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LOGISTICS ASSETS AND DISPOSALS

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**To : DEPUTY DIRECTOR GENERALS
CHIEF DIRECTORS
DIRECTORS
ALL KZN DOE OFFICIALS**

SUPPLY CHAIN CIRCULAR NUMBER 3 OF 2024

SUBJECT: DIRECTIVE ON CENTRALISATION OF PROCUREMENT FOR OFFICE INVENTORY AND CONSUMABLES

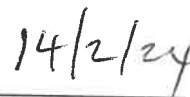
1. KZN Doe through its Head office and District offices manages inventory Items that are consumed within the office environment in supporting operational requirements of the Department. It has come to the attention of Head office that not all inventory is procured through the stores at each respective office, thus generating significant challenges in accounting and reporting for the Department on Inventory.
2. **The Public Finance Management Act (Act No. 1 on 1999) prescribes that the Accounting Officer for a Department must:**
 - 2.1 Be responsible for the effective, efficient, economical, and transparent use of the resources of the Department. [S38(1)(b)];
 - 2.2 Take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct. [S38(1)(c)(ii)];
 - 2.3 Manage available working capital efficiently and economically [S38(1)(c)(ii)]; and
 - 2.4 Be responsible for the management, including the safeguarding and the maintenance of the assets, and for the management of the liabilities, of the Department. [S38(1)(d)];
3. **Furthermore, in terms of the Treasury Regulations, the Accounting Officer must:**
 - 3.1 Take full responsibility and ensure that proper control systems exist for assets and that:
 - a) Preventative mechanisms are in place to eliminate theft, losses, wastage and misuse; and
 - b) Inventory levels are at an optimum and economical level [paragraph 10.1.2].
4. Considering the legislative requirements and the effective management and reporting of Office inventory and consumables the procurement of all Office Inventory and Consumables will be done Centrally through the respective Stores, at Head office and District Offices.
5. The Department will publish a catalogue of items that are managed and issued through stores, and these items will be procured as and when Re-order Levels prompt or on an urgent basis if the need arises.
6. A request signed by Responsibility Managers for any item not available in the catalogue but identified as a need, must be submitted to the central store for processing and procurement.

CENTRALISATION OF PROCUREMENT FOR OFFICE INVENTORY AND CONSUMABLES

7. NO Inventory Items listed or not listed in the catalogue may be procured by individual Directorates and Sub-Directorates at Districts and Head Office, directly as this will not be processed by SCM but rather referred to the Stores section for consideration.
8. The Department endeavors to ensure that **Optimum inventory levels** are maintained to meet demand and ensure that reporting requirements on the financial statements are adhered to, and information is accurate.
9. The Department has been inundated with Auditor General queries on the splitting of purchase orders emanating from various orders being raised for procuring the same items or services. To address this the Department has resolved to implement strategic sourcing by opting to appoint term contracts for each District and Head office for the supply of Office Stationery, Printing paper and cleaning materials and other consumable items for a specified period. These contracts will be appointed to take effect in the next Financial Year.
10. Centralization procurement will in effect:
 - a. Provide the Department with the ability to leverage significant reductions in prices, assisting the dire cash flow situation.
 - b. Obtain better services at lower costs and increased purchasing power.
 - c. Allow for Technical, products and services standardisation.
 - d. Improved contract management and problem resolution.
 - e. Ensure the Department Improves transparency, reporting, management, and audit trails.
11. The introduction of Supply Chain Management (SCM) and Inventory Management Framework (IMF) have necessitated the review of the inventory management function in all government Departments.
12. paragraph 1.4 of the IMF States categorically that each entity must set its own policies and procedures based on this framework.
13. The Directorate: Logistics Assets and Disposals will monitor the submission of the above information and Responsibility Managers are kindly requested to adhere to this Directive.
14. Kindly bring the contents of this Directive to the attention of all your staff.



Mr. GN Ngcobo
Head of Department KZN Education



Date