



Briefing to Prospective Bidders

Intervention to Improve the Audit Outcomes of National Department of Public Works Tender No: HP 12/077

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NDPW Core Business

NDPW Core Business

- ❑ Provider of accommodation for government Departments
- ❑ Enabler of sustainable economic growth through infrastructure development
- ❑ Regulatory authority & leader in transforming the construction & property sectors
- ❑ Lead co-ordinator in optimising state funding for job creation through Expanded Public Works Programme (“EPWP”)

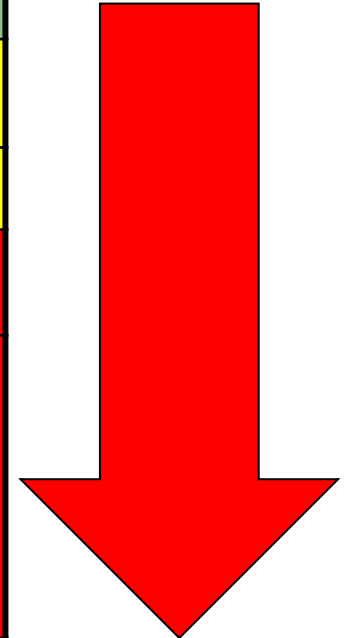
Problem Statement

(Why this intervention?)

Problem Statement – Deteriorating performance

Financial Year	NDPW	PMTE
2007/2008	Unqualified	Unqualified
2008/2009	Qualified	Adverse
2009/2010	Qualified	Qualified
2010/2011	Disclaimed	Disclaimed
2011/2012	Disclaimed	Disclaimed
2012/2013	☹	☹

Downward
Spiral



Situation calls for decisive action – hence TURNAROUND!!!!

Problem statement (cont'd)

- ❑ In-adequate staff capacity within NDPW & PMTE
- ❑ Challenges experienced in construction projects
 - Lead times unreasonably long
 - Projects halted mid-stream or abandoned
 - Possible abuse of Contract Price Adjustment Provisions (CPAC)
 - High levels of variation orders
 - Poor project planning
 - Sub-optimal end cost of projects
- ❑ Change management
 - Stakeholder buy-in
 - Behavioural change

NDPW Operating Context

NDPW Operating Context

- ❑ National Treasury approved establishment of PMTE in March 2006
- ❑ PMTE focus – management of government’s property portfolio
- ❑ To-date, PMTE not fully operationalised
- ❑ Separate finance units for PMTE & Department
- ❑ Different basis of accounting
 - Modified cash for Department
 - Accrual accounting for PMTE
- ❑ 12 centres of operations, 11 Regional offices & Head Office

Scope of Services Required

Scope of services

- ❑ Clear negative audit findings in areas of Finance & SCM
- ❑ Conduct comprehensive analysis of infrastructure projects to identify potential risks to be managed by Department
- ❑ Conceptualise & implement a change management strategy
- ❑ Manage a Skills Transfer Programme for NDPW & PMTE staff within finance & SCM units
- ❑ Engage interns from unemployed graduates & take them through a structured Skills Development Plan

Project Resourcing

Project Resources

ROLE	Cycle 1 9 Jan13 to 31 Jul 13	Cycle 2 1 Aug 13 to 15 Dec 13	Cycle 3 2 Jan 14 to 31 Jul 14
Finance Managers	14	7	12
Accountants	35	28	31
SCM Specialists	4	2	2
SCM Practitioners	42	26	32
IT Specialists	2	2	1
OD Specialist	1	1	1
Change Management Specialist	1	1	1
Construction Projects Specialist	1	1	1
SubTotal	101	69	82
Interns	64	64	-
TOTAL	165	133	82

BIG BANG approach for quick stabilisation of Department

Project Resources – Minimum qualifications & experience

ROLE	Qualifications	Experience
Finance Managers	Chartered Accountant	5 years post articles
Accountants	B degree in Accounting	5 years
SCM Specialists	Relevant B degree / Diploma	10 years
SCM Practitioners	Relevant B degree / Diploma	5 years
IT Specialists	Relevant B degree / Diploma	5 years
OD Specialist	Relevant B degree / Diploma	5 years
Change Management Specialist	Relevant B degree / Diploma	10 years
Construction Projects Specialist	Relevant B built environment degree / Diploma	10 years

Project Deliverables

Project deliverables

□ Cycle 1 (9 January to 31 July 2013)

- Irregular expenditure – identify, report & eradicate
- Document control – supporting doc for all payments & document registry for retrieval
- SCM – compliant supplier data base, BPR, contract management capability, all transactions compliant
- Leases – validation of existing data, systems controls enhancement, proper accounting recognition
- Related party transactions – quantification & disclosure of PMTE, clients & entities
- Facilitate proper year-end procedures

Project deliverables

- Cycle 1 - 9 January 2013 to 31 July 2013 (cont'd)
 - Debtors management – reconstruct & reconcile, impair, collection
 - Creditors – payment tracking for 30 day deadline, proper accounting treatment
 - Accruals – system to identify & record
 - Contingent liabilities – all cases assessed & reported
 - Financial reporting – formalised month, quarterly & year-end procedures
 - Budget management – detailed & appropriate reporting
 - Financial policies & procedures

Project deliverables

□ Cycle 1 - 9 January 2013 to 31 July 2013 (cont'd)

- Information Technology – enhance the control environment for IAR, leases & payments
- Skills transfer – NDPW & PMTE staff as well as interns
- Infrastructure projects analysis – identification of risk areas, SCM processes, operational requirements (eg. CPAP & VO's)

□ Cycles 2 (1 Aug 2013 to 15 Dec 2013) & Cycle 3 (2 Jan 2014 to 31 July 2014)

- Continuation of cycle 1 – higher levels of efficiency ,contract management capability operational, close out of interns programme & audit support

Other salient considerations for bid

Other salient considerations for bid

- ❑ Tools of trade for deployed staff will be for the cost of the bidder
- ❑ NDPW to provide office space
- ❑ Deployed staff to remain unchanged per cycle
- ❑ As the project progresses, the Department reserves right to request resources to be redirected due to changed circumstances & requirements
- ❑ Formation of consortia for bid encouraged
- ❑ Encourage consortium partners to include firms that would qualify for classification as SMMEs as per *dti* classification

Evaluation of bids

Evaluation of bids

- ❑ Submission of bids in **two envelope system** will be applied
 - **Envelope 1:** Technical proposal with all returnable docs sealed & clearly marked
 - **Envelope 2:** Financial offer sealed & clearly marked

- ❑ As such, evaluation in two phases
 - Phase 1: Functionality criteria considered
 - Phase 2: Price & Preference of phase 1 qualified bids

- ❑ Minimum score of 70 for qualification under functionality needed to proceed to phase 2 evaluation

Evaluation of bids – functionality criteria

Functionality criteria	Sub-criteria	Weighting
Approach paper detailing methodology	Understanding of the business, challenges & proposed solution	30
Organisational model & staffing	Experience of staff	10
	Qualifications of staff	10
	Management of project	10
Adequacy of contingency plan / assurance plan	Financial penalties linked to specified deliverables	10
Bidder's experience wrt specific aspects of the project / comparable projects	Proven track record of turning around negative outcomes	10
Presentation	Consistency with documented proposal, value adds, external tech support, management of national footprint, etc.	20
TOTAL POINTS		100

Evaluation of bids – functionality criteria

- To ensure consistency for evaluation, approach paper must be developed on methodology for:
 - Finance & SCM
 - Infrastructure projects analysis
 - Change management strategy
 - Skills Transfer Program for NDPW & PMTE staff
 - Skills Development Plan for Interns

- Presentation by bidders
 - Notifications of dates for presentations will be sent during 1st week of December 2012
 - Presentation will take place between 10th & 14th of December 2012
 - Presentations will be held at IDT
 - Prescribed 45 minutes presentation & 15 minutes for questions & clarifications
 - 3 members per bidding team

Project costing

Project costing

- ❑ Cost must be fixed for the duration of the project
- ❑ Costs must be inclusive of following
 - Staffing costs
 - Subsistence & travel
 - Disbursements
 - Any other related costs
- ❑ Disclosure of calculation details optional
- ❑ VAT must be included

**GOOD LUCK
&
THANK YOU**