

FOLLOW UP BRIEFING ON IFMS

TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

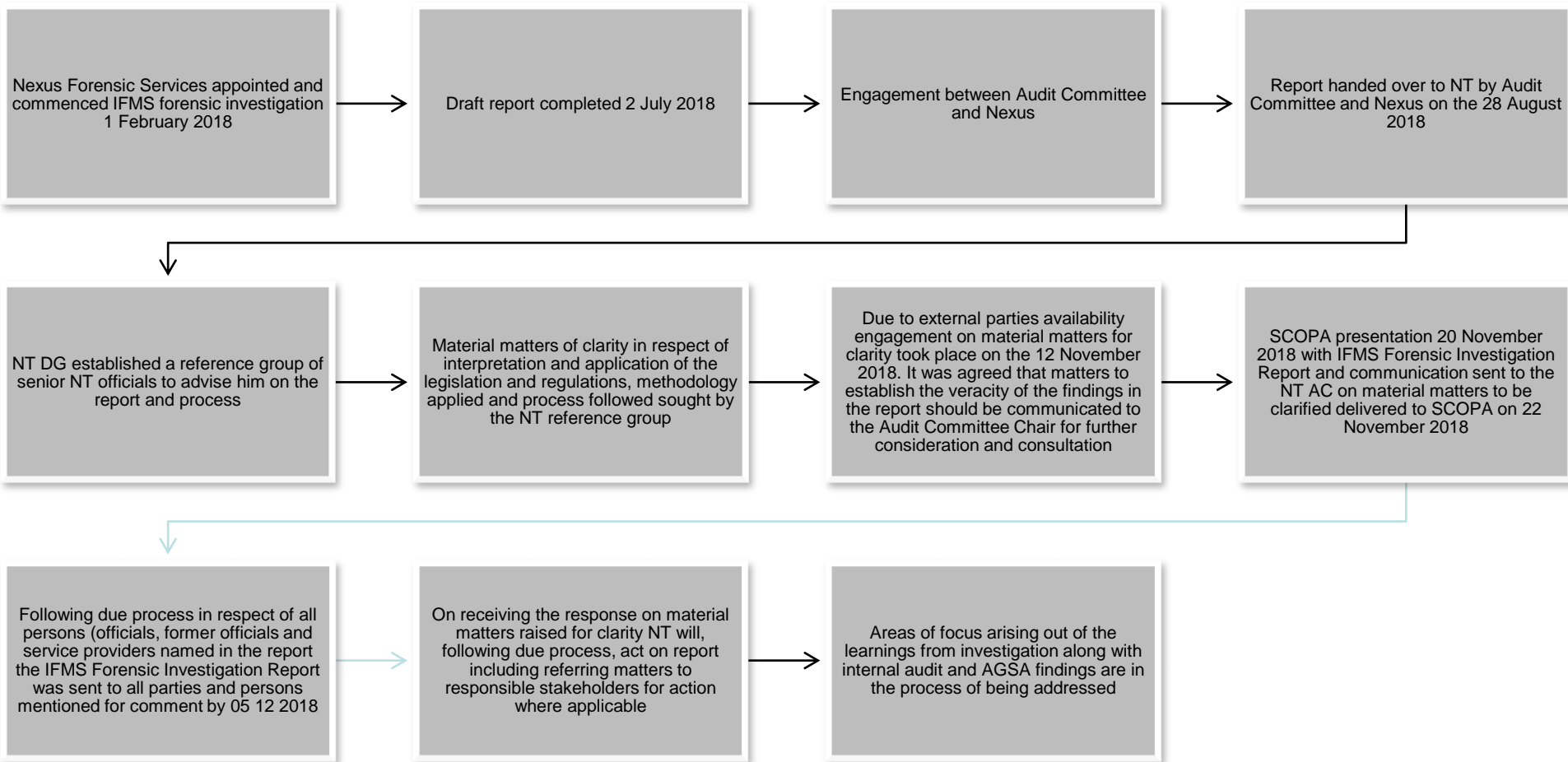
05 12 2018



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

IFMS FORENSIC INVESTIGATION - PROCESS



AS RECORDED IN THE IFMS FORENSIC REPORT

SUMMARY OF EXPENDITURE

IRREGULAR AND UNAUTHORISED

IFMS	SERVICE PROVIDER	DESCRIPTION	IRREGULAR EXPENDITURE AMT (INC VAT)	UNAUTHORISED EXPENDITURE AMT (INC VAT)
IFMS 2	Service Provider (SP)1	IPW0004 – SP6 related services [waiver of suspensive conditions]	R1,687,939.00	N/A
IFMS 2	Service Provider (SP) 2	RFQ1 Irregular panel appointment including overspent without deviation approval	R344,566.58 (R119,225.15 overspent)	N/A
IFMS 2	Service Provider (SP) 2	RFQ2 Irregular panel appointment including overspent without deviation approval	R5,262,168.35 (R265,288.35 overspent)	N/A
IFMS 2	Service Provider (SP) 3	RFQ3 Irregular panel appointment including overspent without deviation approval	R28,415,179.50	N/A
IFMS 2	Service Provider (SP) 4	RFQ23 Irregular panel appointment	R8,823,495.00	N/A
IFMS 2	Service Provider (SP) 2	RFQ24 Irregular panel appointment	R54,061,242.47	N/A
IFMS 2	Service Provider (SP) 2	RFQ29 Irregular panel appointment	R9,563,117.84	N/A
IFMS 2	N/A	Non-IFMS related trip	R29,929.43	N/A
IFMS 2	Service Provider (SP) 4	Paid by the Office of the CPO		R2,112,401.76
IFMS 1	Service Provider (SP) 5	Overspending on allocated budget		R15,701,797.00
IFMS 1	Service Provider (SP)1	Irregular appointment (including payments without supporting documentation (IFMS 1 related work)	R164,868,173.00	
IFMS 2	Service Provider (6)	Software license maintenance and support		
TOTAL			R 273,055,811.17	R 17,814,198.76

AS RECORDED IN THE IFMS FORENSIC REPORT

IFMS 1

SP1

1. Recommendations

- NT and SITA to verify conflict of interest process
- Possible no business case/needs analysis/feasibility study prior to procurement
 - Action must be taken against officials
- Possible SP1 Consortium did not submit back-to-back agreements
 - Action must be taken against evaluation committee
- Possible failure to address the failure of SP9 to declare interest (employee previously worked in IFMS)
 - Action must be taken against official
- Possible disregarding concerns raised during bid adjudication in relation to scoring and declaration of interest
 - Action must be taken against officials
- Entering into a contract with SP1 but bid was submitted by SP1 consortium
 - Action must be taken against officials
- Poor state of record keeping (SCM and payments)
 - To be addressed

2. Irregular Expenditure

- Failure to exclude SP1 from the tender process because of non-submission of back-to-back agreements which was a mandatory requirement and due to failure to contract with bidder name =R164 868 173 (incl VAT)
- Substitution of SP7 with SP6 during contract period with a 30% increase from the original agreement which is above the 15% deviation allowed

AS RECORDED IN THE IFMS FORENSIC REPORT

IFMS 1

SP5 AND OTHER CONTRACTS

SP5

1. Recommendations

- Payments made exceeded the approved budget allocated
 - Action must be taken against identified officials

2. Unauthorised expenditure

- Overspend exceeded the approved budget for the project in the amount of R15 701 797

OTHER CONTRACTS

1. Recommendations

- SITA terminates SP8 contract
- NT terminates SP9 software agreement
- Reimbursement of payments agreed to upfront to prevent wasteful and irregular
- To ascertain why Epi-use payment was delayed for 7 months and why NT paying for contract entered into by SITA?
- NT terminates SP10 software agreement
- SITA terminates IFMS 1 SP11 contract (end of contract period)

AS RECORDED IN THE IFMS FORENSIC REPORT

IFMS 2

SP1

1. Recommendations

- If unable to provide proof of rational in calculation of R383 million
 - Action must be taken against implicated officials
- Agreement was not properly implemented, managed, enforced, monitored and reported on.
 - Corrective action must be taken against officials
- Failure to terminate IFMS 1 agreements between Jan 2014-Dec 2017
 - Officials to explain failure to ensure that agreement properly terminated, monitored and reported on.
 - Dispute to be declared with SP1 and resolved through litigation
 - NT must terminate contract without paying R20 million licence
- Issue of IPWs (generic services) before Inception Documents approved
 - Action must be taken against officials
- Allowing SP6 related work to be done in contravention of suspensive clause of the agreement
 - Action must be taken against officials
- Order of sign off of documents must be adhered to
- Overpayment to SP1 to be transferred to SP6 as SP6 was then providing the service
 - Action against official for misconduct
- Recovery of outstanding 5% mobilisation fee that was not deducted = R416 907 (R567 071 should have been deducted only R149 164 has been)
 - Officials did not execute their duties in a responsible manner (5% not deducted)

AS RECORDED IN THE IFMS FORENSIC REPORT

IFMS 2

SP1

1. Recommendations

- *Found that the steps taken by officials in respect of the IFMS1 SP1 settlement agreement were not unreasonable (in relation to AGSA finding) [14]*
- *Allegation of fraudulent signature of official has been found to have no basis*

2. Irregular Expenditure

- IFMS1 SP1 Contract Agreement was irregular consequently all payments made in terms of that agreement are irregular (tender name SP1 consortium contract signed with SP1)
- SP1 SP6 licences have been withdrawn. Any payment made to SP1 in respect of the cancelled licences **would** amount to fruitless and wasteful expenditure
- IPW 0004 SP1 allocated work under contract SP6 Related Services however suspensive clause of that contract not met therefore IPW could not be allocated against this one of two SP1 contracts = R1 687 939 (incl VAT)[13]
- Any performance by SP1 in relation to the SP6 related services is deemed irregular
- Mobilisation fee is in line with regulations. However agreement with SP1 was irregular (see above) and therefore all subsequent payments are irregular including mobilisation fee = R 19 million

AS RECORDED IN THE IFMS FORENSIC REPORT

IFMS 2

PMO

1. Recommendations

- NT to determine under which contract SP3 rendered services to determine if payments were in line with services rendered
- Failing to report SP3 and SP2 conflict of interest (tendered having knowledge in lead up to design work)
 - Action must be taken against officials
- SP3, SP2 and SP12 did not declare interest in bid documents
 - Must be referred to law enforcement
- Misleading statements regarding service provider recusal/present at meetings when design of PMO discussed that later tendered and was appointed to the panel
 - Action must be taken against officials
- SP4 not disqualifying - no valid Tax Clearance Certificate
 - Action must be taken against evaluation committee
- Not complying with NT SCM Guide for Accounting Officers or Authorities
 - Action must be taken against officials
- Failure to report breach in supply chain management system (conflict of interest matters)
 - Action must be taken against officials
- Failures in SCM process (score calculation, technical evaluation criteria, required documents submitted)
 - To be addressed
- Failures of contract management (contract must be in place before work commences)
 - To be address

AS RECORDED IN THE IFMS FORENSIC REPORT

IFMS 2

PMO

1. Recommendations

- Failures of contract (time and material or deliverable and milestone and evidence to be submitted must be stipulated)
 - To be addressed
- Failures in payment (correct documentation attached)
 - To be addressed
- From SP2
 - Recovery of R119 225.15
- Failure to safeguard invoices supporting documents (SP4, SP2 and SP3)
 - Action must be taken against officials who
- SP4 irregular appointment
 - Contract to be cancelled
- Signing off invoices without checking necessary documentation
 - Action must be taken against officials
- Not adhering to limitations of contract
 - Action must be taken against officials
- Signing invoices in the absence of supporting documents
 - Action taken against officials (R42 259 023.32 (incl Vat)

AS RECORDED IN THE IFMS FORENSIC REPORT

IFMS 2

PMO

2. Irregular expenditure

- Appointment of SP2 was irregular = R344 566.58 (incl VAT) is irregular
- No deviation approved for overspending = R119 225.15 (incl VAT) on contract
- Invoices signed without proper documentation (timesheets) = R 344 566.58
- No deviation approved for overspending on contract = R173 951.50 (incl VAT)
- Appointment of SP3 was irregular = R28 415 179.50 (incl VAT) is irregular
- Invoices signed without proper documentation (timesheets) R 12 078 209.79 (incl VAT)
- Appointment of SP4 was irregular = R8 823 495 (incl VAT) is irregular
- Appointment of SP2 on PMO panel was irregular = R54 061 242.47 (incl VAT) is irregular

AS RECORDED IN THE IFMS FORENSIC REPORT

IFMS 2 PROBITY SERVICES AND ASSURANCE

SP2

1. Recommendations

- Failure to correctly appoint a BEC member
 - Action must be taken against officials
- Payment failure (approval of invoices without documentation)
 - To be addressed
- Failure to safeguard invoices supporting documents
 - Action must be taken against officials
- Not adhering to limitations of contract
 - Action must be taken against officials
- Approving payments with no supporting documents = R 8 991 328.78 (incl Vat)
 - Action must be taken against officials

2. Irregular Expenditure

- Appointment of SP2 to the PMO panel was irregular – payments made are irregular = R 9 563 117. 84 (incl VAT)
- Procurement process in appointment of the panel was irregular - all payments irregular = R 106 469 769.74 (incl VAT)

AS RECORDED IN THE IFMS FORENSIC REPORT

IFMS 2

SP6 APPOINTMENT AS COTS SERVICE PROVIDER

1. Recommendations

- Address failures in SCM process (vetting declarations, calculation of scores)
 - To be addressed
- SP9 & SP6 for providing misleading statements (tender forms)
 - Action to be taken
- NT should honour obligation to pay licences so as not to breach contract
- NT to determine the exact number of licenses in use to calculate the value of fruitless and wasteful being incurred

2. Fruitless and Wasteful Expenditure

- There is an SP6 licence maintenance fee of 17% regardless of licence use. If licence is not being used this portion of the payment would be considered Fruitless and Wasteful Expenditure.

AS RECORDED IN THE IFMS FORENSIC REPORT

IFMS 2

PAYMENTS

- **Recommendations**

- All IFMS related expenditure is accounted for and allocated against IFMS cost centre
- Expenditure to be reported:

Amount (incl VAT)	Type	Financial Year	For
R29 929.43	Irregular	2014/15	Non IFMS related travel expenses
R2 112 401.76	Unauthorised	2013/14	SP4 invoices paid by another NT division (OCPO)
R15 701 797.00	Unauthorised	2014 -18	SP5 paid by IFMS for CSD services
R7 528 524.81		2013/14	Paid to Epi Use - 7 months delayed and paid by NT on a contract between Service Provider and SITA

AS RECORDED IN THE IFMS FORENSIC REPORT CONFLICTS OF INTEREST

- No conflict of interest found

AS RECORDED IN THE IFMS FORENSIC REPORT MATTERS TO BE ADDRESSED (WITH NO CLARIFICATION MATTERS RAISED)

- Document Management
- SCM Processes
- Contract Management
- FM: Budget Control
- FM: Project Expenditure
- Project Initiation Controls/Project Takeover controls
- Project Management
- ICT controls
- Project M & E
- Combined Assurance
- Risk Management

FINDINGS THAT ARE CURRENTLY BEING ADDRESSED



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FINDINGS BEING ADDRESSED

MATTER RAISED	REMEDIAL ACTION ALREADY TAKEN/IN PROGRESS
Document Management	<p>Document management project initiated, includes AGSA (Knowledge Management unit training). Progress of the project implementation to be tabled at EXCO and Audit Committee. All officials involved in document management process are currently being up-skilled.</p> <p>Reinforcement training on IFMS document management & configuration strategy has been conducted with all project administrators and the SharePoint super administrator. IFMS documents are maintained in a SharePoint repository with specific guidelines aligned to the National Treasury's overall document management protocol. Work is continuing to digitise some older documents pre-2016 documents and upload them on SharePoint</p>
SCM processes	<p>SCM officials are being re-trained to reinforce understanding of SCM processes including any updates. More stringent verification processes are being conducted to ensure there are no errors in process or procedure. IA is now required to provide probity services for tenders above a certain threshold, determined by the CFO based on risks associated with each project.</p> <p>The IFMS Procurement Strategy going forward requires probity to be performed on all tenders by an independent party. Activation of probity is expected to flag conflicts of interest before tenders are evaluated.</p>
Contract Management	<p>Process to appoint a contract management specialist underway. Controls have been enhanced which includes, checklists to be completed to ensure all requirements are adhered to prior implementation, knowledge sharing sessions with project owners, reminder letters for soon to expire contracts amongst others.</p>
FM: Budget Control (time and material or deliverable and milestone and evidence to be submitted must be stipulated)	<p>Monthly discussions with the IFMS team and updates on Section 40 report to the Minister</p> <p>All IFMS work parcels performed by service providers are regulated by an "Instruction to Perform Work" (IPW), which stipulates the deliverables, resource hours and financial budget. All work submitted by the service providers are validated and signed off against the IPW's before they are cleared to bill for the service.</p>
FM: Project Expenditure (correct documentation attached)	<p>All IFMS invoices are verified by IA prior payment. Finance verifies availability of all requirement documents prior payment, including payment checklist sign-offs.</p> <p>Monthly discussions with the IFMS team and updates on Section 40 report to the Minister</p> <p>There are 3 different signatories within the Office of the Accountant-General alone for approval of payments, who must ensure that all documentation are available and in order. Depending on the amount there may be 3 additional signatories including the DG as the final approver</p>

FINDINGS BEING ADDRESSED

MATTER RAISED	REMEDIAL ACTION ALREADY TAKEN/IN PROGRESS
Project Initiation Controls/Project Takeover Controls	Strategic Project Support strengthening project initiation controls M & E and IA Performance to monitor project initiation compliance prior to project approval
Project Management	Strategic Project Support strengthening project controls and mechanisms for project support. M & E and IA Performance to strengthen project monitoring as part of NT's monitoring systems IFMS internal personnel have been deployed in the interim to the PMO to manage finance and administration respectively..
ICT controls	Update governance of ICT Governance Committee, GITO has a permanent representative in EXCO, capacity review as part of organisational review and vetting of officials and compliance to levels of access to information
Project M & E	M & E and IA Performance to strengthen project monitoring as part of NT's monitoring systems. Project monitoring to be amalgamated into NT annual monitoring plan and be a priority risk in developing the internal audit plan All IFMS work parcels performed by service providers are regulated by an "Instruction to Perform Work" (IPW), which stipulates the deliverables, resource hours and financial budget. All work submitted by the service providers are validated and signed off against the IPW's before they are cleared to bill for the service.
Combined Assurance	Combine assurance committee has been established and quarterly combined assurance report for each division released
Risk Management	IFMS has adopted a Project Risk Management process through which risks are identified and assessed. The Department's risk management are part of this process. Risks are presented to the Programme Committee (PC) for elaboration, thereafter to the IFMS Steering Committee for further elaboration. The Department's Risk Committee deals with IFMS risks separately to give it sufficient attention. The Audit Committee has separate IFMS special audit meetings quarterly to deliberate in governance, risk management and control matters related to IFMS.

FINDINGS BEING ADDRESSED

MATTER RAISED	REMEDIAL ACTION ALREADY TAKEN/IN PROGRESS
Impact of Vanilla SP6 solution on policies, procedures and legislature not yet determined.	A policy impact study was done for all processes up to level 4 (of 7) and was completed in September 2018. The study has shown that there is no impact on the PFMA. A similar impact study for processes level 5-7 can only be done in the Design phase. This forms part of the plan and any impact on the PFMA identified will be addressed appropriately.
Lack of formal Business Case for the IFMS programme	The existing IFMS 1 and the IFMS 2 cabinet approved documentation as well as the existing IFMS programme strategy has been updated to reflect recent development and progress culminating in the formal approval of the latest IFMS business case and systems blueprint.
Lack of Proper Programme Planning and Management	The matters raised confirms the existence of project management and governance strategies but cautions that these could become ineffective in the absence of the business case. The business case is now in place.
Insufficient resources to successfully implement the IFMS Programme)	IFMS has been allocated to be managed by the CD: Risk Management in the Office of the Accountant-General Additional internal resources have been deployed to augment the administrative capacity in the Project Management Office (PMO) The process of recruiting the Director: Technology is at the stage where interviews are being planned. The aim is to complete the interviews before 21 December 2018. Discussions with GTOC are underway to identify their members (CIO's in government departments) to take up strategic advisory roles in the various IFMS committees A resource plan for the Design Phase is near completion

NT RAISING MATTERS FOR CLARITY



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NT RAISING MATTERS FOR CLARITY

SUMMARY OF EXPENDITURE

IRREGULAR AND UNAUTHORISED

IFMS	SERVICE PROVIDER	DESCRIPTION	IRREGULAR EXPENDITURE AMT (INC VAT)	UNAUTHORISED EXPENDITURE AMT (INC VAT)	MATERIAL MATTERS RAISED
IFMS 2	Service Provider (SP)1	IPW0004 – SP6 related services [waiver of suspensive conditions]	R1,687,939.00	N/A	Does not meet the definition of irregular expenditure.
IFMS 2	Service Provider (SP) 2	RFQ1 Irregular panel appointment including overspent without deviation approval	R344,566.58 (R119,225.15 overspent)	N/A	The appointment on the Panel was not irregular [no conflict of interest as defined]. Overspending of R119,225.15 may be irregular if no deviation can be provided.
IFMS 2	Service Provider (SP) 2	RFQ2 Irregular panel appointment including overspent without deviation approval	R5,262,168.35 (R265,288.35 overspent)	N/A	The appointment on the Panel was not irregular [no conflict of interest as defined]. The payment of R265,288.is within the acceptable variation limits
IFMS 2	Service Provider (SP) 3	RFQ3 Irregular panel appointment including overspent without deviation approval	R28,415,179.50	N/A	The appointment on the Panel was not irregular [no conflict of interest as defined]. No overspending on contract:
IFMS 2	Service Provider (SP) 4	RFQ23 Irregular panel appointment	R8,823,495.00	N/A	Potentially not irregular. Memoranda states all conditions were adhered to.
IFMS 2	Service Provider (SP) 2	RFQ24 Irregular panel appointment	R54,061,242.47	N/A	The appointment on the Panel was not irregular [no conflict of interest as defined].
IFMS 2	Service Provider (SP) 2	RFQ29 Irregular panel appointment	R9,563,117.84	N/A	The appointment on the Panel was not irregular [no conflict of interest as defined].
IFMS 2	N/A	Non-IFMS related trip	R29,929.43	N/A	Does not meet the definition of irregular expenditure [no valid expenditure of the OAG].
IFMS 2	Service Provider (SP) 4	Paid by the Office of the CPO		R2,112,401.76	Does not meet the definition of unauthorised expenditure. [no overspending on programme 5]
IFMS 1	Service Provider (SP) 5	Overspending on allocated budget		R15,701,797.00	Does not meet the definition of unauthorised expenditure. [no overspending on programme 5]
IFMS 1	Service Provider (SP)1	Irregular appointment (including payments without supporting documentation (IFMS 1 related work)	R164,868,173.00		SITA to respond to the conclusions by Nexus.
IFMS 2	Service Provider (6)	Software license maintenance and support			The report concludes that the annual support fee of R67million is fruitless and wasteful expenditure This is not regarded as fruitless and wasteful expenditure as the consolidation of licenses has already resulted in savings for the public sector. Such savings will be reflected in the

NT RAISING MATTERS FOR CLARITY IN-PRINCIPLE

Process matters

- Findings were made at but not all relevant parties were interviewed (AAG, CFO and SP)(Pg 33)
- Matters already highlighted by other assurance providers, i.e. IA and AGSA will be cleared through those processes and not further investigations. e.g. IE expenditure will be processed through normal condonation process.(12.9.3 SP5 Pg. 155)

Methodological matters

- Accuracy of periods, positions and incumbents must be confirmed as well as accuracy of invoices, amounts and periods (14.13.14 Acting in that position Pg. 335, 10.11.28 Prescribed period for document retention Pg. 124)
- Clarification and separation of SITA period and NT in respect of SCM processes, documentation location, payment responsibilities and contract management
- Evidence indicates absence/ silence of documentation however findings were made (14.2.28-14.2.31 narrative Pg. 235-14.2.70 finding Pg 240)
- Contradictions between body and findings/recommendations (14.5.27 irregular expenditure and 14. 5.31 unauthorised expenditure Pg. 256)

Interpretation and application

- Public sector legislation and prescripts not correctly interpreted and therefore incorrectly applied:
 - Unauthorised expenditure (12.9.1 SP5 Pg. 153)
 - Intention of SBD4 Form (see NT Practice note no 7 of 2009/10, 15.9.12 SP9& SP6 Pg. 393)
 - Meeting the definition of irregular expenditure if cost incurred does not contravene any legislation, regulation or policy (16.8.7 IBSASB conference held in Chile attended by an official Pg.438)

NT RAISING MATTERS FOR CLARITY

IFMS1

SP1

Chapter 10 Appointment of SP1 consortium

Reference	Matter identified	Comments
10.1.12	Not all documents listed were found	Were these not at SITA?
10.3.8	Roles and responsibilities	Clarity of NT- SCM and OCPO'S office sometimes not clear. The roles played are different.
10.6.17-18	Number of employees	Less than 50 employees' vs 47 employees. Specify.
10.6.41	Internal Audit matters	NT IA reliance on previous report?
10.10.18-20	Vat Calculations	There could be a possibility of non-vatable supplies. Have these been taken into consideration? How is the different between R165m and R145m arrived at?
General	Documents	The investigators were not furnished with all the documents and yet for example a finding is made that there was no Business case. This despite an official indicating that he recalls there was one. Does the fact that they could not find one mean there wasn't one at the time?
10.11.14	Consortium	The contract was with SP1 and not with the consortium, there is no indication that the consortium was formalised/ incorporated. What made them exclude the possibility that "consortium" was used loosely and that SP7 was SP1' sub –contractor?
	Remedial Action	It is recommended that the National Treasury regularise the payments. What does regularisation mean and how does the National Treasury go about regularising same?

NT RAISING MATTERS OF CLARITY

SP5 & OTHER CONTRACTS

Par. 12 - 13	Investigate and determine if appropriate processes were followed in the termination of all IFMS 1 related contractual obligations and assess the reasonableness of the settlement amounts	
Chapter 12 Terminations, settlements and negotiations of contracts with IFMS 1 service providers		
Reference	Matter identified	Comments
12.8.1 – 12.8.9	SP5	The report does not make an assertion on the process followed or the reasonableness of the settlement amount paid to SP5 (as per scope of assignment).
12.8.13 – 12.8.17	The report concludes that the agreement with SP8 was not terminated and is ongoing.	No basis for recommendation was provided in the conclusion paragraph as to why SITA must terminate the contract and the grounds for such.
12.9.4	The report recommends SITA terminate SP8 contract	However, we note that this is the responsibility of SITA.
12.8.18	The report concludes that the contractual relationship between NT and SP9 regarding the Software agreement (HRM 1) was not terminated, as the software is still in use by the DPSA.	The National Treasury could not terminate software agreement as it was in use by the DPSA and required the concurrence of the DPSA in order to terminate the agreement.
12.9.5	The report recommends that NT considers terminating the software agreement with SP9.	The SP9 software agreement has subsequently been terminated based on the concurrence from DPSA (effective 31 December 2018).
12.8.23 – 12.8.27	The report concludes that the software agreement is currently being serviced as the product provided by SP10 is still in use.	National Treasury is currently using the software and will consider terminating the agreement when required.
12.9.8	The report recommends that NT considers terminating the software agreement with SP10.	
12.8.28 – 12.8.31	The report states that no formal confirmation was received from SITA on the status of the SP11 contract.	No basis for recommendation was provided in the conclusion paragraph as to why SITA must terminate the contract and the grounds for such.
12.9.9	The report recommends SITA terminate SP11 contract	However, we note that this is the responsibility of SITA.

NT RAISING MATTERS OF CLARITY

IFMS 2

SP1

Par. 12 - 13	Investigate and determine if appropriate processes were followed in the termination of all IFMS 1 related contractual obligations and assess the reasonableness of the settlement amounts
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Chapter 13 SP1' continuation in IFMS 2

Reference	Matter identified	Comments
	SP1	There is no overall conclusion in the report in relation to the process followed with regard to the settlement agreement.

Par. 9 - 16	Establish the identities of the parties (officials and service providers) involved i.e. past and current IFMS and their respective roles to identify areas of non- compliance to serve as the basis for disciplinary or further action, if required
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Chapter 13 SP1' continuation in IFMS 2

Reference	Matter identified	Comments
13.4.34– 13.4.35 13.10.11, 3.10.14	The paragraph states the following: “We have already indicated this letter constitutes misconduct and accordingly we recommend that NT consider instituting disciplinary steps for the failure to adhere to NT Reg 9.1.4 read with Reg 12 and that the overpayment be recovered from SP1”	<p>There is no indication or documented conclusion by Nexus on the letter “constituting” misconduct in 13.4.34 – 13.4.35;</p> <p>The reference to Reg 9.1.4 and Reg 12 is the responsibility of the Accounting Officer or delegated official and relates to the recovery of losses or damages resulting from unauthorised, irregular and fruitless and wasteful expenditure. The amount has not been declared as unauthorised, irregular or fruitless and wasteful expenditure therefore the reference is irrelevant and incorrect.</p> <p>NT paid SP1 for licenses in use and in accordance with the existing license agreement with SP1.</p> <p>Further comment on the matter is provided below:</p> <ul style="list-style-type: none"> – In June 2015 the OAG became aware that NT Finance paid SP1 R17,820,625.50 for the annual maintenance and support on the PMM solution; – The OAG subsequently wrote a letter to SP1 (10 June 2015) requesting them to only renew the annual maintenance and support for the licences in use and reimburse the National Treasury for the rest; [ref 13.4.35(a)] – Several engagements subsequently ensued in order to agree on the actual cost of the licenses in use and the amount to be refunded to NT by SP1; – On 08 October 2015, the OAG received a letter written by SP6 to SP1 stating that the support from SP6 on the PMM solution had not been renewed for the 2015 – 2016 period. It also noted that SP1 had been paid for such; [ref 13.4.35(b)];

NT RAISING MATTERS OF CLARITY

IFMS 2

SP1

<p>13.4.34 – 13.4.35 13.10.11, 3.10.14</p>	<p>The paragraph states the following: “We have already indicated this letter constitutes misconduct and accordingly we recommend that NT consider instituting disciplinary steps for the failure to adhere to NT Reg 9.1.4 read with Reg 12 and that the overpayment be recovered from SP1”</p>	<p>There is no indication or documented conclusion by Nexus on the letter “constituting” misconduct in 13.4.34 – 13.4.35;</p> <p>The reference to Reg 9.1.4 and Reg 12 is the responsibility of the Accounting Officer or delegated official and relates to the recovery of losses or damages resulting from UIF. The amount has not been declared as unauthorised, irregular or fruitless and wasteful expenditure therefore the reference is irrelevant and incorrect.</p> <p>NT paid SP1 for licenses in use and in accordance with the existing license agreement with SP1.</p> <p>Further comment on the matter is provided below:</p> <ul style="list-style-type: none"> – In June 2015 the OAG became aware that NT Finance paid SP1 R17,820,625.50 for the annual maintenance and support on the PMM solution; – The Accountant-General subsequently wrote a letter to SP1 (10 June 2015) requesting them to only renew the annual maintenance and support for the licences in use and reimburse the National Treasury for the rest; [ref 13.4.35(a)] – Several engagements subsequently ensued in order to agree on the actual cost of the licenses in use and the amount to be refunded to NT by SP1; – On 08 October 2015, the OAG received a letter written by SP6 to SP1 stating that the support from SP6 on the PMM solution had not been renewed for the 2015 – 2016 period. It also noted that SP1 had been paid for such; [ref 13.4.35(b)];
<p>13.10.4</p>	<p>The report recommends that officials failing to terminate the IFMS 1 agreement are in contravention of NT Reg 16.7.1(d)</p>	<p>Reference to this Treasury Regulation is incorrect as it relates to the management of PPP agreements and is not applicable to this contract.</p> <p>The negotiation on the termination of the agreement had commenced but had to be suspended pending the finalisation of the forensic investigation.</p>

NT RAISING MATTERS OF CLARITY

IFMS 2

SP1

13.4.34 – 13.4.35 13.10.11, 3.10.14	The paragraph states the following: “We have already indicated this letter constitutes misconduct and accordingly we recommend that NT consider instituting disciplinary steps for the failure to adhere to NT Reg 9.1.4 read with Reg 12 and that the overpayment be recovered from SP1”	The OAG subsequently confirmed with SP6 that if NT could downgrade the initial number of users when renewing the annual maintenance and support [ref 13.4.35(c)]; Supporting information received was submitted to the OAG from SP1 in order to calculate the value of the 125 licenses in use [ref 13.4.35(d)]; Based on this information it was determined that the value of the annual maintenance and support on 125 licenses was not significantly less than that of 4000 licenses. It was agreed not to pursue the refund from SP1; A draft letter to this effect was circulated officials for their consideration (both in capacity as Acting-Accountant General) [ref 13.4.35 (e). Neither these individuals nor Sass were available to sign the letter when it had to be submitted to SP1, it was thus signed by an official on behalf of the OAG. The final letter reflected the internal decision of the OAG.
13.9.20	The report states that the issue of IPW004 and payment for SP6 Related Services are in contravention of section 45(c) of the PFMA, that requires officials to take effective and appropriate steps to prevent irregular expenditure. 45(c) of the PFMA, that requires officials to take effective and appropriate steps to prevent irregular expenditure	The issue and payment for services under IPW004 does not meet the definition of irregular expenditure. (See comment on 13.9.19, 13.9.28, 13.9.46, 10.10.9) – page 13. There was no contravention of section 45(c) of the PFMA.
13.10.3	The report recommends that NT considers correction action against the relevant officials who failed to ensure that the agreement (SP1 settlement agreement) is properly implemented, managed, enforced, monitored and reported on.	The implementation of the agreement was in process but was put on hold the pending outcome of all internal investigations.

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SP1

13.10.4	The report recommends that officials failing to terminate the IFMS 1 agreement are in contravention of NT Reg 16.7.1(d)	Reference to this Treasury Regulation is incorrect as it relates to the management of PPP agreements and is not applicable to this contract. The negotiation on the termination of the agreement had commenced but had to be suspended pending the finalisation of the forensic investigation.
13.10.8	The report recommends disciplinary action against officials who issued IPWs before approval of inception documents.	The IPWs were included in the draft and final version of the inception document. (refer to comment relating to 13.9.26 – 13.9.28) – page 13
13.10.9	The report recommends disciplinary action against the relevant officials for allowing SP6 related work to be done in terms of the Service Agreement while the suspensive conditions in the said agreement were not met.	It was the understanding that by issuing the IPW004 for SP6 related work was a waiver of the suspensive condition within the SP1 Settlement Agreement.
13.5.9	Clarification	Comment made on the memo not noted? To see the Annex 12.33.Legal and IT confirmations.
13.5.19	Clarification	Change from expenditure to prepayment, was based on substance of the transaction. Prepayment based on contractual requirement. Every time and event/occurrence is recognise classification changes to expenditure and IE is noted.
13.5.44	Termination	Termination not late 2018? Vs early 2019?
13.9.42	Clarification	Clarify statement – R 17.8m related to R 19m prepayment or another payment for the licences?
General	Settlement	The investigators indicate that they understand that the reason for settling with SP1 was to ensure value for money and yet one recommend that the team that was involved in concluding the agreement must give the rationale for concluding the agreement with SP1 in the absence of which they must be charged. If the rationale for settlement was explained, why must this be done again?

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PMO

Par. 9 - 16	Establish the identities of the parties (officials and service providers) involved i.e. past and current IFMS and their respective roles to identify areas of non- compliance to serve as the basis for disciplinary or further action, if required
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Chapter 14 IFMS 2 – Programme Management Office

Reference	Matter identified	Comments
14.2.68	The report recommends NT considers disciplinary action against officials, for failing to report SP3 and SP2's prior involvement in the establishment of the PMO, in contravention with NT Regulation 16A.8.1	<p>The OAG regrets this finding and will ensure that this will not occur in the future.</p> <p>The recommendation does not specify to whom these individuals failed to report to. The Head: Financial Management Improvement Programme was aware of such.</p> <p>Paragraph 14.2.43 asserts that the SP2 document [i.e. the SP2 PMO document] bears little resemblance to the final PMO TOR. Therefore SP2 played no role in the development of the TOR;</p> <p>When identified, an officials reported the fact that the service provider received the TOR to her line manager who committed to resolve the matter;</p> <p>In determining the approach to issuance of the TOR due consideration was given to SCM Practice Note 3 of 2003, and specifically paragraph 5 on Conflict of Interest. This was done because over the years many service providers had been involved in the IFMS and could have more experience or information thereon than others. No conflict of interest as defined was identified. It was accordingly agreed to issue the TOR on open tender in order to facilitate greater competition;</p>
14.2.70	The report recommends that NT considers disciplinary action against officials for making misleading statements regarding the service providers recusal from meetings where the establishment of the PMO was discussed.	<p>The conclusion is based on interviews with individuals who could not recall whether the service provider was recused.</p> <p>The minutes of the meeting discuss process issues. The actual TOR and any details of the assignment were not tabled nor discussed.</p> <p>A detailed memo on the facts and circumstances was prepared in response to the initial IA concerns. In the memo the recusal of the service provider was documented. This document was prepared an officials and made available to her line manager and other officials within the National Treasury.</p> <p>The basis of the conclusion made by Nexus in this regard is therefore not understood.</p>

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14.3.50	The report recommends disciplinary action against the evaluation committee for not disqualifying SP4 for not complying with the mandatory requirements in that they did not submit a valid TCC.	<p>This is an SCM process that we believe was addressed.</p> <p>The conclusion and recommendation is based on a checklist received. It is noted that the actual bid response from SP4 was not received by the investigation team (and accordingly not reviewed).</p> <p>Both the minutes/memorandum of the BEC and the BAC confirm that all bidders were compliant. It appears that the report places no reliance on the minutes/memoranda nor the memorandum prepared by SCM for DG approval.</p>
14.3.52	The report recommends disciplinary action against SCM officials for not complying with the SCM Guide for Accounting Officers or Authorities and NT Regulation 16A6.3(c)	<p>With regard to the advertising of the bid, this is an SCM process that we believe was addressed. Our understanding is that a bid would not have been advertised for 18 days without an approval for deviation from the Accounting Officer. This is an SCM process that we believe was addressed.</p> <p>With regard to the declarations by officials</p> <ul style="list-style-type: none"> – Reference to paragraph 5.5.1 and the interpretation that there is a conflict of interest is incorrect. Neither firm was providing consulting services to the National Treasury on IFMS and selling any IFMS goods/services at the same time. *reference to services in the latter part excludes consulting services. – The specification they tendered on was not part of their scope of work for which they were appointed and furthermore did not play a role in the development of the TOR.
14.3.54	The report recommends disciplinary steps against officials for contravening NT Regulation 16A.85 for the failure to report the breach of the supply chain management system to the accounting officer.	<p>Treasury Regulation 16A.8.5 applies to officials in the supply chain management unit of a department.</p> <p>The line manager was made aware of specific issues who committed to resolve such.</p>

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<p>14.5.37 (14.5.28, 14.5.29)</p>	<p>The report recommends disciplinary action against responsible officials for not adhering to NT Regulation 17.2.3 and failing to safeguard the invoice's supporting documents, including timesheets</p> <p>(RFQ1 – SP2, Technical Review)</p>	<p>This was a once specific project for specific work (deliverable) to be performed. It is important to note that the officials from SP2 worked alongside officials from SITA, DPISA and NT throughout the period of assignment, which accordingly gave officials comfort in signing off on the invoice. Furthermore, a report on activities was submitted to officials on 06/03/2014 [ref 14.5.10 (a)]. The SP2 team also attended the SLA meetings where progress was discussed on their assignment. The supporting documentation for the payment was the invoice.</p> <p>Paragraph 14.5.14 states that the contract did not require the submission of timesheets and recommends that NT should have requested such. Paragraph 14.5.28 however asserts non-compliance with SCM prescripts (without a reference).</p> <p>Reference to TR 8.2.2 is inappropriate as the regulation is not about supporting documentation it is about the authority to approve;</p> <p>TR 17.2.3 prescribes the retention period for documentation, it does not prescribe what documentation should accompany and invoice as inferred;</p>
<p>14.5.35</p>	<p>The report recommends disciplinary action against responsible officials for not adhering to NT Regulation 17.2.3 and failing to safeguard the invoices' supporting documents including timesheets (RFQ2 – SP2, Probity)</p>	<p>The report acknowledges that payment was not based on timesheets [14.6.13] nor was it a contractual requirement therefore the non-compliance referenced is not relevant.</p> <p>Treasury Regulation 17.2.3 does not infer that timesheets are required for all invoices rather that if timesheets are supporting evidence they should be retained for the period specified in the regulation;</p> <p>The supporting documentation for the payment was the invoice;</p> <p>The IFMS team worked closely with the Probity team, who attended and gave regular feedback at the SLA meetings;</p>

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14.6.36	The report recommends disciplinary action against the responsible officials for not adhering to NT Regulation 8.2.2 that requires compliance with the limitations or conditions attached to the authorisation (contract).	Paragraph 14.6.26 mentions that there is a possible contravention of NT Regulation 8.2.2; Paragraph 14.6.36 also states that “we are unable to conclude that it was in fact the cast.”
14.6.38	The report recommends disciplinary steps against officials for approving the payment of invoices in the amount of R4,720,295.11 in the absence of supporting documentation.	Only the invoices were not transmitted to finance once the approved within the OAG accordingly the payment packs would not have any additional substantiating documentation (which in the case of probity work would be confidential); The IFMS team worked closely with the Probity team, who attended and gave regular feedback at the SLA meetings. Other deliverables included letters, reports and reference material where requested. These should however all be available within the IFMS repository; Approval of all payments in relation to the IFMS was the responsibility of the budget manager (no delegations in this regard existed in IFMS); All documentation should however all be available within the IFMS repository;
14.7.105	The report recommends disciplinary action against responsible officials for not adhering to NT Regulation 17.2.3 and failing to safeguard the invoices' supporting documents including timesheets	Treasury Regulation 17.2.3 does not infer that timesheets are required for all invoices rather that if timesheets are supporting evidence they should be retained for the period specified in the regulation; The supporting documentation for the payment was the invoice; Only the invoices were not transmitted to finance once the approved within the OAG accordingly the payment packs would not have any additional substantiating documentation; All documentation should however all be available within the IFMS repository;
14.7.108	The report recommends disciplinary steps against officials for approving the payment of invoices in the amount of R12,078,209.79 in the absence of supporting documentation.	The supporting documentation for the payment was the invoice; Only the invoices were not transmitted to finance once the approved within the OAG accordingly the payment packs would not have any additional substantiating documentation; Approval of all payments in relation to the IFMS was the responsibility of the budget manager (the Accountant-General) (no delegations in this regard existed in IFMS); All documentation should however all be available within the IFMS repository;

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14.10.51	The report recommends disciplinary action against officials as they signed off invoices for work without checking the timesheets and weekly reports submitted.	<p>The supporting documentation for the payment was the invoice;</p> <p>Only the invoices were not transmitted to finance once the approved within the OAG accordingly the payment packs would not have any additional substantiating documentation;</p> <p>We note however that the report acknowledges the existence of progress reports for certain invoices paid;</p> <p>Approval of all payments in relation to the IFMS was the responsibility of the budget manager (the Accountant-General) (no delegations in this regard existed in IFMS).</p> <p>All documentation should however all be available within the IFMS repository;</p>
14.10.53	The report recommends disciplinary action against responsible officials for not adhering to NT Regulation 17.2.3 and failing to safeguard the invoices' supporting documents including timesheets	<p>Treasury Regulation 17.2.3 does not infer that timesheets are required for all invoices rather that if timesheets are supporting evidence they should be retained for the period specified in the regulation;</p> <p>The supporting documentation for the payment was the invoice;</p> <p>Only the invoices were not transmitted to finance once the approved within the OAG. Accordingly the payment packs would not have any additional substantiating documentation;</p> <p>All documentation should however all be available within the IFMS repository;</p>
14.10.54	The report recommends disciplinary action against the responsible officials for not adhering to NT Regulation 8.2.2 that requires compliance with the limitations or conditions attached to the authorisation (contract).	Reference to NT Regulation 8.2.2 in this regard is incorrect as it relates to delegations of authority;
14.10.55	The report recommends disciplinary action against officials for approving the payment of invoices in the amount of R7,740,962 in the absence of supporting documentation	<p>The supporting documentation for the payment was the invoice;</p> <p>Only the invoices were not transmitted to finance once the approved within the OAG accordingly the payment packs would not have any additional substantiating documentation;</p> <p>Approval of all payments in relation to the IFMS was the responsibility of the budget manager (the Accountant-General) (no delegations in this regard existed in IFMS).</p> <p>All documentation should however all be available within the IFMS repository</p>

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14.11.39	The report recommends disciplinary action against responsible officials for not adhering to NT Regulation 17.2.3 and failing to safeguard the invoices' supporting documents including timesheets	Treasury Regulation 17.2.3 does not infer that timesheets are required for all invoices rather that if timesheets are supporting evidence they should be retained for the period specified in the regulation; The supporting documentation for the payment was the invoice; Only the invoices were not transmitted to finance once the approved within the OAG accordingly the payment packs would not have any additional substantiating documentation; All documentation should however all be available within the IFMS repository;
14.11.40	The report recommends disciplinary action against the responsible officials for not adhering to NT Regulation 8.2.2 that requires compliance with the limitations or conditions attached to the authorisation (contract).	Reference to NT Regulation 8.2.2 in this regard is incorrect as it relates to delegations of authority;
14.11.42	The report recommends disciplinary action against officials for approving the payment of invoices in the amount of R42,259,023.32 in the absence of supporting documentation	The supporting documentation for the payment was the invoice; Only the invoices were not transmitted to finance once the approved within the OAG accordingly the payment packs would not have any additional substantiating documentation; Approval of all payments in relation to the IFMS was the responsibility of the budget manager (the Accountant-General) (no delegations in this regard existed in IFMS). All documentation should however all be available within the IFMS repository;
14.13.45	The report recommends disciplinary action against responsible officials for not adhering to NT Regulation 17.2.3 and failing to safeguard the invoices' supporting documents including timesheets	Treasury Regulation 17.2.3 does not infer that timesheets are required for all invoices rather that if timesheets are supporting evidence they should be retained for the period specified in the regulation; The supporting documentation for the payment was the invoice; Only the invoices were not transmitted to finance once the approved within the OAG accordingly the payment packs would not have any additional substantiating documentation; All documentation should however all be available within the IFMS repository;

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14.13.46	The report recommends disciplinary action against the responsible officials for not adhering to NT Regulation 8.2.2 that requires compliance with the limitations or conditions attached to the authorisation (contract).	Reference to NT Regulation 8.2.2 in this regard is incorrect as it relates to delegations of authority;
14.3.47	The report recommends disciplinary action against officials for approving the payment of invoices in the amount of [blank in the report] in the absence of supporting documentation	The supporting documentation for the payment was the invoice; Only the invoices were not transmitted to finance once the approved within the OAG accordingly the payment packs would not have any additional substantiating documentation; Approval of all payments in relation to the IFMS was the responsibility of the budget manager (OAG) (no delegations in this regard existed in IFMS). All documentation should however all be available within the IFMS repository;
Par. 19	Identify any irregular, unauthorised, fruitless and wasteful expenditure	
14.5.25	There was no deviation approval in terms of NT Regulation 16A.6.4 from the DG for the overspending of R119,225.15 (including VAT) on the contract, and therefore it constitutes irregular expenditure in terms of the PFMA	This would have been the responsibility of the AG There is no further information on this matter. Will ensure that this will not recur in the future.
14.5.27	The report concludes that the amounts paid to SP2 under RFQ 1 are irregular because the appointment of SP2 on the Panel was irregular.	This specific statement, that the appointment was irregular, was not included in Chapter 14. The assumption is that it is based on the conflict of interest which has been challenged. Refer to response under 14.3.52 above.

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14.6.23	There was no deviation approval from the DG for the overspending of R265,288.35 on the contract. (RFQ2 – SP2, Probity)	The variation on the contract is within acceptable limits as set out in National Treasury instruction on NATIONAL TREASURY INSTRUCTION NOTE ON ENHANCING COMPLIANCE MONITORING AND IMPROVING TRANSPARENCY AND ACCOUNTABILITY IN SUPPLY CHAIN MANAGEMENT However, the OAG will ensure that this will not recur in the future.
14.6.25	The report concludes that the amounts paid to SP2 under RFQ 2 are irregular because the appointment of SP2 on the Panel was irregular.	This specific statement, that the appointment was irregular, was not included in Chapter 14. The assumption is that it is based on the conflict of interest which has been challenged. Refer to response under 14.3.52 above.
14.7.88, 14.7.96	There was no deviation approval from the DG for the overspending of R173,951.50 on the contract, and therefore constitutes irregular expenditure in terms of the PFMA.	In the opinion of the OAG, the payments for the invoices IFMS001 – IFMS003 belong to the first contract signed with SP3. Notwithstanding the above, the variation is within the accepted limits as set out in the National Treasury Instruction. As a result there is no overspending.
14.7.98	The report concludes that the appointment of SP3 on the PMO panel was irregular and it follows that payments in the amount of R28,415,179.50 are irregular expenditure	Refer to response under 14.3.52 above.
14.10.40, 14.10.41, 14.10.46	The report concludes that the Appointment of SP4 on the panel of service providers was irregular. Consequently all payments made to SP4 are irregular	At the time of allocating work to SP4 under RFQ 23 there was a valid TCC submitted. The payments to SP4 cannot be regarded as irregular expenditure. ReSP4to response to 14.3.50 above.
14.11.35	The report concludes that the appointment of SP2 on the PMO panel was irregular and it follows that the payments under RFQ24 are also irregular.	Refer to response under 14.3.52 above. Ref slide 26
14.13.39	The report concludes that the appointment of SP2 on the PMO panel was irregular and it follows that the payments under RFQ29 are also irregular.	Refer to response under 14.3.52 above. Ref slide 26

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IFMS 2

OTHER MATTERS

10.3.1	The report states that SP4 Technology CC and SP4 Advisory are different entities.	SP4 Technology CC and SP4 Advisory is the same. It changed from a CC to a Pty(Ltd)
10.11.28	The report states that the lack of availability of payment documents from NT (SP1 under IFMS1) is a contravention of NT Regulation 17.2.3.	Payments packs must be retained for a period of 5 years . This means that in 2018 NT should retain all payment packs from 2013. Payments made in 2010 as referred to in paragraph 10.11.26 fall outside the prescribed period per TR17.2.3. Per TR17.2.3 , "Primary evidentiary records, including copies of forms issued for value, vouchers to support payments made, pay sheets, returned warrant vouchers or cheques, invoice and similar records associated with the receipt or payment of money" should be retained for a period of 5 years after which records can be disposed of.
14.3.20	The report states: "Additionally, as part of procedures to be following two officials from DPSA and SITA served as observers since approval was not obtained to allow the two officials to be members of the evaluation panel"	It was our understanding that non-employees of the National Treasury could not be members of the BEC. As key stakeholder representatives they observed the process.
14.5.1	Reference is made to the process followed regarding the issue and responses to RFQ1.	RFQ 1 was issued by SCM on 24 January 2014 (email evidence can be provided along with the RFQ); Only SP2 and Nihka Consulting Services responded to RFQ1 (SP4 did not respond to RFQ1);
14.3.48	The report concludes that both SP3 and SP2 made a misrepresentation in their SBD4 forms as they did not declare a conflict of interest in terms of NT Regulation 16A8.3(a) – (c)	The AGSA raised a finding regarding the SBD 4 forms for both SP3 and SP2 in 2015. Management responded to the matter and the issue was resolved. Reference: Audit finding number 15. Reference to 16A.8.3 (a) to (d) in the paragraph is incorrect as it does not relate to bidders.
14.6.1	The report states that SCM does not have record of the RFQ 2 issued to the panel members	RFQ2 was issued with RFQ1 (email evidence can be provided) SCM notified SP2 on the 26 February 2014 that they were successful; A response was also received from Nihka Consulting Services (email evidence can be provided). A total of 3 bid proposals were received for RFQ 2, being SP2, SP4 and Nihka.

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IFMS 2

SP6 APPOINTMENT AS COTS SERVICE PROVIDER

Par. 19	Investigate and review supply chain processes followed during the award, and contract negotiation process followed during, the IFMS Original Software Manufacturer awarding of contract to SP6 and assess the reasonableness of payments made to date. Identify any risks, “gaps” or areas of non-compliance in the contract with SP6.	
Chapter 15 – SP6s’ appointment as COTS service provider		
Reference	Matter identified	Comments
15.9.12 – 15.9.13 15.8.1	<p>Report concludes that neither SP9, nor SP6 declared in their SBD4 forms that they had previously provided services to the state. This constitutes misrepresentation by both SP9 and SP6.</p> <p>The report also states that Neither SP9, nor SP6 declared that they had previously conducted business with the State (SBD 4). It is common knowledge that both entities should have declared such interest.</p> <p>The report further concludes that should this fact had become known to the NT during the evaluation stage, both SP9 and SP6 should have been disqualified.</p>	<ul style="list-style-type: none">• The intention of the SBD4 Form as explained in National Treasury Practice Note Number 7 of 2009/10 is not consistent with the rational provided in the Nexus report.

NT RAISING MATTERS OF CLARITY

IFMS 2

PAYMENTS

Par. 19	Identify any irregular, unauthorised, fruitless and wasteful expenditure	
Chapter 16 – IFMS Payments		
Reference	Matter identified	Comments
16.8.7	The report concludes that the R29,929,43 [for IPSASB trip to Chile] constitutes irregular expenditure	<p>This was a valid cost for NT.</p> <p>The allocation of the R29,929.43 to the IFMS cost centre does not meet the definition of irregular expenditure as it was not incurred in contravention of any legislation, regulation or policy of the National Treasury (see comment above).</p>
16.8.28	The report concludes that R2,112,401.76 paid to SP4 was an overspending of the allocated 2013/2014 budget and is therefore unauthorised expenditure.	As provided above, unauthorised expenditure relates only to overspending of the Vote or main division of the vote. These payments did not result in either, i.e. the overspending of Vote 5, National Treasury or the overspending on Programme 5 wherein the OAG and the OCPO were located.
16.5.23	Clarification	Issue with the post audit journal processed to be clarified by Nexus.
16.8.11-13	Explanation	This amount is allocated as an expense at 5% as and when SP1 issues an invoice for work done.

FOLLOW UP BRIEFING ON IFMS

TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

05 12 2018



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA