



**national treasury**

Department  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS**

**ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES 2 & 3 TO THE PFMA**

**HEAD OFFICIALS OF PROVINCIAL TREASURIES**

**NATIONAL TREASURY INSTRUCTION NO. 04 OF 2016/2017**

**MINIMUM BID SPECIFICATION REQUIREMENTS FOR TRAVEL MANAGEMENT SERVICES**

## **1. PURPOSE**

- 1.1. This National Treasury Instruction prescribes the minimum bid specification, evaluation and adjudication requirements to be implemented by accounting officers and accounting authorities as contained in Annexures attached to this Treasury Instruction.
- 1.2. This National Treasury Instruction should be read in conjunction with the National Treasury Instruction No. 03 of 2016/2017 which gives effect to the revised cost containment measures related to travel and subsistence for further understanding and application.

## **2. BACKGROUND**

- 2.1. Section 38(1)(a)(iii) and 51(1)(a)(iii) of the PFMA require accounting officers and accounting authorities to ensure that their department, trading entity, constitutional institution or public entity has and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.
- 2.2. Section 38(1)(b) of the PFMA requires accounting officers of departments and constitutional institutions to be responsible for the effective, efficient, economical and transparent use of their respective institution's resources.
- 2.3. Section 38(1)(c)(ii) of the PFMA requires accounting officers of departments and constitutional institutions to take effective and appropriate steps to prevent unauthorized expenditure (in the case of departments), irregular expenditure and wasteful expenditure. Section (51)(1)(b)(ii) of the PFMA requires similar for accounting authorities of public entities.
- 2.4. Accounting officers and accounting authorities are therefore required to implement minimum bid specification, evaluation and adjudication requirements for travel management services as prescribes in the Annexures attached to this Treasury Instruction.

**National Treasury Instruction No. 04 of 2016/2017**  
**MINIMUM BID SPECIFICATION REQUIREMENTS FOR TRAVEL MANAGEMENT SERVICES**

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**3. OBJECTIVES:**

The objectives of this Treasury Instruction are to:

- i. assist departments, constitutional institutions and public entities to appoint Travel Management Companies (TMCs) with the objective of using government resources cost-effectively;
- ii. appoint Travel Management Companies (TMCs) that will provide consistent and reliable services;
- iii. ensure that quality service is rendered by the appointed TMCs;
- iv. improve spend visibility through detailed management reporting; and
- v. assist the departments, constitutional institutions and public entities in ensuring that the appointed TMCs operate within the institutional travel policies.

**4. OUTCOMES:**

The main outcomes of this Treasury Instruction are to:

- i. create a standardised approach to the Travel Management Industry for all government institutions listed in this Treasury Instruction;
- ii. ensure minimum technical competence of TMCs to service government institutions listed in this Treasury Instruction through the minimum bid specification requirements;
- iii. standardise the remuneration model for travel management companies that is transparent across all government institutions listed in this Treasury Instruction;
- iv. move away from rebates, commissions or any volume driven incentives being paid to TMCs to a more transparent fee structure;
- v. standardise reporting requirements to improve transparency in expenditure for the travel category for all government institutions listed in this Instruction; and
- vi. ensure reduction of travel expenditure without compromising on quality of service in line with the requirements of the cost containment measures issued by the National Treasury.

**5. ENFORCEMENT OF THE TREASURY INSTRUCTION**

- 5.1. Section 45(c) and 57(c) of the PFMA oblige employees to take effective and appropriate steps to prevent unauthorized expenditure (in the case of employees of departments), irregular expenditure and fruitless and wasteful expenditure within their areas of responsibility.
- 5.2. Non-compliance with the provisions of this Treasury Instruction shall constitute grounds for financial misconduct, as regulated in Chapter 10 of the PFMA.
- 5.3. Irregular expenditure resulting from non-compliance with this Treasury Instruction must be recorded as such in the irregular expenditure register and disclosed appropriately in the annual financial statements of the institution.

**National Treasury Instruction No. 04 of 2016/2017**  
**MINIMUM BID SPECIFICATION REQUIREMENTS FOR TRAVEL MANAGEMENT SERVICES**

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**6. APPLICABILITY**

This Treasury Instruction applies to all departments, constitutional institutions and public entities listed in Schedule 2 and 3 to the PFMA.

**7. EFFECTIVE DATE**

This *Treasury* Instruction takes effect from date of issue.

**8. DISSEMINATION OF INFORMATION CONTAINED IN THIS INSTRUCTION**

8.1. Accounting officers of national departments are requested to bring the contents of this *Treasury Instruction* to the attention of all:

- (a) accounting officers of constitutional institutions funded through their departmental vote; and
- (b) accounting authorities of public entities reporting to their executive authorities.

8.2. Heads of provincial treasuries are requested to bring the contents of this Treasury Instruction to the attention of all accounting officers of departments and accounting authorities of public entities in their respective provinces.

**9. AUTHORITY FOR THIS INSTRUCTION**

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

**10. CONTACT INFORMATION**

10.1. Accounting officers and accounting authorities of departments, constitutional institutions and public entities may submit formal enquires in terms of this National Treasury Instruction to:

**The Director-General**  
**National Treasury**  
**Private Bag X115**  
**PRETORIA**  
**0001**

**For attention: The Chief Procurement Officer**

10.2. Enquiries related to this Treasury Instruction may be submitted to:

- (a) [travelpolicyqueries@treasury.gov.za](mailto:travelpolicyqueries@treasury.gov.za); or
- (b) Log a query on the PFM queries portal: <http://pfmportal.treasury.gov.za/>

10.3. Enquiries related to this Treasury Instruction may be directed to:

**Potso Makgatho**  
Deputy Director: Strategic Procurement  
[potso.makgatho@treasury.gov.za](mailto:potso.makgatho@treasury.gov.za)  
012 315 5351

**Graham Louw**  
Director: Strategic Procurement  
[graham.louw@treasury.gov.za](mailto:graham.louw@treasury.gov.za)  
012 315 5073



National Treasury Instruction No. 04 of 2016/2017  
MINIMUM BID SPECIFICATION REQUIREMENTS FOR TRAVEL MANAGEMENT SERVICES



JAYCE M NAIR  
ACTING ACCOUNTANT-GENERAL  
DATE: 15 February 2017

**ATTACHMENTS**

- ANNEXURE A: ACCOUNTING OFFICERS AND ACCOUNTING AUTHORITIES ON THE MINIMUM BID SPECIFICATION REQUIREMENTS FOR TRAVEL MANAGEMENT SERVICES**
- ANNEXURE A1: TRAVEL MANAGEMENT SERVICES RFP TEMPLATE**
- ANNEXURE A2: TECHNICAL SCORECARD AND COMPLIANCE CHECKLIST**
- ANNEXURE A3: PRICING SCHEDULE**
- ANNEXURE A4: SERVICE LEVEL INDICATORS**