



## Major Project Assurance

Are your Capital Investment Projects or IT Projects running on cost and time? Scope creep, delays, and non-performing contractors almost certainly leading to over-expenditure or late delivery? Is the feasibility study suspect or post implementation reviews overdue? Are the relevant areas being assured and audited? We can assist!

### Introduction

Government at all levels continue to invest heavily in utilities, education, healthcare and infrastructure through strategic long term capital projects to ensure South Africa is positioned towards economic growth and prosperity for the nation and the continent.

The pressure on National, Provincial and Local Government will continue to increase as tax payers and other stakeholders continuously demand accountability, transparency and value-for-money for Government spending. It is therefore imperative that major projects are delivered on schedule and cost, whilst maintaining transparency and social responsibility.

Accounting officers / authorities of departments, trading entities, municipalities, public and municipal entities as well as constitutional institutions are responsible for the effective, efficient, economical and transparent use of the entities' available resources, which includes delivery on and completion of major projects (MFMA, PFMA).

In the Report of the Auditor General (2011), which examines the performance of provincial education and health departments on their infrastructure projects, the costs of replacement contractors was identified to be hundreds of millions of Rands mainly due to inefficiencies in the way tenders and projects are managed.

### Challenges on Major Projects

Project Sponsors / Accounting Officer / Authorities tasked with overseeing these projects are faced with a wide variety of challenges in a very dynamic and highly regulated environment:

- Increased size and complexity of projects
- Skills shortages in Project Management, Execution and Assurance with adequate technical and functional expertise
- Unreliable project reporting and project information
- Complexity of governance requirements impacting on project decision making and approvals
- Poor implementation of supply chain management practices which include amongst others lack of skills in strategic supply chain management, capacity constraints, poor planning and coordination, conflict of interest, complexity of regulatory frameworks and regulations
- Ineffective detection and prevention of cost and schedule overruns, fraud, waste and abuse
- Inadequate project controls, policies, procedures and systems
- Unreliable and insufficient assurance on project performance (economy, efficiency and effectiveness)
- Irregularities and inefficiencies relating to tender administration, adjudication and contracting
- Non-delivery and /or poor performance by independent contractors and sub-contractors
- Inadequate Stakeholder engagement and public consultation
- Complex regulatory environment

### Improve the chances of your project being delivered on time, quality and cost!

#### Integrated, end to end project assurance solutions

KPMG Project Assurance Services has a mature, end-to-end methodology to address risk and assurance of every part of the project, from conception and proving feasibility to hand over and completion. The services are tailored to specifically meet the needs of owners undertaking major capital or IT programmes. We assess existing project controls, assess compliance with contractual and regulatory requirements, assist clients in improving management oversight on complex and troubled projects, and provide targeted services aimed at saving our clients time and money. Our multi-disciplinary professionals recognise that each project is unique, so we tailor our services based on the structure and complexity of the project, experience of the project development team, and client's business objectives.



## Benefits: Transparency, Accountability, Service Delivery!

KPMG Project Assurance Services increase transparency to project owners / sponsors through customisable and integrated services that provides assurance on:

- Validation of project selection and decision to proceed
- Transparency during developing and drafting of the Request for Tender
- Review of supply chain management strategies, activities, structures and policies to ensure effective, efficient and economical utilisation of supply chain resources, effective planning and coordination, conflict of interest management and regulatory compliance
- Validation (and compliance) of tender administration, evaluation and adjudication processes
- Validate the negotiation, contracting and appointment processes of independent contractors and sub-contractors
- Validation of what the project team (including independent contractors) is reporting to stakeholders and project sponsors (i.e. integrity of project reporting)
- Increased rigour of estimates, project schedules and project plans
- Objective and impartial assessment of project activities (progress against schedule, estimates, forecasts, procurement, delays, claims management, compliance to regulations and asset management)
- Adequacy and effectiveness of project procurement processes and adherence to policies, procedures and systems
- Adequacy and effectiveness of project risk identification, mitigation and management processes
- Post implementation reviews
- Assurance on the operational management of the project deliverable after completion of the project and maintenance activities

## Scope of coverage can include

- Tendering & Pre-project
- Project Integration Management
- Reporting and Stakeholder Management
- Project Schedule Management
- HR and Labour Relations
- Risk Management
- SHEQ and Stakeholder Management
- Procurement and Inventory
- Estimating and Project Financial Management
- Asset Management
- Information Management
- Project Close – out
- Dispute Management

## How can KPMG assist?

- Enterprise, Project and Financial Risk Management
- Performance Auditing
- Internal Audit, including IT Audit
- Data Analytics
- Contracting Strategy and Contract Compliance Services
- Dispute Advisory Services
- Tax
- Stakeholder reviews and Relations Management
- Regulatory Compliance Services
- Feasibility Studies
- Cost Optimisation
- Project Advisory Services
- FRM / Project Economics



1

## Contact Us

### Ashley Smith

Managing Director, Internal Audit Risk & Compliance Services  
T: 082 719 2392 E: ashley.smith@kpmg.co.za

### Johan De La Rey

Director: Major Project Assurance

T: 083 419 7404 E: johan.delarey@kpmg.co.za

[www.kpmg.co.za](http://www.kpmg.co.za)

2013 KPMG Services (Pty) Ltd, a South African company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in South Africa. The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.