

Our Approved Charter

1. PURPOSE

The purpose of the State Owned Enterprises Procurement Forum is to share best practices in supply chain management by and within state owned enterprises. This charter sets out the terms of operation that shall bind the entities that in writing adopt the charter.

2. OBJECTIVES

The objective of the State Owned Enterprises Procurement Forum (SOEPF):

- 2.1. To identify areas where synergies exist and to exploit these for the benefit of the State Owned Entities (SOE). This will inter alia be achieved by sharing information in at least the following areas:
 - q Tenders – includes sharing of tender specifications, documentation etc.
 - q Vetting / Due Diligence Audits on Suppliers
 - q Fronting and other transgressing / circumventing activities
 - q Procurement system engines
 - q E-Procurement and E-Sourcing
 - q Supplier Development Opportunities
 - q Black Economic Empowerment

- 2.2. To determine a joint procurement strategy which will assist State Owned Entities with the formulation and alignment of entity specific Preferential Procurement; Black Economic Empowerment and Supplier Development policies, procedures and processes and matters related thereto.

- 2.3. Facilitate the creation of sustainable Suppliers through Supplier and Enterprise Development Initiatives, by amongst other creating a conducive environment for supplier development and linking joint supplier development programmes to contracts.

- 2.4. To share information on global best practices in the procurement of goods and services.
- 2.5. To facilitate the sourcing of Government funds for the training and development of BEE suppliers, with specific emphasis on black women, youth and people with disabilities.
- 2.6. To share information and resources, which will assist individual entities with fraud and corruption prevention. This may include developing and recommending appropriate fraud and corruption prevention policies and procedures, which will deal with fronting and other forms of corruption in procurement (e.g. acceptance of gifts, conflict of interest etc.). In so doing, the Forum will adhere to the Prevention of Corrupt Activities Act by recommending the black listing of suppliers who are engaging in irregular activities
- 2.7. To establish a BEE Policy and Regulatory Sub-Committee, which will among others, liaise and lobby government in order to influence policy with respect to BEE & Enterprise Development policies in the procurement of goods and services.
- 2.8. To contribute towards the establishment and fully participate in the management of a central SOE database aimed at creating and/or developing sustainable suppliers.
- 2.9. To promote Procurement as an integral function and profession.
- 2.10. To ensure that quality and continuous improvement are fostered in the SOE's individual entity Procurement Department activities, processes and procedures.

- 2.11. To provide guidance and assistance with respect to the adequacy, efficiency and economical use of SOE resources in the acquisition of goods and services whilst ensuring compliance with policies, standards, procedures, and applicable laws and regulations.
- 2.12. To leverage on economies of scale by joint participation in tenders and other joint purchasing activities. In all instances, this will be subject to the rules and governance structures of each individual participating entity.
- 2.13. Promoting local value-add and manufacturing.

3. AUTHORITY

- 3.1. The Forum shall have no powers to take decisions that will bind the individual entities.
- 3.2. The Forum shall be empowered to make proposals, to be unanimously agreed upon, for adoption by individual entities.
- 3.3. Each entity reserves the right to approve or reject any proposal made by the Forum or approve a proposal on such terms and conditions as it deems fit.

4. COSTS

All costs associated with the activities of the Forum and the attendance by each of the entity representatives, alternates and other personnel at meetings of the Forum, unless otherwise specifically recommended unanimously by the Parties, shall be for the account of such entity incurring such costs.

5. CONFIDENTIALITY

Each entity shall keep secret and confidential all information ("Confidential Information") provided by the other entity and shall not use the Confidential Information other than for purposes of pursuing the activities of the Forum, nor disclose to or discuss the Confidential Information with any other person or entity not party to the Forum without the express prior written consent of the disclosing entity. Failure to comply with this clause shall entitle the aggrieved entity to take any such appropriate action as it may deem necessary.

6. RESPONSIBILITIES

- 6.1. Each member will take all reasonable steps to ensure the fulfilment of the objectives listed in clause 2 above.
- 6.2. Each member shall advise his/her respective organisations with respect to the activities of the Forum.
- 6.3. Each member shall keep the SOE Executive/Board informed of emerging trends and successful practices in the procurement of goods and services.

7. MEMBERSHIP AND ATTENDANCE

7.1 Members of the Forum

The Forum shall be voluntary and shall consist of all members listed in paragraph 7,2 below. The Chairperson and Secretary shall occupy office for at

least six months of the operation of the Forum, after which, the Chairperson and Secretary shall rotate to the other parties.

Forum members shall be all the entities listed in schedule 1, 2 & 3 of the Public Finance Management Act who in writing accept this charter.

7.2. Forum Members

The initial membership of the Forum shall be Procurement Managers / Executives of the following entities:

- Denel (Chairperson)
- Petroleum Oil and Gas Corporation of South Africa (PetroSA)
- South African Post Office (SAPO)
- State Information Technology Agency (SITA)
- Telkom

The Forum may from time to time accept entities listed in schedule 1, 2 & 3 of the Public Finance Management Act who wish to join the Forum.

7.3 Attendance by Invitation to Forum meetings

Any persons may be invited by the Forum to provide technical and other assistance as may be required by the Forum from time to time.

7.4 Quorum

At least 40% of members present at the meeting, shall form a quorum. Any member may, with the approval of the Chairperson, appoint an alternate, not already on the Forum, to attend Forum meetings in his/her stead. .

8. MINUTES

The Secretary will keep the minutes of the proceedings at meetings of the Forum.

9. MEETINGS OF THE FORUM

The Forum shall meet at least 10 times per annum or as often as it deems necessary for proper discharge of its duties. Members are expected to attend at least 80% of the meetings of the Forum. The venue for the meetings of the Forum shall be determined by the Chairperson, and would normally be held at the offices of the Chairperson.

10. DECISIONS

10.1. Formal Meetings

All decisions of the SOEPF shall be by consensus. No voting shall take place within the Forum.

10.2. Round Robin

The Forum may make proposals on a round robin basis.

APPROVED:

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JAMES SEKHASIMBE

CHAIRPERSON

Procurement, and more specifically preferential procurement, is arguably one of the most critical indicators of and contributor to the success or otherwise of the government's strategy on broad based black economic empowerment (BBBEE).