

**Public Finance Management
(PFM) & Procurement Reforms
Nationwide Awareness – 2018**

Cash Management & APC Committee



DEPARTMENT OF FINANCE

1 **APC COMMITTEE & ITS FUNCTIONS**

2 **APC EXPENDITURE**

3 **APC CONTRACT IN MULTIPLE YEARS**

Outline:



DEPARTMENT OF FINANCE

ESTABLISHMENT OF APC COMMITTEE



- The Treasury, Finance and the National Planning Secretaries, or their respective delegates, collectively form the APC Committee**

- The Chairman of the APC Committee is the Treasury Secretary**

- Meetings of the Committee shall be held at a minimum of twice every calendar month or on such more frequent basis as the Committee thinks fit.**

FUNCTIONS OF THE APC COMMITTEE



❑ Functions of the APC Committee are:

- a) **Approval** of **all post National Budget procurement plans** of **all public and statutory bodies**, including prioritisation, timing, oversight and expenditure allocation, based on available cash resources;
- b) **Alignment of available cash resources**, Authorities to Pre-commit and warrants with the National Budget, to ensure that all warrants issued under the PFMA are fully backed by identified cash resources;
- c) **Regulate the NPC**, to **ensure** that **procurements authorised to commence** by the APC Committee are carried out in a timely and efficient manner, in line with the APC Committee certifications; and
- d) **Monitor, enforce** and **report** on **compliance** of **the NPC** and public and statutory bodies with the standards set for public procurement, including the contract management of all procurements.

FUNCTIONS OF THE APC COMMITTEE – cont'd



□ At each meeting of the APC Committee -

1. the Finance Secretary shall identify the amount of available funds to meet procurements that have had appropriations made in respect of them in the National Budget the procurements for which are within the jurisdiction of the Commission;
2. the Treasury Secretary and the National Planning Secretary shall allocate the funds identified to meet the costs of procurements that have had appropriations made in respect of them in the National Budget the procurements for which are within the jurisdiction of the Commission;
3. the APC Committee shall certify the allocations made and notify the Commission and the relevant public or statutory body.

FUNCTIONS OF THE APC COMMITTEE – cont'



1. An allocation pursuant to this Section shall only be made if the public or statutory body has documented and completed prior to the meeting of the APC Committee all requirements necessary to facilitate immediate procurement.
2. No warrant under the PFMA shall issue in respect of any procurement within the jurisdiction of the Commission other than in compliance with a certification of allocation under this section and any warrant purportedly issued in contravention of this section is void.
3. All payments for all procurements within the jurisdiction of the Commission shall be processed and paid only with the written agreement of the Department of Finance.

FUNCTIONS OF THE APC COMMITTEE – cont'



❑ This written agreement from the Department of Finance shall not apply to –

a) Provincial Governments or Local-level Governments

established under the *Organic Law on Provincial Governments and Local-level Governments* in respect of funds used by them for the payment for procurements when the funds were in the General Revenue Fund established for that Provincial Government or Local-level Government; or

b) District Development Authorities established under the *District Development Authorities Act* in respect of funds used by them for the payment for procurements when the funds were in the possession, power or control of a District Development Authority.

AUTHORITY TO PRE-COMMIT EXPENDITURE (APC)



- ❑ APC Committee **may** issue Authority to Pre-commit Expenditure (APC) in relation to the procurement of goods, works or services where the APC Committee is satisfied that -
 - a) in the case of proposed expenditure exceeding the threshold limit established by the ***National Procurement Act*** -
 - i. the provisions of this Part have been complied with in relation to the procurement; and
 - ii. funds will be available to meet the proposed schedule of payments; and
 - b) in the case of proposed expenditure not exceeding the threshold limit established by the National Procurement Act the circumstances of the proposed expenditure are such that it is appropriate to authorize the Departmental Head to enter into a contract notwithstanding that the full amount of funds to meet the payment required under the contract is not immediately available.

AUTHORITY TO PRE-COMMIT EXPENDITURE - cont'...



- An APC shall specify -**
 - a) the procurement of goods, works or services to which it relates;
and
 - b) the maximum amount to which the APC extends.
- An APC authorizes the public or statutory body to enter into a contract for the procurement of goods, works or services specified in the APC
- An APC shall not exceed the appropriation contained in the National Budget for the procurement of goods, works or services for the financial year in which the APC was issued

CONTRACTS EXECUTED IN MULTIPLE YEARS



- ❑ APC Committee considers, based on reasonable evidence presented to it, may issue an APC to enter into a contract for the procurement of goods, works or services specified in the APC for multiple financial years.
- ❑ A multi-year APC is conditional in all financial years after the financial year in respect of which it was executed on Parliament making sufficient appropriations in the National Budget to meet the un-discharged obligations of the contract in each of the fiscal years in respect of which contractual obligations would, if executed, fall due.
- ❑ The valuable consideration of a contract entered into under or as a consequence of the issue of a multi-year APC shall not exceed the appropriation contained in the National Budget for the procurement of those goods, works or services for the financial year in which the Authority was issued.

CONTRACTS EXECUTED IN MULTIPLE YEARS cont'...



- ❑ The valuable consideration of a contract entered into under or as a consequence of the issue of a multi-year APC may exceed the appropriation contained in the National Budget for the procurement of those goods, works or services for the financial year in which the APC was issued provided that the Treasury Secretary has certified in writing to the APC Committee that, as Treasury Secretary, he intends to ensure that in the preparation of the National Budget for submission to Parliament in all relevant financial years that appropriation proposals have been included that will, if so legislated by Parliament in the relevant financial years, be sufficient appropriation for that part of the contract that exceeds the current financial year appropriation and which falls to be executed in the following financial years.

**CONTRACTS EXECUTED IN MULTIPLE
YEARS cont...**



- ❑ The chairman of the APC Committee as Treasury Departmental Head shall ensure that in the preparation of the National Budget for submission to Parliament that all Authorities to Pre-commit Expenditure issued for multiple financial years by the APC Committee that appropriation proposals have been included that will, if so legislated by Parliament, be sufficient appropriations for that part of the contracts that are to be executed in the following financial years.

**CONTRACTS EXECUTED IN MULTIPLE
YEARS cont...**



- ❑ The chairman of the APC Committee shall report to the APC Committee on the appropriation proposals that he has caused to be proposed for inclusion as appropriations in the National Budget
- ❑ If the National Budget does not, in respect of any financial year, contain sufficient appropriations for that part of contracts that are to be executed in following financial years in respect of which APCs have been issued), the contracts that have not been so appropriated shall be, by virtue of this section, cancelled as at the end of the financial year for which there is appropriation in the National Budget.

**CONTRACTS EXECUTED IN MULTIPLE
YEARS cont...**



- No compensation, damages or other relief shall be awarded by any court of competent jurisdiction for any contract cancelled in respect of any loss or damage caused by that cancellation.