



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

**PFMA SCM INSTRUCTION NO. 13 OF 2026/27
PUBLIC FINANCE MANAGEMENT ACT
(ACT 1 OF 1999)**

PROCURING GOODS OR SERVICES FROM ANOTHER ORGAN OF STATE

TO ALL:

ACCOUNTING OFFICERS OF DEPARTMENTS
ACCOUNTING OFFICERS OF CONSTITUTIONAL INSTITUTIONS
ACCOUNTING AUTHORITIES OF SCHEDULE 2 AND 3 PUBLIC ENTITIES
HEAD OFFICIALS OF PROVINCIAL TREASURIES

1. PURPOSE

This Instruction is issued to enable institutions to procure goods or services from another organ of state without following a competitive bidding process while ensuring cost-effectiveness.

2. DEFINITIONS

In this Instruction, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in the Public Finance Management Act, 1999 (Act No. 1 of 1999 – “the PFMA”) or the Treasury Regulations, published on 15 March 2005 (“the Regulations”), has the same meaning assigned to it in the PFMA or the Regulations, and—

“institution” means—

- (a) a national or provincial department including a national or provincial government component;
- (b) a public entity listed in Schedule 2 or 3 to the PFMA; or
- (c) a constitutional institution listed in Schedule 1 to the PFMA; and

“organ of state” has the meaning assigned to in section 239 of the Constitution of the Republic of South Africa, 1996.

3. BACKGROUND

- 3.1 The PFMA provides for the economic, efficient, effective and transparent use of state resources. Consequently, one of the key responsibilities for accounting officers and accounting authorities in terms of sections 38 and 51 of the PFMA respectively, is to establish and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.
- 3.2 There are organs of state that are permitted by law to provide goods or services to other organs of state. If any such organ of state is able to provide the required goods or service to an institution cost-effectively and timeously, the institution should be allowed to procure the goods or service directly from that organ of state without following an open competitive bidding process.
- 3.3 For purposes of the application of this Instruction, a departure from regulation 16A.6.4 of the Regulations, for the institutions that it applies to, was approved in terms of section 79 of the PFMA.

4. PROCURING GOODS OR SERVICES FROM OTHER ORGANS OF STATE

- 4.1 The accounting officer or accounting authority of an institution may, subject to this paragraph, procure goods or services from another organ of state without following an open competitive bidding process, if it is cost-effective and that organ of state—
- (a) is permitted by law to provide the goods or services; or
 - (b) in the case of the non-core goods or services listed in the Annexure, is able to provide that goods or services.
- 4.2 The institution may procure goods or services from an organ of state referred to in paragraph 4.1 if the organ of state gives a written undertaking that it—
- (a) is permitted by law to provide the goods or services; and
 - (b) will not—
 - (i) subcontract more than 50% of the total value of the goods or services; and
 - (ii) apply a mark-up in respect of any goods or services it subcontracts.
- 4.3 The accounting officer or accounting authority of an institution must—
- (a) in writing, record the reasons for its decision to procure goods or services in terms of paragraph 4.1 based on a suitability and cost-effectiveness assessment and the required delivery date; and

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- (b) enter into a written agreement with the organ of state to regulate the terms, including terms envisaged in paragraph 4.2, conditions and delivery of the goods or services.

4.4 The accounting officer or accounting authority of an institution must provide in its Supply Chain Management policy for processes to be followed in procuring goods or services from another organ of state.

4.5 The accounting officer or accounting authority of an institution must, within 14 days after the conclusion of the agreement referred in paragraph 4.3(b), report the information on the eTenders portal at www.etenders.gov.za.

5. MONITORING

The relevant treasury must monitor and assess the implementation of this Instruction by institutions.

6. APPLICABILITY

This Instruction applies to all departments, including government components, constitutional institutions and public entities listed in Schedule 2 and 3 to the PFMA.

7. EFFECTIVE DATE

7.1 This Instruction takes effect on 14 September 2026 and shall remain in force for a period of one year from the effective date.

7.2 Any agreement concluded in terms of this Instruction during the period referred to in paragraph 7.1 will continue for the duration of that agreement despite lapsing of this Instruction.

8. DISSEMINATION OF INFORMATION

8.1 The accounting officers of national departments and constitutional institutions must bring the contents of this Instruction to the attention of—

- (a) chief financial officers, heads of supply chain management and supply chain management officials of their respective institutions; and
- (b) all accounting authorities of public entities reporting to the executive authority of their respective departments.

8.2 Heads of provincial treasuries must bring the contents of this Instruction to the attention of accounting officers of their provincial departments and accounting authorities of the provincial public entities with the request that the information

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contained herein be disseminated to all chief financial officers, heads of supply chain management and supply chain management officials of their respective institutions.

- 8.3 The accounting authorities of Schedule 2 and 3 public entities must bring the contents of this Instruction to the attention of the chief financial officers, heads of supply chain management and officials of their public entities.

9. AUTHORITY

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

10. CONTACT INFORMATION

Enquiries pertaining to the contents of this Instruction may be directed to:

Email: cpo@treasury.gov.za



DR DUNCAN PIETERSE
DIRECTOR-GENERAL

DATE: 09/09/26

cc: Auditor-General South Africa

ANNEXURE
Non-core goods or services

1. Conference facilities and mandatory goods and services associated with the use of those facilities.