



Reference: RCS/C.6

MyContent: WCG-201

TREASURY CIRCULAR NO. 02/2019

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

THE ACCOUNTING OFFICER: VOTE 1:	PREMIER (ADV B GERBER)
THE ACCOUNTING OFFICER: VOTE 2:	PROVINCIAL PARLIAMENT (DR G LAWRENCE)
THE ACCOUNTING OFFICER: VOTE 3:	PROVINCIAL TREASURY (MR Z HOOSAIN)
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 (MR T MGULI)
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)
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 GILDENHUYS)
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 T GILDENHUYS)
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 ACCOUNTING AUTHORITY:	WESTERN CAPE GAMBLING AND RACING BOARD (MR T ARENDSE)
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)
THE ACCOUNTING AUTHORITY:	CASIDRA (ADV GA OLIVER)
THE ACCOUNTING AUTHORITY:	WESTERN CAPE LIQUOR AUTHORITY (MR M JONES)

} For information

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 (MR D SOUTHGATE) (ACTING)
 THE CHIEF EXECUTIVE OFFICER: CASIDRA (MR M BRINKHUIS)
 THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LIQUOR AUTHORITY (DR L MDUNYELWA)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR T SWART) (ACTING)
 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 (MS V LETSWALO)
 THE SENIOR MANAGER: GOVERNMENT MOTOR TRANSPORT (MR J KOEGELEBERG)
 THE HEAD OFFICIAL: PROVINCIAL TREASURY (MR Z HOOSAIN)
 THE DEPUTY DIRECTOR GENERAL: FISCAL AND ECONOMIC SERVICES (MR H MALILA)
 THE DEPUTY DIRECTOR GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR A HARDIEN)
 THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MS M KORSTEN)
 THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR M SIGABI) (ACTING)
 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MR IG SMITH)
 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR B VINK)
 THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)
 THE HEAD: OFFICE OF THE FINANCE MINISTRY (ADV E PRETORIUS)
 THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MR PP PIENAAR)
 THE DIRECTOR: FINANCIAL GOVERNANCE (MR AD THOMAS) (ACTING)
 THE DIRECTOR: FISCAL POLICY (MS M KORSTEN) (PRO TEM)
 THE DIRECTOR: INFRASTRUCTURE (MR R DANIELS) (ACTING)
 THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR L BRINDERS)
 THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR A DYAKALA)
 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 RH SLINGER)
 THE DIRECTOR: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK)
 THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)
 THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)
 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)

RE: PROCUREMENT PLANNING REQUIREMENTS FOR 2019/20

1. PURPOSE

1.1 The purpose of this Circular is to:

- (i) articulate the provincial requirements for the submission and reporting of procurement plans for 2019/20; and
- (ii) provide accounting officers and accounting authorities with the provincial procurement template.

2. BACKGROUND

- 2.1 The Provincial Treasury (PT) annually reviews its procurement planning templates to implement new requirements, address gaps and streamline current processes. The only inclusion to the procurement planning templates for 2019/20 is the Empowerment Impact Assessment plan (Annexure G).
- 2.2 The Provincial Treasury, in conjunction with legal services and departments reviewed the Preferential Procurement Regulations (PPR), 2017 and advised Cabinet of the potential impact and risks and proposed a way forward. Cabinet inter alia resolved that an empowerment impact assessment be conducted for all procurement above R10 million, also allowing departments to lower the threshold should its analysis indicate so.
- 2.3 The PT issued Circular 12/2017 to inform departments and public entities of the interim strategy to deal with the requirement of the revised Preferential Procurement Regulations, 2017, which included the requirement to perform empowerment assessments as per paragraph 2.2 above.
- 2.4 The procurement planning stage has been deemed the most prudent time to identify projects that would be subject to an empowerment assessment as it already identifies procurement needs, linkages to the annual performance plan and budget.
- 2.5 Annexure G has been added to the existing procurement planning templates to flag projects that require an empowerment impact assessment. At this stage this is merely an indicator of projects that requires an impact assessment.
- 2.6 The above-mentioned indicator in the procurement plan is deemed to be the precursor to the actual empowerment impact assessment process which should form part of the market and product analysis phase of the respective projects.
- 2.7 Assistance and guidance will be provided to departments as and when required which should preferably be in terms of an actual project as it will allow the Department to apply principles and analyse data relating to particular project.
- 2.8 The PT has developed a guide for conducting an empowerment impact assessment that will be issued in due course.

3. REPORTING REQUIREMENTS FOR 2019/20 FINANCIAL YEAR

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

A) ANNUAL REPORTING

- (i) Accounting officers and accounting authorities must submit an approved annual procurement plan for the 2019/20 financial year by 1 April 2019. Institutions must utilise the prescribed template attached hereto marked **Annexure A**, (as was previously applicable)
- (ii) The annual procurement plan must include –
 - (a) all procurement of good and services in excess of R 100 000 (incl. VAT);
 - (b) all capital as well as maintenance work in excess of R 500 000 (incl. VAT).
- (iii) As articulated in PT Circular 31 of 2017, the Infrastructure Programme Implementation Plan (IPIP) should address capital as well as maintenance work. The aforementioned information will be regarded as part of the procurement plan and should be used to complete Annexure A of the procurement planning template attached hereto.
- (iv) Accounting officers and accounting authorities must prepare and submit an SCM performance plan by 1 April 2019. Institutions must utilise the prescribed template attached hereto marked **Annexure C**, (as was previously applicable). Institutions may customise the template as deemed fit to suit the departments' needs, however the minimum reporting requirements must still be met.
- (v) 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 performance 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.
- (vi) 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** (new requirement), which identifies projects that require empowerment assessments. The due date for the submission of Annexure G is 1 June 2019.
- (vii) It is acknowledged that the Department of Transport and Public Works already has a well-established empowerment impact assessment process in place in terms of infrastructure procurement. As it would be a duplication, the Department is not required to complete Annexure G for infrastructure projects.
- (viii) In terms of the IDMS approved by Cabinet there are infrastructure maintenance aspects that the Departments of Health and Education are responsible for, Annexure G must be completed for these projects, where applicable.

B) QUARTERLY REPORTING

- (i) Accounting officers and accounting authorities must submit quarterly reports to the Provincial Treasury by the 15th of the month following the end of the quarter. The aforementioned report must be prepared in the format as outlined in **Annexure D**, (as was previously applicable).
- (ii) The PT will use its discretion to grant extensions where departments require extension beyond the prescribed due date. This however must be requested formally in writing and must be motivated and substantiated.

C) GENERAL REPORTING

- (i) A stakeholder engagement plan, must accompany the annual procurement plan. Institutions must utilise the template attached hereto marked **Annexure B**, (as was previously applicable). Institutions may customise and amend the template to suit its needs however the following minimum reporting fields must still be met:
 - 1) Stakeholder name (Who will be engaged);
 - 2) Engagement method (How will they be engaged); and
 - 3) Envisaged engagement date (When they will be engaged).

D) PREPOPULATED TEMPLATE FOR PROCUREMENT PLANNING

- (i) The Provincial Treasury will provide a prepopulated template that is intended to assist departments in reconciling the budget allocations to the procurement plan and providing SCM with the necessary business information to support the finalisation of the annual procurement plan.
- (ii) The procurement plan will be based on the departments 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.
- (iii) 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.
- (iv) The format and structure of the prepopulated template is explained in **Annexure E**, (as was previously applicable). However, institutions may customise and tailor the prepopulated template to suit the departments' need.

4. REQUEST

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

4.2 The following submissions are required of provincial institutions:

REQUIREMENT	DUE DATE	TEMPLATE
1. Final Annual Procurement Plan for 2019/20	1 April 2019	Ann A
2. Stakeholder Engagement Plan	1 April 2019	Ann B
3. SCM Performance Plan	1 April 2019	Ann C
4. Quarterly Progress Report: 1 st Quarter	15 July 2019	Ann D
5. Quarterly Progress Report: 2 nd Quarter	15 October 2019	Ann D
6. Quarterly Progress Report: 3 rd Quarter	15 January 2020	Ann D
7. Quarterly Progress Report: 4 th Quarter	15 April 2020	Ann D
8. Empowerment Impact Assessment Plan	1 June 2019	Ann G

4.3 Submit all information to:

SupplyChainManagement.HDPFMA@westerncape.gov.za
Fabian.Kennedy@westerncape.gov.za

5. ENQUIRIES

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

Fabian Kennedy

Tel: (021) 483 9853

Email: Fabian.Kennedy@westerncape.gov.za



MS TASNEEM RAKIEP

ACTING DIRECTOR: PGSCM

DATE: 07/02/2019.

Part A: Annual Procurement Plan 2019/20

Annexure A

End User (Columns 1 - 12)

Supply Chain Management (Columns 13 - 21)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	
Item No.	Programme	Sub-Programme	Responsibility Manager	Description of procurement	SCOA Item (Select from drop down list)	Link to APP (Where applicable)	Date goods or services are required	Projected Expenditure (2017/18)	Projected Expenditure (2018/19)	Projected Expenditure (2019/20)	Total Value of Contract (8 to 11)	Method of procurement (Select from drop down)	Specification Date	Advert date	Close date	Evaluation date	BAC date	Award date	Contract start date	Contract end date	Comments	
1																						
2																						
3																						
4																						
5																						
6																						
7																						
8																						
9																						
10																						
11																						
12																						
13																						
14																						
15																						

SCM Stakeholder Engagement Plan

Programme	Sub-Programme	Stakeholder Name	Position	Priority	Engagement Method	Envisaged Engagement Date	Comments



**Western Cape
Government**

BETTER TOGETHER.

ANNEXURE C

SCM PERFORMANCE MEASURES AND TARGETS

<NAME OF DEPARTMENT/INSTITUTION>

2019/20

Supply Chain Manager

DATE:

Chief Financial Officer



QUARTERLY PROGRESS REPORT

< INSTITUTION NAME >

PROCUREMENT PLAN 2019/20

REPORTING PERIOD

< START MONTH > - < END MONTH >

ANNEXURE E

PREPOPULATED TEMPLATE FOR PROCUREMENT PLANNING

The prepopulated template will reflect the department's annual budget allocations at an item level based on the Standard Chart of Accounts (SCoA), focusing only on goods and services. The table below is a representation of the summary sheet.

Table 1: Summary Sheet

Programme	2018/19 Indicative Baseline (Goods & Services)	2018/19 Procurement Plan (Estimated Amount)	Variance
Programme 1	R 000	R 000	R 000
Programme 2	R 000	R 000	R 000
Programme 3	R 000	R 000	R 000
Programme 4	R 000	R 000	R 000
Total	R 000	R 000	R 000

Source: Second draft budget submission

The summary sheet provides an overview of the following key figures:

- 1** total budget allocation based on the draft budget submissions (MTEC)
- 2** estimated procurement budget as reflected in the annual procurement plan
- 3** variance between the budget allocations and the annual procurement plan

The prepopulated workbook is further broken down by SCoA Item Level 4 (see diagram 2 and 3). This will allow institutions to identify the root cause of discrepancies between the budget allocations and the procurement plan.

Table 2: Indicative Baseline by Programme by SCoA Item Level 4

Economic Classification / SCoA Item Level 4	2018/19 – Indicative Baseline				
	Programme 1	Programme 2	Programme 3	Programme 4	Total
Goods and services	R 000	R 000	R 000	R 000	R 000
Administrative fees	R 000	R 000	R 000	R 000	R 000
Advertising	R 000	R 000	R 000	R 000	R 000
Minor Assets	R 000	R 000	R 000	R 000	R 000
Audit cost: External	R 000	R 000	R 000	R 000	R 000
Catering: Departmental act..	R 000	R 000	R 000	R 000	R 000
Communication	R 000	R 000	R 000	R 000	R 000
Computer services	R 000	R 000	R 000	R 000	R 000
Consultants and professional..	R 000	R 000	R 000	R 000	R 000

Source: Second draft budget submission

Table 3: Estimated Procurement Amount by Programme by SCoA Item Level 4

Economic Classification / SCoA Item Level 4	2018/19 – Procurement Plan				
	Programme 1	Programme 2	Programme 3	Programme 4	Total
Goods and services	R 000	R 000	R 000	R 000	R 000
Administrative fees	R 000	R 000	R 000	R 000	R 000
Advertising	R 000	R 000	R 000	R 000	R 000
Minor Assets	R 000	R 000	R 000	R 000	R 000
Audit cost: External	R 000	R 000	R 000	R 000	R 000
Catering: Departmental act..	R 000	R 000	R 000	R 000	R 000
Communication	R 000	R 000	R 000	R 000	R 000
Computer services	R 000	R 000	R 000	R 000	R 000
Consultants and professional..	R 000	R 000	R 000	R 000	R 000

Source: Draft Annual Procurement Plan (2018/19)

It is envisaged that institutions utilize this framework to reconcile the budget allocations to the procurement plan and identify and address any material variances/discrepancies. This exercise is intended to ensure closer alignment between budget planning and procurement planning.

PROCUREMENT PLANNING AND BUDGETING WORKBOOK

<INSTITUTION NAME>

2019/20

Empowerment Impact Assessment Plan

Item No (as referenced on procurement plan)	Project Description	Estimated Contract Value	Can Social Benefits / Outcomes be achieved? (Yes / No)	If "No" provide reason	Geographical Service Area (Municipal District)	Intended Social Outcome / Objective (e.g. increase local employment)	Mechanism to achieve goal (e.g. employment certainties in contract)

Social objectives must be a part of mainstream procurement practices and organisational approaches, in the same way as occupational health and safety and environmental management are business as usual practices for all levels of government today

INTENDED OBJECTIVES/ OUTCOMES	MECHANISMS TO ACHIEVE THAT GOAL
Increasing Local Employment	<ol style="list-style-type: none"> 1. Employment opportunities stipulated in contract 2. Establish a social benefit supplier (business that exists for a public or community benefit) 3. Purchase from a social benefit supplier
Purchase of Goods & Services including a social outcome	<ol style="list-style-type: none"> 1. Social Benefit requirements are stipulated in contract
Increasing Employment of people from disadvantage backgrounds	<ol style="list-style-type: none"> 1. Training /and or employment opportunities for disadvantage groups in specific location 2. Purchase from a social benefit supplier 3. Establish a social benefit supplier
Capacity Building in the local community	<ol style="list-style-type: none"> 1. Promotional activities 2. Social procurement investment map
Raising awareness	<ol style="list-style-type: none"> 1. Promotional activities 2. Social procurement investment map