

Reference: RCS/C.6

TREASURY CIRCULAR NO. 9/2018

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 (MS U BRINK) (ACTING)
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 (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 R WIGGILL)
 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 IG SMITH) (ACTING)
 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 M SIGABI) (ACTING)
 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)
 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR A HARDIEN)
 THE CHIEF FINANCIAL OFFICER (MS U BRINK) (ACTING)
 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 N PALMER) (ACTING)
 THE DIRECTOR: FISCAL POLICY (DR N NLEYA)
 THE DIRECTOR: INFRASTRUCTURE (MR K LANGENHOVEN)
 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 T RAKIEP) (ACTING)
 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)

NATIONAL TREASURY SCM CIRCULAR NO 3 OF 2017/2018

SOFTWARE, PRODUCTS AND SERVICES COST CONTAINMENT PROJECT IMPLEMENTATION

1. PURPOSE

- 1.1 The purpose of this communique is to disseminate the attached National Treasury SCM Circular No 3 of 2017/2018 which aims to inform accounting officers and accounting authorities of the cost containment projects relating to ICT Software, Products and Services and to communicate the framework agreements entered into by State Information Technology Agency (SITA) and some original equipment

manufacturers in respect of procurement of software, products and services on behalf of government.

2. TO NOTE

- 2.1 Accounting officers and accounting authorities may approach SITA for guidance on the procurement of ICT related products and software licences through these framework agreements;
- 2.2 Accounting officers and accounting authorities, together with SITA, must develop and maintain a demand plan relating to the deployment and utilisation of software licences;
- 2.3 Where the accounting officer and accounting authority procured any software licences that were not deployed, they must establish and submit a deployment plan to SITA inclusive of the implementation costs to ensure efficient use of Government's investment. It should however be noted, with reference to Treasury Circular No. 12/2017 on the implementation of the Preferential Procurement Regulations (PPRs), 2017 paragraph 5.1 a), institutions are not required to implement Regulation 4 (prequalification criteria) as per Cabinet Resolution 87 of 2017;
- 2.4 The framework agreements cover a range of items including products, licences, maintenance, subscription services and support as stipulated in each framework agreement;
- 2.5 All other services not listed in the framework agreements or where necessary must be procured through an open competitive bidding process;
- 2.6 All organs of state are eligible to benefit from the tariffs and contract arrangements that SITA negotiated with each original equipment manufacturer; and
- 2.7 As per paragraph 5.3 c) of Treasury Circular No. 12/2017 on the Implementation of the Preferential Procurement Regulations (PPRs), ***"The responsibility to determine whether it is feasible or not rests with the Institution preparing the tender. In order to arrive at the decision for feasibility, institutions are required to conduct empowerment assessments for procurement above R10 million to determine the feasibility of subcontracting as well as other empowerment objectives such as local labour usage, skills identification and training and local supplier development, etc."***

3. REQUEST

3.1 Accounting officers/accounting authorities are requested to:

- a) Note that National Treasury SCM Circular 10 of 2016/2017 on ICT software, products and services cost containment project dated 6 December 2016 is hereby withdrawn.
- b) Utilise the annexed circular when procuring software, products and services as part of the implementation of the cost containment project.
- c) Ensure that the content of the circular is brought to the attention of all relevant officials within their institution and Schedule 2 and 3 public entities reporting to their executive authorities.
- d) Any enquiries relating to this circular may be directed to:

SCM Helpdesk: SupplyChainManagement.HDPFMA@westerncape.gov.za



MS TASNEEM RAKIEP

ACTING DIRECTOR: PROVINCIAL GOVERNMENT: SUPPLY CHAIN MANAGEMENT

DATE: 22 March 2018



Ref 2/2/9

**TO: ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL
INSTITUTIONS
ACCOUNTING AUTHORITIES OF ALL PUBLIC ENTITIES
HEAD OFFICIALS OF ALL PROVINCIAL TREASURIES
ACCOUNTING OFFICERS OF ALL MUNICIPALITIES
ACCOUNTING OFFICERS OF ALL MUNICIPAL ENTITIES**

NATIONAL TREASURY SCM CIRCULAR NO 3 OF 2017/2018

**SOFTWARE, PRODUCTS AND SERVICES COST CONTAINMENT PROJECT
IMPLEMENTATION**

1. PURPOSE

- 1.1 The purpose of this Circular is to inform accounting officers and accounting authorities of the framework agreements entered into by State Information Technology Agency (SITA) and some original equipment manufacturers in respect of procurement of software, products and services on behalf of government.

2. BACKGROUND

- 2.1 Accounting officers and accounting authorities to whom the State Information Technology Act, 1998 (Act No. 88 of 1998- "the SITA Act") applies are required to procure ICT related products, software licences and services through SITA in terms of section 7(3) of the SITA Act.
- 2.2 As part of cost containment measures, National Treasury issued SCM Circular No. 10 of 2016/2017 relating to a moratorium on procurement of ICT software, products and services. In terms of the moratorium accounting officers and accounting authorities were advised to not renew or procure any additional software, products or services for the period indicated in the Circular.
- 2.3 National Treasury SCM Circular No. 10 of 2016/2017 further stated that accounting officers and accounting authorities must consult National Treasury and SITA for guidance prior to any conclusion of a tender process for software, products or services or for advice on alternative contracting arrangements in the event that the existing contract is about to expire.

- 2.4 SITA has finalised negotiations with some identified original equipment manufacturers and reviewed the contracting and pricing models for the procurement of software, products and licences on behalf of government that culminated in framework agreements between SITA and the identified original equipment manufacturers.
- 2.5 The list of identified original equipment manufacturers is obtainable from SITA and this list will be reviewed and updated as new framework agreements are signed.

3. IMPLEMENTATION

- 3.1 Accounting officers and accounting authorities may approach SITA for guidance on the procurement of ICT related products and software licences through these framework agreements taking into account the provisions of the Constitution of the Republic of South Africa Act, 1996 ("the Constitution"), the Public Finance Management Act, 1999 (Act No. 1 of 1999- "the PFMA"), the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003- "the MFMA"), the Preferential Procurement Policy Framework Act, 2005 (Act No. 5 of 2000- "the PPPFA") and other applicable legislation.
- 3.2 Accounting officers and accounting authorities, together with SITA, must develop and maintain a demand plan relating to the deployment and utilization of software licences.
- 3.3 Where the accounting officer and accounting authority procured any software licences that were not deployed, they must establish and submit a deployment plan to SITA inclusive of the implementation costs to ensure efficient use of Government's investment. Where any support services in relation to the establishment of deployment plans are required by Accounting Officers and Accounting Authorities, the procurement process for the appointment of service providers must include one or more of the provisions of Regulation 4 of the Preferential Procurement Regulations, 2017.
- 3.4 The framework agreements cover a range of items including products, licences, maintenance, subscription services and support as stipulated in each framework agreement.
- 3.5 SITA must ensure that Accounting Officers and Accounting Authorities include the provisions of Regulation 4 in all procurement with the OEMs to give effect to the Preferential Procurement Regulations 2017. Where the estimated value of the contract exceeds R30 million Accounting Officers and Accounting Authorities must, in line with Regulation 9 of the Preferential Procurement Regulations, 2017 include in the published terms of reference to the OEMs that a minimum of 30% of the contract value must be subcontracted to designated groups referred to in Regulation 9.
- 3.6 All other services not listed in the framework agreements or where necessary must be procured through an open competitive bidding process taking into account provisions of the Constitution, PFMA, MFMA, PPPFA, Competition Act, 1998 (Act No. 89 of 1998) and other applicable legislation.
- 3.7 SITA must comply with government's policy position of leveraging public procurement to support and promote small business development, industrial development, black economic empowerment, youth and women empowerment, rural and township businesses development and other policy objectives for job creation.

3.8 All organs of state are eligible to benefit from the tariffs and contract arrangements that SITA negotiated with each original equipment manufacturer.

3.9 Accounting Officers and Accounting Authorities of institutions to which the SITA Act does not apply may request SITA to consider their applications for participation in the framework agreements negotiated with the original equipment manufacturers.

4. WITHDRAWAL OF CIRCULAR 10 OF 2016/17

4.1 National Treasury SCM Circular 10 of 2016/ 2017 on ICT software, products and services cost containment project dated 6 December 2016 is hereby withdrawn.

5. CONTACT INFORMATION

5.1 Enquiries related to this Circular may be directed to:

Mr Stera Senti
Executive: Multi Stakeholder Projects, SITA
Email: Sithembele.Senti@sita.co.za
Tel: (012) 482 2017

6. APPLICABILITY

6.1 This circular applies to all national and provincial departments, constitutional institution, public entities listed in schedules 2 and 3 to the PFMA and municipalities and municipal entities to which the SITA Act applies.

7. DISSEMINATION OF INFORMATION CONTAINED IN THIS CIRCULAR

7.1 Head Officials of Provincial Treasuries are requested to bring the contents of this Circular to the attention of officers of departments, municipalities and municipal entities, accounting authorities of public entities in their respective Provinces.

7.2 Accounting officers of national departments are requested to bring the contents of this Circular to the attention of accounting authorities of Schedule 3A and 3C public entities reporting to their respective executive authorities.

7.3 Accounting authorities of Schedule 2, 3B and 3D public entities are requested to bring the contents of this Circular to the attention of the supply chain management officials of their public entities.

Regards


WILLIE MATHEBULA
ACTING CHIEF PROCUREMENT OFFICER

DATE: 16-02-2018