Framework for the NORTH WEST
Infrastructure Delivery Management System
(NW IDMS)
for all Infrastructure Implementing Sectors

September 2012
DRAFT RESOLUTIONS OF THE EIGHTH MEETING OF 2012 OF THE NORTH WEST EXECUTIVE COUNCIL HELD AT 09:00 ON WEDNESDAY, 31 OCTOBER 2012 NELSON MANDELA BOARD ROOM, OFFICE OF THE PREMIER, GARONA BUILDING, MMABATHO.

6.4.2 REPORT ON THE INFRASTRUCTURE DELIVERY MANAGEMENT SYSTEM (IDMS)

EXCO resolved that:

a) The North West Infrastructure Delivery Management System (IDMS) be endorsed as the approved system for the planning and delivery of infrastructure within the North West;

b) It is endorsed that the Provincial Departments must implement the North West IDMS as a method and system to plan and implement infrastructure within the North West Province.

DIRECTOR: EXCO SUPPORT
NORTH WEST PROVINCE
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Framework

The Framework for the NW Infrastructure Delivery Management System was authorised and adopted on the 31 October 2012 by the Members of the Executive Committee of the North West Provincial Government as the endorsed system for planning and delivery of infrastructure that should be implemented by all Provincial Departments.

The Members of the Executive Committee presents the following Provincial Departments:

Vote 01 - Office of the Premier
Vote 02 - Provincial Legislature
Vote 03 - Department of Health
Vote 04 – Department of Sport, Arts and Culture
Vote 05 – Department of Public Safety and Liaison
Vote 06 – Department of Economic Development, Environment, Conservation and Tourism
Vote 07 – Department of Finance
Vote 08 – Department of Basic Education & Training
Vote – 09 Department of Local Government and Traditional Affairs
Vote 11 – Department of Public Works, Roads and Transport
Vote 12 – Department of Social Development, Women, Children and Persons with Disability
Vote 13 – Department of Agriculture and Rural Development
Vote 15 – Department of Human Settlements
## Version Control

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<thead>
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<tr>
<td>1</td>
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<td>Presented at the Provincial ISF meeting</td>
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<td>2</td>
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<td>Provincial Departmental Infrastructure Managers work session</td>
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<td>3</td>
<td>07/09/2012</td>
<td>Presented to HOD’s</td>
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<td>4</td>
<td>17/10/2012</td>
<td>Presented to EID MTech cluster meeting</td>
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<td>5</td>
<td>31/10/2012</td>
<td>Presented to NW EXCO for adoption</td>
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### Glossary - Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description / Name in Full</th>
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<tbody>
<tr>
<td>AMP</td>
<td>Asset Management Plan</td>
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<tr>
<td>C-AMP</td>
<td>Custodian Asset Management Plan</td>
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<tr>
<td>CAS</td>
<td>Condition Assessment Survey</td>
</tr>
<tr>
<td>CIDB</td>
<td>Construction Industry Development Board</td>
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<tr>
<td>CPP</td>
<td>Construction Procurement Policy</td>
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<tr>
<td>CPS</td>
<td>Construction Procurement Strategy</td>
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<tr>
<td>CSP</td>
<td>Comprehensive Service Plan</td>
</tr>
<tr>
<td>DARD</td>
<td>Department Agriculture and Rural Development</td>
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<tr>
<td>DIS</td>
<td>Draft International Standard</td>
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<tr>
<td>DLGTA</td>
<td>Department Local Government and Traditional Affairs</td>
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<tr>
<td>DOF</td>
<td>Department of Finance</td>
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<tr>
<td>DoRA</td>
<td>Division of Revenue Act</td>
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<td>EXCO</td>
<td>Executive Council</td>
</tr>
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<td>Extech</td>
<td>Executive Technical</td>
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<td>FM</td>
<td>Facilities Management</td>
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<td>GCC</td>
<td>General Conditions of Contract</td>
</tr>
<tr>
<td>GIAMA</td>
<td>Government Immovable Asset Management Act (No. 19 of 2007)</td>
</tr>
<tr>
<td>HoD</td>
<td>Head of Department</td>
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<tr>
<td>IA</td>
<td>Implementing Agent</td>
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<tr>
<td>IDIP</td>
<td>Infrastructure Delivery Improvement Programme</td>
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<tr>
<td>IDM Toolkit</td>
<td>Infrastructure Delivery Management Toolkit (The “Toolkit 2010”)</td>
</tr>
<tr>
<td>IDP</td>
<td>Integrated Development Plan</td>
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<tr>
<td>IGS</td>
<td>Infrastructure Gateway System</td>
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<td>IP</td>
<td>Infrastructure Plan</td>
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<td>IIP</td>
<td>Infrastructure Programme Implementation Plan</td>
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<td>IPMP</td>
<td>Infrastructure Programme Management Plan</td>
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<td>IRM</td>
<td>Infrastructure Reporting Model</td>
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<td>ISO</td>
<td>International Standards Organisation</td>
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<td>KPA</td>
<td>Key Performance Area</td>
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<td>LCC</td>
<td>Life Cycle Costing</td>
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<td>MEC</td>
<td>Member of Executive Council</td>
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<tr>
<td>MFMA</td>
<td>Municipal Finance Management Act</td>
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<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
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<td>NIMS</td>
<td>National Infrastructure Maintenance Strategy</td>
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<td>NEC</td>
<td>New Engineering Contract</td>
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<td>NEIMS</td>
<td>National Education Infrastructure Management System</td>
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<td>NT</td>
<td>National Treasury</td>
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<tr>
<td>DEDT</td>
<td>Department of Economic Development and Tourism</td>
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<td>DoH</td>
<td>Department of Health</td>
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<tr>
<td>DPWRT</td>
<td>Department of Public Works, Roads and Transport</td>
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<td>DoE</td>
<td>Department of Education</td>
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<tr>
<td>DSAC</td>
<td>Department Sports, Arts and Culture</td>
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<tr>
<td>DSDWCPD</td>
<td>Department of Social Development, Women, Children and People with Disabilities</td>
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<td>NWPG</td>
<td>North West Provincial Government</td>
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<td>O&amp;M</td>
<td>Operations and Maintenance</td>
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<td>PEP</td>
<td>Project Execution Plan</td>
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<td>PFMA</td>
<td>Public Finance Management Act</td>
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<td>PGP</td>
<td>Provincial Growth Path</td>
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<td>PPP</td>
<td>Public Private Partnership</td>
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<td>PSP</td>
<td>Professional Service Provider</td>
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<td>PSDF</td>
<td>Provincial Spatial Development Framework</td>
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<td>RAMP</td>
<td>Road Asset Management Plan</td>
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<td>RAMS</td>
<td>Road Asset Management System</td>
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<td>RPM</td>
<td>Rational Portfolio Manager</td>
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<td>SCM</td>
<td>Supply Chain Management</td>
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<td>SDA</td>
<td>Service Delivery Agreement</td>
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<td>SGB</td>
<td>School Governing Body</td>
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<td>U-AMP</td>
<td>User Asset Management Plan</td>
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## Glossary - Definitions

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<th>Definition</th>
<th>Source</th>
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<tbody>
<tr>
<td>Accountability</td>
<td>Being answerable for the end result. Provide explanations for any variance in the actual performance from the expectations or conditions set. Accountability cannot be delegated. Accountability cannot be escaped from as it arises from responsibility. The employee in whom a power or duty is vested, remains accountable for the outcome of the delegated power or duty.</td>
<td>Principles of Public Administration and Financial Management Delegations – National Treasury and Department of Public Service and Administration – June 2011.</td>
</tr>
<tr>
<td>Alteration</td>
<td>Changing or modifying the character or condition of a building, plant or civil engineering works.</td>
<td></td>
</tr>
<tr>
<td>Asset Register</td>
<td>A record of asset information including inventory, historical, financial, condition, technical and financial information.</td>
<td>International Infrastructure Management Manual – Ver.3.0 2006</td>
</tr>
<tr>
<td>Associated equipment</td>
<td>Furniture, computers, equipment for schools and hostels including laboratories, libraries, and kitchens.</td>
<td></td>
</tr>
<tr>
<td>Brief</td>
<td>A working document for an identified project or package which specifies at any point in time the relevant needs, aims and resources of the client [the Client Department and/or the Implementing agent in the case of the NWPG], the context of the project and any appropriate design or maintenance requirements within which all subsequent briefing (when needed) and designing can take place.</td>
<td>IDM Toolkit</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>Expenditure used to create new assets or to increase the capacity of existing assets beyond their original design capacity or service potential. Capital expenditure increases the value of asset stock.</td>
<td>International Infrastructure Management Manual – Ver.3.0 2006</td>
</tr>
<tr>
<td>Commissioning</td>
<td>A quality-orientated process for achieving, verifying, and documenting that the performance of Facilities, systems and assemblies meet defined objectives and criteria</td>
<td></td>
</tr>
<tr>
<td>Client</td>
<td>Person or organization who is responsible for initiating, financing and accepting a brief for the delivery or maintenance of infrastructure for its own use as an agent of the end user</td>
<td>CIDB Practice Note #22</td>
</tr>
<tr>
<td>Comprehensive Service Plan (CSP)</td>
<td>A plan prepared by a Client Department in which it spells out how it is going to deliver its services. This plan includes all aspects of service delivery including service delivery strategy, service delivery mechanisms/concepts, service delivery standards, staffing provisions and management, administration and support arrangements. The CSP has major infrastructure planning and management implications and is an important point of departure for the U-AMP.</td>
<td>-</td>
</tr>
<tr>
<td>Concept report</td>
<td>The document containing the package information, which sets out the integrated concept for the works, any statutory permissions and funding or utility approvals granted, a risk report and, where new infrastructure is created, a logistic support plan.</td>
<td></td>
</tr>
<tr>
<td>Construction Procurement System</td>
<td>The documented delivery management strategy and contracting and procurement arrangements for the delivery or maintenance of infrastructure.</td>
<td></td>
</tr>
<tr>
<td>Contractor</td>
<td>Organization or individual that contracts with another institution (the employer) for the construction and/or maintenance of a building, road or other facility</td>
<td>-</td>
</tr>
<tr>
<td>Contracting Strategy</td>
<td>Strategy that governs the nature of the relationship which the employer [typically the Implementing agent in the case of the PGNW] wishes to foster with the contractor, which in turn determines the risks and responsibilities between the parties to the contract and the methodology by which the contractor is to be paid</td>
<td>DIS / ISO 10845-1: Construction procurement- processes, methods and procedures procurement- processes, methods and procedures</td>
</tr>
<tr>
<td>Custodian</td>
<td>Custodians are responsible for the efficient and effective management of immovable assets throughout their lifecycle and therefore must produce a custodian asset management plan (C-AMP) to ensure implementation.</td>
<td>Government Immovable Asset Management Legislation</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
<td>Source</td>
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<tr>
<td>Day-to-day Maintenance</td>
<td>The term used to describe maintenance that takes place on an ad hoc basis and is normally associated with minor maintenance tasks that include minor repairs and replacements (painting, repair of windows, replacement of window caches etc.).</td>
<td>-</td>
</tr>
<tr>
<td>Design and construct</td>
<td>Contract in which a contractor designs a project based on a brief provided by the client ([the Implementing agent in the case of the PGNW] and constructs it.</td>
<td>ISO 10845-1: Construction procurement- processes, methods and procedures</td>
</tr>
<tr>
<td>Design by employer contract</td>
<td>Contract under which a contractor undertakes only construction on the basis of full designs issued by the employer ([the Implementing agent in the case of the PGNW]).</td>
<td>DIS / ISO 10845-1: Construction procurement- processes, methods and procedures</td>
</tr>
<tr>
<td>Design development report</td>
<td>The document containing the package information which sets out the integrated developed design of the works for a package and forms the basis for the development of production information, any statutory permissions and utility approvals granted and a risk report.</td>
<td>-</td>
</tr>
<tr>
<td>Develop and construct contract</td>
<td>Contract based on a scheme design prepared by the client ([the Implementing agent in the case of the PGNW] under which a contractor produces drawings and constructs it.</td>
<td>DIS / ISO 10845-1: Construction procurement- processes, methods and procedures</td>
</tr>
<tr>
<td>Emergency Maintenance</td>
<td>These are the emergency repair tasks which are unforeseen and need urgent attention, the failure to attend to which will seriously hamper service delivery (e.g. storm damaged schools).</td>
<td>-</td>
</tr>
<tr>
<td>Enabling bulk infrastructure</td>
<td>Bulk services to be supplied before a building can be occupied, for example roads, electricity supply, and water supply.</td>
<td>-</td>
</tr>
<tr>
<td>Facilities</td>
<td>All service delivery units of Sector departments for example, Schools, Hospitals Traffic Stations and Traffic Control Centres</td>
<td>-</td>
</tr>
<tr>
<td>Framework Agreement</td>
<td>Agreement between an employer ([typically the Implementing agent in the case of the NWPG]) and one or more contractors, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.</td>
<td>DIS / ISO 10845-1: Construction procurement- processes, methods and procedures</td>
</tr>
<tr>
<td>Functional Norms and standards</td>
<td>Space Norms, Spatial Norms, Design Guidelines, Service Norms.</td>
<td>IDM Toolkit</td>
</tr>
<tr>
<td>Immovable Asset</td>
<td>Any immovable asset acquired or owned by Government, excluding any right contemplated in the Mineral and Petroleum Resources Development Act 2002 ((Act No. 28 of 2002). Buildings and related assets that are permanently affixed to them – these assets cannot be easily or cheaply removed, and in most cases, cannot be used after removal from the building.</td>
<td>GIAMA (Act No. 19, 2007) Modified from definitions obtained from <a href="http://liberta.co.za/blog/what-is-an-asset/">http://liberta.co.za/blog/what-is-an-asset/</a></td>
</tr>
<tr>
<td>Implementing Agent</td>
<td>Institution appointed to oversee the implementation of the funded infrastructure programme/projects on behalf of the Sector Departments.</td>
<td>GIAMA (Act No. 19, 2007)</td>
</tr>
<tr>
<td>Infrastructure Delivery Management System (NW IDMS)</td>
<td>Delivery and maintenance of immovable assets. It includes Portfolio Management, Programme Management, Project Implementation and Operations/ Maintenance. A Toolkit referred to as the IDM Toolkit has been included in the NW IDMS to guide implementation.</td>
<td>IDM Toolkit</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>In the context of the NW IDMS means any building, construction or engineering works constructed for the betterment of the built environment and includes maintenance works when referring to an infrastructure programme.</td>
<td>IDM Toolkit</td>
</tr>
<tr>
<td>Key Performance Indicators</td>
<td>Key Performance Indicators (KPI) are quantifiable measurements, agreed to beforehand, that reflect the critical success factors (of the company, department, project.)</td>
<td>International Infrastructure Management Manual – Ver. 3.0 2006</td>
</tr>
<tr>
<td>Life-cycle costing /life cycle cost</td>
<td>Life-cycle costing (or total cost of ownership) is estimation at the planning stage of an asset of all cost involved in the acquisition, operation, maintenance and disposal of an asset and forms the basis to</td>
<td>International Infrastructure Management Manual – Ver. 3.0 2006</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
<td>Source</td>
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<tr>
<td><strong>Term</strong></td>
<td><strong>Definition</strong></td>
<td><strong>Source</strong></td>
</tr>
<tr>
<td>Monitor</td>
<td>Monitor the performance of the asset against the planned cost over the lifecycle of the asset. Depending on the policy of the organisation, lifecycle costing may include the services cost. The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation, disposal and financing costs.</td>
<td>-</td>
</tr>
<tr>
<td>Maintenance Expenditure (Current)</td>
<td>Expenditure on activities that is necessary for retaining an asset as near as practicable to its original condition, but excluding minor capital expenditure such as rehabilitation or renewal.</td>
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<tr>
<td>Minor capital</td>
<td>Minor alterations or additions to immovable assets, generally to the maximum value as per provincial delegations.</td>
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<td>Monitoring</td>
<td>Monitoring is the systematic, regular collection and occasional analysis of information to identify and possibly measure changes over a period of time.</td>
<td>IDM Toolkit</td>
</tr>
<tr>
<td>NEIMS</td>
<td>An infrastructure information management system developed and maintained by the National Department of Basic Education [DBE]. The system provides information on Facilities relating to site development, site identification, building assessments [type of buildings, level of services, conditions]. It provides for the four building elements namely the floor, roof, ceiling and walls. The system also includes information on municipal services relating to water, sanitation, and electricity.</td>
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<tr>
<td>NW IDMS</td>
<td>Framework to improve the delivery of infrastructure aligned with the IDMS.</td>
<td>NW IDMS</td>
</tr>
<tr>
<td>Operations</td>
<td>The implementation of supportive activities related to the operation of immovable assets for example acquisitions, disposals, provision of bulk infrastructure services, leases, etc.</td>
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<tr>
<td>Package</td>
<td>Construction works which have been grouped together for delivery under a single contract or a package order.</td>
<td>IDM Toolkit</td>
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<tr>
<td>PFMA Asset register</td>
<td>Asset Register that an Accounting Officer must maintain in terms of the Public Finance Management Act.</td>
<td>-</td>
</tr>
<tr>
<td>Performance Monitoring</td>
<td>Continuous or periodic quantitative and qualitative assessments of the actual performance compared with specific objectives, targets or standards.</td>
<td>International Infrastructure Management Manual – Ver. 3.0 2006</td>
</tr>
<tr>
<td>Portfolio Management</td>
<td>Collection of projects or programmes and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives. The projects or programmes may not necessarily be interdependent or directly related.</td>
<td>The Standard for Portfolio Management 2006; Project Management Institute, Inc.</td>
</tr>
<tr>
<td>Procurement strategy</td>
<td>Selected packaging, contracting, pricing and targeting strategy and procurement procedure for a particular procurement.</td>
<td>DIS / ISO 10845-1: Construction procurement- processes, methods and procedures</td>
</tr>
<tr>
<td>Programme Management</td>
<td>The grouping of a set of related projects in order to deliver outcomes and benefits related to the organisation’s strategic objectives which would not have been achieved had the projects been managed independently.</td>
<td>IDM Toolkit</td>
</tr>
<tr>
<td>Professional Service Provider (PSP)</td>
<td>A professional individual or organisation that provides expert advice or a service in a particular domain or area of expertise, such as architecture, quantity surveying, civil, structural, electrical or mechanical engineering etc., under terms specified in a contract.</td>
<td>-</td>
</tr>
<tr>
<td>Project Execution Plans (PEPs)</td>
<td>PEPs are developed to guide the packaging, design, procurement and implementation of infrastructure projects aligned to the strategic decision making points.</td>
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<tr>
<td>Project Management</td>
<td>The management of the implementation of projects and sets of projects.</td>
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<tr>
<td>Term</td>
<td>Definition</td>
<td>Source</td>
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<tr>
<td>Public Private Partnership (PPP)</td>
<td>A contract between a public sector and a private sector party, in which the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project over time. Regulations issued in terms of the Public Finance Management Act of 1999</td>
<td>-</td>
</tr>
<tr>
<td>Routine Maintenance</td>
<td>Routine maintenance is the regular ongoing work that is necessary to keep infrastructure operating and to prevent premature failure; routine maintenance includes repair to render the infrastructure fully compliant with all statutory requirements (Operational Health and Safety Act, Environmental Management Act etc.)</td>
<td>-</td>
</tr>
<tr>
<td>Scheduled Maintenance (Preventative maintenance)</td>
<td>These are those maintenance projects which are included in a separate project list in the Client Department’s U-AMP and IPMP and are restricted to the larger maintenance tasks or activities. Schedule maintenance projects normally result from Condition Assessments and/or the implementation of life-cycle costing principles – thereby restoring an immovable asset to its original level of service without resorting to significant upgrading or renewal.</td>
<td>-</td>
</tr>
<tr>
<td>Strategic brief</td>
<td>The document that contains package information, risk report, schedule of statutory permissions, funding requirements, procurement strategy and utility approvals [as required]. It can also include business cases in terms of hospital revitalisation.</td>
<td>-</td>
</tr>
<tr>
<td>Technical Norms and standards</td>
<td>Cost Norms, Standard Designs, Design Codes, Material Specifications, Standard Drawings, Tender Documents, Tender Specifications, Contract Management Documents, and Built Professional Norms in health, safety and environmental aspects [e.g. Green Projects].</td>
<td>-</td>
</tr>
<tr>
<td>User</td>
<td>User means a national or provincial department that uses or intends to use an (immovable) asset in support of its service delivery objectives (and includes the custodian in relation to an immovable asset that it uses or intends to use in support of its own service delivery objectives).</td>
<td>GIAMA (Act No. 19, 2007)</td>
</tr>
<tr>
<td>Vetting</td>
<td>A process whereby an Accounting Officer ensures that a contract or service delivery agreement is legally sound to avoid potential litigation and to minimise possible fraud and corruption. Vetting is also applicable to individual members that serve on SCM Committee. The vetting of such members entails a security clearance of Bid Committee members by the National Intelligence Agency.</td>
<td>GIAMA (Act No. 19, 2007)</td>
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</table>
1. Executive Summary

The North West Provincial Government aims to provide a better life for all through the sustainable provision of services. One of the key drivers to enhance socio-economic development is the improvement of infrastructure delivery within the provincial boundaries.

Improvement of the delivery of infrastructure in provinces through the approval and implementation of the IDMS was confirmed by the National Cabinet decision of 21 February 2007, and further enforced in the Presidential outcome 12 to use the IDM toolkit to plan and implement infrastructure.

This document provides a framework to improve the delivery of infrastructure aligned with the Infrastructure Delivery Management System (NW IDMS) for all the Infrastructure implementing sectors of the Provincial Government of the North West (NWPG), and articulates uniform processes that will be prioritised by the Department of Education (DoE), the Department of Health (DoH), the Department of Public Works, Roads & Transport (DPWRT) and the Department of Finance (DoF) in the planning and delivery of health, education and road infrastructure in the province. The Provincial departments of Sport, Arts and Culture (SAC); Social Development, Women, Children and People with Disabilities (DSDWCPD) and other infrastructure implementing agents will incrementally align processes for improved infrastructure delivery according to the NW IDMS.

The framework incorporates EXCO resolution 12/2004 in terms of the custodianship as well as preferred implementer of immovable assets and resolution 01/2007 in terms of the roll out of the Infrastructure Delivery Improvement Programme (IDIP) to provincial departments and municipalities within the NW. (Annexure A)

The development of the NW IDMS framework was guided by 8 key principles that aim to find the balance between ensuring that the design is based on North West specific challenges at the same time as making design “recognisable” in terms of the IDM toolkit (based on substantial research and international best practice).

This Framework for the NW IDMS will, under the auspices of IDIP, be incrementally built upon over the next three years and ultimately expand into a comprehensive NW IDMS. This initiative forms part of Key Performance Indicators of Output 1 (Output 1: Effective functioning of the institutional arrangements and enabling environment for Infrastructure delivery in the NW) of the 5 Outputs as designated by the NWPG and instituted as the NW IDIP Logframe.

The development of capacity to implement the delivery processes of the NW IDMS will concurrently be phased as follows:

- Phase 1: Health and Education
- Phase 2: Public Works
- Phase 3: Roads
- Phase 4: Other infrastructure departments
- Phase 5: Municipalities

The NW IDMS evolves mainly around three (3) delivery processes:
Delivery Process 1: Portfolio management (Infrastructure planning and Programme Management)
Delivery Process 2: Project Management
Delivery Process 3: Operations and Maintenance

A key new feature of the NW IDMS is that it will place substantially more emphasis on strengthening Client ownership and oversight while nonetheless ensuring the principles of cooperative governance are retained. To this end, client joint responsibility for, and involvement in, specifying procurement strategy is a significant shift from the current practice. Mechanisms introduced to improve Client ownership and oversights are also important risk management devices. In this regard introduction of “Gates” at certain key points in the NW IDMS are considered very important. Whilst Gates are mainly about securing Client permission to proceed, a number of the Gates will also be used as key risk management assessment moments.
Emphasis is specially placed on the clarification of roles and responsibilities and strategic decision making control points to ensure that “grey areas” in respect of mandates, functions, discretion and responsibilities are eliminated as far as possible. The strategic decision making points requires from authorities to formally authorise a decision before proceeding from one stage to another.

In terms of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), the President has allocated a functional mandate to the Department of Public Works. The mandate of the Department is also confirmed through the annual Appropriation Act. The State Land Disposal Act (Act No 48 of 1961) furthermore mandates the Minister of Public Works to carry out certain functions.

From the above legislation, the Department’s mandate is to be the custodian and manager of all national governments’ fixed assets, for which other legislation does not make another department or institution responsible. This includes the determination of accommodation requirements, rendering expert built environment services to client departments, the acquisition, maintenance and disposal of such assets.

The NW IDMS is based on the NW EXCO approval that NW DPWRT as custodian of assets is the implementing agent (IA) for infrastructure on behalf of sector departments who accepts full responsibility and accountability for the infrastructure programmes/projects on time, within budget and in line with quality assurance standards.

The client departments accept full accountability and responsibility for the management of their property portfolios and supportive asset management services which includes infrastructure planning aligned to service and strategic planning, implementation of infrastructure programmes/projects aligned to approved norms and standards and spending of funds appropriated for infrastructure in an effective and efficient manner – thus providing value for money.

The DOF accepts accountability and responsibility to enforce the quality in the spending of funds through, inter alia, the implementation of the NW IDMS, supporting departments in achieving infrastructure goals/objectives, regulating procurement systems related to construction procurement and monitoring/reporting on the effectiveness of infrastructure delivery. DOF must develop and ensure a standardised Construction Procurement Policy (CPP) customised per the needs of the Sectors to set out a clear audit trail. DOF will assess the credibility and affordability of Service Plans, U-AMPs and C-AMPs with the aim to achieve value for money and enforce efficiency, effectiveness and transparency in terms of the management of infrastructure in the Province.

Infrastructure planning is contextualised in relation to and takes direction from the Provincial Growth Path (PGP) and the Provincial Spatial Development Framework (PSDF). The Office of the Premier will coordinate integrated planning with inputs from all provincial sectors involved in infrastructure provision as well as other stakeholders to form the basis for the compilation of a Provincial Infrastructure Plan (with a 10 year outlook) as one of the responsibilities of the DOF. The purpose of the Provincial Infrastructure Plan will be to provide guidance to infrastructure delivery, especially in respect of the integration and focussing of infrastructure investment and service provision in order to achieve key goals and outcomes of the PGP and the PSDF. The plan should direct the location and sequencing of integrated infrastructure projects that will be undertaken.

The Client Departments will develop strategic plans in the form of 5-year Departmental Strategic Plans, Comprehensive Service Plans (CSPs) and User Asset Management Plans (U-AMPs). The CSPs will specify a department’s detailed 10-year strategy to deliver the services aligned with the PGP and PSDF.

The U-AMP will have a outlook but will also provide detailed programme and project listings with budgets for the current planning year and the subsequent two years (in line with MTEF requirements). The Custodian Department will, in response to the U-AMPs, produce a Custodian Asset Management Plan (C-AMP) which will indicate how it will optimally manage the NWPG’s immovable assets across the Province to accommodate the needs of the User Departments.

Client departments will, in collaboration with the DPWRT as the Implementing Agent, specify Construction Procurement Strategies (CPS) aligned with the CPP, to be followed in the implementation of the programmes and projects identified in the U-AMP. Particularly important in this regard will be the initial packaging of infrastructure projects into “packages” to reduce programme management complexity, reduce costs and meet
the objectives of client departments as well as those of the Local, Provincial and National spheres (where applicable).

Client departments will then, on the basis of the procurement strategies, develop an Infrastructure Programme Management Plan (IPMP) which will set out the Client Department’s approach and plan of action for the efficient and effective management of the Infrastructure Programme over the ensuing MTEF period. The IPMP will then be submitted to the DPWRT as the Implementing Agent, who will in turn develop an Infrastructure Programme Implementation Plan (IPIP) which will outline how, in organizational terms, the DPWRT, will deliver on the IPMP.

Client departments will be responsible for the formulation of a Service Delivery Agreement (SDA) with the Implementing Agent based on the accepted IPMP and IPIP. Client departments will thereafter monitor the delivery and performance of the implementing agent according to the SDA.

Whereas in the past the NWPG has generally used a “Design by Employer” contracting strategy, in the future judicious use of “Design and Construct” and “Develop and Construct”; “Construction Management” as well as “Management Contractor” contracting strategies will also be allowed. In addition opportunities for the use of “framework agreements” will be identified.

This document furthermore emphasises that, as far as is possible, public sector infrastructure projects should be based on Standard Designs, Drawings and Technical Specifications as well as on Space Planning Norms and Standards. This eliminates, or reduces the need for both conceptual development of a design and also the need for detailed design work and thereby substantially reduces the cost of professional fees.

The IA will, in collaboration with the Client Department, implement the chosen procurement strategies from design and construction, through to final handover, commissioning, contractual and administrative close outs.

The procurement of professional and construction services is the responsibility of the IA and must be done in line with the CPS issued by the Client Department.

The Bid Specification and Bid Evaluation Committees must comprise of suitably qualified public servants who are conversant with various aspects of construction procurement and supply chain regulations. The designated representatives from the Client Departments are members of the Bid Specification or Bid Evaluation committees and not observers. The HoD of the DPWRT will determine the composition of the Bid Adjudication Committee but it must include at least one full-time member (with a proxy) from the Client Departments appointed by their relevant HoD. Technical specialists should be co-opted to the specification and evaluation committees as per SCM regulations.

The budgets for infrastructure programs are allocated in the total budgets of the Client Departments. Client Departments are not allowed to use the Infrastructure Budget (Equitable Share and Conditional Grants) for purpose other than infrastructure projects/programmes. Similarly any funding for compensation of employees included in conditional grants can only be used for compensation of employees appointed in the Infrastructure organisational components. No payments/transfers are made to DPWRT as the IA. The Client Departments are accountable and responsible to capture, approve, authorise and release the payment of validated invoices certified by the IA in line with the PFMA as well as the Treasury Regulations.

The NW IDMS sets out processes for the Operation and Maintenance of immovable assets. It is the responsibility of the DOF to develop a Provincial Maintenance policy aligned with the NW IDMS.

The successful implementation of the proposed North West NW IDMS will certainly come with risks which will need to be effectively managed. A preliminary risk assessment has identified a few of these key risks, which are listed in Section 8, together with proposed mitigation strategies.

Finally it should be noted that matters of dispute, non-compliance and/or negligence on the part of Departments in the implementation of the NW IDMS, will be submitted to the Head of DOF for mediation.
2. Background

Public sector infrastructure delivery is a complex and multi-faceted operation, conducted in an environment characterised by the scarcity of skills within an ever-changing mix of legislation and policy. Effective and efficient performance requires rigorous and well-institutionalised structures, systems and best practices, based upon a consistent, effective and agreed upon Service Delivery Model with clearly defined mandates, roles and responsibilities. All of this must be underpinned by appropriate and optimally placed personnel capacity, experience and skills.

In order to provide a comprehensive guide to assist the public sector in the management and delivery of infrastructure, the Construction Industry Development Board (CIDB) published the Infrastructure Delivery Management Toolkit (IDM Toolkit) in October 2010. This Toolkit “provides ‘how to’ guidelines for infrastructure delivery and procurement management necessary to deliver, operate and maintain infrastructure, capacitate delivery managers and facilitate a uniform approach to infrastructure delivery management”\(^1\). Following this publication, the Provincial Government of the North West (PG NW) determined that it would be advisable to produce a “North West version” of the IDMS, to be referred to as the North West Infrastructure Delivery Management System, or NW IDMS. As a first step, this current document – the Framework for the North West NW IDMS– has been prepared. This Framework will be incrementally built upon over the next three years and ultimately developed into a comprehensive NW IDMS.

The NW IDMS will be rolled out by departments and municipalities working as governance partners within the framework of cooperative governance, supporting the legal mandates and service delivery imperatives of the National and Provincial Departments. The North West governance institutional structures for the management of infrastructure delivery are summarised below. These structures focus on progress made with implementation of infrastructure programmes/projects and infrastructure performance improvements in the Province.

NORTH WEST GOVERNANCE STRUCTURES FOR INFRASTRUCTURE

\(^{1}\)IDM Toolkit, Management Companion v9-1, October 2010, p.9
The implementation of the NW IDMS model for service delivery will be based on the following concepts:

**Concept i: Custodian**

DPWRT is the Custodian of immovable assets in the Province appointed by the Premier and confirmed in the Government Immovable Assets Management Act [GIAMA].

As the Custodian of buildings, DPWRT:
- Prepares a C-AMP to respond to provincial needs and achieve optimal space utilisation.
- Keeps and updates a comprehensive immovable asset register for the Province.

Facilitates land acquisition, approval of building plans, and provision of enabling infrastructure. DPWRT is the **Custodian** – and in the context of GIAMA - responsible for assisting the Client Departments (the Users), inter alia, in:
  - Infrastructure planning by providing inputs such as project costing, site availability and property options, maintenance planning etc. – and compiling a C-AMP.
  - Vetting and approving all building plans (new, additions, refurbishment etc.) submitted by the Client departments and their institutions eg. Individual SGBs; and maintaining a building plans registry.
  - Conducting condition and performance assessments of facilities and ensuring the availability of a comprehensive and up to date immovable asset register.
  - Acquiring and disposing of property (including land) in a timely and cost effective manner.
  - Coordinate the provision of infrastructure assets, with the inclusion of lease agreements, in a cost effective manner.

The Client Departments, as users of Government infrastructure assets, will be responsible for:
- Utilisation of immovable assets in line with service delivery imperatives and service plans.
- Providing facilities information for the Custodian to update an immovable Asset register as required in terms of PFMA and GIAMA.
- Plan for optimal utilisation of immovable assets by the respective department.
- Preparation, annual review and updating of AMPs.

Specific requirements in terms of Technical Condition Assessments of Facilities are referred to in subsection 7.3.4.

**Concept ii: Implementing Agent**

The DPWRT is the **Implementing Agent** mandated by the Client Departments to implement infrastructure programmes on their behalf. The DPWRT is therefore ultimately accountable and responsible for ensuring that the infrastructure projects are completed on time, within budget, and to the required specification (i.e. quality). Client Departments and DPWRT must comply with the capacity requirements stated in the Provincial Framework for the implementation of the NW IDMS and the generic functional organisational structures as issued by the Minister for Public Services and Administration.

**Concept iii: Client Departments**

The Client Departments are the departments who are ultimately accountable for the delivery of services in accordance with the Provincial Growth Path and their own departmental strategy, service delivery plans, and Annual Performance Plans (APPs).

As such Client Departments control the budgets associated with their areas of accountability, and are thus responsible for **infrastructure planning**, including project identification, prioritisation and budgeting, and funding of the infrastructure capital and maintenance programmes in the North West.
The Client Departments are also responsible for client programme management which entails programme design and management, the formulation of construction procurement strategies, stakeholder interfacing with respect to service delivery, the formulation of norms and standards, and ongoing monitoring of the activities of the DPWRT as their Implementing agent. Such monitoring will imply that the Client Departments will be involved in certain key decisions, such as in the appointment of PSPs and contractors, and in the control and approval of Variation Orders according to agreed processes, procedures and delegations of authority etc.

As end users of the assets, Client Departments will be responsible for operating the facilities – which will include preparing a new facility for occupation (including staffing and resource provisioning), and thereafter effectively managing the facility on a day-to-day basis.

**Concept iv: Clarification of Mandates**

There are contradictions between the PFMA and GIAMA in terms of the vesting of responsibility and accountability for immovable assets. The decision was to implement the NW IDMS in line with the PFMA as it takes precedence over GIAMA.

The Client Departments accept responsibility and accountability for the management of the immovable asset portfolio and supportive asset management services which includes the spending of funds appropriated for infrastructure in an effective and efficient manner – thus providing value for money. Thus, they are therefore responsible for Portfolio and Programme Management, as well as Operations and Maintenance which includes the development of plans, norms and standards [aligned to National norms and standards], formulation of procurement strategies, budgets and monitoring of projects being implemented by IAs.

As the end users of the immovable assets, they are responsible for the commissioning of the Facilities [includes furniture, medical equipment, etc.] and the management of the Facilities on a day-to-day basis. In the case of DoH, where appropriate, the commissioning of health technology can be included in contracts being managed by IAs.

The Client Departments are also responsible and accountable for interaction with all stakeholders [e.g. communities, councillors, traditional leaders] in terms of project planning to facilitate the seamless implementation of infrastructure projects.

DPWRT accepts responsibility and accountability for the delivery of infrastructure programmes/projects on time, within budget and in line with quality assurance standards. DPWRT must verify that building plans are in line with the National Building Act and Regulations including Local Government Building Regulations, irrespective of which IA is implementing the project. DPWRT is responsible for social facilitation, which includes the management of all local labour related issues and access to services/resources with all stakeholders.

DPWRT must implement the acquisition and disposal of immovable assets in a timely and cost-effective manner for the infrastructure assets of the sector departments in line with GIAMA. User Departments must surrender to the custodian assets that they no longer utilise.

DOF accepts responsibility and accountability to enforce quality in the spending of funds through, inter alia facilitating the implementation of the NW IDMS, supporting Departments in achieving infrastructure goals/objectives, regulating procurement systems related to construction procurement and monitoring/reporting on the effectiveness of infrastructure delivery. DOF must develop and ensure a standardised CPS that will serve as a standard for the Province and be customised per the needs of the Clients to set out a clear audit trail.
DOF is responsible for Mediation and Dispute Resolution if any of the Departments are not adhering to the Provincial Framework for implementation of the NW IDMS and/or signed SDAs. Should any dispute or difference arise between the Departments it will be referred to the HoD of DOF for mediation. No such submission for mediation may be effected unless the Departments have used the best endeavour to resolve the issues on an amicable basis. The HoD of DOF will, as the mediator, render a decision. The HoD of DOF will ensure that its decision is not in conflict with the conditions set in DORA and/or the NW IDMS Framework for the Province.

**Concept v: Rules of Engagement**

SDAs are required between the IA and the Client Departments. The purpose of the SDAs is to formalise the relationship for the rendering of infrastructure services between the two parties. Matters of dispute or non-adherence on the part of Departments in the terms of the implementation of the signed SDAs will be referred to DOF.

**SDAs will include the Custodian and IA responsibilities of DPWRT towards Client Departments.**

The following must be included in the SDAs:

- Custodian Role in terms of acquisitions and disposals of infrastructure assets, permission for the use of land for projects included in the specific MTEF, Technical Condition Assessments, management of municipal rates and taxes, Provincial Asset Register for the Client in terms of projects included in the specific MTEF and C-AMP for the Province.

- **IA and Client roles in terms of the following:**
  - The Activities and Tasks that each Department is responsible for as per the Provincial NW IDMS [Refer to Annexure A].
  - Statement of services and service standards of the IA.
  - Description of reports to be prepared by IA and Client Departments and timeframes for submission in line with the Provincial NW IDMS.
  - Approved and signed-off U-AMP, RAMP, IPMP and IPIP with their relevant schedules attached as Annexures to the SDAs.
  - Mediation and Dispute Resolution as per Provincial NW IDMS.

Adherence to SDAs must be monitored on a regular basis and updated annually based on the signed-off U-AMPS, RAMP, IPMPS, and IPIPs.

- In the case of DPWRT being the IA, the following is applicable:
  - Both HoDs must accept SDAs before signing occurs.
  - Signing of SDAs duration is aligned to the MTEF timeframe.

- In the case of alternative IAs, the following is applicable:
  - Funding arrangements between Client Departments and alternative IAs requires the approval of the DOF prior to incorporation in the SDA.
  - Signing of SDAs must be accepted by the HoD of the Client Department and the Chief Executive Officer of the alternative IA.
  - The SDA will not include the Custodian roles as these roles are assigned to DPWRT.
  - The period for the signing of SDAs must be defined in the CPS.

**Concept vi: Department of Finance**

The DOF is the department with the authority to enforce the quality of the infrastructure spending which it does by ensuring that proper systems are in place to guarantee effective, accountable and compliant (with respect to DoRA and the agreed NW IDMS) infrastructure delivery.
In terms of Section 18 (2) (a) & (b) of the PFMA, Act no 1 of 1999, the DOF must develop and issue Provincial Treasury instructions relating to infrastructure delivery and construction procurement, aligned with the IDMS and according to appropriate standards and monitor compliance with these instructions. These will include amended treasury instructions for Supply Chain Management.

DOF also monitors and reports on infrastructure expenditure against programmed delivery dates and budgets, assists in ensuring that allocated budgets are spent, and works with Client Departments to devise approaches for best dealing with projected over- or under-expenditure. DOF is also required to regularly monitor and report on the effectiveness of infrastructure delivery.

3. North West Infrastructure Delivery Management System (NW IDMS)

3.1 Typical Life Cycle of an Immovable Asset

Figure 1 below depicts the Typical Life Cycle of an Immovable Asset. The key principle to note from the diagram is that, although an immovable asset has a defined beginning and end, throughout its existence (life) a cyclical process is followed which entails:

- Continually assessing and identifying its capex and maintenance needs,
- Planning and budgeting for projects designed to address the identified needs,
- Implementing the projects,
- Continually maintaining and operating the asset, and
- Finally disposing of it once it has reached the end of its useful life, or the need for the facility has become surplus to service delivery requirements.
Figure 2: Typical Life cycle of an immovable asset
3.2 Design Principles

The following principles have been applied in the design of the NW IDMS:

- **CIDB’s Infrastructure Delivery Management (IDM) Toolkit** – The NW IDMS must be aligned with the NW IDMS as defined in the CIDB’s IDM Toolkit which is based on substantial research and on international and local best practices.
- **Standardisation** – The NW IDMS provides uniform processes and promotes standardisation in infrastructure delivery management activities, with the understanding however, that specific processes may differ between the Health and Education Sectors to suit their specific circumstances and conditions under which infrastructure delivery is managed.
- **Mandates and core functions** – The NW IDMS should recognize existing mandates and core functions of government departments, and at the same time ensure that the “grey areas” in respect of mandates, functions, discretion and responsibilities are eliminated as far as possible.
- **Legislation and regulations** – The NW IDMS must ensure compliance with relevant legislation and regulations.
- **Operational efficiencies** – The NW IDMS must bring about operational efficiencies through, inter alia, promoting economies of scale and scope, collaboration, and ensuring optimal management processes etc.
- **Controls** – Strategically placed Gates have been incorporated into the NW IDMS as control points for both Client and Implementing agents.
- **Trust and co-operation** – The NW IDMS builds on trust and co-operation between the participating departments.
- **Seamless delivery** – The NW IDMS should aim to facilitate integration and promote seamless delivery through a holistic approach of viewing infrastructure delivery as the management of all aspects of the life cycle of immovable assets.

3.3 The North West IDMS: Schematic Representation

Figure 2 below represents the NW IDMS to be applied by the NWPG in the management of portfolios of immovable assets throughout their respective life cycles (as described in 3.1 above). The NW IDMS is structured around the following three delivery processes, each of which is discussed in detail in Sections 5 to 7 of the document:

- **Portfolio Management** - comprises the iterative processes of identifying objectives, planning and intelligently grouping projects into infrastructure programmes and monitoring and controlling the roll out of these programmes or projects.
- **Project Management** – involves the implementation of the projects identified in the planning processes.
- **Operations & Maintenance** – comprises the maintenance of assets through their life cycle and involves the operation and ultimate disposal of the assets.
Figure 3: The North West NW IDMS
3.4 Control Gates

The Infrastructure Gateway System (IGS) has been incorporated into the NW IDMS (see Figure 2 above) which establishes the work flow (sequence of connected activities) associated with the delivery and maintenance of infrastructure. It groups logically related activities in the infrastructure cycle together into discrete stages in such a manner that the end of the stage culminates in a major milestone in the form of documented information which requires approval or acceptance before a stage can be regarded as being complete.

These stages create decision gates (control points) at the end of each stage which can be used to provide assurance that the proposed works:

- remains within agreed mandates,
- aligns with the purpose for which it was conceived, and
- can progress successfully from one stage to the next.

A gate will be a control point where responsibilities for formal authorisation are allocated before proceeding from one stage to another.

If correctly applied, the gateway process will:

- Enable projects to be more accurately scoped and costed at an earlier stage in the asset life cycle
- Reduce time and cost overruns
- Improve alignment of service delivery with available funds
- Improve procurement discipline
- Manage risks more effectively
- Reinforce responsibility and accountability for decisions
- Enable projects to be better aligned with policies and objectives.

Deliverables Associated with Gates in the Infrastructure Gateway System (G)

G1a – Approved U-AMP (incl MTEF works list)
G1b – Approved C-AMP (incl Works Plans)
G2 – Accepted Construction Procurement Strategy
G3 – Accepted PEP v1 (Strategic Brief)
G4 – Accepted PEP v2 (Concept Report)
G5 – Accepted PEP v3 (Design Development Report)
G6a – Accepted PEP v 4 (Production Information)
G6b - Accepted Manufacture, Fabrication & Construction information
G7 – Accepted PEP 5 - works in accordance with requirements
G8 – Accepted PEP 6 - Works taken over by User, complete with record information.

The following gates are included in the System but are not indicated in Figure 2 above.

G9a – Complete contract or package order
G9b – Accepted PEP 7 - Updated asset register
Note: PEP is a Project Execution Plan

The IGS is based on the information flow as set out in Table 1. This system permits the undertaking of groups of activities in parallel or series and results at the end of each stage in a predetermined deliverable (a tangible and verifiable work product) and a structured decision point. This system enables decisions to be made to determine
if the project should continue to its next stage and if adjustments between what was planned and what is to be delivered need to be made.

<table>
<thead>
<tr>
<th>Gate No</th>
<th>Information (deliverable) provided for a decision to be made at a gate / conclude a stage</th>
<th>Stage No</th>
<th>Description</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Infrastructure plan which identifies long term needs and links prioritised needs to a forecasted budget for the next few years</td>
<td>1</td>
<td>Infrastructure planning</td>
<td>Planning activities at portfolio level</td>
</tr>
<tr>
<td>2</td>
<td>Construction procurement strategy for implementing the infrastructure plan in the medium term</td>
<td>2</td>
<td>Procurement planning</td>
<td>Planning activities at a portfolio level</td>
</tr>
<tr>
<td>3</td>
<td>Strategic brief setting out the package information for a package</td>
<td>3</td>
<td>Package planning</td>
<td>Planning activities at a package level</td>
</tr>
<tr>
<td>4</td>
<td>Concept report setting out the integrated concept for the package</td>
<td>4</td>
<td>Package definition</td>
<td>Planning activities at a package level</td>
</tr>
<tr>
<td>5</td>
<td>Design development report setting out the integrated developed design for the package*</td>
<td>5</td>
<td>Design development</td>
<td>Planning activities at a package level</td>
</tr>
<tr>
<td>6A/ 6B</td>
<td>Production information which enables construction or the production of manufacturing and installation / Manufacture, fabrication and construction information for construction</td>
<td>6</td>
<td>Design documentation</td>
<td>Planning activities at a package level</td>
</tr>
<tr>
<td>7</td>
<td>Works completed in accordance with requirements</td>
<td>7</td>
<td>Works</td>
<td>Site activities</td>
</tr>
<tr>
<td>8</td>
<td>Works handed over to user complete with record information</td>
<td>8</td>
<td>Hand over</td>
<td></td>
</tr>
<tr>
<td>9A</td>
<td>Updated asset register</td>
<td>9</td>
<td>Close out</td>
<td>Close out activities</td>
</tr>
<tr>
<td>9B</td>
<td>Completed contract or package order</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Stages 5 and 6 are not needed in the maintenance of infrastructure

**Table 1: Gates, stages and end of stage deliverables in the Infrastructure Gateway System**

The CIDB standard for the delivery and maintenance of Infrastructure using a Gateway system is clear that the level of detail provided in these end of stage deliverables needs to be sufficient to:

a) enable informed decisions to be made to proceed to the next stage; and
b) in the case of stages 3, 4 and 5, form the basis of the scope of work for taking the package forward in terms of the selected contracting strategy i.e. design and construct, develop and construct or design by employer.
3.5 NW Infrastructure Alignment Model (NW IAM)

The North West IDMS requires the implementation of the Alignment Model to amend timeframes of the infrastructure planning and delivery cycles to align with the MTEF Budget cycle in order to improve planning, implementation and better cashflow management.

Figure 4: The NW IAM
3.6 NW Infrastructure Annual Timeline

The North West Infrastructure timeline represents the alignment between the activities as referred to in the IGS and the provincial annual budget cycle. Diagram 3 below represents the combination of planning, delivery and budgeting activities that should take place monthly over a one (1) year cycle.

Figure5
4. **Addressing Disputes, Non-Compliance and/or Negligence in the Implementation of the North West NW IDMS**

In the event that any of the participating parties, representing their respective Departments, willfully or negligently fail to meet any of their obligations, and/or fail to fulfill any of their responsibilities in terms of the requirements of the NW IDMS, and/or should any dispute arise between the mentioned parties on any matter relating to infrastructure delivery, either party shall be entitled to submit such matter, difference or dispute in the form of a written submission to the Head of the DOF for mediation and to resolve. However, the aggrieved party may only revert to this remedy after reasonable attempts were made by the relevant parties to resolve their differences on an amicable basis internally, and once these efforts have in fact failed to resolve their dispute.

Furthermore, in the event that the Head of the DOF fail to resolve the dispute after mediation, any of the aggrieved parties to the mediation may then refer their dispute to an Arbitration Tribunal for arbitration in terms of the Arbitration Act 42 of 1965 as amended by the Justice Laws Rationalisation Act 18 of 1996, the General Law Amendment Act 49 of 1996 and the Prevention and Combating of Corrupt Activities Act 12 of 2004.
5. Delivery Process 1: Portfolio Management

5.1 Infrastructure Planning

5.1.1 Provincial Infrastructure Plan

A North West Provincial Infrastructure Plan will be compiled by the DOF through processes being informed by the Office of the Premier. This plan will be located within and take direction from the Provincial Growth Path and the National and Provincial Spatial Development Frameworks, and will inform the individual U-AMPS and the provincial C-AMP as well as Municipal Integrated Development Plans (IDP’s). Strategic, focused and properly sequenced infrastructure investment is one of the most important mechanisms that government has to drive its development objectives. For example well conceived and appropriately timed infrastructure investment can be catalytic in “crowding-in” private sector investment. This has long been recognised in the idea of “infrastructure led” development.

The Provincial Infrastructure Plan will have a long term time-frame of 10 years given the long term nature of infrastructure investment and implementation.

Moreover it is envisaged further that the Provincial Infrastructure Plan will at a broad level:

- Identify the key infrastructure delivery needs implied by the objectives and strategies articulated by the PGP and the PSDF
- Prioritise provincial infrastructure needs
- Broadly specify how such priorities are to be met and/or managed
- Develop a vision of how strategic and integrated infrastructure delivery will contribute to meeting the objectives of the PGP and National and Provincial Spatial Development Frameworks
- Identify where (spatially) infrastructure investment is to be focused as part of infrastructure led development strategies
- Spell out in broad terms how infrastructure investment will be sequenced over the time frame of the plan.
- Identify the location of infrastructure investment priority areas over the next 5 to 10 years.
- Articulate how institutional arrangements are to work both for ongoing interaction between departments involved in infrastructure delivery, municipalities and other stakeholders and for ad hoc interaction around major integrated infrastructure projects.
- Specify requirements in respect of business planning for major integrated infrastructure projects.
- Ensure that the synergies between its (the Province’s) major areas of social and economic infrastructure delivery, namely housing, health, education and roads, are realised. In this regard the Provincial Infrastructure Plan will recognise the importance of appropriate health and educational investments in housing areas in order to create sustainable human settlements.
- Ensure that the virtuous linkages between investment in transport infrastructure and social infrastructure are understood and maximized
- Ensure that infrastructure investment and implementation supports key spatial restructuring objectives of the PSDF and NSDF.
- Develop the innovative ideas that thinking cross-sectorally and spatially can bring to sectoral infrastructure planning (for example developing campuses of schools along a public transport corridor as opposed to trying to provide schools in central places in neighbourhood catchment areas).
- Ensure that infrastructure investment and implementation is aligned with and is an integral part of Municipal Integrated Development Plans (IDPs).

The process of developing the Provincial Infrastructure Plan will include all relevant stakeholder departments in the Province as well as municipalities and other stakeholders.
Whilst having a long term outlook the Provincial Infrastructure Plan will be revised every 5 years, but updated annually.

5.1.2 Develop/Review Asset Management Plans (U-AMP and RAMP) (including prioritized MTEF projects list)

Asset Management Plans are the instruments for departmental infrastructure planning and portfolio management. These plans must take direction from the Provincial Infrastructure Plan as well as the 5-year Departmental Strategic Plan and the 10-year Comprehensive Service Plan.

The U-AMP will have a 6 year horizon (10 year horizon for RAMP) and will be produced/reviewed annually. The Plans will also specify infrastructure programmes and projects and associated budgets for the current year and the subsequent two years, in line with MTEF procedures (in compliance with section 27(4) of the PFMA). The MECs should specify policy priorities at the outset of the electoral period which priorities derive from party political programmes as well as the technical analytical processes described below. The MECs are responsible for ensuring that these policy priorities are in line with the provinces' overall priorities (particularly those related to linkages between provincial spatial planning and infrastructure delivery), the priorities set by the relevant national department and the priorities of the national ministries (where appropriate).

The departmental Asset Management Plans will be based on thorough contextual (external environment) and sector specific (internal environment) analyses which will be supported by accurate and up-to-date data bases – the Asset Register being the primary one, the development and maintenance of which will be the responsibility of the DPWRT (refer Section 7.3.3).

Provincial departments will establish and maintain appropriate information systems such as GIS, designed to support planning activities and will establish an institutionalised relationship with the Directorate: Policy and Planning (Office of the Premier) in respect of demographic analysis/profiling.

Departmental Asset Management Plans will be produced with input from the DPWRT which will further assist in devising strategies for addressing the infrastructure needs through the C-AMP. The accounting officers of Client Departments must together with the Custodian department:

- Assess the utilisation of their immovable assets in terms of service delivery objectives and in terms of Provincial service delivery norms and standards;
- Assess the functional performance (User) and technical condition (Custodian) of their immovable assets;
- Prioritise the need for repair, upgrade or refurbishment of state-owned immovable assets in line with life cycle principles.
- Plan for future immovable asset needs including construction of new infrastructure assets;
- Communicate these needs to the Custodian Department in a structured fashion.

The content of a U-AMP will at a minimum include the following:

- Vision and mission statements
- A situation analysis including analysis of the gap between desired infrastructure availability and standards (to achieve desired service delivery) and the current situation measured with reference to Infrastructure Norms and Standards to be approved by the Provincial Cabinet.
- Legislative mandates
- Strategic goals based on priority identification.
- Policies and strategies for delivering on priorities. Such strategies must reflect thorough consideration of a wide range of options including: demand management measures and other non-

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2Client Departments will be accountable for the development of Infrastructure Norms and Standards, including Space and Cost Norms and Standards, Design Guidelines, Standard Drawings and Technical Specifications.
infrastructure solutions, better use of existing facilities, refurbishment or renewal of existing facilities, the closure of sub-optimal facilities and the construction of new facilities.

- The departmental role in (or contributions to) major integrated infrastructure projects identified in the Provincial Infrastructure Plan
- Information Systems for monitoring
- Service delivery objectives and immovable asset requirements as expressed in the U-AMP must be underpinned by budget programme objectives.
- An acquisition plan which must contain a summary of current and proposed acquisitions, as informed by the impact of service delivery objectives.
- A refurbishment plan which must contain a summary of current and proposed refurbishments and reconfiguration of existing immovable assets, as informed by the impact of service delivery objectives.
- A section that specifies repairs required to reinstate immovable assets to their original state.
- A section that identifies surplus immovable assets that no longer support the service delivery objectives of the User department and must be surrendered to the Custodian.
- Budget requirements to fund immovable asset needs of the User, including the relevant MTEF prioritised project list and budgets –based on Provincial Space and Cost Norms.
- HOD sign-off

The MTEF budgets tabled in the Provincial Legislature must include the final approved projects list.

The preparation of the U-AMP is to be preceded by the compilation of individual pre feasibility studies (motivation) for new capital projects. Pre feasibility studies will need to be approved prior to the specific projects being considered for inclusion in the MTEF project list.

5.1.3 Develop/Review C-AMP

The NWDPWRT must, prepare the Custodian Asset Management Plan (C-AMP) in response to all provincial Client department Asset Management Plans.

The process of compiling a C-AMP follows from the Asset Management Plans produced by Client departments with inputs from the custodian. The C-AMP time frame will mirror that of the U-AMP i.e 10 to 15 years, including the MTEF.

When preparing a C-AMP, the Custodian must:

- Thoroughly examine the need for immovable assets as stated by the User departments;
- Consider the use of state-owned (all spheres of government) and privately owned immovable assets, as immovable asset solutions;
- Evaluate options by systematically weighing-up the costs and benefits;
- Record all options analysed to substantiate the decisions that have been made; and
- Build on the strategies identified in the U-AMPS produced by user departments.

Prioritisation of projects must balance the need for new assets against the performance of current assets to determine acquisition, maintenance and disposal priorities.

The C-AMP should incorporate the following:

- An introduction summarizing the U-AMPS to which it responds.
- Portfolio strategy and management plan
- Asset performance summary
- Asset lifecycle management plans
### 5.2 Programme Management

The implementation of the MTEF Project Lists and Budgets (i.e. the Infrastructure Portfolio), as produced during the Infrastructure Planning process (refer 4.1 above), needs to be planned, monitored and controlled within the necessary time frames and budgets and with the available resources – this, in essence, encompasses Programme Management.

In terms of Programme Management, the **Client Department** is responsible for:

- Development of Construction Procurement Strategy.
- Timeous preparation of IPMP
- Approval of the IPIP as prepared by the Implementing Agent
- Annually reviewing the Service Delivery Agreement (SDA) between the Client Department and the Implementing Agent.
- Preparing Package/Project Briefs for the Implementing Agent
- Managing the interface between the end-user/community structures and Implementing Agent effectively & efficiently.
- Monitoring of the project deliverables against the programme objectives
- Monitoring progress, identifying issues, and supporting corrective action to facilitate project delivery
- Ensuring that transfer of Conditional Grant funds is done within agreed and statutory prescribed timeframes
- Interrogation of financial and performance reports from the Implementing Agent
- Ensuring appropriate hand over and commissioning of completed projects
- Identification of environmental changes which may impact on the IPMP
- Identifying programme risks and ensuring that appropriate mitigating actions have been taken
- Authorising relevant scope and specification changes and all increases in budget requirements
- Reviewing and authorising variations to MTEF Project Lists, in respect of budgets, timeframes and project prioritisation in collaboration with the Implementing Agent and reflecting these changes in the annual Adjustment Budgets

The DPWRT is assigned the responsibility of Implementing Agent. In terms of Programme Management, an **Implementing Agent** is responsible for:

- Establishing an Infrastructure Programme Management function
- Annually reviewing the Service Delivery Agreements (SDAs) between the Client Departments and the Implementing agent
- Interrogating, understanding and accepting projects in the IPMP, including budgets and Package/Project Briefs)
- Preparing and submitting IPIPs and Project Execution Plans (PEPs) for Client Department acceptance
• Procuring services of Professional Services Providers and Contractors
• Managing Programme and Project Delivery, including contract administration
• Reporting on project progress
• Ensuring that sub-programmes, packages of work, and projects are completed on time, within budget and to the required specifications.
• Handing over completed projects to User/Client Departments
• Identifying risks and taking appropriate mitigating actions
• Reviewing and approving of variation orders received from PSPs and Contractors - subject to relevant authorisation by the Client Department

5.2.1 Develop/Review Construction Procurement Strategy

Components and Purpose of a Procurement Strategy

A procurement strategy is the combination of a delivery management strategy, contracting arrangements and procurement arrangements. The goal is to identify the best way of achieving the objectives for a project or group of projects, ensuring value for money, and taking into account risks and constraints.

Once completed, the documented Construction Procurement Strategy will be incorporated into the Infrastructure Programme Management Plan (IPMP), described in 5.2.2 below.

The key aspects of the construction procurement strategy, in terms of the three components, are discussed below.

Component 1: Delivery management strategy

1. Broad strategy

In broad terms, the delivery of infrastructure in the NWPG will be strategically managed as follows:

- **The DPWRT will be the only Implementing Agent** contracted to the Client Departments.
- **DPWRT** may consider the option of increasing its capacity through the appointment of short-term contract staff - **sub-programmes may be outsourced to 3rd party Implementing Agents**.
- The DPWRT will be responsible for entering into Service Delivery Agreements (SDAs) with, and managing such 3rd party Implementing Agents, which may include School Governing Bodies.
- Certain maintenance work will be carried out by the Client Departments – see Section 7: Operations and Maintenance

The above strategy will be reviewed and detailed annually by the Client Departments in agreement with the DPWRT, and culminating in the annual signing of the revised SDAs.

2. Packaging the work

Infrastructure projects are categorised according to programmes. Projects within or across the various programmes may be implemented individually as “stand-alone” projects, or as a “group” of projects, the latter being procured as “packages” for increased management efficiency and cost effectiveness.

The Client Department, in collaboration with the DPWRT, will establish the “packages” by balancing factors such as:

- Geographical spread of projects
- Desired maximum value of contract
- The technical mix of the work
- Desire to avoid any complexities in technical, contractual or logistical interfaces between contracts
- Marketability i.e. attractiveness of the packages to the market
- Use of specialist contractors as direct contractors or as subcontractors to main contractors
- Use of large main contractors to manage and mentor small contractors
- Secondary procurement objectives (viz. BBEEE, EPWP etc.)

In addition opportunities for meeting needs through own Framework Agreements will be identified.

<table>
<thead>
<tr>
<th>Consideration</th>
<th>Options</th>
<th>Decision Criteria for Framework Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract outcome</td>
<td>Provide specific construction works</td>
<td>Framework agreements are appropriate where:</td>
</tr>
</tbody>
</table>
| Procurement     | Separate procurement process for each transactional contract | • The budgets available and the detailed scope of the needs are uncertain  
|                 | Issue package order in terms of pre-approved framework or reopen competition between framework contractors | • The potential for additional funds to be made available exists  
| Time frames,   | Flexibility in terms of time frames, scope and level of service defined per transactional contract.     | • The need involves repetitive work of a similar nature  
| scope and level of service defined per transactional contract. | • A quick response time is required  
|                 |                                              | • Long term relationships (3 to 5 year) are desirable to achieve efficiencies.                         |

Table 2

A framework agreement is an agreement between an organisation and one or more contractors, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.

A framework agreement gives no work to a contractor and may be non-exclusive. It is a long term commitment between the parties to enable clients to place contracts on pre-agreed terms, pricing structure and specifications for certain types of work over a period of time (See CIDB Inform Practice Note #15 Framework Agreements).

**Component 2: Deciding on Contracting Arrangements**

1. **Deciding on Contracting Strategies**

The second stage in developing the Construction Procurement Strategy is to decide on the Contracting Strategy for each package and the professional services required to implement the Contracting Strategy.

The NWPG has historically almost exclusively opted to adopt the traditional “Design by Employer” contracting strategy (see description in Table 1 below). However, in line with international trends, the Province will progressively expand its options – through a process of piloting – to include other ‘preferred’ strategies in which, for example, the responsibility for design is contractually assigned to the contractor, rather than to separately appointed Professional Service Providers. As such, the NWPG will henceforth select appropriate contracting
strategies from the 5 (five) possible options as described in Table 1 below. Refer to the IDMS for the appropriate usages and pre-requisites applicable to the various options.

<table>
<thead>
<tr>
<th>Consideration Options</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference to the NW IDMS under Project Management (Figure 2 above)</td>
<td>Design by Employer (PSP) + Design by Employer (Contractor)</td>
<td>Design and Construct</td>
<td>Develop and construct</td>
<td>Construction management</td>
</tr>
<tr>
<td>Description</td>
<td>Contract under which a contractor undertakes only construction on the basis of full designs issued by the Implementing agent (Design is a separate function to construction undertaken by separately appointed Professional Service Providers)</td>
<td>Contract in which a contractor designs a project based on a brief provided by the Implementing agent and constructs it</td>
<td>Contract based on a scheme design prepared by the Implementing agent under which a contractor produces detailed drawings and constructs it</td>
<td>Contract under which a third party (professional service provider) provides consultation during the design stage and is responsible for planning and managing all post-contract activities for contractors appointed by the employer</td>
</tr>
<tr>
<td>Management contractor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Selecting appropriate Contracting Strategy for construction works contract

2. Deciding on a Pricing Strategy and Form of Contract

As part of the process of selecting contracting strategies, appropriate Pricing Strategies and Forms of Contract need to be decided upon. In the building of schools, clinics and hospitals, the PG NW has historically primarily used the traditional “Bills of Quantities” as a Pricing Strategy, and the “JBCC Agreements” as the Form of Contract. However, as with the development of Contracting Strategies, the Province will progressively expand its options – through a process of piloting – to include alternative Pricing Strategies and Forms of Contract as described in Table 2 and Table 3 respectively. Refer to the IDMS for the appropriate usages and pre-requisites applicable to the various options.

<table>
<thead>
<tr>
<th>Consideration</th>
<th>Options</th>
<th>Cost based contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priced contract</td>
<td>Activity schedule (lump sum)</td>
<td>Bill of quantities</td>
</tr>
<tr>
<td>Description</td>
<td>The contractor undertakes to break the scope of work down into activities related to a programme and price each activity as a lump sum, which he is paid on completion of the activity. The total of the activity prices is the lump sum price for the contract work.</td>
<td>The bill of quantities lists the items of work and the quantities and rates associated with each item to allow contractors to be paid, at regular intervals, an amount equal to the agreed rate for the work multiplied by the quantity of work completed</td>
</tr>
</tbody>
</table>

Table 4: Selecting a Pricing Strategy for construction works contracts
Table 5: Selecting an appropriate Form of Contract for construction works contracts

The CIDB Standard for Uniformity in Construction Procurement also allows for the use of the FIDIC suite of Conditions of Contract. Refer to IDMS for the applicability of these forms of contract to the various contracting and pricing strategies.

Component 3: Deciding on Procurement Arrangements

The final stage in developing the Construction Procurement Strategy is to decide on the appropriate Procurement Arrangements for the various packages. The key decisions to be made include:

- Deciding on a quality strategy
- Deciding on a procurement procedure
- Deciding on a targeted procurement strategy
- Deciding on a tender evaluation procedure

1. Deciding on a quality strategy

Appropriate mechanisms should be determined to ensure quality in the procurement. The options per IDMS are indicated in Table 4 below.

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Description</th>
<th>Decision criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life cycle costing</td>
<td>Incorporate aspects of life cycle costing in the evaluation of tender offers</td>
<td>Use if solution(s) to performance specifications offered by tenderers have an impact upon the life cycle of the project e.g. the solution offered impacts upon issues such as reliability, durability, running costs, after-sales service and technical assistance etc.</td>
</tr>
<tr>
<td>Prequalification</td>
<td>Invite tender offers only from prequalified tenderers (Link to qualified procedure)</td>
<td>Use where it is essential to ensure that only those tenderers who are capable of providing a quality service are invited to submit tenders</td>
</tr>
<tr>
<td>Eligibility criteria</td>
<td>Evaluate only submissions and tenders received from respondents and tenderers, respectively, who satisfy eligibility criteria framed around quality.</td>
<td>Use where the introduction of quality criteria in the eligibility criteria needs to be used to screen respondents in calls for expressions of interest or tenderers to ensure that submissions are only evaluated from those who are able to or are likely to satisfy the quality requirements for the contract</td>
</tr>
<tr>
<td>Undertakings at tender stage</td>
<td>Require tenderers to submit draft quality management plans with tender</td>
<td>Use where it is desirable and appropriate to have the opportunity to make inputs into quality management plans at tender stage and to finalise such plans before awarding the contract.</td>
</tr>
<tr>
<td>Preference</td>
<td>Award a preference for attainment of quality</td>
<td>Use where it is desirable but not essential to meet stated quality criteria e.g. be ISO 9000 certified.</td>
</tr>
</tbody>
</table>
### Evaluation criteria

Incorporate objective and quantifiable aspects of quality in the evaluation of the financial offer (Link to evaluation Methods 3 and 4).

Use if criteria such as the following have a profound or significant impact on the tenderer’s offer:

- Technical merit
- Response to (ability to relate to) the proposed scope of work/project design
- Aesthetic and functional characteristics
- Safety and environmental characteristics
- Quality control practices and procedures which ensure compliance with stated employer’s requirements
- Organization, logistics and support resources relevant to the scope of work
- Qualifications and demonstrated experience of the key staff (assigned personnel) in relation to the scope of work
- Demonstrated experience of tendering entity with respect to specific aspects of the project / comparable projects

<table>
<thead>
<tr>
<th>Table 6: Selecting suitable quality strategies</th>
</tr>
</thead>
</table>

#### 2. Deciding on a procurement procedure

Where a “Competitive Selection” procedure is applied, the contract is typically awarded to the contractor who submits the lowest financial offer or obtains the highest number of tender evaluation points. “Negotiation” (i.e. soliciting tenders from a single source supplier) or “Competitive Negotiation” procedures will only be considered in appropriate circumstances and/or where better value for money can be obtained.

Only the options in Table 7 below are to be considered for a “Competitive Selection” procedure in terms of the North West NW IDMS.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominated procedure</td>
<td>Tenderers that satisfy prescribed criteria are entered into an electronic database. Tenderers are invited to submit tender offers based on search criteria and, if relevant, their position on the database. Tenderers are repositioned on the database upon appointment or upon submission of a tender offer.</td>
</tr>
<tr>
<td>Open procedure</td>
<td>Tenderers may submit tender offers in response to an advertisement by the organization to do so.</td>
</tr>
<tr>
<td>Qualified procedure</td>
<td>A call for expressions of interest is advertised and thereafter only those tenderers who have expressed interest, satisfy objective criteria and who are selected to submit tender offers, are invited to do so.</td>
</tr>
<tr>
<td>Quotation procedure</td>
<td>Tender offers are solicited from not less than three tenderers in any manner the organization chooses, subject to the procedures being fair, equitable, transparent, competitive and cost-effective. This procedure is only applicable for contracts of value below the prescribed threshold, currently set at R500,000.</td>
</tr>
<tr>
<td>Proposal procedure using the two-envelope system</td>
<td>Tenderers submit technical and financial proposals in two envelopes. The financial proposal is only opened should the technical proposal be found to attain a minimum threshold score.</td>
</tr>
</tbody>
</table>

The “Nominated procedure” option above is similar to the procedure currently being applied by the NWDPWRT in the procurement of Professional Service Providers (PSPs) - except that, currently a non-competitive process is followed and tender offers are not being called for.
The NWDPWRT’s current procedure will therefore be assessed and appropriately amended to ensure that PSPs are indeed appointed on a competitive basis.

3. Deciding on a targeted procurement strategy

A selection of one or more of the targeted procurement procedures, to support secondary procurement objectives, based on the decision criteria contained in Table 8 is to be made.

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
<th>Decision criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferencing</td>
<td>Give a weighting to social and economic policy objectives along with price and where relevant, quality, during the evaluation of tenders. Apply 90:10 for tenders anticipated to be equal to or in excess of R500 000. Apply 80:20 for tenders anticipated to be less than R500 000.</td>
<td>Use on all contracts above R30 000 as required by the Preferential Procurement Policy Framework Act.</td>
</tr>
<tr>
<td>Incentives for KPI’s</td>
<td>Incentive payments are made to contractors should they achieve a specified target (key performance indicator) associated with a social or economic goal in the performance of a contract</td>
<td>Use on larger contracts where the Employer is prepared to provide a financial incentive to attain stretch targets</td>
</tr>
<tr>
<td>Mandatory subcontracting</td>
<td>Require contractors to invite competitive tenders from targeted enterprises for specified portions of the works in terms of a specified procedure and specific forms of subcontract. Upon the award of the contract, the subcontractor becomes a domestic subcontractor.</td>
<td>Use where contracts are sufficiently large and the nature of the work lends itself to do so. Do not use where subcontracting requirements make the work unattractive to main contractors.</td>
</tr>
<tr>
<td>Contractual obligations</td>
<td>Make policy objectives a contractual condition, e.g. • a fixed percentage of the work is required to be subcontracted out to enterprises that have prescribed characteristics, or a joint venture shall be entered into. • Parts of the works are to be executed using labour intensive methods</td>
<td>Use with caution as, depending upon the nature and extent of the conditions to be applied to a contract, it may at one end of the spectrum be regarded as a form of discrimination and at the other end, a reasonable measure to promote equality. Use only where the making of policy objectives a contractual condition don’t compromise the constitutional imperative that the system be fair, equitable, transparent, competitive and cost effective.</td>
</tr>
</tbody>
</table>

Table 8: Selecting suitable targeted procurement procedures

4. Deciding on a tender evaluation procedure

The appropriate tender evaluation procedure is to be selected based on the pre-requisites contained in Table 9.

<table>
<thead>
<tr>
<th>Method</th>
<th>Pre-requisites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method 1: Financial offer</td>
<td>Where the tasks/activities are of a straightforward nature in terms of which inputs are relatively well known and outputs can be readily defined</td>
</tr>
<tr>
<td>Method 2: Financial offer &amp; preferences</td>
<td>As for Method 1 except that preferences are applied</td>
</tr>
<tr>
<td>Method 3: Financial offer and quality</td>
<td>Where it is justifiable in terms of procurement outcomes or it is necessary in order to determine the most economically advantageous offer to evaluate objective and quantifiable criteria which relate directly to what is to be procured e.g. where criteria such as the following need to be evaluated: • technical merit; • response to (ability to relate to) the proposed scope of work/project design;</td>
</tr>
</tbody>
</table>
- aesthetic and functional characteristics;
- quality control practices and procedures which ensure compliance with stated employer’s requirements;
- reliability & durability;
- organization, logistics and support resources relevant to the scope of work
- qualifications and demonstrated experience of the key staff (assigned personnel) in relation to the scope of work;
- demonstrated experience of tendering entity with respect to specific aspects of the project / comparable projects;
- delivery date, delivery period or period of completion

Note:
All criteria and weightings need to be disclosed within the tender documents, and no additional criteria may be imposed after the closing of tenders

Method 4: 
Financial offer, quality & pref.

As for Method 3 except that 90:10 or 80:20 preferences are applied.

The following process is to be followed:

1. Apply the two-envelope system – Envelope 1 (Quality) and Envelope 2 (Price & Preference)
2. Score Quality, rejecting all tender offers that fail to score the minimum number of points for Quality stated in the Tender Data; and return unopened Envelope 2 to non-qualifying tenderers
3. Open Envelope 2 and score tender evaluation points for Financial Offer - treat this score as the “Price”
4. Score tender evaluation points for “Preferencing”
5. Calculate total tender evaluation points based on the “Price” and “Preferencing” points only (using the 90:10 or 80:20 points system as appropriate)
6. Perform a Risk Analysis
7. Recommend tenderer with the highest number of tender evaluation points for the award of the contract, unless there are compelling and justifiable reasons not to do so (refer Risk Analysis).

Table 9: Selecting a tender evaluation method

In most instances Method 2 or 4 is to be applied, using the 90:10 or 80:20 Preferencing Method

This implies that no further/additional preferencing or targeting may be applied in the evaluation, and ultimately in the awarding of tenders

5.2.2 Develop/review Infrastructure Programme Management Plan (IPMP)

The Infrastructure Programme Management Plan (IPMP) sets out the Client Department’s approach and plan of action for the efficient and effective management of the Infrastructure Programme and its sub-programmes through all phases of implementation, within required time frames and available budgets, and taking cognisance of areas of risk and available resources. The plan further provides the necessary information for the NWDPW as the Implementing agent to, in turn, be in a position to effectively plan for the implementation of the Infrastructure Programme according to its roles and responsibilities.

The IPMP will be developed/reviewed annually by the Client Department and submitted in the prescribed format for approval and signature by the HOD by 31 August (or by the date prescribed in the Division of Revenue Act (DoRA), should that be earlier).

The IPMP will span the relevant full 3-year MTEF period, and will at a minimum include the following:

- Infrastructure Programme objectives and targets to be achieved, including Performance Indicators
- Institutional arrangements for the implementation of the work, including eg. programme governance structures, assignment of sub-programmes to Programme Managers within the Department etc.
- The Construction Procurement Strategy, as developed in 4.2.1 above.
- Infrastructure Programme Schedule/Timetable
5.2.3 Authorise Implementation

The key approval in authorising work is the approval of the IPMP (including the Construction procurement strategy) as well as the Service Level Agreement (SDA) between the user and the IA. The required formats and frequencies are also described in the plans.

Develop/review Service Delivery Agreement (SDA)

The existing SDAs, entered into between the Client Departments and the Implementing agent, are to be reviewed annually and signed-off by the respective HODs as soon as possible after the approval of the IPMP and IPIP - or by latest 31 March of each year. This will constitute the formal agreement between the parties and authorisation by the HOD of the Client Department for the parties to commence with the implementation of the next MTEF Infrastructure Delivery Cycle.

The overarching aim of the SDA – in addition to specifying the terms and conditions, and roles and responsibilities with respect to Infrastructure Delivery – is to promote and facilitate sound inter-departmental relations and the principles of participation, co-operation and co-ordination.

The SDA should therefore be a comprehensive document that, inter alia, includes the following:
- Overall aims, objectives and priorities
- Parties to the Agreement
- Roles and Responsibilities
- Plans to be implemented (These will be Annexures to the SDA and include the IPMP and IPIP)
- Contributing Resources, stating required financial and non-financial resources and agreement on what each party will contribute
- Institutional Mechanisms: Including agreement on governance structures, decision making procedures, processes and operating procedures to be followed (eg. the Provincial NW IDMS/Manual) etc.
- Undertakings to act in Good Faith and Reasonably
- Dispute Resolution procedures
- Commencement date, Duration and Amendments to the Agreement
- Other legal provisions

It is also important to note that the SDA must relate to the full Infrastructure Delivery Management System (NW IDMS) i.e. not only to Programme and Project Management and the Client-Implementing Agent relationship, but should also include matters relating to Infrastructure Planning, Operations and Maintenance, and Property Management.

In the event of the Implementing Agent having to outsource work to 3rd party Implementing Agents, the Implementing Agent will be responsible for entering into Service Delivery Agreements (SDAs) with, and managing such 3rd party Implementing Agents.
5.2.4 Monitor and Control

The Client Department is accountable for programme management, and for the monitoring and controlling of the overall Infrastructure Programme and the allocated funds. The Implementing Agent will be held responsible for monitoring and controlling the actual implementation of the programmes and individual projects based on the approved IPMPs, IPIPs and PEPs (regarded as the baseline plans), and for providing the Client Departments with the necessary key information and inputs.

Monitoring and controlling (evaluation of data, making management decisions and monitoring the implementation of these decisions) is therefore a key function of both the Client and Implementing agents.

The areas that will require specific attention in this regard include:

- Integrated Change Control – the Client Department, together with the Implementing agent, are to ensure that all changes are managed and controlled at an integrated programme level and not only at an individual project level.

- Scope verification and control – The Implementing Agent is to ensure that project scope is verified and approved by the responsible person/s and/or parties on completion. **Any changes to scope are to be formally controlled and approved by the Client Department based on official Variation Order forms and according to agreed processes, procedures and delegations of authority.**

- Schedule control – Schedules at both a sub-programme and individual project level are to be continually monitored and controlled by the Implementing agent and its appointed PSPs, and reported to the Client Departments on a regular basis.

- Cost control – Costs, including cashflows, at both a sub-programme and project level are to be continually monitored and controlled by the DPWRT and its appointed PSPs. Changes in costs versus approved budgets and/or contract amounts are to be formally approved by the Client Department based on official Variation Order forms and according to agreed processes, procedures and delegations of authority. **No cost overruns will be permitted without prior approval by the Client Department, and/or in accordance with formally approved and agreed to delegations of authorities.**

- Quality control – The Implementing Agent will be responsible for ensuring quality in the implementation of its sub-programmes and projects.

- Management of programme and project teams – Implementing Agent will be responsible for monitoring and controlling the performance and functioning of its teams.

- Risk monitoring & control – Implementing Agent will continually monitor identified sub-programme and project risks and ensure appropriate measures are put in place to mitigate the risks.

- Contract management and administration— The Implementing Agent will be accountable and responsible for efficient and effective contract management and administration and will ensure strict adherence to contract terms and conditions. It should be noted that:
  - **Any material changes to contracts shall be agreed to by the Client Departments before such changes are formalised.**
  - **In all cases of default and dispute between parties (eg. service not being delivered as agreed, to the required level of performance and quality) the Client Department shall be timeously informed, and agree to appropriate corrective measures.**

Every effort is to be made by both Client Departments, and the DPWRT to curtail the prevalence and extent of Variation Orders, by ensuring, inter alia, that:

- The process of Control Gates is strictly adhered to, and that “fast-tracking” is minimised
- Quality project and design briefs are issued
- Comprehensive and precise designs, scoping, specifications, Bills of Quantities (where applicable)
etc. are prepared
- Suitably qualified and experienced PSPs and contractors are appointed to carry out the work
- Rigorous monitoring and control mechanisms are in place

In order to carry out the required monitoring and controlling both the DPWRT, and the Client Department, will need to ensure, inter alia, that:
- They are appropriately structured and resourced
- The required systems, processes and procedures are in place
- Project site visits and site meetings are held at least monthly or more frequently where circumstances demand
- Sub-programme and/or project/package team meetings are held regularly
- Appropriate progress/performance reporting takes place

The overall monitoring and reporting salient points include:
- “Cascading” principle: The process begins at the micro operational level (the Contractor) and incrementally cascades to the higher macro level, culminating in consolidated national and provincial programme level reporting. Therefore, at each of the levels, the responsible party must be held accountable for ensuring quality monitoring and reporting according to their respective designated functions.
- The National Treasury’s Infrastructure Reporting Model (IRM) will be regarded as the official reporting system.
  The DPWRT will institutionalise and update a Road Project Management (RPM) system for programme and project management. The system, including structure and reporting formats, needs to be reviewed with the aim of improving the overall functionality and optimum utilisation of RPM – failing which, an alternative system needs to be implemented.
- Client Departments are required to operate primarily at a programme level and will be structured and capacitated accordingly. Site visits will be conducted on a scientifically determined sample basis only, or as and when the need arises. However, as a minimum, Client Departments will attend all formal Site Handovers to contractors, and project (facility) Handover & Commissioning meetings, particularly for larger projects such as new hospitals, clinics or schools.
- The Implementing agent will inform the Client Department of planning, design and site meetings. Attendance will be at the discretion of the Client Department

5.2.5 Close Out

A programme should be closed out because the identified benefits have been achieved e.g. strategic objectives met; priority has been incorporated into normal operations, etc.

Client Departments should ideally ensure that programmes are reviewed at least annually as part of Infrastructure Planning, where decisions about continuing a programme or starting a new programme are made; and as part of the review of the IPMP where methodologies are reviewed.


The implementation of infrastructure programmes within the public sector is carried out through the implementation of the programme’s constituent infrastructure projects. These infrastructure projects in turn can be implemented individually as “stand-alone” projects, or as a “group” of projects, the latter being procured as “packages” for increased management and economic efficiency (see Section 4.2 above).
The role of the Implementing Agent is primarily one of Programme Management - defined as a value adding business function that interfaces strategic management and project management with the aim of realising the potential outcomes and benefits of a programme.

The Implementing Agent also plays an important Project Management role which incorporates the management of a project (or package of projects) through the project’s four constituent phases, namely:

- Planning
- Design
- Works
- Close-out

Specifically, in carrying out this Project Management role, DPWRT must ensure that:

- All projects are developed and managed in terms of a common procedural approach and integrated with the administrative processes of Client Departments
- The various elements of the project are properly co-ordinated
- The project includes all the work required, and only the work required, to complete the project successfully
- The timely completion of the project is facilitated
- The project is completed as far as is reasonably possible, within the budget that is agreed from time to time with Client Departments
- The project satisfies the needs for which it was undertaken
- Effective use is made of the people and resources involved with the project
- Timely and appropriate generation, collection, dissemination, storage, and ultimate disposition of project information occurs
- The systematic identification, analysis, and response to project risk occurs
- Contracts for both PSPs and Contractors are effectively administered and managed to ensure efficient project delivery.

“Contract and supplier relationship management is the process which ensures that both parties to the contract fully meet their obligations as efficiently and effectively as possible, in order to meet the business and operational objectives required from the contract, and in particular, to provide value for money.”

In implementing the Construction Procurement Strategy developed by the Client Department and the Implementing Agent, the Implementing Agent will inter alia, be responsible for putting in place and managing a procurement committee system in accordance with relevant legislation and regulations, and which shall comprise of:

- Bid Specification Committees;
- Bid Evaluation Committees; and
- Bid Adjudication Committee/s.

The Bid Specification and Bid Evaluation Committees are to comprise of suitably qualified persons who are conversant with various aspects of construction procurement. **Representatives from the Client Department are to be included as members of these committees**, particularly in cases where substantial services/works are being procured (e.g. for the construction of a new school or hospital).

The composition of the Bid Adjudication Committee/s is to be determined by the Head of Department of the Implementing Agent, and **shall include at least one full time member (with a proxy) from each of the Client Departments**, appointed by the relevant HoD.

**Reaching consensus:**

1. If the relevant Client Department representative has any misgivings with respect to any intended decision by a specific Committee on which s/he sits, s/he may report such misgivings to the relevant HoD, who would then engage with the Head of DPWRT in order to seek consensus on the way forward.
2. Except in a situation as described in 1. above, Client Departments will accept the final award of a contract if made strictly in accordance with the recommendation of the Bid Adjudication Committee.

In terms of **Social Facilitation**, the Implementing Agent will be responsible for taking over this role from the Client Departments once the project has been approved and introduced to the community involved.

The Implementing Agent will therefore be responsible for facilitating the process of:

- Establishing a Project Steering Committee
- Appointing a Community Liaison Officer
- Recruiting and selecting local labour
- Managing the risks and dealing with issues related to labour unrest or disputes during the execution of the works.

### 6.1 Implementation Planning

The goal of Implementation Planning is for the Implementing agent to prepare for the implementation of a project (or a package of projects) through the inclusion of these projects in the Infrastructure Programme Implementation Plan (IPIP).

**6.1.1 Prepare and Define Project Packages (PEP 1 & 2)**

The Implementing agent will prepare each Package in detail, and in accordance with the IPMP as prepared and submitted by clients.

The following activities should generally form part of the Package Preparation Process:

- Define the project / project package objectives
Where necessary, conduct preliminary investigations or desk top studies to obtain package information. Confirm the project criteria in terms of function, mix of uses, scale, location, quality, value, time, safety, health, environment and sustainability.

- Identify the key constraints, statutory permissions and strategies to take the project forward.
- Confirm the scope of the package.
- Confirm the organizational Programme Management Team structure, roles, responsibilities (including names and designations of individuals) as well as procedures for project implementation.

### 6.1.2 Develop Review Infrastructure Programme Implementation Plan (IPIP)

In response to the IPMP, the Implementing agent will annually produce an Infrastructure Programme Implementation Plan (IPIP) for each of the Client Departments, together with individual Project Execution Plans (PEPs) according to the prescribed generic formats. Once approved by the HOD of the Implementing agent, the IPIP will be submitted to the HOD of the Client Department for acceptance and sign-off by 30 November (or by the date prescribed by DoRA, should that be earlier). This will constitute the formal authorization for the Implementing agent to commence with the implementation of the Infrastructure Programme and execution of the work.

The IPIP will address the projects listed in the IPMP for the appropriate year, and will include contents similar to that of IPMP.

Critical to the IPIP will be the inclusion of *detailed schedules and monthly cashflows for each project*, or where appropriate, for groups of projects or packages – spanning the entire MTEF. These schedules and cashflows will be captured into the National Treasury's Infrastructure Reporting Model (IRM) at the commencement of each financial year, and regarded as the official baseline against which future monitoring and reporting will be carried out (see also Section 5.2.4: Monitor and Control).

### 6.2 Design (PEP 3 & 4)

Infrastructure projects should, as far as is feasible, be based on *Standard Designs Drawings and Technical Specifications* as well as on *Space Planning Norms and Standards*. This eliminates, or at least reduces the need for both conceptual development of a design and also the need for detailed design work and thereby substantially reduces the cost of professional fees. It is therefore essential for each of the Client Departments to ensure that they, in collaboration with their National Departments and/or DPWRT as appropriate, develop and regularly maintain and update the following distinct and separate documents / set of documents:

- Space Planning Norms and Standards
- Standard Drawings and Technical Specifications
- Design Guidelines
- Cost Norms

Naturally, much of the information which informs the above documents will be provided by National Departments and/or DPWRT. However, it is important that custodianship thereof remain with the Client Departments.
With the above sets of documents readily available and up to date, the Design Stage in the delivery of a project would, in most instances, therefore primarily consist of:

- The design of the general layout of the facility to suit specific site requirements
- Foundation and / or structural design, where this cannot be standardised
- Connections to utilities, such as water supply, telecommunications etc.
- Other changes to standards, where appropriate.

6.3 Works

The goal of the Works Stage is to construct the facility and to handover the completed facility to the Client Departments.

6.3.1 Construction / Delivery of Works (PEP 5)

The goal of the Construction / Delivery of Works Stage is to create, alter (convert), renovate, refurbish or repair the infrastructure according to the specifications as described in the procurement documentation.

6.3.2 Handover and Commissioning (PEP 6)

The Handover and Commissioning process is the period of transition from construction of the works to the point where the Client Department accepts and begins utilising the new or upgraded facility or section of the facility.

The Handover Stage commences with the issuing of a Practical Completion Certificate and its accompanying Works Completion List and is concluded (after completion and inspection of the works listed on the Works Completion List) with the issuing of a Works Completion Certificate to the Contractor and an update of the project information in the PEP.

The objective of the Commissioning Process is to bring into effective use, the facilities, systems and staff of the newly constructed / refurbished / upgraded facility. It is important to emphasise that while the Commissioning Process becomes a focussed activity during the project handover period, essentially, it should begin at the outset of the project i.e. at the start of Implementation Planning. In this regard, it is therefore essential that Client Departments include in the Job Descriptions of the relevant personnel, a Key Results Area focussed on Project Commissioning.

Activities to be covered in the period leading up to the project handover, referred to as a “Pre-commissioning checklist”, should include:

- Identifying all commissionable systems, including staffing, equipment, furniture, utilities etc.
- Establishing the commissioning hierarchy, i.e. the priorities and the inter-relationships between systems
- Compiling commissioning documentation, making reference to statutory requirements where applicable
- Planning the commissioning and ensuring adequate time allocation.

Effective commissioning should:

- Ensure that construction is complete and that identified defects have been dealt with
- Ensure that all commissionable systems are operational, and that manuals and operating instructions are issued
- Ensure that appropriate training has been provided to the relevant occupants and users of the facilities
- Operate the works that are to be commissioned at the identified loading and simulate all eventualities to ensure proper operation.
An important step in the Handover and Commissioning of a project – particularly, that of a new complete facility – is the preparation of a Maintenance Plan for the facility. This Maintenance Plan will outline and schedule the maintenance tasks and activities necessary to ensure that the facility remains operational in its original design condition. Fundamental to this Maintenance Plan would be a detailed life-cycle budget.

6.4 Close Out

The objective of the Close-out Stage is to finalise the project after the handover of the completed facility to the relevant user. An important milestone in the Close-Out Stage is the completion of what is referred to as the Defects Liability Period.

6.4.1 Making good the defects

The "Defects Liability Period" commences on the issuing of the Certificate of Works Completion, or on an agreed upon extended date. During the Defects Liability Period the contractor has an obligation to make good defects in the materials and workmanship covered by the Contract. The Works shall not be considered as completed in all respects until a Final Completion Certificate has been issued. Upon the issue of the Final Completion Certificate, it shall be deemed that:
- The Contractor has finished all his duties under the Contract
- Payment will be made of all outstanding monies, including the remaining portion of the Retention Money

The Contractor’s liability for any latent defects shall continue beyond the date of the Final Completion Certificate but no claim can be made against the Contractor arising out of any latent defect which first manifests itself later than 10 years after the issue of the Final Completion Certificate.

6.4.2 Contracts Close Out

The purpose of this stage is for the Implementing Agent to:
- Formally verify that all contractors have completely and successfully fulfilled their obligations to the project
- Update all paperwork and electronic files used for managing the contracts, in order to compile and archive a Contract File for each contract as future reference and for auditing purposes.

There are two primary activities during this phase:

- Verification of completed products/facilities: The purpose of this step is to obtain, from each person or organisation responsible for the administration of a contract, formal written notice of completion of that contract, in order to comply with the requirements of the contract. The Close-out of contracts should also be communicated to all stakeholders and Final Completion Certificates shall be issued to the Contractors. Copies of these completion Certificates must also be provided to the Client Department.
- Updating and archiving of Contract Files: The purpose of this step is to compile Contract Files for future reference and specifically for auditing of the procurement processes. The Contract Files should be updated based on a prescribed index and should be archived in accordance with SCM requirements.

6.4.3 Administrative Close Out

The goal of the Administrative Close-Out Stage is to archive all record information and statutory certificates and to ensure capturing of the new asset data onto the Immovable Asset Register of DPWRT.

Primary activities carried out during the Administrative Close-Out Phase are outlined below:
6.4.3.1 Archiving of As-Built Information
The purpose of this step is to ensure that As-Built drawings and information, showing any amendments from the original designs and operational procedures, are prepared, submitted to, and approved by the Implementing Agent, and then filed by the Implementing Agent for future reference. The format of the As-Built drawings should be both hard copy and electronic and in the case of the latter, should be in a specified standard software format. Drawing Registers and checklists must be used to ensure that all information is properly recorded and archived.

Once the Implementing Agent has received and approved the As-Built drawings, it is essential that copies of such (electronic and hard) be timeously forwarded to the appropriate Client Department.

6.4.3.2 Updating of Asset Register
The purpose of this step is to capture all asset related data (financial and non-financial) onto the Asset Register of DPWRT, to serve as inputs in future infrastructure planning processes. Standard documentation should be developed for the recording and verification of the updated asset data by DPWRT and, once captured, DPWRT should visit the completed works to ensure verification of the captured information.

6.4.3.3 Close-out Review Meeting
The purpose of this step is to conduct a Project Review Meeting in order to discuss and record the lessons learned during the implementation of the project. This meeting should be called and chaired by the Implementing Agent and attended by relevant personnel from both the Client and Implementing Agent. The success of this meeting is contingent upon proper representation by all role players and stakeholders, and ensuring a focus on continuous improvement of the delivery processes.

6.4.4 The Close-out Report (PEP7)
The Close-out Report is most often the only record of the events (both positive and negative) that occurred during the project. This document provides essential information to the employer when evaluating new projects and identifying the most appropriate methods to follow. The report is prepared by the Implementing Agent and should:

- Contain details of the final accounts and how they relate to the budget
- Outline any disputes that remain unresolved
- Outline all events of significance during the project
- Indicate project and contract goals that were achieved
- Contain suggestions for improvements to projects of a similar nature
- Contain the Final List of Drawings i.e. the As-Builts
- Final summary of project information

6.4.5 Post Occupancy Evaluation
Post Occupancy Evaluation (POE) is an integrated feedback system aimed at continuous improvement of built environments, infrastructure delivery and procurement methods.

Once a project has been formally closed and the facility has been fully operational for a period of approximately one year, it is very important that a POE be carried out on the completed facility. This will be a joint initiative between DPWRT and the Client Department concerned.

7. Delivery Process 3: Operations and Maintenance

7.1 Operations
The generic process of Immovable Asset Operations is covered by the sub-processes outlined below.
7.1.1  Recognise and Accept Asset

The purpose of this process is to recognise the asset into the Asset Register and accounting system. This is a Custodian responsibility and will be executed by DPWRT.

Ensure that relevant information is captured into the Asset Register

The purpose of this sub-process is to ensure that the required initial information on the new asset is captured into the Asset Register of DPWRT.

The basic steps for this sub-process are:

- Obtain the required information for the asset register
- Validate information
- Enter the information into the asset register.

Recognise the asset into the Accounting System

This sub-process starts when the general asset information is captured in the Asset Register and the relevant finance section has been formally notified of such. The basic steps are:

- Obtain asset value
- Obtain asset identification information
- Verify and validate information
- Enter information into the accounting system.

7.1.2  Mobilisation for Facilities Management

The purpose of the process is to prepare a new facility for occupation and to ensure that all internal personnel, and, where appropriate, Facilities Management (FM) service providers are ready and trained to manage the facility. This is a Client Department responsibility.

Mobilise Client Department to manage assets

Essentially, all activities included here are covered under “Handover & Commission” – see section 6.3.2 above.

Ensure that Facilities Management (FM) services are in place and operational

The purpose of this sub-process is that the Client Department ensures that, where appropriate, FM contracts are in place and that the FM service providers have mobilised to conduct facilities management tasks and also to ensure that they have the skills and know-how to manage and operate the building and other engineering systems and structures.

7.1.3  Operation of Immovable Assets

This phase entails the operational management of all immovable assets and includes facilities management, engineering infrastructure management, property management, technical condition assessment surveys, and remaining life cycle costing.

Conduct Facilities Management

The purpose of this step is to carry out the management of the facilities, including planning and budgeting. Specifically, the following activities are included:

- Ensure that the day to day soft services are carried out, and that staff and their performance are measured and reported against the contract performance specifications.
- Ensure that the hard services MEP (Mechanical, Electrical and Plumbing services) are checked and kept serviceable at all times including HSE systems.
- Identify and establish inspection plans as per the operating and maintenance manuals and check, test or replace asset systems, subsystems, assemblies or components.
- Ensure that preventative maintenance plans are drafted and implemented.
- Ensure that all breakdowns are addressed immediately and repairs planned.
• Ensure that facility Condition Assessment Surveys (CAS) are planned and conducted as per requirements.
• Ensure that soft and hard services including upgrades and refurbishments are costed for the remaining life cycle of the asset.

**Conduct Engineering Infrastructure Management**

The purpose of this step is to ensure the management of engineering infrastructure such as engineering networks and plant, not included under facilities and property management. Generally this process would be the responsibility of the user. The following activities are included:

- Establish maintenance and repair plan for engineering assets
- Ensure that adequate funds are allocated to maintenance and repairs.
- Establish a remaining life-cycle plan and compare and report against the original plan.

Engineering infrastructure includes all engineering networks and plant within the boundaries of the property from the connection points on the property perimeter up to where utilities are taken into a building.

**Conduct Property Management**

Property Management is the responsibility of DPWRT, as the designated Custodian in the North West. The primary activities include:

- Ensure that property (including land) is acquired according to Client Department requirements in a timely and cost effective manner.
- Ensure that municipal rates and taxes are checked and certified for payment
- Manage lease agreements in a cost effective manner
- Ensure that the asset register is maintained.

**Conduct Condition Assessment Surveys**

The purpose of this sub-process is to ensure that Condition Assessment Surveys (CAS’s) are scheduled to take place at regular intervals as per GIAMA and that below standard assets are immediately addressed to improve the asset functionality and to return it to the original asset value if required.

Although Condition Assessment Surveys (CAS’s) can refer to both functional and technical conditions surveys, this conditions assessment survey relates to the technical condition assessment survey only.

This process includes the following activities:

- Ensure that the user conducts a perception technical condition assessment of all immovable assets occupied and that results are reported in the U-AMP (User responsibility)
- Establish a technical condition assessment plan with the aim to conduct the surveys on all assets staggered but within a period of 5 years (Custodian responsibility)
- Determine manpower requirements (professional, trained, skilled) to conduct the technical condition surveys as per the plan (Custodian responsibility)
- Budget and get funds approval to implement the technical condition assessment plan (Custodian responsibility)
- If required, establish a Statement of Work and tender documentation for the procurement process to appoint service providers to conduct assessment surveys (Custodian responsibility)
- Conduct assessment surveys according to the plan and according to the specifications in the contracts and submit Condition Assessment Survey reports. (Custodian responsibility)

**Conduct Remaining Life-Cycle Costing**

The purpose of this step is to, during the Infrastructure Planning and Budgeting process, conduct a complete life-cycle costing (LCC) from project initiation until the asset disposal stage including upgrades, refurbishment or renovations. This is a custodian responsibility.

This sub-process only addresses the costing of the remaining life of the asset and includes the following activities:
• Determine the cost elements of the remaining asset life
• Split cost elements into recurring and non-recurring capital investment costs and into operating sustaining costs
• Decide on the operating method and technology required to run technical systems for the remaining life.
• Determine cash flows for each costing element per annum and for the decided operating method. Cash flows should be presented in a specific time-value, namely either constant (real) money terms or current (nominal) money terms
• Conduct an optimisation analysis (best operating approach and technology for the least cost) and select the best remaining life solution per cost element
• For the remaining life selected operating solution and corresponding cash flows, determine the total annual cumulated cash flows
• Compare with original life cycle estimates and submit reports.

7.2 Maintenance
Principles of Maintenance of Immovable Assets in the North West

The maintenance backlog, across all sectors nationally, increases inevitably and the cost of eradicating it escalates exponentially. The North West is no exception: With its hundreds of User Department facilities and limited budget, the challenge of how best to manage, implement, monitor and report its immovable asset maintenance programme remains.

With the publishing in July 2007 of the National Infrastructure Maintenance Strategy (NIMS), national government attempted to begin a coordinated process of addressing the issues. However, this process has to date, not effectively been rolled out in the provinces. Building on NIMS, in the North West, the application of the following principles will begin to ensure this:

**PRINCIPLE 1: IMMOVABLE ASSETS**

Funding of maintenance of infrastructure facilities is limited to immovable assets which are defined as follows:\(^4\):

> “**Immovable assets** are buildings and related assets that are permanently affixed to them – these assets cannot be easily or cheaply removed, and in most cases, cannot be used after removal from the building”

Maintenance of immovable assets therefore include the entire building, roadway, parking lots, fencing etc., as well as all major equipment such as generators, transformers, air-conditioners, boilers etc. However, all specialist clinical equipment for health facilities is not considered to be immovable assets and are therefore excluded.

**PRINCIPLE 2: MAINTENANCE DEFINITIONS\(^5\)**

i. **Capital Expenditure (Capex):** Expenditure used to create new assets or to increase the capacity of existing assets beyond their original design capacity or service potential.

ii. **Maintenance Expenditure (Current):** Expenditure on activities that is necessary for retaining an asset as near as practicable to its original condition, but excluding minor capital expenditure such as rehabilitation or renewal.

iii. **Scheduled Maintenance:** These are maintenance projects which are included in a separate project list in the Client Department’s U-AMP and IPMP and are restricted to the larger maintenance tasks or

\(^4\)Modified from definitions obtained from http://liberta.co.za/blog/what-is-an-asset/

\(^5\)From the *International Infrastructure Management Manual*, 2006
activities. Schedule maintenance projects normally result from Condition Assessments and / or the implementation of life-cycle costing principles – thereby restoring an immovable asset to its original level of service without resorting to significant upgrading or renewal.

iv. **Routine Maintenance**: Routine maintenance is the regular ongoing work that is necessary to keep infrastructure operating and to prevent premature failure; routine maintenance includes repair to render the infrastructure fully compliant with all statutory requirements (Operational Health and Safety Act, Environmental Management Act etc.)

v. **Day-to-day Maintenance**: The term used to describe maintenance that takes place on an ad hoc basis and is normally associated with minor maintenance tasks that include minor repairs and replacements (painting, repair of windows, replacement of window catches etc., etc.). It is important, however, to emphasise that, in the case of Health facilities, day-to-day maintenance includes emergency repairs.

vi. **Emergency Maintenance**: These are the emergency repair tasks which are unforeseen and need urgent attention, the failure to attend to which will seriously hamper service delivery (e.g. storm damaged schools).

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**PRINCIPLE 3: AGGREGATION OF MAINTENANCE FUNDING**

Funding for the maintenance of all immovable assets should be aggregated into a single programme budget - referred to as the Maintenance Programme - within each Client Department and centrally managed by the department’s infrastructure unit.

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**PRINCIPLE 4: MAINTENANCE RESPONSIBILITIES**

**North West Health Facilities**

i. **Scheduled Maintenance**: Implementation of Scheduled Maintenance will be managed by the Implementing Agent on behalf of DoH.

ii. **Routine Maintenance**: Routine maintenance will be carried out by the appropriate workshop, located within specific hospitals or the central workshops located across the province.

iii. **Day-to-day Maintenance**: Day-to-day maintenance (including emergency repairs) of hospitals, clinics etc. will be prioritized, managed, and implemented by the appropriate institution depending on specific circumstances. However, policies, guidelines, business processes and a reporting mechanism must be established which will ensure appropriate management and monitoring of the funds spent. Moreover where necessary appropriate technical support arrangements must be put in place for institutions that require it.

**North West Education Facilities**

i. **Scheduled Maintenance**: Implementation of Scheduled Maintenance will be managed by the Implementing Agent on behalf of Client.

ii. **Emergency Maintenance**: Emergency Maintenance will be managed by the Implementing Agent on behalf of Client, and will typically be implemented via the procurement of a service provider utilising a Framework or Term Service Contract.

**Routine and Day-to-day Maintenance**: Routine and Day-to-day maintenance of schools will be overseen by the DoE. Such maintenance will largely be prioritized, managed, and implemented by the school itself, or by a service provider appointed by DoE. However, policies, guidelines, business processes and a reporting mechanism must be established which will ensure appropriate management and monitoring of the funds spent. In instances where schools do the maintenance themselves, DoE will assess the need to provide technical support to such schools (via for example a framework contractor) and where necessary will arrange and manage the provision of such support.
Other Infrastructure Departments
Refer to the North West maintenance policy.

PRINCIPLE 5: LIFE CYCLE COSTING
Each new facility must be planned for its entire life cycle and upon its successful commissioning, a building maintenance plan must be prepared which will apply for the entire life span of the facility. Accordingly, an appropriate budget for maintenance must be ring fenced by the Client Department for the facility and approval of new facilities will only be granted if an appropriate life-cycle budget had been allocated – bearing in mind the limitations posed by MTEF timeframes and budget availability.

PRINCIPLE 6: PACKAGING OF MAINTENANCE PROJECTS FOR PROCUREMENT
In order to ensure greater efficiency, all maintenance projects should, where appropriate, be packaged or grouped and implemented via the procurement of a service provider utilising a Framework Agreement or Term Service Contract.

7.3 Disposal
Disposal of immovable assets is required when they have reached the end of their useful life, or for example, when the costs of maintaining such a building exceeds the benefits received from its continued use.

8 Implementing the NW IDMS: Risk Assessment
Successfully implementing the NW IDMS implies that a number of key high level assumptions are met. The possibility that some of these assumptions may not be realized gives rise to significant implementation risks. It is important that these risks be effectively managed and at an appropriate level.

The following table includes some of the key risks and proposed mitigation strategies:

<table>
<thead>
<tr>
<th>Implementing the NW IDMS</th>
<th>Mitigation strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insufficient departmental capacity and skills to implement the NW IDMS</td>
<td>Develop and implement HR Strategies for each of the participating departments, including: o Appropriate structures and staffing o Training programmes</td>
</tr>
<tr>
<td>Delayed/slow implementation of DPWRT’s new structure/HR Strategy</td>
<td>Develop and implement detailed HR implementation plan</td>
</tr>
<tr>
<td>Resistance to “System change”</td>
<td>Coordinate and actively drive Change Management process, ensuring a balance between top-down prescription and bottom-up insight and acceptance</td>
</tr>
<tr>
<td>Ensure rapid, but strategically considered, institutionalisation of the new NW IDMS, supported by a Transition Plan (including the IDIP Work Plan)</td>
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</tbody>
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Table 10: Risks and mitigation strategies