



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Enq: Jeyrel Soobramanian Tel: 012 315 5336 Fax:012 315 5343 Email:Jeyrel.Soobramanian@treasury.gov.za

- TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS AND
CONSTITUTIONAL INSTITUTIONS**
- : ACCOUNTING AUTHORITIES OF SCHEDULE 3A AND 3C
PUBLIC ENTITIES**
- : HEAD OFFICIALS OF PROVINCIAL TREASURIES**

SUPPLY CHAIN MANAGEMENT CIRCULAR

POSTPONING IMPLEMENTATION OF SUB-PARAGRAPH 3.9.4 IN INSTRUCTION NOTE NUMBER 32 DATED 31 MAY 2011, RELATED TO ENHANCING COMPLIANCE MONITORING AND IMPROVING TRANSPARENCY AND ACCOUNTABILITY IN SUPPLY CHAIN MANAGEMENT (SCM)

1 PURPOSE

- 1.1 This Circular serves to inform accounting officers and accounting authorities that sub-paragraph 3.9.4 in Instruction Note Number 32 dated 31 May 2011 has been postponed for implementation.
- 1.2 This postponement shall be for the period up until a revised Instruction Note is issued.

2. BACKGROUND

- 2.1 On 31 May 2011, the National Treasury issued Instruction Note No. 32 to, amongst others, improve accountability and provide supply chain management directives to accounting officers of departments and constitutional institutions and to accounting authorities of public entities listed in Schedules 3A and 3C to the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).
- 2.2 On 28 September 2011, the National Treasury issued a Circular postponing implementation of paragraphs 3.3, 3.4 and 3.5 as contained in Instruction Note 32 dated 31 May 2011 pending the issuance of a revised Instruction Note.
- 2.3 After consultation with departments and provincial treasuries, it has since come to light that sub-paragraph 3.9.4, as contained in Instruction Note 32 dated 31 May 2011, is also problematic for implementation.

3. POSTPONEMENT OF IMPLEMENTATION

3.1 Taking cognisance of paragraph 2.3 above, sub-paragraph 3.9.4, as contained in Instruction Note No. 32 dated 31 May 2011 is also postponed for implementation pending the issuance of a revised Instruction Note.

3.2 The sub-paragraph in question reads as follows:

Sub-paragraph 3.9.4

Any deviation in excess of these thresholds will only be allowed subject to the prior written approval of the relevant treasury. Whilst provision is made for deviations, it is imperative to note that requests for such deviations may only be submitted to the relevant treasury where good reasons exist.

3.3 Institutions are, however, required to forward motivations for all expansions in excess of the thresholds to the relevant treasuries and to the Auditor-General within 10 (ten) working days after the Accounting Officer or Accounting Authority has granted approval for the deviation.

3.4 Such motivations must include, among others, the contract number, the description of the contract, the name of the contractor, the original contract amount, the value and percentage of the deviation and the reasons for the deviation.

3.5 The relevant treasuries will scrutinize such reports and take appropriate action, if deemed necessary. This may include the investigation of any system of financial management and internal control in terms of sections 6(2)(e) and 18(2)(f) of the PFMA and the institution of financial misconduct proceedings in terms of Chapter 10 of the PFMA and Chapters 4 and 33 of the Treasury Regulations.

4. STATUS OF INSTRUCTION NOTE NUMBER 32 DATED 31 MAY 2011

With the exception of paragraphs 3.3, 3.4, 3.5 and sub-paragraph 3.9.4 all other provisions in Instruction Note No. 32 dated 31 May 2011 are still effective until a revised Instruction Note is issued.

5. APPLICABILITY

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

6. DISSEMINATION OF INFORMATION CONTAINED IN THIS CIRCULAR

6.1 Head Officials of Provincial Treasuries are requested to please bring the contents of this Circular to the attention of all accounting officers of their respective provincial departments.

6.2 Accounting officers of national and provincial departments are requested to please bring the contents of this Circular to the attention of accounting authorities of all Schedules 3A and 3C public entities reporting to their respective executive authorities.

7. NOTIFICATION TO THE AUDITOR-GENERAL

A copy of this Circular will be forwarded to the Auditor-General for notification.



SF NOMVALO
ACCOUNTANT-GENERAL

DATE: 24/04/2012

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