

# MPUMALANGA PROVINCIAL GOVERNMENT

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## Department of Finance *Office of the HOD*

Litiko LeteTimali

UmNgango weZcemali

Departement van Finansies

Kgoro ya Matlotlo

Enquiries : Mr JB Mbatha  
Ref No : DOF 14/4/1/1

### PROVINCIAL TREASURY CIRCULAR 7 OF 2014 : ASSESSMENT ON THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT BY DEPARTMENTS AND PUBLIC ENTITIES FOR THE PERIOD 1 JANUARY - 31 MARCH 2014

**TO :**

- THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (DR NONHLANHLA MKHIZE)
- THE ACCOUNTING OFFICER: VOTE 3: FINANCE (MS N.Z. NKAMBA)
- THE ACCOUNTING OFFICER: VOTE 4: COOPERATIVE GOVERNANCE & TRADITIONAL AFFAIRS (MR D. MAHLOBO)
- THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT & LAND ADMINISTRATION (MS N.L. SITHOLE)
- THE ACCOUNTING OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT & TOURISM (DR V. DLAMINI)
- THE ACCOUNTING OFFICER: VOTE 7: EDUCATION: (MRS M.O.C. MHLABANE)
- THE ACCOUNTING OFFICER: VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT (MR K.M. MOHLASEDI)
- THE ACCOUNTING OFFICER (ACTING): VOTE 9: COMMUNITY SAFETY, SECURITY & LIAISON (MR W. MTHOMBOTHI)
- THE ACCOUNTING OFFICER: VOTE 10: HEALTH (DR W.R.M. MAPHANGA)
- THE ACCOUNTING OFFICER: VOTE 11: CULTURE, SPORT & RECREATION (MS S.P. XULU)
- THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS N.L. MLANGENI)
- THE ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR S.M. MTSWENI)

  

- THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 1: OFFICE OF THE PREMIER (MR K.J. DLAMINI)
- THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 3: FINANCE (MS L. MLAMBO)
- THE CHIEF FINANCIAL OFFICER: VOTE 4: COOPERATIVE GOVERNANCE & TRADITIONAL AFFAIRS (MR M.D. SHIPALANA)
- THE CHIEF FINANCIAL OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT & LAND ADMINISTRATION (MR CT. DLAMINI)
- THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM (MS J.P. HLATSHWAYO)
- THE CHIEF FINANCIAL OFFICER: VOTE 7: EDUCATION (MR C.B. MNISI)
- THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT (MS H.N. MDAKA)
- THE CHIEF FINANCIAL OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY & LIAISON (MS S.A. SEFALA)
- THE CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH (MR VS MAKHUBEDU)
- THE CHIEF FINANCIAL OFFICER: VOTE 11: CULTURE, SPORT & RECREATION (MR T. NKOJOANA)
- THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS P. MORGAN)
- THE CHIEF FINANCIAL OFFICER: VOTE 13: 13 HUMAN SETTLEMENTS (MR SEB MATSEBULA)

  

- THE CHIEF EXECUTIVE OFFICER: MPUMALANGA ECONOMIC GROWTH AGENCY (ADV B. MKHIZE)
- THE CHIEF EXECUTIVE OFFICER: MPUMALANGA GAMBLING BOARD (MR B. MLAMBO)
- THE CHIEF EXECUTIVE OFFICER: MPUMALANGA TOURISM & PARKS AGENCY (MR B.J. MODIPANE)
- THE CHIEF EXECUTIVE OFFICER: MPUMALANGA REGIONAL TRAINING TRUST (MR N.D. MOROPANE)

**PROVINCIAL TREASURY CIRCULAR 7 OF 2014: ASSESSMENT ON THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT BY DEPARTMENTS AND PUBLIC ENTITIES FOR THE PERIOD 1 JANUARY - 31 MARCH 2014**

**1. INTRODUCTION**

- 1.1. This circular serves to conduct a quarterly assessment on the implementation of Supply Chain Management Framework in Government departments and Public Entities for the period 1 January - 31 March 2014.
- 1.2. The assessment will enable the Provincial Treasury to ascertain the level of compliance with applicable procurement processes within departments and public entities in the Mpumalanga Province.

**2. BACKGROUND**

- 2.1. Part of our mandate as Provincial Treasury is to oversee and monitor the implementation of Supply Chain Management in the public sector institutions in the Mpumalanga Province. To attain this objective, we rely on the information that is provided by these institutions regarding the status of procurement at their respective operational levels. This implies that Government institutions are required to submit information on the implementation of Supply Chain Management, in the format as well as at intervals as it may be determined by the Provincial Treasury. To this end, we have developed a Checklist with set standards to be complied with during this time of reporting, which is attached for your consideration.
- 2.2. It is therefore requested of Government institutions to provide the relevant information as requested. This information will assist the Provincial Treasury in assessing progress made on the implementation of Supply Chain Management and also identifying those areas needing interventions thereof.

**3. DIRECTIVE TO DEPARTMENTS AND PUBLIC ENTITIES**

- 3.1. As part of the Provincial Treasury's mechanisms to monitor compliance in implementing Supply Chain Management in the public sector, it is therefore directed as follows:
  - 3.1.1. Departments and public entities should fill in the attached checklist together with annexure A and submit their responses to the Provincial Treasury on or before Friday, 4 April 2014. For more clarification and guidance regarding the filling in of the checklist, kindly liaise with Mr Caesar Twala at (013) 766 4224.

Kind regards.

  
MS N.Z. NKAMBA  
HEAD OF DEPARTMENT

DATE: 2/4/2014

**PFMA/SCM COMPLIANCE MONITORING CHECKLIST: ASSESSMENT ON THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT FOR THE PERIOD 1 JANUARY – 31 MARCH 2014**

GOVERNMENT INSTITUTION : .....

Ref Nr.	Compliance area	Legislative provision	Current Status	Confirmation of status		Documentary proof
				YES	NO	
1.	Establishment of Bid Committees.	Public sector institutions are required, in terms of Sub-Regulation 16A6.2 of Treasury Regulations to establish the relevant Bid Committees to cater for procurement of goods, works and services.	Are the relevant Bid Committees appointed for the 2014/2015 financial year to cater for the procurement of goods, works and services?	<input type="checkbox"/>	<input type="checkbox"/>	If appointed, provide documentary proof.  In case not appointed, indicate when appointment will be made to enhance compliance?
2.	Security Clearance of officials attached to SCM Units.	Government institutions are required, in terms of Circular PFMA/SCM 2 of 2009, to facilitate security clearance (vetting) for officials attached to the SCM Units within the CFOs offices.  This should be a continuous process to be followed by Government institutions for any one joining the SCM Unit in the public service. This exercise is intended to eliminate corrupt and fraudulent practices which seem to be prevalent in the public sector.	Did the institution ensure that all officials attached to the SCM Unit undergo security clearance?	<input type="checkbox"/>	<input type="checkbox"/>	If yes, provide documentary proof in the format as captured on Annexure A.  If no, what systems are put in place to enhance compliance?
3.	Modification of contract.	Government institutions are allowed, in terms of guide 5.16.1.1.1 of the Guide to Accounting Officers on Supply Chain Management, read in tandem with paragraph 3.9 of the Instruction note of May 2011 from National Treasury, to approve variation orders by not more than 20% or R20 Million (including applicable taxes) for construction related goods, works and/or services of the original value of the contract and 15% or R15 Million (including applicable taxes) for all other goods, and/or services of the original value of the contract, whichever is the lower amount.	Were there any instances during the period 1 January to 31 March 2014 whereby the institution approved variation orders?	<input type="checkbox"/>	<input type="checkbox"/>	If there were such instances, provide documentary proof to substantiate approvals which were granted by the Accounting Officer in this regard.

Ref Nr.	Compliance area	Legislative provision	Current Status	Confirmation of status		Documentary proof
				YES	NO	
4.	Deviation from normal competitive bidding processes.	In terms of Sub-regulation 16A6.4 of the Treasury Regulations, if it is proven to be impractical in a specific case to invite competitive bids, Government institutions are allowed to procure the required goods, works or services by other means, provided that there are justifiable reasons for deviation which must be recorded and approved by the relevant Accounting Officers.	Did the institution procure goods, works or services using the provisions of Sub – Regulation 16A6.4 of Treasury Regulations?	<input type="checkbox"/>	<input type="checkbox"/>	If yes, provide documentary proof in substantiation of the approval of the deviation by the Accounting Officer.
5.	Acceptance of gifts and invitations to social events.	Government institutions are required, in terms of the provisions of the Code of Conduct for Bid Committees and SCM practitioners, as contemplated in Circular SCM of 24 March 2006, to ensure that all officials serving in the different Bid Committees and SCM practitioners involved in procurement related matters, are obliged to declare all gifts and invitations accepted to social events received from suppliers, irrespective of the value of such gifts. In addition, such declarations must be captured in minutes and also be recorded in a register maintained by the CFO's office.	Does the institution, through the CFO's office maintain a register for this purpose?	<input type="checkbox"/>	<input type="checkbox"/>	If yes, provide documentary proof.  If no, indicate the plans put in place to enhance compliance.

Ref Nr.	Compliance area	Legislative provision	Current Status	Confirmation of status		Documentary proof
				YES	NO	
6.	Submission of procurement plans	Government institutions are required, in terms of Treasury Instruction Note of 31 May 2011, to submit procurement plans for goods, works and services estimated in excess of R500 000 (applicable taxes included) per case, to the Provincial Treasury on annual basis, by 30 <sup>th</sup> April of each financial year.	Has the institution finalized its procurement plan for the 2014/2015 financial year?	<input type="checkbox"/>	<input type="checkbox"/>	In case finalized, provide documentary proof in the format as captured on annexure B and submit as instructed by this circular.  If not yet finalized, expedite the process and submit plan on or before 30 <sup>th</sup> April 2014.

COMPILER OF INFORMATION: ..... DESIGNATION: ..... DATE: .....

INFORMATION CERTIFIED TO BE CORRECT IN ALL RESPECT BY:

.....  
CHIEF FINANCIAL OFFICER

DATE: .....

INFORMATION APPROVED TO BE CORRECT IN ALL RESPECT BY:

.....  
HEAD OF DEPARTMENT

DATE: .....

ANNEXURE A

**STATUS ON SECURITY CLEARANCE FOR OFFICIALS ATTACHED TO SCM UNITS AND BID COMMITTEES IN GOVERNMENT INSTITUTIONS FOR THE PERIOD 2014/2015  
FINANCIAL YEAR**

Name of institution: .....

PARTICULARS OF OFFICIAL						
SURNAME AND INITIALS	RANK	PERSAL NUMBER	STATUS OF OFFICIAL (Mark with X on appropriate space below)		CLEARANCE NUMBER (In case undergone vetting)	
			VETTED	NOT VETTED		

Compiler of information : ..... Designation : ..... Date : .....

Information certified to be correct in all respect by :

Chief Financial Officer .....

Date: .....

Information approved to be correct in all respect by :

Head of Department .....

Date : .....

ANNEXURE B

PROCUREMENT PLAN FOR COMPETITIVE BIDS IN EXCESS OF R500 000 (APPLICABLE TAXES INCLUDED), INCLUDING INFRASTRUCTURE PROJECTS FOR THE PERIOD 2014/2015 FINANCIAL YEAR

Name of institution: .....

PARTICULARS OF REQUIREMENTS					
DESCRIPTION OF GOODS, WORKS OR SERVICES	COST ESTIMATION (Applicable taxes included)	ENVISAGED DATE OF ADVERTISEMENT	ENVISAGED CLOSING DATE OF BID	ENVISAGED DATE OF AWARD OF BID	RESPONSIBLE DIRECTORATE

Compiler of information : ..... Designation : ..... Date : .....

Information certified to be correct in all respect by :

Chief Financial Officer  
.....  
Date: .....

Information approved to be correct in all respect by :

Head of Department  
.....  
Date : .....