

# Supply Chain Management in respect of Procurement Policy



**correctional services**

Department:  
Correctional Services  
REPUBLIC OF SOUTH AFRICA

# **SUPPLY CHAIN MANAGEMENT IN RESPECT OF PROCUREMENT OF GOODS, SERVICES AND WORK POLICY**

## **1. Executive summary**

The Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended) (PFMA) states clearly that the Accounting Officer for the Department must ensure that the Department has and maintains an appropriate procurement system that is fair, equitable, transparent, competitive and cost-effective.

The policy aims to provide a framework that sets out ethical and sound procurement practices to be followed by all staff involved in procuring goods, works and services, as well as the disposal or letting of state assets. Furthermore, it aims to ensure that government objectives of good governance, and socio-economic upliftment of Historically Disadvantaged Individuals (HDIs), as well as the promotion of Small, Micro and Medium Enterprises (SMMEs) are achieved. The policy also contributes towards the aim of government to establish a uniform procurement system within government by aligning all procurement activities with National Treasury guidelines and ensuring that procurement in the Department is in compliance with all legislative requirements.

The policy is a dynamic document, reflecting continuing developments in procurement practice and incorporating changing legislative and environmental requirements. It reflects the departure from procurement based on the State Tender Board Act to that based on the PFMA.

## **2. Definition of terms**

2.1 Accounting Officer means the Commissioner.

- 2.2 **BBBEE (Broad Based Black Economic Empowerment) is an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people who manage, own and control the country's economy, as well as significant decreases in income inequalities.**
- 2.3 **Department means Department of Correctional Services.**
- 2.4 **Historically Disadvantaged Individuals (HDIs) are South African citizens**
- 2.4.1 **Who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No. 110 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No. 200 of 1993) ("the Constitution"); and/or**
- 2.4.2 **Who is a female; and/or**
- 2.4.3 **Who has a disability: provided that a person who obtained South African citizenship on or after the coming into effect of the Interim Constitution, is deemed not to be an HDI.**
- 2.5 **Procurement is a process that must be followed for obtaining goods, works or services, hiring and letting of anything, acquisition or granting of any right or disposal or sale of state property.**
- 2.6 **Small, Medium and Micro Enterprises (SMMEs) bear the same meaning as that assigned to this expression in the National Small Business Act, 1996 (Act No 102 of 1996).**

### **3. Background**

The Department was previously obliged to do procurement via the State Tender Board and its delegated powers. The Minister of Finance, in terms b of the State Tender Board Act, (Act No. 86 of 1968) section 13, has amended Regulation 2 of the State Tender Board Regulations that were published in the Government Gazette No. 11382, dated 1 July 1988. Amongst other stipulations, the amendment states that "subject to the provisions of any Act of Parliament, supplies and services for and on behalf of the State, the hiring or letting of anything or the acquisition or granting of any right for and on behalf of the state and the disposal of movable State property shall be procured, arranged or disposed of in terms of the State Tender Board Act, or in terms of the PFMA.

However, the PFMA section 38, stipulates that the Accounting Officer is responsible for implementing an appropriate procurement and provisioning system. The Minister of Finance in terms of section 76(4) (c) of the PFMA has also approved the Regulations in respect of the Framework for Supply Chain Management.

In this framework, it is clearly stipulated that, amongst others, the Accounting Officer to whom these Regulations apply, must develop and implement in his/her institution an effective and efficient supply chain management system for the acquisition of goods, works and services. Such system must be fair, equitable, transparent, competitive and cost-effective. To realign the system from one based on the State Tender Board Act to one based on the PFMA, a new policy had to be developed.

### **4. Policy mandates**

This policy derives its mandate from the following:

- 4.1 Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003).
- 4.2 The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996).
- 4.3 Correctional Services Act, 1998 (Act No. 111 of 1998).
- 4.4 Practice notes issued by National Treasury in terms of the Regulations regarding the PFMA: Framework for Supply Chain Management.
- 4.5 Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its Regulations.
- 4.6 The Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended by Act 29 of 1999).
- 4.7 Treasury Regulations for departments, trading entities, constitutional institutions and public entities, issued in terms of the PFMA.
- 4.8 White Paper on Corrections in South Africa (2005).

## **5. Policy statement**

The procurement policy provides a broad framework within which the Department will ensure that the procurement of goods, works and services will be in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

## **6. Policy objectives**

The objectives of the procurement policy are:

- 6.1 To replace the outdated procurement practices that were prescribed by the State Tender Board with a supply chain management function and systematic competitive procedures for the appointment of consultants as an integral part of financial management within the Department.
- 6.2 To ensure categories of preference in the allocation of contracts, and the protection of advancement of persons, or categories of persons, disadvantaged by unfair discrimination of the past.
- 6.3 To ensure compliance with the PFMA, PPPFA and its Regulations and the BBBEE Act.
- 6.4 To support the key service delivery areas as depicted in the White Paper on Corrections in South Africa.

## **7. Policy principles**

In achieving value for money, the Department will base procurement outcomes, including unsolicited bids, around core principles of government procurement.

This means the Department is committed to:

- 7.1 Ensuring transactions achieve the best net value for money outcome for the state.

- 7.2 Providing suppliers with the opportunity to compete for business in an open and transparent manner.
- 7.3 Encouraging effective competition through procurement methods suited to market conditions.
- 7.4 In addition, ethics and fair dealing considerations require the Department to conduct procurement so as to ensure that suppliers are dealt with even-handedly; and that the Department is not compromised through acceptance of gifts or hospitality by staff; that conflicts of interest are identified and managed; and that there is scrupulous use of public property.
- 7.5 National competitiveness and industry development principles involve the Department in strictly observing the requirements of the *Preferential Procurement Policy Framework Act, 2000*; providing ease of access to government business by keeping low the costs of doing business, especially for SMMEs; and by ensuring that procurement operates effectively and that standards are above reproach.
- 7.6 The Department acknowledges the need for values and a code of conduct to govern procurement behaviour, and the need to ensure the value-adding capacity of each procurement unit.

## **8. Policy implementation**

The Accounting Officer, through delegated authority, shall ensure and take responsibility for the overall implementation of the policy. The Deputy Commissioner: Supply Chain Management will be responsible for the implementation and oversight of the policy and procedure within the Department.

## **9. Policy monitoring**

The Chief Directorate: Supply Chain Management is responsible for the monitoring of the policy and procedures. Regional offices are responsible for monitoring implementation and compliance within the Regions.

The support of the Inspectorate, which was established in accordance with the White Paper, and Supply Chain Management Practitioners at national office level will also be utilised.

## **10. Policy evaluation**

The Chief Directorate: Supply Chain Management will be responsible for the development of mechanisms to evaluate the efficiency, effectiveness and relevance of the policy on operational level and will ensure regular review of the policy in line with procurement development in government.

## **11. Policy review**

The policy will be reviewed annually to determine the extent of application and ensure compliance with other policy frameworks, including legislation. Policy will also be reviewed immediately upon receipt of Practice Notes from National Treasury to ensure uniformity in government procurement.

## **12. Legal implications**

The Department is legally bound to comply with all legislative requirements applicable to procurement to ensure fairness, equitability, transparency, competitiveness and cost-effectiveness.



**13. Financial implications**

Upon approval, copies of the policy will distributed to the regions and management areas.

THIS IS TO CERTIFY  
THAT THE MINISTER OF  
CORRECTIONAL SER-  
VICES HAS APPROVED  
THE POLICY.

**MINISTER: CORRECTIONAL SERVICES**  
**BMN BALFOUR (MP)**

**Date:**



[S. 116 substituted by s. 78 of Act 25 of 2008.]

[Date of commencement of s. 116: 19 February 1999.]

117 Escaping and absconding

Any person who-

- (a) escapes from custody;
- (b) conspires with any person to procure his or her own escape or that of another inmate or who assists or incites any inmate to escape from custody;
- (c) is in possession of any document or article with intent to procure his or her own escape or that of another inmate;
- (d) in any manner collaborates with a correctional or custody official or any other person, whether under the supervision of such correctional or custody official or person or not, to leave the correctional centre without lawful authority or under false pretences; or
- (e) is subject to community corrections and where he or she absconds and thereby avoids being monitored.

is guilty of an offence and liable on conviction to a fine or to incarceration for a period not exceeding ten years or to incarceration without the option of a fine or both.

[S. 117 amended by s. 39 of Act 32 of 2001.]

[Date of commencement of s. 117: 19 February 1999.]

118 Giving or receiving money or other consideration

(1) No correctional or custody official and no other person acting for or employed by him or her may directly or indirectly-

- (a) sell, supply or derive any benefit or advantage from the sale or supply of any article to or for the use of any inmate or correctional centre; or
- (b) have an interest in any contract or agreement for the sale or supply of any such article.

(2) No correctional official may directly or indirectly-

- (a) have any pecuniary interest in the purchase of any supplies for the use of the Department or receive any discounts, gifts or other consideration from contractors for or sellers of such supplies;
- (b) except for the purposes of the execution of official duties, have any pecuniary dealing with an inmate or with any other person relating to an inmate; or

[Para. (b) substituted by s. 79 of Act 25 of 2008.]

(c) on behalf of any inmate, have any unauthorised communication with any person.

(3) Except for the payment of fines or for goods purchased in accordance with regulations made in terms of this Act, no money or other consideration shall, on any pretext whatsoever, be payable, paid, given or promised by or on behalf of any inmate either before, during or after serving a correctional centre sentence or being placed under community corrections to any correctional or custody official or other person in the service of the Department or in the employ of a Contractor.