



Reference number: RCS/C.6

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TREASURY CIRCULAR NO. 28 /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

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THE EXECUTIVE AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MINISTER A WINDE)

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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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REVIEW AND UPDATE OF CHAPTER 16A: SUPPLY CHAIN MANAGEMENT FOR GOODS AND SERVICES OF THE PROVINCIAL TREASURY INSTRUCTIONS

1. PURPOSE

1.1 The purpose of this communique is to:

- a) Disseminate a revised set of Chapter 16A: Supply Chain Management (SCM) for Goods and Services of the Provincial Treasury Instructions (PTIs); and
- b) To request comments from all role-players on the proposed amendments as included in the attached draft Chapter 16A: SCM for Goods and Services of the PTIs.

2. BACKGROUND

- 2.1 The existing Chapter 16A: SCM for Goods and Services of the PTIs was issued by the Provincial Treasury on 30 March 2012 for implementation with effect from 1 April 2012.
- 2.2 Since the issuing of the aforementioned, the National Treasury embarked on a review of SCM from 2015 which has up until now, resulted in the implementation of various reforms in relation to legislation and policy, training and capacitation, strategic procurement and SCM technology as an enabler to ensure efficiencies within SCM.
- 2.3 To date, key legislation and policies such as the Preferential Procurement Regulations, 2017 and a multitude of National Treasury Instructions Notes and Circulars have been issued. At the Provincial level this has created the need for a fundamental review of policies and prescripts that pertain to SCM.
- 2.4 The aforementioned also necessitated a complete review of Chapter 16A: SCM for Goods and Services of the PTIs in order to facilitate alignment to the National Treasury revised policies and legislation. Furthermore, this was also required to avert potential non-compliance due to the lack of alignment across policies that have been issued by the National Treasury and Provincial Treasury respectively.

3. DISCUSSION

- 3.1 The approach followed in revising Chapter 16A: SCM for Goods and Services of the PTIs was to focus on the high-level policy issues for the purposes of amending the PTIs. Detailed process and procedural issues will be dealt with by way of revisions to the Pro-forma Accounting Officer System (AOS) and Provincial Treasury Circulars.
- 3.2 The Provincial Treasury is currently in process of finalising a complete review of the Pro-forma AOS in conjunction with Legal Services. The revised Pro-forma AOS will be issued shortly after finalisation of Chapter 16A: SCM for Goods and Services of the PTIs.
- 3.3 A synopsis of the main amendments proposed in Chapter 16A: SCM for Goods and Services is as follows:
- a) Applicability of National Treasury Instructions to provincial departments and public entities (paragraph 2.6);
 - b) Employees involved in the implementation of the institutions supply chain must adhere to a code of ethics (paragraph 3.8.1);
 - c) Disallowing of any award to an employee of the state for the provisioning of goods or services (paragraph 3.8.2);
 - d) Inclusion of new procurement planning requirements in accordance with latest developments (paragraph 4.3);
 - e) Submission of procurement plans, including stakeholder engagement and SCM performance plans (paragraph 4.4);
 - f) Empowerment impact assessments for procurement above an amount of R10 million (paragraph 4.10);
 - g) Implementation of municipal regional indicators (paragraph 4.11);

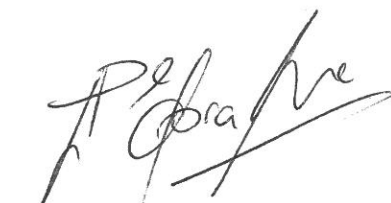
- h) Inclusion of requirements of National Treasury in relation to the Central Supplier Database (paragraph 5.2);
- i) Requirements in relation to implementation of an e-procurement solution (paragraph 5.3);
- j) Revisions to the forms of procurement (paragraph 5.5) to allow for amongst others:
 - i) The exclusion of informal quotations;
 - ii) National Treasury transversal contracts (paragraph 5.5.8); and
 - iii) Revised requirements to participate in a contract procured by another organ of state (paragraph 5.5.9);
- k) Deviations from utilising the e-procurement solution for obtaining quotations and bids, in instances where it may be impractical (paragraph 5.6);
- l) Requirements when a breach of contract do occur (paragraph 7.3); and
- m) Requirements for extensions and expansions against original contracts (paragraph 7.4).

3.4 The proposed amendments to Chapter 16A: SCM for Goods and Services of the PTIs were thoroughly discussed with the Policy Focus Group (5 July 2018) and at the SCM Forum (3 August 2018) meetings and inputs collated during these discussions were incorporated in finalising the proposed draft.

4. REQUEST

4.1 Accounting Officers and Accounting Authorities are requested to:

- a) Review the complete proposed draft Chapter 16A: SCM for Goods and Services of the PTIs; and
- b) Ensure that comments, if any, are submitted to the Provincial Treasury by **1 October 2018**. Kindly include the following officials when responding:
 - Tasneem.Rakiep@westerncape.gov.za
 - PaulineJoy.Love-Fortuin@westerncape.gov.za
 - Nols.duPlessis@westerncape.gov.za



NADIA EBRAHIM

ACTING CHIEF DIRECTOR: ASSET MANAGEMENT

DATE: 23 August 2018