



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

NATIONAL TREASURY SCM INSTRUCTION NO 4 OF 2016/2017

CENTRAL SUPPLIER DATABASE (CSD)

1. PURPOSE

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

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 2 and 3 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.
- 2.2 Section 76 (4) (c) of the PFMA further confers National Treasury to issue instructions applicable to all institutions to which the Act applies, concerning the determination of a framework for an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.
- 2.3 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.
- 2.4 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, thus National Treasury established the CSD in September 2015 to administer supplier registration and facilitate the verification of supplier information in respect of all goods and services procured.

3. UTILISATION AND ACCESS TO THE CSD AS A USER BY DESIGNATED OFFICIALS¹

3.1 The Accounting Officer/Accounting Authority must ensure that:

3.1.1 Suppliers of the department or public entity are registered on the CSD before any procurement related activity commences;

3.1.2 The CSD be utilised as the single and only list of prospective suppliers for the respective department or public entity; and

3.1.3 Designated official(s) are appointed and authorised to access the CSD as prescribed by the National Treasury.

4. ACCESS TO THE CSD AS A USER FOR DESIGNATED OFFICIALS

4.1 National Treasury will grant access to organs of state and their respective authorised designated official(s) on the CSD to identify prospective suppliers for quotes and/or verify supplier's key information through the following procedure:

4.1.1 Accounting Officers and Accounting Authorities or their delegated official must submit the Organ of State System Account Application Form, attached as Annexure A in order to obtain system and user access to the CSD.

4.1.2 For legibility and accuracy purposes the forms referred to in 4.1.1 must be accessed and completed electronically from the following link to National Treasury website:

http://ocpo.treasury.gov.za/buyers_Area

4.1.3 Accounting Officers and Accounting Authorities or their delegated official may only obtain access upon receipt and processing of system/user application forms for authorised designated official(s) of the department or entity.

5. REQUIRED PROCEDURES FOR SUPPLIER VERIFICATION IN TERMS OF ALL GOODS AND SERVICES PROCURED THROUGH QUOTATIONS

The Accounting Officer or Accounting Authority of all institutions to which this *SCM Treasury Instruction* applies must:

5.1 Invite and accept price quotations from prospective suppliers listed on the CSD.

¹ "Designated official(s)" means an official in the employ of an organ of state who have been granted access on the CSD to source quotations and verify key information.

- 5.1.1 The verification of the following key information for bids received:
- a) Business registration, including details of directorship and membership;
 - b) Bank account holder information;
 - c) In the service of the state status²;
 - d) Tax compliance status;
 - e) B-BBEE status level³;
 - f) Tender defaulting and restriction status;
 - g) Identity number; and
 - h) Any additional and supplementary verification information communicated by the National Treasury.
- 5.2 Include the mandatory requirement for prospective suppliers to be registered on the CSD in all Requests for Price Quotations and advertisements for procurement of goods and/or services.
- 5.3 Conduct a thorough market analysis to identify possible supplier(s) if it is not possible to obtain price quotations from the list of prospective suppliers registered on the CSD. The process must be properly documented and submitted to the Accounting Officer, Accounting Authority or an appropriately delegated official for approval. The identified supplier(s) must be registered on the CSD before orders are processed or contracts entered into by the institution.
- 5.4 Ensure that a supplier that has been contracted in respect of emergency procurement procedures of the department/entity that is not registered on the CSD, be registered as soon as possible but not later than 7 calendar days after the order was issued to the supplier.
- 5.5 Provide registration support to prospective suppliers that are unable to self-register or require assistance with registration.
- 5.6 Only award bids to suppliers after verifying that the supplier is registered as prospective suppliers on the CSD.
- 5.7 Not award bid(s) to any supplier registered as a prospective supplier on the CSD who is identified as being a tender defaulter.
- 5.8 Not extend any contract(s) for computerised database systems that record details of their prospective suppliers.

² *"in the service of the state"* this verification is only applicable to employees with *PERSAL numbers*

³ **Verification** of B-BBEE status level to be made available at a later stage.

- 5.9 Not institute any new computerised database systems for management of their list of prospective suppliers without prior written approval from National Treasury.

6 APPLICABILITY

This *SCM Treasury Instruction* applies to all departments, constitutional institutions and public entities listed in schedules of the PFMA.

7 REPEAL OF NATIONAL TREASURY PRACTICE NOTE AND REFERENCE

- 7.1 This instruction repeals 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.
- 7.2 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 supplies established through CSD.

8 EFFECTIVE DATE

This *SCM Treasury Instruction* takes effect from 1 May 2016.

9 DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION

- 9.1 Head officials of Provincial Treasuries must bring the contents of this *SCM Treasury Instruction* to the attention of all Accounting Officers/Accounting Authorities in their respective provinces.
- 9.2 Accounting Officers and Accounting Authorities at National level must bring the contents of this *SCM Treasury Instruction* to the attention of the relevant officials.

10 AUTHORITY FOR THIS INSTRUCTION

This *Treasury Instruction* is issued in terms of Section 76(4) (c) of the PFMA.

11 TRAINING, SUPPORT REQUIREMENTS AND CONTACT INFORMATION

- 11.1 All Training and support requirements need to be forwarded to business.support@csd.gov.za
- 11.2 For telephonic operational support the OCPO call centre can be contacted on [\(27 12\) 406 9222](tel:27124069222) or csd@treasury.gov.za
- 11.3 The National Treasury will facilitate access to the CSD system and provide training.
- 11.4 Enquiries related to this *SCM Treasury Instruction* may be directed to:

National Treasury SCM Instruction 4 of 2016/2017

Central Supplier Database

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CHIEF PROCUREMENT OFFICER

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