



Building No.4, No. 7 Government Boulevard, Riverside Park, Ext 2, Mbombela, 1200

Private Bag X 11205, Mbombela, 1200

Tel: 013 766 4452 : Int: +27 (13) 766 4437

SigcinaMafa SesiFundza

UmNyango weeMali ZesiFunda

Provinsiale Tesourie

Enquiries : Mr R Masambo X4230

Ref : MPT 14/4/1/2

## PROVINCIAL TREASURY CIRCULAR NO. 4 OF 2018

---

---

### TO:

DIRECTOR-GENERAL: OFFICE OF THE PREMIER OF MPUMALANGA: VOTE 1: (MR T MDAKANE)  
HEAD: VOTE 3: PROVINCIAL TREASURY (MS NZ NKAMBA)  
HEAD: VOTE 4: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR P NYONI)  
HEAD: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIROMENTAL AFFAIRS  
(MS SP XULU)  
HEAD: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM (MR MW MKHIZE)  
HEAD: VOTE 7: EDUCATION (MS MOC MHLABANE)  
HEAD: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT (MR KM MOHLASEDI)  
HEAD: VOTE 9: COMMUNITY SAFETY, SECURITY AND LIAISON (MR W MTHOMBOTHI)  
HEAD: VOTE 10: HEALTH (DR S MOHANGI)  
HEAD: VOTE 11: CULTURE, SPORT AND RECREATION (ACTING) (MR GS NTOMBELA)  
HEAD: VOTE 12: SOCIAL DEVELOPMENT (MR MV MAHLALELA)  
HEAD: VOTE 13: HUMAN SETTLEMENTS (MR K MASANGE)

THE CHIEF EXECUTIVE OFFICER: MPUMALANGA ECONOMIC GROWTH AGENCY (MR XGS SITHOLE)  
THE CHIEF EXECUTIVE OFFICER: MPUMALANGA ECONOMIC REGULATOR (MR B MLAMBO)  
THE CHIEF EXECUTIVE OFFICER: MPUMALANGA REGIONAL TRAINING TRUST (MR R OOSTHUIZEN)  
THE ACTING CHIEF EXECUTIVE OFFICER: MPUMALANGA TOURISM AND PARKS AGENCY (MR BJ NOBUNGA)

THE CHIEF FINANCIAL OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR SS SHONGWE)  
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR MA KHOZA)  
THE CHIEF FINANCIAL OFFICER: VOTE 4: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
(MR SEB MATSEBULA)  
THE CHIEF FINANCIAL OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND AND  
ENVIROMENTAL AFFAIRS (MR MA LETSWALO)  
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM (ACTING)  
(MS H THRUSH)  
THE CHIEF FINANCIAL OFFICER: VOTE 7: EDUCATION (MS MM MASHITENG)  
THE CHIEF FINANCIAL OFFICER: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT (MS HN MDAKA)  
THE CHIEF FINANCIAL OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY AND LIAISON (MS SA SEFALA)  
THE CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH (ACTING) (MR PP MAMOGALE)  
THE CHIEF FINANCIAL OFFICER: VOTE 11: CULTURE, SPORT AND RECREATION (MR B NGOMA)  
THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MR JB MBATHA)  
THE CHIEF FINANCIAL OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR SB NYOKA)

THE CHIEF FINANCIAL OFFICER: MPUMALANGA TOURISM AND PARKS AGENCY (ACTING) (MR S MATHYE)  
THE CHIEF FINANCIAL OFFICER: MPUMALANGA ECONOMIC GROWTH AGENCY (MR E POTGIETER)  
THE CHIEF FINANCIAL OFFICER: MPUMALANGA ECONOMIC REGULATOR (MR BL MASEKO)  
THE CHIEF FINANCIAL OFFICER: MPUMALANGA REGIONAL TRAINING TRUST (MR MG JAFTA)

THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT  
THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT  
THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE

## INVITATION TO STRATEGIC PROCUREMENT ONE-DAY AWARENESS SESSION

### 1. PURPOSE

The purpose of this Circular is to invite Departments and Public Entities to the Strategic Procurement one-day awareness session on 5 February 2018.

### 2. BACKGROUND

The Office of the Chief Procurement Officer in the National Treasury will be conducting a series of one-day awareness sessions on Strategic Procurement for Provincial Departments and the Public Entities in the Province.

### 3. DISCUSSION

The Office of the Chief Procurement Officer will conduct a one-day session, which is designed to enable participants to gain insight and in-depth understanding of the practical implementation of the Strategic Procurement Framework. Delegates will be provided with guidance documents and comprehensive workshop notes. The one-day session is intended for the Chief Financial Officers, Head of Supply Chain Management or the person that will be responsible for Strategic Procurement within the Department or Public Entity. Therefore Provincial Treasury hereby extends the invitation to the Chief Financial Officers and Heads of Supply Chain Management.

The session is planned as follows:

**Date** : 5 February 2018

**Time** : 08H00

**Venue** : Casambo Lodge


The invited government institutions are requested to prepare their departmental spend analysis reports for discussion. Attached see Annexure A as a guide.

The Accounting Officers/Authorities are therefore requested to delegate two officials – the Chief Financial Officer, and Head of Supply Chain Management or a person responsible for Strategic Procurement.

Confirmations should be made on or before 26 January 2018 to: Ms ZC Masango at (013) 766-4189 or e-mail [zcmagagule@mpg.gov.za](mailto:zcmagagule@mpg.gov.za) or Ms PT Gumede at (013) 766-4452 or e-mail [ptgumede@mpg.gov.za](mailto:ptgumede@mpg.gov.za).

Your co-operation in this regard is highly appreciated.

Regards,

  
**MS NZ NKAMBA**  
**HEAD: PROVINCIAL TREASURY**  
**DATE: 23/01/2018**



**ANNEXURE A:**

**WORKSHOP PREPARATION WORK**

**The Strategic Approach to Procurement**

One of the most important aspects of Strategic Procurement is to **“know and understand your business”**.

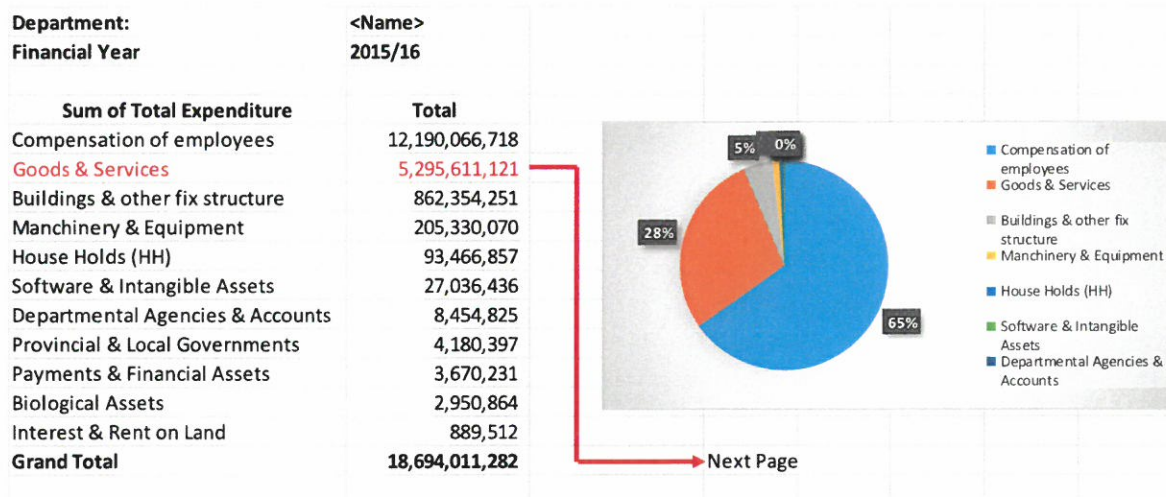
It is for this reason that we ask every delegate to complete the following tasks in preparation for the workshop;

1. Prepare a spend analysis report of your department / business (annual spend per category)
2. Organize your report in descending order (from highest to lowest spend)
3. Extract the expenditure that is related to SCM (e.g. Goods, Services, Machinery & Equipment)
4. **Delegates must please bring their spend analysis reports to the workshop**

See example below;

**Port Folio Analysis – Real life example**

1. This sample shows a Department’s expenditure profile at SCOA item level 3
2. Level 3 provides high-level insight in spend categories for Strategic planning and budgeting purposes
3. Extract the expenditure that is related to SCM (e.g. Goods & Services, Machinery & Equipment, etc) in other words, items that are subjected to a procurement process.



**Port Folio Analysis – For Strategic Planning and Budgeting Purposes**

1. Goods & Services were extracted from the previous sample
2. The top 10 spend categories are highlighted and will be used for the next step (Commodity Positioning)

Operating Leases	1,704,419,443
Property Payments	845,871,841
Outsourced Services	625,070,473
Food & Food Suppliers	349,372,637
Cons Supplies	285,684,405
Fleet Services	244,224,533
Travel & Subsistence	242,308,213
Farming Supplies	166,140,999
Contractors	103,482,792
Communication	99,929,941
Computer Services	93,596,008
Medicine	84,702,746
Materials & Supplies	64,263,032
Cons. Sta. Print & Off. Supplies	56,345,315
Audit Cost: External	47,346,628
Cons. Prof. Business Advisory; Serv	43,614,758
Cloth. Mat. & Assecories	41,523,660
Catering: Dept. Activities	34,990,251
Cons. Prof. Legal Cost	29,667,031
Fuel Oil & Gas	24,058,002
Minor Assets	22,039,439
Cons. Prof. Laboratory Services	14,105,397
Operating Payments	13,385,553
Advertising	12,743,416
Venues & Facilities	9,907,036
Rental & Hiring	6,095,643
Transport Provided Dept activity	5,959,475
Admin Fees: Payments	5,858,898
Training & Development	5,569,240
Learn & Teach Supp Mat	5,088,458
Cons/Prof: Infrastructure & Planning	3,497,596
Bursaries (Employees)	2,819,432
Medical Supplies	1,462,559
Entertainment	255,852
Other Supplies	210,419
<b>Grand Total</b>	<b>5,295,611,121</b>

