



**OFFICE OF THE ACTING DIRECTOR: ENTERPRISE RISK AND INTEGRITY MANAGEMENT**

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**INTERNAL MEMORANDUM**

**TO : DEPUTY DIRECTOR GENERALS**  
**: CLUSTER CHIEF DIRECTORS**  
**: CHIEF DIRECTORS**  
**: DISTRICT DIRECTORS**  
**: DIRECTORS**  
**: ALL STAFF**

**FROM : HEAD OF DEPARTMENT**

**SUBJECT : PROHIBITION OF GOVERNMENT OFFICIALS ENGAGING IN**  
**BUSINESS WITH THE STATE**

**DATE : 21 MAY 2025**

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**1. BACKGROUND**

It has come to the attention of the Head of Department, with serious concern, that a growing number of government officials are involved in business transactions with state organs and public entities. Such conduct is strictly prohibited and constitutes a breach of government regulations and ethical standards.

**2. PURPOSE**

The purpose of this memorandum is to:

- Promote ethical behaviour among employees in the public service;
- Eradicate and prevent unethical practices in the public service;
- Reduce possible, perceived and potential conflicts of interest;
- Prohibit an employee from registering on the National Treasury Central Supplier Database (CSD) as an individual, owner of a company or director of a public or private company unless such employee is in an official capacity a director of a company listed in schedule 2 and 3 of the Public Finance Management Act.

**PROHIBITION OF GOVERNMENT OFFICIALS ENGAGING IN BUSINESS WITH THE STATE**

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## PROHIBITION OF GOVERNMENT OFFICIALS ENGAGING IN BUSINESS WITH THE STATE

This memorandum serves to provide clarity on the roles and responsibilities of ECDOE employees in this regard.

### 3. LEGISLATIVE REQUIREMENTS

In terms of section 195 of the Constitution of the Republic of South Africa, 1996, employees in the public service are expected to exercise the highest ethical standards and adhere to the Code of Conduct contained in Chapter 2 of the Public Service Regulations, 2016 (PSR).

Regulation 13(b) of the PSR, 2016 requires employees to not engage in any transaction or action that is in conflict with or infringes on the execution of his/her official duties.

Regulation 13 (c) of the PSR, 2016, prohibits an employee from conducting business with an organ of state or be a director of a public or private company unless such an employee is in an official capacity a director of a company listed in Schedules 2 and 3 of the Public Finance Management Act. These regulations contribute towards the enhancement of the value system which guides the professional conduct of employees in the public service.

### 4. SCOPE OF APPLICATION

This Memorandum is applicable to the following public servants e.g. permanent staff, contract workers and interns –

- All persons employed in terms of the Public Service Act No. 103 of 1994, as amended;
- All persons employed in terms of the Public Finance Management Act No. 1 of 1999, as amended;
- All educators employed in terms of the Employment of Educators Act No. 76 of 1998, as amended.

Senior managers contemplated in (a), (b) and (c) above, for a period of a maximum period of 12 months after they have left the public service.

### 5. ACTIVITIES THAT CONSTITUTE CONDUCTING BUSINESS WITH AN ORGAN OF STATE

For the purposes of this Memorandum, business includes any business, trade, occupation, profession, calling, industry or undertaking of any kind, or any activity carried on for gain or profit by any person within the Republic or elsewhere, and includes all property derived from or used in or for the purpose of carrying on such other activity, and all the rights and liabilities arising from such other activity.



## PROHIBITION OF GOVERNMENT OFFICIALS ENGAGING IN BUSINESS WITH THE STATE

An employee is regarded as 'conducting business with an organ of state' when an employee or an employee acting as a director of a private or public company-

- (a) concludes, or intends to conclude, a written or oral agreement, irrespective of the process followed with an organ of state;
- (b) such agreement is not associated with that employee's employment with his or her department; and
- (c) through such agreement provides goods or services to any organ of state for any personal benefit, financial or otherwise.

For the purposes of regulation 13(c) of the Regulations, conducting business with an organ of state does not include the activities determined by the Minister and listed in **Annexure A**.

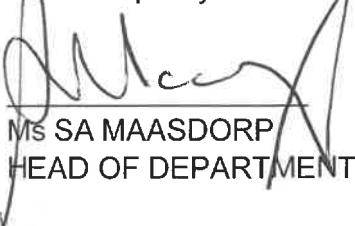
### 6. NON-COMPLIANCE

An employee trading with the state is in contravention of section 8(2) of the Public Administration Management Act, 2014 (Act No. 11 of 2014). In terms of section 8(3) of the same Act, such conduct constitutes an offence, and any person found guilty is liable to a fine or imprisonment for a period not exceeding five years, or to both such fine and imprisonment. This conduct also constitutes serious misconduct, which may result in the termination of employment by the employer.

### 7. HOD DIRECTIVE

All employees of the Department of Education are strictly prohibited from conducting business with any organ of the State. Employees who have companies registered on the Central Supplier Database (CSD) must deregister their entities or remove their names from the CSD registered companies within 21 days.

Yours in quality education

  
Ms SA MAASDORP  
HEAD OF DEPARTMENT

23/05/2025  
Date

**PROHIBITION OF GOVERNMENT OFFICIALS ENGAGING IN BUSINESS WITH THE  
STATE**

**ANNEXURE A**

**ACTIVITIES BY EMPLOYEES NOT CONSTITUTING CONDUCTING BUSINESS  
WITH AN ORGAN OF STATE**

Activities affecting employees in the public service:

1. Participation in marking, training, teaching or lecturing at public educational institutions.
2. Official activities undertaken on a part time basis, either temporarily or permanently to a number of Departments in terms of an employee's employment.
3. Employees supporting the Independent Electoral Commission as voting staff during elections.
4. Employees volunteering their services to the board of their professional associations through nomination or election by their peers. This should be confirmed by a letter from their association.
5. Appointment to an organ of the state in an official capacity as a director of a company listed in Schedules 2 and 3 of the Public Finance Management Act, where an employee is reimbursed for reasonable expenses. Activities affecting non-employees in the public service:
6. Appointment to an audit committee contemplated in section 77 of the Public Finance Management Act, 1999 (Act 1 of 1999).
7. Appointment as a member of the Reserve Police Service in terms of section 48(2) of the South African Police Service Act, 1995 (Act 68 of 1995).
8. Appointment as a member of the Reserve Force in terms of section 53 of the Defence Act, 2002 (Act 42 of 2002).
9. Social assistance assessments performed by health professionals, not employed full time by the State, for the South African Social Security Agency.

