

**PRESENTATION TO SCOPA  
ON THE DOD'S  
DEVIATIONS AND  
EXPANSIONS FOR THE  
2016/2017 FY AND 3<sup>RD</sup>  
AND 4<sup>TH</sup> QUARTERS OF  
2017/2018 FY  
(Oct 2017 to March 2018)**



12 June 2018

*“Together we move South Africa forward”*

- An invitation has been received for the Department of Defence (DOD) to appear before the Standing Committee on Public Accounts (SCOPA) on 12 June 2018.
- The invitation requires the DOD to make representations on Deviations and Expansions above the threshold of 15% / Rm15 or 20% / Rm20 for the 2016/2017 financial year end.
- A subsequent request was received on 5 June 2018 to submit deviations and expansions that were made to National Treasury.

- During the third and fourth Quarter of the 2017/2018 Financial Year, the Department of Defence applied to the National Treasury for Deviations and Expansions with regard to Operational Requirements as required by the following legislations :
  - ❖ PFMA,
  - ❖ Treasury Regulations,
  - ❖ Preferential Procurement Policy Framework and
  - ❖ National Treasury Issued Practice Notes



- **Deviations and Expansions for the 3<sup>rd</sup> and 4<sup>th</sup> Quarter of 2017/2018 (October 2017 to March 2018) submitted to National Treasury**
- **Deviations and Expansions the DOD expensed during the 2016/2017 Financial year end above the 15%/Rm15 or 20%/Rm20 threshold.**

# **Deviations and Expansions for the 3<sup>rd</sup> and 4<sup>th</sup> Quarter of 2017/2018 (October 2017 to March 2018) submitted to National Treasury**



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REQUEST MADE	NATIONAL TREASURY RESPONSE	DOD ACTION
<p><b>Project BIRO: Single Sourcing to Denel to build 3 multi-mission off-shore patrol vessels (MMOVPS) with associated Services/Logistic support.</b></p> <p><b>To strategically involve Denel in Maritime Projects. Request was to single source the MMOPVs through Denel</b></p> <p><b>Request Made: 16 October 2017</b></p>	<p><b>Not Approved</b></p>	<p><b>Did Not Proceed</b></p>

REQUEST MADE	NATIONAL TREASURY RESPONSE	DOD ACTION
<p><b>SAS Isandlwana refit, phased approach: work to be outsourced.</b></p> <p><b>Request was for the refit of SAS ISANDLWANA (ISWA) for Phase I, II &amp; III utilising SA Shipyards because the ship staff nor the Armscor Dockyard did not have the capability to execute the refit. SA Shipyards was selected based on previous experience and technical experience on FSG Systems</b></p> <p><b>Request Made: 16 November 2017</b></p>	<p><b>Not Approved</b></p>	<p><b>Did Not Proceed</b></p>



REQUEST MADE	NATIONAL TREASURY RESPONSE	DOD ACTION
<p><b>Request To Procure Various Automation Licenses For Compliance</b></p> <p><b>Request was for sourcing automation licences through supplier Software One to standardise the licensing regime as per Original Equipment Manufacture as well as to eliminate the risk of continuously paying for upgrades.</b></p> <p><b>Request made date: 16 November 2017</b></p>	<p><b>Approved</b></p>	<p><b>Proceeded</b></p>



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REQUEST MADE	NATIONAL TREASURY RESPONSE	DOD ACTION
<p><b>Request to make use of Mercedes Benz SA as preferred service provider for the purchase of Mercedes Benz sedan cars for the fleet</b></p> <p><b>Request was for purchasing of Mercedes Benz sedan cars for the DOD VIP fleet which are not on NT transversal contract RT57.</b></p> <p><b>Request made date: 24 January 2018</b></p>	<p><b>No Response to date</b></p>	<p><b>Did not Proceed</b></p>



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REQUEST MADE	NATIONAL TREASURY RESPONSE	DOD ACTION
<p><b>List of Suppliers as Preferred Service Providers for the Hiring of various Busses for Armed Forces week 2018 in Kimberley</b></p> <p><b>This was an operational requirement and the DOD does not have such transport. Advertising the requirement would have meant that the contract would have been concluded after the requirement date.</b></p> <p><b>Request made date: 24 January 2018</b></p>	<p><b>Approved</b></p>	<p><b>Proceeded</b></p>



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REQUEST MADE	NATIONAL TREASURY RESPONSE	DOD ACTION
<p><b>Request to make use of a list of Suppliers as Preferred Service Providers for the Hiring of Mobile Ablutions for Armed Forces week 2018 In Kimberley</b></p> <p><b>This was an urgent requirement for ablution facilities for Armed Forces Day. Advertising the requirement implied that the contract would have been concluded after the requirement date.</b></p> <p><b>Request made date: 31 January 2018</b></p>	<p><b>Not Approved</b></p>	<p><b>Proceeded based on guidelines provided by National Treasury</b></p>



REQUEST MADE	NATIONAL TREASURY RESPONSE	DOD ACTION
<p>Request for extension for the list of suppliers for supply and delivery of various dry and wet ration commodities to the DOD for a period of nine (9) months starting from 01 February 2018 till 31 October 2018. The initial request for a twelve (12) months, deviation was reduced to four (4) months, which was impractical to conclude a contract of this nature. The source of the deviation is that there was no contract in place due to the internal withdrawal of instruction to utilise South African Forces Institute (SAFI) as a single source for rations.</p> <p><b>Request made date: 25 January 2018</b></p>	<p><b>Not Approved</b></p>	<p><b>Proceeded</b></p>



REQUEST MADE	NATIONAL TREASURY RESPONSE	DOD ACTION
<p><b>Request for National Treasury approval on procurement of classified Special Medical Equipment for the Presidential Medical Unit utilising JDP/acq0000312004 chapter 1 paragraph 32</b></p> <p><b>The request was for purchasing of Special Medical Equipment for the Presidential Medical Unit to provide support to the RSA VVIP.</b></p> <p><b>Request made date: 25 January 2018</b></p>	<p><b>Not Approved</b></p>	<p><b>Proceeded</b></p>



REQUEST MADE	NATIONAL TREASURY RESPONSE	DOD ACTION
<p><b>Sourcing of Electronic Document Management Systems (EDMS) For The DOD</b></p> <p>The request was for document management system. The recommended service provider has inbuilt and customisable security capabilities. The supplier had already been vetted and previously utilised in a secure environment within the Department.</p> <p><b>Request made date: 25 January 2018</b></p>	<p><b>Not Approved</b></p>	<p><b>Did not Proceed</b></p>



REQUEST MADE	NATIONAL TREASURY RESPONSE	DOD ACTION
<p><b>Extension of The Secretary For Defence Official Temporary Residential Accommodation In Cape Town For A Period Of Six (6) Months</b></p> <p><b>Department of Public Works has not completed the renovations at the allocated official residence. Deviation had to be requested for a further six (6) months extension as DPW promised completion by July 2018.</b></p> <p><b>Request made date: 26 February 2018</b></p>	<p><b>Approved</b></p>	<p><b>Proceeded</b></p>



REQUEST MADE	NATIONAL TREASURY RESPONSE	DOD ACTION
<p><b>Request to make use of a List of Suppliers as Preferred Service Providers for the Hiring of Busses for Transportation of 7SAI BN members for mission readiness training in Port St Johns and to De Brug after completion of training for Deployment to the DRC, over the period 27 March 2017 To 30 April 2018</b></p> <p><b>This was an operational requirement and the DOD does not have such transport. Advertising the requirement would have meant that the contract would have been concluded after the requirement date and tasking wouldn't have been met.</b></p> <p><b>Request made date: 31 January 2018</b></p>	<p><b>Approved</b></p>	<p><b>Proceeded</b></p>





# **Deviations and Expansions the DOD expensed during the 2016/2017 Financial year above the 15% / Rm15 or 20% / Rm20 threshold**



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Description	Amount R	Actions taken
<p>The extension of a contract in excess of 15% or R15 million of the original contract value, not approved by NT. (DOD Asset Management - PWC).</p>	<p>109,389,016.71</p>	<p>Identified by AGSA during the 2015/2016 FY annual audit. Investigation finalised in September 2016.</p> <p>The officials identified to be responsible for the deviation received a letter of reprimand. A submission requesting condonement from NT was submitted to NT in October 2016.</p> <p>NT requested a forensic investigation, which the Department is in the process of instituting.</p>



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Description	Amount R	Actions taken
<p>The extension of a contract in excess of 15% or R15 million of the original contract value not approved by NT. (Catering contract for Colenso Mess School of Logistical training - Cazan Trading Enterprises).</p>	<p>3,645,962.80</p>	<p>Identified by AGSA during the 2016/2017 FY annual audit. Investigation has been finalized and its with Legal Services for comments.</p>
<p>The extension of a contract in excess of 15% or R15 million of the original contract value not approved by NT. (Grade A coal peas 1 Military Hospital - Motalane Mining CC)</p>	<p>4,200,000.00</p>	<p>Identified by AGSA during the 2016/2017 FY annual audit. An investigation to identify the official(s) responsible for the deviation and measures to prevent recurrence is in process.</p>
<p>The extension of a contract in excess of 15% or R15 million of the original contract value not approved by NT. (Lease agreement for flat rental in Cape Town).</p>	<p>696,605.49</p>	<p>Identified by AGSA during the 2016/2017 FY annual audit. Investigation finalised and referred to Legal Service for review.</p>



**Any questions or comments?  
Thank You!**



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