



OFFICE OF THE HEAD OF DEPARTMENT

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INTERNAL CIRCULAR NO 11 OF 2023/24

APPLICABLE TO	DDG PROGRAMME MANAGERS CHIEF DIRECTORS DIRECTORS INCLUDING DISTRICT DIRECTORS ALL OFFICIALS IN THE VALUE CHAIN OF PROCUREMENT OF GOODS, SERVICES, AND INFRASTRUCTURE ALL EMPLOYEES IN THE EASTERN CAPE DEPARTMENT OF EDUCATION
SUBJECT	CIRCULAR NO. 11 OF 2023/24 - COST CONTAINMENT MEASURES
EFFECTIVE DATE	IMMEDIATELY

1. OBJECTIVE

1.1. The objective of this correspondence is to repeal **Circular No. 08 of 2022/23 – COST CONTAINMENT MEASURES** for the Eastern Cape Department of Education hereafter referred to as the ‘ECDOE’ and issue **Circular No. 09 of 2023/24** in line with **National Treasury Instruction Notes and Circular 49 of 2023 of DPSA** which must be enforce with immediate effect.

1.1.1. National Treasury Instruction Note No. 03 of 2017/18 COST CONTAINMENT MEASURES.

1.1.2. National Treasury Instruction No. 07 of 2022/2023 COST CONTAINMENT MEASURES RELATED TO TRAVEL AND SUBSISTENCE (repealing Instruction Note No. 4 of 2017/18 – Cost Containment Measures)

- To prescribe cost containment measures related to travel and subsistence to be implemented by accounting officers and accounting authorities.

1.1.3. PFMA SCM INSTRUCTION NO. 06 OF 2022/2023 PUBLIC FINANCE MANAGEMENT ACT (ACT 1 OF 1999) (repealing instruction note no. 2 of 2017/18)

- To determine minimum norms and standards for official business trips both domestically and internationally.



1.1.4 **DPSA CIRCULAR NO 49 OF 2023 issued out the following directives:**

DPSA and the Offices of the Premiers will be responsible for guiding and monitoring the implementation of the Directive in the Public Service by:

- Providing advice, guidance, and support services to departments regarding the requirements of the Directive.
- Assessing motivation for creating or filling certain critical posts in line with the criteria in the Directive.
- Verify the availability of funding over the MTEF period with National or Provincial Treasury Budget analysts.
- Maintaining a register of requests for concurrence and issuing unique authorization numbers for creating or filling concurred vacant posts.
- Monitor compliance with the Directive.

1.2. To give effect and regulate cost containment measures in terms of expenditure incurred by the ECDOE in the process of carrying out its mandate and discharging its duties for purposes of service delivery.

2. LEGISLATIVE MANDATE

2.1. *Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) 'Section 38(1)(c)(iii)' and National Treasury Instruction No. 03 of 2017/18* which both make it a prime requisite for *Accounting Officers* to:

- take effective and appropriate steps to manage the available working capital of their respective institutions efficiently and economically.
- to implement control measures to ensure that all expenditure in their respective institutions is necessary, appropriate, cost-effective and is recorded and reported, as prescribed by the relevant legislative framework.
- In giving effect to this requirement, the Accounting Officer is also responsible for ensuring that all employees are mindful of the current economic realities and the need to intensify efforts to improve efficiency in expenditure.'

3. IMPLEMENTATION OF CIRCULAR NO. 11 OF 2023/24 COST CONTAINMENT MEASURES

3.1. To give effect to the implementation of amended ***Circular No 11 of 2023/24 Cost Containment Measures*** the ECDOE has established a ***Departmental Expenditure Management and Monitoring Committee*** herein after referred to as the '**DEMCM**' which constitutes the following representatives:

- 3.1.1. The Chief Financial Officer
- 3.1.2. The Chief Director Supply Chain Management,
- 3.1.3. The Chief Director Management Accounting,
- 3.1.4. The Chief Director Human Resource Management,



- 3.1.5. The Chief Director Internal Audit,
 - 3.1.6. Cluster Chief Directors
 - 3.1.7. All Programme Managers,
 - 3.1.8. Chief Director Strategic Planning,
 - 3.1.9. Chief Director Communications,
 - 3.1.10. Director Financial Planning,
 - 3.1.11. Director ICT,
 - 3.1.12. Director Risk Management,
 - 3.1.13. Director Legal Services,
 - 3.1.14. Director Internal Control.
- 3.2.** The primary purpose of the DEMMC is to reduce the ECDOE's budget deficit by managing and controlling the expenditure for all goods and services including infrastructure projects as well as uncontrolled COE related expenditure.
- 3.3.** In the beginning of each financial year (April – June) no normal procurement was considered until *all* accruals are paid in the ECDOE from the budget of the 2023/24 financial year.
- 3.4.** All Programme Managers and Responsibility Managers are required to ensure that before committing on new expenditures all contractual liabilities are funded first until the end of the financial year.
- 3.4.1. District Offices or Head Offices Directorates with accruals to be paid are required to report on a weekly basis on progress and status of their accruals. It must be emphasized that all accruals needed to be settled by 31 July 2023 by ensuring confirmation of availability of funds.
- 3.5.** The LOGIS functions to generate purchase orders are assigned to SCM officials at District level and Head Office as delegated by the Accounting Officer, however any deviation identified by the LOGIS Controller will warrant repeal of delegated function with immediate effect.
- 3.6.** The LOGIS function will now being activated through a formal request through a written application to the Director Demand and Acquisition as part of the increased delegations and decentralization of functions.
- 3.7.** For services that were rendered without a purchase order in the previous financial year/s, District Directors and Programmes must declare them with justifiable reasons as to why services were rendered without a purchase order and apply consequences management through a formal disciplinary hearing to officials who have been found to have contravened the Supply Chain Management Regulations.



- 3.8. All Programme Managers and Responsibility Managers are required to ensure that all contractual obligations and payment of all money owing, including intergovernmental claims, within the prescribed or agreed period as required by section **38(1) (f) of the PFMA** are paid. The prescribed timeframe for settlement of contracts or other agreement and payment of creditors is 30 days from receipt of an invoice or, in a case of civil claims, from the date of settlement or court judgment in line with Treasury Regulation 8.2. **National Treasury Instruction No. 4 of 2022/2023.**
- 3.9. All Programme Managers and Contract Owners are required to review their existing contracts to identify any inefficiencies including services which they can function without and/or deferred to the next financial year, to enable the Contract Management Unit to facilitate the process of re-negotiating the terms of reference or scope or period of contracts with affected service providers. A guiding template annexed hereto as **Annexure A** is attached to guide the process.
- 3.10. Contract Management processes must be adhered to as prescribed in **Circular No. 4 of 2023/24 Regularizing Contract Management and Utilization of Contracts.**
- 3.11. All specifications presented to the Bid Specification Committees must not commit or compel the ECDOE to procuring services or goods but must rather be drafted in such a way that, goods or services are procured on as and when required basis and dependent on budget availability.

4. COST CONTAINMENT MEASURES

- 4.1.1. The engagement and request of professional service providers (Consultants) must be prevented as far as possible. Consultants must be appointed only where it is a cost-effective alternative to the utilization of staff employed by the ECDOE on approval by the HOD.
- 4.1.2. The appointment of consultants must be supported by a motivated business case setting out an analysis of the underlying skills gap and a diagnosis of requirements and specified deliverables, as approved by the accounting officer or accounting authority.
- 4.1.3. Bid documentation for the appointment of consultants must include a clause that indicates rates of remuneration will be subject to negotiation, not exceeding the applicable rates as contained in the guidelines referred to in paragraph below:
- 4.1.4. The "Guideline on Fees for Audits done on behalf of the Auditor-General of South Africa (AGSA)" as issued by the South African Institute of Chartered Accountants (SAICA);



- 4.1.5. The "Guide on Hourly Fee Rates for Consultants", as issued by the Department of Public Service and Administration (DPSA); and/or Consultants must, where practical, be appointed on an output-specified basis, subject to a clear specification of deliverables and associated remuneration.
- 4.1.6. Where consultants are appointed on a time and cost basis, this must be accompanied by regular monitoring and reporting on activities, outputs, and deliverables.
- 4.1.7. Contract Owners who have consultants in their contracts must ensure that
- 4.1.8. Appropriate monitoring and reporting requirements are set for all consultancy contracts and that penalty provisions are invoked when deemed necessary.
- 4.1.9. Procurement of photocopy paper must be done through Government Printers unless there is no availability, however, prices must not exceed the prices indicated in the Price Index provided by National Treasury and those of Government Printers.
- 4.1.10. Procurement of stationery must be done through the Provincial Treasury transversal contracts as issued out to all departmental employees dated 22 August 2023 as per departmental Circular No 09 of 2023/24.
- 4.1.11. Where applicable prices for goods and services must adhere to the Price Index as issued by National Treasury.
- 4.1.12. Procurement of goods and services must be executed in line with applicable SCM Policy, SCM Delegations of Authority and applicable Treasury Regulations and thresholds.

5. Catering Expenses

- 5.1.1. The ECDOE must not incur catering expenses for internal meetings¹, unless approved otherwise by the **Head of Department**.
- 5.1.2. Notwithstanding the provisions of paragraph 5.1.1 above, ECDOE programmes may incur catering expenses for official engagements that last for six (6) continuous hours or more, including: -
 - 5.1.2.1. The hosting of conferences, workshops, indabas, forums, recruitment interviews, training sessions or hearings.

¹For purposes of applying this paragraph of the Circular, meetings held with employees from the same institution who are not based at the centre where the meeting is being held are not considered as internal meetings.



- 5.1.2.2. Meetings related to commissions or committees of inquiry; or meetings hosted by the Accounting Officer, including governance committee meetings.
 - 5.1.2.3. The cost for catering must not exceed **R360 ,00 per person per day all inclusive** all other costs relating to catering must adhere to the relevant Treasury Price Index and SCM must ensure adherence to the Price Index by various units at all times for events indicated in paragraph 5.1.2.1 and 5.1.2.2.
 - 5.1.2.4. Virtual meetings or engagement are highly encouraged to realize cost savings.
 - 5.1.2.5. The Department shall prioritize the provision of adequate data bundles or access to departmental 'hot spots' and facilities with WI-FI coverage.
- 5.2. No entertainment expenses including expenditure on alcoholic beverages for all occupational designations shall be paid or procured.
 - 5.3. No corporate branded items of clothing or goods or regalia for personal use of employees other than uniforms, office supplies and tools of trade shall be financed from the budgets of the ECDOE unless costs related thereto are carried by officials requiring such items.
 - 5.4. Newspapers and other related publications for the use of employees shall be discontinued.
 - 5.5. The allocation of cellular phones and data facilities must be managed in accordance with the requirements associated with an employee's responsibilities rather than levels of occupational positions this shall be outlined in a separate Guideline document to be developed by HRM, Facility, Security & Knowledge Management (Auxiliary Services), Employee Relations and Legal Section.
 - 5.6. Telephone lines shall be opened only for SMS members and shall be soft locked strictly from 11 O'clock. The Directorate Facility, Security & Knowledge Management shall henceforth investigate various cost-effective measures that could be implemented to manage and control the utilization of telephone line and subsequently reduce the costs.
 - 5.7. Accounting Officer may, participate in transversal term contracts (RT Contracts) arranged by National Treasury for the acquisition of mobile communications services. If accounting officer decides not to participate in the transversal term contract referred to in paragraph above, the accounting officers must report the discounts that will be achieved by the institution and obtain approval from National Treasury prior to the conclusions of their mobile communication services contracts.
 - 5.8. All Information Technology (ICT) related services and devices shall be procured in line with the SITA Act (**Act 88 of 1998**) as amended by Act 38 of 2002. All procurement relating to ICT must be facilitated through the ICT Steering Committee and SCM including participation in other organs of state contracts.



- 5.9. Strict control of public communication campaigns, publications and advertisements must be exercised and alternatives that are cost-effective must be adopted and implemented.
- 5.10. Vacancies must, where approval to fill a vacancy has been granted be advertised through bulk advertisements with minimal information related to the position. Detailed job specifications related to the vacancy being advertised should be provided on the website of the ECDOE.
- 5.11. Expenditure on the hiring of venues for official engagements must be strictly controlled, be approved by the delegated authority in line with the 2023/24 SCM Delegations issued by the Accounting Officer. Government-owned facilities and resources must be used at all times unless such venues are not available.
- 5.11.1. Prior to submission of the request for hiring of a venue, Supply Chain and Demand Management must be engaged to establish government owned facilities that are available to cater for such events or engagements.
- 5.11.2. The double payment of expenses is prohibited, e.g. an official cannot claim for meal expenses if meals are already included in the accommodation and, or conference arrangements and when catering is provided in meetings.
- 5.11.3. Accounting Officer must restrict travelling to the same event, conference, consultation or meeting to reasonable and necessary representation, including representations to Parliament or Provincial Legislatures.
- 5.11.4. Where more than one traveller/official is attending the same event or meeting, they must co-ordinate the renting of cars or shuttle services in order to reduce the cost. This provision also applies to SMS officials using their own vehicle or MMS that has structured for a vehicle allowance.
- 5.11.5. The provision of paragraph 5.11.3 and 5.11.4 does not apply to Accounting Officer, Deputy Director General and Chief Directors.
- 5.11.6. Expense claims for meals may not be paid to the traveller if meals are already included in the accommodation rate or conference fee.
- 5.11.7. Rates set for hosting of conferences or events per person per day must only be limited to the category stated below where government-owned facilities are not available.

Hotel Grading	Cost per delegate per day
3 Star	R550.00



- 5.11.8. The cost per delegate as indicated in the paragraph above is inclusive of conference or event package, food and beverages *but* excluding costs of other services and items that conference or event organizers will require such as:
- 5.11.9. rooms for official business.
- 5.11.10. usage of audio visual and other equipment.
- 5.11.11. computer, fax, internet, and telephone access.
- 5.11.12. printing; outlays for conference or event preparation and planning.
- 5.11.13. transportation of equipment or material to be showcased at the conference or event if any.
- 5.11.14. speaker fees and administrative expenses; translation and interpretation expenses and security costs to ensure the safety of attendees or dignitaries.
- 5.11.15. Where the expenses related to a conference or event exceeds the rates referred to in paragraph 5.11.2 above, the accounting officer is required to obtain *prior* written approval from the relevant treasury before proceeding with any arrangements related to that conference or event. If such prior written approval is not obtained, the expenditure related thereto shall be regarded as irregular expenditure and ex post facto approval may not be granted by the relevant treasury. This paragraph must read in conjunction with paragraph 5.11.2.
- 5.12. **Travel and subsistence** including incidental expenses related to ECDOE officials must be consistent with *the ECDoE Human Resource Policy and the DPSA Financial Manual Guide for Calculation and Application of Allowances and Benefits*” This must strictly be based on the availability of funds for such expenses. The Responsibility Managers (Line Function Managers) and Programme Managers must confirm the availability of such funds before recommending and ultimate approval by the Programme Manager. Also here, this paragraph must read in conjunction with paragraph 5.11.2.

6. ACCOMMODATION

- 6.1. The cost for accommodation must be kept at minimum rates as outlined in table two (2) below. The costs stated in the table below exclude the cost for management fees. Accommodation where approval has been granted shall be limited only to officials traveling a distance over 500km for a return trip.
- 6.2. Some accommodation establishments do not offer meal facilities and will provide meal vouchers in lieu of the meal which can be redeemed at facilities with which the establishment have made arrangements. The Traveller must not request or demand cash from an accommodation establishment in lieu of the meal cost included in the



Institution's Travel Accommodation Voucher. Such action is misconduct and must be dealt with in terms of the ECDoE's Disciplinary Policy. In exceptional cases, where the accommodation establishment offers cash because there is no alternative, it may be accepted.

Table1: Maximum star grading per organisational designation for local accommodation

EMPLOYEE LEVEL/DESIGNATION	DOMESTIC ACCOMMODATION STAR GRADING
Accounting officer of a department or constitutional institution; accounting authority of a public entity, chief executive officer of a public entity or the other person in charge of the public entity.	5 Star
Deputy Directors-General in a department, Executives at the level of management reporting to the CEO or other person in charge of a public entity or the chief executive officer of a constitutional institution	4/5 Star
Chief Directors, Directors and persons serving in senior management of constitutional institutions or public entities	4 Star
Deputy Directors, Assistant Director sand persons serving in middle management of constitutional institutions and public entities	3/4 Star
Junior management and other employees	1, 2 or 3 Star

Table 2: Maximum Allowable rates for Domestic Accommodation

Accommodation Star Grading	Band 1	Band 2	Band 3
	Room Only, Tourism Levy, VAT	Bed & Breakfast, Tourism Levy, VAT	Dinner, Bed & Breakfast, Tourism Levy VAT, 2 x Soft drink and Dinner
Graded Hotel, Boutique Hotel, Lodge			
Accommodation Star Grading	Band 1	Band 2	Band 3
Grade 1	R630	R780	R1 000
Grade 2	R980	R1 120	R1 350
Grade 3	R1 190	R1 310	R1 530
Grade 4	R1 360	R1 470	R1 700
Grade 5	R2 280	R2 401	R2 740
Bed & Breakfast, Country House or Guest House			
Accommodation Star Grading	Band 1	Band 2	Band 3
Grade 1	R350	R530	R740
Grade 2	R540	R710	R920
Grade 3	R980	R1 150	R1 350
Grade 4	R1 090	R1 260	R1 460
Grade 5	R1 300	R1 480	R1 680
Graded Self – Catering			



Band 1			
Grade 1	R630		
Grade 2	R930		
Grade 3	R1 190		
Grade 4	R1 360		
Grade 5	R1 570		

- 6.2.1. The ECDoE will reimburse officials for meal expenses within the limits as set out in Table above. Receipts of actual expenditure to be provided with the claim in all cases.
- 6.2.2. National Treasury will set these maximum allowable amounts and review it periodically.
- 6.2.3. If a negotiated rate for a specific star grading is equivalent to or lower than the rate for the lower star grading, the employee may be accommodated in the establishment with the higher star grading. This means that an employee may be accommodated at a four-star establishment if the rate at the four-star establishment is the same as or lower than a three-star establishment.
- 6.2.4. Where there is an alternative star grading indicated in **Table above** (i.e., 4/5 or 3/4), the maximum allowable rate of the lower star grading will be the benchmark. The higher star grading can only be booked if:
 - 6.2.4.1. the higher star graded facility is the only available option due to location and availability; or
 - 6.2.4.2. the department through the travel management company has negotiated lower rates with the higher star graded facility.
 - 6.2.4.3. The Chief Financial Officer can only approve accommodation rates that exceed the one prescribed in the table above only during peak periods.

7. CAR HIRE AND GOVERNMENT FLEET

- 7.1. Government fleet must be utilized only within the limit of 3125 km per month and all government vehicles that have exceeded their lifespan shall be auctioned to save costs for the ECDOE.
- 7.2. Car rental will only be limited to group B for all officials including the MEC's core staff excluding for the Member of the Executive Council (MEC).
- 7.3. Where flights have been approved by the Delegated Official all ECDOE officials shall travel with economy class except for the Member of the Executive Council (MEC).



- 7.4. Subsistence and travel allowance or Travel claims shall only be limited to engine capacity – 1600; Kilometres p/m 2500km regardless of the capacity of the vehicle where the capacity engine is higher than 1600.
- 7.5. The Travel Booker or TMC must book a rental vehicle for the period that it is actually required for Official Business.
- 7.6. The Traveller must return the rental vehicle within the specified rental period or notify the Travel Booker or TMC to make additional arrangements with the Car Rental Company. If the Traveller fails to inform the Travel Booker or the TMC, where it was in his or her ability to do so, and additional charges are incurred, the Institution will settle the account, and if the Traveller is found liable, recover the amount from the Traveller.
- 7.7. If the Traveller needs to extend the rental period for Official Business purposes, the Traveller must obtain approval from the Authorising Official and the TMC will issue a Travel Voucher for the extended period.

8. ENFORCEMENT OF COST CONTAINMENT MEASURES

- 8.1. Section 38(1) of the PFMA requires the Accounting Officers to take effective and appropriate steps to prevent unauthorized expenditure, irregular expenditure and fruitless and wasteful expenditure.
- 8.2. In terms of sections 45(c) and 57(c) of the PFMA, employees must within their areas of responsibility, take effective and appropriate steps to prevent unauthorized expenditure and irregular expenditure and fruitless and wasteful expenditure.
- 8.3. Non-compliance with the provisions of the ECDOE Circular No. 9 of 2023/24 shall constitute grounds for financial misconduct, as regulated in Chapter 10 of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).
- 8.4. Irregular expenditure resulting from non-compliance with this ECDOE Circular No. 08 of 2022/23 shall be recorded as such in the irregular expenditure register and disclosed appropriately in the annual financial statements of the Department and consequence management shall apply to any official of the ECDOE who contravenes any of the contents of the ECDOE Circular No. 09 of 2023/24.

9. FURTHER CONTROL MEASURES TO BE IMPLEMENTED WITH IMMEDIATE EFFECT

- 9.1. Meetings to start after 10:00 to avoid accommodation being provided on the first day of the event. No accommodation bookings must be made with Travel Agents prior the written approval by the CFO.





- 9.2. No event, meetings, travel arrangement and accommodation must be arranged nor commitment of the Departmental funds prior the approval delegated official as prescribed in the SCM Delegations 2023/24.
- 9.3. Responsibility Managers, Programme Managers and Branch Heads must refrain from utilizing budgets amongst each other without the consent or against a directive provided by the CFO or not informing the CFO of the arrangements made amongst each other.
- 9.4. All Programme Managers must analyze the EC 4.1 with their responsibility managers with a view to reprioritize the available equitable share funding with the remaining projects /activities/programmes and identify funds under conditional grant funding if the goods or services will hamper learning and teaching.
- 9.5. Procurement will be reviewed by the 30 September 2023 with a view to stop certain procurement commodities to address the underfunding currently experienced in all the Programmes, because of:
 - Payment of accruals
 - Unfunded mandates
 - New curriculum activities not budgeted for.
- 9.6. The department will not consider any new projects or contracts unless funds are confirmed by the Programme Managers in writing, recommend by the CFO and approved by the Accounting Officer
Programmes and projects not budgeted for or where funds are exhausted, will not be considered.

10. APPLICABILITY

This Circular applies to all officials in the ECDOE including District Offices, Circuit Offices including any other office that is not listed herein but falls within the ECDOE.

11. EFFECTIVE DATE

This Circular takes effect from the date of issue and remain effective until repealed or amended.

12. DISSEMINATION OF INFORMATION CONTAINED IN THIS CIRCULAR

DDGs, Programme Managers, Directors and District Directors are requested to bring the contents of this Circular to the attention of all:

Head office officials
District officials
Officials in various education institutes etc.





13. REPEAL OF INTERNAL CIRCULARS

13.1. Circular No. 8 of 2021/22

14. Yours in Good Governance.

**ACCOUNTING OFFICER AND A/HEAD OF DEPARTMENT: EDUCATION
DR A.S. NUKU**

31/10/2023

DATE