



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

TO: ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS

ACCOUNTING AUTHORITIES OF ALL SCHEDULE 3A AND 3C PUBLIC ENTITIES

HEAD OFFICIALS OF ALL PROVINCIAL TREASURIES

NATIONAL TREASURY SCM CIRCULAR NO 07 OF 2016/2017

MICROSOFT SOFTWARE, PRODUCTS AND SERVICES PROJECT

1. PURPOSE

- 1.1 The purpose of this SCM Circular is to inform Departments, Constitutional Institutions and Public Entities listed in Schedule 3A and 3C to the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) of the implementation of National Treasury and State Information Technology Agency (SITA)'s cost containment project relating to Microsoft software, products and services.
- 1.2 This Circular is also aimed at informing Accounting Officers and Accounting Authorities of the transitional arrangements from the date of this circular to the 31st of March 2017 pertaining to the procurement of Microsoft software, products and services.

2. BACKGROUND

- 2.1 In terms of Section 38 (1) (a) (iii) and 51 (1) (iii) of the PFMA, the Accounting Officer of a Department or Constitutional Institution and the Accounting Authority of a Public Entity listed in Schedule 3A and 3C to the PFMA must ensure that their respective Institutions have and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.
- 2.2 The South African Government spends a significant amount each year on Microsoft software, products and services, either directly through contractual arrangements with Microsoft South Africa or indirectly through resellers. National

Treasury in partnership with SITA are in the process of reviewing the most cost effective and efficient contracting and licensing model in order to reduce costs with regards to fragmented procurement, duplication of effort, different pricing arrangements, licensing models and service offerings.

3. TRANSITIONAL PERIOD

3.1 To avoid further duplication of effort and excessive costs relating to Microsoft software, products and services, institutions listed in this Circular will be required to apply the following interim measures for the transitional periods:

3.1.1 Accounting Officers and Accounting Authorities are required, not to renew and/or procure any additional Microsoft software, products and/or services from date of signature of this Circular up to the 31st of March 2017.

3.1.2 Where current Microsoft related contracts expire before 31 March 2017, these contracts should be extended on a month-to-month basis until 31 March 2017, or until further notice from National Treasury.

3.1.3 In urgent cases and/or where Departments have already issued tenders and are in the process of finalizing the award process, the relevant Department must consult with National Treasury, prior to conclusion of the tender process and awarding of the contracts. National Treasury with the concurrence of SITA will indicate in writing further steps a Department or Entity should take.

3.1.4 Where contracts are expiring after 31 March 2017, these contracts must be honored until completion or further notice from National Treasury.

3.1.5 All Departments and other institutions must not accept invitations for meetings with suppliers relating to Microsoft software, products and service. The supplier should be referred to the Office of the Chief Procurement Officer in National Treasury, attention of Schalk Human. National Treasury in concurrence with SITA will engage such service provider when appropriate.

4. APPLICABILITY

4.1 This Circular applies to all National and Provincial Departments, Constitutional Institutions and Public Entities listed in Schedule 3A and 3C to the PFMA.

5. DISSEMINATION OF INFORMATION CONTAINED IN THIS CIRCULAR

5.1 Head Officials of Provincial Treasuries are requested to bring the contents of this Circular to the attention of Accounting Officers and Accounting Authorities of Departments and Public Entities in their respective Provinces.

5.2 Accounting Officers of National Departments are requested to bring the contents of this Circular to the attention of Accounting Authorities of Schedule 3A Public Entities reporting to their respective Executive Authorities.

6. STATUS OF THIS CIRCULAR

6.1 This Circular is issued to provide Departments, Constitutional Institutions and Schedule 3A and 3C Public Entities with information related to implementation of the cost containment project related to Microsoft software, products and services.

7. INFORMATION

7.1 Enquiries related to this Circular may be directed to:

Schalk Human
Acting Chief Director: SCM Policy and Legal
Email: schalk.human@treasury.gov.za
Telephone: 012 315 5886

Regards



SOLLY TSHITANGANO
ACTING CHIEF PROCUREMENT OFFICER
DATE: 6/7/2016