

Reference: RCS/C.6

Private Bag X9165  
CAPE TOWN  
8000

## TREASURY CIRCULAR NO. 2 OF 2020

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 ACCOUNTING OFFICER: VOTE 1: PREMIER (MR 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 (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 (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 (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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THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)

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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)

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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)

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THE ACCOUNTING AUTHORITY: WESTERN CAPE LANGUAGE COMMITTEE (MS J MOLELEKI)

THE ACCOUNTING AUTHORITY: WESTERN CAPE HERITAGE (MR M DLAMUKA)

THE ACCOUNTING AUTHORITY: CASIDRA (MR A MOOS)

THE ACCOUNTING AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (ADV. T SIDAKI)

For information

THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR P ABRAHAMS)  
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 THE HEAD OF SCM: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR N RHAPALE) (ACTING)  
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 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)  
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 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 SUPPLY CHAIN MANAGEMENT (MR R MOOLMAN)  
 THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (MR A REDDY)  
 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 T RAKIEP) (ACTING)  
 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)

## PROCUREMENT PLANNING REQUIREMENTS FOR 2020/21

### 1. PURPOSE

1.1 The purpose of this Circular is to:

- (i) Provide institutions with the provincial template and to articulate the requirements for the submission and reporting of the procurement plans for 2020/21; and
- (ii) Communicate the implementation of the automated procurement planning tool.

## 2. BACKGROUND

- 2.1 Over the last five years the Provincial Treasury has implemented various initiatives in the procurement planning arena that focussed on:
- a) identification of cost savings opportunities to address emerging fiscal constraints;
  - b) linking of procurement projects to strategic projects as per the APP indicators (Integration of non-financial with financial information);
  - c) introduction of the suite of templates (spend analysis, performance targets and measures, stakeholder engagement plans);
  - d) use of spend analysis tools and reports to identify potential procurement improvements;
  - e) quarterly performance reporting and engagements to assess implementation of the procurement plans;
  - f) linking of MTEC budget process with procurement planning requirements (the prepopulated budget template to reconcile the budget allocations to the procurement plan); and
  - g) identification of projects that would be subject to an empowerment impact assessment.
- 2.2 There has been a focus on procurement as aligned to the National Treasury to accelerate measures to enhance SCM technology by simplifying, standardising and automating procurement activities across all spheres of government. Central to this objective are the following themes:
- a) optimising procurement strategies;
  - b) supplier relationship management;
  - c) eProcurement and digitalisation of procurement; and
  - d) performance optimisation.
- 2.3 The Provincial Treasury has established a target for improving the management of supply chain and moveable assets through the promotion of enhanced procurement planning via strategic sourcing and to optimise the collating and extraction of data that can lead to improved decision making and thereby ensuring efficiencies in spending and ultimately value for money.
- 2.4 To this end, the Provincial Treasury is in the process of developing an automated procurement planning tool. The intent of the tool is to enable the following:
- a) streamline the procurement planning process;
  - b) linking of procurement requirements to the budget process;
  - c) digitalisation of the annual procurement plan, quarterly progress feedback report and contract register;
  - d) standardisation of processes and uniformity across the province;
  - e) utilisation of management performance information for improved decision-making;
  - f) enable procurement efficiencies by providing information on spend patterns;

- g) enable commodity categorisation and development of sourcing strategies; and
  - h) elimination of duplication of data and reporting to improve data integrity.
- 2.5 The introduction of the procurement planning tool will contribute significantly towards greater transparency and accountability in achieving service delivery objectives.

### **3. IMPLEMENTATION STRATEGY**

- 3.1 It should be noted that the role players within the demand process vary from institution to institution, which necessitates a phased in implementation approach from the current process to the new process. As such, the implementation process will commence 1 April 2020. Further implementation plans will be communicated to institutions in due course.

### **4. REPORTING REQUIREMENTS FOR 2020/21 FINANCIAL YEAR**

- 4.1 The accounting officer or accounting authority must adhere to the following annual and quarterly reporting requirements for procurement planning:

#### **4.1.1 ANNUAL REPORTING**

- a) Accounting officers and accounting authorities must submit an approved annual procurement plan for the 2020/21 financial year by 1 April 2020. Institutions must utilise the prescribed template which remains unchanged attached hereto marked **Annexure A**.
- b) The annual procurement plan must include -
  - (i) all procurement of good and services in excess of R 100 000 (incl. VAT);
  - (ii) all capital as well as maintenance work in excess of R 500 000 (incl. VAT).
- c) The Stakeholder Engagement and SCM performance plan must accompany the annual procurement plan. Institutions must utilise the template attached hereto marked **Annexure B** and **Annexure C** in this regard. Institutions may customise and amend the template to suit its needs however the minimum reporting fields must still be met.
- d) PT provides departments with a SCM Systems Insight Report on a quarterly basis. The intent of the aforesaid report is to provide performance information in terms of supply chain management to provincial departments in order to improve planning and decision-making processes as well as to measure results or outcomes that has been achieved. This report may be used to inform / assist with the development of the SCM performance plan.
- e) As part of the procurement plan it must be ensured that all projects (procurement) above R10 million are included on the prescribed template, **Annexure G**, which identifies projects that require empowerment assessments.

#### **4.1.2 QUARTERLY REPORTING**

- a) Accounting officers and accounting authorities must submit quarterly reports to the Provincial Treasury by the 15<sup>th</sup> of the month following the end of the quarter. The aforementioned report must be prepared in the format as outlined in **Annexure D**.
- b) The PT will use its discretion to grant extensions where departments require extension beyond the prescribed due date. This however must be motivated and substantiated.

#### 4.1.3 PREPOPULATED TEMPLATE FOR PROCUREMENT PLANNING

- a) The Provincial Treasury will provide a prepopulated template which will assist departments in reconciling the budget allocations to the procurement plan and provide SCM with the necessary business information to support the finalisation of the annual procurement plan.
- b) The annual procurement plan will be based on the institutions final budget allocation submission. The Provincial Government Supply Chain Management will submit the prepopulated template in due course. Given that the reporting requirements are still the same, departments may proceed with the finalisation of its annual procurement plans.
- c) The prepopulated template will assist and serve as a precursor to the final procurement plan for departmental utilisation only and is not required to be submitted to the Provincial Treasury.

#### 5. REQUEST

5.1 Accounting officers and accounting authorities must note the contents of this Provincial Treasury circular.

5.2 The following submissions are required of provincial institutions:

REQUIREMENT	DUE DATE	TEMPLATE
Final Annual Procurement Plan 2020/21	1 Apr 2020	Ann A
Stakeholder Engagement Plan	1 Apr 2020	Ann B
SCM Performance Plan	1 Apr 2020	Ann C
Quarterly Progress Report: 1 <sup>st</sup> Quarter	15 Jul 2020	Ann D
Quarterly Progress Report: 2 <sup>nd</sup> Quarter	15 Oct 2020	Ann D
Quarterly Progress Report: 3 <sup>rd</sup> Quarter	15 Jan 2021	Ann D
Quarterly Progress Report: 4 <sup>th</sup> Quarter	15 Apr 2021	Ann D
Empowerment Impact Assessment Plan	1 Apr 2020	Ann G

5.3 Submit all information to:

[PT.SCMReporting@westerncape.gov.za](mailto:PT.SCMReporting@westerncape.gov.za)

#### 6. ENQUIRIES

6.1 Any enquiries in respect of this circular may be directed to:

Acting Director: Provincial Government Supply Chain Management

Ms Tasneem Rakiep

Tel: (021) 483 4720

Email: [Tasneem.Rakiep@westerncape.gov.za](mailto:Tasneem.Rakiep@westerncape.gov.za)



**MS TASNEEM RAKIEP**

**ACTING DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT**

**DATE:** 11 February 2020