

PROVINSIALE TESOURIE • PROVINCIAL TREASURY •
UNONDYEBO WEPHONDO



Verwysing
Reference
Isalathiso

F 14/7

Navrae
Enquiries
Imibuzo

R .Alberts

TREASURY CIRCULAR NO. 33/2007

THE PREMIER

THE MINISTER OF AGRICULTURE
THE MINISTER OF COMMUNITY SAFETY
THE MINISTER OF CULTURAL AFFAIRS, SPORT AND RECREATION
THE MINISTER OF EDUCATION
THE MINISTER OF ENVIRONMENT, PLANNING AND ECONOMIC DEVELOPMENT
THE MINISTER OF FINANCE AND TOURISM
THE MINISTER OF HEALTH
THE MINISTER OF LOCAL GOVERNMENT AND HOUSING
THE MINISTER OF SOCIAL SERVICES AND POVERTY ALLEVIATION
THE MINISTER OF TRANSPORT AND PUBLIC WORKS

THE SPEAKER: PROVINCIAL PARLIAMENT
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

ALL OTHER MEMBERS OF PARLIAMENT

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (MS V PETERSEN) (ACTING)
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR P WILLIAMS)
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (DR JC STEGMANN)
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (DR GA LAWRENCE)
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR RB SWARTZ)
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (PROF KG HOUSEHAM)
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MS K LUBELWANA) (ACTING)
THE ACCOUNTING OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MS S MAJIET)
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T TOLMAY)
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR T MANYATHI)
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS J JOHNSTON) (ACTING)
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR MN LINDIE)

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR H ARENDSE)
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS A SMIT)
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M MACIKAMA) (ACTING)
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: LOCAL GOVERNMENT AND HOUSING (MR PAE BREDEKAMP)
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR AA GAFFOOR)
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 (MR A ASSIM)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)
THE HEAD: SUSTAINABLE RESOURCE MANAGEMENT (MS SMA ROBINSON)
THE HEAD: ASSET MANAGEMENT (MR TD PILLAY)
THE HEAD: FINANCIAL GOVERNANCE (MR TC ARENDSE)
THE HEAD: PUBLIC FINANCE (MR H MALILA)
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THE SENIOR MANAGER: ACCOUNTING (MR A REDDY)
THE SENIOR MANAGER: NORMATIVE FINANCIAL MANAGEMENT (MR F JACOBS) (ACTING)
THE SENIOR MANAGER: ENTERPRISE RISK MANAGEMENT AND GOVERNANCE SYSTEMS (VACANT)
THE CHIEF AUDIT EXECUTIVE (MS R JAFTHA)
THE SENIOR MANAGER: ECONOMIC ANALYSIS (MS B BOQWANA)
THE SENIOR MANAGER: FISCAL POLICY: PROVINCIAL GOVERNMENT (MR D BASSON) (PRO TEM)
THE SENIOR MANAGER: FISCAL POLICY: LOCAL GOVERNMENT (MR G PAULSE) (PRO TEM)
THE SENIOR MANAGER: BUDGET MANAGEMENT (MS AJ HICKEY)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MR DG BASSON)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (MR G PAULSE)
THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)
THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
THE HEAD: OFFICE OF THE MINISTRY (MR G GESWINDT)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

} For information

EXTENSION OF THE CONTRACTS FOR THE ELECTRONIC PURCHASING SYSTEM (EPSi) AND WESTERN CAPE SUPPLIER DATABASE (WCSD)

1. PURPOSE

1.1 The purpose of this document is to inform Accounting Officers and Chief Financial Officers of the extension of the contracts for the Electronic Purchasing System (EPSi) and the Western Cape Supplier Database (WCSD) for the period ending 30 June 2008.

2. BACKGROUND

2.1 The Provincial Treasury contacted with Quadrem TradeWorld for the supply of:

- (a) an Electronic Purchasing System (EPSi) to facilitate the sourcing of quotations; and
- (b) a Western Cape Supplier Database (WCSD) to supply a database of potential verified suppliers.

2.2 Prior to the expiry of the EPSi and the WCSD contracts on 30 June 2007, it was decided that Treasury must test the market and go out for an open bidding process as required by legislation (PFMA).

2.3 The Provincial Treasury's Directorate: Supply Chain Management was tasked to complete a business case for the invitation of the transversal bid for the supply of an Electronic Purchasing System as well as the management and maintenance of the Western Cape Supplier Database.

2.4 However, the lack of a transversal policy made it increasingly difficult to finalise the business case. The Directorate: Supply Chain Management was however instructed to halt the above process until the Provincial Treasury Instructions (PTI's) and standing operating manual (SOP) was completed. The PTI and SOP were issued in March 2007.

3. DISCUSSION: EXTENSION OF THE CURRENT CONTRACTS

- 3.1 During March 2007 the transversal projects were handed over to their new custodians and the officials started with an analytical process where the previous business case was evaluated against the policy and the shortcomings addressed.
- 3.2 During the analytical process, National Treasury's Practice Note 7 / 2006: *Application in respect of New IT systems*, was highlighted again. The practice note indicates that approval must be obtained from the IFMS steering committee for the purchase of any new IT system. (See attached Annexure A)
- 3.3 It also came to light that the National Treasury, via SITA, invited bid RFB 565 to purchase the procurement management system for the IFMS. This system would include functionality for:
- Purchase requisitions;
 - Supplier management;
 - Quotes;
 - Bids;
 - Invoice receipting;
 - Purchase orders; and
 - Contract management.
- 3.4 The matter was discussed with the National Treasury's IFMS project coordinator to determine the impact of Practice Note 7/2006 and the invitation of the IFMS bid on the invitation of the proposed transversal contract.
- 3.5 National Treasury has indicated that the new system should be ready within the next 18 months. They re-iterated that the development of the IFMS modules would make the procurement of a new system or service impractical.
- 3.6 The estimated period required to purchase and implement a new system or service, would take 18 – 24 months. The purchase of a new system / service could thus be considered as wasteful expenditure, as the return on investment would not be possible within the requisite timeframe.

3.7 It must also be noted further that EPSi processes thousands of quotations annually. Hence the system is critically important, as departments are dependent on the system to assist them in providing effective service delivery.

3.8 The points above clearly indicate that it was not possible for the Provincial Treasury to initiate a competitive bidding process for the replacement of the current service providing the EPSi and Western Cape Supplier Database.

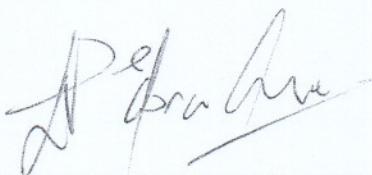
3.9 In view of the above, the Provincial Treasury has thus extended the period of the contracts for the Electronic Purchasing System and Western Cape Supplier Database for a period of 12 months (ending June 2008) at the same terms and conditions.

3.10 Departments will be informed of any changes / developments to these systems.

4. REQUEST

4.1 It is requested that Accounting Officers and Chief Financial Officers:

- (a) inform all relevant officials within the department as well as institutions under its control, of the extension of the EPSi and WCSD contracts at the same terms and conditions; and
- (b) liaise with SCM officials within the department and institutions under its control regarding additional requirements and problems / concerns and provide feedback to Provincial Treasury by no later than **15 October 2007**.



ACTING SENIOR MANGER: MOVABLE ASSET MANAGEMENT

Date: 14/09/2007