

MINISTERIAL DIRECTIVE

MODD/ACQ/00001/2004 (Edition 1)
September 2004



ACQUISITION OF ARMAMENTS IN THE DEPARTMENT OF DEFENCE

Reference A: Defence Act (Act No 42 of 2002)

B: Public Finance Management Act (Act No. 1 of 1999, as amended)

STATUTORY FRAMEWORK

1. The Secretary for Defence must, in terms of Sec 8(e) of the Defence Act, (Reference A), issue the applicable instructions to implement this policy down to the lowest applicable level of command and management. Acquisition is executed in terms of the prescripts of the White Paper on Defence, White Paper on Defence Related Industries, the Defence Review and the Public Finance Management Act (Reference B). The Secretary for Defence must negotiate a Service Level Agreement (SLA) with Armscor. This SLA will form the basis of a *de jure* relationship between the DOD and Armscor that will ensure that this policy is adhered to when armaments are acquired for and on behalf of the DOD.

REQUIREMENT

2. For the SANDF to carry out its functions, the availability of appropriate armaments is essential. Armaments are obtained through a process of armament acquisition. The policy will direct the DOD armaments acquisition process. Procurement and Technology Acquisition in the DOD will be governed by separate DOD policies.

AIM

3. The aim of this Directive is to provide a policy framework for governing of the acquisition of armaments in the DOD.

RESTRICTED

POLICY

4. This policy is applicable to the acquisition of all armaments that has as aim the improvement of the battle preparedness of the Defence Force bmo the addition of new main equipment or by upgrading existing main equipment. The provisions of this policy will apply to all personnel or organisations, which are charged with armaments acquisition responsibilities. It needs to be noted that this policy in principle addresses only that part of the life-cycle of matériel from the origin of a requirement as documented in a Required Operational Capability (ROC) up to and including the satisfaction of the requirement for operational deployment, initiating the final closure of the project as documented in the Project Closure Report. It thus covers all aspects from the Concept Phase to the Commissioning Phase after successful introduction into service.

OUTCOMES

5. The DODI and JDP developed in terms of this Directive shall comply with the following outcomes:

- a. Acquisition of technologically advanced and operationally effective and efficient armament.
- b. Establish the Departmental Acquisition and Procurement Division (DAPD) as the nodal point with relevant organisations pertaining to all armaments acquisition activities.
- c. Provide direction for the management of the total spectrum of acquisition activities to be carried out by the participating organisations to meet the armament requirements of the DOD.
- d. Reflect the principles of transparency and accountability in the DOD and in Armscor.
- e. Ensure that armament acquisition activities are executed within national objectives, policies and constraints.
- f. Provide an audit trail to enable the Secretary for Defence to fully exercise his responsibility as Accounting Officer.
- g. Ensure the integrity and traceability of the decisions in the decision-making and approval process by means of baseline management.
- h. Ensure that armaments acquisition is executed by means of the systems engineering process that could be tailored for the uniqueness of a specific acquisition project.
- i. Ensure that the entire acquisition process will be based on seeking best value for money and minimum risk to the DOD within national objectives.
- j. Create the flexibility needed to manage design development as inter-related with technology development, industrial development, and production during the process of armaments acquisition.
- k. Establish the mandate for the training of acquisition staff.

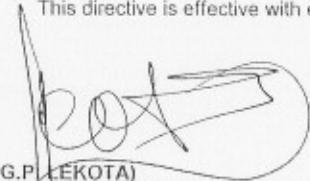
RESPONSIBILITY

6. This Ministerial Directive will be implemented by the Secretary for Defence, Chief of the SANDF and Chief Executive Officer. The afore-mentioned shall implement and comply with the DOD/ACQ/00005/2003 (Edition 2) to MODD/ACQ/0000/2004: "Policy on the Acquisition of Armaments in the DOD" and JDP/ACQ/00002/2004 (Edition 1) to MODD/ACQ/0000/2004: "Process & Procedure for the Acquisition of Armaments in the DOD".

7. Management at all levels of the DOD and Armscor shall be responsible for the effective, efficient and economical implementation of the DOD/ACQ/00005/2003 (Edition 2) to MODD/ACQ/0000/2004: "Policy on the Acquisition of Armaments in the DOD" and JDP/ACQ/00002/2004 (Edition 1) to MODD/ACQ/0000/2004: "Process & Procedure for the Acquisition of Armaments in the DOD". In this regard, employees in all functional areas shall co-operate with management of the DOD and Armscor in the implementation of this Ministerial Directive.

EFFECTIVE DATE

8. This directive is effective with effect from: 20 OCTOBER 2004



(M.G.P. LEKOTA)
MINISTER OF DEFENCE

DISTR

For Action

Secretary for Defence
C SANDF
Armscor CEO

Internal

File: DS/ACQ/IR/302/6/P

APPROVAL SET: EDITION 2 OF DODI/ACQ/00005/2003 ON THE
ACQUISITION OF ARMAMENTS IN THE DOD

APPROVAL AUTHORITY	COMMENTS
<p><i>R. Anster</i> Chief Director Acquisition Date: <u>07 SEPTEMBER 2004</u></p>	Submitted for Approval
<p><i>A. La Sala</i> Chief of Acquisition & Procurement Date: <u>07 September 04</u></p>	Recommended for Approval
<p><i>[Signature]</i> Chief Director Strategic Management Date: <u>10/9/2004</u></p>	Certified that format, outlay and general acceptability standards have been met
<p><i>[Signature]</i> Chief Financial Officer Date: <u>14 September 2004</u></p>	Certified that PFMA requirements have been met
<p><i>[Signature]</i> Chief Director Defence Policy Date: <u>14 September 2004</u></p>	Certified that policy is aligned with Government Policy
<p><i>[Signature]</i> Chief of Policy and Planning Date: <u>21 September 2004</u></p>	Approved for submission to the PDSC
<p>Approved by the Plenary Defence Staff Council</p>	<p>Minutes PDSC No: <u>9/2004</u> Dated: <u>27 September 2004</u></p>

DEPARTMENT OF DEFENCE
(DEPARTMENTAL ACQUISITION AND PROCUREMENT DIVISION)

DEPARTMENT OF DEFENCE INSTRUCTION:
ACQ NO 00005/2003
(EDITION 2)

POLICY ON THE ACQUISITION OF ARMAMENTS IN THE
DEPARTMENT OF DEFENCE



This document is the property of the Department of Defence and shall be issued only to those officials requiring it in the execution of their official duties. Any person finding an abandoned copy of this document is requested to submit it to the nearest South African National Defence Force (SANDF) unit or SAPS Station for return to the Department of Defence (Chief of Acquisition and Procurement), Private Bag X910, Pretoria, 0001, together with particulars of the circumstances under which it was found.

LETTER OF PROMULGATION

1. Department of Defence Instruction ACQ/00005/2003 Edition 2 is hereby authorised and issued for use in the Department of Defence and is effective from 1 September 2004.
2. This instruction is promulgated by the Secretary for Defence in terms of Section 8.(e) and Section 9.(1)(a) of the Defence Act. This instruction is confirmed by Chief of the South African National Defence Force as a South African National Defence Force Order in terms of Section 14.(d), for implementation in the South African National Defence Force. The policy must be implemented by Chiefs of Services and Divisions and by the CEO of Armscor down to the applicable levels of command and management.
3. The information contained in this document is to be treated in accordance with the security classification on the document.
4. Extracts and copies of this instruction may be made provided that appropriate care is taken to ensure that it is the latest (current) edition.
5. File reference DS/ACQ/R/302/6/P shall be used for correspondence relating to the subject of this instruction.

Authorised in terms of Section 8.(e) and Section 9.(1)(a) of the Defence Act (Act No 42 of 2002) for implementation in the Department of Defence by


(J.B. MASILELA)

SECRETARY FOR DEFENCE : DIRECTOR-GENERAL

Date: 16 Nov 04

SUPPLEMENTARY INFORMATION

1. Controlling Authority. The Controlling Authority for this instruction is the Secretary for Defence.
2. Responsible Authority. The authority responsible for the maintenance and management of this instruction is the Chief of Acquisition and Procurement.
3. Executing Authorities. The executing authorities are the Chiefs of the Services and Divisions of the DOD.
4. Originating Authority
 - a. Chief Director Acquisition.
 - b. Writer : R Adm S.J. Verster - Tel (012) 355-5400
Mr D Giesel - Tel (012) 428-2335
 - c. Enquiries : R Adm S.J. Verster - Tel (012) 355-5400
Mr D. Giesel - Tel (012) 428-2335
 - d. Facsimile : (012) 355-5403
5. Time Factors
 - a. Date of Implementation: 1 September 2004
 - b. Review: 1 September 2006
6. Proposed corrections and/or amendments must be forwarded to Chief of Acquisition & Procurement via the normal departmental channels.

DISTRIBUTION

For Action

Secretary for Defence
Chief of the SANDF
Chief of Policy and Planning
Chief Financial Officer
Chief of Joint Operations (Attn: Director Doctrine and Development)
Chief of the Army (Attn: Directorate Force Preparation – Section AOT Policy)
Chief of the Air Force (Attn: DMARP)
Chief of the Navy (Attn: SO AOT Policy)
Surgeon General (Attn: D Plan)
Chief of Defence Intelligence (Attn: CD Intelligence Division Support)
Chief of Corporate Staff
 Chief Director Strategy and Planning
 Chief of Defence Corporate Communication
 Chief of Military Legal Services
 Chaplain General
 Chief of Defence Reserves
 Director Defence Foreign Relations
Chief of Joint Support (Chief Directorate Joint Support Management – Attn: SO SD)
 Chief of Logistics
 Chief Command Management Information System (Attn: SSO Strat Plan)
 Chief Command Management Information System (Attn: SSO Doc Centre)
 Chief of Joint Training
 Chief Human Resource Support Centre
 Chief of the Military Police Agency
 Chief of the Service Corps
Chief of Acquisition and Procurement
Inspector General DOD/Chief Audit Executive
Director Personnel Payment
Chief Director Equal Opportunities

For Information

Chief Executive Officer of Armscor (Attn: General Manager Quality, IT and Infrastructure)
Head of Ministerial Services
Auditor General (Attn: Ms H. Els)
Warrant Officer of the SA National Defence Force

Internal for Action

Chief Director Acquisition
Director Army Acquisition
Director Air Force Acquisition
Director Naval Acquisition
Director Technology Development
SSO Common Weapon Systems

File: DS/ACQ/R/302/6/P

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RECORD AMENDMENTS

This Edition (Edition 2) replaces Edition 1 that was provisionally approved by the PDSC on 3 November 2003. Edition 1 was approved on condition that it must be brought in line with the revised DOD policy regarding the Development, Promulgation and Maintenance of Departmental Policy and Policy Publications. With the new approach the DODI has been separated from the supporting process and procedures that is published in a Joint Defence Publication (JDP/ACQ/00002/20004).

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ACQUISITION OF ARMAMENTS IN THE DEPARTMENT OF DEFENCE

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DEPARTMENT OF DEFENCE INSTRUCTION ON THE ACQUISITION OF ARMAMENTS IN THE DEPARTMENT OF DEFENCE

- Reference A: MODD/ACQ/1/2004 - Acquisition Of Armaments In The Department Of Defence
B: The Defence Act, Act No 42 of 2002
C: The White Paper on Defence, 1996
D: Defence Review, 1998
E: White Paper on the SA Defence Related Industries
F: White Paper on Science and Technology
G: Public Finance Management Act, Act No 1 of 1999 as amended
H: JDP/ACQ/00002/2004 – Process and Procedure for the Acquisition of Armaments
I: Armaments Corporation of South Africa, Limited Act, Act No 51 of 2003

SUPERSESION OF EXISTING POLICY

1. This document supersedes DODI/ACQ/00005/2003 (Edition 1) dated 3 November 2003.

INTRODUCTION

2. The origin of this instruction is the Ministerial Directive MODD/ACQ/1/2004 (Reference A).

AIM

3. The aim of this instruction is to
 - a. establish a broad policy framework which will govern the acquisition of armaments in the DOD; and
 - b. establish a prescriptive framework for the interaction between the DOD, representing the armament needs, and Armscor as the armaments acquisition agency of the DOD.

POLICY STATEMENT

4. National Policy. Although all national policy may have an indirect influence on armaments system acquisition, only the more pertinent policies with a direct impact are indicated herewith. They are the Constitution, the National Security Policy, the Defence Act (Reference B), the Defence White Paper (Reference C), the Defence Review (Reference D), the White Paper on Defence Related Industry (Reference E), the White Paper on Science and Technology (Reference F) and the Public Finance Management Act (Reference G). These policy contents have to be specifically and innovatively applied during the execution of this instruction.

5. DOD Policy. The Secretary for Defence will, in terms of Sec 7.c of the Defence Act, Act No 42 of 2002 (Reference B), issue the applicable instructions to implement this instruction down to the applicable levels of command and management. The Secretary for Defence will negotiate a Service Level Agreement (SLA) with the CEO, Armscor. This SLA will form the basis of a contractual relationship between the DOD and Armscor that will

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ensure that this policy is adhered to when armaments are acquired for and on behalf of the DOD.

APPLICABILITY

6. This instruction is applicable to all officials of the DOD and Armscor and addresses the acquisition of all Category 1 Matériel that has as aim the improvement of the battle preparedness of the Defence Force bmo the addition of new main equipment or by upgrading existing main equipment. The provisions of this policy will apply to all personnel or organisations, which are charged with armaments acquisition responsibilities.

TERMINOLOGY & ABBREVIATIONS

7. See JDP/ACQ/00001/2004 (Reference H) and RSA-MIL-STD-004 Acquisition Glossary for terminology and abbreviations.

IMPLEMENTATION GUIDELINES

8. The implementation guidelines are contained in JDP/ACQ/00002/2004 (Reference H).

DOD ACQUISITION OF ARMAMENTS SYSTEM ELEMENTS

9. The DOD Acquisition Of Armaments System consist of the following elements that collectively provide prescripts, structures, processes and procedures of the Armaments Acquisition Management System:

a. Policy Documentation

- i. MOD Directive MODD/ACQ/00001/2004 on the Acquisition of Armaments in the Department of Defence (Reference A). This describes the policy that is to be established in the DOD and ascribes primary responsibility to the Chief of Acquisition and Procurement to implement the policy.
- ii. DOD Instruction DODI/ACQ/00005/2003 (Edition 2) on the Policy on Acquisition of Armaments in the Department of Defence. This prescribes policy and ascribes responsibility and accountability for implementation in the DOD.
- iii. Joint Defence Publication JDP/ACQ/00002/2004 on the Process and Procedure for the Acquisition of Armaments in the Department of Defence (Reference H). This publication contains the contextual background of the Acquisition of Armaments policy in the Department of Defence as well as the process and procedures for the Acquisition of Armaments in the Department of Defence.

- b. Stakeholders of the System. Responsible Authorities of the acquisition process are:
- i. Chief of Acquisition and Procurement.
 - ii. General Manager Acquisition of Armscor.
 - iii. Chief Director Acquisition.
 - iv. Director Army Acquisition.
 - v. Director Air Force Acquisition.
 - vi. Director Naval Acquisition.
 - vii. SSO Common Weapon Systems.
- c. Information Systems. The following Information Systems form part of the Armaments Acquisition Management System:
- i. Financial Management System.
 - ii. Armscor Contract Management System.
 - iii. Technical Standardisation System – RSA Military Standardisation Steering Committee (RMSS).
 - iv. Logistic Accounting Systems (CALMIS & OSIS).
- d. Training System. It is the responsibility of the Chiefs of the Services or Divisions to identify, train and educate officers identified to be appointed as project officers in the art of project management. Chief of Acquisition & Procurement is responsible for continuation training of project officers to further enhance their knowledge on specific acquisition matters. Armscor is responsible for the training of programme managers who form part of the joint projects teams.
- e. Preventative System. The Armament Acquisition process is regulated by the following control measures:
- i. Monitoring of project milestone documentation.
 - ii. Project status reporting.
 - iii. Project approval forums.
 - iv. Baseline Review Boards

RESPONSIBILITIES, AUTHORITIES AND ACCOUNTABILITIES

11. Executing Authorities. Each Service and Divisional Chief shall be
- a. responsible to ensure that the prescribed acquisition process and procedures are complied with in his/her Service/Division;
 - b. responsible for initiating and formulating Required Operational Capabilities and Staff Targets;
 - c. responsible for monitoring acquisition progress in terms of compliance with user requirements;
 - d. responsible for accepting systems into service as well as the associated life-cycle budgeting for the systems taken into service;
 - e. responsible to investigate and take disciplinary action against all cases of non-compliance with this instruction by members and employees under his/her jurisdiction; and
 - f. accountable for compliance with this instruction in his/her Service/Division;
12. Responsible Authority. Chief of Acquisition and Procurement, as the responsible authority, is the acquisition process manager in the DOD and shall be
- a. responsible to act as chief policy adviser on acquisition matters to the Secretary for Defence as the Accounting Officer;
 - b. responsible for directing and co-ordinating all acquisition and procurement activities between the DOD and Armscor;
 - c. responsible to act as the process owner for acquisition and procurement of Category 1 (Defence) and Category 2 (Commercial) items within the DOD;
 - d. responsible to monitor compliance with this instruction in the DOD;
 - e. accountable for acquisition financial management.
13. Audit Authority. Inspector General, DOD/Chief Audit Executive shall be
- a. responsible to audit DOD armaments acquisition;
 - b. authorised to consolidate audit findings and make recommendations to appropriate command and management bodies; and be
 - c. accountable for compliance with this instruction and the implementation thereof in his/her Division.

AUDITABLE OUTCOMES

14. The policy publications developed in terms of this instruction shall comply with the following outcomes:

- a. Establish the Departmental Acquisition and Procurement Division (DAPD) as the nodal point with relevant organisations pertaining to all armaments acquisition activities.
- b. Provide direction for the management of the total spectrum of acquisition activities to be carried out by the participating organisations to meet the armament requirements of the DOD.
- c. Reflect the principles of transparency and accountability in the DOD and in Armscor.
- d. Ensure that armament acquisition activities are executed within national objectives, policies and constraints.
- e. Provide an audit trail to enable the Secretary for Defence to fully exercise his responsibility as Accounting Officer.
- f. Ensure the integrity and traceability of the decisions in the decision-making and approval process by means of baseline management.
- g. Ensure that armaments acquisition is executed by means of the systems engineering process which could be tailored for the uniqueness of a specific acquisition project.
- h. Ensure that the entire acquisition process will be based on seeking best value for money and minimum risk to the DOD within national objectives.
- i. Create the flexibility needed to manage design development as inter-related with technology development, industrial development, and production during the process of armaments acquisition.
- j. Establish the mandate for the training of acquisition staff.

INSTRUCTION AUTHORITY

15. This instruction is issued by the Sec Def and the C SANDF in accordance with the powers to instruct, as contemplated in the Defence Act (Reference B).

OBLIGATION TO COMPLY

16. Every official of the department involved in the management or execution of the acquisition of armaments must ensure compliance with this instruction in his/her area of responsibility. This instruction implements this prescription in the DOD with respect to the acquisition of armaments.

17. Compliance with this instruction is subject to both internal and external audit.

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NON COMPLIANCE

18. A DOD official to whom the power or duty is assigned in terms of Section 44 of the PFMA and Section 9 of the Defence Act commits an act of financial misconduct if that official wilfully or negligently fails to exercise that power or perform that duty [Section 81(2) PFMA].

19. A charge of financial misconduct against a DOD official must be investigated, heard and disposed of in terms of the statutory or other conditions of appointment or employment applicable to that official and any regulations prescribed by the Minister of Finance [Section 85 PFMA].

20. Negligent or wilful non-compliance with this instruction by an official of the Department of Defence or Armscor constitutes an offence that will lead to disciplinary action in terms of conditions of employment or appointment applicable to that official.