



# HIGH LEVEL BEST PRACTICE OF THE PROVINCIAL INFRASTRUCTURE IMPLEMENTATION WITHIN PROVINCIAL DEPARTMENTS CESA

**DATE:** 11<sup>TH</sup> APRIL 2019





# PRESENTATION OUTLINE



- IDMS Concept The base system for Public Sector Infrastructure Delivery
- IDMS Concept Regulatory alignment regime for interlinked management processes.
- Governance Structures Leadership Alignment of the Infrastructure
- Intergrated Planning and implementation The North West Planning alignment Model
- Delivery Management Matrix aligned to IDMS and SIPDM
- SIPDM Control Gates and Framework
- Control Framework for Infrastructure Procurement
- Auditor General Compliance Requirements for SIPDM
- High Level Provincial Infrastructure Procurement Best Practice
- Performance Based System
- Recommendations



### **2019 IDMS Concept Diagram**



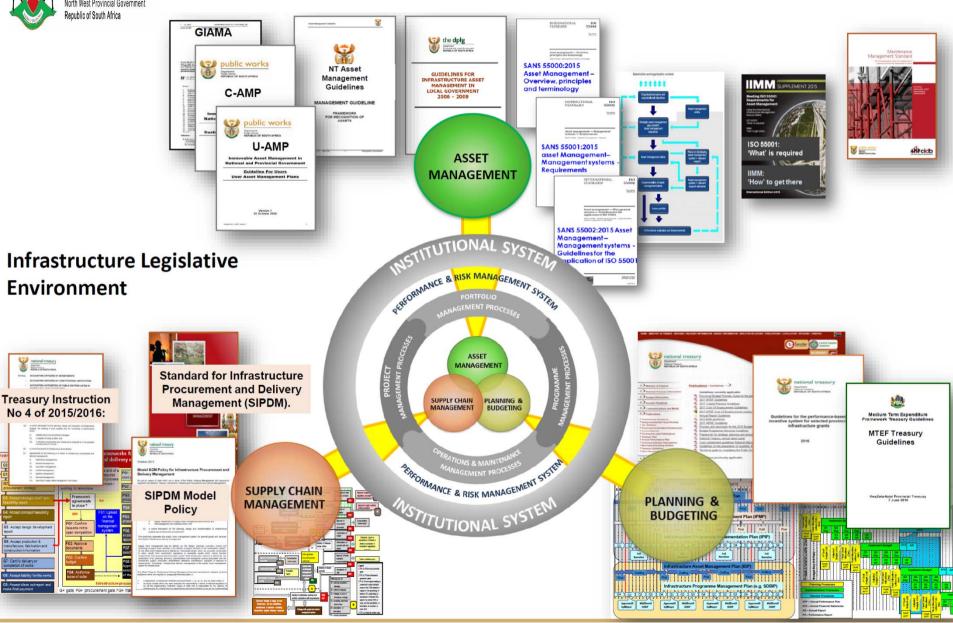
### **2017 IDMS** Concept Diagram





### **2019 IDMS Concept Diagram**





# Governance Structures & Leadership in Bokone Bophirima

### BOKONE BOPHIRIMA PREMIER'S INFRASTRUCTURE COORDINATING COMMITTEE (BB PICoCo)

POLITICAL LEVEL Chair: Premier

Members: MEC's; HoD's; Mayors District Municipalities; District Municipal Managers; Member/s assigned

by Premier

Frequency: Quarterly aligned to MTEF timelines

Focus: "Creating value for citizens"

### BOKONE BOPHIRIMA PROVINCIAL INFRASTRUCTURE TECHNICAL COMMITTEE (BB PITC)

PROVINCIAL STRATEGIC MANAGEMENT

LEVEL

Chair: Director General-Office of the Premier

**Members:** HoD's Provincial dealing with infrastructure; Heads Infrastructure units Provincial Departments; Coordinators Priority Projects; HoD DoF; Municipal Managers LM's & DM's; Heads Technical Units LM's &

DM's; OoP-Planning & Evaluation; Any member assigned by DG

Frequency: Quarterly aligned to MTEF timelines

Focus: "Are we making a difference"

PROVINCIAL INFRASTRUCTURE TECHNICAL STRATEGIC LEVEL

## BOKONE BOPHIRIMA PROVINCIAL INFRASTRUCTURE SUPPORT FORUM (BB ISF)

Chair: HoD DPWR

**Members:** Heads Infrastructure Units; PM's implementing dept; Senior Mgr OoP; Senior Mgr

Supply Chain FEED:

CIDB relevant Mgr; Invited ad hoc members dealing with Infrastructure Planning or

Implementation matters;

(Members nominated by HoD PWR)

Frequency: Monthly

Focus: "Are outputs achieved"

### BOKONE BOPHIRIMA MUNICIPAL INFRASTRUCTURE FORUM (BB MIF)

Chair: HoD for DLGHS

**Members:** District MM's; MM's all LM's; Technical Managers DM's & LM's; Reps

Water Boards;

DWS; DDG Sustainable Resource Management-DoF; CD-Provincial

Infrastructure Coordination

**Frequency:** Quarterly aligned to MTEF timelines, following IDP meetings **Focus:** "Enhancing value for citizens"

PROVINCIAL MUNICIPAL INFRASTRUCTURE TECHNICAL STRATEGIC LEVEL



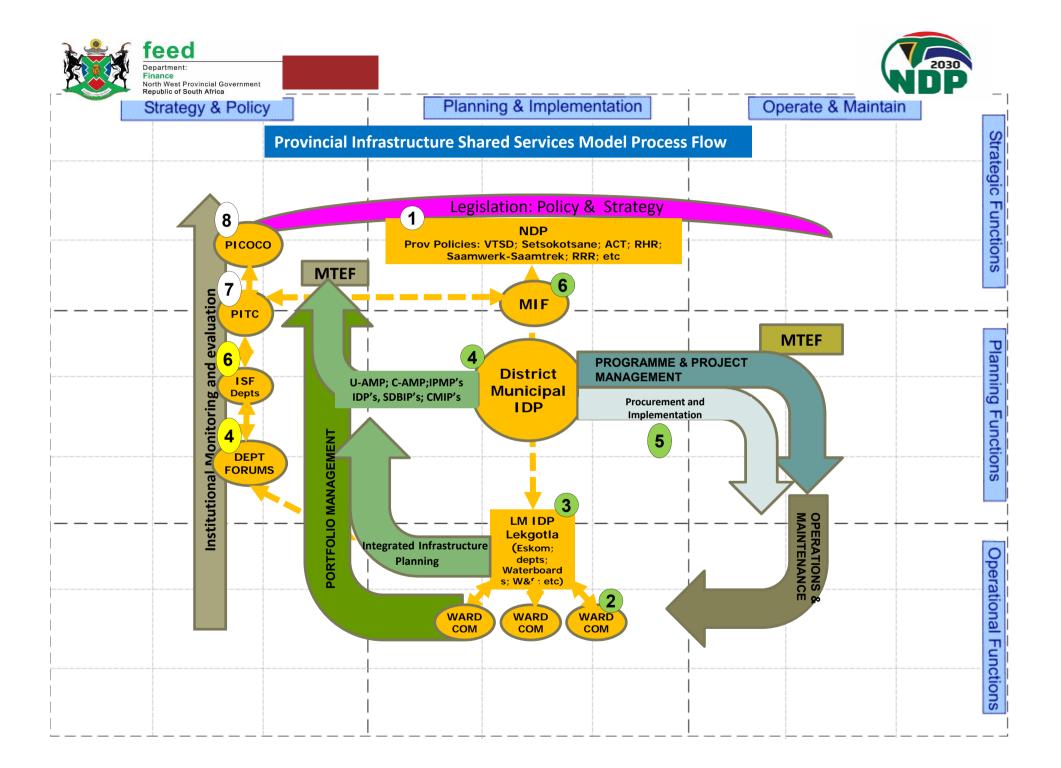
# **BENEFITS REALISED FROM Functional Governance**



Through functional ISF interventions and Stakeholder engagements the following was realized:

- The Infrastructure Delivery Improvement Programme (IDIP) and the Infrastructure Delivery Management System (IDMS) was institutionalized across the whole of Government despite National focus only on Health and Education;
- An **Provincial IDMS Protocol** approved by the Executive was Nationally adopted as a Best Practice Approach;
- Integrated Infrastructure Planning through the implementation of the Shared Services Model was implemented across all spheres of Government;
- Improved **coordination** of the infrastructure programme across the province;
- Average **Infrastructure spending** for the period 2014 to 2016 is 91% of the allocated R17.5 billion;
- As at end of 2017/18 an expenditure of 95% of the allocated R6.145 billion was registered which an
  improvement from previous years.
- There is a general improvement on spending across all departments;
- **No withholding of funds** was realised for the period above with the exception of the Human Settlements Grant;
- The province benefitted more than half billion on performance incentives from Education and Health Conditional Grants;
- Initiatives for capacitation of the Built Environment was provided in Public Works, Health, Education and Finance although not enough to deal with the magnitude of projects across the province.





### **Example: Implementing Agent Resources**

### Matrix Structure

Functional anagement **Delivery Management** 

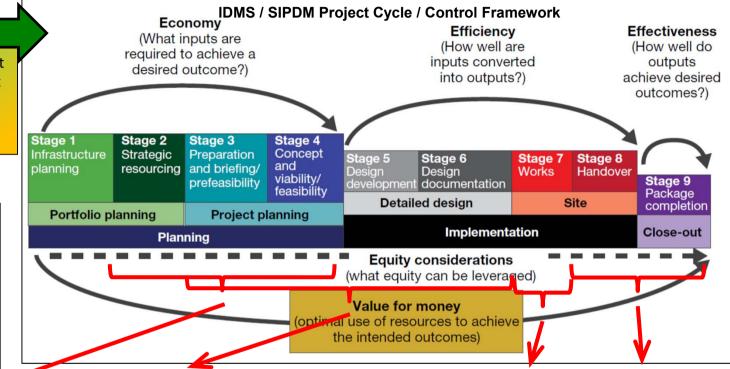
- Functional Management + Delivery Management
- = Value for Money
  Infrastructure Service
  Delivery

The basic indicator of project management resources is based on one project manager per 10 projects. In turn, one programme manager can effectively manage four or five project managers, no more!

### Portfolio Management

Portfolio Manager

- · Preparation of IPIP
- Portfolio Resourcing
- Procurement Strategy
- Risk Management
- M&E of IPIP KPIs



### Planning Management

Planning Programme Manager(s)
Project Managers (1 per 10 projects)
Technical Support (In-house or Peer Review)

PMO where required Social Facilitation

- Assessments
- Feasibility Studies
- Design Approvals
- · Procurement Tactics

#### **Construction Management**

Construction Programme Manager(s)
Project Managers (1 per 10 projects)

Technical Support (In-house or Peer Review)

PMO where required Social Facilitation

Clerk of Works essential for first 3 months

- Contract Management
- Quality Management
- SHEQ Management

### Close Out Management

- Final Accounts
- Close Out Reports
- Handover Assets

Ideally, the same project manager is responsible for delivery management from Stage 3 to Stage 9



# LOCATION OF THE SIPDM WITHIN LEGISLATIVE FRAMEWORK



# Standard for Infrastructure Procurement and Delivery Management The location of SIPDM within the

legislative framework

1

#### Constitution of the Republic of South Africa

217. Procurement.-(1) When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

#### Public Finance Management Act

38 (1)(a) The accounting officer for a department, trading entity or constitutional institution / 51(1)(a) An accounting authority for a public entity must ensure that ......

(iii) an appropriate procurement and provisioning system which
is fair, equitable, transparent, competitive and cost-effective;
 (iv) a system for properly evaluating all major capital projects
prior to a final decision on the project;

#### SCM Regulations (Chapter 16A)



Issued as an instruction in terms of Section 76(4)(c) of the PFMA and is applicable to:

- a national or provincial department as defined in the PFMA
- a constitutional institution entity as listed in schedule 1 of the PEMA
- a public entity as listed in schedules 2 and 3 of the PFMA
- any organ of state which implements infrastructure delivery projects on behalf of another organ of state

Implementation date - 1 July 2016 or before

SIPDM does not require any change in Regulations to be implemented

#### Municipal Finance Management Act

112. (1) The supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following.

#### SCM Regulations 3(2)

The accounting officer may for purposes of subregulation (I)(a) make use of any Treasury guidelines determining standards for municipal supply chain management policies. . . . . . The accounting officer must report any deviation from the guideline standard to the National Treasury and the relevant provincial treasury.

Standard also forms an integral part of the Model SCM Policy for Infrastructure Delivery Management which has been issued as a Treasury guideline determining a standard for municipal supply chain management policies in terms of Section 168 of the MFMA in support of Regulation 3(2) of the MFMA Supply Chain Management Regulations Applies to an municipality or a municipal entity whose council or board of directors adopts the guideline standard for SCM policies

Implementation by 1 July 2017



Republic of South Africa

# CONTROL FRAMEWORK FOR INFRASTRUCTURE PROCUREMENT



### Control framework for procurement

PG1: Grant permission to Infrastructure procurement start process PG2: Approve strategies Framework PG3: Approve procurement agreements documents in place ? PG4: Confirm budget FS1: Upload on financial PG5: Authorise next phase of FG1: Confirm management process reasons not to system open competition PG6: Approve tender evaluation recommendations FG2: Approve PG7: Accept offer and award documents contract FG3: Confirm PG8 (ABCDEF): Approval budget of actions associated with the administration of the contract FG4: Authorise issue of order

Establish what is to be procured New infrastructure or rehabilitation,

report

refurbishment or

registered built

environment

procurement

alteration of infrastructure

professional prepare a

documentation review

Decide on procurement strategies

Solicit tender offers

Evaluate tender offers

Award contracts

Administer contracts and confirm compliance with requirements

Registered built
environment
professional prepares a
tender evaluation report
and undertakes evaluation
of quality in tender
submissions

New infrastructure or rehabilitation, refurbishment or alteration of infrastructure - registered built environment professional responsible for administering / managing the contract

G= gate; PG= procurement gate FG= framework gate

SIPDM improves quality by splitting the supply chains, providing comprehensive procedures and methods including those contained in SANS 10845 and prescribed standard forms of contract and requiring built environment professionals to execute certain tasks

Improved management of project risks

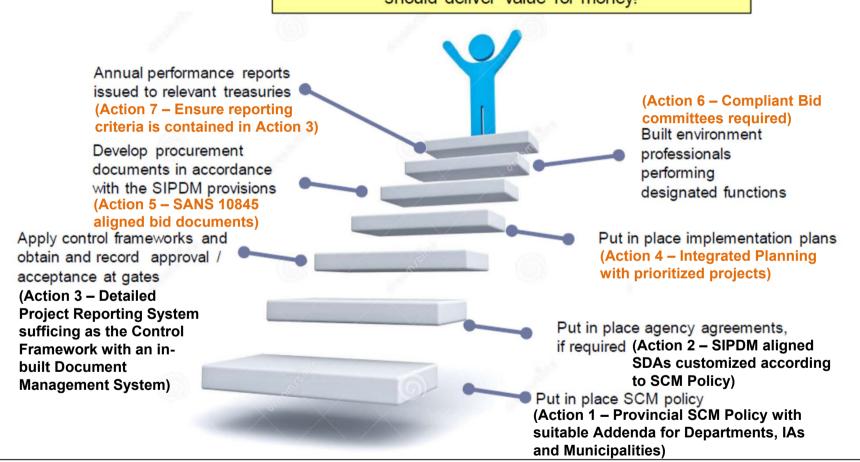
91



### The Auditor General compliance requirements for the SIPDM



Have in place an auditable and compliant system which should deliver value for money!



PFMA:- Actions 1, 2 & 3 completed by 1<sup>st</sup> April 2017, and all other Actions except Action 7 by 1<sup>st</sup> April 2018 MFMA:- Actions 1, 2 & 3 completed by 1<sup>st</sup> July 2017, and all other Actions except Action 7 by 1<sup>st</sup> July 2018





### **SCM BEST PRACTICE**

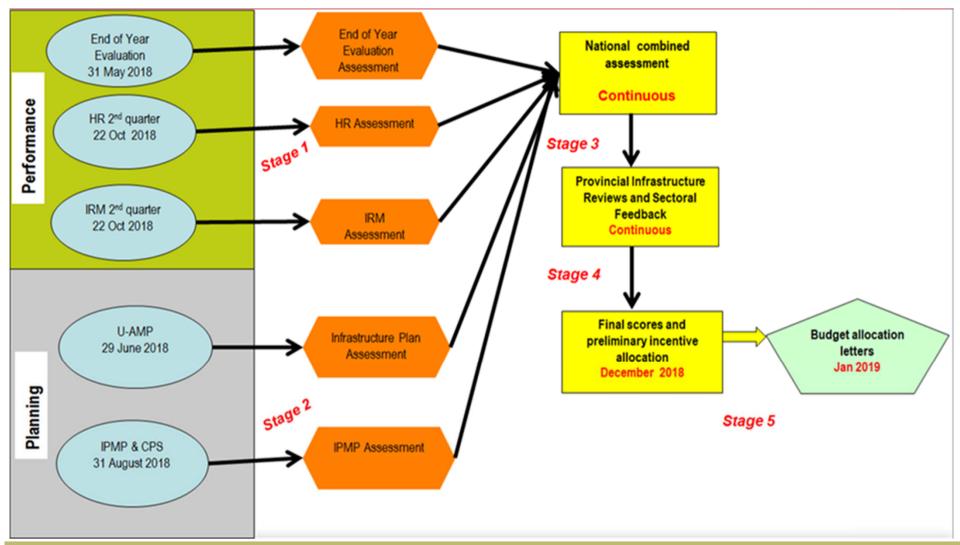
To give effect to efficient infrastructure procurement for creation of value to the citizens of the country the province issued the following:

- 1. Instruction Note on pre Auditing of tenders above R10 million which will be effective from 1st April 2019
- 2. Validation of scope variations through site visits by the Provincial Treasury
- 3. Moratorium on appointment of PMU
- 4. Introduction of Tender Monitoring Tool linked to procurement plans
- 5. Publication of projects to be implemented by the provincial Government on the annual EPRE (Budget Books) which approved by the legislatures
- 6. Annual Endorsement and Approval by the Executive Authority of the IDMS protocol prescribing how will the province deliver their infrastructure as well as roles and responsibilities of various provincial stakeholders



### **2019 PBS TIMEFRAMES**















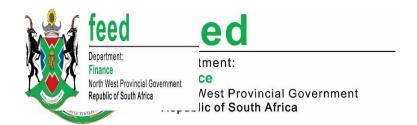
### RECOMMENDATION



### To note the following Interventions through the ISF:

- Sourcing of a project management system for effective management and reporting of infrastructure projects as well as immovable assets;
- Driving and monitoring compliance to the Conditional Grant Frameworks requirements, Government Immovable Asset Management Act (GIAMA); Construction Industry Development Act (CIDB) and the Standard for Infrastructure Procurement and Delivery Management (SIPDM);
- Facilitation of the **capacitation** through the sourcing of Built Environment proffesionals;
- Alignment of Infrastructure Planning with the APP as well as enhanced reporting of infrastructure targets;
- Continues monitoring and intervening on infrastructure performance for socio economic benefits
- Review of projects stages and close out of projects processes.







# Thank you

