



**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

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**TO ALL :ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS
:HEAD OFFICIALS OF PROVINCIAL TREASURIES
:ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES 3A & 3C TO
THE PFMA**

SUPPLY CHAIN MANAGEMENT: THRESHOLD VALUES FOR THE PROCUREMENT OF GOODS AND SERVICES BY MEANS OF PETTY CASH, VERBAL / WRITTEN PRICE QUOTATIONS AND COMPETITIVE BIDS

1 PURPOSE

The purpose of this circular is to obtain proposals from national and provincial departments, constitutional institutions and public entities listed in schedules 3A and 3C to the PFMA regarding the threshold values for the procurement of goods and services by means of petty cash, verbal / written price quotations and competitive bids.

2 CURRENT THRESHOLD VALUES

2.1 Practice note number SCM 2 of 2005 dated 10 May 2005 issued by the National Treasury in terms of Treasury Regulation 16A6.1 prescribes that accounting officers / authorities should apply the following threshold values when procuring goods and services:

Range of Procurement	Threshold value (Including VAT)
Petty cash	Up to a value of R2 000
At least three verbal or written quotations	Above the value of R2 000 but not exceeding R10 000
Written price quotations	Above the value of R10 000 but not exceeding R200 000
Competitive bids	Above the value of R200 000

2.2 These thresholds may be lowered, but not increased.

3 REVISION OF THRESHOLD VALUES

3.1 The National Treasury has received numerous requests from institutions for the revision of these threshold values.

3.2 These thresholds which are applicable uniformly throughout all spheres of government were last determined in May 2005. In the spirit of co-operative governance, it has been decided that the requests for revision be considered through a collaborative process.

- 3.3 To this end, accounting officers / authorities are invited to submit proposals on the revised threshold values that should be applied when procuring goods and services by means of petty cash, verbal / written price quotations and competitive bids. It is imperative that accounting officers / authorities submit their proposals for the different values with detailed motivations. The proposals together with the motivations will be used to concertedly consider the possible revision of the current threshold values.

4 SUBMISSION OF PROPOSALS

Accounting officers / authorities are kindly requested to submit their proposals on the attached return template by **not later than 02 April 2007** to the National Treasury. Proposals should be forwarded to Mr JAN Breytenbach, Chief Director: Norms and Standards, Private Bag X 115, Pretoria, 0001 or by facsimile on (012) 3265445 or e-mail to jan.breytenbach@treasury.gov.za.

5 DISSEMINATION OF INFORMATION

- 5.1 Heads of Provincial Treasuries are requested to please bring the contents of this letter to the attention of accounting officers of their provincial departments.
- 5.2 Accounting officers of national and provincial departments are requested to please bring the contents of this circular to the attention of accounting authorities of Schedule 3A and 3C public entities reporting to their respective executive authorities.

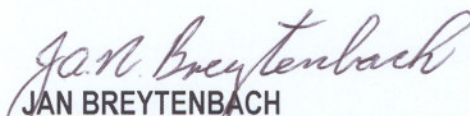
6 CONTACT PERSON

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JAN BREYTENBACH
CHIEF DIRECTOR: NORMS AND STANDARDS
DATE: 2007/02/23.

SUPPLY CHAIN MANAGEMENT

THRESHOLD VALUES FOR THE PROCUREMENT OF GOODS AND SERVICES BY MEANS OF PETTY CASH, VERBAL / WRITTEN PRICE QUOTATIONS AND COMPETITIVE BIDS

NAME OF INSTITUTION: _____

CONTACT PERSON: _____

E-MAIL: _____

TELEPHONE: _____

(TO BE SUBMITTED TO THE NATIONAL TREASURY BY 02 APRIL 2007)

Range of Procurement	Threshold Value (Including VAT) as prescribed in Practice Note Number SCM 2 of 2005	Proposed Threshold Value (Including VAT)	*Motivation for Proposed Threshold Value
Petty Cash	Up to a value of R 2 000		
At least 3 verbal or written quotations	Above the value of R2 000 but not exceeding R10 000		
Written price quotations	Above the value of R10 000 but not exceeding R200 000		
Competitive Bids	Above the value of R200 000		

*Motivations may be submitted as an attachment to this template.