



## INTRODUCTION

Currently no single consolidated comprehensive supplier database exists for national, provincial or local government causing duplication and fragmentation of supplier information across spheres of government. In addition, information related to the compliance requirements are duplicated during procurement processes, processing of payments and audit procedures, which are all examples of financial management activities dependent on supplier information.

The establishment of a Central Supplier Database (CSD) will result in one single database to serve as the source of all supplier information for all spheres of government. The purpose of centralising government's supplier database is to reduce duplication of effort and cost for both supplier and government while enabling electronic procurement processes.

### WHAT HAPPENS ON 1 SEPTEMBER 2015



From 1 September 2015 prospective suppliers will be able to self-register on the CSD website [www.csd.gov.za](http://www.csd.gov.za). Suppliers can capture and update their information on the CSD at any time, in preparation for the utilisation of supplier data through procurement and financial systems used by all organs of state from 1 April 2016. The period from 1 September 2015 to 31 March 2016, will be referred to as the Interim Period.

Once information has been verified with external data sources, a unique supplier number and security code will be allocated and communicated to the supplier. Suppliers will be required to keep their data updated regularly and should confirm at least once a year that their data is still current and updated. Automatic re-verification of relevant supplier data against SARS, CIPC etc. will be done regularly (daily, weekly, monthly, etc.) as required.

Suppliers will be required to select their industry classification as well as the commodities they supply per locations. Automated distribution of supplier information to organs of state will be done based on supplier type, supplier location, B-BBEE and commodities.

### WHICH AUTOMATED VERIFICATIONS WILL BE ENABLED



On 1 September 2015 the following online verifications will be enabled:

- South African Revenue Service (SARS) will enable tax clearance verification of suppliers. Re-verification of tax clearance status will be done automatically when organs of state access a supplier's information via the CSD;
- Companies and Intellectual Property Commission (CIPC) for



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automated verification of business registration and business ownership; and

- Check digit verification will enable bank account verification.
- Verification of supplier information with the register for tender defaulters and database of restricted suppliers.

On 1 April 2016, four (4) additional online verifications will be enabled to automatically verify:

- Bank account holder information;
- ID numbers of individuals;
- Government employee; and
- B-BBEE information (if source data for verification purposes is available).

On 1 April 2016, changes to the following verified data will be automatically updated on a daily basis and access to updated data will be available to organs of state:

- Tax clearance status;
- Business registration and business ownership;
- Identity information from the Department of Home Affairs (DHA);
- Government employee verification;
- Tender defaulters and database of restricted suppliers; and
- B-BBEE information (if source data for verification purposes is available).

### WHAT WILL BE REQUIRED FOR SUPPLIERS TO REGISTER



All suppliers will be required to complete required information on the CSD website and must ensure it is complete, accurate and comprehensive. The following would be amongst the required information:

- Supplier identification information e.g. supplier type, identification number, supplier name, trading name and country of origin;
- Supplier contact information e.g. preferred contact name, preferred communication method, email address, cell phone number, telephone number etc.;
- Supplier address information e.g. country, province, municipality, city, suburb, ward and postal code;
- Bank account information;
- Supplier tax information e.g. valid tax number;

- Ownership information e.g. name and identification number of directors, members etc.;
- Association to any other suppliers e.g. branch, consortium member etc.; and
- Commodities the supplier can supply per location.

Note that a valid email address, identity number, cell phone number and bank account details are mandatory in order to register on the CSD.

Apart from the above, it is foreseen that B-BBEE information will be included in the CSD.

### WHAT CATEGORY OF SUPPLIERS SHOULD REGISTER



The following supplier suppliers should register on the CSD:

- Individuals;
- Sole Proprietors;
- Foreign Companies;
- Trusts;
- Public Companies (LTD);
- Private companies (PTY LTDs);
- Non Profit Companies;
- Personal Liability Companies (INC);
- Closed Corporations;
- Co-operatives;
- State Owned Companies (SOC LTD);
- Non Profit External Companies;
- State Owned Entities (e.g. PFMA schedule entities);
- Government Entities (e.g. National departments, Provincial Administration, Metropolitan municipalities, District municipalities, Local municipalities);
- Partnerships;
- Statutory Bodies;
- Joint Ventures;
- Consortiums;
- Section Companies;
- Voluntary Associations; and
- Retirement Funds.



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### HOW WILL ASSISTED SUPPLIER REGISTRATION WORK



Suppliers who are unable to make use of the web based self-registration function will be able to liaise with any organ of state for assistance with self-registration. It is recommended that a number of dedicated work stations with internet connections are made available at key provincial locations where supply chain officials can assist the suppliers with self-registration.

It is foreseen that the Thusong, Seda and Post Offices in the provinces will also be used to assist with supplier self-registration.

### WHAT HAPPENS TO THE EXISTING SUPPLIER DATABASES IN DEPARTMENTS



Existing supplier databases will be migrated to the CSD provided the supplier information is complete, accurate and reliable. These will be phased out over time and it will be compulsory to use CSD data. Suppliers will be required to register with departments per usual practice while migration to the CSD takes place.

Suppliers on the government's LOGIS system will be first to migrate to the CSD by 1 September 2015 and thereafter suppliers on other ERP or eProcurement systems will follow. Communication will be provided to a supplier requesting validation of information once migration is complete.

### HOW WILL THE INTERIM PERIOD WORK



Apart from registering and capturing supplier information on the CSD, suppliers currently on any database of organs of state need to maintain their records through the existing supplier systems for the period 1 September 2015 to 31 March 2016.

During the interim period, suppliers that register on the CSD must provide their CSD supplier number and unique security code as well as any other relevant documentation (not yet electronically verified by the CSD) to the organs of state that they want to do business with.

Organs of state will use the CSD supplier number and unique security code to view/print the verified supplier information from the CSD in order to maintain their current supplier databases.

### WHAT IS REQUIRED FOR DATA MIGRATION



In preparation for the CSD implementation, and to ensure the accuracy and validity of supplier information, organs of state need to commence with supplier data preparation.

LOGIS System Controllers can reference the LOGIS Notice No 4 of 2015 for more detail on the supplier master clean-up.

Organs of state who are not LOGIS users need to apply the following criteria during the data preparation:

- Ensure suppliers are in an authorised status (i.e. manually vetted) and actively in use;
- Ensure supplier information is up to date;
- Ensure the fields which are compulsory on the central supplier database are complete. It is important to note that a valid bank account, email address and a cellphone number are mandatory fields.
- Ensure no duplicate suppliers exist; and
- The audit information of any de-activated suppliers should be retained by organs of state for record purposes.

A standard data preparation and conversion job aid will be made available to all organs of state. The job aid will outline the requirements and processes to prepare, export and convert supplier data into the central supplier database.

### WHAT ARE THE BENEFITS OF THE CSD



- Supplier self-registration – placing the onus back on the supplier to ensure their data is up-to-date, complete and accurate;
- Once-off Supplier registration – Suppliers will only be required to register once when they want to do business with the state. Standardised and electronic verification of supplier information leading to reduced fraud with paper copies and manual processes:
  - Tax clearance status;
  - Business registration and business ownership;
  - Bank account and bank account holder;
  - Citizen identity number;
  - Government employee verification;
- Register for tender defaulters and database of restricted suppliers; and
- BBBEE (in future).



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- Reduction in duplicate effort and costs reduction for both business and government;
- Significant reduction of the administrative burden for business, especially small and medium-sized enterprises; and
- Significant reduction of the administrative burden for SCM practitioners including compliance audit effort and cost across the state.
- Single source of supplier information across all spheres of government;
- Reduction of audit queries on suppliers compliance information;
- Same information available to all organs of state;
- Controlled access to information.

### HOW DOES THE CSD FORM PART OF THE OVERALL SUPPLY CHAIN MANAGEMENT



The CSD will be the single source of key supplier information for the whole of government.

The CSD is a precursor (a building block) to the IFMS and e-Procurement systems – providing consolidated, accurate, up-to-date, complete and vetted supplier information.

It will enable future business intelligence (BI) reporting (spend analysis, SMME targeting for empowerment and growth, etc.) across spheres of government through the utilisation of a single supplier number and standard commodity codes.

### WHAT IS REQUIRED FROM THE MEC/ MINISTERS



- Support this SCM modernisation initiative;
- Inform department(s) about the CSD and start preparing for the implementation;
- Inform your stakeholders about the CSD and the related changes, by providing them with timely, accurate and consistent information;
- Share with your stakeholders the benefits of the CSD;
- Collaborate with your stakeholders including departments to actively support and accept the changes rather than resist them; and
- Help manage expectations of the change at all levels within government and the public.

### WHAT IS REQUIRED FROM THE PROVINCIAL TREASURY/HEADS OF DEPARTMENTS/ ACCOUNTING OFFICERS



- Inform your stakeholders (e.g. provincial suppliers and departments) about the CSD and the related changes, by providing them with timely, accurate and consistent information;
- Support this SCM modernisation reform initiative;
- Share with your stakeholders the benefits of the CSD;
- Provide direction to your stakeholders on how they can aid in successfully implementing the related changes;
- Collaborate with your stakeholders to actively support and accept the changes rather than resist them; and
- Help manage expectations of the change at all levels within government and the public.

### WHAT IS REQUIRED FROM THE SUPPLY CHAIN MANAGEMENT OFFICIALS



- Inform your stakeholders about the CSD and the related changes, by providing them with timely, accurate and consistent information;
- Share with your stakeholders the benefits of the CSD;
- Provide assistance to suppliers to self-register on CSD.

### WHO CAN BE CONTACTED FOR FURTHER INFORMATION ON THE CSD



Contact National Treasury for further clarity on the process:

[csd@treasury.gov.za](mailto:csd@treasury.gov.za)

012 406 9222.

