



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

Ref : S12/2/1/15
Enq. : Ngobeni M.J
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To : **Director: Communication Services**
From : **Director: Infrastructure Management**

**SUBJECT : REQUEST TO PUBLISH THE LIMPOPO GUIDELINE FOR
INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT
ON THE LIMPOPO PROVINCIAL TREASURY WEBSITE**

National Treasury has developed the Standard for Infrastructure Procurement and Delivery Management (SIPDM) SCM policy guideline, effective from 01 July 2016 issued in terms of the instruction note no. 4 of 2015/2016 (attached). The SIPDM from the date of effect is applicable to all departments, constitutional institutions and public entities listed in Schedule 2 and 3 of the PFMA; any organ of state, as defined in section 239 of the Constitution, which implements infrastructure projects on behalf of government.

The Limpopo Provincial Treasury coordinated the development of the Limpopo SCM Model Policy Guideline for Infrastructure Procurement and Delivery Management in line with SIPDM. The Head of Provincial Treasury approved the final version on 24 February 2017 for implementation and applicability to all departments and public entities within Limpopo Province.

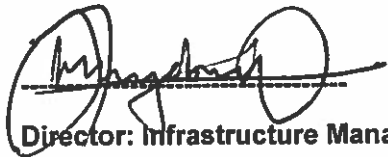
The Limpopo SCM Model Policy Guideline for Infrastructure Procurement and Delivery Management hard copy was issued to all departments and public entities within Limpopo Province on 28 April 2017 (letter attached) to which PFMA is applicable.

In a letter dated 28 April 2017 issued to all departments the Provincial Treasury has committed to publish the electronic copy for accessibility and downloading by infrastructure officials.

It is against this backdrop that we request your office to publish the electronic copy on the departmental website for accessibility to all departments.

Your office will advise on the process to be followed once approval is granted.

Kind regards,



Director: Infrastructure Management

Date 07/07/2017

Ismini Towers, 46 Hans Van Rensburg Street. POLOKWANE, 0700, Private Bag X9486, POLOKWANE, 0700
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PROVINCIAL TREASURY

MEMO

TO: ALL HEADS OF DEPARTMENTS

FROM: HOD FOR LIMPOPO PROVINCIAL TREASURY

SUBJECT: IMPLEMENTATION OF THE STANDARD FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT (SIPDM)

HOD kindly find the attached hard copy of the Limpopo Standard for Infrastructure Procurement and Delivery Management (SIPDM) SCM Policy Guideline for your attention. Provincial Treasury has developed this policy guideline in conjunction with all provincial departments. It is approved for implementation by all provincial departments and state owned enterprises to which the PFMA is applicable. As you may know this SIPDM is currently applicable to all provincial departments and Provincial SOEs, since 1st July 2016.

Please note that your department is to be audited on the SIPDM under the following three focus areas for the financial year 2016/17:

1. Whether your department has applied control frameworks and obtain and record approval / acceptance at gates?
2. Whether your department has put in place agency agreements, if required?
3. Whether your department has put in place SCM policy in line with the new Standard for Infrastructure Procurement and Delivery Management (SIPDM)?

Provincial Treasury is therefore advising your Department in terms of the envisaged SIPDM Audit Approach particularly in terms of the SCM policy matter, to do the following:


1. If your department is being assisted via the support of GTAC or has been developing its own policy from the proforma policy sent out in April 2016. The policy should be approved before the end of May 2017.
2. Your department may alternatively adopt this policy guideline together with your current SCM policy. Proof of this acceptance should be forwarded to the HOD for Provincial Treasury before or by the 30th May 2017.
3. Departments are free to develop their own policies during the forthcoming financial year in line with the guideline.

Please note that Provincial Treasury is looking at ways in which it can support provincial departments in the implementation of the SIPDM. This support will also be considerate of the municipal level of government in terms of the MFMA.

Provincial Treasury will also put this policy guideline on their website for downloading by officials. It is too large to send via the normal email. Please visit the site on (<http://home.limtreasury.gov.za>).

Your cooperation on this matter is appreciated

Kind Regards



GAVIN PRATT (HEAD OF DEPARTMENT)
LIMPOPO PROVINCIAL TREASURY

DATE: 28/04/2017

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national treasury

Department
National Treasury
REPUBLIC OF SOUTH AFRICA

- TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS**
- : ACCOUNTING OFFICERS OF CONSTITUTIONAL INSTITUTIONS**
 - : ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES 2 AND 3 TO THE PFMA**
 - : HEAD OFFICIALS OF PROVINCIAL TREASURIES**

NATIONAL TREASURY INSTRUCTION NO. 4 OF 2015/2016

STANDARD FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT

1. PURPOSE

- 1.1 The purpose of this Treasury Instruction is to prescribe through a Standard for Infrastructure Procurement and Delivery Management (Annexure A);
- (a) a control framework for the planning, design and execution of infrastructure projects, the tracking of such projects and the monitoring of performance which:
 - (i) enables risks to be proactively managed;
 - (ii) is capable of being audited; and
 - (iii) is aimed at ensuring that any infrastructure acquired or to be acquired provides value for money;
 - (b) a control framework for infrastructure procurement;
 - (c) requirements for the following as it relates to infrastructure procurement and delivery management:
 - (i) institutional arrangements;
 - (ii) demand management;
 - (iii) acquisition management;
 - (iv) contract management;
 - (v) logistics management;
 - (vi) disposal management;
 - (vii) reporting of supply chain management information;

Standard for Infrastructure Procurement and Delivery Management

- (viii) regular assessment of supply chain management performance; and
 - (ix) risk management and internal control; and
- (d) minimum standards for infrastructure procurement.

2. BACKGROUND

2.1 The South Africa's National Development Plan 2030: *Our future – make it work* proposes that the following five areas must be focused on in designing a procurement system that is able to better deliver value for money, while minimising the scope for corruption:

- (a) differentiating between the different types of procurement which pose different challenges and require different skills sets;
- (b) adopting a strategic approach to procurement above the project level to balance competing objectives and priorities rather than viewing each project in isolation;
- (c) building relationships of trust and understanding with the private sector;
- (d) developing professional supply chain management capacity through training and accreditation; and
- (e) incorporating oversight functions to assess value for money.

2.2 National Treasury's Public Sector Supply Chain Management Review, 2015 expresses the view that supply chain management (SCM) is one of the key mechanisms enabling government to implement policy which traditionally has been misunderstood and undervalued. This Review, which identified the need for SCM reform, suggests that if such reforms are implemented as envisaged in terms of section 217 of the Constitution, the benefits will be enormous, which include:

- (a) good-quality service delivery will be increasingly possible with significant improvements in the welfare of South Africa's citizens, especially the poor who rely heavily on government for support;
- (b) the economy will grow as economic infrastructure is expanded and efficiently maintained;
- (c) goods, services and infrastructure will be procured at lower costs;
- (d) innovation will result in different approaches to the commodities used in some sectors; and
- (e) for suppliers, the cost of doing business with the State should decrease substantially.

2.3 Public procurement that is unrelated to infrastructure delivery typically relates to goods and services that are standard, well-defined and readily scoped and specified. Once purchased, goods invariably need to be taken into storage prior to being issued for use. Services most often involve routine, repetitive services with well understood interim and final deliverables that do not require strategic inputs or decisions to be made regarding the fitness for purpose of the service outputs.

Standard for Infrastructure Procurement and Delivery Management

- 2.4 In contrast, procurement relating to the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure covers a wide and diverse range of goods and services, which are required to provide or alter the condition of immovable assets on a site. Accordingly, the procurement process for the delivery of infrastructure involves the initial and subsequent recurring updating of planning processes at a portfolio level flowing out of an assessment of public sector service delivery requirements or business needs. Thereafter it involves planning at a project level and the procurement and management of a network of suppliers, including subcontractors, to produce a product on a site. There is no need to store and issue materials or equipment unless these are issued to employees responsible for the maintenance or operation of infrastructure, or which are issued free of charge to contractors for incorporation into the works.
- 2.5 Infrastructure delivery is the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure. There is an urgent need to separate supply chain management requirements for general goods and services from those for infrastructure delivery in order to improve project outcomes.
- 2.6 Underlying the separation of the supply chain management systems is the notion that the effective and efficient functioning of the supply chain management system for infrastructure delivery will realise value for money and good-quality service delivery. Value for money may be regarded as the optimal use of resources to achieve the intended outcomes. Underlying value for money is an explicit commitment to ensure that the best results possible are obtained from the money spent or maximum benefit is derived from the resources available.

3. PLANNING, DESIGN, PROCUREMENT AND EXECUTION OF INFRASTRUCTURE PROJECTS

- 3.1 Accounting officers and accounting authorities must, in the planning, design, procurement or execution of infrastructure projects, -
- (a) implement the National Treasury Standard for Infrastructure Procurement and Delivery Management, as contained in Annexure A; and
 - (b) develop a suitable supply chain management policy for infrastructure procurement and delivery management.

4. APPLICABILITY

- 4.1 This Treasury Instruction applies to:
- (a) all departments, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA;
 - (b) any organ of state, as defined in section 239 of the Constitution, which implements infrastructure projects on behalf of institutions referred to in (a).

5. EFFECTIVE DATE

This *Treasury Instruction* takes effect from 1 July 2016.

6. DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION

- 6.1. Head officials of provincial treasuries are requested to bring the contents of this *Treasury Instruction* to the attention of all accounting officers of departments in their respective provinces.
- 6.2. Accounting officers of departments and constitutional institutions and accounting authorities of public entities listed in Schedules 2 and 3 to the PFMA must bring the contents of this *Treasury Instruction* to the attention of chief financial officers and supply chain management officials of their respective institutions.
- 6.3. Accounting authorities of public entities must bring the contents of this *Treasury Instruction* to the attention of chief financial officers and supply chain management officials of their respective entities.

7. AUTHORITY FOR THIS TREASURY INSTRUCTION

This *Treasury Instruction* is issued in terms of section 76(4)(c) of the PFMA.

8. CONTACT INFORMATION

Enquiries related to this *Treasury Instruction* may be directed to:

Kenneth Brown
Chief Procurement Officer
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Email: Kenneth.Brown@treasury.gov.za



JAYCE M NAIR
ACTING ACCOUNTANT-GENERAL

DATE: 6 November 2015