

# GUIDELINE FOR CONSUMERS ON INSOURCING VERSUS OUTSOURCING OF SECURITY SERVICES



**PSIRA**  
Private Security Industry Regulatory Authority

## **1. INTRODUCTION**

In terms of the Private Security Industry Regulation Act, 2001 all security service providers are required to be legally registered with PSiRA. This includes those security service providers (security businesses) providing security services to clients (contract security businesses) as well as the individual security officers themselves. The PSIR Act therefore also includes in-house security officers who protect and safeguard the employer's property or interests and also places obligations on the employer of in-house security officers in terms of the Act and Code of Conduct for Security Service Providers, 2003.

A number of consumers of contract security service providers are considering to insource security services. The aim of this guideline is to highlight the differences between the two and to highlight the factors that should be taken into consideration in order for consumers and/or existing clients of contract security service providers to make an informed decision on insourced or outsourced security services.

## **2. INSOURCING VERSUS OUTSOURCING – FACTORS CONSUMERS OR CLIENTS OF SECURITY SERVICES NEED TO CONSIDER WHEN INSOURCING**

### **2.1 Obligations in terms of the PSIR Act, 2001**

The Private Security Industry Regulation Act also places obligations on employers of in-house security services. This includes the following:

- Registration with PSiRA as in-house employer;
- There is no registration fee but an annual administrative fee of R3 500-00 is payable by the business per annum; and
- The business is also subjected to inspections by inspectors of the PSiRA to verify compliance as the PSIR Act and Code of Conduct for Security Service Providers, 2003 are applicable on employers of in-house security officers.

## **2.2 Obligations in terms of Private Security Industry Regulations, 2002**

An employer of in-house security officers must ensure that they comply with the following requirements in terms of the Private Security Industry Regulations, 2002:

- Only use employees registered as security service providers (ensure registration / training, etc.);
- Comply with deductions of annual amounts payable by in-house security service providers;
- Keeping of documents at an accessible administrative office for minimum of 4 years which is also subject to inspection by PSiRA inspectors;
- Update all records within 7 days after changes;
- Keeping records electronically or in document format. If electronic copies are kept, back-up copies must be made;
- Document that must be kept includes, *inter alia*, the following:
  - ❖ Namelists of security officers, wage register, true copies of payslips, attendance registers and personnel files; and
  - ❖ Legal authorization in respect of firearms, deductions of annual fees
- Reporting changes to the Authority, including the appointment, dismissal, resignation, etc. of any security officers; and
- Uniform and firearm requirements (Regulation 13).

## **2.3 Obligations in terms of Code of Conduct for Security Service Providers, 2003**

As all in-house security officers are legally required to register with PSiRA, all the obligations in terms of the Code of Conduct of Security Service Providers, 2003 are applicable on them. In addition, there are a number obligations prescribed for the employer of in-house security officers as well. This includes, *inter alia*, the following:

- Appoint a responsible person to manage and oversee security service providers;
- Responsible person must ensure compliance with Act & Regulations;
- Annual training to all security service providers on legal provisions regarding regulation of the industry; and
- Any non compliance constitute improper conduct and a criminal offence (R1 million fine can be imposed for improper conduct conviction and on conviction of a criminal offence, imprisonment of up the 24 months).

## **2.4 Obligations in terms of Firearms Control Act, 2002**

- A business who wishes to have armed security officers, must ensure that the firerams are licensed to the business and may not allow security officers to use their own firerarms as it is illegal in terms of the PSIR Act as well as Firearms Control Act, 2000;
- A responsible person must be appointed to ensure compliance with the Firearms Control Act, including the issuing of permits to security officers;
- The responsible person should be trained and be competent in respect off all the firearms applied for;
- The responsible person must ensure that the firearms are kept safely and only issued to security officers who are trained and competent to use the said firearms; and
- The responsible person must ensure annual practical training by all security officers.

## **5.5 Other considerations**

In deciding to insource security services, the following should also be considered:

- Labour unrest (security industry and in-house environment).  
In the case of contract security, the security business is

obliged to meet their contractual obligations where in the case of in-house security, the employer will need to ensure its own security arrangements in the case where employees embark on industrial action;

- security officers colluding with other insourced staff (e.g. gardening, cleaning services and maintenance);
- supplementary work for security officers suspended or removed from their post during investigation of complaints/misconduct against them.
- Additional security needs for specific time periods / projects;
- Security officers may only work a certain number of hours per day and per week in terms of labour legislation. The employer must therefore ensure additional employment of security officers to provide for relievers in view of working hour restrictions in terms of labour law;
- Uniform / firearm requirements for all security officers, including relievers;
- Supervision / control is required 24/7, 365 days a year;
- Oversight and regulation by PSIRA / Department of Labour and possible Bargaining Council (more regulatory bodies and oversight), etc.;
- Security not core business and the employer may not have any expertise on security requirements for the business;
- Costs of insource vs outsourcing (salaries, pension fund, medical aid, etc.); and
- Types of security services to be insourced – only guarding or all i.e. CCTV / Alarm monitoring, etc.

**END**