

# LOCAL GOVERNMENT INFRASTRUCTURE DELIVERY MANAGEMENT SYSTEM TOOLKIT

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**national treasury**

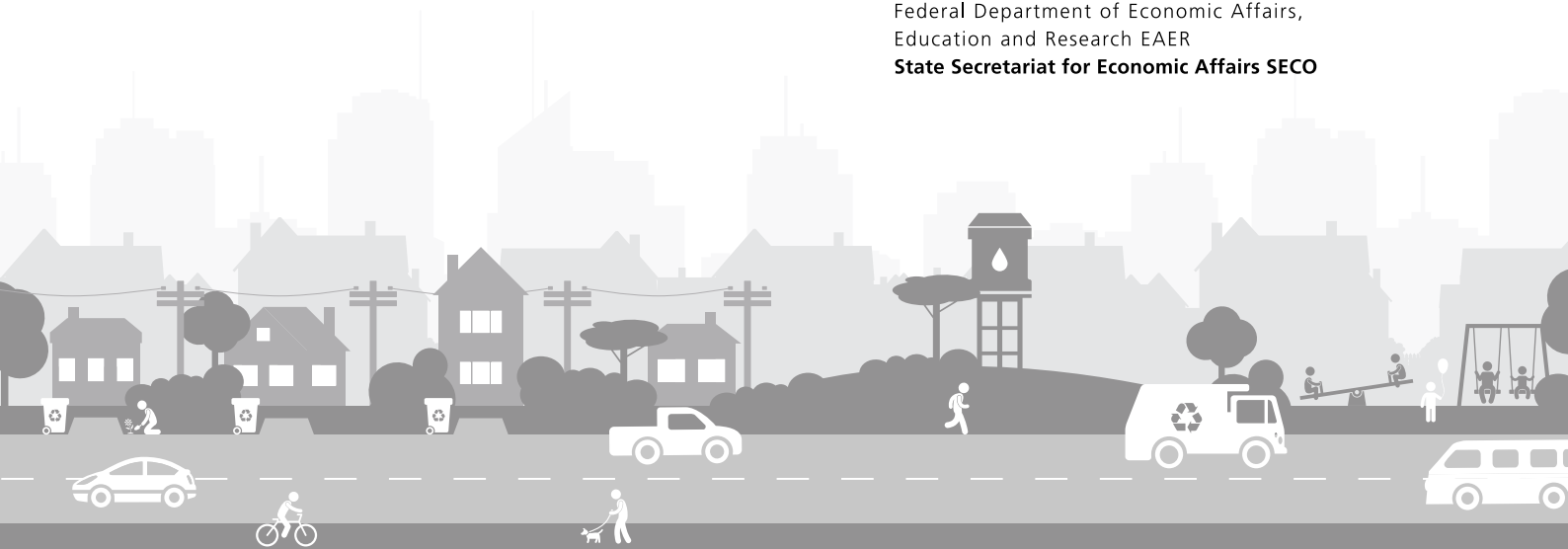
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

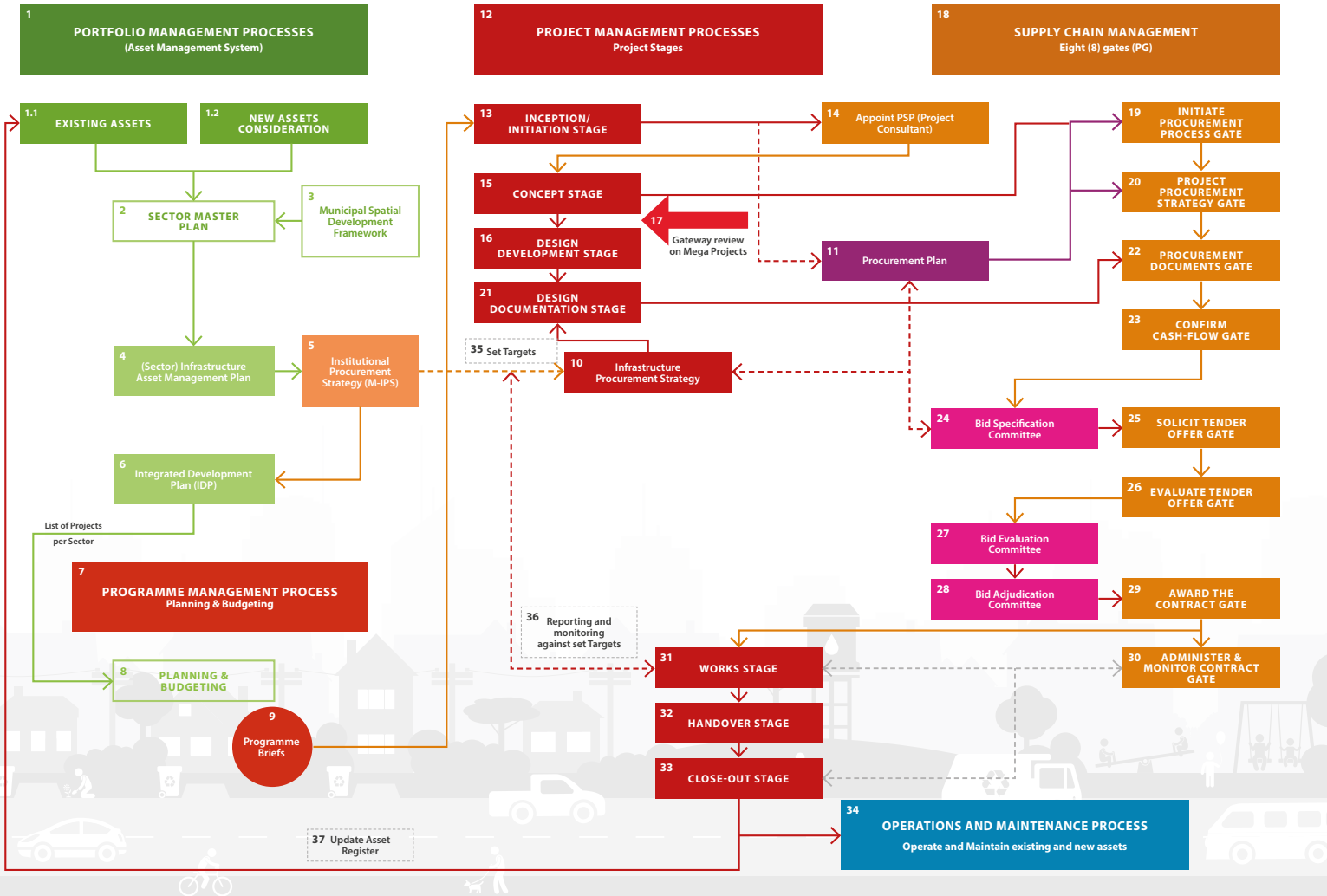


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Federal Department of Economic Affairs,  
Education and Research EAER  
**State Secretariat for Economic Affairs SECO**





# 1

## PORTFOLIO MANAGEMENT PROCESS (Asset Management System)

- Infrastructure Portfolio Management involves the management of Projects, Programmes (including Operations and Maintenance) Work as identified in the IDP of a municipality.
- Infrastructure Portfolio Management aims to Facilitate Effective Management and to meet an organisation's strategic objectives.

# 1.1

## NEW INFRASTRUCTURE ASSETS CONSIDERATION

### **Develop projects based on the following:**

- Community (socio-economic) needs
- Political (Governance Needs)
- Planning (IDP, SPLUMA, MSDF) norms and standards
- Capacity (growth, demands) needs
- Infrastructure backlogs
- Catalytic projects (strategic plans, economic development considerations) requirements
- Level of Service (LOS)
- Industry norms and standards (e.g. local, district, provincial roads, water quality etc.)



## 1.2

### PORTFOLIO MANAGEMENT PROCESS (Asset Management System)

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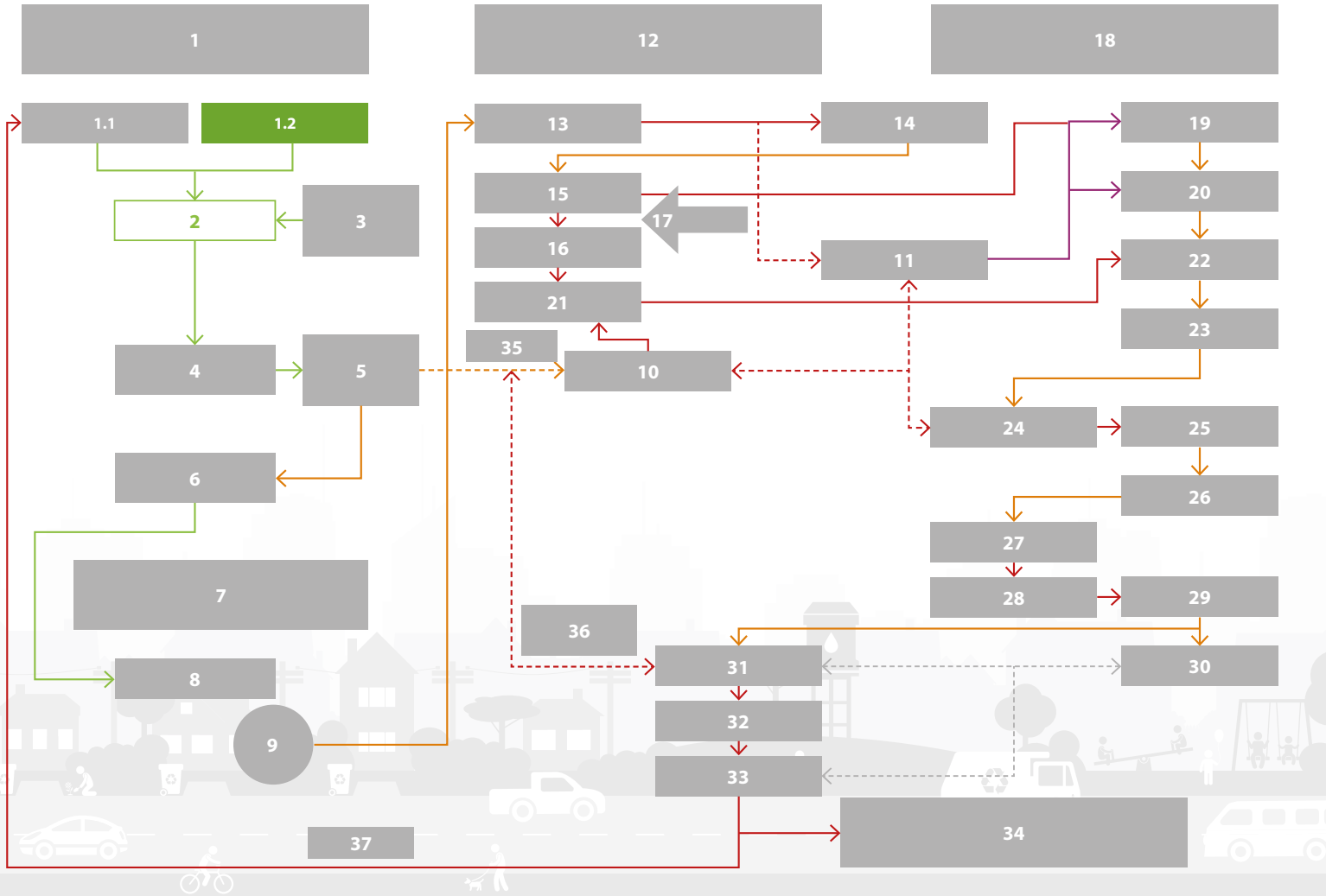
## 2

### NEW INFRASTRUCTURE ASSETS CONSIDERATION

A Sector Master Plan addresses essential services and facilities, land uses, transportation systems, population density and sequencing of development. A master plan includes analysis, recommendations, and proposals for a site's population, economy, housing, transportation, community facilities and land use.

#### Master Plans for each infrastructure sector are as follows:

- Water and sanitation
- Roads and stormwater
- Electricity
- Solid waste
- Buildings
- Community services(facilities)



### 3

## MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK

A Spatial Development Framework aims to promote sustainable functional and integrated human settlements, maximise resource efficiency, and enhance the regional identity and the unique character of a place.

Master Plans for each sector within a municipality must be aligned to the spatial development framework of the area to ensure integration and coordinated implementation of projects/programmes.

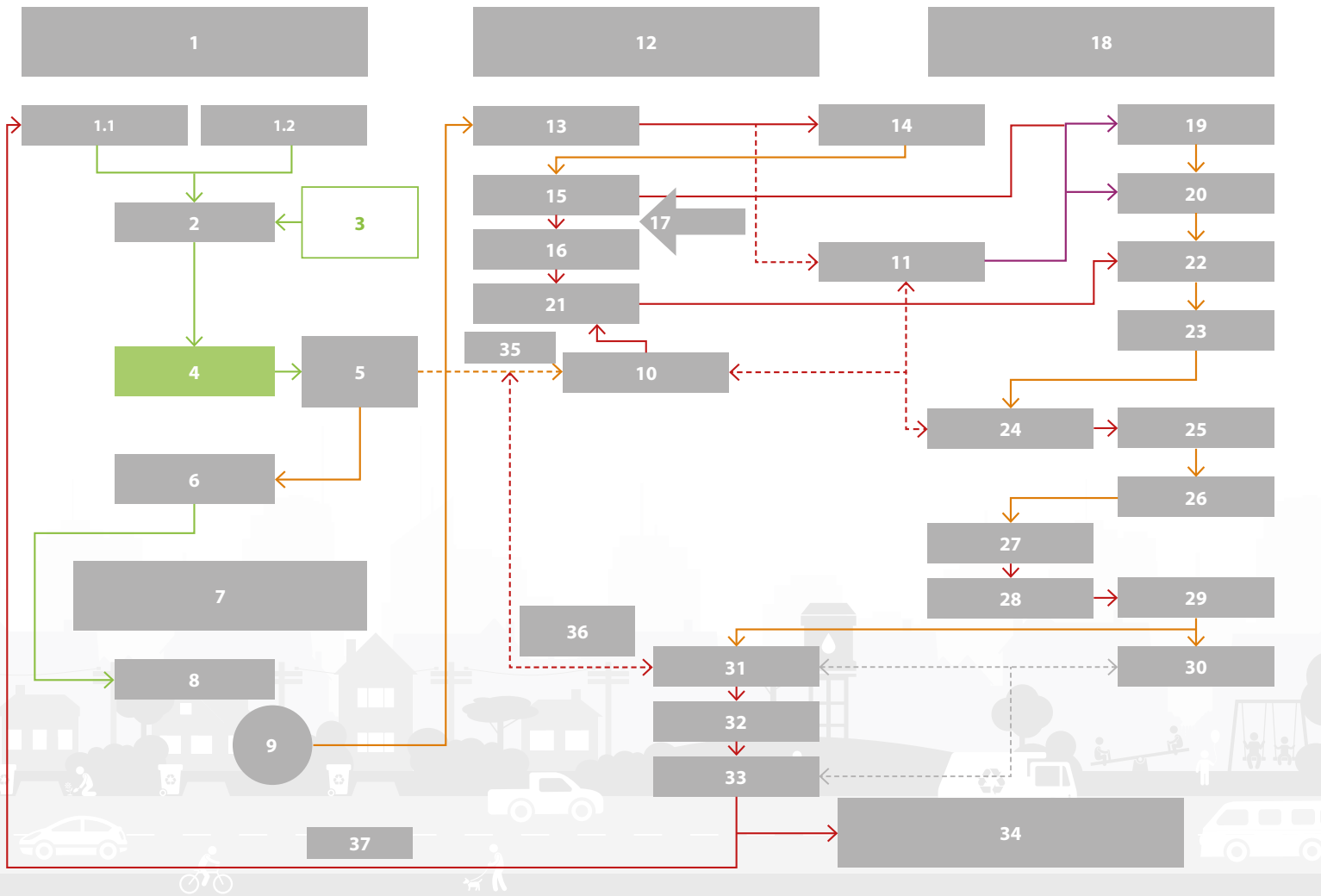
### 4

## NEW INFRASTRUCTURE ASSETS CONSIDERATION

Each Infrastructure Department within a Municipality must develop a Sector Infrastructure Asset Management Plan that should be consolidated into one Infrastructure Asset Management Plan that represents a consolidated long-term infrastructure plan for the municipality.

**The IAMP should contain the following, amongst others:**

- Infrastructure Asset Management objectives
- Legislative requirements
- Level of service
- Future demand
- Life-cycle management plan
- New Infrastructure Assets
- Financial Summary
- Risk Management Plan
- Organisational and support plan structure
- Plan improvement and monitoring



## 5

### INSTITUTIONAL PROCUREMENT STRATEGY (M-IPS)

A Procurement strategy may be regarded as the selected packaging, contracting, pricing, targeting, and selection method for a particular procurement.

The M-IPS should contain all types of procurement to be carried out in the municipality, including goods and services and infrastructure procurement.

The M-IPS is the overall procurement strategy based on the municipality's strategic direction.

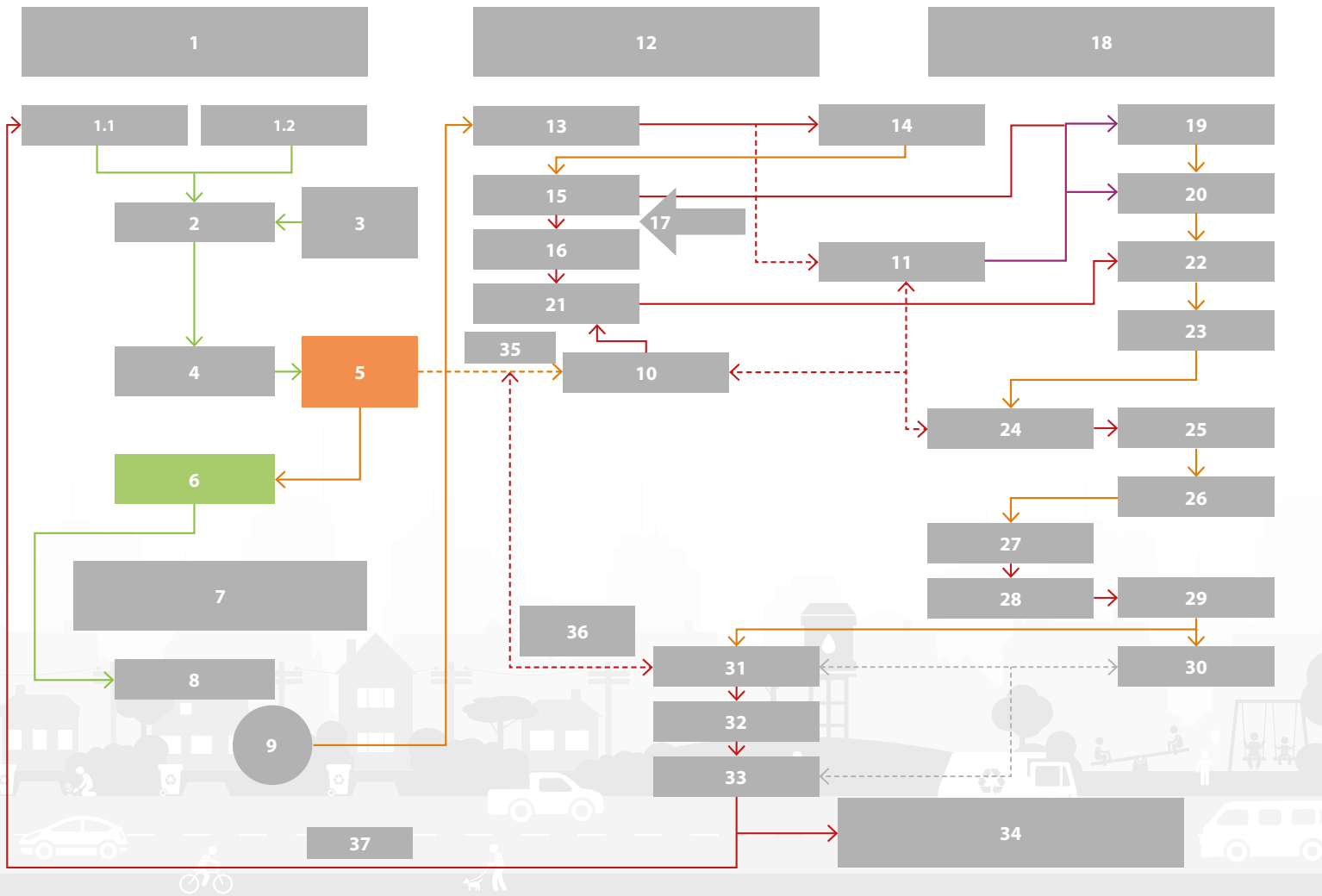
## 6

### INTEGRATED DEVELOPMENT PLAN (IDP)

This is the IDP of a municipality as required by the Municipal Systems Acts 35(1).

Infrastructure projects and programmes in the IDP should be aligned to the Sector Master Plans, the IAMP and the MSDF, as indicated in card numbers 2,3 and 4.





# 7

## PROGRAMME MANAGEMENT PROCESS (Planning & Budgeting)

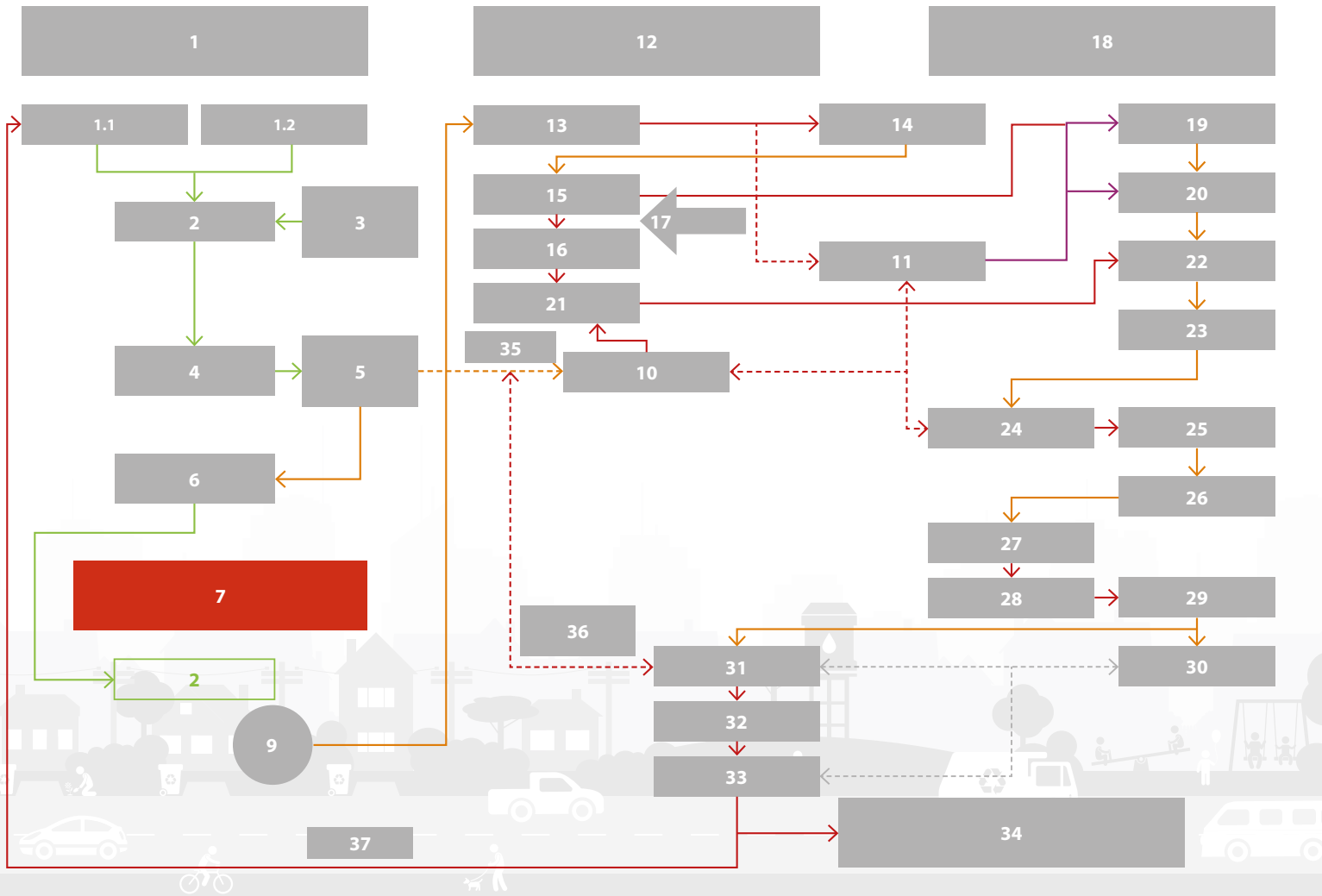
Programme Management is managing multiple ongoing infrastructure projects and related work. Programme Management Process is aligned with the 3-year MTREF budget.

# 8

## PLANNING & BUDGETING

**Deliverables associated with this process are the following:**

- Consolidated Infrastructure Plan or three-year capital plan.
- Infrastructure procurement strategy aligned to the M-IPS.
- One-year infrastructure implementation plan (SDBP).
- One-year operations and maintenance plan with budgets.



# 9

## PROGRAMME MANAGEMENT PROCESS (Planning & Budgeting)

A communication tool that details the infrastructure projects and related work approved for implementation during the 3-year MTREF period by the various municipal departments. It serves as the mandate for each infrastructure programme.

# 10

## PLANNING & BUDGETING

The IPS should be aligned with the overall procurement strategy of the municipality, as indicated in card number 5. This strategy should focus purely on infrastructure-related programmes and projects.

The procurement plan that is produced and submitted on an annual basis should be aligned with this strategy.





# 11

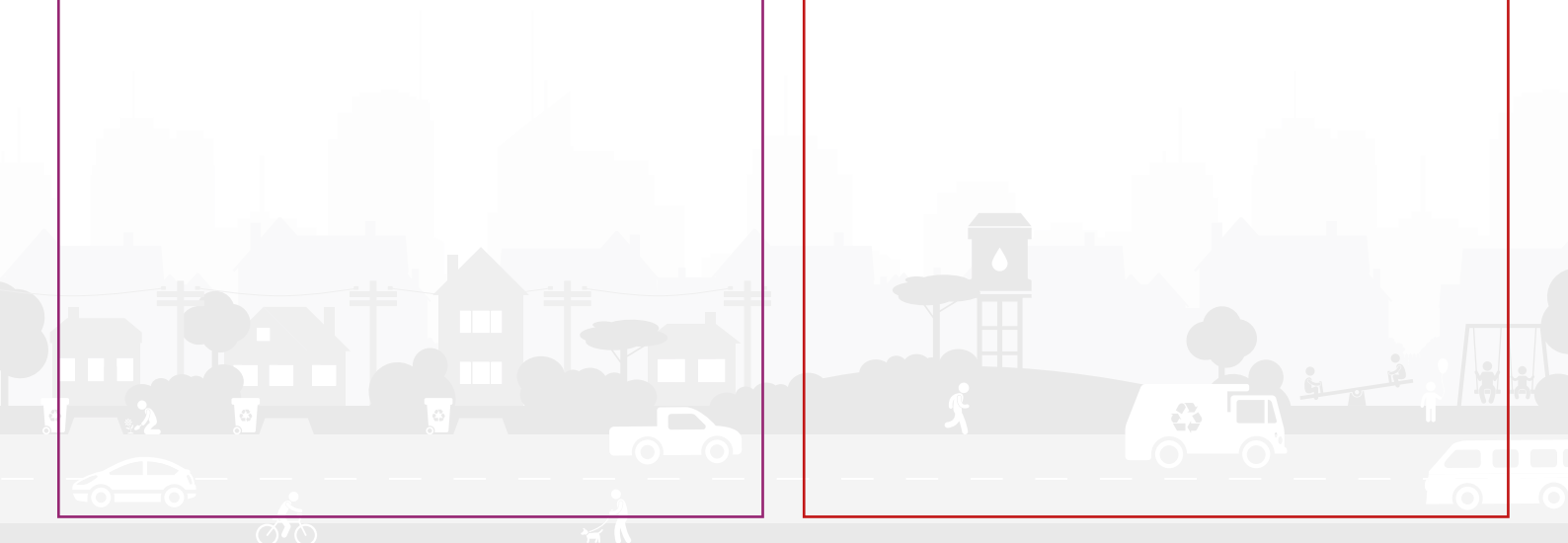
## PROCUREMENT PLAN

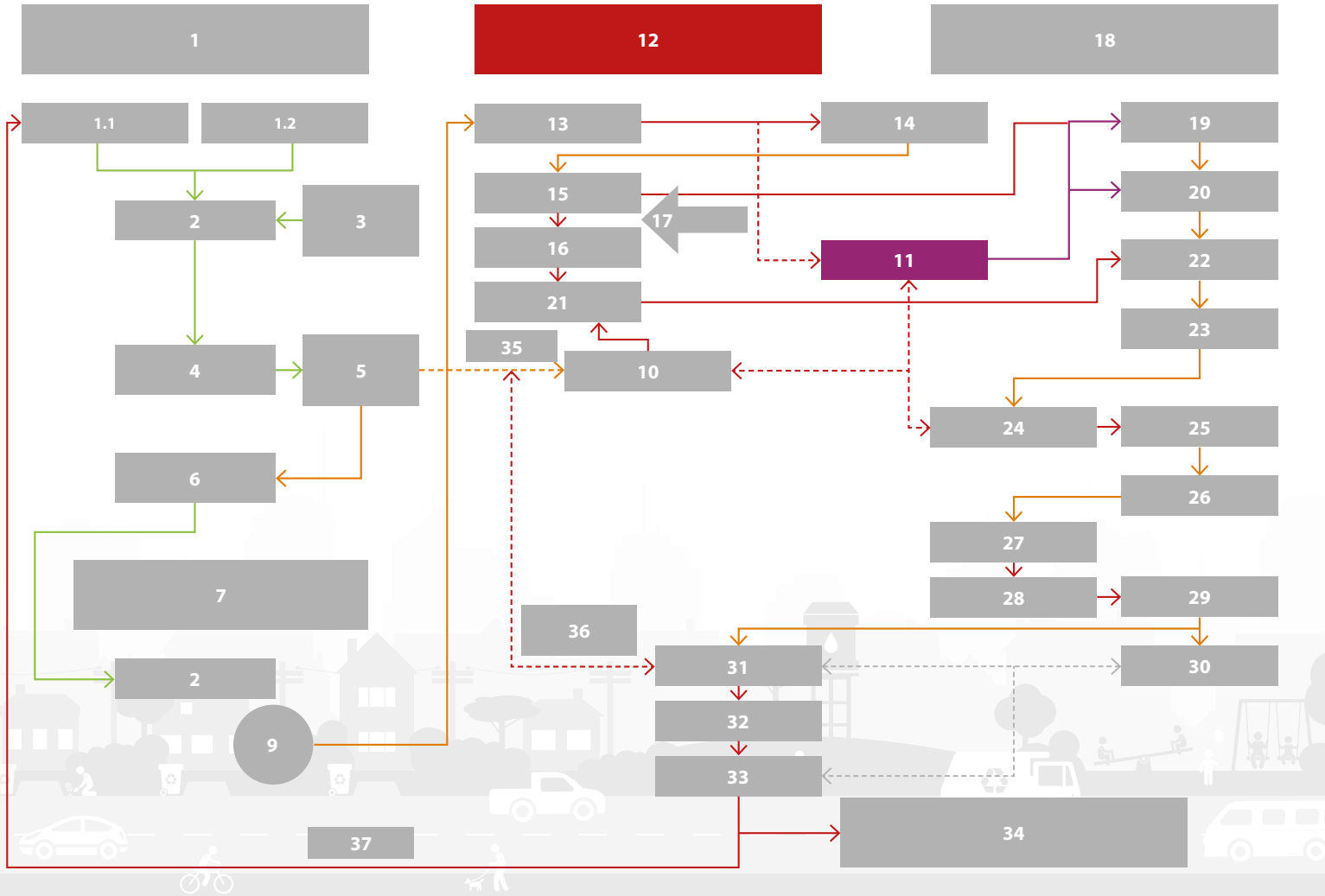
The procurement plan should indicate how, when and by what method infrastructure-related procurement will be conducted over the relevant 1-year period. The plan should align with the procurement strategies in cards 5 and 10.

# 12

## PROJECT MANAGEMENT PROCESS PROJECT STAGES

This process outlines the key concepts utilised in the management of infrastructure projects and guides the implementation of infrastructure projects within the ambit of the National Treasury Prescripts. This process needs to align with the Contracting Strategies associated with infrastructure project management indicated in cards 5 and 10.





# 13

## INCEPTION / INITIATION STAGE

**The inception stage needs to focus on the following key elements:**

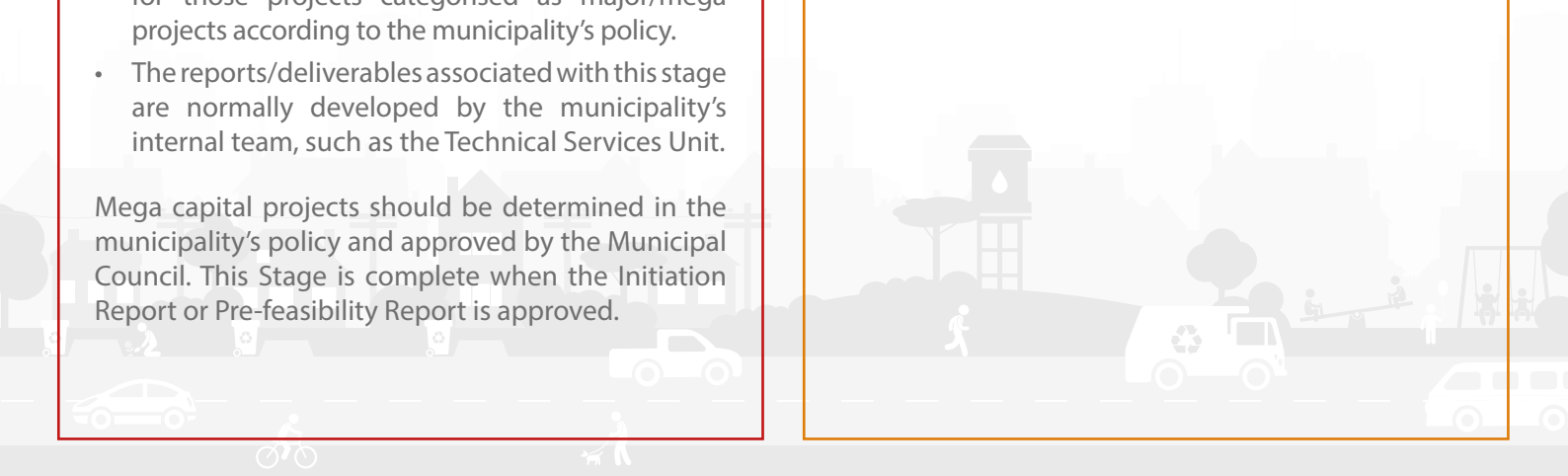
- Defining the project objectives, needs, municipality's strategic priorities and aspirations related to the project.
- Defining a high-level scope of the project as well as desired procurement strategies for the project.
- The deliverable for this stage is the inception report for normal capital projects or a pre-feasibility report for those projects categorised as major/mega projects according to the municipality's policy.
- The reports/deliverables associated with this stage are normally developed by the municipality's internal team, such as the Technical Services Unit.

Mega capital projects should be determined in the municipality's policy and approved by the Municipal Council. This Stage is complete when the Initiation Report or Pre-feasibility Report is approved.

# 14

## APPOINT PSP (PROJECT CONSULTANT)

The appointment of project consultants to develop the concept, design, produce procurement documents, supervision of construction works, and handover and closeout the project are usually done at this stage, which is before the concept stage.





# 15

## CONCEPT STAGE

At this project stage, an external service provider/consultant has been appointed based on the Inception/initiation stage report produced by the internal team.

The inception report should be produced for normal capital projects or a feasibility report for major/mega capital projects.

The inception report and/or feasibility report should contain, as a minimum, all the elements indicated in the **Local Government Framework for Infrastructure Delivery and Procurement Management** as issued by National Treasury on 01 October 2020.

This Stage is complete when the Concept Report or the Feasibility Report is approved.

# 16

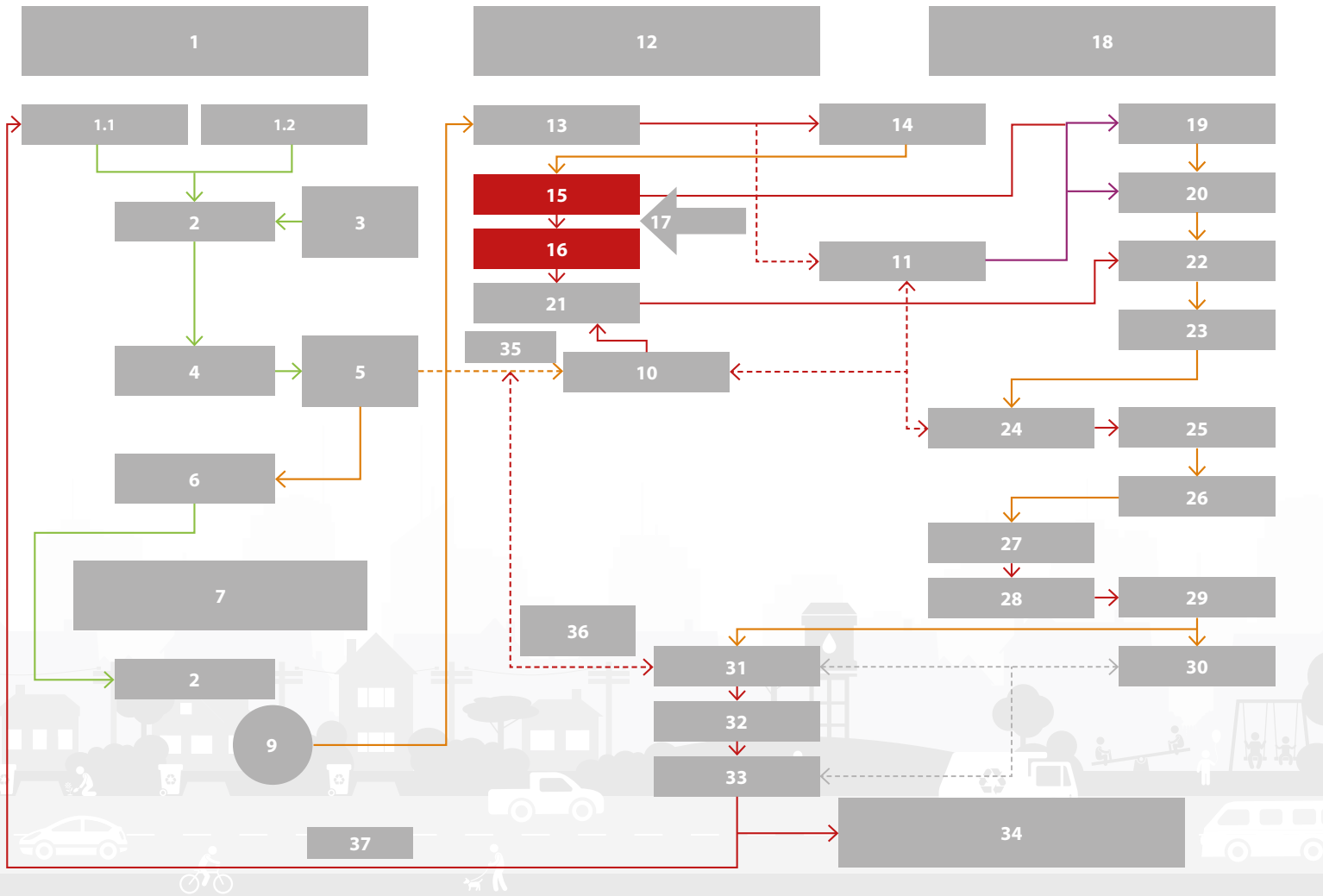
## DESIGN DEVELOPMENT STAGE

A detailed design based on a concept report or pre-feasibility report is developed at this stage.

**The design development report must as necessarily meet the following minimum requirements:**

- Develop in detail the approved concept to finalise the design and definition criteria.
- Establish the detailed form, character, function and costings.
- Define all components' overall size, typical detail, performance, and outline specification.
- Describe how infrastructure, or elements or components thereof, are to function; and how they are to be safely constructed, commissioned and maintained.
- Confirm that the project scope can be completed within the budget or propose a revision to the budget.

This Stage is complete when the Design Development Report is approved.



# 17

## GATEWAY REVIEW ON MEGA PROJECTS (CONCEPT STAGE/STAGE 2)

Gateway reviews for mega capital projects.

**The focus of such a review must be on the quality of the documentation in the first instance and thereafter on:**

- **Deliverability:** the extent to which a project is deemed likely to deliver;
- **Expected benefits:** within the declared cost, time and performance area;
- **Affordability:** the extent to which the project's level of expenditure and financial risk can be accepted, given the organisation's overall financial position, both singly and when considering its other current and projected commitments; and
- **Value for money:** The optimum combination of whole life costs and quality (or fitness of purpose) to meet the user's requirements.

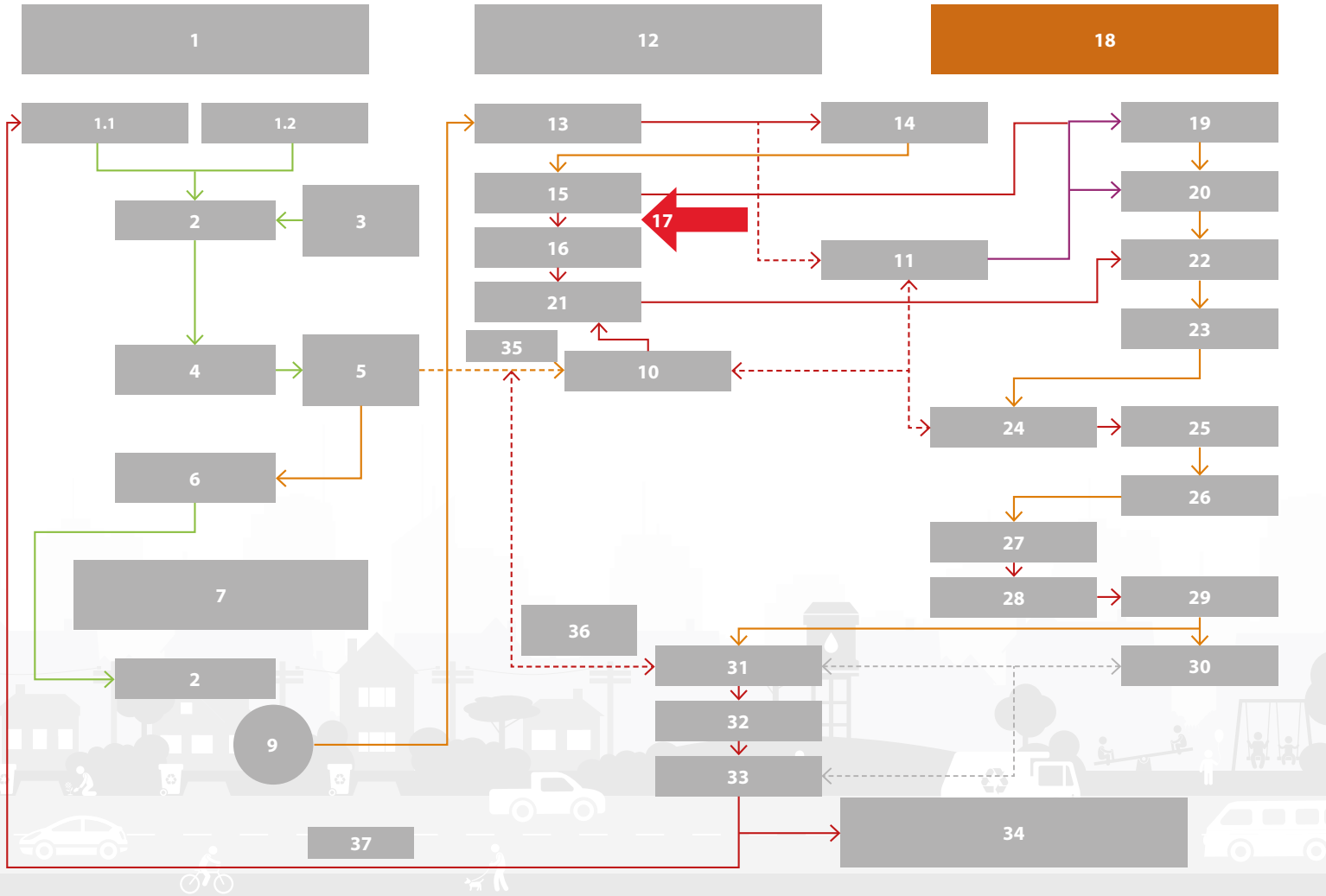
# 18

## DESIGN DEVELOPMENT STAGE

According to LG FIDPM, there is a total of 8 procurement gates that must be adhered to by a municipality. A municipality may add additional gates if deemed necessary.

**The Accounting Officer must keep records of Procurement Gate Approvals in a manual or electronic format, with the following minimum requirements:**

- Procurement gate;
- Delegated person/s or body;
- The date on which the approval request was received;
- The date on which the approval was actioned; and
- Signature of the delegated person or body



# 19

## INITIATE PROCUREMENT PROCESS GATE

### Initiate procurement process

- Establish and clarify the procurement need aligning with the municipality's development and transformation priorities specified in the IDP.
- Determine a suitable title for the procurement to be applied as the project description.
- Prepare the broad scope of work for the procurement.
- Perform market analysis.
- Estimate the financial value of the proposed procurement and contract for budgetary purposes based on the broad scope of work.
- Confirm the budget.
- Compliance with section 33 of the MFMA concerning community and stakeholder consultation.

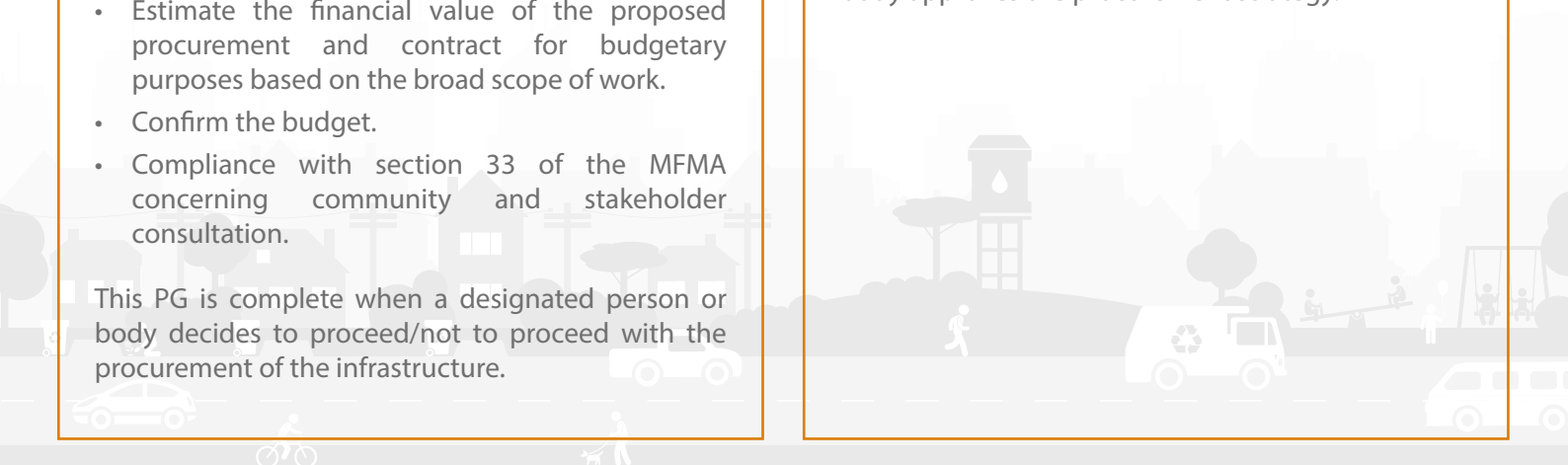
This PG is complete when a designated person or body decides to proceed/not to proceed with the procurement of the infrastructure.

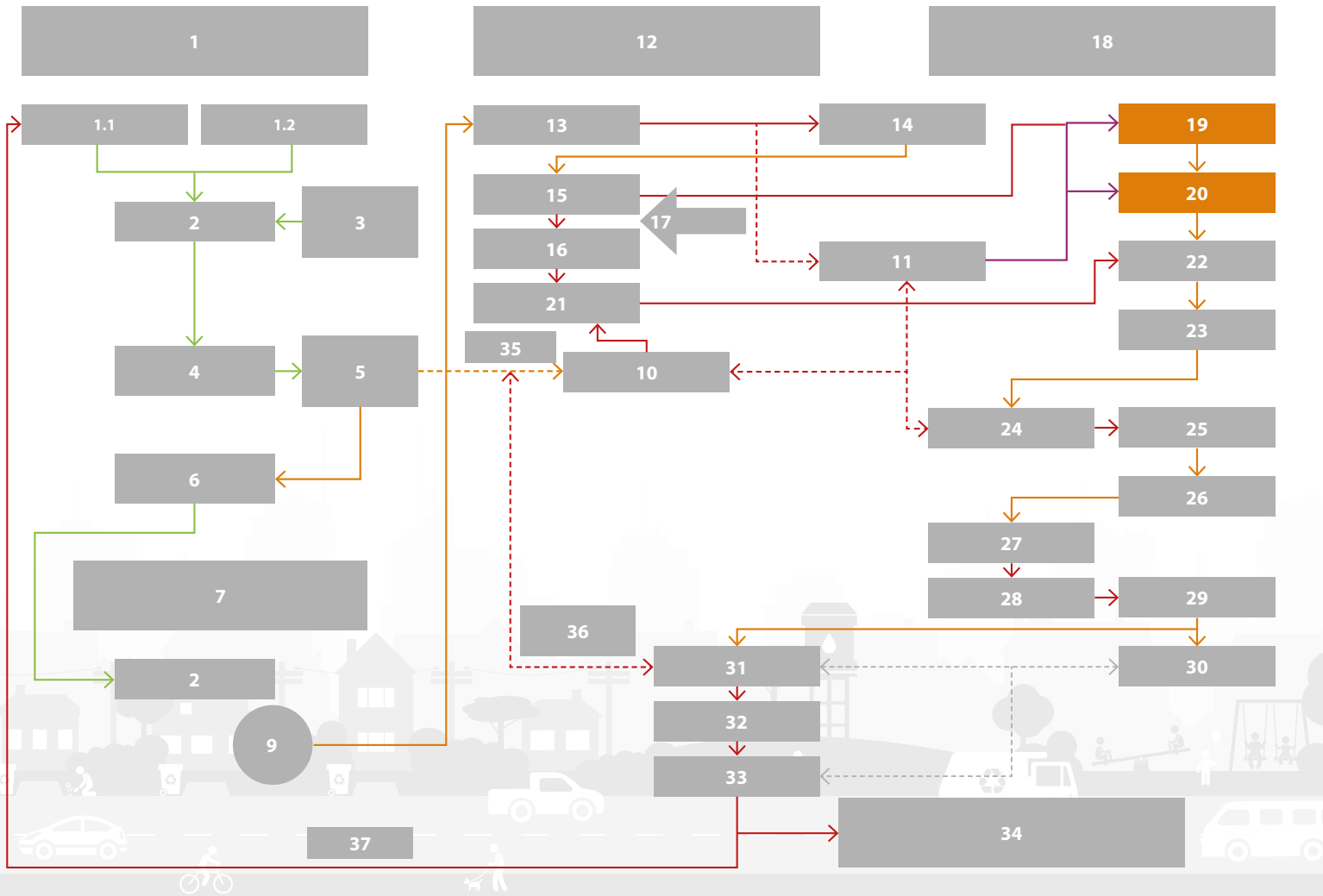
# 20

## PROJECT PROCUREMENT STRATEGY GATE

- The approved project procurement strategy must be aligned with the M-IPS
- Check aligned to CIDB SFU (project classification-simple, complex or specialised)
- Determine Contracting & Pricing Strategy
- Applying primary and secondary procurement goals as per the M-IPS

This PG is complete when a delegated person or body approves the procurement strategy.





# 21

## DESIGN DOCUMENTATION STAGE

- Actual Bid documents with project specifications, scope, and Bill of Quantities are produced at this stage.
- Ensure alignment between the design document produced in this gate and the one produced under the design stage of the project management process.
- Ensure adherence to CIDB SFU regarding bid evaluation criteria to be used.

This Stage is complete when the Design Document Report is approved.

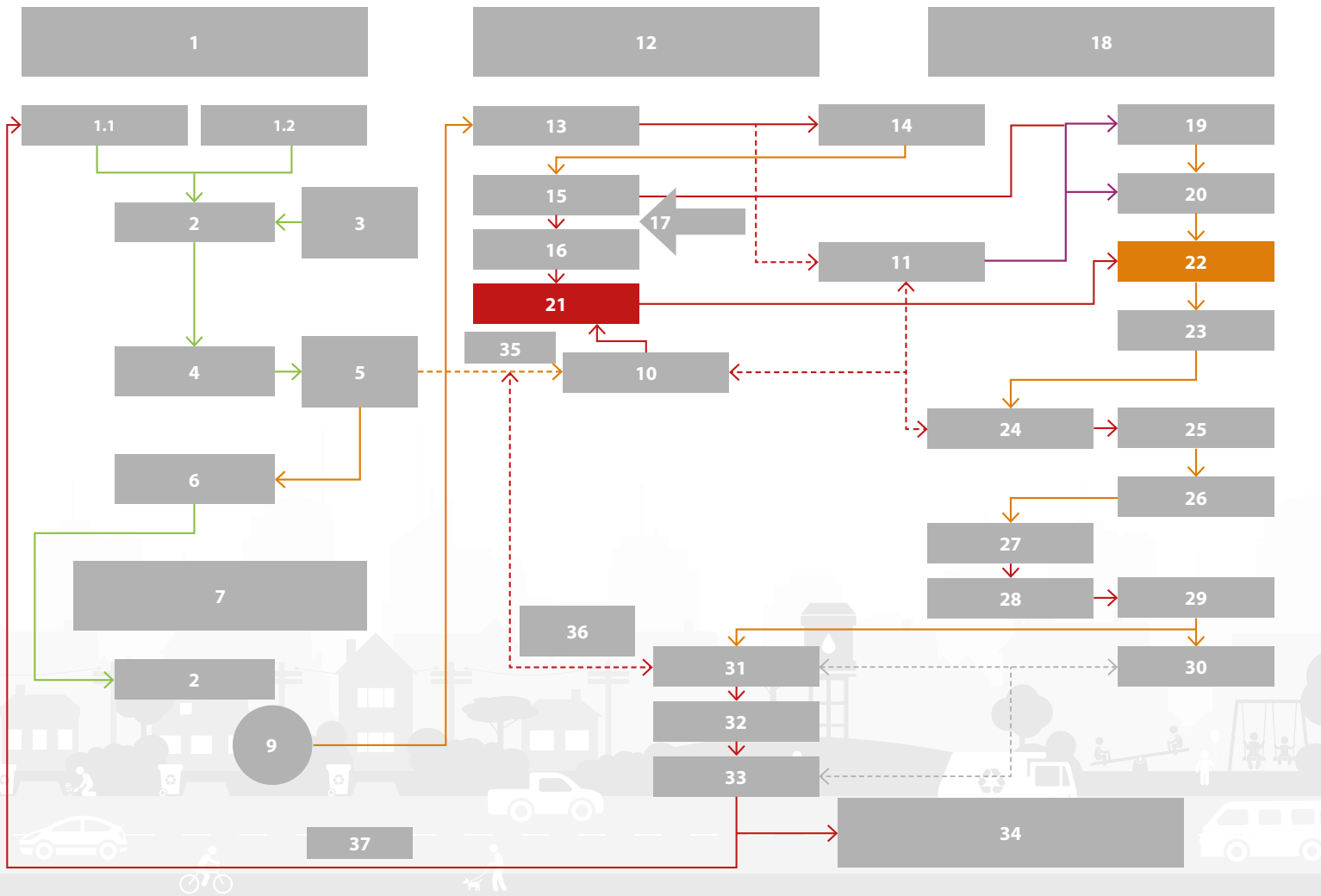
# 22

## PROCUREMENT DOCUMENTS GATE

Procurement Documents gate, usually performed by the Bid Specification Committee.

- Check alignment to the CIDB Standard for Uniformity (SFU) and prepare procurement documents compatible with procurement strategy and project management design documentation.
- Prepare BID documents as per the Design Documentation Stage of the project stages.
- Check that the quantities reflected in the bill of quantities are aligned with the detailed design as per project stage 3(design stage)
- Check adherence to CIDB SFU regarding bid evaluation criteria to be used.

This PG is complete when the Bid Specification Committee approves the procurement document.



## 23

### CONFIRM CASH-FLOW GATE

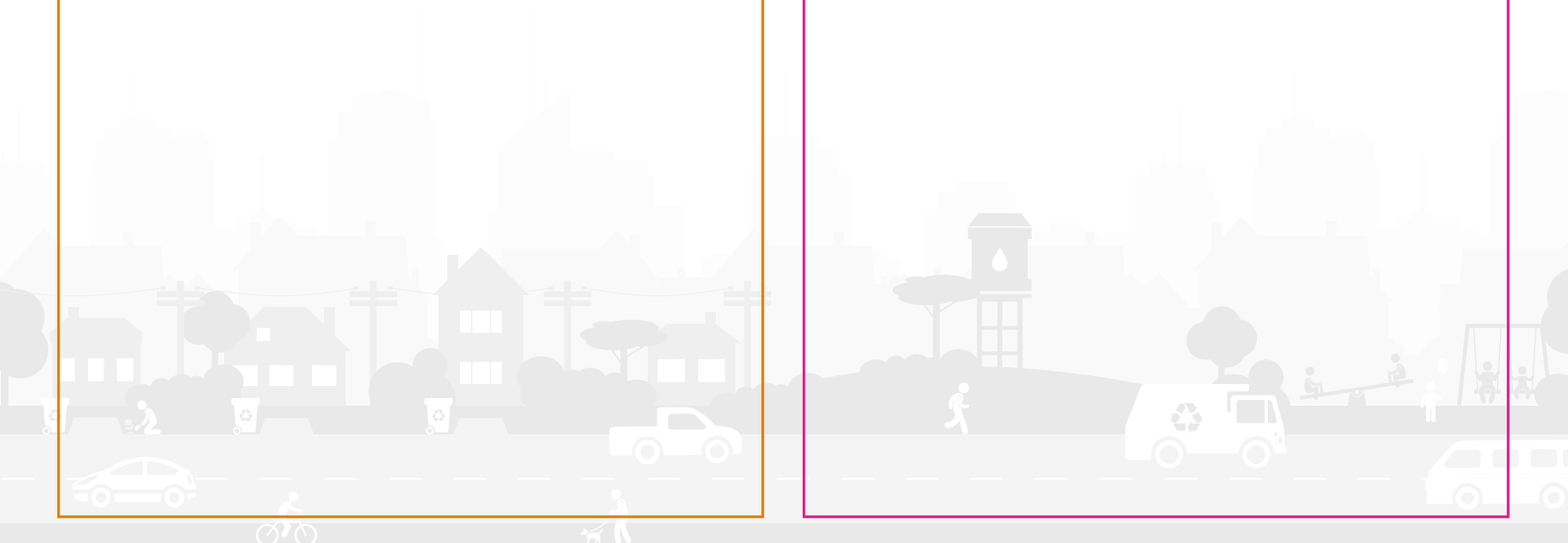
- Confirm cash-flow processes to MTREF contractual obligations and establish control measures for settlement of payments.

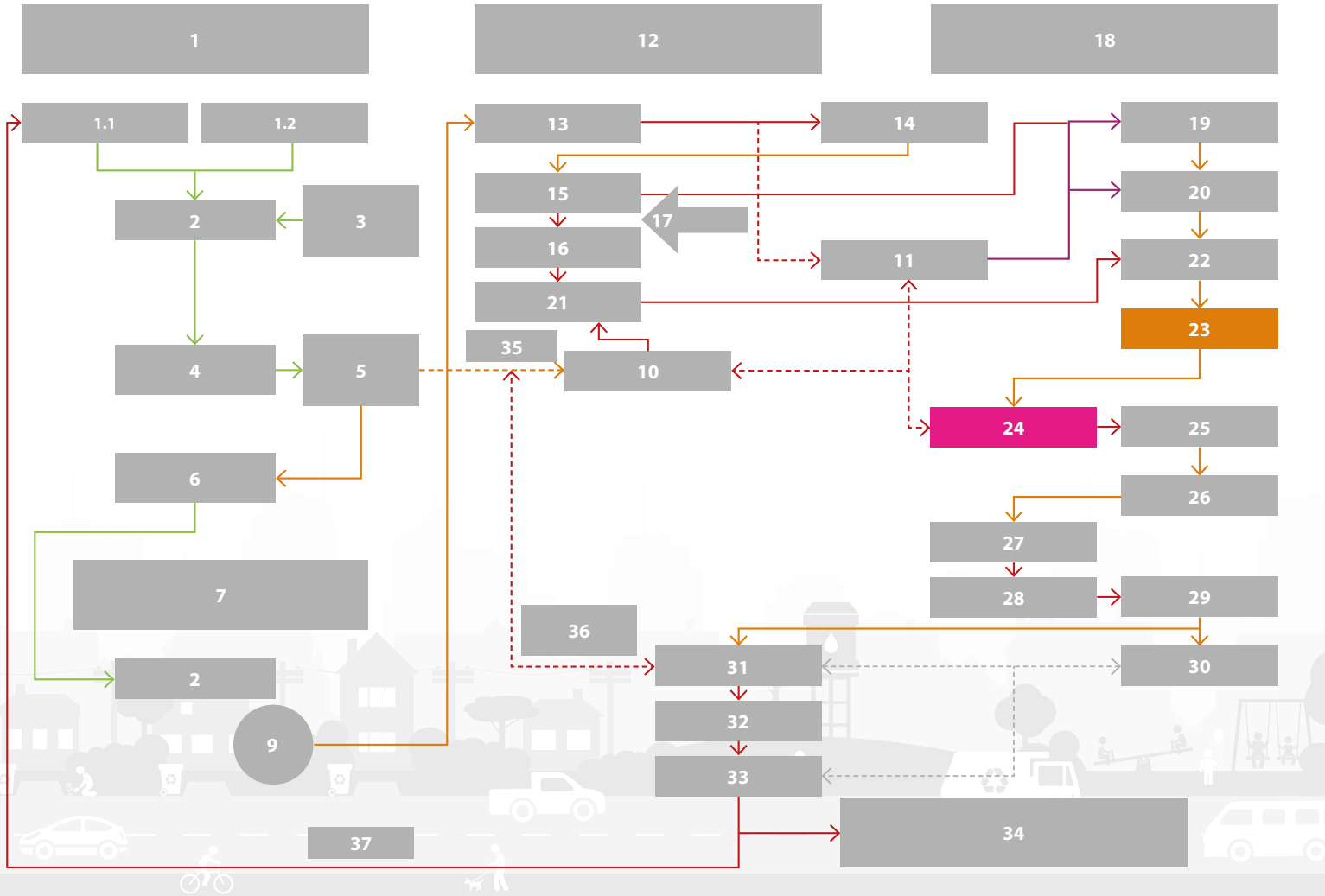
This PG is complete when a delegated person or body confirms in writing that cash flow processes are in place and control measures are established for the procurement.

## 24

### BID SPECIFICATION COMMITTEE

This is the committee responsible for compiling bid specifications. The specifications committee must also consider whether all the required quality assurance standards regarding the type of goods requested have been met.





## 25

### SOLICIT TENDER OFFER GATE

#### Solicit Tender Offer

- Invite contractors to submit tender offers.
- Receive tender offers.
- Record tender offers.
- Safeguard tender offers.
- Functions in this gate are usually [reformed by the SCM Unit of an organisation.

This PG is complete when tender offers received are recorded and safeguarded by a delegated person from the SCM unit.

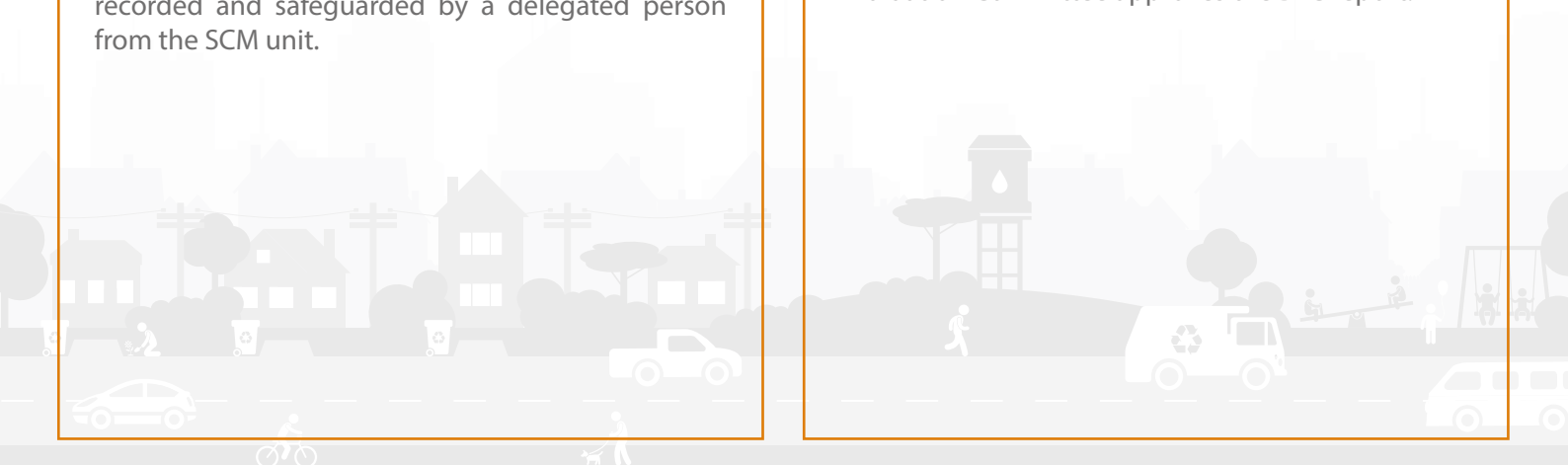
## 26

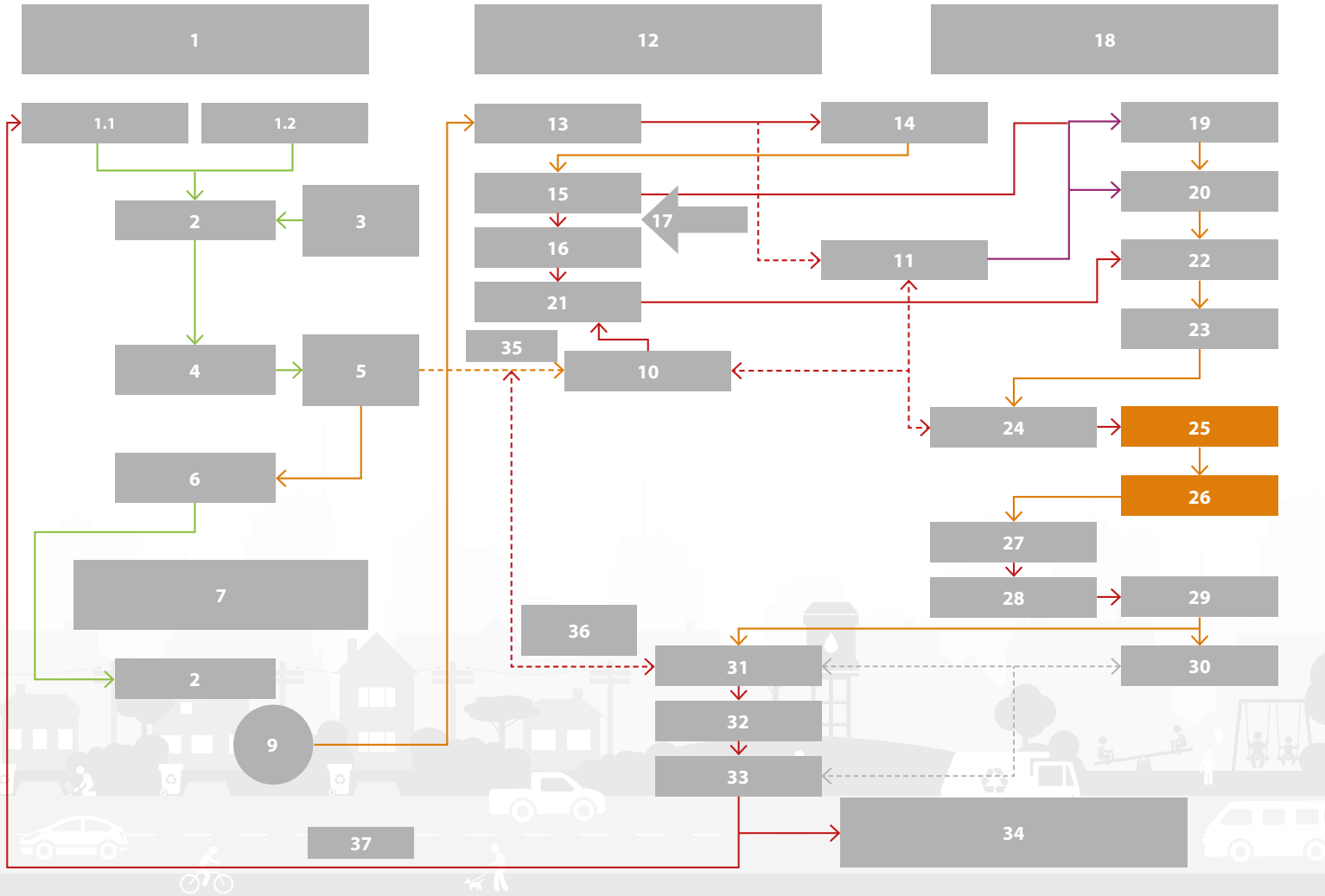
### EVALUATE TENDER OFFER GATE

#### Evaluate Tender Offer

- BEC align with CIDB SFU evaluation guidelines - SANS 10845 and determines tender completeness and responsiveness.
- Evaluate tender offers,
- Perform risk analysis and report on tenders received and minimum compliance.

This PG is complete when the chairperson of the Bid Evaluation Committee approves the BEC report.





## 27

### BID EVALUATION COMMITTEE

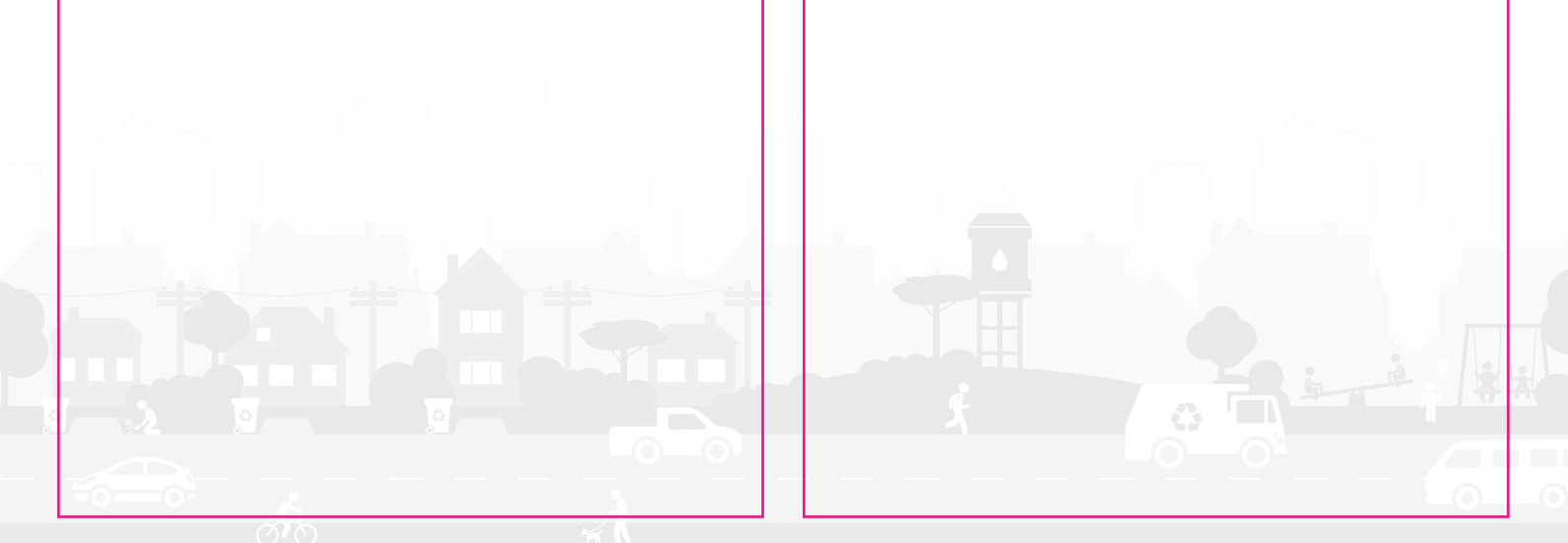
A bid evaluation committee should consist of a minimum of five members. The evaluation committee should evaluate all bids received and submit a report with recommendations regarding awarding the bids to the adjudication committee.

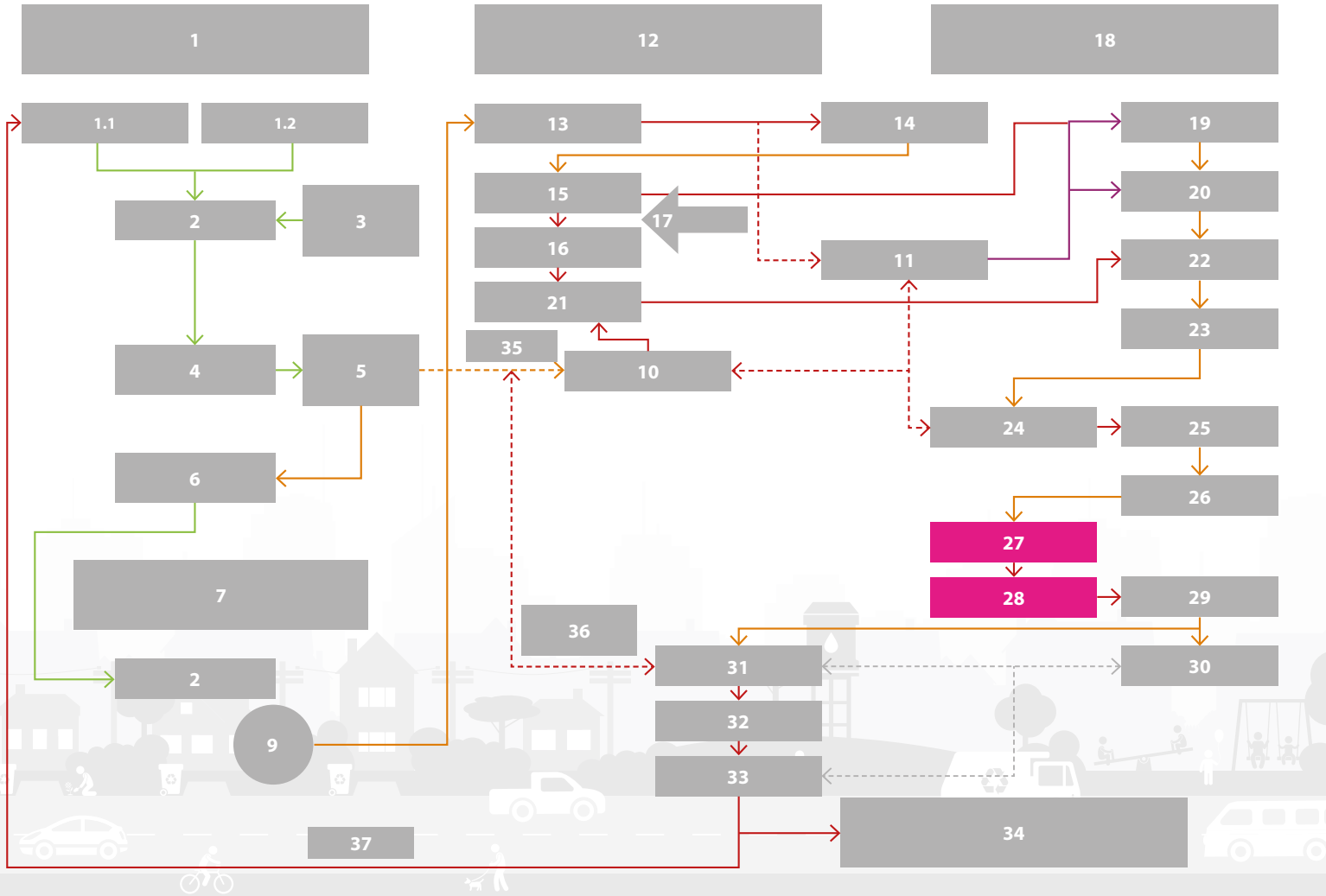
## 28

### BID ADJUDICATION COMMITTEE

#### Bid Adjudication Committee Rules

- a final award; or.
- a recommendation to the accounting officer/ authority to make a final award; or.
- Recommend to the accounting officer/authority how to proceed with the relevant procurement.





## 29

### AWARD THE CONTRACT GATE

#### Award the Contract

- AO or BAC, where delegated review BEC report,
- Award tender,
- Notify tenders of the outcome,
- Contract signature & formally accept the tender offer.

This PG is complete when the Accounting Officer or the Bid Adjudication Committee, where delegated, confirms that the tenderer has provided evidence of complying with all requirements stated in the tender data and formally accepts the tender offer in writing, and issues the contractor with a signed copy of the contract.

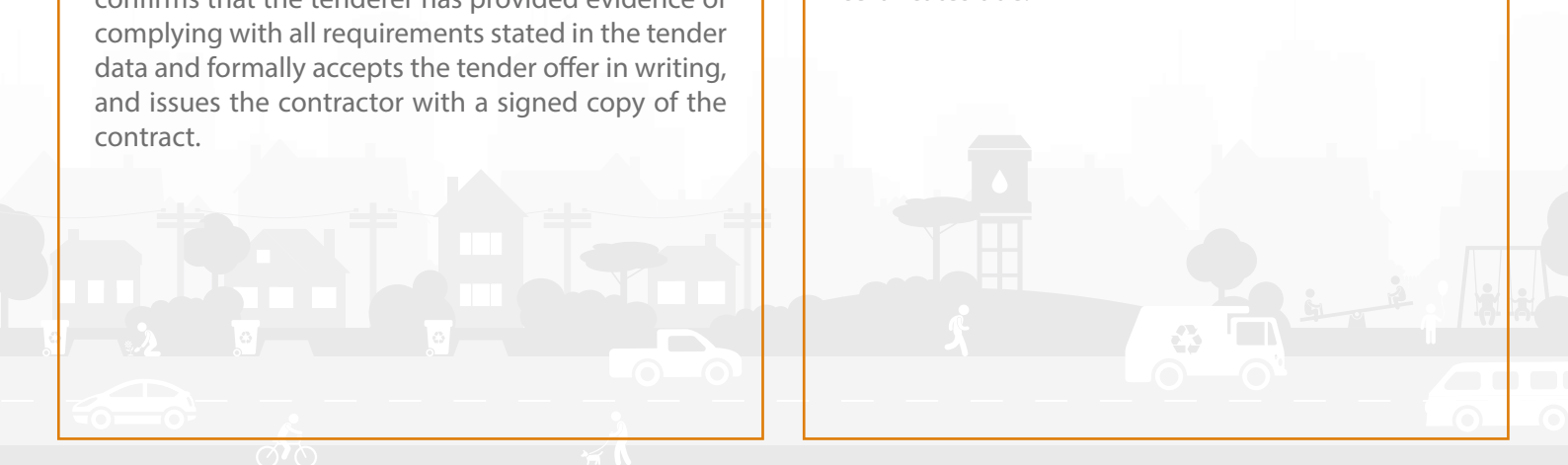
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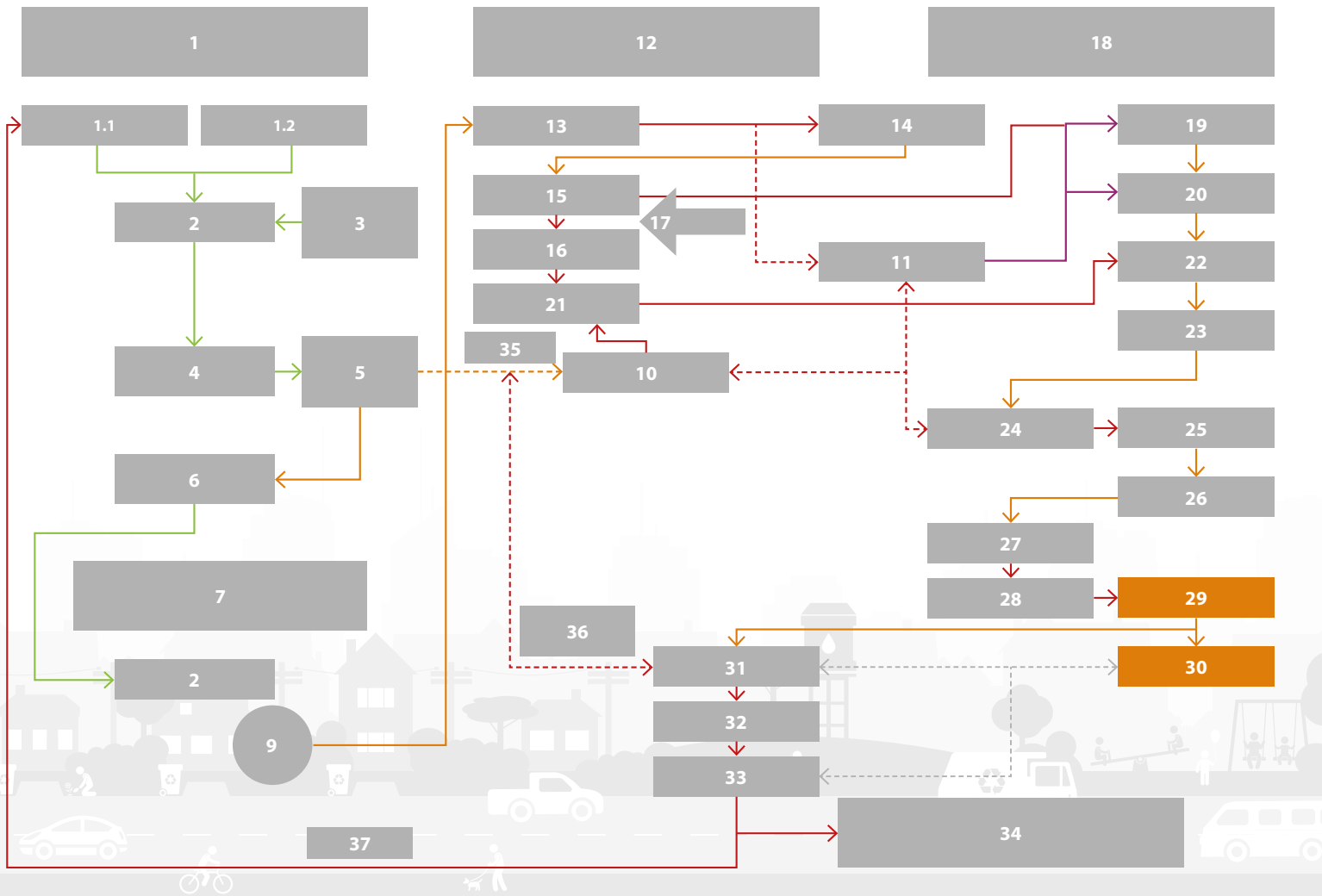
### ADMINISTER & MONITOR CONTRACT GATE

#### Administer & Monitor Contract

- Capture contract award data,
- Manage cash flow,
- Administer contracts and ensure contractual compliance.

This PG is complete when a delegated person captures the contract completion/termination data (close-out reports and relevant documents), including payment certificates due.





# 31

## WORKS STAGE

- The construction stage of the project
- Contract management and supervision of the works
- Scope variation management
- Practical completion of works - fit for purpose.
- Preparation of snag list
- Completion certificate (certification of work done)
- Preparation and processing of payment certificates

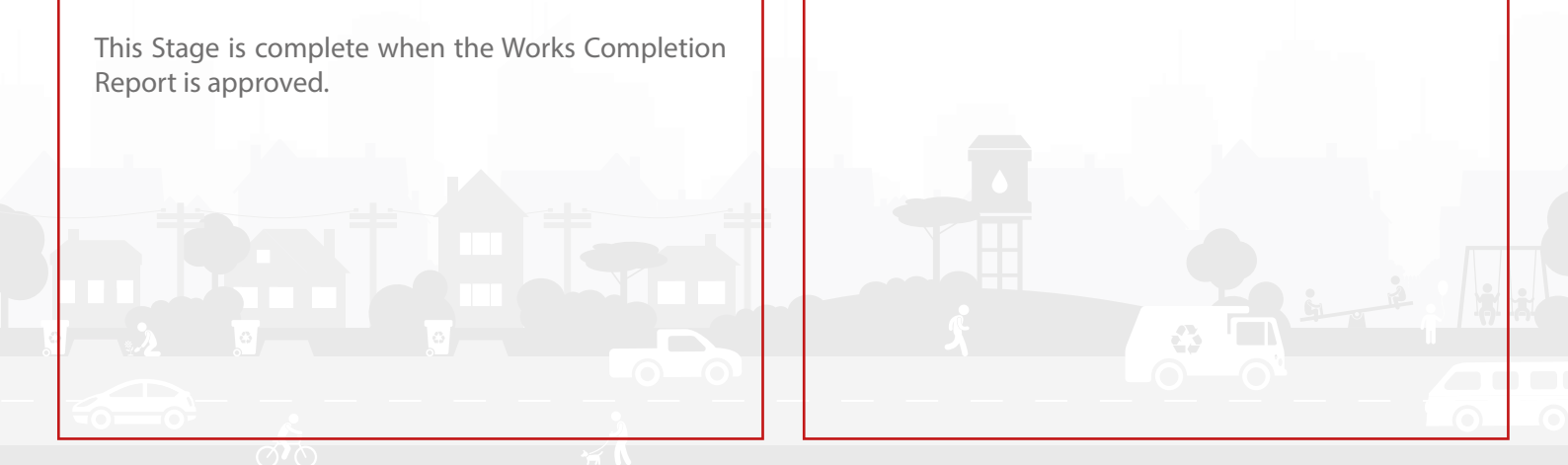
This Stage is complete when the Works Completion Report is approved.

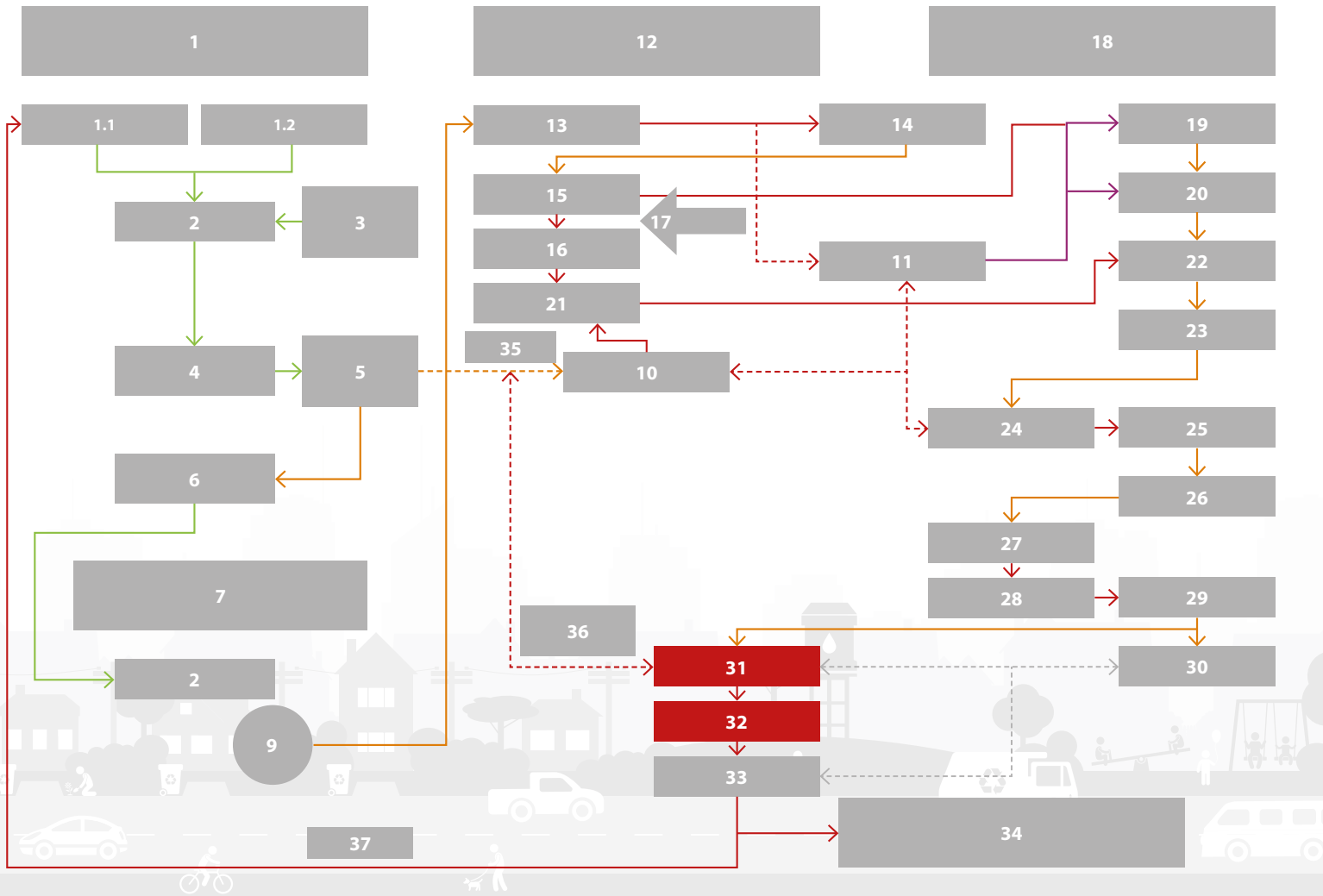
# 32

## HANDOVER STAGE

- Attend to the Snag list as prepared at the work stage.
- Work completion certificate.
- Hand over to User Department.
- 1-year defects liability period commences (road projects).

This Stage is complete when the Handover/Record Information Report is approved.





# 33

## CLOSE-OUT STAGE

- Preparation of close-out report (incl. all documents related to the projects).
- Final completion certificate.
- Capitalise assets and submit relevant info for assets to form part of the institution's asset register.
- Hand over periodic O&M plan manuals to end-Users.
- Training of end users on operations and maintenance of the asset where necessary.

This Stage is complete when the Close-out Report is approved.

# 34

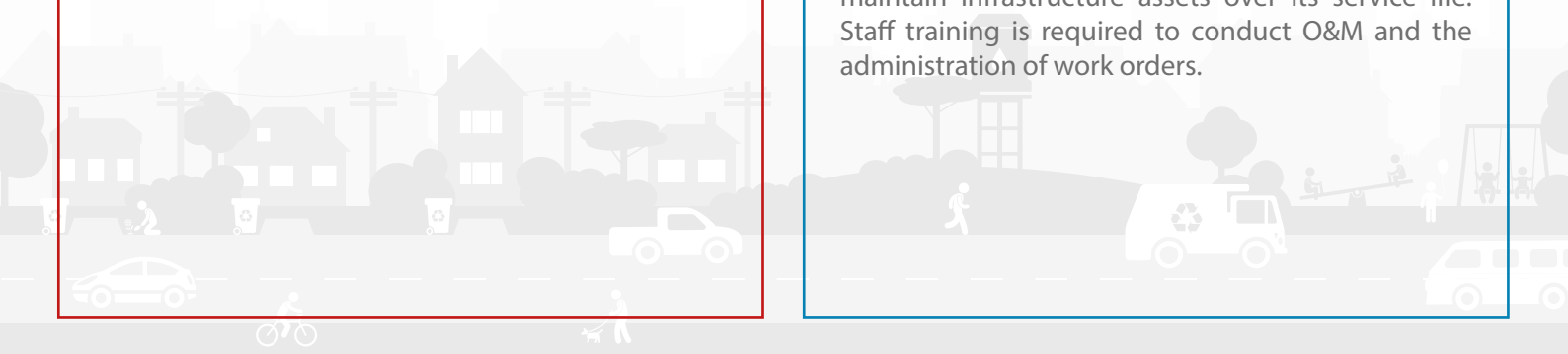
## OPERATIONS AND MAINTENANCE PROCESS OPERATE AND MAINTAIN EXISTING AND NEW ASSETS.

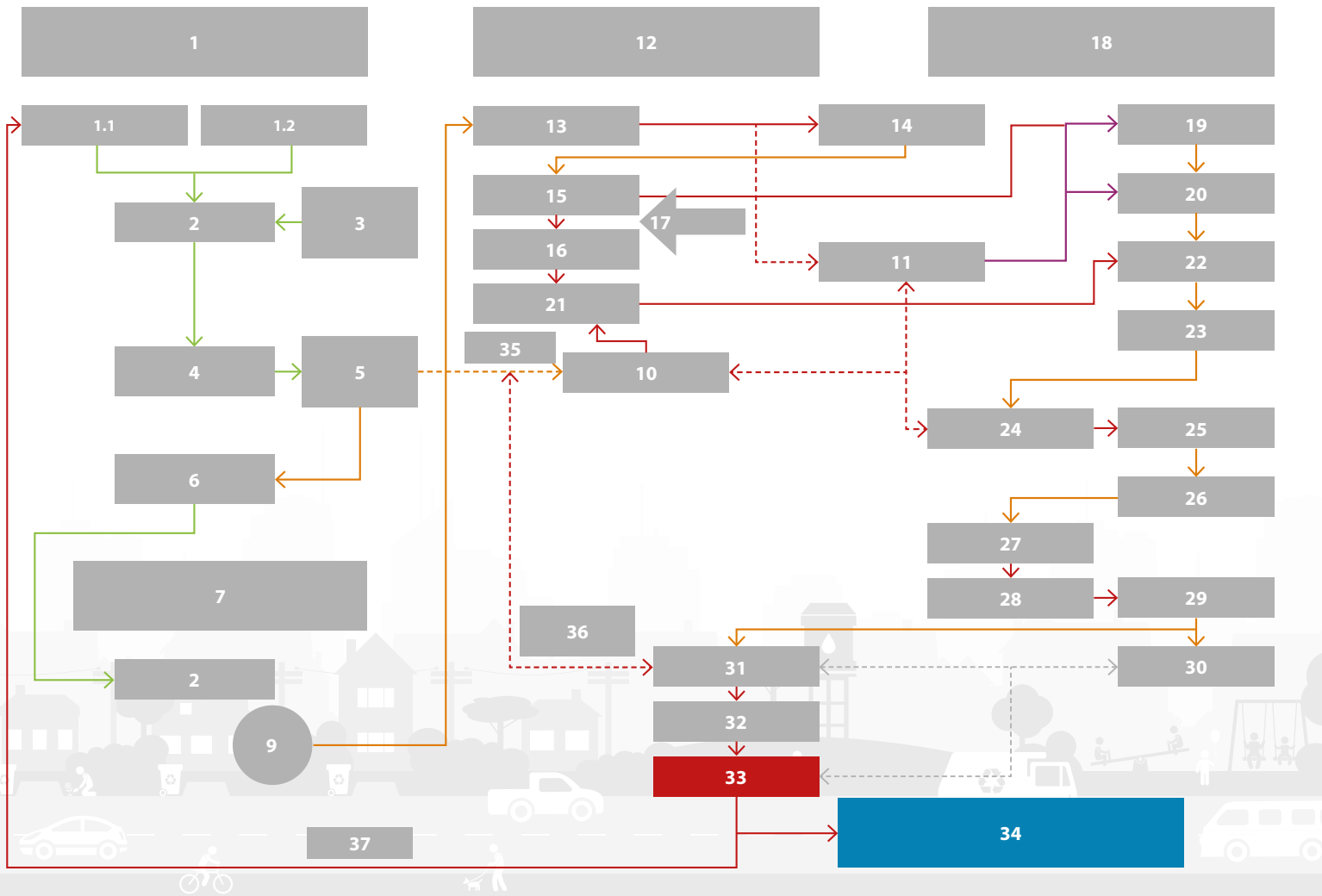
O&M of the new asset after handover from PMU.

**A Municipality needs to mobilise for O&M implementation; hence they must establish:**

1. an organisational structure for the O&M of their infrastructure assets, and
2. a Computerised Maintenance Management System (CMMS).

Municipalities need to consider procuring service providers or establishing a Service Delivery Agreement (SDA) with their parent municipality (District Municipality) or its entity to operate and maintain infrastructure assets over its service life. Staff training is required to conduct O&M and the administration of work orders.





# 35

## SET TARGETS

The output of the M-IPS, as discussed in card 5, is the procurement strategy for implementing certain types of projects within each sector. The secondary goals defined per project type can then be applied to specific projects. This will then set the target for the three-year MTREF projects around:

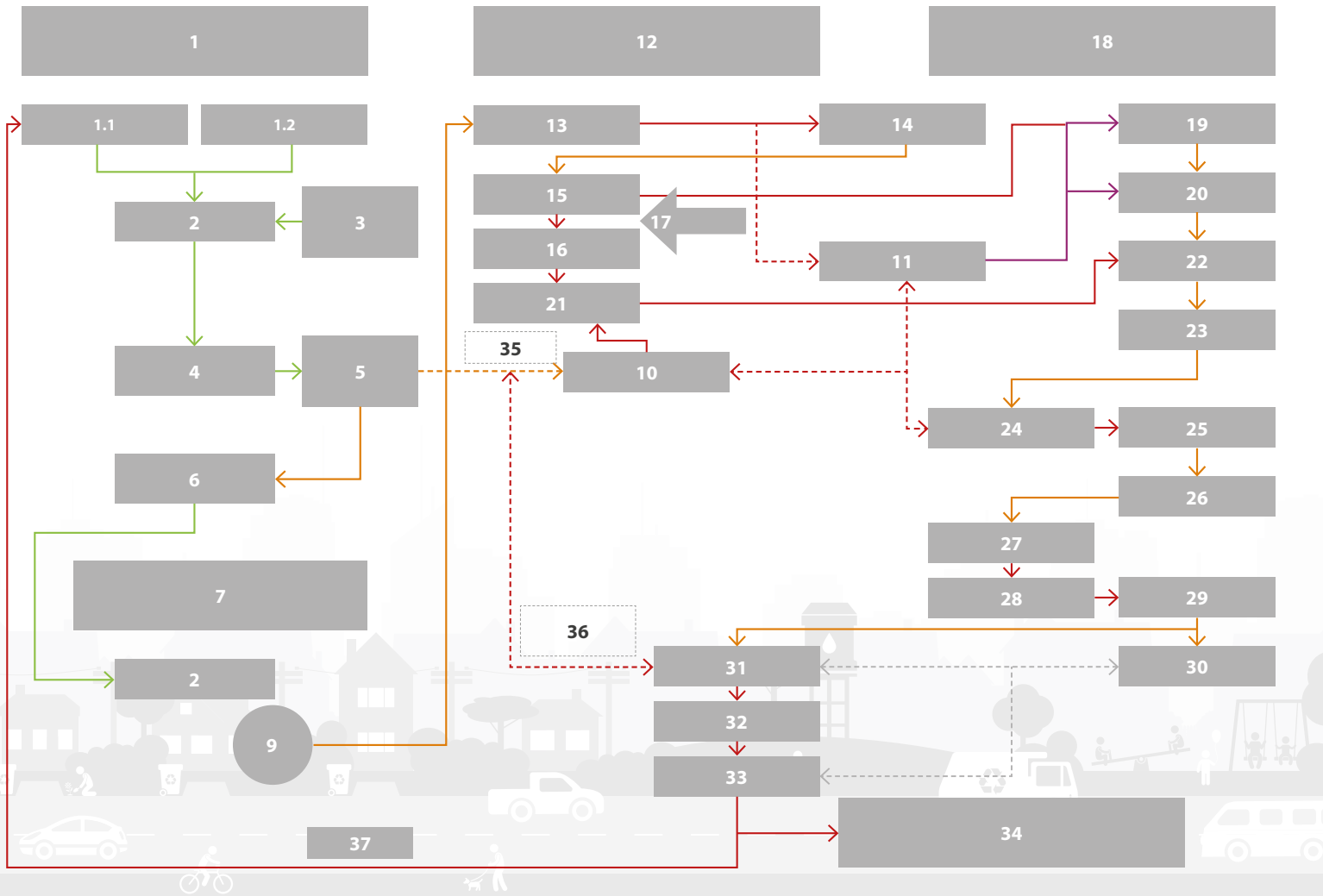
- Job creation
- Training
- Local suppliers
- Contractor development

# 36

## REPORTING AND MONITORING AGAINST SET TARGETS

The targets set for specific projects for the CIP need to be monitored and reported on during the implementation of each project in the given financial year. The reporting is important for the Municipality to report on the secondary goals that have been achieved and to adjust the strategy in the future iterations of the M-IPS. Through M&E the municipality can report on beneficiary realisation and ensure continuous improvement.





The Asset register must comply with General Recognised Accounting Practices (GRAP) requirements. In addition, it should incorporate simple cost modelling, recognise the different risk profiles of the assets and provide a minimum level of detail necessary to make informed decisions.

The IAR is the foundation document for O&M planning. Updating infrastructure asset information and data attributes should be done quarterly but annually at a minimum. This process verifies that all information and data have been captured and ensures that planning is based on updated information and data.

