



PROCUREMENT SYSTEMS

PERFORMANCE MANAGEMENT

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Constitutional Provisions for Procurement

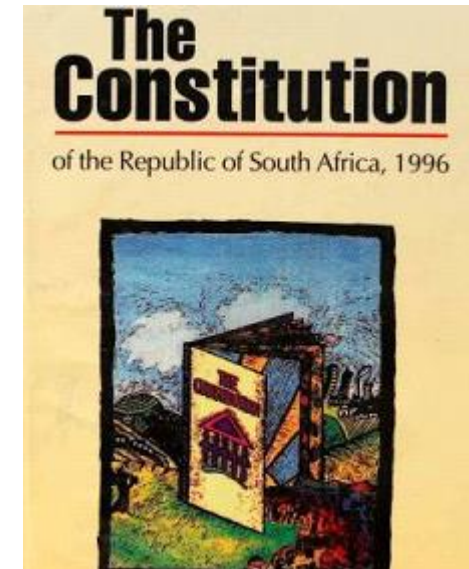
Constitution – section 217 Procurement

217. Procurement.-(1) When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, **contracts for goods or services, it must do so in accordance with a system** which is fair, equitable, transparent, competitive and cost-effective.

(2) Subsection (1) does not prevent **the organs of state** or institutions referred to in that subsection from **implementing a procurement policy** providing for-

- (1) categories of preference in the allocation of contracts; and
- (2) the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.

(3) National legislation **must prescribe a framework** within which the policy referred to in subsection (3) must be implemented.



The Constitution frames the **subject matter for procurement**, namely the **contracting** for goods and services. It then establishes **parameters within which an organ of state must conduct its procurement.**

Interpretation

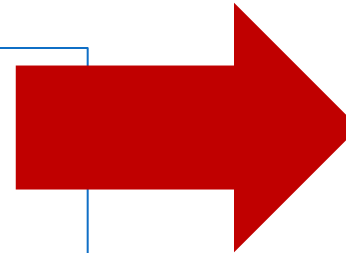
“System”

(as defined in various international standards)

- combination of interacting elements organized to achieve one or more stated purposes
- set of interrelated or interacting functions constituted to achieve a specified objective

“Procurement” means the **process which creates, manages and fulfils contracts.....**

(CIDB Standard for Uniformity in Construction Procurement)



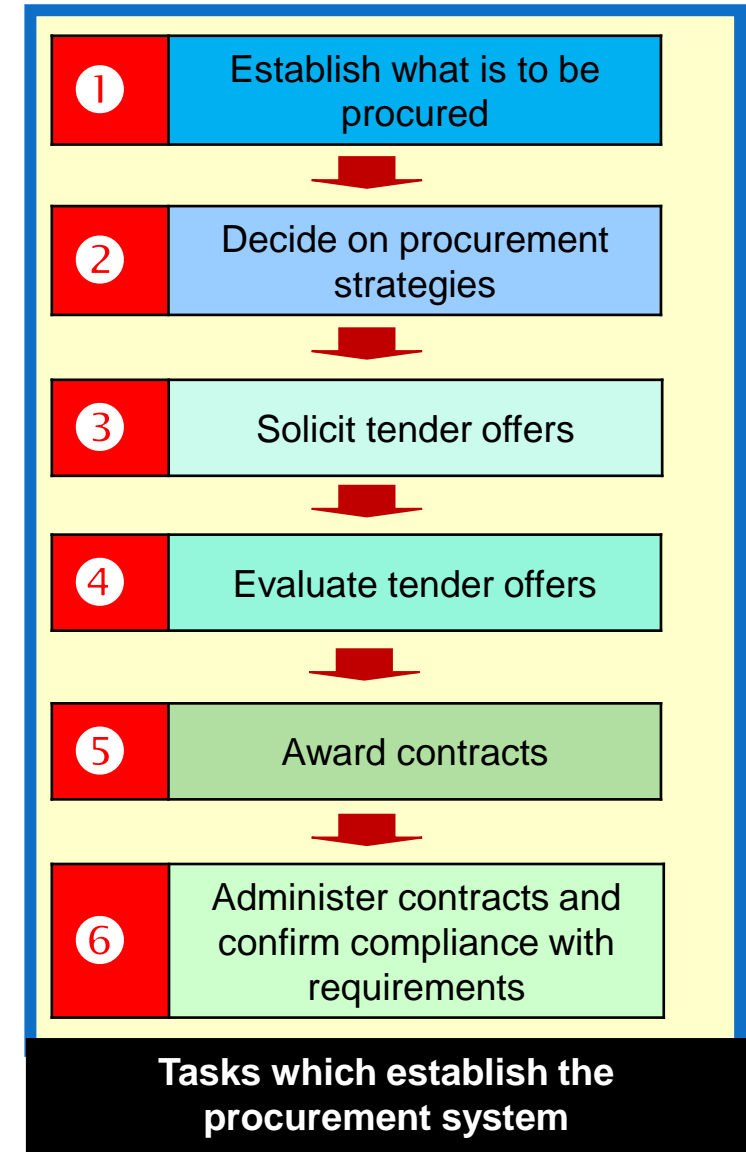
Procurement is a **system** that contains **processes, methods and procedures** that are used in a specific order to achieve a **specific objective!**

Different combinations can be used to achieve different outcomes!

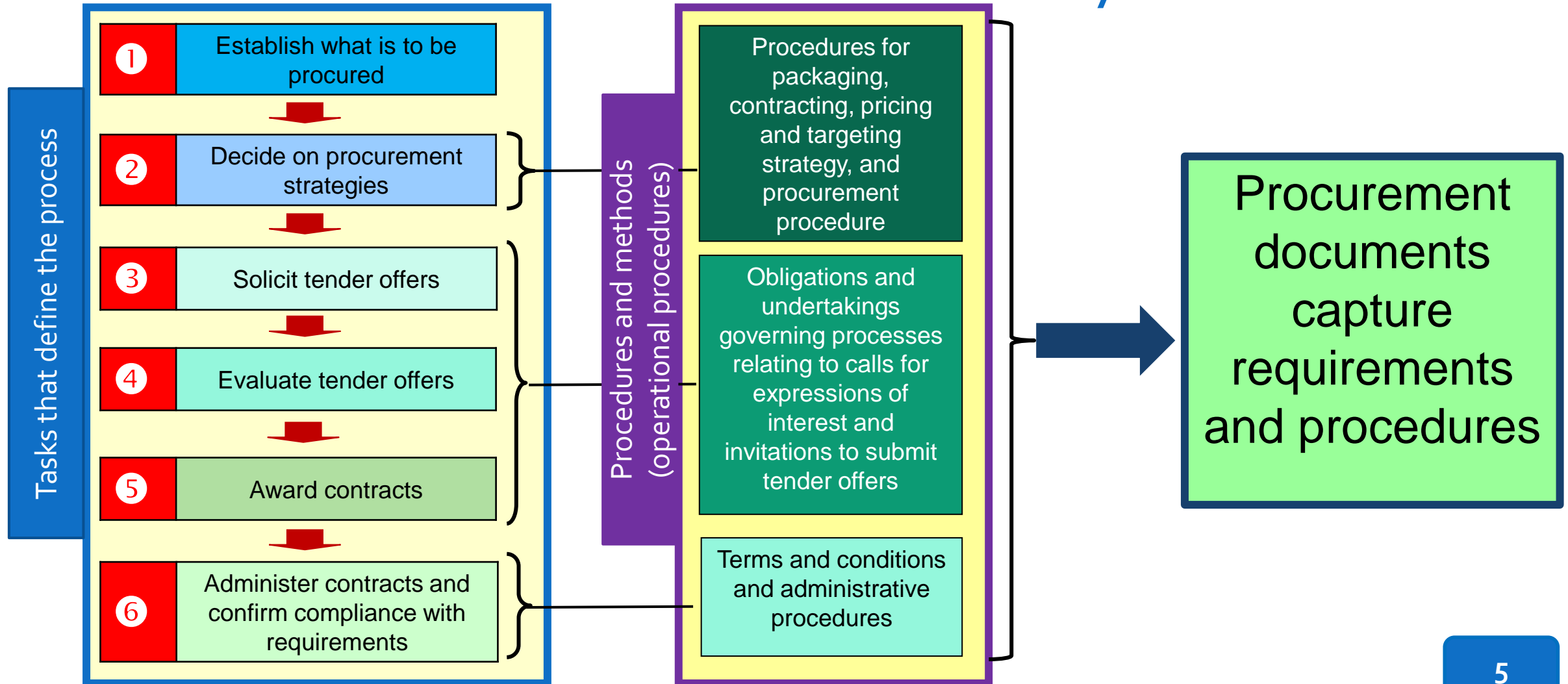
Procurement as a System

Procurement as a **system** can be documented as a succession of logically related actions occurring or performed in a definite manner which culminates in the completion of a **major deliverable or the attainment of a milestone**.

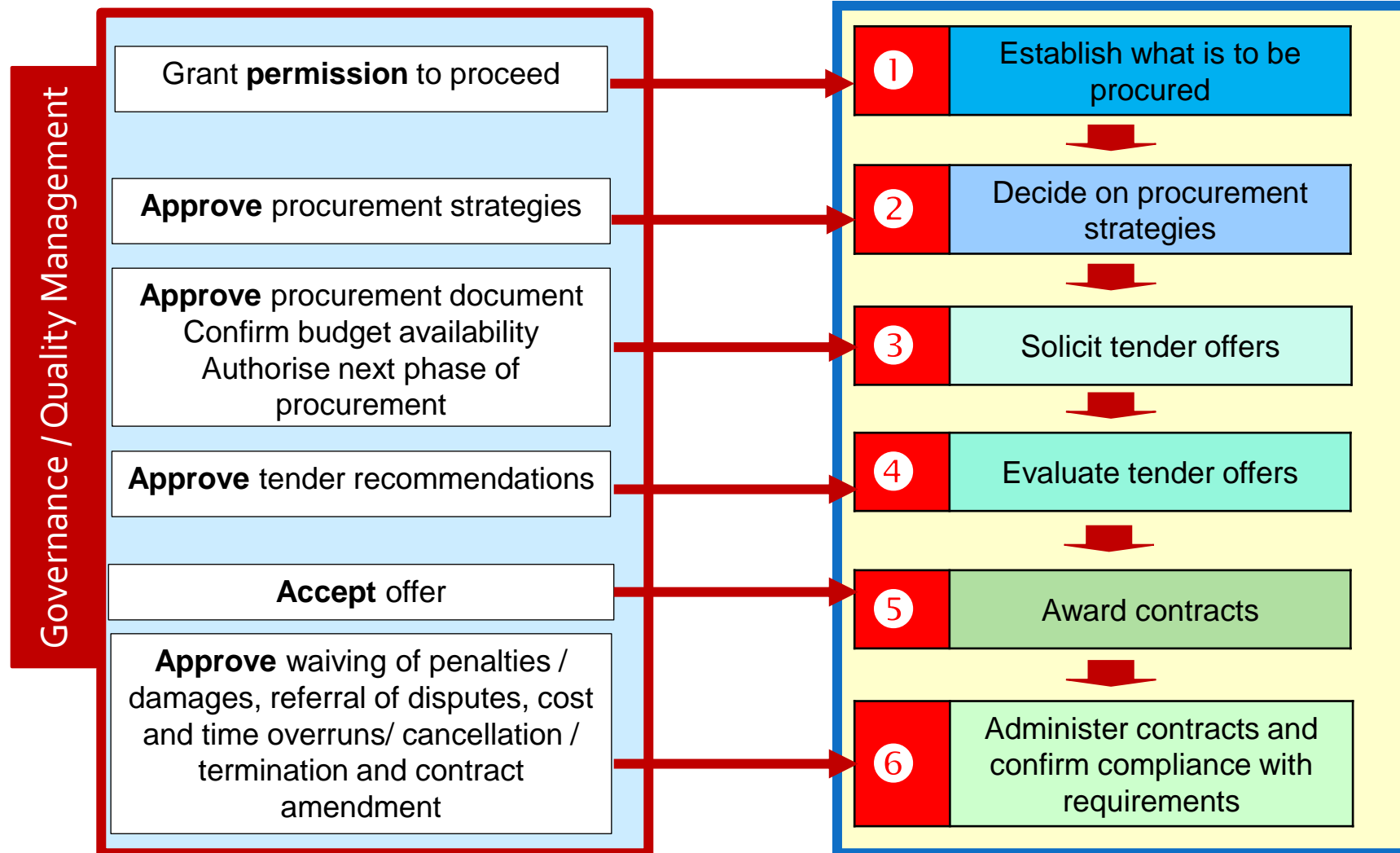
Processes in turn are underpinned by **methods** (documented, systematically-ordered collection of rules or approaches) and **procedures** (formal steps to be taken in the performance of a specific task, which may be evoked in the course of a process) which are informed and shaped by **public and institutional policy**



Procurement Documentation System



Governance requirements = quality control

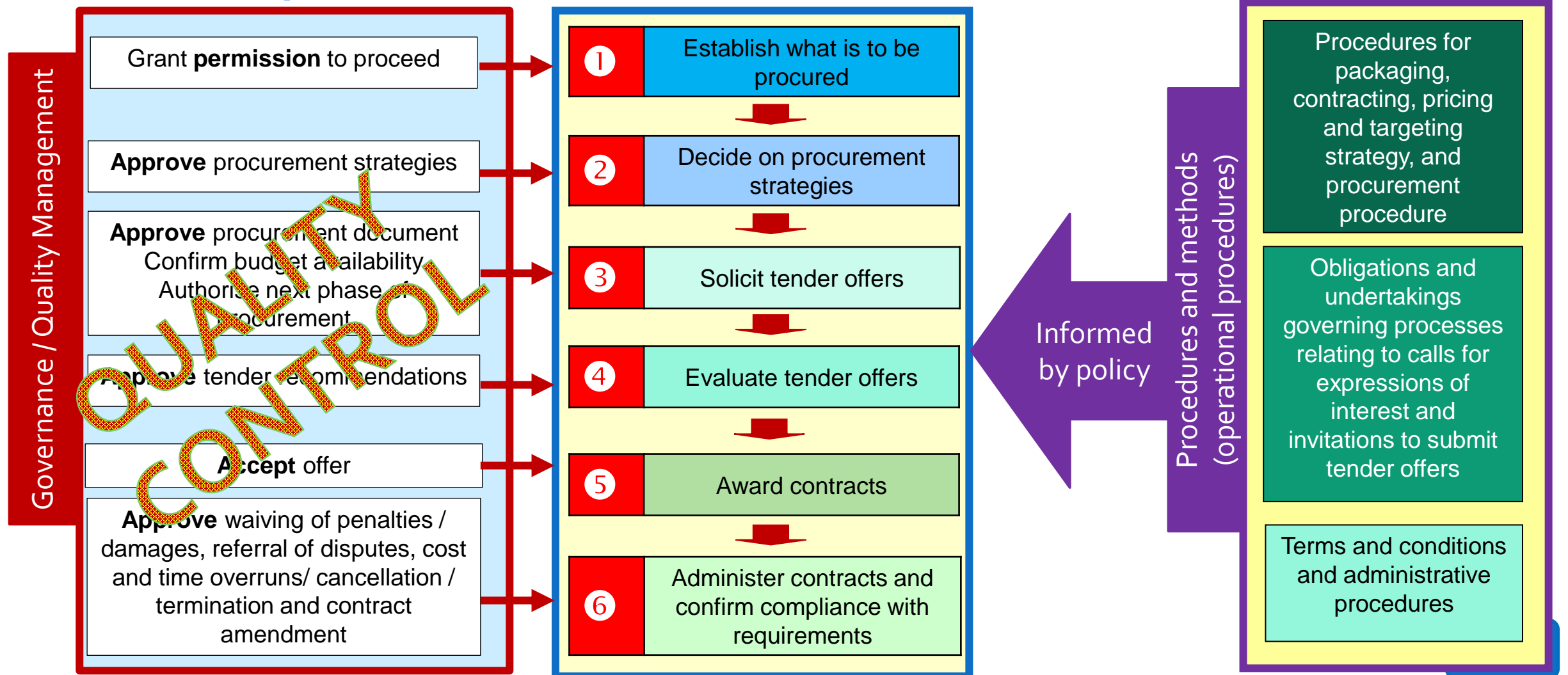


Governance arrangements authorises, directs, empowers, provides oversight and limits the actions of management

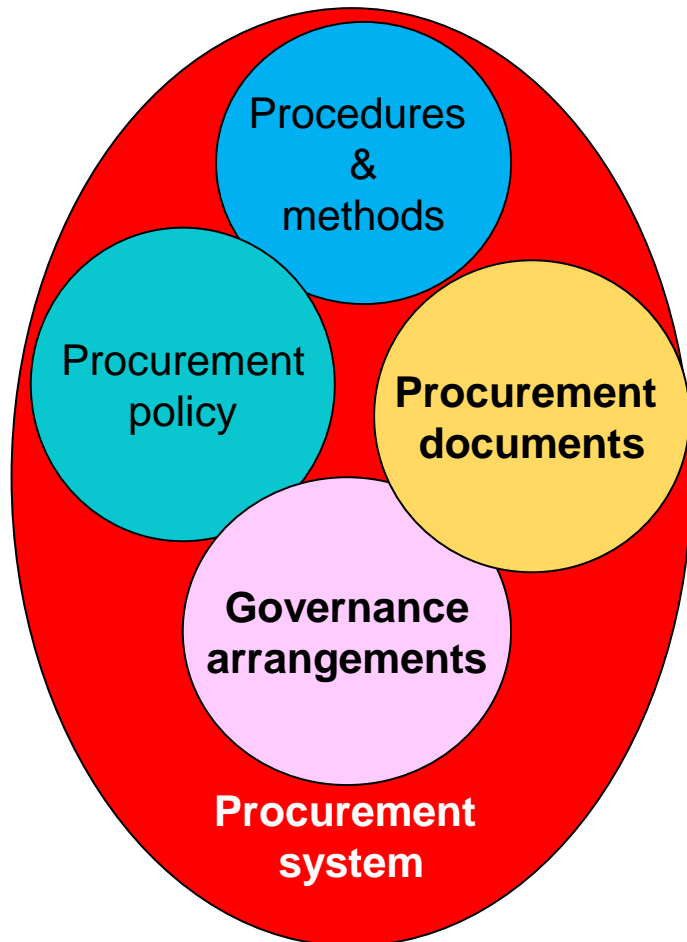
Governance activities can be linked to the milestones (control points) in the procurement process

A gate / control point is a decision point but also risk / quality oversight control and audit point

Compliance with Procurement Policy

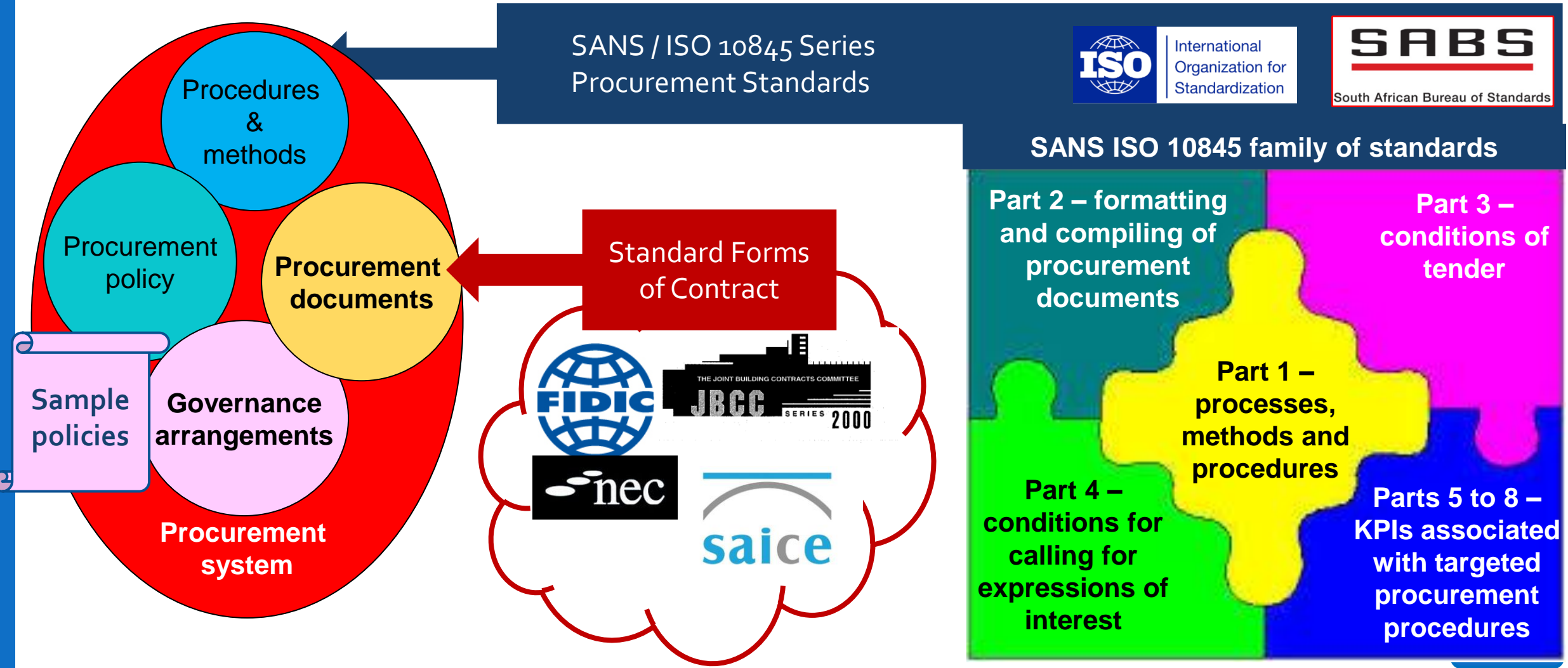


Components of a Procurement System



- **principles, instructions and guidelines** governing the **procedures and methods that may be used –SANS / ISO Standards**
- **procurement documents which:**
 - establish what a respondent or tenderer is required to do to make a compliant submission
 - establish the evaluation criteria for submissions;
 - contain terms and conditions that collectively describe the rights and obligations of the contracting parties and the agreed procedures for the administration of the contract,
 - establish how contractors are to be remunerated for the goods that are supplied or services rendered
 - specify and describe the goods, services or works that are required and any other requirements and constraints relating thereto
- **governance arrangements** which **authorises, directs, empowers, provides oversight and limits the actions of management**
- **procurement policies which:**
 - assign responsibilities for authorising processes or activities and confirming conformity with requirements
 - establish delegations for the awarding of a contract or the issuing of an order
 - establish ethical standards for those engaged in procurement processes
 - limits choices in the usage and application of particular procurement procedures
 - provides procedures for dealing with specific procurement issues
 - establishes secondary procurement goals and procedures

Components of a Procurement System



Procurement as a System

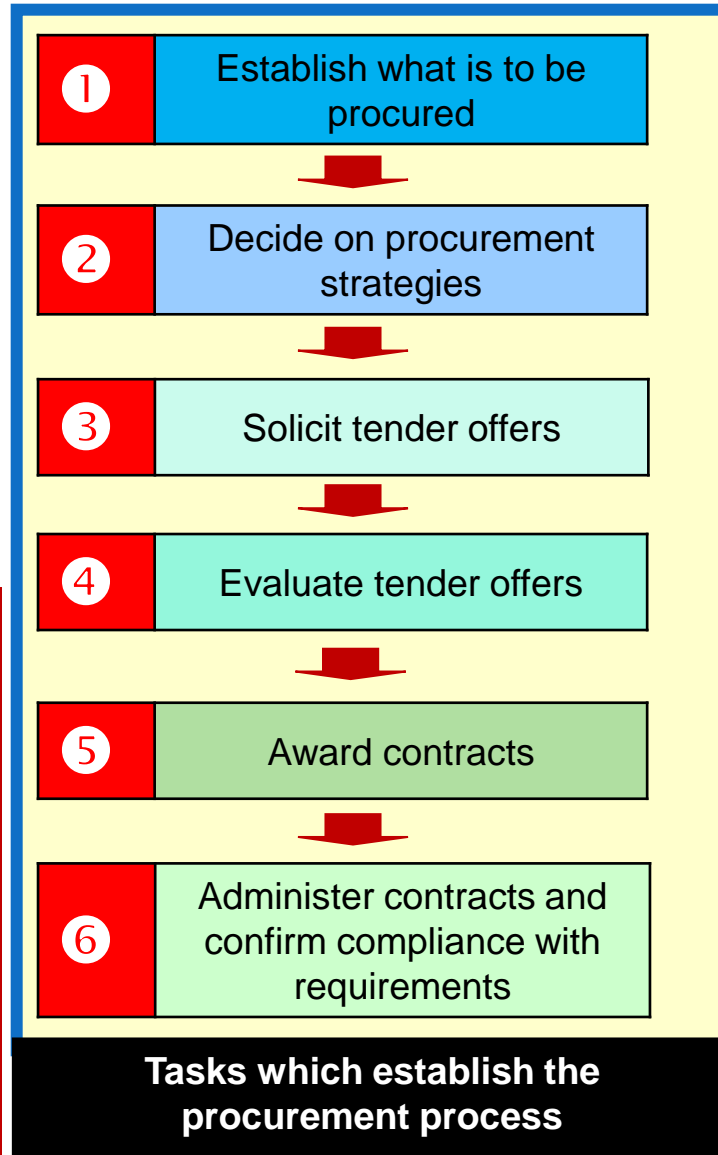
- Procurement elements are well defined
- The sequence is logical
- A standard policy can be applied

LEND
ITSELF
TO



BENEFITS

- Lighten SCM burden
- Speed up
- Reliability
- Anti-corruption
- Reporting
- Consistent
- Auditable



SABEEeX Delivery Management System

Organisations

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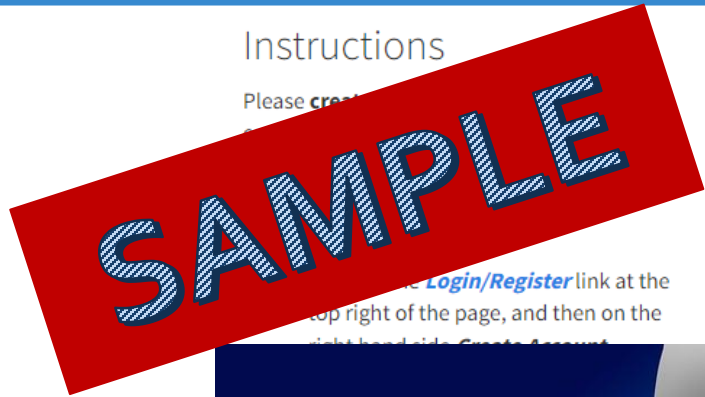
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Alain Jacquet

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