PROVINCIAL TREASURY CIRCULAR NO. 23 OF 2016

TO:

THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR T MDAKANE)
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MS NZ NKAMBA)
THE ACCOUNTING OFFICER (ACTING): VOTE 4: CO-OPERATIVE GOVERNANCE AND
TRADITIONAL AFFAIRS (MR G NTOMBELA)
THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND AND
ENVIRONMENTAL AFFAIRS (MS SP XULU)
THE ACCOUNTING OFFICER: VOTE 6 (ACTING): ECONOMIC DEVELOPMENT AND TOURISM
(MR JS MGIDI)
THE ACCOUNTING OFFICER: VOTE 7: EDUCATION (MS MOC MHLABANE)
THE ACCOUNTING OFFICER: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT
(MR KM MOHLASEDI)
THE ACCOUNTING OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY AND LIAISON
(MR W MTHOMBOTHI)
THE ACCOUNTING OFFICER (ACTING): VOTE 10: HEALTH (DR S MOHANGI)
THE ACCOUNTING OFFICER: VOTE 11: CULTURE, SPORT AND RECREATION (MR W MNISI)
THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS NL MLANGENI)
THE ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR K MASANGE)

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 (ACTING): VOTE 5: AGRICULTURE, RURAL DEVELOPMENT, LAND
AND ENVIRONMENTAL AFFAIRS (MS F NGOBENI)
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM
(MR CT DLAMINI)
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 7: EDUCATION (MS TF NTULI)
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 (MR CB MNISI)
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 11: CULTURE, SPORT AND RECREATION
(MR NC MAMARU)
THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MR JB MBATHA)
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 13: HUMAN SETTLEMENTS (MR TC MASHILE)

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

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CHANGES TO ACCOMMODATE THE CENTRAL SUPPLIERS DATABASE

1. Objective

The objective of this Circular is to inform all Mpumalanga Provincial Departments of the changes on the transversal systems to accommodate Central Suppliers database (CSD).

2. Background

National Treasury issued Circular Number 3 of 2015/16 which makes it mandatory for all Departments to source suppliers from CSD as the only database of all suppliers to be used by Departments. With effect from 1 April 2016 Accounting Officers may not award any bid to a supplier not registered as a prospective supplier on CSD as per National Treasury Circular Number 3 of 2015/16.

3. Implication on Safetyweb

All the banking details of the suppliers listed on CSD are submitted to the banks via the Safetyweb system for verification. Safetyweb will provide replies from the various commercial banks to CSD. Should the banking details be rejected the suppliers should contact the relevant commercial bank or the CSD at csd@treasury.gov.za and not the Departments.

Departments are no longer required to capture suppliers on Safetyweb as the verification will be done through CSD. To ensure that Departments are paying suppliers whose banking details had been verified, Departments must pay suppliers which have a CSD supplier number (MA number).

For payments where no purchase order was issued e.g. transfer payments, DORA payments, etc. the verification must be done by the Departments by capturing those entities in Safetyweb for verification.

4. Implication on Intenda Solution Suite (ISS)

For the procurement of goods and services that do not require a tendering process as per the Preferential Procurement Policy Framework Act (PPPFA) and the procurement of goods and services that are not under a contract, all the Provincial Departments were required to utilise ISS with effect from 1 April 2016 when doing a Request for Quotation (RFQ) as per Provincial Treasury Circular 14 of 2016.

Departments are still expected to capture suppliers on ISS as normal as ISS is currently not fully integrating with CSD. During this interim period (period when ISS is not integrating with CSD) Departments must perform a manual match between suppliers captured on ISS and CSD to ensure that bidding is only awarded to suppliers registered on CSD. Once ISS is fully integrating with CSD, then ISS will be sourcing suppliers directly from CSD and there will be no need for Departments to capture suppliers on ISS or perform the manual matching between ISS and CSD as that will be done systematically. That date will be communicated to Departments.

Departments are urged to assist and encourage all their suppliers to register on CSD. This function must not be delegated to Provincial Treasury CSD Team, but Supply Chain Management officials from different Departments must assist their suppliers to register on CSD.

Departments must ensure that all the suppliers captured on ISS are also registered on CSD by communicating with suppliers as stated above. When a Department is sourcing a quotation from ISS the Department must ensure that only the suppliers that are registered on CSD are used to source quotations from by searching the suppliers on CSD and verifying the CSD supplier number. A CSD report will be required as an attachment for every supplier who may have been awarded a bid on ISS.

5. **Implication on Logistical Information system (Logis)**

Description	Activity
New suppliers not captured on Logis but registered on CSD	Logis Portal will have a CSD supplier enquiry functionality that will enable Departments to search suppliers on the CSD supplier lookup tab and enter the supplier information on Logis CRD (Corporate Reference Data) (The CSD supplier number must be entered as cross reference on Logis CRD).
Suppliers captured on Logis and registered on CSD	Logis have done a once off match of all the suppliers captured on Logis and updated with the CSD supplier number by 7 April 2016. For the interim period, if the supplier was not matched and updated with the CSD supplier number by 7 April 2016, Logis Portal will have a CSD supplier enquiry functionality that will enable Departments to search suppliers on the LOGIS Supplier lookup as well as the Supplier Compare view and enter the CSD supplier number on Logis CRD.
Logis integration with CSD	Logis is not yet fully integrating with CSD. Departments must ensure that all the suppliers selected for bidding have the CSD supplier number. The CSD Supplier number will print on the suppliers report from Logis and on the order forms. The period until LOGIS is fully integrated with CSD is referred to as "the interim period". Once Logis is fully integrated with CSD, the supplier information for the selected suppliers will be pulled through to LOGIS.
Functional changes on Logis to enable CSD integration	Logis CRD will be replaced with Supplier master functionality on Logis Portal that will integrate with CSD. Logis LSBD (bank detail) function will be replaced with Supplier bank details functionality on Logis Portal that will integrate with CSD. Logis Supplier Credential functionality will be replaced by validations against the relevant CSD information during the procurement-to-pay Logis process, e.g. Tax status, BBBEE rating, etc.

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6.   **Implication on Basic Accounting System (BAS)**

| Description	Activity
Suppliers from CSD to BAS	Provincial Treasury Circular 2 of 2010 for the discontinuation of Sundry Payment must still be complied with. In exceptional cases where Departments are granted approval by Provincial Treasury to make Sundry Payments then BAS provides for a functionality of importing suppliers from CSD so that they may be used in BAS for payment.
BAS and Logis integration for payment purposes	BAS may allow only standing orders payments from Logis to go through who are not registered with CSD. Logis Payments for new Purchase Order for suppliers that are not registered on CSD may be rejected by BAS.
BAS integration with CSD	BAS will be fully integrating with CSD on a real time base and that is why it will be able to reject payments from Logis for suppliers who are not registered with CSD.

7.   **Systems process flow of procuring goods and services**

The below process flow does not replace or change the current manual processes as used by Departments as per different regulations and policies such as the various committees (Specification Committees, Adjudication Committees, etc.) but seeks to enforce the transversal systems processes as it relates to the relationship between the transversal systems.

> **Intenda Solutions Suite (ISS)**
>
> All procurement of goods and services that do not require a tender or are part of a contract must start on ISS as follows:
>
> - Request for Quotation
> - Publishing a Quotation
> - Capture the Quotation Responses
> - Evaluate a Quotation
> - Approve a Quotation
> - Award a Quotation
> - The awarded supplier which must have been a CSD report attached as proof that the supplier is registered on CSD must be forwarded to Logis for Requisition Capturing.
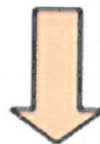
Logistical Information Systems (Logis)

Only awarded suppliers from ISS must be used (Award letter from ISS and CSD report must be attached)

- The awarded suppliers from ISS must be looked at from the search functionality to verify that indeed is CSD registered.
- If the awarded supplier is not captured on Logis then the supplier must be copied from CSD to Logis using the CSD search functionality from Logis.
- Requisition must be captured in Logis
- All the Logis Procurement Processes must now be followed until a final payment is made.

Basic Accounting Systems (BAS)

BAS will continue to integrate with Logis as the payment system to pay all authorized payments from Logis

- BAS will pay all the suppliers that are CSD registered
- BAS may reject suppliers that are not registered on CSD.

Departments are urged to comply with this circular without exception as no exemption will be granted to any Department.

Your co-operation in this regard is appreciated.

MS. NZ. NKAMBA
HEAD OFFICIAL
DATE 29/ 4 /2016

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