

7th Special Edition — National Public Sector Non-Compliance Audit Symposium

Supply Chain Management Under the Audit: Breaking the Cycle of Red Flags

Beyond Findings: Reclaiming Accountability and Restoring Public Confidence

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The Real Crisis

Audit findings are symptoms; the disease is the normalisation of weak controls, poor accountability, and reactive governance.



***Audit findings are not the real crisis.
The real crisis is the normalisation of weak controls, poor accountability, and reactive governance environments.***

Today's Session

 30-Minute Presentation

 15-Minute Q&A

Three Fault Lines Explored Today



Fault Line 01
Governance Gaps



Fault Line 02
Contract Failures



Fault Line 03
The Path to Restoration



Setting the Scene — What We Are Here to Discuss

This session maps the journey from persistent red flags to preventative, confidence-restoring governance.

Today's agenda — five interconnected themes



Governance and audit committees hold the levers. *This session speaks directly to those levers — and to your power to break the cycle of repeat findings.*

Procurement Is Not the Problem — Weak Governance Is

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Policies, delegations, and systems exist — the crisis lies in their implementation.

What Exists

- Procurement policies and frameworks
- Delegation frameworks
- SCM systems and regulations

Where It Breaks Down

- Poor procurement planning and reactive procurement
- Weak specification development and inadequate market analysis
- Poor contract administration and weak record management
- Delayed or absent consequence management

Consequences

Irregular expenditure Fruitless & wasteful expenditure Supplier disputes Infrastructure delays Project failures Loss of public confidence

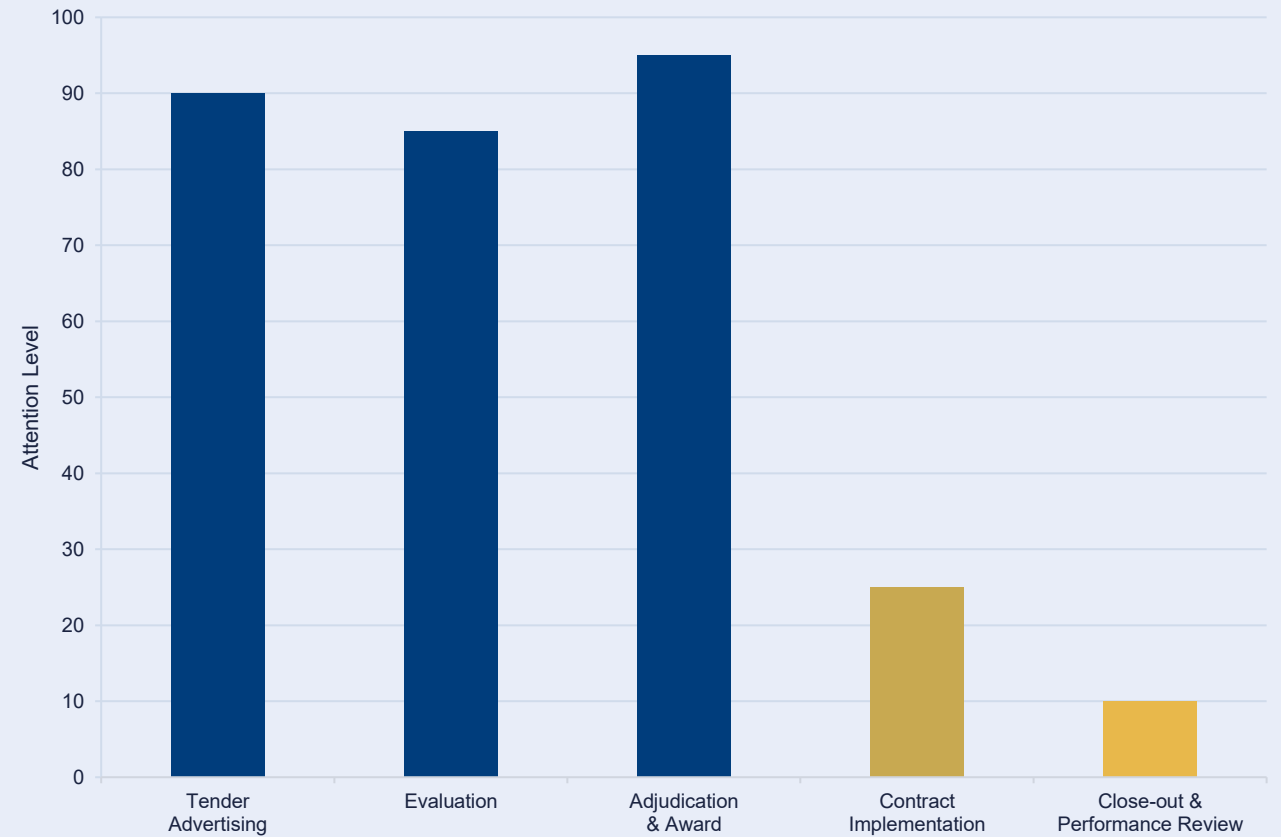
The Governance Attention Cliff

Institutional energy peaks at award — and collapses exactly when contract risk is highest.

The post-award vacuum is where most audit findings are born.

"So what does that vacuum look like in practice?"

Governance Attention Across Procurement Stages



Source:

The Huge Gap in Contract Management

Common weaknesses after award are systematic, predictable, and entirely preventable.

 Poor scope management and uncontrolled variations

 Poor performance monitoring and weak documentation management

 Weak milestone verification and inadequate site monitoring

 Poor consultant oversight and delayed penalty enforcement



Consequence

Contractors abandon sites after receiving substantial payments — infrastructure stalls, public funds lost.



Red Flag Pattern

Same contractors resurface through associated entities, subcontracting arrangements, or newly registered companies.







Required Response

Due diligence must include physical verification of completed projects — not just paper checks.

The Missing Link — Shared Public Sector Transparency

No single institution can break the cycle alone; shared intelligence is the missing infrastructure.

✖ Current State — Operating in Silos

 SCM Systems	Isolated
 CIDB Contractor Performance Records	Isolated
 Supplier Restriction & Blacklisting Systems	Isolated
 Infrastructure Delivery Information Platforms	Isolated

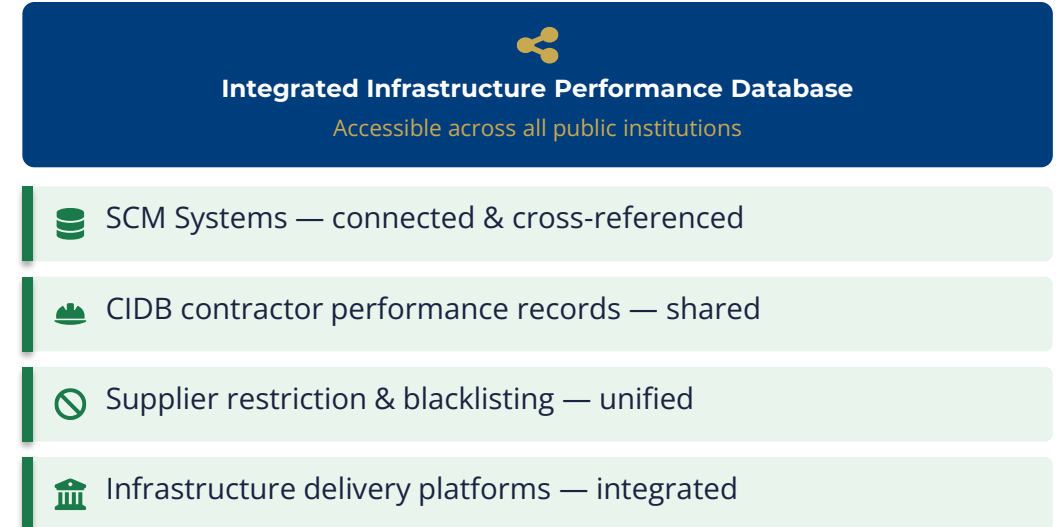


A barred contractor simply reappears elsewhere under a new entity

What's
Needed



✔ What Is Needed — Integrated Intelligence



A flagged contractor cannot escape institutional memory

Collusion, Ethics, and Corruption

Accountability that reaches only officials — and not the suppliers who corrupt them — is half-accountability.

⚠️ **Current pattern:** Officials are disciplined — suppliers continue operating freely. Both the corrupter and the corrupted must face consequences.

Official Accountability

- Public officials must act with integrity in every procurement decision
- Disciplinary processes must be swift and consistent — not ad hoc
- Officials who solicit or accept corrupt payments must face full consequence management

"The corrupted must answer."

AND

Supplier Accountability

- Suppliers must be protected from unethical conduct by officials
- Suppliers who initiate corrupt conduct must be held equally accountable
- Supplier restriction and blacklisting must follow confirmed misconduct — not merely process findings

"The corrupter must answer too."

 **Ethical procurement requires consequence management on both sides of the transaction — closing the accountability gap between officials and suppliers.**

Professionalising Procurement

Procurement is no longer a clerical function — it is a strategic governance discipline that demands professional investment.



Governance Frameworks & Legislation



Contract & Risk Management



Ethics & Financial Accountability



Supplier & Project Management



Audit Environments & Compliance

Qualifications Alone Are Insufficient

What is also required:

- Practical exposure in real procurement environments
- Mentorship programmes pairing practitioners with experienced officials
- Structured ethics training as a continuous obligation
- Contract management capability — not just procurement knowledge
- Audit readiness — understanding findings before they are raised

Why Professionalisation Matters

- Poor procurement planning is a skills failure, not just a process failure
- Weak specifications result from practitioners who lack market knowledge
- Contract management gaps arise where capability has not kept pace with responsibility
- Strategic institutions require strategic procurement professionals

From Detective to Preventative Controls

We cannot audit our way to clean procurement — we must govern our way there.

Detective Controls

- ✗ **AGSA audit findings** — post-event review
- ✗ **Internal audit reports** — after the fact
- ✗ **Investigations & disciplinary processes** — reactive
- ✗ **Whistleblowers & media exposure** — ad hoc, unpredictable

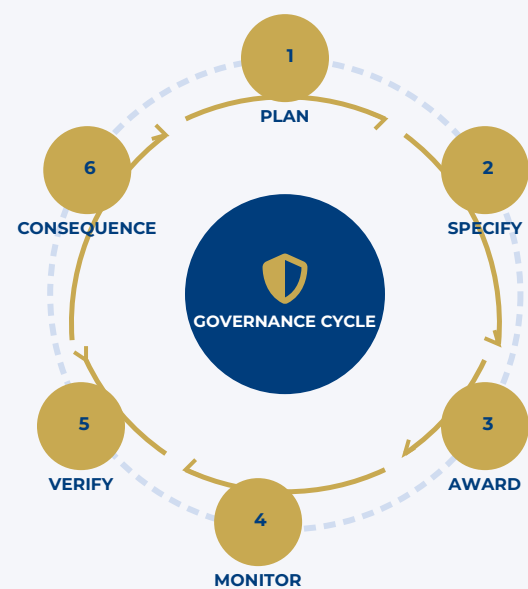


Preventative Controls

- ✓ **Proper procurement planning** with early SCM involvement
- ✓ **Supplier due diligence** with physical verification
- ✓ **Milestone verification** and contract monitoring systems
- ✓ **Automated controls** and segregation of duties
- ✓ **Structured ethics management** and continuous monitoring

What Good Looks Like — A Preventative Governance Framework

Prevention is not complex — it is a commitment to doing the basics consistently and with discipline.



1		Plan Proper procurement planning with realistic timelines Owner: SCM
2		Specify Robust, independently reviewed specifications Owner: SCM, Legal
3		Award Transparent, documented adjudication Owner: Finance, Executive
4		Monitor Milestone-based contract monitoring with site presence Owner: SCM, Internal Audit
5		Verify Independent performance and completion verification Owner: Internal Audit
6		Consequence Swift, consistent consequence management for all parties Owner: Executive

Restoring Public Confidence

Communities do not experience procurement as policy — they experience it as infrastructure, services, and trust.

What Public Confidence Looks Like

- 🏫 Schools completed on time and to specification
- 🏥 Clinics that function and are equipped
- 🛣️ Roads maintained and accessible
- 🏗️ Infrastructure that delivers lasting value
- 🛡️ Public funds visibly protected

What Restores Confidence



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Service delivery — where governance becomes real

Breaking the Cycle Starts Here

Governance and audit committees are not passive recipients of findings — they are the first line of prevention.

Five Commitments for Governance & Audit Committees

- 01** 📅 Demand procurement planning as a standing agenda item — before the financial year begins
- 02** 📄 Require post-award contract monitoring reports at every meeting
- 03** 🏗️ Insist on physical verification of infrastructure — not just completion certificates
- 04** ⚖️ Hold both officials and suppliers to consequence management equally
- 05** 🎓 Invest in procurement professionalisation as a strategic institutional priority

Closing Provocation

🗨️ A Challenge to This Room

“

The findings will keep coming until the governance environment makes them impossible.

Closing Remarks

Thank You — Questions Welcome

Now open for discussion

 15-Minute Q&A

*"Beyond Findings: Reclaiming Accountability
and Restoring Public Confidence"*



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