water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

ENQUIRIES: Mr. M Legodi
TELEPHONE: 012 336 8802
REFERENCE: 3/6/3/2223/IA000

DEPARTMENTAL BID ADJUDICATION COMMITTEE
CHIEF DIRECTOR: SUPPLY CHAIN MANAGEMENT

REQUEST FOR APPROVAL TO ENROL FOR THE OCCUPATIONAL CERTIFATE: INTERNAL AUDITOR QUALIFICATION (OC: IA) AND DEVIATE FROM NORMAL PROCUREMENT PROCESSES TO APPOINT THE INSTITUTE OF INTERNAL AUDITORS SA (LEADERSHIP ACADEMY) AS A SOLE SERVICE PROVIDER

1. PURPOSE

1.1 To request approval to enroll five (5) Interns for the Occupational Certificate: Internal Audit Qualification (OCIA) as offered by the Institute of Internal Auditors SA (Leadership Academy) for a period of two (2) years.

1.2 To request approval to deviate from normal procurement processes to appoint the Institute of Internal Auditors as the sole service provider of the certification.

2. BACKGROUND AND DISCUSSION

2.1. Section 38 of the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA) relating to the general responsibility of accounting officers, requires the accounting officers of a Department, Trading Entity or Constitution to establish a system of Internal Audit under the control and direction of an Audit Committee complying with and operation in accordance with regulations and instructions prescribed in terms of section 76 and 77 of the Act.

2.2. Paragraph 3.2.6 of the Treasury Regulations states that Internal Audit must be conducted in accordance with the standard set by the Institute of Internal Auditors. As such it is required that the personnel from Chief Directorate: Internal Audit register and maintain membership with the Institute of Internal Auditors South Africa (IIASA).

2.3. The Department established an Internal Audit Unit in terms of section 38 of Public Finance Management Act. Internal audit carries the responsibility in terms of paragraph 3 of Treasury Regulations and internal audit charter.

2.4. The Internal Audit Standards requires Internal Auditors to possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. As such, the Internal Audit Unit must collectively possess or obtain the knowledge, skills and the other competencies needed to perform its responsibilities.

2.5. Personnel from Chief Directorate: Internal Audit are members of the IIASA. They conduct their work according to the standards developed by the IIASA and subscribe to the Code of Ethics and the rules & practices of the IIASA. Their membership costs are defrayed from the budget of Chief Directorate: Internal Audit.

2.6. The Chief Directorate: Internal Audit appointed five (5) Interns to assist with the implementation of its three-year rolling strategic plans whilst it transfers skills and knowledge to the Interns.

2.7. The institute has a learnership programme in place to assist in the training of its members. The following Interns have been nominated to attend this programme for a period of 2 years:

No	Officials Name
1.	Ms Hlamalani Chauke
2.	Mr Mduduzi Masuku
3.	Mr Tebogo Mashigo
4.	Mr Gapson Mangwani
5.	Mr Masie Malatji

2.8. The programme runs for a period of 2 (two) years, and it is made up of the following compulsory Knowledge and Practical skills Modules:

(a) KM-01, Introduction to Business and Internal Audit.
(b) KM-02, Governance, Risk and Control.
(c) KM-03, Performing Internal Audit Engagement.
(d) KM-04, Fraud and Ethics
(e) KM-05, IT and Compliance
(f) KM-06, Finance, Accounting and Tax
(g) KM-07, Management and leadership Skills.
(h) PM-01, Simulation: Performing Risk
(i) Final Assessment

2.9. The IIASA (Learning Academy) is a Sole Service Provider, as such, it is impractical to source quotations from other service providers.

3. IMPLICATIONS

3.1 Personnel

3.1.1 Five (5) Internal Audit Interns

3.2 Financial

3.2.1. The total cost of the programme for Five (5) officials for the period of two (2) years is R 437 000, VAT inclusive. The funds are available under the Directorate Internal Audit (MA)

Responsibility	Objective	Item	Estimated Cost
Dir Internal Audit	Internal Audit	Training	R 437 000.00

3.3 Legal

3.3.1 None

3.4 Regulatory Compliance

3.4.1. Treasury Regulation 3.2.7 (b) provides that an annual internal audit plan for the first year of the rolling three-year strategic internal audit plan must be prepared in consultation with, and for approval by, the audit committee.

3.4.2. The PFMA SCM Instruction, section 4.1 states that: *"If in a specific case it is impractical to invite competitive bids, the AO/ AA may procure the required goods and services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the AO/ AA.*

3.4.3. The Financial Delegations of powers, activities and duties state that the DG can approve the appointment through any other deviation. However, such appointments must be recommended by the DBAC.

3.4.4. The SCM Policy paragraph 16, states that: "All deviations will be dealt with in line with the applicable p states that: rescripts and approved as per the departmental delegations. Appointment by other means should be considered only in cases where justifiable reasons are provided which also include the reasons for appointment of a particular service provider/(s)."

3.4.5. The SCM Policy paragraph 16.1, states that deviation from normal Procurement processes entailed in this Policy is not encouraged and may only be allowed in the following circumstances:

16.1.1. **Sole Source** - The required goods or services are available from a Sole Source only due to the unique nature of the requirements or where there is a requirement for compatibility or continuity and alignment or where goods, services and works are already in the DWS's value chain or employ were supplied by an OEM or by a licensed agent The request relating to the sole source will be dealt with in line with the SCM Standard Operating Procedure

16.1.2. **Single Source** - Single sourcing refers to procurements when there is more than one supplier who provides the required product, services, or works. For justifiable reasons, the Department selects only one among the suppliers who can provide what is required.

16.1.3. **Multiple source** - Multiple sourcing refers to procurements when there is limited competition and only few prospective bidders are requested to make a proposal. For justifiable reasons, the Department selects only a specific number of suppliers who can provide what is required. Multiple sourcing is also applicable when one supplier is unable to meet the total scope of work required.

3.5 Communication

3.5.1 None

4. OTHER COMPONENTS CONSULTED

4.1 Chief Financial Officer

5. RECOMMENDATION

It is recommended that:

5.1. Approval be granted to enroll five (5) Interns for the Occupational Certificate: Internal Audit Qualification (OCIA) as offered by the Institute of Internal Auditors SA (Leadership Academy) for a period of two (2) years.

5.2. Approval be granted to deviate from normal procurement processes to appoint the Institute of Internal Auditors as the sole service provider of the certification.

Legodi

Mr. John Legodi
DIRECTOR: INTERNAL AUDIT
DATE: 15/05/2023

RECOMMENDATION IN PAR. 5.1 SUPPORTED/NOT SUPPORTED

RECOMMENDATION IN PAR. 5.2 SUPPORTED/NOT SUPPORTED

Mr Michael Motsatsi
CHIEF DIRECTOR: INTERNAL AUDIT
DATE: 15/05/2023

FUNDS AVAILABLE / NOT ~~AVAILABLE~~

Mr. Frans Moatshe
CHIEF FINANCIAL OFFICER
DATE: 2023/08/17

RECOMMENDATION IN 5.1 RECOMMENDED/ NOT RECOMMENDED

RECOMMENDATION IN 5.2 RECOMMENDED/ NOT RECOMMENDED

5. RECOMMENDATION

It is recommended that:

5.1. Approval be granted to enroll five (5) Interns for the Occupational Certificate: Internal Audit Qualification (OCIA) as offered by the Institute of Internal Auditors SA (Leadership Academy) for a period of two (2) years.

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RECOMMENDATION IN PARAGRAPH 5.1 APPROVED/ ~~NOT APPROVED~~

RECOMMENDATION IN PARAGRAPH 5.2 APPROVED~~/ NOT APPROVED~~

CHAIRPERSON: DEPARTMENTAL BID ADJUDICATION COMMITTEE
DATE: 15/06/2023

RECOMMENDATION IN PARAGRAPH 5.1 APPROVED/ ~~NOT APPROVED~~

RECOMMENDATION IN PARAGRAPH 5.2 APPROVED/ ~~NOT APPROVED~~

① for an amount of R446 711,75 only. for the duration of the training.

②

Mr. N Seroka
CHIEF DIRECTOR: SUPPLY CHAIN MANAGEMENT
DATE: 06 July 2023