



public works
& infrastructure

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STATEMENT BY MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE, PATRICIA DE LILLE

Officials to face consequence management for failure to account and hiding damning report from the Minister

In October 2019 following a meeting with the then Speaker of the National Assembly, I commissioned an independent assessment after making an observation of the slow progress on Prestige refurbishment projects such as refurbishment of the NCOP building including electrical installations, work on the Parliamentary Precinct, upgrades of office buildings, routine maintenance to Parliamentary Villages and structural repairs to the Old Assembly Building.

In August 2020, after following a competitive tender process, the Department of Public Works and Infrastructure appointed an external auditing company, BDO to conduct an independent assessment on the slow progress of these projects.

A draft report on the independent assessment by BDO was submitted to the department on 19 October 2020 for the department's management to comment on. The final report was submitted by DPWI management on 20 November 2020.

Unfortunately, this report was not submitted to me as the Executive Authority of the Department who commissioned the independent assessment. This audit report was only submitted to me on Friday, 17 September 2021, almost a year after the department received it and only after I requested it.

I will be writing to the Acting Director General to institute consequence management against the senior officials who hid the report from me for almost a year. This is a gross violation of their duties to report to me as the Executive Authority who commissioned the independent audit in the first place.

The Acting DG confirmed to me in writing on 17 September that the relevant senior officials failed to submit the report to me after they had been sitting on it since receiving the final report in November 2020.

Unfortunately due process was also not followed during the post audit phase through the failure by the department's Construction Management Branch to produce an action plan to address the audit findings.

The BDO report made serious findings about the lack of proper systems and preparations within the department to implement Parliamentary projects properly.

The independent assessment looked at the following projects:

The total costs for the parliamentary prestige projects amounts to R497 million on the 12 projects for Parliamentary Precincts and Villages.

The projects reviewed were as follows:

1. Facilities management of official office accommodation
2. Facilities management of residential accommodation
3. NCOP building refurbishment
4. Belvedere building refurbishment
5. Tuynhuys business hub renovation
6. Marks Building external renovations
7. Refurbishment of senior officials residences
8. 90 Plein Street, 6th floor total refurbishment
9. 100 Plein Street external repairs
10. Access control parliamentary villages]
11. Replacement of 19 lifts in National Assembly, NCOP, old Assembly
12. Swans garage redesign

Some of the projects had run over time for several years. Projects were overrun by two months, five months, 15 months, 28 months, 31 months and the longest being overrun by 37 months.

In summary, the report found that:

- Half the projects reviewed were over budget
- All the projects delivered were late;
- Quality issues on projects and maintenance
- Irregular spending findings
- Lost time and injury waiting to happen.

I will also write to the President to request a proclamation for the Special Investigating Unit to investigate these projects further.

The BDO report's summarised findings included:

Finding 1: Inadequate contract planning with regard to Facilities Management (FM) contracts. Rated Critical in the audit report.

Finding 2: Inadequate Initial Scope Definition on FM contracts. Critical.

Finding 3: FM Contract does not make provision for refurbishment. Critical.

Finding 4: Maintenance responsibility not always carried over to FM contractors after maintenance contracts with original equipment manufacturers expire. Rated as significant in the audit report.

Finding 5: There is no formal immovable asset risk management process in place, including project and procurement risk management. Rated as significant in the audit report.

OPERATIONAL AND SITE FINDINGS

Finding 6: Lack of access control at Acacia Park. Rated as significant in the audit report.

Finding 7: Acacia Park intercom maintenance. Rated as significant in the audit report.

Finding 8: Inadequate garden maintenance in Parliamentary Precinct. Rated as medium in the audit report.

PROJECT MANAGEMENT

Finding 9: Project management system is outdated. Critical

Finding 10: There are no formal Departmental requirements to either the appointed consultants or contractors to perform formal project risk management. Critical

Finding 11: Inaccurate project schedules and excessive extension of time delays. Critical.

Finding 12: Inadequate portfolio and programme management systems. Critical

Finding 13: Specifications not aligned with long-term low maintenance strategy. Critical

Finding 14: Project contingency is calculated using an unscientific method. Critical

Finding 15: Document information system is outdated. Critical.

Finding 16: The Department's risk register is generic and does not contain sufficient detail to be monitored in terms of meeting project objectives. Critical

OPERATIONAL AND SITE FINDINGS

Finding 17: Lack of site safety management. Critical

Finding 18: Lack of quality management on refurbishment and upgrade projects. Critical

Finding 19: Lack of planning & fruitless and wasteful expenditure – 90 Plein Street 6th Floor refurbishment. Critical.

Finding 20: Ventilation system design and fire protection in the Precinct needs to be reviewed by a fire consultant. Significant

Finding 21: Non-compliance to fire regulations. Significant.

Finding 22: fruitless and wasteful expenditure - Acacia Park Bar Stools. Medium

Finding 23: Irregular expenditure due to the misuse of authorisations and circumvention of internal procurement processes. Critical.

Finding 24: Inadequate Policies and Procedures. Critical.

Finding 25: No gateway review process in place. Critical.

Finding 26: Weaknesses identified in the Combined Assurance Plan and Enterprise-wide Risk Management Policy. Medium

Finding 27: Inadequate capacity of the Internal Audit Function. Significant

Finding 28: Inadequate Construction Project Monitoring and Reporting Procedures. Significant

Finding 29: Project Managers not held accountable on Key Performance Indicators and discrepancies noted on Performance Agreements. Significant

Finding 30: Fire Protection in heritage assets. Critical

Under Systems, the report found the Department's systems to be outdated (i.e. the project management system including project monitoring and evaluation, document control).

In terms of planning, poor planning, lack of internal planning, capacity and scrutiny of project schedules were also found during the audit report investigations.

In terms of project specifications, with regard to cost versus value, the audit investigations found incomplete scope definition with facilities management and heritage building projects and that specifications were not aligned with long term value.

The audit report also found that there is an over-reliance on consultants, appointing consultants based on lowest bid and not best value, inexperienced consultants on site and long duration of project dilutes consultant fees.

With regard to contractors, the audit report found that there is a lack of oversight of contractors, appointment of lowest bid versus best value, lack of oversight by the Department's project managers and quality issues and extension of time claims.

The report made an array of adverse findings with regard to the management of projects by DPWI in relation to the projects to improve, refurbish and renovate buildings within the Parliamentary precinct.

In terms of project management, the audit report found that significant gaps exist in skills and resources with appropriate experience in project management and project assurance.

The report also found evidence of serious accountability issues with regard to project management in the department.

These findings are disappointing but they unfortunately do not come as a surprise and confirms what I have found and have been trying to rectify in the department for more than two years. The findings in the report confirm the very reason that I requested this independent audit report in the first place.

These findings confirm the serious shortcomings in the DPWI and what I have been at pains to rectify over the past two years and four months.

All of these issues highlighted in the BDO report and which were becoming apparent to me even before commissioning the report have led to significant financial overruns for the upgrade, refurbishment and renovation of the Parliamentary precinct which has gone into the hundreds of millions of Rands.

I have held countless discussions with the senior leadership in the department to address on the very weaknesses outlined in this report that require serious attention and rectifying.

We have already started looking at and started addressing the serious skills, organisational structure and systems within the department to get it on the right track once and for all and to ensure that we implement projects on budget, on time and at the required level of service.

The DPWI is responsible for ensuring that government buildings can function properly for the benefit of our citizens and to ensure that public funds are spent where they are meant to be spent. This duty cannot be taken lightly nor can we constantly see the same lack proper systems, implementation and accountability. Those found to be responsible for these adverse findings must face consequence management as they are being paid as public servants to deliver their work properly.

ENDS

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