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## Department of Finance

Litiko LeteTimali

UmNyango weZeemali

Departement van Finansies

Kgoro ya Matlotlo

Enquiries: CO Twala

### CIRCULAR PFMA/SCM 3/2009

**TO : HEADS OF DEPARTMENT**


**SUBJECT : ASSESSMENT OF QUARTERLY PROGRESS ON THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT**

In terms of the Public Finance Management Act, (Act No.1 of 1999, as amended by Act No.29 of 1999) and the Regulatory Framework for Supply Chain Management that was promulgated in 2003 as Treasury Regulations in terms of section 76(4) (c) of the PFMA, the Provincial Treasury is empowered to oversee and monitor the implementation of supply chain management at the public sector institutions in the province.

To pursue our mandate, it is expected of us to interact with all departments in different ways, with the intention of assessing progress in implementing supply chain management. As a result, we have developed a checklist (attached) which is supposed to be completed in full by all departments, by providing information which will assist us in assessing quarterly progress on supply chain management and also identifying those areas needing our interventions.

In order to assist us with the overall assessment of the status of the implementation of supply chain management during the first and second quarters, departments are requested to submit their responses to the Provincial Treasury, to Mr CO Twala, at e-mail address: [ctwala@mpg.gov.za](mailto:ctwala@mpg.gov.za) or alternatively by fax at (013) 766 4603, not later than Wednesday, 25<sup>th</sup> November 2009.

Thank you.

  
\_\_\_\_\_  
MRS. TSHUKUDU  
HEAD OF DEPARTMENT

DATE: 16/11 /2009.

**PFMA/SCM IMPLEMENTATION AND MONITORING CHECKLIST**

FIRST AND SECOND QUARTER (01/04/2009 – 30/09/2009) ASSESSMENT

NAME OF INSTITUTION: .....

REF	DESCRIPTION	ACTION REQUIRED	LEGISLATION	CURRENT STATUS	REMARKS		CHALLENGES	PLANS TO ADDRESS CHALLENGES
					YES	NO		
1.	Policy development	Public sector institutions are required to develop and implement their respective policies on supply chain management, in line with the Supply Chain Management framework to cater for procurement of goods and services.	Treas. Reg. 16A3.1 a).	Has the department already developed the SCM policy, in line with the SCM framework, for the procurement of goods and services?			If policy not yet developed, provide reasons for non-compliance? _____ _____ _____ _____	In case of non-compliance, indicate the plans which are put in place to deal with the problem? _____ _____ _____ _____
2.	Establishment of the SCM Unit	Public Sector institutions are required to establish their respective SCM units, with proper staffing and separation of duties, within the offices of their CFO's, to implement the SCM policies.	Treas. Reg. 16A4.1	Has the department established an SCM Unit within the Chief Financial Officer's office, with proper staffing and relevant job descriptions for officials to cater for the separation of duties?			If scm unit not yet established, provide reasons for non-compliance? _____ _____ _____ _____	In case of non-compliance, indicate the plans which are put in place to deal with the problem? _____ _____ _____ _____

3.	Bid-Committees	Public sector institutions, through their respective Accounting Officers or Accounting Authorities, are required to establish the relevant Bid Committees to handle procurement of goods and services.	Treas. Reg. 16A6.2	Are the relevant Bid Committees established and operational in the department?		<p>In case they are established, name them with their respective members as well as the duration of their term of office.</p> <p>If not yet established, provide reasons for non-compliance?</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>In case of non-compliance, indicate the plans which are put in place to deal with the problem.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
4.	Norms and ethical standard.	In terms of applicable legislation, public sector institutions are required to put systems in place in ensuring that officials, who are involved in procurement, comply with the highest ethical standards, to promote mutual trust, respect and an environment where business can be conducted in a fair and reasonable manner.	Treas. Reg. 16A8.	Does the department have appropriate measures in place to ensure that SCM practitioners and other role players are aware of the Code of Conduct and also observe the provisions thereof?		<p>In case there are measures in place, indicate them.</p> <p>If not, provide reasons for non-compliance?</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>In case of non-compliance, indicate the plans which are put in place to deal with the problem?</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>

5.	Conflict of interest	As part of compliance with norms and ethical standards, SCM practitioners and other role players, must at all times recognize and disclose any conflict of interest that may arise whenever handling procurement issues.	Treas. Reg. 16A8.3 (a)	Were there any instances during the first or second quarter whereby the provisions of this regulation were violated?		If there were such instances, provide reasons for non-compliance. _____ _____ _____ _____	In case there were any violations of this regulation, how did the department deal with the situation? _____ _____ _____ _____
6.	Fair treatment of all suppliers.	It is required of all officials and other role players who are involved in procurement matters in the public sector to treat all suppliers equally and fairly.	Treas. Reg. 16A8.3 (b)	Were there any instances during the first or second quarter of the current financial year, whereby the department received complaints from contractors or other stakeholders with regard to unfair treatment by some of the staff members?		If there were such instances, indicate them. _____ _____ _____ _____	In case there were any violations of this regulation, how did the department deal with the situation? _____ _____ _____ _____
7.	Use of positions for private gain.	As part of compliance with norms and ethical standards, SCM practitioners and other role players in procurement, must not use their positions for private gain or to improperly benefit another person.	Treas. Reg. 16A8.3(c)	Were there any instances during the first or second quarter whereby the provisions of this regulation were violated?		If there were such instances, indicate them. _____ _____ _____ _____	If there were any violations of this regulation, how did the department deal with the situation? _____ _____ _____ _____

8.	Acceptance of gifts and/or hospitality.	The Code of Conduct for SCM practitioners and other role players requires officials not to compromise the integrity or credibility of the procurement system in the public sector, through the acceptance of gifts, hospitality or any other act.	Treas. Reg. 16A8.3(d)	Were there any instances during the first or second quarter whereby the provisions of this regulation were violated?		If there were such instances, indicate them. _____ _____ _____ _____ _____	If there were any violations of this regulation, how did the department deal with the situation? _____ _____ _____ _____ _____
9.	Applicable threshold values	Public sector institutions are required to adhere to provisions of applicable threshold values issued by National Treasury, for procurement of goods and services.	Treas. Reg. 16A 6.1.	Were there any instances during the first or second quarter, whereby the provisions of this regulation were violated?		If there were such instances, indicate them. _____ _____ _____ _____ _____	If there were any violations of this regulation, how did the department deal with the situation? _____ _____ _____ _____ _____
10.	Standardized tender documentation.	In terms of applicable legislation, it is required of the public sector institutions to ensure that bid documentation for competitive bidding, always incorporate the standardized bidding forms issued by National Treasury.	Treas. Reg. 16A6.3 (a) (i) & (ii).	Were there any instances during the first or second quarter whereby the provisions of this regulation were violated?		If there were such instances, indicate them. _____ _____ _____ _____ _____	If there were any violations of this regulation, how did the department deal with the situation? _____ _____ _____ _____ _____

11.	Evaluation criteria	Public sector institutions are required to ensure that bid documentation for competitive bids always incorporate the relevant evaluation criteria, in line with the Preferential procurement policy framework Act and its associated regulations.	Treas. Reg. 16A6.3 (b)	Were there any instances during the first or second quarter whereby the provisions of this regulation were violated?	If there were such instances, indicate them.	If there were any violations of this regulation, how did the department deal with the situation?
12.	Minimum period of advertisement for competitive bidding.	Whenever procuring goods and services through competitive bidding, public sector institutions must ensure that bids for the required services or goods are advertised in the provincial tender-bulletin for a minimum period of twenty-one (21) working days before closure, except in urgent cases whereby bids may be advertised for a shorter period, as an AO may determine.	Treas. Reg. 16A6.3 (c)	Were there any instances during the first or second quarter whereby the provisions of this regulation were violated?	If there were such instances, indicate them.	If there were any violations of this regulation, how did the department deal with the situation?
13.	Publication of awards	Awards to be published in the Tender-bulletin and other media where such bids were advertised.  The Provincial Treasury relies on monthly reports which are supposed to be submitted by departments to cater for this requirement.	Treas. Reg. 16A6.3 (d)	Does the department submit monthly reports to Provincial Treasury on contracts awarded as required?	If not, provide reasons for non-compliance?	In case there are any violations of this procedure, how does the department intend dealing with the problem?

14.	Procurement of IT equipment and other related services.	The acquisition of IT equipment and other related services in the public sector should be in line with the State Information Technology Act (SITA), 1998 (Act No. 88 of 1998) and its associated regulations.	Treas. Reg. 16A6.3 (e)	Were there any instances during the first or second quarter whereby the provisions of this regulation were violated?		If there were such instances, indicate them. _____ _____ _____	If there were any violations of this regulation, how did the department deal with the situation? _____ _____ _____
15.	Appointment of Consultants	Consultants should be appointed by means of applicable competitive bidding processes in the public sector, whenever possible, to enhance competition. All bids in this regard, to be subjected to the General Conditions of Contract, issued by National Treasury.	Treas. Reg 16A6.3 (g) and Practice Note SCM3/2003.	Were there any instances during the first or second quarter whereby the provisions of this regulation were violated?		If there were such instances, indicate them. _____ _____ _____	If there were any violations of this regulation, how did the department deal with the situation? _____ _____ _____
16.	Procuring goods & services by other means.	In case it is impractical to procure goods and services through competitive bidding, the public sector institutions are permitted to acquire the required goods or services by other means (e.g. quotations), provided that sound reasons for deviating from the competitive bidding processes are advanced and approved by the AO or AA of the affected institution. The reasons for the deviation must be properly recorded.	Treas. Reg. 16A6.4	Were there any instances during the first or second quarter whereby the department found it impractical to procure the required goods or services through the normal competitive bidding process, and as a result, opted for other means as provided by this legislation?		If there were such instances, indicate them. _____ _____ _____	In case you have specified the instances whereby the required goods or services were acquired through other means, as provided by legislation, provide reasons per case for justification purposes. _____ _____ _____

17.	Transversal term contracts	In terms of applicable legislation, public sector institutions are allowed to opt for participation in any transversal term contracts facilitated by the relevant Treasury.  However, should the AO or AA of a public sector institution opt to participate in such a contract, the respective public sector institution may not solicit bids for similar goods or services during the tenure of the transversal term contract.	Treas. Reg. 16A6.5	Were there any instances in the first or second quarter whereby the department committed itself for participation in any of the transversal term contracts facilitated by National Treasury?		If there were such instances, indicate those transversal term contracts.  _____ _____ _____ _____ _____ _____ _____	In case you have specified the transversal term contracts in which your department is participating, provide proof of approval from the Accounting Officer (AO) or Accounting Authority (AA) for participation.  _____ _____ _____ _____ _____ _____ _____
18.	Contracts arranged by other organs of state.	In terms of legislation, public sector institutions may participate in any of the contracts arranged through competitive bidding processes, by other organs of states, subject to a written approval from the organ of state managing the contract and the relevant contractor.	Treas. Reg. 16A6.6.	Were there any instances in the first or second quarter whereby the department committed itself for participation in any contract arranged by other organs of state?		If there were such instances, indicate those contracts.  _____ _____ _____ _____ _____ _____ _____	In case there were such contracts, provide proof of approval from the organ of state which is managing those contracts.  _____ _____ _____ _____ _____ _____ _____



19.	Disposal of movable State assets	The provisions of the applicable legislation require that the disposal of movable assets in the public sector must be at market related value through price quotations, competitive bidding process or auction.	Treas. Reg. 16A7.1.	Were there any instances in the first or second quarter whereby the department disposed of any movable assets?			If there were such instances, specify those movable assets which were disposed of by the department.  _____ _____ _____ _____	In case there were such movable assets which were disposed of by the department, what method was followed in disposing of the assets?  _____ _____ _____ _____
20.	Transfer of movable assets to other organs of state.	Movable state assets may be transferred free of charge to other organs of state, by means of formal vouchers.	Treas. Reg. 16A7.2	Did the department, at any stage during the first or second quarter, transfer any movable assets to other organs of state, in line with this legislation?			If there were any transfers, name those assets.  _____ _____ _____ _____	In case there were assets transferred to other organs of state, provide evidence for confirmation purposes.  _____ _____ _____ _____
21.	Sale of immovable state properties.	Sale of immovable state property in the public sector must always be at a market-related value, unless approved otherwise by the relevant Treasury.	Treas. Reg. 16A7.3.	Did the department, at any stage during the first or second quarter, sell any immovable state property in line with this regulation?			In case there were any sales, name those items.  _____ _____ _____ _____	If there were any items sold, provide supportive documentation as proof for compliance with this legislation.  _____ _____ _____ _____

22.	Letting of immovable state property.	The letting of immovable state properties in the public sector (excluding state housing for officials and politicians), must be at market-related value, and not free of charge without the approval of the relevant Treasury.	Treas. Reg. 16A7.4.	Were there any instances during the first or second quarter whereby the provisions of this regulation were violated?		If there were such instances, provide reasons for non-compliance. _____ _____ _____	If there were any violations of this regulation, how did the department deal with the situation in addressing the problem? _____ _____ _____
23.	Annual review of fees.	Fees relating to the letting of state properties should be subjected to annual review, for purposes of enhancing sound financial planning and management.	Treas. Reg. 16A7.5.	Were there any instances during the previous financial year whereby the provisions of this regulation were violated?		If there were such instances, provide reasons for non-compliance. _____ _____ _____	If there were any violations of the regulation, how did the department deal with the situation in addressing the problem? _____ _____ _____
24.	Disposal of computer equipment	When disposing of computer equipment, departments must firstly approach other state institutions dealing with education and training, to determine whether they require the equipment so that the equipment can be transferred free of charge to the identified institutions.	Treas. Reg. 16A7.7.	Were there any instances in the first or second quarter whereby the department disposed of any computer equipment to the needy educational institutions, in line with this regulation, considering the number of disused computers lying around at Government offices?		If there were such instances, indicate the institutions which benefited from this exercise, and the total number of computers donated per institution. _____ _____ _____ _____	In case there were computers which were donated to the needy educational institutions in the province, provide proof for confirmation purposes. _____ _____ _____

3.18. end  
start from 3.19 →

25.	Prevention of abuse of the SCM system in the public sector.	Public sector institutions are required to check the National Treasury's data-base containing information on non-preferred suppliers prior to awarding any contract to ensure that no recommended bidder or any of its directors is enlisted as a person prohibited from doing business with the public sector.	Treas. Reg. 16A9.1 (c)	Were there any instances during the first or second quarter whereby the provisions of this regulation were violated?		If there were such instances, provide reasons for non-compliance.	If there were any violations of the regulation, how did the department deal with the situation in addressing the problem?
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Information compiled and supplied by:

Surname and Initials : .....

Signature : .....

Designation : .....

Telephone numbers : .....

Fax Numbers : .....

E-mail Address : .....

Date : .....

When completed, this Checklist should be forwarded to the Provincial Treasury not later than Wednesday, 25<sup>th</sup> November 2009, for the attention of Mr C. O. Twala, at e-mail address: [ctwala@mpg.gov.za](mailto:ctwala@mpg.gov.za) or alternatively at fax number (013) 766 4603.