



TREASURY CIRCULAR

To: All Chief Executive Officers
From: Chief Executive Officer for Finance

Reference No.: 15/23/22

Date: 16/01/2020

Please find attached a revised version of the last Treasury Instructions for 2019 and Treasury Procurement Checklist as presented to the CEO's Forum at Tanoa Hotel yesterday.

The effective period still remains as from the 1st January 2020.

For any queries, please do not hesitate to contact the address provided in the Treasury Instruction.

Malo 'aupito,



Balwyn Fa'otusia
Chief Executive Officer for Finance



MINISTRY OF FINANCE
Government of Tonga

Procurement Policy

Revised Procurement Threshold

Access to information

Government

FFD Reference Number

PP_1R_RPT_2019-20

Issued and effective

1 January, 2020

Content

Instructions on new procurement thresholds for all procurement value:

- Up to \$20,000.

Applicable to

Chief Executive Officers and staff of accounts/procurement divisions of all Ministries, Departments, and Agencies

Issuer

Minister of Finance
Ministry of Finance

SECTION I – PURPOSE AND APPLICATION

1. The Revised Policy amendments provides a requirement for some changes in the way government MDAs conduct its procurement activities on the new procurement thresholds policy approved under Cabinet Decision No. 178 dated 15 February 2019 and further approval of the Public Procurement (Amendment) Regulations 2019 under Cabinet Decision No.1233 dated 11 November 2019.
2. The new procurement thresholds policy aims to:
 - Increase decentralization of procurement proceedings;
 - Extend the accountability for procurement decisions to CEOs;
 - provide increased opportunities for greater access to the Tongan Government procurement market for all suppliers;
 - raise awareness among officers undertaking procurement of the Government's commitment to getting the best value for money from its usage of public funds;
 - promote fairness and transparency
3. Best Value for Money, consists of the selection of the offer that best meets the end-user's needs and that presents the best return on investment. Best Value for Money is the result of several factors, including quality, experience, the supplier's reputation, life-cycle costs and benefits, and parameters that measure how well the good or service allows the MDAs to meet its social, environmental or other strategic objectives.
4. Fairness, Integrity and Transparency, ensures that competitive processes are fair, open, and rules-based. All potential suppliers should be treated equally, and the process should feature clear evaluation criteria, unambiguous solicitation instructions, realistic requirements, and rules and procedures that are easy to understand.
5. Effective International Competition, understood as giving all potential suppliers timely and adequate information on Government requirements, as well as equal opportunity to participate in procurement actions, and restricting them only when it is absolutely necessary to achieve Government development goals.
6. MDAs shall strictly observe the PFMA and Treasury Instructions amongst other financial rules and regulations. While this may sometimes lengthen the procurement process, Government is delegating a significant amount of authority to its Accountable Officers in this revised procurement policy instructions and expects procurement activities to be expedited as envisioned by the recent revision.

SECTION II - DEFINITIONS

1. **Accountable Officer(s)**: has the meaning given to it by the PFMA.
2. **CEO**: Chief Executive Officer
3. **CPU**: Central Procurement Unit at MOFNP
4. **Effective Date**: the date as of which the Policy enters into effect.
5. **GPC**: Government Procurement Committee
6. **PFMA**: the Public Finance Management Act
7. **PPR**: the Public Procurement Regulations
8. **MDA** : Ministries, Departments and Agencies (MDAs)
9. **Minister**: the Minister for Finance
10. **MOF**: Ministry of Finance
11. **TOP**: Tongan Pa'anga currency

SECTION III - SCOPE

1. Background of the Instruction

PFMA section 44 mandates the Minister to make regulations for the proper and efficient administration of the Act. In October 2010, the Public Procurement Regulations (PPR) was promulgated. Then a review in 2013 identified that, although generally sound, the PPR have some gaps to be filled and aspects that could usefully be further elaborated. The review also identified a number of areas where provisions in the PPR have not been implemented and concluded that the current decentralized approach to the conduct of procurement has not worked well amongst others. Therefore, a partial centralized model be implemented. Earlier in 2019, a further review to the PPR meant that the procurement threshold has not only increased but the authority to conduct proceedings has also changed. This is to increase decentralization of procurement proceedings and also extend the accountability for the procurement decisions.

These instructions are only focused on procurements valued under TOP\$20,000. Procurements over TOP\$20,000 shall be subject to the provisions of the PPR.

SECTION IV -Procurement of Goods, Services or Works valued under TOP\$20,000

1. The MDA must obtain the required competitive quotations of the same documented requirements for any procurement of goods, services valued under TOP\$20,000 in accordance with Table 1 below:

Table 1

Amount	Type	Requirement	Source Document	Responsibility
Less than TOP 12,000	Goods/Services/Works	Discretionary Shopping	An Invoice or Receipt	MDA's procurement entity
TOP 12,000 to TOP 19,999	Goods/Services/Works	A minimum of two (2) quotations must be obtained.	Treasury Checklist signed by CEO plus Invoice or Contract	MDA's procurement entity

2. Accountable officers shall ensure that the quotations are from valid licensed suppliers and vendors.
3. Accountable officers shall ensure to follow the due process in registering new licensed suppliers and vendors in the Government's Accounting System.
4. All CEOs must ensure that all goods under a Framework Agreement executed by the Ministry of Finance on behalf of Government must be procured under that agreement.
5. All government procurements with value less than TOP\$20,000 shall be carried out by MDA's according to this Treasury Instruction, except for any donor funded procurements that had been agreed to follow the specific donor procurement guidelines, ministries shall follow such related procurement guidelines.

SECTION V - EFFECTIVE DATE

The Instruction is to be effective as of 1 January, 2020.

SECTION VI - ISSUER

The Issuer of this Instruction is the Minister of Finance.

SECTION VI - CONTACT AND ACCESS

1. **Contact.** For questions relating to this Procurement Policy, please contact the MOFNP Procurement Team at procurement@finance.gov.tg or Financial Framework Team at ffd@finance.gov.tg
2. **Access.** The Instruction can also be accessed at <http://www.finance.gov.tg/treasury-publication>

SECTION VII - RELATED DOCUMENTS

1. Public Finance Management Act.
2. Public Procurement Regulations.
3. Treasury Instructions 2010.
4. Cabinet Decision No.178 dated 15 February 2019.
5. Cabinet Decision No. 1233 dated 11 November 2019.n

Ministry of Finance



Government of Tonga

TREASURY PROCUREMENT CHECKLIST

(for procuring of Goods, Services or Works, valued from TOP12,000 up to TOP19,999)

MINISTRY:

DATE:

PO Number:

Supplier Name:

Amount:

(Please ensure all boxes are ticked before signing of certification)

- 1) Two (2) quotations of the same goods specification, services and works, were obtained for the selection process
- 2) Quotations were from valid licensed suppliers/vendors
- 3) "Best Value for Money" criteria were use in the selection process
- 4) All quotations are filed for post audit verification
- 5) All related supporting documents as per Treasury Instruction are attached to payment voucher
- 6) Goods /Services/Works have been received, rendered and completed or as per agreed arrangement.

Certify as complete by:

Name:

Post:

Approved by:

Chief Executive Officer

Ministry of

(official stamp)

(this form MUST be attached to the payment voucher, before submitting to the Treasury Division -Ministry of Finance, for payment)