

DIRECTOR-GENERAL

DELEGATION OF POWERS FOR THE SUPPLY CHAIN MANAGEMENT OF THE *KHA RI GUDE* MASS LITERACY CAMPAIGN

AIM

1. To request the DG in terms of Section 44 of the Public Finance Management Act, Act 1 of 1999, as amended, to assign powers and duties for the Supply Chain Management of the *Kha Ri Gude* Mass Literacy Campaign.

BACKGROUND

2. On 02 March 2008, the former Minister of Education, Minister Naledi Pandor, appointed Prof VI McKay as the Chief Executive Officer (CEO) of the *Kha Ri Gude* Mass Literacy Campaign.
3. During a meeting before the assumption of her duty on 1 April 2008, her powers and duties were discussed with her by, the then DG, Mr Duncan Hindle and the former CFO, Mr Phillip Benadè. All powers for running the Campaign were entrusted to her. This was confirmed in a meeting with Minister Pandor, at which the DG, Mr Martin Mulcay and Mr T Mavuso were present on 29 April 2008. Furthermore, in the appointment letter to SAB&T it was also stated that the management of the contract will reside with the CEO of the *Kha Ri Gude* Unit in the Department.
4. In addition, guidance on the processes to be followed were provided in meetings with the then CFO Mr Benade, on 2 April 2008 (and in subsequent meetings thereafter), and recommendations for improving the systems and processes as employed were obtained from the office of the Auditor General in December 2008 where a special audit, initiated by the DOE was carried out to review the completeness, accuracy and validity of the *Kha Ri Gude* data / information system and to provide the DOE with an independent opinion of the controls and processes within and around the *Kha ri Gude* system. Furthermore the review assessed the adequacy of controls with regard to SAB&T's sourcing of materials, the efficacy monitoring of materials within the value chain, the accountability for the ordering of material. The AG provided

recommendations to assist both SAB&T and the DOE management to address discerned weaknesses and to improve controls, These were addressed by the Kha Ri Gude Unit and SAB&T and the Kha Ri Gude management ensured that the service provider adhered to the regulations as approved.

5. In line with the aforementioned, the CEO managed the Campaign by taking the required strategic decisions for the activities of the Campaign, e.g. authorising:
- training sessions of volunteer educators, supervisors and coordinators;
 - the criteria for stipend payments;
 - the payment of stipends with the support of another Kha Ri Gude Unit SMS member and these were approved by the then DG in submissions of <> and <>;
 - ad hoc supplier quotes and payments with the support of the Financial Manager and the COO (while still appointed); and
 - the allocation of printing, stationery and courier tenders with the support of a Bid Adjudication Committee comprising all Kha Ri Gude Unit SMS members and BIG management staff members. All members were required to sign at these meetings.

REASONING

6. In terms of paragraph 4.3 of the Supply Chain Management Guide (SCM) for Accounting Officers dated February 2004, every accounting officer should, in terms of section 44 of the PFMA, delegate officials within his/her SCM unit, to deal with SCM processes.
7. Since the Department did not have the capacity to implement the Campaign at the required scale and because the Campaign will be funded for a limited period only, a service provider was appointed for the operational implementation of the Campaign.
8. The appointment of SAB&T Business Innovations Group (BIG) was approved on 25 January 2008 (prior to any appointments being made to the Kha Ri Gude Unit) to provide project management, HR and financial management as well as the procurement of all materials and services required for the Kha Ri Gude Mass Literacy Campaign. In our view, the appointment of SAB&T BIG delegated all the functions mentioned above to the service provider, because their appointment was approved by the then accounting officer of the Department and the co-signing of all

authorisations were for purposes of managing the SAB&T, and hence for purposes of monitoring, that goods and services were satisfactorily delivered.

9. However, based on the recent advice received from National Treasury the delegation of the SCM powers needs to be formalised/ renewed.

10. It is therefore recommended that you delegate the SCM processes as follows:

Powers and functions	Delegated to	Approved by the Accounting Officer
To adjudicate and award tenders for the <i>Kha Ri Gude</i> Mass Literacy Campaign	<i>Kha Ri Gude</i> Bid Adjudication Committee (BAC)	
To appoint the <i>Kha Ri Gude</i> BAC members	Chief Executive Officer (CEO) of <i>Kha Ri Gude</i> .	
To appoint the Bid Evaluation Committee (BEC) members	SAB&T BIG Group Director	
To appoint the Bid Specification Committee (BSC) members	SAB&T BIG Group Director	
To approve in terms of Treasury Regulation 16A6.4, if in a specific case it is impractical to invite competitive bids, that SAB&T BIG may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded in writing and approved	CEO of <i>Kha Ri Gude</i>	

FINANCIAL IMPLICATION

11. The total amount procured in 2010/11 by SAB&T BIG on behalf of the Campaign is R81 million and it is estimated that the amount for the current and future financial years which will be approximately the same.

COMMUNICATION IMPLICATIONS

12. In terms of National Treasury's Instruction Note dated 31 May 2011 the Department's procurement plan for the 2011/12 financial year needs to be submitted to National Treasury by 31 August 2011. We are currently awaiting a response from National Treasury indicating whether the above letter is applicable to *Kha Ri Gude*.

RECOMMENDATIONS

13. It is recommended that the Director-General delegates the SCM powers and functions as indicated in paragraph 9 above.

PROF VI MCKAY

CEO: KHA RI GUDE UNIT

DATE:

**DELEGATION OF POWERS FOR THE SUPPLY CHAIN MANAGEMENT OF THE *KHA RI*
GUDE MASS LITERACY CAMPAIGN**

DECISION

14. Proposal in paragraph 12 APPROVED/NOT APPROVED/AMENDED

Comments:

**MR PB SOOBRAYAN
DIRECTOR-GENERAL
DATE:**

**DELEGATION OF POWERS FOR THE SUPPLY CHAIN MANAGEMENT OF THE *KHA RI*
GUDE MASS LITERACY CAMPAIGN**

COMPILER:

Mrs M du Toit

Financial Director: *Kha Ri Gude*

Extension: X3801

Date:

OFFICIALS INVOLVED:

Mr F Mavuso

Chief Director: Logistical Services

Extension: X3106

Date:

Mr TC Pretorius

Acting Director: Logistical Services

Extension: X3122

Date:

Mr C Leukes

Director: Legal Services

Extension: X3712

Date:

Ms N Molalekoa

Acting Chief Financial Officer

Extension: X3171

Date: