



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

**TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS AND
 CONSTITUTIONAL INSTITUTIONS**

ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES

HEAD OFFICIALS OF PROVINCIAL TREASURIES

SCM INSTRUCTION 2 OF 2016/17

PROCUREMENT PLANS – SUBMISSION AND REPORTING

1. OBJECTIVE

The objective of this Treasury Instruction is to prescribe the requirements for the compilation, submission and amendments of procurement plans and the reporting thereon.

2. BACKGROUND

- 2.1 The Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) promotes economy, efficiency, effectiveness and transparency in the use of state resources and one of its key objectives is to eliminate waste and corruption in the use of public assets.
- 2.2 It has, however, come to light that improper supply chain management practices at some institutions are seriously undermining sound financial management, weakening the spirit and ethos of the PFMA and ultimately eroding scarce resources that are intended to improve service delivery. These improper practices include, amongst others, poor planning for the acquisition of goods and services resulting in the untimely procurement thereof.
- 2.3 The National Treasury therefore considered it prudent to introduce and enhance procurement plans as a tool to ensure that goods, works or services are delivered at the right time, at the right quantity and at the right quality. Procurement plans are also used

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to monitor acquisition and spending of goods, services and works within an institution over a financial year.

- 2.4 In order to improve service delivery, the accounting officer or accounting authority must align procurement plan with the institution's strategic objectives and priorities. The SCM strategy must therefore be focused to meet business needs in order to ultimately satisfy the delivery of effective services to communities.

3. SUBMISSION OF PROCUREMENT PLANS – FORMAT AND THRESHOLD VALUES

- 3.1 The accounting officer or accounting authority must -
- 3.1.1 Submit an approved annual procurement plan to the relevant Treasury by 31 March of each year;
 - 3.1.2 Align the procurement plan with the institution's budget and annual performance plan for a specific financial year;
 - 3.1.3 Include all expenditure on goods, works and services in excess of R500 000 (including VAT), per transaction, on the template whether or not the expenditure:-
 - 3.1.3.1 to be incurred is in terms of a transversal contract or by any other means;
 - 3.1.3.2 relates to items where the tender process has already commenced;
 - 3.1.3.3 is procured by the institution or through an agency; and
 - 3.1.4 Compile the procurement plan in the Microsoft Excel format and as outlined in template contained in Annexure A, to this Treasury Instruction; and
- 3.2 The National Treasury will publish the institution's bid opportunities on the website of the Office of the Chief Procurement Officer (OCPO) and www.etenders.gov.za.

4. QUARTERLY REPORTING ON THE PROCUREMENT PLANS

- 4.1 The accounting officer or accounting authority must -
- 4.1.1 Submit the quarterly reports to the relevant Treasury by the 15th of the month following the end of the quarter;
 - 4.1.2 Report in the format as outlined in template contained in Annexure B to this Treasury Instruction -

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- 4.1.2.1 Table 2 – Actual against the Procurement Plan. Institutions must report on the actual acquisitions concluded over the quarter.
 - 4.1.2.2 Table 3 – Institutions must report on all acquisitions concluded through the deviation procurement method.
 - 4.1.2.3 Table 4 – Institutions must report on all acquisitions concluded through the extension or variation of a contract; and
- 4.1.3 Table the reports (paragraph 4.1.2) on the status of the procurement plan of Provincial institutions at the provincial legislatures on a quarterly basis.
 - 4.1.4 Table the reports (paragraph 4.1.2) on the status of the procurement plan of National institutions in parliament on a quarterly basis.
 - 4.1.5 Submit reports to the provincial legislatures/ parliament by the 15th of the month following the end of the quarter.

5. AMENDMENTS TO THE PLANS

- 5.1 The accounting officer or accounting authority must –
 - 5.1.1 Approve any amendments to the original procurement plan;
 - 5.1.2 Submit the approved amended procurement plan, within 10 days calendar from approval, to the relevant Treasury.

6 APPLICABILITY

- 6.1 This Instruction applies to all institutions and public entities.

7. EFFECTIVE DATE

- 7.1 This Instruction takes effect from 01 May 2016.

8. INTERIM MEASURES

- 8.1 The date for submission of the procurement plans for the 2016 / 2017 financial year to the relevant Treasury is the 30 April 2016. The date for submission of the procurement plans for the 2017 / 2018 financial year to the relevant Treasury is 31 March 2017. Requirements of paragraph 3.1.1 will be applicable thereafter.

9. DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION

- 9.1 Head of Provincial Treasuries must bring the contents of this Treasury Instruction to the attention of all accounting officers and accounting authorities and Supply Chain Management officials of departments and public entities in their respective Provinces.
- 9.2 Accounting Officers of National and Provincial Departments and Constitutional Institutions are requested to bring the contents of this instruction to the attention of their Supply Chain Management officials and the Accounting Authorities of Public Entities reporting to their respective Executive Authorities.
- 9.3 Accounting Authorities of Public Entities must bring the contents of this Instruction to the attention of Supply Chain Management officials of their respective Public Entities.

10. AUTHORITY FOR THIS INSTRUCTION

- 10.1 This Instruction is issued in terms of section 76(4) (g) of the PFMA.

11. CONTACT INFORMATION

Enquiries related to this Treasury Instruction may be directed to:

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