
Media Statement

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TO: All Media

ATTENTION: News Editors / Transport Reporters / All Reporters

For immediate use

MINISTER CREECY RELEASES ÀUDITOR-GENERAL'S AUDIT REPORT ON THE NEW DRIVING LICENSE CARD MACHINES TENDER.

PROTORIA: The Minister of Transport, Ms. Barbara Creecy has instructed her department to lodge a high court application for a declaratory order regarding the Driving License Card Machines tender found to have been irregular by the Auditor-General South Africa (AGSA).

AUDIT REPORT BY AGSA

While Minister Creecy made an undertaking to release the executive summary of the AGSA audit report, which is annexed in this statement, it is important to highlight some of the audit findings. The AGSA;

1. identified instances of non-compliance with the required procurement processes. The non-compliances emanated from transgressions of Supply Chain Management prescripts (Public Finance Management Act (PFMA), Treasury Regulations and Driving License Card Account (DLCA) SCM policies, rendering the procurement process irregular.
2. The identified instances of non-compliance were due to;
 - 2.1. The DLCA's budget analysis, as part of the demand management process, being inadequate.
 - 2.2. Bids not being evaluated according to the evaluation criteria as per the bid specifications.
 - 2.3. Inconsistent application of scoring during the bid evaluation process.
3. Furthermore, the AGSA noted that the bid evaluation committee (BEC) deviated from assessing the bids using the exact criteria set out in the bid specifications when evaluating documents provided by bidders. The BEC members had to use their judgment and make executive decisions on how to assess the bids

due to ambiguous bid specifications, which did not clearly address the DLCA requirements. This ambiguity led to discrepancies identified by the AGSA, resulting in an unfair and non-transparent procurement process.

4. The inconsistencies extended beyond technical evaluation to site visits conducted by the DLCA. During these visits, the DLCA was supposed to confirm that the machine proposed by the bidder, IDEMIA's MX8100, had the required capacity and capability to deliver on the requirements. The DLCA chose to inspect an unrelated machine.
5. The deviation from the bid specifications and the use of ambiguous criteria undermine the fairness and transparency of the procurement process. Furthermore, the AGSA noted that the evaluation of a machine not proposed by the bidder increases the risk that the selected service provider, IDEMIA, may not be able to fulfill the contract requirements. This could result in the DLCA, failing to meet its constitutional mandate.
6. The AGSA has further indicated that while the current non-compliances do not indicate fraud risk factors, their impact will be fully evaluated during the final regularity audit of 2024-25. At the date of this report, implementation and payment had not commenced.
7. The AGSA concluded its report by making the following remarks:
 - 7.1. The AGSA audit of the DLCA's SCM processes revealed irregularities in the tender evaluation. IDEMIA, the winning bidder, failed to meet key bid technical requirements. Additionally, their review confirmed that the other bidders were not unfairly disqualified, as they also did not meet the bid technical specifications.
 - 7.2. All bids submitted exceeded the R486,385 million budget set by the DLCA, indicating inadequate market analysis and budgeting. The DLCA used outdated pre-covid prices, and the budget they submitted to Cabinet for approval did not include all the costs for the contract, leading to Cabinet approving a memo that was not a true reflection of the cost of the contract. This poses the risk of the project being delayed or canceled due to insufficient funds.
 - 7.3. The AGSA also noted that the bid specification included an adequate assessment of the ability of the system to protect personal data. All bidders were evaluated on this criterion, and some were responsive.

Through this report, the AGSA indicated it aimed to provide pertinent audit insights to the minister in response to her request. It strongly encouraged the use of these insights and recommendations as a foundation to address the identified control weaknesses

promptly and to ensure the timely implementation of the recommended corrective actions.

WAY FORWARD

It is on the basis of the above that the Department is in no position to turn a blind eye on the findings of the AGSA that points to irregularities in the tender process and the transgressions of the PFMA.

In terms of section 81 (1) of the PFMA, an accounting officer for a department or a constitutional institution commits an act of financial misconduct if that accounting officer willfully or negligently, (b) makes or permits an unauthorized expenditure, an irregular expenditure, or a fruitless and wasteful expenditure.

Consequently, Minister Creecy has instructed the Department to lodge an High Court application for a declaratory order for guidance on how to proceed given the AGSA audit report.

BACKGROUND

Minister Creecy had, in September 2024, requested the AGSA, who at the time was undertaking an audit of the procurement process for the new driving license card, to widen the scope of the audit process and include;

1. Whether supply chain management prescripts were followed to the letter;
2. Whether the specs for the project included adequate measures to protect the safety of personal data given the sensitivity of information and security features involved in this project;
3. The implications for this procurement process of the recent cancellation by ACSA of a contract that was awarded to IDEMIA due to a contractual dispute between IDEMIA and its BBEE partner InfoVerge.
4. Whether IDEMIA's technical capacity and timeous delivery were adequately considered in the tender process following allegations of challenges at three airports where IDEMIA's biometrics system was contracted by ACSA;
5. Whether other South African service providers tendered, including service providers contracted by the Government Printing Works, And why were they not selected.
6. Was the chosen bidder the most affordable option?

INTERIM SOLUTIONS TO SUSTAIN THE CURRENT MACHINE

Meanwhile, the Department is exploring various interim solutions to sustain the operations of the current machine, given it's age. The interim measures will be announced in due course.

Issued by the National Department of Transport

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