national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ANNEXURE 2

FACTSHEET ON CENTRAL SUPPLIER DATABASE FOR GOVERNMENT

Introduction

Currently no single consolidated comprehensive supplier database exists for national, provincial and local government causing duplication and fragmentation of supplier information across spheres of government. In addition, information related to the compliance requirements are duplicated during procurement processes, compliance requirements during processing of payments and audit procedures to name but a few, financial management activities dependent on supplier information.

The establishment of a Central Supplier Database (CSD) will result on a single database to serve as the source of all supplier information for national, provincial and local government. The purpose of government's Central Supplier Database (CSD) is to reduce duplication of effort and cost for both business and government while enabling electronic procurement processes.

What happens on 1 April 2015?

By 1 April 2015, infrastructure and business processes will be in place to initiate development of the Central Supplier Database (CSD) application and supplier self-registration functionality for businesses. Primary interfaces to South African Revenue Service (SARS) to enable tax clearance status verification of suppliers throughout the Procure-to-Pay process as well as an interface to the Companies and Intellectual Property Commission (CIPC) will enable automated vetting of business registration and business ownership. Five (5) additional interfaces will be added:

- Bank account verification (BankServ / Safety Web);
- Verification of non-CIPC suppliers (ID numbers at Home Affairs);
- Government employee verification (PERSAL, PERSOL, E-declarations, Municipal payroll);
- BBBEE information (IRBA and SANAS); and
- Verification of supplier information with the register for tender defaulters and database of restricted suppliers.

The CSD will also allow suppliers to register commodities in which their businesses trade and specialise in order to be aligned to the functionality of the Integrated Financial Management System (IFMS) which government is currently developing.

When interfaces are ready, departments and municipalities will be able to make use of the CSD in the following way:

- Departmental Subscriptions to Suppliers;
- Distribution of Supplier Information to departments, municipalities and public entities;
- Self-registration of suppliers;
- Centralised Audit of supplier records;
- Categorise suppliers in terms of participation capacity (manufacturer, distributor, importer, repairer, professional services, etc.

What are the benefits?

- Once off supplier self-registration for whole of government from September 2015;
- Single source of supplier information thus no multiple registrations;
- Reduce and eliminate duplication of supplier registration effort;
- Allow for complex supplier structures and cross ownership;
- Available to National, Provincial and Local government;
- Automated distribution of supplier information to subscribers based on commodities;
- Controlled access to information;
- Standardised and automated vetting of supplier:
    - Tax clearance status;
    - Business registration and business ownership;
    - Bank account and bank account holder;
    - Citizen identity number;
    - BBBEE;
    - Government employee verification; and

- Register for tender defaulters and database of restricted suppliers.

Current database

Departments, municipalities and public entities will be requested to ensure that data on the approximately 600 existing databases is complete, validated and compliant to the data standards of the CSD. The transfer of existing supplier database will take place from 1 April 2015 to 31 March 2016. Government's LOGIS system users will be first to migrate to CSD and thereafter users operating on other ERP or eProcurement systems will follow.

What category of suppliers should register?

All suppliers doing business with government should be registered on the Central Supplier Database by 1 April **2016**. This includes the following types:

- PTY (LTD)
- Closed Corporations;
- Sole proprietors
- Individuals
- International Companies
- NGOs (Section 21 Companies)
- Joint Ventures;
- Partnerships;
- Public Company (LTD)
- Government/Public Entities (e.g. SAA, Eskom)
- Trusts/Consortiums

What will be required for suppliers to register?

Suppliers who are currently registered on a supplier database of any organ of state will be automatically transferred to the supplier database by 31 March 2016. Notification will be sent by email, cellphone, fax or correspondence through postal service depending on the suppliers registered contact detail. Upon expiry of a supplier's compliance information (tax and BEE certificates etc), a supplier would need to renew their supplier status to be able to retain their status on the CSD.

Suppliers that choose not to make use of web based self-registration function will be able to liaise with departments, municipalities or public entities to facilitate their registration on the CSD.

New suppliers will have the option to make use of the self-registration portal of the CSD from 1 September 2015. The following would be amongst the required information/documents:

- Completion of supplier registration information (Name, address, contact details etc);
- Valid tax clearance certificate;
- Valid BEE registration certificate;
- Valid CIPC registration;
- Identification documents of owners, partners, joint ventures etc;
- Bank account details;
- Commodities in which the supplier trade;

What are the timelines for registration?

Suppliers currently on any database of organs of state need to maintain their records through the manual systems until 31 March 2016. An automatic migration to the CSD will commence in August 2015 and communication will be submitted to a supplier requesting validation of information once migration is completed.

All new suppliers will be able to register from 1 September 2015 via the CSD portal. It should be noted that a supplier will have to comply with all the requirements necessary to transact with government (valid tax certificate, BEE certificate etc)

What happens to the existing Supplier Databases in departments?

Existing databases will be in effect until 31 March 2016. Suppliers will be required to register with departments per usual practice while migration to the CSD takes place. It is estimated that approximately 600 different supplier database in government will be migrated to the CSD. Organs of state will be accepted to the CSD dependant on the integrity of their data.

How will suppliers be categorised?

All suppliers will be required to complete the information above and must ensure it is complete, accurate and comprehensive. An application will be submitted and issued with a temporary vendor number. Once information has been verified with South African Revenue Services (SARS), Companies and Intellectual Property Commission (CIPC), Dept. of Home Affairs, Black Economic Empowerment (BEE) registration entities etc, a permanent vendor number will be allocated and communicated to the supplier.

Categorisation of suppliers will be based on the following:

- Subscription by departments, municipalities and entities (A department, municipality or entity must subscribe or select a supplier to form part of that particular entities' suppliers)\
- Good standing in respect of compliance requirements;
- Registered commodity types the supplier listed upon registration.

What is the impact?

The benefit for private sector will be red tape reduction and administrative effort to do business with government. Compliance requirements will be easy to meet for suppliers that are in good standing on the various compliance requirements. It will also be possible to systematically verify if information submitted is indeed correct and compliant to regularity requirements of various pieces of legislation.

For government officials the benefit would be a significant reduction in compliance burden and would eliminate the duplication of effort and cost of receiving, validating and maintaining supplier registration information.

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