tshwane Metro 3. Greater Vaal 4. JHB Metro 5. West Rand	5
LIMPOPO	1. Northern 2. Far North 3. Southern	3
WESTERN CAPE	1. Cape Metro 2. Boland 3. Garden Route/Karoo 4. North West	4
KWAZULU-NATAL	1. South Coast 2. North Coast 3. Midlands 4. Ethekewini Metro 5. Pietermaritzburg	5
NORTHERN CAPE	1. Upnam 2. Decarna 3. Kimkuru	3
FREE STATE	1. S.M. Pule 2. Thabo Mafutsanyana 3. Lejweleputsa 4. Mongwame	4
MPUMALANGA	1. Highveld Ridge 2. Highveld 3. South East Highveld 4. Lowveld	4
NORTH WEST	1. Southern 2. Mafikeng 3. Northern	3
TOTAL REGIONS		36

MAIN COLLECTIVE AGREEMENT – 2015 TO 2020

TS
sp 48 SMK
P.S.m

ANNEXURE 3

IMATU SUB-REGIONS

PROVINCE	SUB-REGIONS	TOTAL
EASTERN CAPE	1. Port Elizabeth 2. DC 12, DC 15 3. DC 13, DC 14 4. DC 10	4
FREE STATE	1. DC 16, DC 17 2. DC 18, DC 20 3. DC 19	3
GAUTENG	1. Johannesburg 2. Pretoria 3. East Rand 4. DC 41 5. DC 42 6. CBD C2b	6
KWAZULU-NATAL	1. Durban 2. DC 22, DC 23, DC 24, DC 25 3. CBDC5, DC 21 4. DC 26, DC 27, DC 28, DC 29	4
MPUMALANGA	1. DC 30 2. DC 31, CBDC 3b 3. DC 32	3
NORTH WEST	1. DC 37 2. DC 38, DC 39 3. DC 40	3
NORTHERN CAPE	1. DC 6 2. DC 7, DC 9 3. DC 8	3
LIMPOPO	1. DC 33, CBDC 3a, CBDC 4a 2. DC34, DC 35 3. DC 36	3
WESTERN CAPE	1. Cape Metro 2. DC 1, DC 2 3. DC 3 4. DC 4 5. DC 5	5
TOTAL SUB-REGIONS *		34

* The sub-regions herein are those that are described in Government Gazette 20764 of 24 December 1999, Notice 2989 of 1999.

MAIN COLLECTIVE AGREEMENT – 2015 TO 2020

X.S.
49 SMK
P.S. 2021

Annexure H: Editorial Confirmation

28 July 2018

To Whom it May Concern

I herewith confirm that I have proofread the following dissertation:

Title of Study: *ASSESSMENT OF SUPPLY CHAIN CORRUPTION IN THE
THREE METROPOLITAN MUNICIPALITIES IN THE
GAUTENG PROVINCE OF SOUTH AFRICA*

Student Name: Molebedi Gordon Sisi

Student Number: 201415695

Institution: University of Fort Hare

Qualification: PhD (Public Administration)

I suggested relevant changes, where I saw fit, using the "Track Changes" function in MSWord; the student could thus either accept or reject the suggested changes at his own discretion.

I trust that this is in order.

Kind regards,



Nancy Morkel

MA English (NMMU), PGDHET (UFH), BA Hons English (UPE), BA MCC (UPE)
Editing Methodology (SU), Editing Practice (SU)
nancy.morkel@mandela.ac.za