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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 3791

Ms S I Nkosi (MK) to ask the Minister of Trade, Industry and Competition:

Whether, in light of the forensic investigation into allegations of maladministration at the SA Bureau of Standards, which revealed long standing deficiencies in governance, operations, procurement, human resource and internal controls before ministerial intervention was instituted, any (a) warning signs, (b) risk indicators, (c) audit findings, (d) whistle-blower complaints, (e) governance concerns and/or (f) other oversight signals have been identified by his department prior to the commencement of the forensic investigation; if not, why not; if so, (i) what were those identified warning signs, (ii) at what point were they first brought to the attention of the department and (iii) what actions were taken by the department in response thereto? NW4010E

REPLY:

(a),(b),(c),(d),(e) and (f)(i),(ii)&(iii)

Around the period 2016–2018, the Department had identified some governance concerns and risk indicators at the SABS.

The concerns and risk indicators included:

- The introduction of a 'no partial testing' policy without consultation with stakeholders or the shareholder, which undermined service delivery and the promotion of quality standards;
- Failure to develop and submit a turnaround strategy, as requested by the Minister by January 2018;
- Leadership instability, including high turnover in critical positions;



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- Instances of withholding critical information from the Department and the Executive Authority, including non-responsiveness to Parliamentary oversight processes;
- Financial sustainability concerns, including declining revenues and increasing cost pressures; and
- Persistent stakeholder and industry complaints regarding service delivery and organisational performance.

At what point were the matters first brought to the attention of the Department:

These matters were brought to the attention of the Department progressively over time through ongoing oversight, stakeholder engagements, and reporting mechanisms. The frequency and severity of the concerns escalated significantly during 2018, ultimately necessitating further intervention.

Actions taken by the Department:

- In response, the Department -
 - Conducted engagements with the SABS Board, executive management, and industry stakeholders to address the identified challenges;
 - Strengthened oversight measures, including requiring more regular reporting and accountability;
 - Continued to monitor the situation as concerns persisted; and
 - Following continued governance and operational failures, the former Minister of Trade and Industry (**the dti**), Dr Rob Davies, dissolved the Board in 2018 and placed the entity under administration until December 2022, when a Board was appointed.
- When the Minister received whistleblower reports pointing to governance challenges at SABS, the Minister initiated consultations with the erstwhile Board, which was ultimately replaced with a new Board tasked with ensuring the turnaround required to restore governance at SABS.
- The current Board has made significant progress in addressing governance concerns at SABS. **the dtic**-initiated forensic investigation has provided the Minister and the



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Board with insights into the challenges facing SABS, and its recommendations are now being implemented under a Ministerial directive to furnish quarterly reports on progress made in implementing the forensic investigation recommendations.

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