

Purposeful procurement

The SARB's procurement strategy focuses on the timely delivery of goods and services in a manner that is fair, equitable, transparent, competitive and cost-effective – the five pillars of procurement outlined in the Constitution.

Accountability for delivery of procurement services in accordance with the procurement strategy and SARB Group Procurement and Supplier Management Policy is centralised to the SARB's Procurement Division; the PC approves all transactions above R5 million, while the GEC approves all procurement transactions above R50 million.

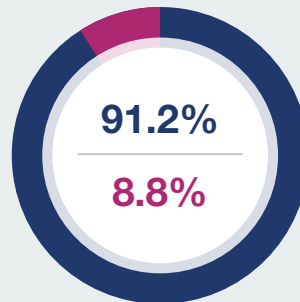
The PC is chaired by the COO and includes 10 senior employees with the right mix of skills to discharge its responsibilities.

Spending

Procurement spend with suppliers for the 2023/24 financial year was R4.7 billion excluding municipal rates and taxes, electricity and intercompany spend (as these do not follow a competitive procurement process), with the top 20 suppliers making up 60% of the total spend.

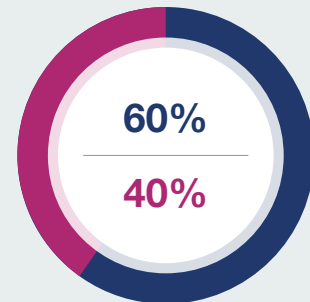
- The majority – or 91.2% – of total third-party spend was with local suppliers and 8.8% was spent with foreign suppliers.
- The split between operational expenditure and capital expenditure spend was 54% and 46% respectively.

LOCAL SPEND
R4.3 billion



FOREIGN SPEND
R416 million

TOP 20 SUPPLIERS
R2.8 billion



OTHER SUPPLIERS
R1.9 billion

Although exempt from the Public Finance Management Act 1 of 1999 (PFMA) and the Preferential Procurement Policy Framework Act 5 of 2000 (PPFFA), the SARB applies preferential procurement principles in its sourcing and procurement activities.

It has adopted specific elements of the PPPFA and has developed a three-year B-BBEE strategy to demonstrate its commitment to maintaining and improving spend with qualifying suppliers and supporting supplier development. This strategy is in its first year of implementation. Using the B-BBEE Generic Codes of Good Practice scorecard, the SARB achieved 21.6 out of a possible 27 points in terms of B-BBEE recognised spend.



SARB'S B-BBEE score based on the Generic Codes of Good Practice scorecard

Category of spend		Maximum points that can be achieved	SARB score achieved in the past FY
B-BBEE recognised spend	•→	5.0	5.0
Black-owned (BO) (spend with entities in which black people hold more than 51% of the exercisable voting rights and economic interest)	•→	11.0	11.0
Black women-owned (BWO) (spend with entities in which black women hold more than 30% of the exercisable voting rights and economic interest)	•→	4.0	4.0
Qualifying small enterprise (QSE) (spend with entities with revenue between R10 million and R50 million)	•→	3.0	0.5
Exempted micro enterprise (EME) (spend with entities with revenue <R10 million)	•→	4.0	1.1
Weighted score out of 27 points	•→	27.0	21.6

Strategic supplier relationship management (SRM), alongside performance management, is vital for the SARB, given that the majority of our spend resides with 34 suppliers who have been categorised as strategic partners based on the criticality of their supply to us. This is done to ensure continuous service delivery, drive cost efficiencies, mitigate risk exposure and present innovative solutions to its challenges. All dealings with suppliers are based on ethical and transparent conduct, good governance and compliance with policies and procedures.

Number of strategic suppliers on the SRM Programme

34



Average supplier performance score (which means suppliers are delivering according to expectations)

70%

