

Reference: RCS/C.6

## TREASURY CIRCULAR NO. 31/2017

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  
THE SPEAKER: PROVINCIAL PARLIAMENT  
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT  
THE EXECUTIVE AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MINISTER IH MEYER)  
THE EXECUTIVE AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (MINISTER A BREDELL)  
THE EXECUTIVE AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MINISTER A WINDE)  
THE EXECUTIVE AUTHORITY: SALDANHA BAY IDZ LICENCING COMPANY (MINISTER A WINDE)  
THE EXECUTIVE AUTHORITY: WESTERN CAPE CULTURAL COMMISSION (MINISTER A MARAIS)  
THE EXECUTIVE AUTHORITY: WESTERN CAPE LANGUAGE COMMITTEE (MINISTER A MARAIS)  
THE EXECUTIVE AUTHORITY: WESTERN CAPE HERITAGE (MINISTER A MARAIS)  
THE EXECUTIVE AUTHORITY: CASIDRA (MINISTER A WINDE)  
THE EXECUTIVE AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (MINISTER D PLATO)  
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 (MR BK SCHREUDER)  
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)  
THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR D BASSON)  
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS N PETERSEN)  
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)  
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 GILDENHUYS)  
THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (ADV C SMITH)  
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)

For information

THE ACCOUNTING AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MR T ARENDSE)  
 THE ACCOUNTING AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (PROF G MANEVELDT)  
 THE ACCOUNTING AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR B FIGAJI)  
 THE ACCOUNTING AUTHORITY: SALDANHA BAY IDZ LICENCING COMPANY (DR J STEGMANN)  
 THE ACCOUNTING AUTHORITY: WESTERN CAPE CULTURAL COMMISSION (MS J MOLELEKI)  
 THE ACCOUNTING AUTHORITY: WESTERN CAPE LANGUAGE COMMITTEE (MS J MOLELEKI)  
 THE ACCOUNTING AUTHORITY: WESTERN CAPE HERITAGE (MR M DLAMUKA)  
 THE ACCOUNTING AUTHORITY: CASIDRA (DR L COETZEE)  
 THE ACCOUNTING AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (MR M JONES)  
 THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR P ABRAHAMS)  
 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: 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 (MS Z SIWA)  
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (MR M BHAYAT)  
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MS K ZAMA)  
 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)  
 THE DIRECTOR: GOVERNMENT MOTOR TRANSPORT (MR A JANSE VAN RENSBURG) (ACTING)  
 THE HEAD OFFICIAL: PROVINCIAL TREASURY (MR Z HOOSAIN)  
 THE DEPUTY DIRECTOR GENERAL: FISCAL AND ECONOMIC SERVICES (MR H MALILA)  
 THE DEPUTY DIRECTOR GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR A HARDIEN)  
 THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MS M KORSTEN)  
 THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)  
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR A DYAKALA) (ACTING)  
 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MR IG SMITH)  
 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR L BRINDERS) (ACTING)  
 THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)  
 THE HEAD: OFFICE OF THE FINANCE MINISTRY (ADV E PRETORIUS)  
 THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MR PP PIENAAR)  
 THE DIRECTOR: FINANCIAL GOVERNANCE (MS M VAN NIEKERK) (ACTING)  
 THE DIRECTOR: FISCAL POLICY (DR N NLEYA)  
 THE DIRECTOR: INFRASTRUCTURE (MR K LANGENHOVEN)  
 THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR T MADONDILE) (ACTING)  
 THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)  
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR A DYAKALA)  
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)  
 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 RH 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 (MR A MAZOMBA)  
 THE PROVINCIAL AUDITOR  
 MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT  
 THE DEPUTY DIRECTOR GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

## **RE: INTERIM GUIDANCE ON IMPLEMENTATION OF THE STANDARD FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT (SIPDM)**

### **1. PURPOSE**

The purpose of this circular is to:

- 1.1 Confirm that the SIPDM and the Model Policy issued by National Treasury in October 2015 and effective from 1 July 2016 are based on the principles contained in the Western Cape Infrastructure Standards that was issued under Chapter 16B of the Provincial Treasury Instructions' dated March 2012;

- 1.2 Confirm that the SIPDM is not aligned with certain requirements of the immovable asset management requirements stated in the Government Immovable Asset Management Act (GIAMA, 2007) and the various infrastructure grant requirements stated in the annually revised Division of Revenue Act (DoRA) and associated grant frameworks;
- 1.3 Confirm that the co-existence of the SIPDM and the WC Standards, and the non-alignment of the SIPDM with requirements contained in GIAMA and DoRA, have resulted in uncertainty in terms of compliance to the SIPDM;
- 1.4 Confirm that the IDMS as well as the National Treasury Regulations are currently under review by the National Treasury;
- 1.5 Confirm that 16B of the PTI issued in March 2012 is still applicable; and
- 1.6 Provide guidance on the implementation of the SIPDM without compromising the Western Cape Framework for the implementation of the IDMS (WCIDMS) as approved by Cabinet on 13 April 2011.

## **2. BACKGROUND**

- 2.1 During 2012 a complete revision of the 2009 Provincial Treasury Instructions (PTIs) for Supply Chain management was undertaken to strengthen compliance of departmental supply chain management policies and practices with section 38(l)(a)(iii) of the PFMA. A revised Chapter 16A (Supply Chain Management: Goods and Services) and a 'new' Chapter 16B (Supply Chain Management for the Delivery and Maintenance of Infrastructure), were subsequently issued in terms of Provincial Treasury Circular 14/2012 dated 30 March 2012.
- 2.2 Chapter 16B (Supply Chain Management Instructions for the Delivery and Maintenance of Infrastructure) stipulates that infrastructure delivery and procurement in the WCPG should be executed in accordance with the prescripts of the Western Cape Standard for an Infrastructure Delivery Management System (WCSIDMS) and the Western Cape Standard for a Construction Procurement System (WCSCPS) respectively.
- 2.3 As a follow up on Chapter 16A and 16B the Provincial Treasury issued the blueprint "Accounting Officer System (AOS) for SCM and Movable Asset Management" via Circular 45/12 dated 6 December 2013. In terms of this circular departments were required to develop their bespoke AOS to make provision for their own requirements which would come into effect from 1 April 2014. It need to be mentioned that the AOS included all SCM activities and in particular reference was made to the adherence to the requirements of the CIBD (the authority on construction procurement).

2.4 The Office of the Chief Procurement Officer (OCPO) within the National Treasury issued National Treasury Instruction 4 of 2015 with the following requirement:

*“Accounting officers and accounting authorities must, in the planning, design, procurement or execution of infrastructure projects -*

*(a) implement the National Treasury Standard for Infrastructure Procurement and Delivery Management; and*

*(b) develop a suitable supply chain management policy for infrastructure procurement and delivery management.”*

2.5 National Treasury also issued, in support of the abovementioned Instruction, “The Standard for Infrastructure Procurement and Delivery Management” (“the SIPDM”) and a “Model Supply Chain Management Policy for Infrastructure Procurement and Delivery Management” (“the Model SCM Policy”).

2.6 The SIPDM prescribes:

- a) A control framework for the planning, design and execution of infrastructure projects;
- b) A control framework for infrastructure procurement;
- c) SCM requirements relating to infrastructure procurement and delivery management; and
- d) Minimum standards for infrastructure procurement.

2.7 The model SCM policy as a minimum requires institutions to:

- Assign responsibilities for approving or accepting deliverables associated with a gate in the control framework or authorising a tender process;
- Establish committees which are required by law;
- Establish delegations for the awarding of a contract or the issuing of an order; and
- Establish ethical standards for those involved in the procurement and delivery of infrastructure.

### **3. DISCUSSION**

- 3.1 The co-existence of the SIPDM and the WC Standards, and the non-alignment of the SIPDM with requirements contained in GIAMA and DoRA, have resulted in uncertainty in terms of compliance to the SIPDM. This is further complicated by the fact that the WC Standards is virtually an extension of the Framework for implementation of the Western Cape Infrastructure Delivery System (WCIDMS) which extensively referred to GIAMA and the role of client, implementer and custodian which is not covered in the SIPDM.
- 3.2 It is further important to note that the SIPDM and the Model SCM Policy are based on the principles contained in the WC Standards mentioned in 2.2 above. Also the requirements mentioned in 2.5 and 2.6 above are covered within existing Western Cape policy documents albeit to say that there are differences with regard to nomenclature and control gates that were combined and the introduction of gate "0".
- 3.3 The Provincial Treasury is aware that the SIPDM is under review, whilst the draft National Treasury Regulations, which include a chapter on infrastructure delivery was recently circulated to Provincial Treasuries for comment. The latter refers extensively to the application of requirements already included in Chapter 16A of the current PTIs and the current AOS of departments.
- 3.4 Over the last year there were numerous calls by departments for the unequivocal implementation of the SIPDM notwithstanding the fact that the SIPDM refers to minimum standards. With reference to paragraph 3.1 and 3.3 it is clear that the adoption of the SIPDM and the repeal of the WC standards without the revision of the WCIDMS and the finalisation of the NTRs will be detrimental to the Infrastructure Delivery agenda of the WCG. It is however acknowledged that the co-existence of the SIPDM and the WC Standards, and the non-alignment of the SIPDM with requirements contained in GIAMA and DoRA, have resulted in uncertainty in terms of compliance to the SIPDM.
- 3.5 The intention is to issue a revised infrastructure framework, including Chapter 16 B of the PTIs and standards by 1 April 2018. However, an alignment between the WC standards and the SIPDM is required to manage any uncertainty in the interim, which should be managed as stated below.

### 3.6 Alignment between the WC Standards and the SIPDM

3.6.1 To address the uncertainties and to meet the minimum requirements as prescribed in the SIPDM in principle, accounting officers and accounting authorities are herewith informed to implement the following.

NO	SECTION OF SIPDM	REQUIREMENT
1.	<i>The Control Framework for Infrastructure Delivery Management (Section 4.1 of the SIPDM)</i>	Must ensure that the "Stage 0" requirements of Section 4.1 of the SIPDM is complied with. This is applicable to all new projects and with effect from 1 November 2017.
2.	<i>Institutional arrangements (Chapter 5 of the SIPDM)</i>	<p>The requirements for <u>Agency Agreements</u> as prescribed in SIPDM Clause 5.2 should, in the interim, be managed as follows:</p> <ul style="list-style-type: none"> <li>a) Continue with the utilisation of Service Delivery Agreement (SDAs), as detailed in the WCSIDMS and prescribed in DoRA. These SDA's shall be accepted as agency agreements as called for in the SIPDM;</li> <li>b) Accounting officers and accounting authorities should ensure that the SDAs comply with the requirements as prescribed in the SIPDM.</li> </ul>
3.	<i>Demand management (Section 6 of the SIPDM)</i>	<p>The requirements for <u>Infrastructure Plans</u> as prescribed in SIPDM Clauses 6.2(b) and 6.5, should, in the interim, be managed as follows:</p> <ul style="list-style-type: none"> <li>a) The GIAMA prescribed User Asset Management Plan (U-AMP), the Custodian Asset Management Plan (C-AMP), and function specific asset management plans, e.g. the Road Asset Management Plan (R-AMP), the Human Settlements Business Plan (HSBP), shall be accepted as infrastructure plans as called for in the SIPDM.</li> <li>b) Accounting officers and accounting authorities must ensure that their U-AMPs, C-AMPs, R-AMPs or HSBPs comply with the requirements as prescribed in the SIPDM.</li> </ul>

NO	SECTION OF SIPDM	REQUIREMENT
4.	<i>Acquisition management (Section 7 of the SIPDM)</i>	<p>The requirements for <u>Implementation Plans</u> as prescribed in SIPDM Clause 7.1.2 should, in the interim, be managed as follows:</p> <p>a) The Infrastructure Programme Management Plan (IPMP) and Infrastructure Programme Implementation Plan (IPIP), as detailed in the WCSIDMS, as well as the R-AMP and HSBP shall be accepted as implementation plans as called for in the SIPDM.</p> <p>b) Accounting officers and accounting authorities must ensure that their IPMP, IPIP, R-AMP or HSBP comply with the requirements as prescribed in the SIPDM.</p>
5.	The requirements for <u>Financial Reports</u> as prescribed in SIPDM Clause 7.1.3 should, in the interim, be managed as follows:	<p>a) The IPIP cashflow projections, as detailed in the WCSIDMS, shall be accepted as part of the financial reports as called for in the SIPDM.</p> <p>Accounting officers and accounting authorities must ensure that the IPIP cashflow projections comply with the requirements as prescribed in the SIPDM.</p>
6.	The SIPDM prescribes: (1) <u>Procurement plans</u> to be prepared as part of the implementation plans (clause 7.1.2(g))	<p>(2) <u>Procurement plans</u> to be prepared for maintenance works (clause 7.2).</p> <p>These SIPDM requirements should, in the interim, be managed as follows:</p> <p>IPIPs should address capital as well as maintenance work. This information will be regarded as part of the procurement plan and should be used to complete Annexure A of the procurement planning template issued by the Provincial Treasury.</p> <p>With regard to PTI 16B, Table 2, Client departments are responsible for the compilation of a separate IPIP or alternatively this information should be included in the procurement planning template issued by Provincial Treasury.</p>

#### 4. TO BE NOTED

- 4.1 The current governance arrangements as it relates to roles and responsibilities remain intact as agreed by Cabinet on 13 April 2011 (Minute No. 80/2011).

## 5. ENQUIRIES

Any queries in this regard may be directed to:

The Chief Director: Provincial Government Public Finance

Ms Julinda Gantana

Tel: (021) 483 3801

Email: [Julinda.Gantana@westerncape.gov.za](mailto:Julinda.Gantana@westerncape.gov.za)

The Chief Director: Asset Management

Mr Isac Smith

Tel: (021) 483 9665

Email: [Isac.Smith@westerncape.gov.za](mailto:Isac.Smith@westerncape.gov.za)



**MS JD GANTANA**

**CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE**

**DATE:** 5 October 2017