



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 CIRCULAR NO 2 OF 2016/2017: NATIONAL MOBILE COMMUNICATIONS PROJECT IMPLEMENTATION

PURPOSE

1. The purpose of this 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) about the implementation of the National Treasury's National Communications Sourcing Project.
2. This circular is also aimed at informing accounting officers and accounting authorities of the transitional arrangements from the date of this circular to 30 April 2016, as well as the implementation transition period from 1 May 2016 after the award of the contracts.

BACKGROUND

3. 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 institution has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.
4. The South African Government spends close to R3, 2 billion per annum on fixed line and mobile communication services for national and provincial departments alone. National Treasury is in the process of reviewing Government's fixed line and mobile communication expenditure to reduce fragmented procurement, duplication of effort, different pricing, pricing models and service offerings.
5. The Office of the Chief Procurement Officer (OCPO) has as a result of the review above developed a national sourcing strategy for the procurement of mobile communications. The RFP for Mobile Communications was advertised on 19 February 2016. The award of contracts is anticipated for 1 May 2016.
6. To avoid further duplication of effort and high state expenditure in mobile communication, and while the National Treasury is concluding its bidding process, institutions listed in this circular will be required to apply the following interim measures for the transitional periods.

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TRANSITIONAL PERIOD

7. In the transitional period up to 30 April 2016, accounting officers and accounting authorities are required, where possible, not to renew any mobile contracts.
8. Where current contracts with Mobile Service Providers expire before 30 April 2016, these contracts should be extended on a month-to-month basis until 30 April 2016.
9. Where departments have already issued tenders and are in the process of finalising these for award, it is advised that the department consult with the National Treasury prior to conclusion of the tender process and awarding of the contracts.
10. Where contracts are expiring after 30 April 2016, these contracts must be honoured until completion. After the expiry of these contracts, departments and entities will be required to implement the national mobile communication strategy.
11. A directive to be issued by National Treasury during May 2016 for a structured implementation programme after the award of the contracts to service providers.
12. The National Treasury will be issuing a National Mobile Communication Policy directive to determine the minimum requirements to be applied by departments and public entities which may be adapted to their unique environment.

APPLICABILITY

13. This Circular applies to all national and provincial departments, constitutional institutions and public entities listed in Schedule 3A and 3C to the PFMA.

DISSEMINATION OF INFORMATION CONTAINED IN THIS CIRCULAR

14. Heads 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.
15. 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.

STATUS OF THIS CIRCULAR

16. This circular is issued to provide departments, constitutional institutions and Schedule 3A and 3C public entities with information related to implementation of the National Mobile Communication Project and does not form part of the financial management regulatory framework, as referred to in Chapter 2 of the revised Treasury Regulations.

INFORMATION

Enquiries related to this Circular may be directed to:

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