



**PROVINSIALE TESOUIE
• PROVINCIAL TREASURY •
UNONDYEBO WEPHONDO**



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24 March 2010

TREASURY CIRCULAR NO. 10/2010

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THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR P WILLIAMS)
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (DR JC STEGMANN)
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (DR GA LAWRENCE)
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MS P VINJEVOLD)
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (PROF KG HOUSEHAM)
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MS K LUBELWANA)
THE ACCOUNTING OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MR DP DANIELS) (ACTING)
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR R ELLIS) (ACTING)
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR J FOURIE) (ACTING)
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR J PETERS) (ACTING)
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR B WALTERS) (ACTING)

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR P O'BRIEN) (ACTING)
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R HINDLEY) (ACTING)
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M FRIZLAR)
THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)
THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH (MR A VAN NIEKERK)
THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MR JO SMITH)
THE CHIEF FINANCIAL OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MR D BASSON)
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR AA GAFFOOR)
THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)
THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)
THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MS BG RUTGERS)

THE SUPPLY CHAIN MANAGER: VOTE 1: PREMIER (MS A STASSEN)
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THE SUPPLY CHAIN MANAGER: VOTE 4: COMMUNITY SAFETY (MS E ISAACS)
THE SUPPLY CHAIN MANAGER: VOTE 5: EDUCATION (MR W CARELSE)
THE SUPPLY CHAIN MANAGER: VOTE 6: HEALTH (MR I SMITH)
THE SUPPLY CHAIN MANAGER: VOTE 7: SOCIAL DEVELOPMENT (MS P MABHOKWANA)
THE SUPPLY CHAIN MANAGER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MS L NEL)
THE SUPPLY CHAIN MANAGER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR W PHASWANE)
THE SUPPLY CHAIN MANAGER: VOTE 10: TRANSPORT AND PUBLIC WORKS (ADV C MENTOOR)
THE SUPPLY CHAIN MANAGER: VOTE 11: AGRICULTURE (MS M VAN BREDA)
THE SUPPLY CHAIN MANAGER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR LE BRETON) (ACTING)
THE SUPPLY CHAIN MANAGER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR A ADONIS)

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THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP ONE) (MR G PAULSE)
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ELECTRONIC PURCHASING SYSTEM AND WESTERN CAPE SUPPLIERS DATABASE

1. PURPOSE

- 1.1 To inform all Departmental Accounting Officers, Chief Financial Officers and Supply Chain Managers of the enhancements that Provincial Treasury (PT) will be implementing in respect of the Electronic Purchasing System (EPSi) and the Western Cape Supplier Database (WCSD) during the course of the 2010/11 financial year
- 1.2 To communicate the implementation date of these enhancements and the contact details of the responsible official should the departments have any queries regarding this process.

2. BACKGROUND

PT has indentified a vast disparity when comparing the spend on goods and services against the adjudicated quotations as well as the value of commitments made against awarded contracts. In lieu of the fact that the procurement threshold for quotations has been lifted to R500 000.00, PT has found it necessary to enforce more stringent controls in the manner in which the system is being utilised by Provincial Departments. The following identified areas of improvements will be effected to Sourcelink and the WCSD during the 2010/11 financial year.

The proposed enhancements are designed to address the issues around the:

- 2.1. Adjudication Process
- 2.2. Staff Turnaround
- 2.3. Training
- 2.4. Access to the system
- 2.5. Linking of the supplier
- 2.6. Reports
- 2.7. WCBD declaration of interest
- 2.8. Specification (functionality and price)

3. PROPOSED ALTERNATIVE TO CURRENT ADJUDICATION PROCESS

3.1. The adjudication process will now be enforced and Departments that do not comply with the requirements will be notified of non-compliance and remedial actions be instituted. Alternately the non-compliant users will be locked out of the system. This process will be enforced as of 1 July 2010 and the following will be implemented to ensure mandatory adjudication:

3.1.1. Profiling of users

3.1.1.1. No one outside of the SCM office will be granted access to the EPSi and those users that are currently registered on the system and are not supply chain management officials will no longer be allowed to work on the system. Quadrem will be doing an audit of the users of the EPSi and whether or not they have attended Sourcelink Training. The PT will also be checking if the user has attended Logis and SCM training and update that on the user profile. These three training requirements, Sourcelink, Logis and SCM training, will be the basis upon which users will be granted access to the system.

3.1.1.2. Furthermore it has been found that although users have attended Sourcelink training, this has not translated into a better adjudication rate or utilisation of the system. To help remedy this situation, Quadrem is drawing up a test that each user will have to pass after the training session. All users must obtain a pass mark of at least 80% before being granted access to the system. All existing users will have to either be re-trained (at their respective Department's cost) and write the test, or write the test to certify that they are competent in the usage of the system. If a user does not achieve the required pass rate for the training test, they will not be granted access to Sourcelink until such time that they do a retest and pass the test.

3.1.1.3. PT requested that Quadrem investigate options of better enforcing and ensuring a complete adjudication process. The result is that a new tab called "Orders" is being created where all requests for quotations (RFQs) older than 30 days would be housed. The system will automatically transfer all RFQs that have not been adjudicated to this folder. The buyer would then know that these RFQs need to be adjudicated. If adjudication has not happened within 30 days then the system will prevent that particular user from adding new requests until such time as the RFQs are adjudicated. This enhancement will ensure that the adjudication process be shortened by at least 70%.

- 3.1.1.4. The new adjudication process will be piloted in four Provincial Departments; namely Provincial Treasury, Community Safety, Cultural Affairs and Sport and Environmental Affairs and Development Planning, as of 1 July 2010 and will be introduced in a phased in approach to the rest of the departments during the 2010/11 financial year.
- 3.1.1.5. In respect of the current backlog for current adjudication, it's required that each department ensure that all quotes for the current financial year(2009/10) are adjudicated by the **30 May 2010**. After this date, the statistical figure captured will be utilised to report the adjudication rate to all relevant stakeholders.
- 3.1.1.6. A monthly reconciliation of the status of individual adjudications will be forwarded to all SCM Managers, in respect of all Departments and their institutions.

4. STAFF TURNAROUND

4.1. An assessment and request of updated user lists will be conducted by Quadrem, and PT in liaison with SCM Managers. This will be done in order to update user profiles of the system's users and to ensure that all users that are utilising the system have attended Sourcelink training.

4.2. By 1 July 2010 the following will be done:

- 4.2.1. Quotes **must** be sourced via SCM; only users from SCM will be allowed access to the system.
- 4.2.2. Total re-registration of all users (SCM officials only), will be granted access to the system. Departments may motivate to Provincial Treasury for users outside of the SCM office to be granted access provided that these officials have attended other SCM training other than Sourcelink training. Furthermore the Department will be responsible for ensuring that these officials perform the adjudication and other duties pertaining to SCM appropriately.
- 4.2.3. Each user will be profiled (name, rank, previous training, etc.), and this will be checked against PERSAL;
- 4.2.4. Departmental SCM Managers will be required to notify Quadrem of any change / movement of users. This too will be checked via Persal.

4.2.5. Quadrem will be advising PT of all problematic user sets or individual users. PT will then investigate the matter and notify the affected Department's of the problematic users that need to be monitored. If PT finds that the problematic users (based on adjudication statistics of the user) does not improve, that user will be suspended on the system until the Department can indicate what corrective measures it intends to put in place to rectify the situation.

4.3. A generic policy will be implemented with regards to the forms that need to be completed for access to both Sourcelink and the WCSD. This could mean a different way of registering users e.g. by i.e. Persal number, name and location as minimum requirements, etc.)

4.4. Quadrem to provide feedback on training per user.

4.5. Quadrem to provide detail of the 1140 users and PT/ Departments to fill in the gaps.

4.6. A Sourcelink / LOGIS reconciliation will be undertaken in respect of banking account details or email addresses.

5. TRAINING

5.1. Quadrem training will be concluded with a test for which the official must obtain a minimum percentage (possibly 80%) to allow them access to the system. Quadrem training will be used to identify other necessary training that officials might need. PT will subsequently notify the SCM Managers of Provincial Departments of any follow-up training that may be required by the official and even conduct training interventions for Departments with the assistance of SCM Managers where required.

5.2. Departments are responsible for arranging suitable training venues and settling the invoices for the training.

6. PASSWORD ACCESS

6.1. Passwords will expire every 3 months. This is to ensure that the user is still valid and active.

7. LINKING OF SUPPLIERS TO REQUESTS FOR QUOTATIONS (RFQ)

As an interim measure, until notified further by the PT:

- 7.1. Departments must link suppliers from the WCSD to each RFQ that they send out on Sourcelink. This will be actively monitored by Quadrem and PT. It is only possible to link non-paying subscribers, therefore departments are encouraged to give WCSD suppliers an opportunity to quote.
- 7.2. Quadrem and Provincial Treasury are investigating the option that all RFQ's can be sent to the WCSD suppliers alternately that a notification of a business opportunity is sent out to all WCSD suppliers. Feedback on this investigation will be provided to the departments as soon as this has been done.
- 7.3. As of 1 April 2010, suppliers who do not submit a valid tax clearance will be automatically suspended on the system (WCSD) and will not be allowed to submit an offer till they have submitted a valid tax clearance certificate.

8. COMPULSORY REGISTRAION ON THE WESTERN CAPE SUPPLIER DATABASE

- 8.1. From 1 July 2010, it will be compulsory for suppliers to be registered on the Western Cape Supplier Database. A marketing campaign will be done to inform suppliers of this. The intention of having compulsory registration is to ensure that suppliers comply with the minimum requirements for doing business with government.
- 8.2. Provincial Treasury will be convey the message for compulsory registration via the print media in two local newspapers as well as two local radio stations one of which will be a community radio station with the widest listener reach.
- 8.3. Departments will be notified of the commencement of the advertising campaign and will be encouraged to participate by hanging notices in prominent spaces in their buildings.

9. REPORTS

The following are the types of reports that will be drawn:

- 9.1. User report to be generated on a monthly basis
- 9.2. Supplier dispersion report will be generated on a quarterly basis, per profile (e.g. Construction).
- 9.3. Adjudication report per department and for the Province on a monthly basis.

10. WCBD 4 (DECLARATION OF INTEREST)

As of 1 April 2010:

- 10.1. It will be included with the registration form for the WCSD
- 10.2. For suppliers who are already registered on the WCSD, the declaration of interest will form part of the annual maintenance performed by Quadrem on the database (i.e. existing suppliers will be requested to submit the declaration as part of the clean up exercise).
- 10.3. It will be valid for a year from the date of signature on the WCBD 4. In the interim, departments must request suppliers to complete the form for each quotation until such time that suppliers have completed the forms and submitted them to Quadrem. It must be noted that as an interim measure, the EPSi allows the user to attach documents to RFQ requests; therefore the department may attach the declaration of interest form to the RFQ and request suppliers/ service providers to complete and sign it. The department can further re-iterate the importance of the completion of the declaration of interest in the body of the RFQ request, the department can indicate that the service provider must complete and sign the declaration of interest form. Should they refuse to comply with the request, this must be documented and the bidder be disqualified from the process with the relevant motivation.

11. SPECIFICATION (FUNCTIONALITY AND PRICE)

- 11.1. The system will be enhanced to provide for the option of scoring quotations on price and functionality (preference points as per PPPFA). This point system will not be the default point scoring system and the department would need to communicate to prospective suppliers that functionality is being used for scoring the quotations and not just the price and preference points. It must be noted that where the department uses functionality to evaluate a quotation, the specifications of the quotation placed on the system MUST have received prior approval from the department's bid adjudication committee..
- 11.2. Suppliers need to be made aware of the fact, whether or not functionality will be applied to the specific RFQ for which they wish to provide a quote. The user may indicate whether functionality will be applied to the RFQ by means of adding a hot key to the RFQ. This enhancement will not be effected at the beginning of this financial year, but the effective date for its implementation will be communicated to departments in due course.

12. QUERIES AND COMPLAINTS

- 12.1. All queries and complaints pertaining to the contract must be addressed to the responsible persons in writing.
- 12.2. Queries and complaints received from departments and suppliers will be discussed at the AM/SCM Forum meetings i.e. there will be a standing agenda point for the EPSi at the AM/SCM Forum meeting. Departments will be required to send their queries at least a week before the proposed AM/SCM Forum meeting.
- 12.3. Representatives from Quadrem will attend the AM/SCM Forum meetings to engage on issues in respect of the specific issues raised under the agenda point in question and will from time to time present on software specific issues as required.

13. NAME AND CONTACT DETAILS OF RESPONSIBLE PERSON

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14. REQUEST

- 14.1. The Provincial Treasury (Moveable Asset Management) hereby requests that the Accounting Officers, Chief Financial Officers and Supply Chain Managers of the Provincial Departments take cognisance of the contents of this circular and that due diligence is exercised when planning staff capacity for the 2010/11 financial year.
- 14.2. Any concerns or queries pertaining to the proposed enhancements may be forwarded in writing to the responsible individuals mentioned above.

Your co-operation will be appreciated



SENIOR MANAGER: Moveable Asset Management

DATE: 24/03/2010