



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

TO: ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS

ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES

HEAD OFFICIALS OF PROVINCIAL TREASURIES

NATIONAL TREASURY SCM INSTRUCTION NO 4A OF 2016/2017 CENTRAL SUPPLIER DATABASE

1. PURPOSE

The purpose of this *SCM Treasury Instruction* is to prescribe the utilisation of the mandatory **Central Supplier Database (CSD)** to Accounting Officers and Accounting Authorities.

2. BACKGROUND

- 2.1 The National Treasury identified the registration of prospective service providers on each and every Organ of state's individual list of prospective suppliers as one of the processes that makes it difficult for service providers to do business with the State.
- 2.2 Cabinet approved steps to accelerate the modernisation of public procurement as per a Cabinet Resolution dated 10 December 2014. Amongst the ensuing modernisation initiatives, the National Treasury established the CSD on behalf of all Departments, Constitutional Institutions and Public Entities listed in Schedule 2 and 3 of the PFMA. The CSD's purpose is to avoid the multiple registrations by prospective suppliers with each individual Organ of State they intend doing business with.
- 2.3 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 2 and 3 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.
- 2.4 National Treasury Circular No 3 of 2015/2016 informed Accounting Officers and Accounting Authorities of Departments, Constitutional Institutions and all Schedule 2 and 3 Public Entities of the transitional arrangements prior to the mandatory application of the CSD on 1 April 2016. Through this SCM Instruction, the date is extended to 1 July 2016.
- 2.5 The registration and verification of supplier information has not been uniform and standardised for all Organs of State, which complicated the process of doing business with the state. Therefore, the National Treasury established the CSD in

September 2015 to administer supplier registration and facilitate the verification of supplier information.

3. ESTABLISHMENT OF THE CENTRAL SUPPLIER DATABASE

- 3.1 In order to give effect to the mandatory requirements of this SCM Instruction, Accounting Officers and Accounting Authorities must ensure that:
- 3.1.1 The current supply chain management system and policies of their respective organs of state are aligned with the provisions of this SCM Instruction note;
- 3.1.2 Price quotations are invited and accepted from prospective suppliers listed on the CSD; and
- 3.1.3 Key information of prospective suppliers is verified on the CSD in line with PFMA and regulatory requirements. The following information must be verified:
- a) Business registration, including details of directorship and membership;
 - b) Bank account holder information¹;
 - c) In the service of the state status²;
 - d) Tax compliance status;
 - e) Identity number;
 - f) B-BBEE status level³;
 - g) Tender defaulting and restriction status; and
 - h) Any additional and supplementary verification information communicated by the National Treasury.
- 3.2 Accounting Officers and Accounting Authorities must not award any bid for price quotations to a bidder(s) not registered on the CSD, excluding transactions mentioned in paragraph 3.3.
- 3.3 Transactions concluded through petty cash, sundry payments and foreign suppliers with no local registered entity may be concluded even if the supplier is not registered on the CSD.
- 3.4 If it is not possible to obtain price quotations from the list of prospective suppliers listed on the CSD, organs of state must conduct a market analysis to identify possible supplier(s), record the process and submit the list of prospective suppliers obtained through market analysis to the Accounting Officer or Accounting Authority or an appropriately delegated Official for approval. The identified supplier(s) should be registered on the CSD before orders are finalised.
- 3.5 Organs of state must ensure that a supplier that has been contracted in respect of emergency procurement procedures of the organ of state and that is not registered on the CSD, is registered as soon as possible, but not later than 7 calendar days after the order was issued to the supplier.
- 3.6 With effect from 1 July 2016, organs of state may not extend any existing contracts that may be in existence for computerised systems that are used to record details of

¹ Bank account information is verified for ease of transacting and complaint financial management and not as a mandatory requirement for sourcing and procurement processes.

² "In the service of the state": Please note this check is currently done on state employees who have a PERSAL number, but will be also verified for municipalities, municipal entities and public entities from 1 October 2016

³ B-BBEE will only be verified from 1 October 2016

their prospective suppliers and may not institute any new computerised system for the management of their list of prospective suppliers without written approval from the National Treasury.

- 3.7 In line with paragraph 3.6 above, any computerised systems in Organs of State that are operational at the date that this Instruction takes effect, may be used up until the expiry of contracts related to such systems.
- 3.8 Organs of State must ensure that existing systems integrate with the CSD to ensure systematic verification of supplier records. In cases where system integration is not possible, Organs of State must verify supplier records through the online CSD search function and attach a copy of the verification report to the procurement transaction.
- 3.9 Organs of State must ensure that suppliers awarded business with the State, excluding instances mentioned in paragraph 3.3, are registered on the CSD prior to award letter/purchase order/signed contract being issued.

4. SUBMISSION OF COMPLIANCE DOCUMENTS BY PROSPECTIVE SUPPLIERS

- 4.1 Organs of State need to notify bidders when sourcing price quotations or bids (open tenders) that they are not required to submit hard copies of compliance information as this information can be accessed and verified on the CSD in accordance with provisions of paragraph 3.8.
- 4.2 Organs of State must indicate in their Request for Bids that prospective suppliers must be register on CSD prior to submitting bids (open tenders).
- 4.3 Proof of registration, certification or accreditation with any industry or board not provided by the CSD must be verified through the submission of physical documentation and verified through manual procedures.

5. PROSPECTIVE SUPPLIERS' REGISTRATION SUPPORT

Organs of State must provide CSD registration support to prospective suppliers who are unable to self-register or require assistance with registration.

6. TAX STATUS REQUIREMENTS FOR PRICE QUOTATIONS AND COMPETITIVE BIDS

Accounting Officers/Authority must verify the tax compliance status of bidders on the CSD for all price quotations and competitive bids.

7. ACCESS TO THE CSD AS A USER BY DESIGNATED OFFICIALS

- 7.1 The National Treasury will grant access to Organs of State and their respective designated Official(s) on the CSD to identify prospective suppliers for price quotations and/or verify supplier's key information.
- 7.2 Accounting Officers and Accounting Authorities must utilise Organ of State System Account Application Form attached as Annexure A to request access rights on the CSD.

7.3 For legibility and accuracy purposes, the form must be completed electronically. The form may be accessed under buyer's area on the OCPO website/supplier management/documents: <http://ocpo.treasury.gov.za>.

7.4 Completed forms must be forwarded to business.support@csd.gov.za.

8. TRAINING AND SUPPORT REQUIREMENTS

8.1 All Training and support requirements need to be forwarded to business.support@csd.gov.za

8.2 For telephonic support the OCPO call centre can be contacted on 012 406 9222.

8.3 The National Treasury will facilitate access to the system and provide training.

9. APPLICABILITY

This SCM Instruction applies to all Departments, Constitutional Institutions and Public Entities listed in Schedule 2 and 3 to the PFMA.

10. REPEAL OF NATIONAL TREASURY PRACTICE NOTE AND REFERENCE

10.1 This instruction repeals:

- a) National Treasury SCM Instruction 4 of 2016/2017;
- b) Paragraph 5 and 6 of National Treasury practice note no 8 of 2007/2008 on threshold values for the procurement of goods, works and services by means of petty cash, verbal/written price quotations or competitive bids dated 29 November 2007;

10.2 The list of prospective suppliers referred to in paragraph 3.2 and 3.3 of the National Treasury practice note no 8 of 2007/2008 must be regarded as the list of prospective suppliers established through the CSD.

11. DISSEMINATION OF INFORMATION CONTAINED IN THIS INSTRUCTION

11.1 Heads of Provincial Treasuries are requested to bring the contents of this SCM Instruction to the attention of Accounting Officers and Supply Chain Management Officials of their respective provincial departments;

11.2 Accounting Officers of National and Provincial Departments are requested to bring the contents of this SCM Instruction to the attention of Supply Chain Management Officials in their Departments and Accounting Authorities that report to the Executive Authority of their Department.

11.3 Accounting Authorities of Public Entities listed in Schedules 2 and 3 of the PFMA are requested to bring the contents of this SCM Instruction to the attention of the Supply Chain Management Officials of their Public Entities.

12 NOTIFICATION TO THE AUDITOR-GENERAL

The Auditor-General will be notified of the contents of this Instruction.

13 AUTHORITY FOR THIS INSTRUCTION AND EFFECTIVE DATE

This SCM Instruction is issued in terms of section 76(4) (c) of the PFMA takes effect from 1 July 2016. Institutions that have adopted the implementation of the CSD before 1 July 2016, may continue to utilise the CSD.

14 CONTACT INFORMATION

Enquiries related to this Instruction may be directed to:

Tumelo Ntlaba

Director: Central Supplier Database

Phone: 012 315 5509

Email: tumelo.ntlaba@treasury.gov.za or csd@treasury.gov.za



KENNETH BROWN
CHIEF PROCUREMENT OFFICER

DATE: 19/5/2016.