

MANAGEMENT RESPONSES

Ref paragraph	Report finding	Recommendation	Root cause	Management comments	Corrective measures	Responsibility / role-players <sup>1</sup>	Implementation	Timeframe <sup>2</sup> Completion
38 (PPP Transaction Advisor)	Preferred bidder not appointed	<ul style="list-style-type: none"> <li>The department should only award a contract to the bidder who scored the highest points, unless objective criteria justify the award to another bidder, in which case such justification should be fully documented. National Treasury and the Auditor-General of South Africa should be informed of such deviations.</li> <li>The department should follow a competitive process in appointing consultants and comply with the Treasury Regulations, SCM Policy and PPP manual when</li> </ul>	The department incorrectly deemed the PPP practice notes not to be prescriptive	<ul style="list-style-type: none"> <li>The BEC recommended the highest overall scoring bid. However, the DAC considered the technical capability as crucial due to the highly technical nature of the project and recommended the bid with the higher technical score.</li> <li>The Accounting officer considered the matter and on the basis of technical capability, she concurred with the DAC recommendation and approved the appointment of the bid with the highest technical score, being M13 Consortium, as the technical element of the bid is</li> </ul>	<ul style="list-style-type: none"> <li>In future, the department will apply its mind on setting the minimum threshold to ensure that the successful service providers are technically capable to provide the services as required.</li> <li>For future, such cases will be reported to the Auditor General and National Treasury as per the relevant practise notes.</li> </ul>	COO	Not Applicable	Not Applicable

<sup>1</sup> The person/directorate responsible to implement and monitor the corrective measure and/or any other departments or role-players who will play a part in the successful implementation of the measure  
<sup>2</sup> Indicates the date of implementation and the date of completion of the corrective measure

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		<ul style="list-style-type: none"> <li>doing so.</li> <li>The department should identify two or three of the top bidders for interview to clarify any question on their proposals as per PPP Practice Note 4 of 2004.</li> <li>The department should investigate possible irregular expenditure identified in the report, take action against the staff members concerned and report it as prescribed by the applicable legislation.</li> </ul>		<ul style="list-style-type: none"> <li>critical for the success of the project.</li> <li>The department will consider investigating possible irregular expenditure in this regard.</li> </ul>					
39 (4 in AG report-Greening Project 2010)	Competitive bidding process not followed	<ul style="list-style-type: none"> <li>The department should follow a competitive process in appointing consultants and comply with the Treasury Regulations, SCM Policy</li> </ul>	Poor planning as commitment was not communicated in time to relevant staff	It must be noted that Greening is a relatively new concept globally, with specific reference to greening of sporting events in South Africa. The Chief Director who had	The Department agrees with AG comments but under special circumstances, the policy makes provisions for urgent appointments	COO	Not applicable	Not applicable	



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Local Govt)		<p>and PPP manual when doing so.</p> <ul style="list-style-type: none"> <li>The department should investigate possible irregular expenditure identified in the report, take action against the staff members concerned and report it as prescribed by the applicable legislation.</li> </ul>		<p>already resigned, had delayed in soliciting tenders and this resulted in an urgent request to the Director General to appoint Bernbani Sustainability Training because of their proven expertise in greening projects.</p> <p>The Department do not agree that this is an irregular expenditure</p> <p>Secondly, the findings of the Auditor General indicated that this was urgent and due to poor planning. This may not have necessarily been the case as only one host city had some preplanning conducted. This was due to the fact that they did submit bid documents to host the Olympics and were unsuccessful. Therefore, they had their greening</p>	Greening is relatively new project in South Africa			



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				<p>concepts in place. Thirdly, no host city had business plans in place at the time of appointment of the service provider and therefore the National Department needed to provide strategic direction at the onset, as this was not forthcoming from the LOC. WHO FROM EXPERIENCE WITH THE 2006 (Germany) FIFA World Cup, was responsible for the coordination and implementation of the Greening plan. Due to the lack of support and strategic guidance from the LOC, which to date is still a challenge, Host Cities expected the National Department to take on the coordinating role. Therefore permission was sought from the Accounting Officer in order to develop the business plan which would guide the planning</p>				



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40 (B 2.1 in AG report – Consultant report – Appointed since 1999)	Appointment of individual as consultant rather than employment of staff on a contract basis	The department should rather appoint permanent staff/staff on contract than consultants.	Appointment is due to lack of project management expertise	The recommendation is noted. It is not always possible to appoint permanent staff with the required knowledge and experience. The department has no choice but to appoint consultants when necessary	The Department will access each case on its merit  Comment of the AG noted. Approved DEA policy has reviewed the delegations related to the appointment of the consultants.	COO and All Delegated Officials	As and when required	Dec 2010
41 (A 1.1 in AG report)	Lack of comprehensive policy and strategy on the use of consultants	<ul style="list-style-type: none"> <li>The department should update their SCM policy to include specific requirements for the use of consultants.</li> <li>A total needs assessment should be conducted as part of the strategic planning process. As part of the strategic plan of the</li> </ul>	SCM policy not fully comprehensive	We agreed that Auditors will give us a copy of the DPSA circular (dated 21 Sep 2001) that they gave reference to, so that we see how the relevance thereof and see how anything can be incorporated in our existing policies.	Copy received by AG. The SCM policy has been updated and approved to include compressive processes on the use of consultants in the Department.	All delegated officials	Immediately	Dec 2010



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42 (A 1.1 in AG report-Planning and Appointment)	Needs determination not comprehensive/y performed/docu mented	The department should always conduct a needs assessment to explain and justify the need for consultants. The following should be considered and documented: <ul style="list-style-type: none"> <li>• The alternatives that were considered.</li> <li>• An estimation of the hours and time required by the consultant.</li> <li>• Accurate cost estimations.</li> <li>• The period during which the consultants would be required.</li> </ul>	Service request documents do not fully address needs determination	Auditor General indicated that the concern they are raising is not specific to our 3 Service Providers in HR, but rather applicable to the appointment of all consultants. And we agreed that future submission to appoint will have include a detailed motivation that proof that people have first given consideration to doing the work internally and why that is not possible. Management in agreement with AG comments	The approved SCM policy has been updated to include compressive processes on the use of consultants in the Department.	COO and Line Managers	Immediately	Dec 2010
43 (A 2.2.1 in AG	Lack of coordination and inefficiency of	The transfer of functions between departments should be coordinated holistically to	Transfer of function without the necessary	The Department agree with AG recommendations but this will be brought to the attention of the	Comments noted	AO	Immediately	Not applicable



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44	Appointment of consultants at materially higher amounts than estimated	The department should keep record of all completed projects and/or obtain information from other departments to assist them with the estimation of cost. The scope of the services described in the ToR should be compatible with the available budget. The ToR could include the budget to enable the consultants in preparing their bids.	Project managers not performing proper needs determination and estimated costs are limited to available budget	The projects are different with specialized requirements cannot be benchmarked with other departments and mandates. The budget is not based on the market rates but limited to the allocation. Where the market price is higher reprioritization is effected per Treasury Guidelines and SCM Policy Framework.	The matter has been addressed by the responsible DDG's and the Chairperson of the Departmental Adjudication Committee	All delegated officials	Immediately	Not applicable
45	Significant delays in the appointment process of	The department's procurement function must provide value for money and must be carried out in a cost-	Poor coordinated planning with municipalities and poor coordination	The majority of projects involved the participation of Municipalities, this resulted in the delays of signing the SLA's and the abrupt	The matter has been addressed by the responsible DDG's and the Chairperson of the	DDG's	Immediately	Not applicable
AG report -	(A 1.2 in							



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Planning and Appointment)	consultants	effective way and should not: <ul style="list-style-type: none"> <li>• postpone/cancel procurement meetings;</li> <li>• appoint consultants for strategic/core functions; and</li> <li>• Appoint a service provider after the 90-day bid validity period has lapsed.</li> </ul>	of activities as meetings are cancelled or postponed	Cancellation of Adjudication Committee Meetings	Departmental Adjudication Committee				
46	Work environment not conducive for consultant to render services	The department should ensure that they provide all the resources as required by the consultant to perform his/her work in the most cost-effective and efficient way.	The department could not appoint a systems analyst as a suitable candidate could not be found	Services of systems specialists are procured through SITA in accordance with applicable legislation.	SITA Transversal Contract apply	COO	Not applicable		Project has been completed and handover report is being finalised
47(B 1.2 in AG report-Stakeholder	Terms of Reference (TOR) not stipulating the deliverables	The TOR should be comprehensively developed and must include quantifiable deliverables as required by the projects.	ToR did not specify the number of publications as the consultant had	Comments by AG noted	The approved Supply Chain policy has been updated to include the guidelines on the development of TOR.	COO	Immediately		Not applicable





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49 (9.2.11 assistanc e with Financial Services)	Reliance on consultants resulting from a lack of staff development and continuity	The department should transfer skills to more than one employee to ensure the retention of skills even when certain employees to whom skills were transferred are leaving the department.	The department failed to retain the transferred skills subsequent to transfer thereof	Comments by AG noted	The approved SCM policy has been updated to include compressive processes on the use of consultants in the Department	COO	Immediately	Note applicable
50	Extended use of consultants	<ul style="list-style-type: none"> <li>The department should collect information on the extent of the use of consultants for services regularly required to understand over time the impact and benefits, including the need to build permanent capacity, thereby reducing the use of</li> </ul>	No information is collected and documented on the extent of use of consultants, including the need to build permanent capacity	Comments by AG noted	The approved SCM policy has been updated to include compressive processes on the use of consultants and the skills to be transferred are part of the SLA.	All delegated officials	To be monitored on the monthly bases	Not applicable



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52 (B 2.1.3 - Assistance with financial services)	Skills transfer is not specified in ToR and contract	The department should, as a requirement in the ToR and contract, include skills transfer and timously identify staff members within the department to whom skills and knowledge should be transferred to.	There is no policy in place ensuring that ToR should include transfer of skills	Comments by AG noted  Comments by AG noted based on ideal situation but reality and practical circumstances might be impact on recommendations	The approved SCM policy has been updated to include compressive processes on the use of consultants and states skills to be transferred as part of the SLA	COO	Immediately	On going
53	Skills transfer	The department should ensure	Contract complied	Comments by AG noted	The approved SCM policy	All	To be	On going



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55	Delays in achieving deliverables/non-achievement of deliverables (B 1.1 in report - SA Air Quality)	<ul style="list-style-type: none"> <li>The department should develop processes for monitoring the work of consultants in a cost-effective manner.</li> </ul>	Specification included in ToR not comprehensive and key staff resigned from the consultant	Comments by AG noted	The approved SCM policy has been updated to include the guidelines on the development of TOR/Specifications  Project Managers to link milestones/deliverables with progress payment to monitor performance and submit project reports to management.	All delegated officials	In process for DG's approval	On going
57	Contract was not completed within the	<ul style="list-style-type: none"> <li>The responsibilities of project managers on projects/tasks should be clearly defined in their performance contracts.</li> <li>The department should complete and retain close-out reports to ensure that</li> </ul>	Public participation took longer than	With respect to the timeframe for initiating the project the following dates are noted: Project	The Department has introduced a mechanism of contract monitoring. This	All delegated officials	Ongoing	Not applicable



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	project period	information is available to which the department could refer back to when future procurement decisions are taken. <ul style="list-style-type: none"> <li>Penalty clauses should be included in the contract and enforced when necessary to limit the extensions of contracts.</li> </ul>	anticipated	advertised in newspaper October 2006, proposals received November 2006, adjudication panel approved November 2006, adjudication December 2006, request for approval of consultants and additional funds January 2007, DAC approval March 2007, Legal service approval of contract April 2007, contract signed April 2007. From the first advertising of the project to the signing of the contract there was a two month delay between the approval of the additional funds and DAC approval of the consultant. This delay was due to uncertainty in the requirement for DAC to approve the adjudication of a donor funded project.	includes the submission of project close-out reports and the questionnaire completed by project managers; this will enable the Department to refer back to when future procurement decisions are taken.			
59	Lack of evaluation of	<ul style="list-style-type: none"> <li>The department should perform a retrospective</li> </ul>	Lack of comprehensive	Comments by AG noted	The Department has introduced a mechanism of	COO	Ongoing	Not applicable



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60	Non-disclosure of consultants in the annual report,	<p>analysis of its SCM function and an assessment of the performance of the supplier/service provider at completion stage of each project as required by Supply Chain Management - A Guide for Accounting Officers/Authorities.</p> <ul style="list-style-type: none"> <li>• Consultants' work should be evaluated more systematically and findings from these reviews should be shared within the department and other government departments.</li> </ul>	<p>policy dictating these evaluations</p>	<p>The Department discloses the information on use of consultants on an annual basis, however, these Donor Fund appointed consultants, COWI and SARDC were an oversight.</p>	<p>The Department disclose the information on use of consultants on an annual basis; however, COWI and SARDC were an oversight.</p>	<p>COO Donor Fund</p>	<p>Annually</p>	<p>Not applicable</p>



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			which their services were utilised as the department was not aware of the requirement					

