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PROVINCIAL TREASURY CIRCULAR NO.57 OF 2020

TO:

**DIRECTOR-GENERAL: OFFICE OF THE PREMIER OF MPUMALANGA: VOTE 1:
(MS SP XULU)**

**HEADS OF DEPARTMENTS
CEO OF THE PUBLIC ENTITIES
CFO OF DEPARTMENTS AND PUBLIC ENTITIES**

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

**SUBJECT: TERMS OF REFERENCE FOR NEWLY APPOINTED SERVICE
PROVIDERS FOR TRAVEL AND ACCOMMODATION**

1. OBJECTIVE

The objectives of this Circular is to provide guidelines and clarity on the implementation of the Transversal Contract on Travel and Accommodation which is in place effective from 1 April 2020 to 31 March 2023.

2. BACKGROUND

As we enter into a new phase of the services, which are the subject matter, we have made an effort to review the implementation of the previous contract. Whilst implementation was successful to some extent, we have identified some challenges, which impacted negatively on the process especially for the service providers. To this end, we have therefore identified a need to provide Terms of Reference, which seek amongst others, to remedy some of the challenges and also provide uniformity in implementation during this current phase.

3. TERMS OF REFERENCE

3.1. Timeous Payments (payment within 30 days)

3.1.1. In line with Treasury Regulation 8.2.3., all payments due to Travel Management Companies (TMCs) must be paid/settled within 30 (thirty) days of receipt of a valid invoice.

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- 3.1.2. In order to ensure that the above is achieved, all queries that need to be addressed must be addressed within **7 (seven) days** with the respective TMCs.
- 3.1.3. In order to assist the payment process, the beneficiary (i.e. the official receiving the service) to the accommodation services must sign off the invoice at the accommodation facility, this will also assist the verification process by the TMCs.
- 3.1.4. Please further take note that the International Air Transportation Associations (IATA) removed the billing settlement (BSP) of 30 days to 14 days (**please see attached Annexure A (National Treasury Circular No. 2 of 2019/20) for more details**) In line with the anticipated and related hardships associated to this revision, institutions are further requested to consider paying, where practically feasible, within **14 (fourteen) days** or less in line with their cash management processes.
- 3.1.5. Based on the **30 (thirty) days** payments requirement, Travel Management Companies have may not make bookings for Participating Departments or Public Entities with unpaid invoices of more than **30 (thirty) days**.
- 3.1.6. Departments are also encouraged to utilize the Invoice Tracking System to monitor their payment processes.

3.2. Purchase Orders

- 3.2.1. All bookings must be accompanied by purchase orders with accurate information, with the exception of emergency cases where confirmation letters issued by the authorized signatories will be accepted, in which event a purchase order must be issued **within 2 (two) working days**.
- 3.2.2. To improve efficiencies in this regard, it is recommended that an official be delegated to deal with purchase orders/manage purchase order
- 3.2.3. Institutions must provide the names and specimen signatures of nominated officials who may approve confirmation letters to the appointed service providers
- 3.2.4. **Cancellations:** In order to void additional costs being charged, TMC's must be notified in writing of any cancellations as soon as such becomes apparent in order to allow them sufficient time to follow due cancellation processes with the respective suppliers.

3.3. NO direct bookings

- 3.3.1. All travel and accommodation bookings must be made through the appointed TMCs.
- 3.3.2. Participating Departments and Public Entities **MUST** consider rotate the TMCs in Programmes within their institutions to ensure a fair allocation of business.

4. ENQUIRIES

For more information and clarity required, Departments and Public Entities may contact **Mr. S Mpila** at simpila@mpg.gov.za 013 766 8711/071 623 9185 or **Ms. C Ruthven** at choon@mpg.gov.za or at 013 766 8714/071 673 1502.

Kind Regards,



MS GUGU MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 09/10/2020