

Reference number: RCS/C.6

## TREASURY CIRCULAR NO. 31 /2020

Private Bag X9165  
CAPE TOWN  
8000

THE PREMIER  
THE MINISTER OF AGRICULTURE  
THE MINISTER OF COMMUNITY SAFETY  
THE MINISTER OF CULTURAL AFFAIRS AND SPORT  
THE MINISTER OF EDUCATION  
THE MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES  
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 D MAYNIER)  
THE EXECUTIVE AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (MINISTER A BREDELL)  
THE EXECUTIVE AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MINISTER D MAYNIER)  
THE EXECUTIVE AUTHORITY: SALDANHA BAY IDZ LICENCING COMPANY (MINISTER D MAYNIER)  
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 IH MEYER)  
THE EXECUTIVE AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (MINISTER A FRITZ)  
THE ACCOUNTING OFFICER: VOTE 1: PREMIER (DR H MALILA)  
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R ADAMS)  
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MR D SAVAGE)  
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (ADV. Y PILLAY)  
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR BK SCHREUDER)  
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (DR K CLOETE)  
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (DR R MACDONALD)  
THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MS J SAMSON)  
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 (DR M SEBOPETSA)  
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 A SMIT)  
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 S KAYE)  
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 (MS O SAMUELS)  
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)  
THE ACCOUNTING AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MR D LAKAY)  
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)

For information

THE ACCOUNTING AUTHORITY: CASIDRA (MR A MOOS)  
 THE ACCOUNTING AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (ADV. T SIDAKI)  
 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 (MS K BEUKES)  
 THE CHIEF EXECUTIVE OFFICER: CASIDRA (MR A SEYMOUR)  
 THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LIQUOR AUTHORITY (ADV L PETERSEN) (ACTING)  
 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 (MR S GCWABE)  
 THE DIRECTOR: GOVERNMENT MOTOR TRANSPORT (MR R WIGGILL)  
 THE HEAD OF SCM: VOTE 1: PREMIER (MR K JACKSON)  
 THE HEAD OF SCM: VOTE 3: PROVINCIAL TREASURY (MS T NDLAZI) (ACTING)  
 THE HEAD OF SCM: VOTE 4: COMMUNITY SAFETY (MR R LAWRENCE)  
 THE HEAD OF SCM: VOTE 5: EDUCATION (MRS R DE BRUYN)  
 THE HEAD OF SCM: VOTE 6: HEALTH (MS E ISAACS)  
 THE HEAD OF SCM: VOTE 7: SOCIAL DEVELOPMENT (MS P MABHOKWANA)  
 THE HEAD OF SCM: VOTE 8: HUMAN SETTLEMENTS (MS L NEL)  
 THE HEAD OF SCM: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR N RHAPALE) (ACTING)  
 THE HEAD OF SCM: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR J VAN RENSBURG)  
 THE HEAD OF SCM: VOTE 11: AGRICULTURE (MR C STARLING)  
 THE HEAD OF SCM: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR M HARTMAN)  
 THE HEAD OF SCM: VOTE 13: CULTURAL AFFAIRS AND SPORT (MS L SAWALL)  
 THE HEAD OF SCM: VOTE 14: LOCAL GOVERNMENT (MR A SEALE)  
 THE HEAD OFFICIAL: PROVINCIAL TREASURY (MR D SAVAGE)  
 THE DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES (DR R HAVEMANN)  
 THE DEPUTY DIRECTOR-GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MS J GANTANA)  
 THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MR A PHILLIPS)  
 THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS A PICK) (ACTING)  
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR S KENYON)  
 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MR I SMITH)  
 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR A HARDIEN)  
 THE CHIEF FINANCIAL OFFICER (MS A SMIT)  
 THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS C GREEN)  
 THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MR P PIENAAR)  
 THE DIRECTOR: FINANCIAL GOVERNANCE (MS M VAN NIEKERK)  
 THE DIRECTOR: FISCAL POLICY (DR N NLEYA)  
 THE DIRECTOR: INFRASTRUCTURE (MR K LANGENHOVEN)  
 THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR F SALIE)  
 THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MR M BOOYSEN)  
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR C MAPEYI)  
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)  
 THE DIRECTOR: LOCAL GOVERNMENT MFMA COORDINATION (MR EJ JOHANNES) (ACTING)  
 THE DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR R MOOLMAN)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (MS A ABOO)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS R SLINGER)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK) (PRO TEM)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)  
 THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS N ISMAIL)  
 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 INSTRUCTION NO.11 OF 2020/21: PROCUREMENT IN RESPONSE TO NATIONAL STATE OF DISASTER REGARDING COVID-19 PANDEMIC AND REPEAL OF INSTRUCTION NO. 5 OF 2020/2021**

### **1. PURPOSE**

- 1.1 The purpose of this Circular is to provide guidance to accounting officers' / accounting authorities in respect of procurement procedures in response to the National State of disaster regarding

COVID-19 pandemic issued by National Treasury in respect of National Treasury Instruction No. 11 of 2020/21 (attached hereto marked "Annexure A").

## **2. BACKGROUND**

- 2.1 National Treasury Instruction No. 5 of 2020/21 (as amended on 20 May and 3 July 2020) prescribe general and specific instructions on emergency procurement for COVID-19 PPE items, cloth masks as well as goods, works or services to prevent an escalation of the National state of disaster, as declared as of 15 March 2020, and to alleviate, contain or minimise the effects of the Disaster.
- 2.2 Instruction Note 5 indicates that the requirements will be in effect until the Disaster lapses or terminates or until the instruction is withdrawn.
- 2.3 On 5 August 2020, the National Treasury briefed the Standing and Select Committees on the procurement of PPE during the COVID-19 pandemic and highlighted some shortcomings in the transparency of PPE procurement information. Consensus was reached by these committees that institutions must revert back to normal procurement procedures for all goods, services and works (including the procurement of PPE items and fabric masks).
- 2.4 In response to the Instruction Notes issued by NT, the PT has to date issued the following Circulars to provide guidance to accounting officers/ authorities:
- a) Treasury Circular No. 11 of 2020: Western Cape Government's Procurement Requirements in response to the Declaration of a National Disaster due to the CORONAVIRUS (COVID-19) Pandemic on 23 March 2020;
  - b) Treasury Circular 21: Issuance of National Treasury Instruction no. 05 of 2020/21: Emergency procurement in response to national state of disaster - COVID-19; and
  - c) Treasury Circular No. 23 of 2020: Western Cape Government's Business Continuity Plan for Disaster Procurement Requirements in respect of COVID-19 Pandemic, including Annexures A - E, issuing the Finance and SCM Cluster Governance structure, PDAC TOR and SOP; Process for utilisation of the e-Procurement System for formal bids and guidance on how to deal with exorbitant pricing in terms of the GCC.
  - d) Treasury System Circular No. 2 of 2020: Measures to control the use of sundry payment method on Basic Accounting System.
- 2.5 Instruction Note 11 indicates that the effective date of the Instruction is 1 September 2020. In the context of the applicable date departments must note the following:
- a) Paragraphs 2.6.1 – 2.6.2 of Provincial Treasury Instructions, 2019 (PTIs), allows the PT to after consultation with relevant role-players within the Western Cape Government, and within 20 (twenty) working days of a National Treasury instruction being issued, assess the requirements of such National Treasury instruction to determine whether and to what extent the National Treasury instruction should be applicable to institutions.
  - b) The Provincial Treasury will further consider the following factors in this regard in terms of paragraph 2.6.2 (a) – (e) of the PTIs:
    - i) *whether and to what extent the Western Cape Government has existing or improved methods of satisfying the purpose of the National Treasury instruction, which methods*

*negate the need for strict compliance with some or all of the requirements set out in the National Treasury instruction;*

- ii) the practicality and rationality of the requirements provided for in the National Treasury instruction;*
- iii) whether and to what extent the requirements provided for in the National Treasury instruction are in line with the provisions of the Constitution and other legislation;*
- iv) the impact of implementing the requirements provided for in the National Treasury instruction from a process, resource, value for money, red tape and systems perspective; and*
- v) the cost-benefit implications of ensuring strict compliance with the requirements provided for the National Treasury instruction.*

2.6 The PT provided written comments to the NT in respect of the draft Instruction Note prior to its issuance highlighting key risks and challenges in implementation on 13 August 2020, which comments were not taken up in the NTI 11 that was subsequently issued.

2.7 The PT via its SCM representatives on 19 August 2020 presented the key risks to the National SCM Forum on key risks and challenges experienced with regards to PPE purchasing and in respect of NT requirements issued.

2.8 The PT concluded an impact assessment of the revised Instruction Note 11 and identified the following key risks that was presented by the Head Official of the Provincial Treasury to the National Treasury Technical Coordinating Forum (TCF) on 28 August 2020:

- a) Whilst the NT Instruction Note dispenses with emergency procurement requirements attributed to the disaster/pandemic and instructs procuring entities to revert to normal procurement processes, the NT instruction note still dictates central control in terms of pricing and prescribes requirements in terms of procurement requirements in response to the pandemic as it relates to PPE. This is confusing as in order to revert to normal procurement requirements Section 38 (1) (a) (iii) of the PFMA would apply whereby it remains incumbent on the accounting officer of a department, trading entity or constitutional institution to have and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.
- b) one of the key risks raised are in respect of the supplier lists and benchmark pricing that are issued with no confirmation on whether/not a proper market analysis was performed by the NT to ascertain the appropriate benchmark pricing taking into account supplier and market conditions during the pandemic and its impact not only on national but at sub-national levels and regions;
- c) the NT has issued the 5th iteration of benchmark prices in 5 months. The issuance of benchmark prices has already negatively affected pricing and has created an untested/ superficial market value as it relates to pricing of the items concerned. There is no indication of the necessary due diligence processes followed by the NT, however accounting officers /authorities must ensure that suppliers are compliant to these benchmark prices and to ensure that prices accepted are market related;
- d) the NT Instruction Note dictates how contracts must be managed as it prescribes that no contract should be expanded/ extended in any way that were procured in terms of IN 5 without

providing practical context. This infringes on current contracting relationships entered should these contracts have made provision for extension clauses as contracts in the norm do;

- e) The NTI further provides that participation in transversal contracts are sanctioned without obtaining approval for participation. This is inconsistent with court decisions that have been upheld in two high court decisions which the NT has indicated as the leading decisions and/or authority on participation in contracts procured by other organs of state. (Reference NT Municipal Circular No. 96 of 2019).
- f) Local content and production requirements are already rife with cumbersome compliance processes making it very difficult for suppliers and procuring institutions to in the norm comply with. The designation of the non-designated items is problematic, taking cognisance of Department of Trade and Industry and Competition (dtic) and South African Bureau of Standards (SABS) capacity to respond specifically at the rate that would be required for PPE purchasing and within desired timeframes. Questions of acceptable premiums have also not been ascertained in the current austere environment and what would be value for money from a pragmatic and practical perspective; and
- g) the NT instruction note is silent on the process and procedures institutions must follow should a second wave of COVID-19 infections occur.

2.9 Paragraph 2.6.3 of the PTIs provides that in the event that the assessment referred to in paragraph 2.5 (a) above determines that the requirements of the National Treasury instruction should be applicable, whether in full or in part, to institutions, the Provincial Treasury shall issue a Circular to institutions confirming the extent and effective date of the implementation of the requirements of the National Treasury instruction that have been determined as being applicable to institutions.

2.10 The National Treasury has not responded to the issues raised. Consequently, the PT issues this Circular to articulate how the Province will implement the Instruction Note in the most appropriate, practical and rational way possible, considering that the Province is still required to operate within the disaster dispensation up until 15 September 2020 and beyond that date taking into account the Provinces own risk exposure and market conditions that may affect its procurement.

### **3. PROVINCIAL PROCUREMENT REQUIREMENTS IN RESPONSE TO INSTRUCTION NOTE 11 OF 2020/2021**

3.1 As indicated by National Treasury, the procurement of all goods, services and works, will not automatically be regarded as emergency procurement. Such procurement must be conducted in accordance with existing procurement procedures in terms of the Public Finance Management Act, 1999, and its regulations, the Preferential Procurement Policy Framework Act, 2000 and regulations made thereunder as well as the departments supply chain management policies.

3.2 Given the issues raised by the PT at the TCF and the Province being left to its own devices to respond to the COVID-19 pandemic; the following has been identified as being applicable in the Province:

- a) Paragraph 5.5.1 of Chapter 16A of the PTIs provides that Petty cash purchases may be utilised up to an estimated value of R2000 (inclusive of all taxes);
- b) Paragraph 5.5.2 of the PTIs: invitation of price quotations, may be utilised for procurement requirements between R2001 and up to R500 000 by inviting at least 3 or more quotations via the eProcurement Solution;

- c) Treasury Regulation 16A6.1- 16A6.3 and paragraph 5.5.3 of the PTIs makes provision for Competitive bidding for procurement requirements above R500 000. The eProcurement Solution may be utilised as a sourcing medium provided that the other requirements of the competitive bidding process such as the committee system; bid documents etc. is complied with and the necessary controls are in place. The accounting officer/ authority must have determined that advertising such requirements via the ePS is the most viable option as this will limit the invitation to only those suppliers registered on the Western Cape Supplier Evidence Bank (WCSEB). Departments and public entities to take cognisance of paragraph 5 of PT Circular No. 23 of 2020 when utilising the ePS for procurement requirements above R500 000;
- d) Emergency procurement: a provincial organ of state may rely on its existing emergency procurement policy, read with Regulation 16A6.4 of the NTRs and paragraph 5.5.5 of Chapter 16A of the PTIs, where the situation is deemed to be an emergency and it is impractical to follow the competitive bidding process and may obtain goods or services in line with its emergency procurement policy. Accounting officers/ authorities must document its decision-making process for emergency situations and the factors considered when an administrative decision in this regard is made;
- e) Procurement by way of limited bids: a provincial organ of state may rely on the limited bidding provisions contained in its accounting officer system and supply chain management policies, read with Regulation 16A6.4 of the NTRs and paragraph 5.5.4 of Chapter 16A of the PTIs, to procure goods or services required provided that it meets the requirements for limited bidding as articulated in the PTIs;
- f) Contracts procured by other organs of state: an accounting officer / accounting authority may rely on the provisions of Regulation 16A6.6 of the NTRs, read with paragraph 5.5.9 of the PTIs, to participate, on behalf of their respective provincial organs of state, in any contract arranged by any other organ of state if it has certified that the contract was secured through a procurement process that is fair, equitable, transparent, competitive and cost-effective and subject to the written approval of such other organ of state and the relevant contractors; and
- g) Paragraph 5.5.7 of the PTIs also make provision for the arrangement of provincial transversal contracts (contracts used by more than one department) and for the Provincial Treasury to designate any other provincial department not specifically defined in the PTIs as a principal procuring department with the concurrence of the Provincial Minister responsible for Finance.
- h) Use of transversal contracts: an accounting officer/ accounting authority may rely on the provision of Regulation 16A6.5 of the NTRs, read with paragraph 5.5.8 of the PTIs to participate in a transversal contract facilitated by the National Treasury.
- The instruction note makes provision for institutions already participating in the National Treasury Transversal RT Contracts, to continue placing orders with the service providers as per contracts already entered into.
  - PPE items to be procured are listed on Annexure A. Accounting officers or accounting authorities may procure from the listed PPE items on Annexure A without obtaining participation approval from the National Treasury.

- i) Existing contracts and orders: Contracts and orders concluded under the provision of Instruction No. 5 of 2020/21 must be honoured until the expiry thereof. The Instruction Note indicates that procuring institutions should not extend these contracts and orders in any way. The PT advises that contract extensions must be avoided as far as possible, however where deemed necessary the requirements and due diligence process provided for in PT Circular No. 31 of 2012 must be followed.
- 3.3 For procurement of PPE items and fabric masks, the RFQ must comply with the following conditions:
- a) The PPE items must comply with the item specifications of National Department of Health, World Health Organisation and the Department of Trade, Industry and Competition (dtic) [issued as Annexure B to NT Instruction Note 11]; and
  - b) The service providers must be registered on the Central Supplier Database.
- 3.4 The Instruction requires that Local content requirements are applicable to all PPE procurement. In respect of the local content and production requirements, the Provincial Treasury submitted provincial consolidated comments to the National Treasury and dtic when the 2<sup>nd</sup> amendment to IN5 was issued, emphasising the challenges that procuring institutions have been experiencing since the implementation of local content and production requirements which has been raised with both the NT and dtic. However, these issues have not received appropriate redress.
- 3.5 Accounting officers/ authorities must ensure that where items are designated for local production and content that the requirements be included in the bid advertisement and that the normal exemption processes will apply as and when required. Where institutions do not receive adequate responses; this must be documented and the accounting officer/ authority must decide on the best way to proceed i.e. whether to proceed with the evaluation and award or whether to cancel and re-invite the bid depending on the circumstances in respect of the need and the required delivery timeframes.
- 3.6 The NT has further in paragraph 3.4 (e) of the Instruction Note prescribed that where products have not yet been designated, the provisions of Regulation 8.4 of the PPR, 2017 must be utilised and the items must meet the recommended minimum threshold for local production and content as per Annexure C2 of the Instruction Note 11. Regulation 8.4 (a) of the PPR, 2017 stipulates that if there is no designated sector, an organ of state **may** include, as a specific condition of tender, that only locally produced goods and services or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered. The PPR, 2017 makes this requirement discretionary and hence accounting officers/ authorities may consider the requirement and where possible based on the market readiness include it as a special condition of tender.
- 3.7 The NT issued the 5<sup>th</sup> iteration of bench mark pricing. Departments and public entities must as far as possible negotiate prices with service providers and where prices still exceed the prices provided in Annexure A of the Instruction Note, the necessary approvals must be obtained from the accounting officer or accounting authority or delegated person with justifiable reasons and confirmation that the prices are market related. Where prices are identified as exorbitant by the department, such supplier must be reported to the Competition Commission.

#### 4. REPORTING REQUIREMENTS

- 4.1 All procurement transactions related to the emergency procurement for COVID-19 PPE items, fabric masks as well as other goods, works and services that were procured to prevent an escalation of the national state of disaster or to alleviate, contain or minimise the effects of the Disaster must be reported to the Provincial Treasury as required by the National Treasury. This includes, inter alia, expenditure for quarantine and isolation services, humanitarian relief, amongst others.
- 4.2 Departments and public entities are required to report procurement transactions for the periods indicated in the table below by the deadlines provided by the PT. The PT has defined a process (attached hereto marked Annexure B) to manage the reporting requirements for departments given that departments utilise the LOGIS and BAS legacy systems. The purpose is to ensure integrity of data reported to the National Treasury and the information published in the Public Disclosure Report (PDR) by the PT monthly. Public Entities are required to manually capture the required information on the template on a monthly basis and submit to the PT. The Table hereunder reflects the reporting timeframes to the PT.

Reporting Process Activities	Reporting Period							
	April - August	September	October	November	December	January	February	March
PT Distribute Pre-Populated Covid Reporting Templates to departments public entities commence capturing transactions onto the template	8-Sep-20	8-Oct-20	10-Nov-20	8-Dec-20	11-Jan-21	9-Feb-21	9-Mar-21	9-Apr-21
Departments/ public entities submit approved completed Covid Reporting templates to PT	11-Sep-20	13-Oct-20	13-Nov-20	11-Dec-20	14-Jan-21	12-Feb-21	12-Mar-21	13-Apr-21
PT Validate submissions & engage departments/entities on discrepancies	14-Sep-20	14-Oct-20	16-Nov-20	14-Dec-20	15-Jan-21	15-Feb-21	15-Mar-21	14-Apr-21
PT submits reports to NT	21-Sep-20	21-Oct-20	20-Nov-20	21-Dec-20	21-Jan-21	19-Feb-21	19-Mar-21	21-Apr-21
HOT distributes draft PDR to Dept AO's	25-Sep-20	25-Oct-20	25-Nov-20	24-Dec-20	24-Jan-21	24-Feb-21	24-Mar-21	25-Apr-21
Dept AO's Sign-off on PDR and confirm to PT	28-Sep-20	28-Oct-20	26-Nov-20	29-Dec-20	27-Jan-21	25-Feb-21	26-Mar-21	28-Apr-21
PDR published	30-Sep-20	31-Oct-20	30-Nov-20	31-Dec-20	31-Jan-21	28-Feb-21	31-Mar-21	30-Apr-21

*Note: The Dates for Jan to March Reporting period are provisional*

- 4.3 It is noted that accounting officers/ authorities have already submitted information to the PT for the period April 2020 to July/ August 2020, in response to the President's request for a report on all COVID-19 expenditure. The intention is to build onto this data set utilising the NT template. The blank excel template is attached hereto marked Annexure C; however, it must be noted that a pre-populated template with data extracted from LOGIS expenditure will be provided to departments and public entities monthly to update and confirm the information.
- 4.4 The following key steps of the process must be highlighted (to note that this is only applicable to departments):
- The PT will distribute a BAS report and a LOGIS RR102 report to departments on a weekly basis to analyse whether the correct SCOA allocations are reflected. As stipulated in paragraph 4 of National Treasury Classification Circular No. 30 issued on 07 May 2020, departments are requested to use the correct fund and project segment codes created centrally by the SCOA Technical Committee when incurring COVID-19 expenditure. Where such allocations



are incorrect, departments are required to correct the allocations on LOGIS and provide weekly feedback to the PT;

- b. PT will pre-populate and provide the COVID-19 reporting template with LOGIS expenditure to departments monthly (as per attached Annexure C) and will be required to complete the fields that have not been populated; department will be responsible to manually capture all payments made on BAS via the sundry payment functionality; amend/ correct any pre-populated information. The accounting officer is required to confirm the correctness of the information submitted to the PT;
- c. PT will validate accuracy and completeness of the information and engage with departments on any discrepancies to be corrected/ amended before submitting to the NT; and
- d. The same data set will be used to populate the PDR to which a final draft will be sent to accounting officers for final sign off before being published.

## **5. ADDING AND LINKING PROCUREMENT TRANSACTIONS TO LOGIS/ BAS INFORMATION**

- 5.1 The Provincial Treasury provides performance information in terms of supply chain management to Accounting Officers on a quarterly basis in order to improve planning and decision-making processes as well as to highlight potential red flags emanating from the data visualisation for the Department's attention. The emphasis in obtaining credible data across systems has thus become a focus area, especially in the procurement environment. PT adopts a collaborative approach so that the content of the report can evolve into a document that will remain meaningful and continue to adapt to the ever-changing environment of SCM.
- 5.2 The quarterly system insight report is compiled utilising procurement information extracted across the following SCM systems:
  - a. Western Cape Supplier Evidence Bank (WCSEB);
  - b. Central Supplier Database [CSD];
  - c. Integrated Procurement Solution [IPS];
  - d. Basic Accounting System [BAS];
  - e. LOGIS;
  - f. Contract Registration Application [CRA]; and
  - g. e-Tender Portal
- 5.3 There is currently no unique identifier on the Electronic Procurement Solution (EPS currently known as the IPS) such as the order number on LOGIS or the IPS document number, in order to link transactions to the LOGIS and BAS information. In order to do this, the two sets of data require a common denominator. The Provincial Treasury therefore requires departments to insert the IPS document number within the LOGIS Quote Maintenance (QTMT) function or where a bidding process was followed outside of the EPS so that the contract number be captured. A Standard Operating Procedure (SOP) is attached hereto marked Annexure D to guide departments on how to perform the QTMT function.

## 6. REQUEST

6.1 Accounting Officers and accounting authorities must note that:

- a) PT Circular No. 11 of 2020: Western Cape Government's procurement requirements in response to the declaration of a national state of disaster due to the coronavirus (COVID-19) pandemic is hereby repealed;
- b) National Treasury Instruction No. 05 of 2020/21: Emergency Procurement in response to National State of Disaster-COVID-19 issued via Provincial Treasury Circular No. 21 of 2020 has been repealed;
- c) PT Circular No. 23 of 2020: Western Cape Government's business continuity plan for disaster procurement requirements in respect of COVID-19 pandemic is still applicable;
- a) The implementation of the requirements of NT Instruction No. 11 of 2020/21 must be read in conjunction with this Circular for implementation purposes in the Province;
- b) This Circular takes effect on **01 October 2020**;
- c) Ensure that the content of this Circular is brought to the attention of all relevant officials within their institution; and
- d) Any enquiries relating to this Circular may be directed to:

SCM Helpdesk: [SupplyChainManagement.HDPFMA@westerncape.gov.za](mailto:SupplyChainManagement.HDPFMA@westerncape.gov.za)

**JULINDA GANTANA**

**DEPUTY DIRECTOR GENERAL: GOVERNANCE AND ASSET MANAGEMENT**