

Reference: T16/P

TREASURY CIRCULAR, NO. 32/2012

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| THE PREMIER | } | For information |
| THE MINISTER OF AGRICULTURE AND RURAL DEVELOPMENT | | |
| THE MINISTER OF COMMUNITY SAFETY | | |
| THE MINISTER OF CULTURAL AFFAIRS AND SPORT | | |
| THE MINISTER OF EDUCATION | | |
| THE MINISTER OF FINANCE, ECONOMIC DEVELOPMENT AND TOURISM | | |
| 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 (MR R HINDLEY) | | |
| 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 (MS P VINJEVOLD) | | |
| THE ACCOUNTING OFFICER: VOTE 6: HEALTH (PROF KC HOUSEHAM) | | |
| THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MR M RICHARDSON) | | |
| THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR M TSHANGANA) | | |
| THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR P VAN ZYL) | | |
| THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR J FOURIE) | | |
| 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 (DR H FAST) | | |
| 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 GILDENHUY) | | |
| 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 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 (MS BG RUTGERS) | | |
| THE CHIEF FINANCIAL OFFICER: VOTE 14: LOCAL GOVERNMENT (MS B SEWLALL-SINGH) | | |
| THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR R BENNETT) (ACTING) | | |
| THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (MS M MOROKA) | | |
| THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR N FLAATTEN) | | |
| THE CHIEF EXECUTIVE OFFICER: CAPE TOWN ROUTES UNLIMITED (DMO) (MR C GILFELLAN) | | |
| THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE CULTURAL COMMISSION (MS J MOLELEKI) | | |
| THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LANGUAGE COMMISSION (MS J MOLELEKI) | | |
| THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE HERITAGE COMMISSION (MS J MOLELEKI) | | |
| THE CHIEF EXECUTIVE OFFICER: CASIDRA (MS T MLONYENI) (ACTING) | | |
| THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LIQUOR BOARD (MR S FOURIE) | | |

THE CHIEF FINANCIAL OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR P ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (MR A PRESTSON)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR I BLACKIE)
THE CHIEF FINANCIAL OFFICER: CAPE TOWN ROUTES UNLIMITED (DMO) (MR H BONESCHANS)
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THE CHIEF FINANCIAL OFFICER: CASIDRA (MR F VAN ZYL)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LIQUOR BOARD (MS M ABRAHAMS)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)
THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)
THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (VACANT)
THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)
THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)
THE HEAD: LOCAL GOVERNMENT FINANCE (MR TC ARENDSE)
THE HEAD: FINANCIAL GOVERNANCE (MR A HARDIEN)
THE HEAD: ASSET MANAGEMENT (MR I SMITH)
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)
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THE SENIOR MANAGER: ACCOUNTING SERVICES: LOCAL GOVERNMENT (MS L NGXONONO)
THE SENIOR MANAGER: CORPORATE GOVERNANCE (MR B VINK)
THE SENIOR MANAGER: BUDGET MANAGEMENT: PROVINCIAL GOVERNMENT (MS M SHERATON-KORSTEN)
THE SENIOR MANAGER: BUDGET MANAGEMENT: LOCAL GOVERNMENT (MR ML BOOYSEN)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP ONE) (MR F SABBAT)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP TWO) (MR M SIGABI)
THE SENIOR MANAGER: PUBLIC FINANCE POLICY RESEARCH AND MODELLING (MS C HORTON)
THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)
THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
THE SENIOR MANAGER: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)
THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS T EVANS)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

POSTPONEMENT OF COMPULSORY REGISTRATION OF SUPPLIERS ON THE WESTERN CAPE SUPPLIER DATABASE

1. PURPOSE

1.1 The purpose of this communiqué is to inform departments of the postponement of compulsory registration of potential suppliers on the Western Cape Supplier Database (WCSD) from 1 July to 1 September 2012.

2. POSTPONEMENT

2.1 As communicated via Provincial Treasury Circular 14/2012 (paragraph 4), compulsory registration of suppliers on the WCSD would come in effect from 1 July 2012.

2.2 However, notwithstanding the comprehensive effort launched by Western Cape Government and our database service provider to register all suppliers utilised on a regular basis, a large number of suppliers have not been registered

due to various factors but mainly due to mandatory documentation for registration being outstanding.

- 2.3 The situation identified in paragraph 2.2 is unfortunate and might negatively impact on service delivery of departments. It therefore necessitates that the implementation date of 1 July 2012 be postponed to **1 September 2012** to ensure that due process has been followed and thus ensuring that affected suppliers are registered by 1 September 2012.
- 2.4 In the interim (1 July – 31 August 2012) the current position is maintained in that institutions may only do business with suppliers who are:
- (a) duly registered on the supplier database; or
 - (b) in the process of registering as confirmed on the supplier database; or
 - (c) if prospective suppliers agree to register within a period specified by the institution, but not later than 31 August 2012.
- 2.5 The postponement of the compulsory registration requirement necessitates an update of the Provincial Treasury Instructions implementation schedule "Provisions that take effect on a date later than 1 April 2012". Your attention is drawn to 5.2.1.2 (a), 5.2.1.3 (a), 5.2.1.6 (c) and 5.4.4 of the schedule attached hereto marked "Annexure A".



MR ISAC SMITH

CHIEF DIRECTOR: ASSET MANAGEMENT

DATE: 29 JUNE 2012

PROVINCIAL TREASURY INSTRUCTIONS FOR SUPPLY CHAIN MANAGEMENT: PROVISIONS TO TAKE EFFECT ON A DATE LATER THAN 1 APRIL 2012

CHAPTER 16A

Paragraph	Instruction	Effective Date
3.1.1	The accounting officer or accounting authority of an institution to which these Instructions apply must develop, document, maintain and implement an effective and efficient supply chain management system. (AOS)	31 March 2013
3.7.3	To promote consistency and uniform application, the supply chain management system delegations and instructions must be structured in accordance with minimum standards set by the Provincial Treasury.	31 March 2013
4.2.1	The accounting officer or accounting authority of the institution must develop and implement a supply chain strategy for his or her supply chain management unit.	31 March 2013
4.3.1	The accounting officer or accounting authority must develop and implement an annual operational plan for his or her supply chain management unit.	31 March 2013
5.2.1.2 (a)	Quotations must be obtained from at least three different providers whose names appear on the supplier database.	1 September 2012
5.2.1.3 (a)	Quotations must be obtained through the integrated procurement solution from service providers who are duly registered on the supplier database.	1 September 2012
5.2.1.6 (b)	<p>The accounting officer's or accounting authority's supply chain management system must provide for a policy in relation to the management and treatment of emergency procurement. The policy must at least provide for the following:</p> <ul style="list-style-type: none"> (i) the different categories of emergency procurement; (ii) an outline of the institution's planning efforts to limit or improve responsiveness during an emergency; (iii) an indication of the pre-requisites to consider when awarding and administering contracts during emergencies; (iv) options available to an institution during emergencies, including the procurement solutions of preference; (v) post execution assessment of the relevant emergency; (vi) ex-post facto submission to the bid adjudication committee for ratification; and (vii) processes to be followed in respect of the recording and approval of emergency procurement by the accounting officer or accounting authority. 	1 November 2012

5.2.1.6 (c)	The accounting officer or accounting authority should preferably make use of the supplier database to obtain quotations.	1 September 2012
5.4.4	Institutions of the Provincial Government may not do business with suppliers that are not actively registered on the supplier database. This requirement does not however apply when procuring through petty cash.	1 September 2012
6.2.1	The accounting officer or accounting authority must implement transaction checklists which records all actions to be performed from the initiation of a request for specific goods or services to the final authorization of the payment.	1 August 2012
6.2.3	The transaction checklists referred to in paragraph 6.2.2 must be supported by templates for the various forms of procurement referred to in paragraph 5.2 of these Instructions.	1 August 2012
6.3.1	The head of the supply chain management unit of an institution must within 15 working days after the end of each month submit a report via, the chief financial officer, to the accounting officer or accounting authority containing information on procurement transactions during that month.	1 August 2012
6.4.1	The accounting officer or accounting authority must ensure that capacity exists within the institution to prevent and detect matters of non-compliance in relation to supply chain management prescripts.	1 October 2012
8.2.1	The accounting officer or accounting authority must ensure that the logistics management system of the institution provides for the following policies and standard operating procedures, including the checklists and templates referred to in paragraph 6.2: (a) requisition of goods or services; (b) placing of orders for goods or services; (c) receiving of goods; (d) distribution of goods; (e) preparation of payment vouchers; and reconciliation of asset records with financial accounts.	31 March 2013
8.3.1	The logistics management system of an institution must provide for the following policies and standard operating procedures in relation to inventory management: Policies (a) measurement of inventory for reporting in the annual financial statements and associated disclosures; (b) coding system for the recording of inventory items; (c) systems in place, whether computerised or manual, for demand forecasting and material requirement planning; (d) approaches for inventory control; (e) stock levels for the different categories of	31 March 2013

	<p>inventory items;</p> <p>(f) quality and re-order point models to be used for categories of inventory items;</p> <p>(g) annual stocktake requirements;</p> <p>(h) mechanisms to eliminate theft, losses, wastage and misuse for each category of items;</p> <p>(i) warehouse and stockroom organisation; and</p> <p>(j) systems in place, whether manual or computerised, for recording of inventory transactions.</p> <p>Standard operating procedures</p> <p>(a) demand forecasting and resource planning for stock items;</p> <p>(b) calculation of stock levels, safety stock, reorder quantities and reorder points;</p> <p>(c) stocktake;</p> <p>(d) restricted access areas;</p> <p>(e) disposal of damaged, spoiled or obsolete items;</p> <p>(f) losses and misuse of inventory items;</p> <p>(g) safe operation of storage facilities, plant and equipment;</p> <p>(h) recording of orders, receipts, issues and returns;</p> <p>(i) production of inventory management reports; and</p> <p>(j) reconciliation of inventory records with financial accounts.</p>	
9.2.1	The accounting officer or accounting authority of the institution must develop and implement an asset strategic plan for his or her institution.	31 March 2013
12.1	The accounting officer or accounting authority must ensure that the supply chain management system provides for an effective internal performance monitoring and evaluation system in order to determine, on the basis of retrospective analysis, whether the authorised supply chain management processes are being followed and whether the desired objectives are being achieved.	1 October 2012
13.2.1	The accounting officer or accounting authority must develop, implement and maintain an internal control framework for the supply chain management system of the institution.	1 October 2012

CHAPTER 16B

Paragraph	Instruction	Effective Date
3.1	<p>Accounting officer and accounting authorities must:</p> <ul style="list-style-type: none"> a) establish and implement an infrastructure delivery management system in accordance with the relevant provisions of the Provincial Treasury's Standard for an Infrastructure Delivery Management System and assume responsibility for the functionalities as set out in Table 1; and b) assume responsibility for the different types of maintenance as set out in Table 2. 	1 January 2013
3.4	<p>Accounting officers and accounting authorities must:</p> <ul style="list-style-type: none"> a) delegate responsibility for the performance of duties assigned to a client, implementer or custodian in terms of the standard referred to in 3.1 (a) to suitable units within their institution; b) delegate responsibility for the different type of maintenance to suitable units within their institution; and c) where alternative arrangements for routine and day to day maintenance are provided for a Table 2, allocate responsibilities for such maintenance in terms of a Service Delivery Agreement with the Department of Transport and Public Works. 	1 January 2013
3.5	<p>All major capital projects must be subjected to an independent gateway review prior to the acceptance of the concept report at the end of stage 4 in accordance with the provisions of the standard referred to in 3.1 (a).</p>	1 January 2013
4.1	<p>Accounting officers and accounting authorities must in order to serve their construction procurement needs either:</p> <ul style="list-style-type: none"> a) establish and implement a construction procurement system in accordance with the relevant provisions of the Provincial Treasury Standard for a Construction Procurement System; or b) make use of a framework contract put in place by the Department of Transport and Public Works. 	1 October 2012

Paragraph	Instruction	Effective Date
4.3	<p>a) Accounting officers and accounting authorities must designate persons to undertake actions and perform activities in accordance with Annexure B of the Provincial Treasury Standard for a Construction Procurement System.</p>	1 October 2012
5.2	<p>The supply chain management unit must:</p> <ul style="list-style-type: none"> (a) execute certain activities relating to the construction procurement process in accordance with the provisions of the standard referred to in paragraph 4.1 (a); (b) render assistance and, where appropriate, administrative support to the line function managers and other officials in the performance of their supply chain management responsibilities; (c) measure the performance of the supply chain in terms of areas such as effectiveness, potential efficiency gains, weaknesses in performance, quality and value for money and identify corrective actions or interventions to improve performance; (d) co-ordinate and manage the interface between the institution and provincial treasury in the implementation of these instructions; (e) collate and compile reports to the accounting officer or accounting authority and provincial treasury; (f) ensure that management, control and accountability is maintained through comprehensive objective assessments; (g) enforce the regulatory framework for supply chain management within the institution; (h) perform internal controls function for the supply chain; and (i) identify, treat and report occurrences of fraud, corruption, collusion and abuse of the supply chain system. 	1 October 2012