



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

**PFMA SCM CIRCULAR NO. 05 OF 2026/27
PUBLIC FINANCE MANAGEMENT ACT
(ACT 1 OF 1999)**

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT COMPLIANCE RISK ASSESSMENT AND MONITORING TOOL

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 circular provides for a Supply Chain Management (SCM) Compliance Risk Assessment and Monitoring tool (CRAM) that is aimed at:

- (a) improving the level of compliance with SCM prescripts by institutions subject to the Public Finance Management Act, 1999 (Act No.1 of 1999 – 'PFMA'), by identifying and assessing procurement risks and their impact;
- (b) focusing on the limited resources in compliance monitoring plan that will reduce the abuse of the SCM system; and
- (c) ensuring value for money.

2. BACKGROUND

- 2.1 In terms of section 6(2)(a) of the PFMA, the National Treasury must prescribe uniform treasury norms and standards. This includes, among others, prescribing norms and standards to prevent the abuse of the SCM system and the enforcement thereof.
- 2.2 Section 38 of the PFMA provides for responsibilities of the accounting officers (AO), whereas section 51 of the PFMA provides for the responsibilities of the accounting authorities (AA) which include that AO/AA must ensure effective, efficient and transparent systems of financial management as well as a procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.
- 2.3 Non-compliance with SCM prescripts by institutions undermines sound financial management and ultimately erodes scarce resources that are intended for public service delivery.

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- 2.4 Therefore, AO/AA must establish mechanisms to identify the risks and internal control weaknesses in their SCM systems, and to develop mitigating strategies and controls.
- 2.5 Several SCM reforms have been introduced in the South African public sector. To ensure and improve implementation of these reforms and that all decisions taken are in accordance with section 217 of the Constitution, it is important that to understand the risks associated with non-compliance and their implications so that the efforts to address them are focused and coordinated.
- 2.6 The National Treasury has therefore taken an initiative to develop and implement the Compliance Risk Assessment and Monitoring ('CRAM tool') for use of institutions that are subject to the PFMA.
- 2.7 Though the use of the CRAM tool is discretionary, institutions are encouraged to use the tool since it will enable relevant treasury to identify the challenges and mitigate them before issuing an instruction in terms of section 76 of the PFMA for compulsory implementation of the CRAM tool.

3. SUBMISSION OF CRAM TOOL ASSESSMENT

- 3.1 AO/AA that utilises the CRAM tool are encouraged to:
 - 3.1.1 submit an annual SCM compliance risk and assessment report to the relevant treasury by 31 March of each financial year in a format determined by the National Treasury; and
 - 3.1.2 complete the SCM CRAM tool in Microsoft Excel Format as outlined in the SCM CRAM tool accessible on the Office of the Chief Procurement Officer (OCPO) website <https://ocpo.treasury.gov.za/>.

4. QUARTERLY REPORTING ON ANNUAL RISK ASSESSMENT

AO/AA that utilise the CRAM tool are encouraged to submit quarterly monitoring and improvement plan report on the annual SCM risk and assessment report in a format determined by the National Treasury, to the relevant treasury by the 15th of the month following the end of the quarter.

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5. INTERIM ARRANGEMENTS

The CRAM tool will be implemented in a phased approach. It is recommended that institutions start utilising the CRAM tool from 1 September 2026. AO/AA that utilises the CRAM tool are encouraged to submit the first completed assessment on 01 October 2026 only for 2026/27 financial year.

6. MONITORING

The relevant treasury must monitor and assess the implementation of this circular by institutions that utilise the CRAM tool.

7. APPLICABILITY

This circular applies to departments, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA that utilise the CRAM tool.

8. EFFECTIVE DATE

This circular take effect on 1 September 2026.

9. DISSEMINATION OF INFORMATION

- 9.1. The AOs of national departments and constitutional institutions must bring the contents of this circular 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.
- 9.2. Heads officials of provincial treasuries must bring the contents of this circular to the attention of accounting officers of their provincial departments and accounting authorities of the provincial public entities with the request that the information contained herein be disseminated to all chief financial officers, heads of supply chain management and supply chain management officials of their respective institutions.
- 9.3. The AAs of Schedule 2 and 3 public entities must bring the contents of this circular to the attention of the chief financial officers, heads of supply chain management and supply chain management officials of their public entities.

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10. SUBMISSIONS AND ENQUIRIES INFORMATION

Submissions of the completed CRAM tool must be directed to: SCM: Governance
Monitoring and Compliance:

Email: scmgmc1@treasury.gov.za

Enquiries pertaining to the contents of this circular must be directed to: SCM:
Governance Monitoring and Compliance:

Email: SCMCRAMTool@treasury.gov.za



**DR DUNCAN PIETERSE
DIRECTOR-GENERAL**

DATE: 25/06/26