

## OVERVIEW

### PROMULGATION OF A FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

#### **1 *Policy To Guide Uniformity In Procurement Reform Processes In Government***

- 1.1 On 10 September 2003, Cabinet approved the adoption of a Policy Document, titled "*Policy To Guide Uniformity In Procurement Reform Processes In Government*" that points out the direction that Government is moving towards in the implementation of supply chain management within Government.
- 1.2 This policy strategy is intended to guide the uniform implementation of Government's procurement reform initiatives and the issuing of Regulations in terms of Section 76 (4) (c) of the PFMA in respect of the Framework for Supply Chain Management.
- 1.3 Accounting officers / authorities are required to establish and implement a supply chain management function that promotes sound financial management and uniformity in all spheres of government.

#### **2 *Regulations in Terms of Section 76 (4) (c) of the Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended by Act 29 of 1999) (PFMA): Framework for Supply Chain Management***

- 2.1 The Minister of Finance approved the promulgation of the Regulatory Framework for Supply Chain Management which applies to all national and provincial departments and trading entities, constitutional institutions and public entities listed in Schedules 3A and 3C to the PFMA.
- 2.2 The Framework is published in the Government Gazette Number 25767 dated 5 December 2003 as Government Notice Number 7837 as part of Treasury Regulations in terms of Section 76 (4) (c) of the PFMA.
- 2.3 This Framework, which takes effect from 5 December 2003, serves as a formal requirement to accounting officers / authorities to ensure the implementation of the supply chain management process as an integral part of their financial systems.
- 2.4 It also requires accounting officers / authorities to develop and implement an effective and efficient supply chain management system and to establish a separate supply chain management unit within the chief financial officer's structure of his / her department / institution to deal with supply chain management. The Framework deals with various aspects of supply chain management.
- 2.5 The Regulations also empowers the National Treasury to issue practice notes that address relevant supply chain management topics with a view to ensuring uniform minimum norms and standards within government.
- 2.6 The National Treasury has issued practice notes that relate to, among others, general conditions of contract and standardized bidding documents, appointment of consultants, code of conduct for supply chain management practitioners and threshold values for the invitation of price quotations and competitive bids.

- 2.7 The National Treasury will continue to facilitate the arrangement of transversal term contracts for the procurement of goods / services required by more than one client department, provided that the arrangement of such contracts is both cost-effective and in national interest. National departments and provincial departments through their relevant treasury may opt to participate in the transversal contracts facilitated by the National Treasury. Should a client department opt to participate in any such contract, no similar contracts may be arranged by any of the participating departments during the tenure of such contract.
- 2.8 Policy outcomes that determine the success of Government's procurement reforms should be monitored by the various treasuries and regular reports in this regard should be forwarded to the relevant executive authorities.

### **3 *Amendment to the State Tender Board Act Regulations to empower Accounting Officers to Arrange their own Ad Hoc Tenders***

- 3.1 An amendment to Regulations issued in terms of the State Tender Board Act, 1968, (Act No. 86 of 1968), has also been promulgated in the *Government Gazette*. Where before, the Regulations required that procurement of all goods and services must be done **only** through the State Tender Board, the amended Regulations now allow for accounting officers of national departments to procure goods and services either through the State Tender Board or alternatively in terms of the Public Finance Management Act, No. 1 of 1999 (as amended by Act 29 of 1999) (PFMA).
- 3.2 The promulgated amendment is in line with the intention of the PFMA which empowers accounting officers to manage their departments and accept full responsibility and accountability for all expenditures incurred by his / her department.
- 3.3 The amendment to the State Tender Board Regulation has been promulgated in terms of Section 13 of the State Tender Board Act, No. 86 of 1968 in the *Government Gazette* Number 25766 dated 5 December 2003 as Government Notice 7836

### **4 *General***

- 4.1 The promulgation of the above-mentioned Regulations allows national departments an option to arrange their *ad hoc* tenders through the State Tender Board, or alternatively in terms of the PFMA. This "dual system" will be available to accounting officers at national level until such time that the State Tender Board Act is repealed.
- 4.2 At provincial level the various tender board acts will also be ultimately repealed and the various provincial tender boards will be dismantled. In some provinces this phased process has already commenced and certain provincial tender boards have already been dismantled.
- 4.3 Copies of the Regulations in Terms of Section 76 (4) (c) of the Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended by Act 29 of 1999) (PFMA): Framework for Supply Chain Management and Amendment to the State Tender Board Act Regulations to empower Accounting Officers to Arrange their own Ad

Hoc Tenders are available from the Government Printing Works, Bosman Street, Private Bag X 85, Pretoria, 0001, telephone number (012) 334-4507.

- 4.4** Should accounting officers have any inquiries regarding the implementation of supply chain management within his / her department, the Chief Director: Supply Chain Policy, Mr Henry Malinga may be contacted at telephone number (012) 315 5502 or by e-mail at [henry.malinga@treasury.gov.za](mailto:henry.malinga@treasury.gov.za).

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