



Media Alert

11 July 2010

Contractor Registration Fraud Alert

The Construction Industry Development Board (cidb) is a public entity established by an Act of Parliament, Act 38 of 2000. Its mandate is to provide strategic leadership to industry stakeholders to stimulate sustainable growth, reform and improvement of the construction sector as well as to regulate the construction industry. Part of the broad mandate of the cidb is to register contractors who wish to participate in the public tendering system to build schools, clinics, roads, bridges, dams, stadiums and other public infrastructure. The cidb Register of Contractors (RoC), is a national register and the only register that public sector clients must use to appoint contractors for construction projects. The requirement for registration excludes home builders, private sector contractors as well as contractors undertaking mainly labour contracts.

The cidb has since established the Register of Contractors (RoC) as required by the cidb Act. The register allows contractors to be registered and graded on the basis of their capability to perform projects and also facilitates public sector procurement. It is therefore being used as a macro-risk management tool. Registration on the cidb database is through a closely controlled process which stipulates specific requirements to be met by contractors to ensure that the integrity of the RoC is maintained. We are proud to have reached remarkable achievement in that more than 100 000 registrations have been captured on the cidb database since RoC's establishment in 2004.

The cidb has unfortunately discovered that some people have established businesses which are marketed as "cidb agents". These individuals/businesses contact unsuspecting contractors and entice them to pay large sums of money, promising them registration in grades higher than they qualify for. This is a scam and

contractors must not register through these ‘agents’. We have been informed of contractors paying up to R25 000 to be registered on a grade.

We wish to emphasise, as previously communicated to all stakeholders, that the cidb does not accept cash at any of its premises and that registration with the cidb does not cost anything beyond the prescribed fees reflected on all registration forms. The registration fees are only payable directly into the authorised cidb bank account, which is also reflected on cidb’s registration forms as well as on the cidb website. Contractors may also pay by debit or credit card at any of our provincial offices known as the Construction Contact Centers (CCC’s) – see details of the CCC’s on the cidb website. Contractors should not pay through any other account to register with the cidb.

The cidb hereby confirms that it has no connection to these self-appointed “agents” and is busy investigating the scams. Any contractor who has paid these individuals should know that they have committed a criminal offence as the cidb has no agents appointed to facilitate the registration of contractors on its database. Some of these self-appointed “agents” may have worked with some cidb employees to gain inside information.

‘The cidb continuously conducts fraud and corruption investigations and contractors found to have been registered through fraudulent processes are downgraded immediately as per legislative requirements. The cidb also conducts forensic investigations and institutes disciplinary procedure as set out in the cidb Regulations, 2004. The names of contractors that are successfully prosecuted are published in the government gazette and on the cidb website.

Likewise, employees suspected of accepting or soliciting bribes, selling or facilitating the selling of registered companies are also investigated. Apart from carrying out disciplinary procedures on employees, the cidb also lays criminal charges once the employees have been internally charged -we have already dismissed employees who were found to have accepted bribes from contractors’ said Ronnie Khoza, CEO of the cidb.

Contractors are therefore advised against paying any money or bestowing gifts to an employee(s) of the cidb who promise to facilitate registration. Again, this is a fraudulent act by both the contractor and the cidb employee, an act punishable under the provisions of the cidb Act and applicable regulations.

The cidb has a zero tolerance policy on fraud and corruption. The public and contractors are requested to report any fraud or corrupt activities linked to cidb or any cidb staff member via the cidb anonymous Fraud Reporting Hotline: 0800 112 432. Fraudulent or corrupt activities include cidb staff members who have solicited or accepted a bribe from a contractor or a contractor who has offered a bribe to a cidb staff member, a contractor who has paid a facilitation fee to a company or individual purporting to be an agent of the cidb in order to be registered in a higher grade.

All information reported is treated with the strictest confidence.

For further details please do not hesitate to contact the cidb at: cidb@cidb.org.za, or visit the cidb website: www.cidb.org.za call cidb Communications Unit on 012 482 7200.