



**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

Private Bag X115, Pretoria, 0001 Tel: +27 12 315 5111, Fax: +27 12 315 5234

Enquiries: J SOOBAMANIAN **Ref:** 3/4/3/2/10 **Tel:** 315-5336 **Fax:** 326-5445
e-mail: jeyrel.soorbramanian@treasury.gov.za

TO ALL
ACCOUNTING OFFICERS: NATIONAL DEPARTMENTS
HEADS: PROVINCIAL TREASURIES
CHIEF FINANCIAL OFFICERS: PROVINCIAL DEPARTMENTS
CHIEF EXECUTIVE OFFICERS / CHIEF FINANCIAL OFFICERS: CONSTITUTIONAL
INSTITUTIONS / PUBLIC ENTITIES

Supply Chain Management Office

EXEMPTIONS FROM SUPPLY CHAIN MANAGEMENT FRAMEWORK

This circular is applicable to all national and provincial departments, constitutional institutions and public entities as defined in schedule 3A and 3C of the Public Finance Management Act (PFMA). All accounting officers of national departments and heads of provincial treasuries are required to disseminate the contents of this circular to all chief financial officers of departments and public entities that fall under their jurisdiction.

- 1 The National Treasury has, through its monitoring process, taken note of the progress made by institutions in the implementation of supply chain management. Accounting officers / authorities are to be complimented for implementation of the supply chain management reforms.
- 2 This office is, however, receiving requests from some institutions for exemption from the prescripts of the Supply Chain Management Framework. The reasons cited for such requests are, among others, institutions regarding their acquisitions to be insignificant when considering their small budgets, low staff complement and the implications of establishing the various structures including the different bid committees.
- 3 In 2003, Cabinet approved the introduction of supply chain management within the public sector with a view to, among others, promote sound financial management and uniformity in all spheres of government. The Framework for Supply Chain Management (Treasury Regulation 16A12) addresses the issue of interim arrangements if a department, constitutional institution or public entity lacks the capacity to fully comply with the supply chain management regulations.
- 4 In so far as the implementation of the principles of the supply chain management policy is concerned, it is the responsibility of the accounting officer / authority of each institution to work out a detailed implementation plan. Implementation of the supply chain management system was intended to be with a "phased-in strategy" approach. The measurement of progress on implementation should, therefore, be conducted against the implementation plan developed by the institution.

- 5 Although the Office of the Auditor General has undertaken to monitor and report on institutions compliance to the requirements of SCM implementation, they are aware that implementation would take place with a "phased-in strategy" approach. They have, therefore, agreed to monitor and report on compliance against the institution's internally approved SCM implementation plan.
- 6 Practice Note Number SCM 3 of 2004 issued on 28 August 2004 by the National Treasury contains a checklist for the implementation of SCM. This checklist may be used as a guide to ensure that your procedures are in compliance with the regulatory requirements.
- 7 Accounting officers /authorities are, therefore, requested to ensure that their supply chain management system forms an integral part of the institution's financial management and at the same time ensure that through a systematic process, goods and services are delivered to the right place, in the right quantity, with the right quality, at the right cost and at the right time.

J.A.N. Breytenbach
J A N BREYTENBACH
CHIEF DIRECTOR: NORMS AND STANDARDS
DATE: *2006/05/09.*