



Reference: RCS/C.6

MyContent: WCG-2015

TREASURY CIRCULAR NO. 12/2017 (SUPPLEMENTARY NO. 1/2017)

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 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 (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)

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)
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 THE SUPPLY CHAIN MANAGER: VOTE 4: COMMUNITY SAFETY (MR L LAWRENCE)
 THE SUPPLY CHAIN MANAGER: VOTE 5: EDUCATION (MS R DE BRUYN)
 THE SUPPLY CHAIN MANAGER: VOTE 6: HEALTH (MS S DE TOIT-WHITE)
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 THE SUPPLY CHAIN MANAGER: VOTE 8: HUMAN SETTLEMENTS (MS L NEL)
 THE SUPPLY CHAIN MANAGER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR J FRITZ)
 THE SUPPLY CHAIN MANAGER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MS C SMITH)
 THE SUPPLY CHAIN MANAGER: VOTE 11: AGRICULTURE (MR C HICKLEY)
 THE SUPPLY CHAIN MANAGER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR M HARTMANN)
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 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR B VINK)
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 THE DIRECTOR: FISCAL POLICY (DR N NLEYA)
 THE DIRECTOR: INFRASTRUCTURE (MR R DANIELS) (ACTING)
 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) (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)
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E-PROCUREMENT SOLUTION: RECONFIGURATION OF THE INTEGRATED PROCUREMENT SOLUTION TO GIVE EFFECT TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK REGULATIONS, 2017

1. PURPOSE

1.1 The purpose of this Circular is to:

- (a) Inform accounting officer's and accounting authorities that the Integrated Procurement Solution (IPS) has been reconfigured to give effect to the amendments in the Broad Based Black Economic Empowerment (B-BBEE) points allocation as per the revised Preferential Procurement Policy Framework Regulations, 2017 (PPPFR); and
- (b) Issue the revised calculation spreadsheet for recalculating offers that are being passed over/not considered.

2. IMPACT: E-PROCUREMENT SOLUTION: INTEGRATED PROCUREMENT SOLUTION

- 2.1 The revised PPPFR, effective 1 April 2017, introduces a key change to the B-BBEE points allocation particularly as it relates to the Level 3, B-BBEE status level contributor.
- 2.2 The points allocated for level 3 in the PPPFR, 2011 was 16 points which has now changed to 14 points. The IPS (content page formula) was reconfigured and tested to give effect to the 2017 PPPFR requirements which will be available in the live environment **as from 19 April 2017.**
- 2.3 During November 2015, Provincial Treasury issued to all departments a calculation spreadsheet for recalculating offers that are being passed over/not considered. This spreadsheet may only be utilised **for evaluation of events advertised prior to 19 April 2017.**
- 2.4 **Departments must refrain from using the previous calculation spreadsheet as soon as all bids invited prior 19 April 2017, where offers are being passed over/not considered, have been evaluated.**
- 2.5 It must be noted that all events published as from 19 April 2017 must utilise the calculation spreadsheet herewith attached and marked "Annexure A", for offers that are being passed over/not considered.
- 2.6 Should departments utilise their own calculation spreadsheets, departments **must update said spreadsheets immediately** to align with the new PPPFRs.

2.7 IPS users (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.

2.8 TO NOTE:

- (a) The system enhancements will be implemented automatically in respect of the database and the IPS with effect from 19 April 2017.
- (b) The enhancements do not in any way change business processes and will operate seamlessly as per the previous requirements.
- (c) Notification of the requirements as well as the change in calculation spreadsheet will be communicated by the PT to all authorised buyers and supervisors utilising the IPS.
- (d) An impact assessment in respect of all events created within the period 1 – 18 April 2017 was undertaken. A copy of the Workbook Evaluation is attached herewith marked “Annexure B” for departmental utilisation:
 - i) A total of 1 142 events were invited for the period under review.
 - ii) The critical issue was to assess which of these events received offers from level 3 companies which will impact on the materiality of non-compliance to the 2017, PPPFR requirements. Only 50 of the events created in the Province as a whole, received responses from bidders with a level 3 contributor status level.
 - iii) Of the 50 events only 4 has been completed which would potentially be affected by the non-compliance finding.
 - iv) The remaining 46 are still pending selection or still open.

3 REQUEST

3.1 Accounting officers and accounting authorities are requested to:

- (a) Bring the contents of this Circular to the attention of all staff (inclusive of all IPS buyers and supervisors) under their control;
- (b) Ensure that the content of this Circular is adhered to and that the necessary due diligence checks are conducted in the procurement process so that the correct governance requirements are applied by all IPS buyers and supervisors under their control;

- (c) Of the 46 bids that are pending selection or still open, the affected departments are requested to manually correct their points allocation before evaluation and making the award and to keep record of the decision making process for audit purposes; and
- (d) Departmental IPS users must also upload decision on the project close out together with the calculation spreadsheet where applicable.



MS NADIA EBRAHIM

DIRECTOR: PROVINCIAL GOVERNMENT: SUPPLY CHAIN MANAGEMENT

DATE: 21 April 2017