

Reference: RCS/C.6

TREASURY CIRCULAR NO. 24/2016

THE PREMIER

THE MINISTER OF ECONOMIC OPPORTUNITIES
THE MINISTER OF COMMUNITY SAFETY
THE MINISTER OF CULTURAL AFFAIRS AND SPORT
THE MINISTER OF EDUCATION
THE MINISTER OF FINANCE
THE MINISTER OF HEALTH
THE MINISTER OF HUMAN SETTLEMENTS
THE MINISTER OF LOCAL GOVERNMENT, ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING
THE MINISTER OF SOCIAL DEVELOPMENT
THE MINISTER OF TRANSPORT AND PUBLIC WORKS

For information

THE SPEAKER: PROVINCIAL PARLIAMENT
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

THE ACCOUNTING OFFICER: VOTE 1:	PREMIER (ADV B GERBER)
THE ACCOUNTING OFFICER: VOTE 2:	PROVINCIAL PARLIAMENT (DR G LAWRENCE)
THE ACCOUNTING OFFICER: VOTE 3:	PROVINCIAL TREASURY (MR Z HOOSAIN)
THE ACCOUNTING OFFICER: VOTE 4:	COMMUNITY SAFETY (MR G MORRIS)
THE ACCOUNTING OFFICER: VOTE 5:	EDUCATION (MS P VINJEVOLD)
THE ACCOUNTING OFFICER: VOTE 6:	HEALTH (DR B ENGELBRECHT)
THE ACCOUNTING OFFICER: VOTE 7:	SOCIAL DEVELOPMENT (DR R MACDONALD)
THE ACCOUNTING OFFICER: VOTE 8:	HUMAN SETTLEMENTS (MR T MGULI)
THE ACCOUNTING OFFICER: VOTE 9:	ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR P VAN ZYL)
THE ACCOUNTING OFFICER: VOTE 10:	TRANSPORT AND PUBLIC WORKS (MS J GOOCH)
THE ACCOUNTING OFFICER: VOTE 11:	AGRICULTURE (MS J ISAACS)
THE ACCOUNTING OFFICER: VOTE 12:	ECONOMIC DEVELOPMENT AND TOURISM (MR S FOURIE)
THE ACCOUNTING OFFICER: VOTE 13:	CULTURAL AFFAIRS AND SPORT (MR B WALTERS)
THE ACCOUNTING OFFICER: VOTE 14:	LOCAL GOVERNMENT (MR G PAULSE)
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THE CHIEF FINANCIAL OFFICER: VOTE 2:	PROVINCIAL PARLIAMENT (MS N PETERSEN)
THE CHIEF FINANCIAL OFFICER: VOTE 3:	PROVINCIAL TREASURY (MR A GILDENHUY)
THE CHIEF FINANCIAL OFFICER: VOTE 4:	COMMUNITY SAFETY (MR M FRIZLAR)
THE CHIEF FINANCIAL OFFICER: VOTE 5:	EDUCATION (MR L ELY)
THE CHIEF FINANCIAL OFFICER: VOTE 6:	HEALTH (MR A VAN NIEKERK)
THE CHIEF FINANCIAL OFFICER: VOTE 7:	SOCIAL DEVELOPMENT (MR JO SMITH)
THE CHIEF FINANCIAL OFFICER: VOTE 8:	HUMAN SETTLEMENTS (MR F DE WET)
THE CHIEF FINANCIAL OFFICER: VOTE 9:	ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T GILDENHUY)
THE CHIEF FINANCIAL OFFICER: VOTE 10:	TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)
THE CHIEF FINANCIAL OFFICER: VOTE 11:	AGRICULTURE (MR F HUYSAMER)
THE CHIEF FINANCIAL OFFICER: VOTE 12:	ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: VOTE 13:	CULTURAL AFFAIRS AND SPORT (MS BG RUTGERS)
THE CHIEF FINANCIAL OFFICER: VOTE 14:	LOCAL GOVERNMENT (MS B SEWLALL-SINGH)
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THE CHIEF EXECUTIVE OFFICER:	WESTERN CAPE NATURE CONSERVATION BOARD (DR R OMAR)
THE CHIEF EXECUTIVE OFFICER:	WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR T HARRIS)
THE CHIEF EXECUTIVE OFFICER:	SALDANHA BAY IDZ LICENCING COMPANY (MR D SOUTHGATE) (ACTING)
THE CHIEF EXECUTIVE OFFICER:	WESTERN CAPE CULTURAL COMMISSION (MS J MOLELEKI)
THE CHIEF EXECUTIVE OFFICER:	WESTERN CAPE LANGUAGE COMMITTEE (MS J MOLELEKI)
THE CHIEF EXECUTIVE OFFICER:	WESTERN CAPE HERITAGE (MS HM DU PREEZ) (ACTING)
THE CHIEF EXECUTIVE OFFICER:	CASIDRA (MR M BRINKHUIS)
THE CHIEF EXECUTIVE OFFICER:	WESTERN CAPE LIQUOR AUTHORITY (DR L MDUNYELWA)

THE CHIEF FINANCIAL OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR T SWART) (ACTING)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (MR M BHAYAT)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR I BLACKIE)
 THE CHIEF FINANCIAL OFFICER: SALDANHA BAY IDZ LICENCING COMPANY (MR H BONESCHANS)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE CULTURAL COMMISSION (MS B RUTGERS)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LANGUAGE COMMITTEE (MS B RUTGERS)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE HERITAGE (MS B RUTGERS)
 THE CHIEF FINANCIAL OFFICER: CASIDRA (MR F VAN ZYL)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LIQUOR AUTHORITY (MS V LETSWALO)
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 THE DIRECTOR: FINANCIAL GOVERNANCE (MS N PALMER) (ACTING)
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 THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR L BRINDERS)
 THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MS S CUPIDO) (ACTING)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR Z ZONYANE) (ACTING)
 THE DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR R MOOLMAN)
 THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (MR A REDDY)
 THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS R SLINGER)
 THE DIRECTOR: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK)
 THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)
 THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)
 THE DIRECTOR: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MS R ESACK) (ACTING)
 THE PROVINCIAL AUDITOR
 MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT
 THE DEPUTY DIRECTOR GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

ISSUANCE OF NATIONAL TREASURY SCM INSTRUCTION 2 OF 2016/17 (PROCUREMENT PLANS- SUBMISSION AND REPORTING)

1. PURPOSE

- 1.1 The purpose of this circular is to communicate the issuance of National Treasury SCM Instruction 2 of 2016/17: Procurement plans - Submission and Reporting (attached as Annexure A).

2. BACKGROUND

- 2.1 National Treasury has issued SCM Instruction 2 of 2016/17 (Procurement Plans- Submission and Reporting) which took effect on **1 May 2016**. The SCM Instruction in summary, communicates the following:

- Quarterly Performance Reporting on Annual Procurement Plans; and
- New reporting requirements and templates for the submission of the 2017/18 annual procurement plans.

3. MONITORING AND EVALUATION REQUIREMENTS FOR PROCUREMENT PLANNING FOR 2016/7

- 3.1 This section must be read in conjunction with paragraph 4 of National Treasury SCM Instruction 2/2016/17 (quarterly reporting on the procurement plan).
- 3.2 SCM Instruction 2/2016/17 requires that provincial departments and entities provide quarterly reports on the execution of their procurement plans to the relevant treasury (in the manner prescribed by NT) by the 15th of the month following the end of the quarter. In addition, it is also prescribed that the quarterly reports be tabled at the provincial legislatures/parliament by the 15th of the month following the end of a reporting quarter.
- 3.3 In order to give effect to these requirements, the Provincial Treasury will require that departments and entities report on the execution of their procurement plans on a monthly basis. The Provincial Treasury will consolidate the monthly reporting and submit the quarterly feedback to the Provincial Legislature.
- 3.4 The following dates are proposed by the Provincial Treasury for the 2016/17 monthly reporting on procurement plans:

Table 1: Monthly Reporting Dates for 2016/17 Procurement Planning

MONTHLY SUBMISSION DATES	MONTH ON PLAN BEING REPORTED ON	QUARTERLY REPORT DUE DATE	CABINET SESSION DATE
QUARTER ONE			
13 June 2016	April 2016 May 2016	Friday, 8 July 2016	20 July 2016
11 July 2016	June 2016		
QUARTER TWO			
15 August 2016	July 2016	Friday, 7 October 2016	19 October 2016
12 September 2016	August 2016		
10 October 2016	September 2016		
QUARTER THREE			
14 November 2016	October 2016	Friday, 13 January 2017	To be determined
12 December 2016	November 2016		
9 January 2017	December 2016		
QUARTER FOUR			
13 February 2017	January 2017	Friday, 14 April 2017	To be determined
13 March 2017	February 2017		
10 April 2017	March 2017		

- 3.5 It should be noted that whilst National Treasury requires that planned expenditure on goods, works and services in excess of R500 000 (including VAT), per transaction be reported on, the Provincial Treasury threshold for procurement planning reporting will remain at R100 000 (including VAT). This decision has been taken in light of the significant portion of procurement expenditure that occurs below the R500 000 threshold and is in line with the agreed MPAT Demand Planning reporting criteria.
- 3.6 Following the issuance of this circular, the Provincial Treasury will be communicating on a monthly basis with SCM heads in respect of the procurement planning reporting.

4. AMENDMENTS TO PROCUREMENT PLANS

- 4.1 This section must be read in conjunction with paragraph 5 of SCM Instruction 2 of 2016/17 (amendments to the plans).
- 4.1.1 In terms of the requirements of the SCM Instruction, departments and entities must submit the amended approved procurement plans within 10 calendar days from the accounting officer/authorities' approval, to the relevant treasury. In this regard the Provincial Treasury proposes that departments and entities log all amendments to the procurement plans occurring within a reporting month and obtain the relevant approval for the amendments from the accounting officer/authority or delegated authority on a case by case basis. The consolidated list of approved amendments to the procurement plan must be submitted via the monthly reporting medium to the Provincial Treasury. This process will ensure that all the reporting related to procurement planning will be channelled as a single, monthly submission to treasury.

5. QUARTERLY FORUM FOR DEMAND MANAGEMENT

- 5.1 National Treasury has indicated at the recent PFMA Conference, that there will be a heightened focus on the areas of Demand, Contract and Performance Management. The latest developments around procurement planning is proof of National Treasury's drive and the Provincial Treasury therefore deems it necessary to establish a quarterly forum for procurement planning to ensure that the challenges around implementation are appropriately addressed and where present, best practices are shared between entities.
- 5.1.1 The intent of the Forum will be to engage in regular dialogue with departments and entities (via their respective representatives) on all developments and requirements around procurement planning, to share in best practices across organisations and to ensure that change is fostered in the area of Demand Management. It is envisaged that officials which oversee the Demand Management process would be the most appropriate representation but Chief Financial Officers and or Supply Chain

Management heads are requested to nominate the appropriate representatives to this forum.

- 5.1.2 Accounting Officers/Authorities are hereby requested to submit the names of the proposed representatives to the Provincial Treasury by **6 June 2016**.

6. PROCUREMENT PLANNING REQUIREMENTS FOR 2017/18

- 6.1 The requirements for the development of the 2017/18 procurement plans are stipulated in paragraph 3 of SCM Instruction 2/2016/17.
- 6.2 Further communication on the 2017/18 annual procurement planning requirements will be submitted during the course of the year.

7. PUBLICATION OF ANNUAL PROCUREMENT PLANS

- 7.1 National Treasury has communicated in the said SCM Instruction that Treasury will publish the institution's bid opportunities (annual procurement plan) on the website of the Office of the Chief Procurement Officer (OCPO) and on the www.etenders.gov.za website. The Provincial Treasury hereby communicates that it will submit annual procurement plans related to the 2016/17 year to the National Treasury for publishing.

8. REQUEST

- 8.1 Accounting officers and accounting authorities must note the contents of this provincial treasury circular and the attached National Treasury SCM Instruction 2 of 2016/17.
- 8.2 Nominations for departmental/entity representatives to the Demand Management Forum to be communicated to the Provincial Treasury by **Monday, 6 June 2016**.
- 8.3 All enquiries in respect of this circular may be directed to:
- Samantha-lee.mars@westerncape.gov.za; or
 - Kyle.Jacobs@westerncape.gov.za



MS NADIA EBRAHIM

DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT

DATE: 31/05/2016



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

TO ALL:

**ACCOUNTING OFFICERS OF DEPARTMENTS AND
CONSTITUTIONAL INSTITUTIONS**

ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES

HEAD OFFICIALS OF PROVINCIAL TREASURIES

SCM INSTRUCTION 2 OF 2016/17

PROCUREMENT PLANS – SUBMISSION AND REPORTING

1. OBJECTIVE

The objective of this Treasury Instruction is to prescribe the requirements for the compilation, submission and amendments of procurement plans and the reporting thereon.

2. BACKGROUND

- 2.1 The Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) promotes economy, efficiency, effectiveness and transparency in the use of state resources and one of its key objectives is to eliminate waste and corruption in the use of public assets.
- 2.2 It has, however, come to light that improper supply chain management practices at some institutions are seriously undermining sound financial management, weakening the spirit and ethos of the PFMA and ultimately eroding scarce resources that are intended to improve service delivery. These improper practices include, amongst others, poor planning for the acquisition of goods and services resulting in the untimely procurement thereof.
- 2.3 The National Treasury therefore considered it prudent to introduce and enhance procurement plans as a tool to ensure that goods, works or services are delivered at the right time, at the right quantity and at the right quality. Procurement plans are also used

National Treasury SCM Instruction 2 of 2016/2017
Procurement Plans – Submission and Reporting

to monitor acquisition and spending of goods, services and works within an institution over a financial year.

- 2.4 In order to improve service delivery, the accounting officer or accounting authority must align procurement plan with the institution's strategic objectives and priorities. The SCM strategy must therefore be focused to meet business needs in order to ultimately satisfy the delivery of effective services to communities.

3. SUBMISSION OF PROCUREMENT PLANS – FORMAT AND THRESHOLD VALUES

- 3.1 The accounting officer or accounting authority must -

3.1.1 Submit an approved annual procurement plan to the relevant Treasury by 31 March of each year;

3.1.2 Align the procurement plan with the institution's budget and annual performance plan for a specific financial year;

3.1.3 Include all expenditure on goods, works and services in excess of R500 000 (including VAT), per transaction, on the template whether or not the expenditure:-

3.1.3.1 to be incurred is in terms of a transversal contract or by any other means;

3.1.3.2 relates to items where the tender process has already commenced;

3.1.3.3 is procured by the institution or through an agency; and

3.1.4 Compile the procurement plan in the Microsoft Excel format and as outlined in template contained in Annexure A, to this Treasury Instruction; and

3.2 The National Treasury will publish the institution's bid opportunities on the website of the Office of the Chief Procurement Officer (OCPO) and www.etenders.gov.za.

4. QUARTERLY REPORTING ON THE PROCUREMENT PLANS

- 4.1 The accounting officer or accounting authority must -

4.1.1 Submit the quarterly reports to the relevant Treasury by the 15th of the month following the end of the quarter;

4.1.2 Report in the format as outlined in template contained in Annexure B to this Treasury Instruction -

National Treasury SCM Instruction 2 of 2016/2017
Procurement Plans – Submission and Reporting

- 4.1.2.1 Table 2 – Actual against the Procurement Plan. Institutions must report on the actual acquisitions concluded over the quarter.
- 4.1.2.2 Table 3 – Institutions must report on all acquisitions concluded through the deviation procurement method.
- 4.1.2.3 Table 4 – Institutions must report on all acquisitions concluded through the extension or variation of a contract; and
- 4.1.3 Table the reports (paragraph 4.1.2) on the status of the procurement plan of Provincial institutions at the provincial legislatures on a quarterly basis.
- 4.1.4 Table the reports (paragraph 4.1.2) on the status of the procurement plan of National institutions in parliament on a quarterly basis.
- 4.1.5 Submit reports to the provincial legislatures/ parliament by the 15th of the month following the end of the quarter.

5. AMENDMENTS TO THE PLANS

- 5.1 The accounting officer or accounting authority must –
 - 5.1.1 Approve any amendments to the original procurement plan;
 - 5.1.2 Submit the approved amended procurement plan, within 10 days calendar from approval, to the relevant Treasury.

6 APPLICABILITY

- 6.1 This Instruction applies to all institutions and public entities.

7. EFFECTIVE DATE

- 7.1 This Instruction takes effect from 01 May 2016.

8. INTERIM MEASURES

- 8.1 The date for submission of the procurement plans for the 2016 / 2017 financial year to the relevant Treasury is the 30 April 2016. The date for submission of the procurement plans for the 2017 / 2018 financial year to the relevant Treasury is 31 March 2017. Requirements of paragraph 3.1.1 will be applicable thereafter.

9. DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION

- 9.1 Head of Provincial Treasuries must bring the contents of this Treasury Instruction to the attention of all accounting officers and accounting authorities and Supply Chain Management officials of departments and public entities in their respective Provinces.
- 9.2 Accounting Officers of National and Provincial Departments and Constitutional Institutions are requested to bring the contents of this instruction to the attention of their Supply Chain Management officials and the Accounting Authorities of Public Entities reporting to their respective Executive Authorities.
- 9.3 Accounting Authorities of Public Entities must bring the contents of this Instruction to the attention of Supply Chain Management officials of their respective Public Entities.

10. AUTHORITY FOR THIS INSTRUCTION

- 10.1 This Instruction is issued in terms of section 76(4) (g) of the PFMA.

11. CONTACT INFORMATION

Enquiries related to this Treasury Instruction may be directed to:

Egendri Nanakan

Director: SCM Governance

Phone: 012 315 5452

Email: Knowledge.Ndou@treasury.gov.za or Lebo.Molefe@treasury.gov.za



KENNETH BROWN
CHIEF PROCUREMENT OFFICER

DATE: 15/4/2016

ANNUAL PROCUREMENT PLAN REPORTING FORMAT

ANNEXURE A

Name of National Department/Institution
Name of Provincial Treasury
Name of Accounting Officer / Delegated Official
Director/ Chief Director SCM:
Telephone number and email address

Name of Institution

Date:

TABLE 1

					Planned dates (week ending) - YYYYMMDD							
No	Programme	Project Description	Estimated Value (incl. taxes)	Method of procurement	Bid Specification	Approved Evaluation	Advert	Bid closing	Bid award	Value of Contract	Contract commence	Contract expirv
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												

The Accounting Officer/ Authority declares that he/she has engaged with the Executive Authority who concurs with and has approved this Procurement Plan

Accounting Officer / Authority Signature

QUARTERLY REPORTING ON THE PROCUREMENT PLAN

ANNEXURE B

QUARTER: _____

Name of National Institution:

Provincial Treasury: _____ Name of Department/ Institution _____

Name of Accounting Officer / Delegated Official:

Director/ Chief Director SCM:

Telephone number and email address:

Date:

TABLE 2: ACTUAL AGAINST THE PLAN

No	Project Description	Name of Supplier	Bid Number / Quotation Number	Actual value of Contract	Method of Procurement	Bid advert date	Bid closing date	evaluation start date	evaluation end date	BAC submission date	Award date	contract start date	Contract expiry date
1													
2													

TABLE 3: APPOINTMENTS THROUGH DEVIATIONS

No	Project Description	Name of Supplier	Actual Value of Contract	Reason for the Deviation	Award Date	Contract start date	Contract expiry
1							
2							

TABLE 4: APPOINTMENTS THROUGH CONTRACT VARIATIONS/ EXTENSIONS

No	Project Description	Name of Supplier	Contract Number	Reason for extension	original contract value	value of contract extension	Value of previous extensions	Award Date	Contract start date	Contract expiry
1										
2										

The Accounting Officer/ Authority declares that the delays in the quarter are justified and that measures are in place to prevent a recurrence of such non adherence to the plan.

ACCOUNTING OFFICER/ AUTHORITY SIGNATURE