



**Western Cape
Government**

Provincial Treasury

Peter Lloyd
Provincial Government Supply Chain Management
Email: peter.lloyd@westerncape.gov.za
brandon.gordon@westerncape.gov.za
Tel: +27 21 483 4684/6268

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TREASURY CIRCULAR NO. 32 /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

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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)

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THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)

THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR S FOURIE)

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THE CHIEF EXECUTIVE OFFICER: CASIDRA (MR M BRINKHUIS)

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 MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT
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E-PROCUREMENT SOLUTION: MEASURES TO MITIGATE POTENTIAL RISK ON THE INTEGRATED PROCUREMENT SOLUTION

1. PURPOSE

The purpose of this Circular is to inform accounting officers and accounting authorities of measures to be implemented to mitigate potential risk associated with invitation of events, evaluation and awards on the Integrated Procurement Solution (IPS).

2. BACKGROUND

- 2.1 The e-Procurement Solution, i.e. IPS, currently facilitates the procurement of goods and services up to R500 000-00 in value across 135 different sites and spread over 541 different buyers.
- 2.2 The e-Procurement Solution has been implemented in the Western Cape Government since 1999 with the intention to achieve continuing improvement in value for money, enhance competitiveness of suppliers, and provide business communities with a convenient and effective medium to identify and exploit business opportunities.
- 2.3 It is apparent from our own assessments and that of the Auditor-General, that users still do not fully understand/adhere to the requirements of the IPS as provided for in the systems training and training manual, as well as certain systems governance requirements as it relates to supply chain management. This has necessitated the need for the Provincial Treasury (PT) to issue this Circular communicating measures to mitigate the risks associated with day to day invitation of events, evaluation and awards on the IPS.
- 2.4 Attached and marked as 'Annexure A' are the measures to monitor potential risk on the IPS solution.

3. REQUEST

- 3.1 Accounting officers and accounting authorities are requested to:
- (a) Bring the content of this Circular to the attention of all staff, under their control, responsible for the above mentioned functions on the IPS; and
 - (b) Monitor compliance to the requirements of the Circular where procurement has been decentralised.


MR I SMITH
CHIEF/DIRECTOR: ASSET MANAGEMENT
DATE: 12/10/17

ANNEXURE A

MEASURES TO MITIGATE POTENTIAL RISK ON THE INTEGRATED PROCUREMENT SOLUTION

1. LINKING OF SUPPLIERS

- 1.1 The PT has recently been inundated with requests from institutions to link suppliers to events where they have not accepted the Request for Information (RFI) or where they have been made aware of events currently being published. **The RFI process is utilised when there are more than 100 suppliers linked to the commodity being advertised and requires suppliers to indicate its intent to participate in the event.**
- 1.2 The high influx of requests to the PT, has placed a burden and risk on both the PT and Ariba as requests from institutions are not submitted timeously. Secondly the risk of collusion between the supplier and official is also high given that it is not always reflected by the requesting official whether such linking requirement has been correctly sanctioned by the correct delegated authority within the Department. To mitigate this risk, the following criteria must be complied with by institutions requesting the PT to link suppliers to events:
- (a) Only requests received from the project owner/SCM unit to action suppliers to be linked to an open event will be accepted. The PT will not deal with supplier requests directly and such requests will be referred to the relevant institution;
 - (b) Requests must be made to PT via IPS@westerncape.gov.za at least 6 hours before the closing of the event (between 7 am and 3 pm Monday to Friday); and
 - (c) Supplier trade names as per the Western Cape Supplier Database must be provided.

2. TIMING RULES

2.1 Creation of events

The minimum 48-hour period for suppliers to respond to events is not being adhered to as Ariba is required to enrich/process an RFI invitation (where relevant), within a 2-hour period and thereafter the Request for Quotation (RFQ) process also spans over a period of 2 hours. It must be noted that timing rules are implemented on the system to ensure that a supplier has sufficient time to respond appropriately to a request. Taking cognisance of the aforementioned, the following timing rules must be complied with on the IPS:

(a) **RFI: Exceeding 100 supplier limit**

- Buyers to select a 76-hour period (an additional 2 hours per process has been factored in per process, to enable processing time on the system) where both the RFI and RFQ processes are included in the event and not 72 hours as previously communicated.

(b) **RFQ: Below 100 supplier limit**

- Buyers to select a 50-hour period where only the RFQ process is applicable instead of a 48-hour period (an additional 2 hours has been factored in to enable processing time on the system).

2.2 **Re-opening of events**

- (a) It has come to light that buyers are re-opening events after it has closed on the system. This poses a risk in the procurement process in that if an event is re-opened, the offers of suppliers are available to the buyer. The re-opening of events may potentially allow suppliers a second opportunity to quote and also allow suppliers, who were not part of the original event invitation, to provide a quote. **Institutions are therefore requested to refrain from re-opening events on the system.**

2.3 **Selective Formal Quotations (limited bidding)**

- (a) Motivations for limited bidding must be aligned to paragraph 5.2.1.5 of the Provincial Treasury Instructions, 2012 when procuring via the limited bidding process on the IPS.
- (b) The PT has noticed that institutions are advertising events via limited bidding for a period of 4 hours. The events are being cancelled due to suppliers not having sufficient time to respond to the event. Institutions are therefore required to advertise limited bidding events for a minimum period of 24 hours. It must also be noted that the supervisor approval in the message box **MUST** be effected.
- (c) Should the procurement be an emergency; the institution needs to comply with the requirements of its Accounting Officers System (AOS)/Emergency Procurement Policy.

2.4 **Editing of open events**

- (a) Once an event has been published on the system, the editing thereof is strictly prohibited as it will not alert the supervisor of changes being made to the event.

2.5 Reduction of time during open events

- (a) Under no circumstances may the stipulated advertising time of open events be reduced as this will result in suppliers being unable to provide responses. However, buyers are permitted to extend the closing time of events.

3 COST BREAKDOWNS

- 3.1 Cost breakdowns must be administered on the IPS solution. Suppliers must be informed via the specification that cost breakdowns must be uploaded at section 1.11 of the content page onto the IPS and that failure to do so will render its offer unresponsive. As this is a new enhancement to the solution, buyers must ensure that suppliers have not mistakenly uploaded their cost breakdowns at other sections on the content page which, should also be considered for evaluation. **Cost breakdowns submitted via fax or e-mail MUST NOT be accepted as this process is outside of the system and is open to tampering, collusion etc.**

4 COMMODITIES

- 4.1 Buyers are hereby instructed to invite ALL RFQs on commodity level 3 at project and event level. Ariba will deny any event not advertised on commodity level 3 which also applies to selective formal quotations (limited bidding via the IPS).

5 TEAM MEMBER

- 5.1 It is recommended that where institutions have more than one buyer, that a co-project owner is linked to all events. Where a project owner is not available the co-project owner can then continue with the process.

6 INCORRECT AWARD

- 6.1 Buyers are requested to ensure that the correct award is made on the IPS, i.e. that the correct successful bidder is selected. Once the award process has been effected, such decisions cannot be reversed, which will impact on the credibility of the data on the system which will affect the information provided to support the audit trail as well as the credibility of performance information drawn from the system.

7 COMMUNICATION

- 7.1 Buyers must utilise the message functionality to inform suppliers on the IPS when events are cancelled. This will ensure an effective and transparent communication process is maintained.

8 COPY FROM PROJECT

- 8.1 Buyers should with immediate effect refrain from utilising the “Copy from project” functionality when creating a project, as it will copy the outdated template and associated outdated points scoring formula that could result in incorrect awards being made (i.e. template used prior to the implementation of the Preferential Procurement Regulations, 2017). This was also communicated via Treasury Circular No. 12 of 2017 (Supplementary No. 1 of 2017).

9 DOCUMENT UPLOAD TO THE IPS

- 9.1 The following documents must be uploaded onto the IPS at the confirmation of RFQ award phase; the procurement template, the order/order number, and the re-calculation spread sheet where offers have been passed over and recalculated.

10 COMPULSORY SITE MEETINGS

- 10.1 Buyers must ensure that there is **at least 48 working hours** available after the compulsory site meeting for suppliers to provide responses.
- 10.2 Buyers must ensure that compulsory site meeting information is captured in the specification box although contained in the attached documents.