



education

Department:

Education

PROVINCE OF KWAZULU-NATAL

Enquiries: Ms UN Maikoo

Reference: 5/1/1

Date: 15-08-2013

To: All Senior General Managers
General Managers
Head Office Managers & Staff
District Managers & Staff

SUPPLY CHAIN MANAGEMENT CIRCULAR NO. 59 OF 2013

RE: REQUESTS FOR SUPPLY CHAIN MANAGEMENT DEVIATIONS IN TERMS OF TREASURY REGULATION 16A6.4

1. The KwaZulu Natal Department of Education 2012/2013 Auditor General's report raises serious concerns in regard to Supply Chain Management deviations in terms of Treasury Regulation 16A6.4.
2. Consequently the Departments irregular expenditure in 2012/13 was in excess of R220 million and amongst others formed part of the basis of the qualified opinion issued by the Auditor General.
3. Treasury Regulation 16A6.4 read in conjunction with the National Treasury Practice Note No. 06 of 2007/08 provides for the procurement of goods and services by means other than competitive bidding if it is "impractical to invite competitive bids", for example in the case of "emergencies" or a "sole supplier".
4. This provision is therefor intended for cases of emergency where immediate action is necessary to avoid a perilous or life threatening situation or if the goods and services required are produced or available from sole service providers. The reasons for such actions must be recorded and have merit supported by the necessary and authentic validations by way of proof of sole services/goods and emergencies.
5. Notwithstanding Treasury Regulation 16A6.4 being intended for cases of emergency or where goods and services are available from sole service providers, it is apparent that in the case of the KwaZulu Natal Department of Education that this provision in law is deliberately applied to circumvent the required competitive bidding process largely due to the failure of Responsibility Managers to plan ahead for procurement needs in line with strategic and operational commitments.



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6. An effective system of supply chain demand management requires an accounting officer or accounting authority to ensure that the resources required to support the strategic and operational commitments of an institution are properly budgeted for and procured at the correct time. Planning for the procurement of such resources must take into account the period required for competitive bidding processes which would generally require forward planning of a year (12 months) prior to effective date of bid/s required. Hence as an example if goods/services are required in 2014/2015 by way of a competitive bidding process i.e. goods equal to and R500 000, 00, the bid process must commence in 2013/2014.
7. It must therefore be emphasised that a lack of proper procurement planning does not constitute a reason for dispensing with prescribed bidding processes.
8. With due regard to and cogniscance of the above, all Responsibility Managers in the Kwazulu Natal Department of Education are hereby directed to ensure that Treasury Regulation 16A6.4 is utilised strictly to procure goods and services of critical importance and only in specific cases when it is impractical to invite competitive bids. Treasury Regulation 16A6.4 should therefor under no circumstances be used as a vehicle to minimize unspent funds or to compensate for poor forward planning of procurement requirements.
9. All Treasury Regulation 16A6.4 SCM deviation requests must therefor with immediate effect be referred to the departments Bid Adjudication Committee via the Head Office SCM Manager (Mrs MMLS Mkhize), for consideration/deliberation and recommendations to the Accounting Officer. As you are aware only the Accounting Officer in the KwaZulu Natal Department of Education is permitted to approve such deviations.

10. The format for submissions is as follows:

- (a) **Purpose** : Request for Treasury Regulation 16A6.4 deviation in regard to ?.
- (b) **Background** :
 - (i) Stipulate requirements/goods/services
 - (ii) Reasons why it is impractical to procure via a normal bidding process.
 - (iii) Why does the case constitute an emergency and if it is an emergency state what is perilous or life threatening about such case.
 - (iv) If impractical, what makes the case impractical e.g. in the case of library material/ LTSM titles are unkown, content in terms of curriculum compliance with national norms maybe unkown, specialised equipment, hazardous material/ equipment may requires a proper selection process to avoid non-compliance in terms of national curriculum requirements, hazardous equipment or material if not according to SABS could be hazardous or perilous to learner safety etc.

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beyond the call of duty



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(v) If sole provider of goods/services is asserted then proof of patent/ product certification/system certification from the SABS must be submitted or valid proof thereof from a recognised body or institution must be referred to and attached as proof to such requests.

- (c) **Financial Implications** : Responsibility Managers must illustrate financial implications fully and confirmation by way of detailed costing of goods/ services are required. Do not simply state budget allocation.
- (d) **Recommendation** : recommendations of the end user/Responsibility Manager
- (e) **Supported/not supported** : line function General Manager
- (f) **Supported/not supported** : line function Senior General Manager
- (g) **Comments** : Chief Financial Officer (All 16A6.4 requests must go via the Chief Financial Officer for comments as well)
- (h) **Recommendations** : BAC Chairperson
- (i) **Approved/not approved** : Head of Department

11. Please note that for the purposes of the proper tabling of such matters and reporting thereof, all Treasury Regulation 16A6.4 SCM deviations, must be submitted in the format proscribed above to the SCM Manager – Head Office Mrs MMLS Mkhize, who will enter ALL requests into a Treasury Regulation 16A6.4 SCM deviations register and then table requests before the Bid Adjudication Committee for consideration and recommendations, to the Accounting Officer. The referral to the SCM Manager must be made following step (f) above, i.e. after the relevant SGM has signed the request.
12. Requests for participation in National and Provincial transversal contracts must also follow the same route given that such requests are also considered as deviation/s from departmental SCM processes.
13. Non-compliance with the requirements stated above will result in cases being returned to Responsibility Managers.



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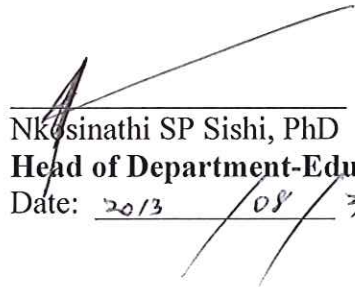
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14. The effective date of this communication is 01 September 2013 and the contents thereof are applicable to all staff concerned. Responsibility Managers are therefor urged to communicate this circular to all staff under his/her control.


Nkosingathi SP Sishi, PhD
Head of Department-Education

Date: 2013 / 08 / 30