



**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

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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
Practice Note Number SCM 3 of 2004

**CHECKLIST FOR THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT AND MONTHLY
REPORTING OF SUPPLY CHAIN MANAGEMENT INFORMATION**

This practice note 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 practice note to all Chief Financial Officers of departments, constitutional institutions and public entities that fall under their jurisdiction.

- 1 The Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended by Act No. 29 of 1999) and the Regulatory Framework for Supply Chain Management that was promulgated on 5 December 2003 as Treasury Regulations in terms of section 76(4)(c) of the PFMA empowers the National Treasury, in consultation with provincial treasuries, to oversee and monitor the implementation of the supply chain management function and the achievement of government's broader policy objectives within all institutions to which the Regulatory Framework apply.
- 2 Paragraph 11 of the Regulatory Framework for Supply Chain Management prescribes the following regarding an institution's responsibility in respect of reporting of supply chain management information:
 - (1) The accounting officer or accounting authority of an institution to which these regulations apply must submit to the relevant treasury such supply chain management information as that treasury may require.
 - (2) A provincial treasury must submit to the National Treasury such supply chain management information as the National Treasury may require.

(3) Information referred to in subregulation (1) or (2) must be submitted to a relevant treasury in such format and at such intervals as that treasury may require."

3 Based on these prescripts, the National Treasury compiled and issued, a *Checklist for the implementation of Supply Chain Management* and a *Reporting Questionnaire for Supply Chain Management Information* to all institutions on 25 March 2004 and 27 May 2004 respectively.

4 Checklist for the implementation of Supply Chain Management

4.1 The purpose for the issuance of the *Checklist for the implementation of Supply Chain Management*, which was due to be submitted to the National Treasury by 1 June 2004, was to guide accounting officers / authorities in the implementation of supply chain management within their institutions and also to monitor their status regarding the implementation process with a view to providing assistance and guidance where necessary.

5 Reporting Questionnaire for Supply Chain Management Information

5.1 The National Treasury's aim for the issuance of the *Reporting Questionnaire for Supply Chain Management Information* was to, among others, provide the Minister of Finance with consolidated reports to enable him to regularly report to Cabinet and Parliament on the progress made in the public sector procurement reform process with the focus being on Black Economic Empowerment.

5.2 Institutions were required to submit reports in respect of each contract concluded for the months of April 2004 to June 2004 by 15 July 2004, thereafter, reports were to be submitted within 15 days of the end of each month for that month.

6 The National Treasury is, however, concerned with the unsatisfactory response received from institutions on both the *Checklist for the implementation of Supply Chain Management* and *Reporting Questionnaire for Supply Chain Management Information*. Reports have not been received from majority of the institutions.

This undesirable situation makes it impossible for the National Treasury to furnish Cabinet and Parliament with a reliable report on the status on supply chain management implementation and the progress made towards black economic empowerment in the area of government procurement.

Failure of the majority of institutions to submit the required information necessitates the issuance of this practice note as an instruction to provincial treasuries, departments, constitutional institutions and public entities to submit the information timeously.

The Office of the Auditor-General has undertaken to report on compliance with the requirements of this practice note.

7 To this end, the attached supply chain management implementation checklist and information reporting questionnaires are again issued to institutions.

- 7.1 Institutions that have already submitted the information required in terms of the *Checklist for the implementation of Supply Chain Management* may submit another return if their implementation status has changed since 1 June 2004. Institutions that have not submitted the required information to date must complete and submit the checklist to the National Treasury by 15 September 2004.
- 7.2 Institutions that have already submitted information required in terms of the *Reporting Questionnaire for Supply Chain Management Information* for contracts awarded for the months of April 2004 to June 2004 must submit reports for the months of July 2004 and August 2004 by 15 September 2004. Institutions that have not submitted any reports are required to submit reports on all contracts awarded for the months of April 2004 to August 2004 by 15 September 2004, thereafter, reports must be submitted within 15 days of the end of each month for that month.
- The information required must be submitted for all contracts awarded above the threshold value for verbal or price quotations. It is also recommended that the reporting questionnaire should be completed as and when each contract is concluded in order to ease the workload that may result if the questionnaire is completed only at the end of the relevant month.
- 8 The National Treasury envisages submitting the reports to Cabinet and Parliament by the end of September 2004. Non-compliance to the requirements of this practice note will also be captured in the reports.
- 9 The completed questionnaires must be submitted to the National Treasury for the attention of Mr Jan Breytenbach, Chief Director: Norms and Standards to Private Bag X 115, Pretoria, 0001 or by facsimile on (012) 326 5445 or by e-mail on jan.breytenbach@treasury.gov.za.
- 10 Any enquiries in this regard may be directed to Jeyrel Soobramanian or Dan Naidoo on telephone (012) 315 5336 or (012) 315 5348 respectively.
- 11 Your co-operation in this regard is appreciated.

Jan Breytenbach
J/A N BREYTENBACH
CHIEF DIRECTOR: NORMS AND STANDARDS
DATE: 2004/08/23

**CHECKLIST: IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT (SCM) WITHIN NATIONAL DEPARTMENTS/
NATIONAL PUBLIC ENTITIES/CONSTITUTIONAL INSTITUTIONS/PROVINCIAL DEPARTMENTS AND PROVINCIAL
PUBLIC ENTITIES**

NAME OF INSTITUTION: _____

KINDLY INDICATE N/A (NOT APPLICABLE) IF A QUESTION DOES NOT APPLY TO YOUR INSTITUTION

DUE BY: 15 SEPTEMBER 2004

Critical Performance Area	Basic Evaluation	Yes/ No	Actual Performance	Remarks
Accounting Officers (AOs)/Authorities (AAs)	1 Is your institution's SCM Unit established within the office of the CFO?			
Chief Executive Officers (CEOs)	2 Indicate the number of staff employed within the SCM unit? -Post approved -Post filled -Total salary costs (Total package)			
Chief Financial Officers (CFOs)	3 Have job descriptions been drawn up for each post within the SCM unit?			
	4 Has a detailed implementation plan for SCM been developed? If yes, is progress measured against it?			

Critical Performance Area	Basic Evaluation	Yes/ No	Actual Performance	Remarks
	<p>5 Has the institution provided for for all the elements of the SCM function (Demand management to Assessment of SCM performance?)</p> <ul style="list-style-type: none"> -Are needs assessment done before each acquisition? -Are the preferential policy objectives identified that could be met through each contract? -Are items codified? -Is the performance of vendors monitored? -Does the institution analyze whether proper processes are followed and desired objectives are reached? 			
	<p>6 Does the institution still require the services of the tender board? If no, confirm whether the structures are in place (e.g. bid adjudication committees/ written delegation) to operate outside of the tender board?</p>			

Critical Performance Area	Basic Evaluation	Yes/ No	Actual Performance	Remarks
	<p>7 Has the Accounting Officer's/Authorities Procedures been compiled in accordance with the SCM Regulatory documents (Policy Strategy, Framework Practice Notes and the Guide for AOs/AAs for SCM</p>			
	<p>8 Does your institution's bid/specification/evaluation committees comprise of cross-functional teams? How are the members identified?</p>			
	<p>9 Are bid documents compiled in accordance with the relevant Treasury's practice notes and directives?</p>			
	<p>10 Are evaluation and adjudication criteria included in the bid documents?</p>			
	<p>11 Are measures in place to ensure that all SCM practitioners are acquainted with SCM Code of Conduct issued by the National Treasury?</p>			

Critical Performance Area	Basic Evaluation	Yes/ No	Actual Performance	Remarks
	12 Have responsibilities (including values) been delegated to SCM practitioners/ committees in writing?			
	13 Is there a mechanism in place to verify bidders claims for preferences/ compliance to SARS/DITs requirements/ capabilities, etc. prior to the award of a contract?			
	14 Is procurement of goods and services de-centralized? If yes, indicate to what level?			
	15 How are decisions on bid awards documented?			
	16 Are bid advertisements and awards advertised in at least the Government Tender Bulletin?			
	17 What other methods are used to advertise bids to promote BEE?			
	18 How regularly is your data base for BEE suppliers updated?			

Critical Performance Area	Basic Evaluation	Yes/ No	Actual Performance	Remarks
	19 Is there a data base established for redundant/obsolete store items			
	20 What methods are used for the disposal of movable state assets?			
	21 Are de-briefing sessions held with unsuccessful bidders?			
	22 Are IT contracts arranged through SITA?			
	23 Are any contracts arranged through the Public Private Partnership (PPP) Unit? If yes, indicate values and projects			
	24 How are training needs for SCM practitioners determined?			
	25 What training programmes do you have in place?			
	26 Which training service providers are conducting or will be conducting SCM training at your institution?			

Critical Performance Area	Basic Evaluation	Yes/ No	Actual Performance	Remarks
	27 What are the cost implications for SCM training?			
	28 Does the institution require training in respect of the SCM function and PPPFA? If yes, indicate in what aspects?			
	29 Is a fraud prevention plan for SCM in place?			
	30 What strategy is in place regarding the implementation of the PPPFA and its Regulations?			

NAME OF INSTITUTION: _____

INFORMATION FURNISHED BY: _____

SIGNATURE: _____

DESIGNATION: _____

DATE: _____

REPORTING OF SUPPLY CHAIN MANAGEMENT INFORMATION

MONTHLY REPORTING QUESTIONNAIRE (To be completed for each contract awarded)

NB: Reports in respect of each contract awarded for the months of April 2004, to August 2004 must be submitted by 15 September 2004, thereafter, reports must be submitted within 15 days of the end of each month for that month.

1	Name of Department	
2	Contract Number	
3	Contract Date	
4	Contract Description	
5	Name of Contractor	
6	Percentage equity ownership by black persons (no franchise prior to elections) based on information furnished on Standard Bidding Document (SBD) 6.1	
7	Percentage equity ownership by black women based on information furnished on SBD 6.1	
8	Percentage equity ownership by white women based on information furnished on SBD 6.1	
9	Outsourced / subcontracted business to small businesses as a percentage of annual turnover based on information furnished on SBD 6.3, if applicable	
10	% local content of final product in relation to the bid price based on the information furnished on SBD 6.4, if applicable	
11	Total contract price [A]	R
12	Total price of lowest acceptable bid (price of bid scoring the highest points for price) [B]	R
13	Premium paid to promote specified goals [C = (A-B)]	R
14	Percentage premium paid (C/B X 100)	

INFORMATION FURNISHED BY:----- DATE:-----

SIGNATURE:----- DESIGNATION:-----