

Submitted to	Mr. Saki Zamxaka					
	Chief Executive Officer					
Submitted to	GEP EXCO					
Submitted to	GEP Management					
Submitted to	GEP Employees					
Submitted by	Mr. Godfrey Masindi					
	Manager: Supply Chain Management					
Subject	SCM Circular 1 of 2022/23: 1. Payment of contracts invoices and Contract performance; 2. Revised and Completeness of Purchase Requisition; 3. Revised and approved SCM Policy and 4. Clarity on the use of GEP service provider's database 5. Timelines to process payment of submitted Invoices					
Reporting date	14 April 2022					
Request	Approval	X	Noting		Discussion	

1. PURPOSE

The purpose of this circular is to communicate Finance updates; SCM processes requirements; mandatory use of CSD on procurement activities; requirements for payments support of contracts invoices; and request for proper completion of purchase requisitions prior sending to SCM for processing and to provide clarity on the use of GEP service provider database.

2. BACKGROUND

2.1. Contract Management: SCM observed with concerned lack of contract management; contract performance and monitoring. Majority of Irregular Expenditure in GEP, emanates from contracts overruns. Contract Management is the responsibility of End User as the consumer of

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services or goods and SCM as the initiator and source of process of acquiring required goods and services. It is important that contract performance; deliverables; service level agreement and invoicing of the contracts are monitored and managed timeously to avoid contracts overrun; compromised quality of services and or goods delivered and violation of SLA agreed clauses.

2.2. Purchase Requisition: SCM receives purchase requisition that are not completed in full and with no delegated officials signatures as per the purchase requisition template. Concerns and challenges posed by these incomplete or unsigned purchase requisitions are that SCM Unit is expected to source signatures on behalf of end user which unfortunately create unnecessary burden to SCM and delays the sourcing function. Purchase Requisitions are sent to SCM with unclear and ambiguous specifications or terms of reference which in turn, leads to unacceptance proposals and or poor quality of goods received. SCM is available to guide on creating objective specifications; render advisory service on acceptable evaluation criteria where necessary and or applicable.

2.3. Revised and approved SCM Policy: GEP's SCM Policy signed on the 07 October 2016, has been pronounced by Auditor General of South Africa as it has not been aligned with relevant minimum SCM provisions issued by National Treasury. SCM reviewed; revised and updated SCM Policy in line with National Treasury SCM provisions including latest Instruction note 2 of 2021/22, of which it has been approved by the board on the 23 August 2021. However, in the current days there are several SCM provisions issued by National Treasury and Gauteng Provincial Treasury which necessitate revision to SCM policy. SCM awaits GPT guideline, thus far.

2.4. Clarity on the use of GEP service provider's database: SCM have been inundated with request for database forms and received completed database forms to register service providers on GEP Database. In clarifying the request from potential service providers to be registered in GEP database, SCM brings the content of Instruction note 4A of 2016/2017 which is applicable to GEP, paragraph 3.2. which stipulates that accounting officers and accounting authorities must not award any bid for price quotations to a bidder(s) not registered on the CSD. Therefore, no

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procurement activity will identify service provider that are not on CSD and potential service providers are encouraged to register on CSD if they wish to do business with Government. SCM uses CSD to source suitable service providers for required goods and services.

2.5. Timelines to process payment of submitted Invoices: Finance in recent days realized influx of invoices to be processed with immediate or urgent payment expected to be effected. Some of the invoices were dated as old as quarter 1,2 and 3 respectively. The occurrence of urgent invoices to be process, does not afford Finance team enough time to review and apply controls to ensure correctness and accurate processing of invoices.

3. MEASURES TO INTENSIFY FINANCE INTERNAL CONTROL

(a) SCM requests that all contracts are monitored through performance measurement template. The template should be completed by designated person from the End User unit and submitted to SCM on a quarterly basis (Annexure A). Performance Measurement will enable SCM to ascertain intervention required and improve communication with internal stakeholder and service provider.

(b) New Purchase Requisition Template has been developed and End User should ensure that is completed in full including budget confirmation before it is handed over to SCM for processing. End User to ensure that specifications for required goods or services are clear; stipulate required performance of required goods and or conformance to specific standards and not ambiguous to enable SCM to source suitable relevant and prospective suppliers without difficulties. Unsigned purchase requisition will not be accepted unless there is email confirming that relevant signatories will sign when back to the office.

(c) Central Supplier Database is the only legislated database to source suitable service provider for SCM process.

(d) Finance Unit will create an invoice-email where all invoices from service providers appointed through SCM process or contracts arranged through procurement. All received invoices will be directed to end for approval and confirmation of goods and or service received.

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e) End-user should return back to Finance approved invoice within 2 days of receipt of the invoice and Finance will implement a minimum of two (2) days to process submitted invoices.

4. DISSEMINATION OF SCM CIRCULAR 1 OF 2022/23

Dissemination of information contained in this circular is for Chief Executive Officer approval; GEP EXCO for support and implementation; GEP Management for support and implementation and GEP Officials for support and implementation.

Submitted by:

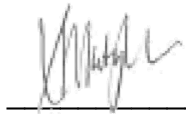


Godfrey Masindi

Manager: Supply Chain Management

Date: 11 May 2022

Supported by:

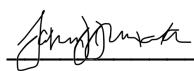


Xolelwa Matyila

Acting Chief Financial Officer

Date: 11/5/2022

Approved by:



Saki Zamxaka

Chief Executive Officer

Date: 5/12/2022

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