



Web Based Central Supplier Database (CSD)

Purpose

The purpose of this Circular is to inform municipalities and municipal entities of the web based Central Supplier Database (CSD) for the registration of prospective suppliers to assist in performing validation functions of key supplier information.

This Circular furthermore aims to raise awareness of the CSD solution which was launched on 01 September 2015. The system will become fully effective on 1 April 2016 for all national departments and public entities listed in Schedule 2 and 3 of the Public Finance Management Act.

The transitional period for local government is from 1 April 2016 to 30 June 2016. The CSD will therefore be fully effective for municipalities and municipal entities from 1 July 2016.

Background

It is imperative that municipalities operate effective financial systems to enable presentation of credible information on a timely basis for internal and external use and in this regard to also avoid possible contravention of Section 217 of the Constitution.

Section 5 of the Municipal Finance Management Act (MFMA) enables the National Treasury to investigate any system of financial management and internal control in a municipality or municipal entity and recommend appropriate improvements. This relates to all financial applications, including those used for revenue, expenditure, supply chain management, assets and liability management, payroll and accounting, etc.

On 12 November 2014, Cabinet resolved that the Office of the Chief Procurement Officer (OCPO) should accelerate SCM reforms by modernising the procurement function, which includes, among others:

- Finalising the alignment of the legal framework with appropriate reforms;
- Simplifying, standardising and automating procurement activities across all spheres of government;
- Modernising SCM technology and up-scaling the use thereof.

The problems experienced with current decentralised and fragmented procurement systems have been identified, among others, as follows:

- Not realising the benefits from leveraging on economies of scale;
- Multiple policy objectives;
- High cost of doing business- burden to SMME;
- Fraudulent Tax Clearance and BBBEE Certificates;

- Poor supply chain performance;
- Not achieving value for money;
- High cost of procurement;
- Misaligned organisational structures;
- Limited SCM capability and capacity;
- High rates of movement and staff vacancies;
- Pervasive corruption;
- Weak procurement systems;
- A lack of oversight and good governance practices;
- Increasing irregular expenditure;
- Inadequate internal controls;
- Non-compliance

Engagement with Stakeholders

Over the past eighteen months the national and provincial treasuries have undertaken extensive stakeholder consultation as part of raising awareness of the CSD. Various stakeholder engagements have been held as well as a meeting between the Chief Procurement Officer and the South African Local Government Association (SALGA) Municipal Finance Working Group Structures to discuss the public sector supply chain management reforms including explaining the benefits of the web based CSD.

In November 2015, the National Treasury undertook engagements with system vendors to determine their system compatibility to integrate with the CSD to avoid interruption to institutions of government. Further engagements were held in February 2016, where all service providers were requested to share progress and discuss challenges in relation to integration and system simulation to ensure seamless integration.

Training of Service Providers and Supply Chain Practitioners

The National Treasury in partnership with the Provincial Treasuries have developed and facilitated online self-registration training for service providers and user search for supply chain officials. The table below provides a list of provincial training sessions that are underway. Further training will be provided upon request.

DATES	PROVINCES
07-08 March	Eastern Cape
08-09 March	Gauteng
09-10 March	Free State
14-15 March	North West
14-15 March	Limpopo
14-15 March	Mpumalanga
17-18 March	Kwazulu Natal
29 March	Northern Cape

Transitional Period

During the transitional period of 1 April 2016 to 30 June 2016, Accounting Officers of municipalities and municipal entities are required to encourage their respective local suppliers to register on the CSD. Suppliers can use the following link to register: www.csd.gov.za.

Secondly, municipalities and municipal entities are encouraged to meet with and request their respective system vendors to ensure that they follow the National Treasury Integration Job Aid file which will ensure that the municipal financial system are integrating with the CSD. Obtainable from the following http://ocpo.treasury.gov.za/Buyers_Area/Pages/Supplier-Management.aspx

Thirdly, Accounting Officers of municipalities and municipal entities should ensure that their supply chain management and other officials utilize the CSD online search engine. This will be arranged by the provincial treasuries.

Submission of Documents by Bidders

With effect from 1 July 2016, Municipalities and Municipal Entities must use the CSD supplier number starting with (MAAA) which is auto generated by the Central Database System after successful registration and validation of the prospective provider as mandatory requirement as part of listing criteria for accrediting prospective provider in line with Section 14(1)(b) of the Municipal Supply Chain Management Regulations.

The CSD will automatically validate the following registration documents for Municipalities and Municipalities;

- Confirmation and status of Business Registration Documents
- Proof of Bank Account Registration
- Tax compliance status
- Employee in the service of state as defined in the Municipal SCM Regulations with information only available in the PERSAL system at this time, namely National and Provincial officials
- Identity Documentation
- Tender defaulters and restrictions status

The following aspects are work-in-progress and further information will be provided once systems have been upgraded after consultation with relevant stakeholders:

- BBEE Status (not yet available, municipalities are required to continue with their current and existing process)
- CIDB (not yet available, municipalities are required to continue with their current and existing process)
- Municipal Account status (not yet available, municipalities are required to continue with their current and existing process)

It is the responsibility of the Municipality to continue with verification of other listing criteria which are not currently validated by CSD, for instance, proof of municipal accounts.

Conclusion

This MFMA circular provides details of the SCM reforms underway and is applicable to all municipalities and municipal entities.

It is the responsibility of the Accounting Officers to bring the contents of this circular to the attention of the Municipal Council, Chief Financial Officer, Supply Chain Management officials and other stakeholders, including suppliers. The Office of the Auditor-General has been informed of these reforms.

Enquiries relating to this Circular may be directed to:

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