Report of the Auditor-General of South Africa
on a performance audit of the use of consultants at a selected department
of the Limpopo Provincial Government

OCTOBER 2013
An independent auditing process to evaluate the measures instituted by management to ensure that resources have been procured economically and are used efficiently and effectively.
OUR REPUTATION PROMISE/MISSION

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, it exists to strengthen our country’s democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.

By Authority
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOREWORD</strong></td>
<td>5</td>
</tr>
<tr>
<td><strong>AUDIT SCOPE</strong></td>
<td>10</td>
</tr>
<tr>
<td><strong>KEY AUDIT FINDINGS</strong></td>
<td>14</td>
</tr>
<tr>
<td><strong>OVERVIEW</strong></td>
<td>15</td>
</tr>
<tr>
<td><strong>EXECUTIVE SUMMARY</strong></td>
<td>17</td>
</tr>
<tr>
<td>Key findings</td>
<td>21</td>
</tr>
<tr>
<td>Comments received</td>
<td>21</td>
</tr>
<tr>
<td>Conclusion</td>
<td>22</td>
</tr>
<tr>
<td><strong>RECOMMENDATIONS</strong></td>
<td>25</td>
</tr>
<tr>
<td><strong>DEPARTMENT OF HEALTH AND SOCIAL DEVELOPMENT</strong></td>
<td>29</td>
</tr>
<tr>
<td><strong>REGULATORY FRAMEWORK</strong></td>
<td>37</td>
</tr>
<tr>
<td>Supply chain management</td>
<td>38</td>
</tr>
<tr>
<td>Standard Chart of Accounts</td>
<td>39</td>
</tr>
<tr>
<td>Public Service Regulations</td>
<td>39</td>
</tr>
<tr>
<td><strong>PERFORMANCE AUDITING</strong></td>
<td>41</td>
</tr>
<tr>
<td>Mandate</td>
<td>42</td>
</tr>
<tr>
<td>Purpose of performance auditing</td>
<td>42</td>
</tr>
<tr>
<td>Advantages of performance auditing</td>
<td>42</td>
</tr>
<tr>
<td>Differences between performance auditing and other types of auditing</td>
<td>43</td>
</tr>
<tr>
<td>Performance audit process</td>
<td>44</td>
</tr>
<tr>
<td>Focus areas and key audit questions</td>
<td>44</td>
</tr>
</tbody>
</table>
FOREWORD
I am honoured to present the results of a performance audit on the use of consulting/professional services, contractors and agency/outsourced services at the Department of Health and Social Development\(^1\) of the Limpopo Provincial Government (the department).

For the purpose of this report, the terms consulting/professional services, contractors and agency/outsourced services have been grouped under the general term ‘consultants’. The focus areas of this performance audit are applicable to all of these third parties.

In our current environment, the partnership between the private and public sectors has become important in driving South Africa towards its development goals. To optimise the value of this partnership, this report identifies areas that need to be managed to get the best value for money. The termination of consultancy services in the public sector is not advocated. However, attention is drawn to those areas where value for money spent on consultancy services was not secured.

Performance audits on the use of consultants by government were conducted in 1996 and 2002. The main findings of this audit mirror the findings of the two previous audits. A report on the use of consultants at selected national departments, which was tabled in Parliament on 24 January 2013, also paralleled those findings.

The National Treasury and the Department of Public Service and Administration had issued various guidelines and regulations to improve the overall management and use of consultants. However, many weaknesses still exist.

\(^1\) The Department of Health and Social Development was separated on 1 January 2011 into the Department of Health (Health) and the Department of Social Development (SD).
ECONOMY

Strategic planning for the use of consultants was not always done and the department did not have a strategy and policy on the use of consultants. The department did not always determine whether outsourcing was the most cost-effective option in comparison to creating internal capacity. Moreover, adequate planning and needs assessments were not always done before appointing consultants, as was the case with the information technology service providers.

EFFICIENCY

Consultants’ work was not always monitored and evaluated to ensure that projects succeeded in their objectives. The document archiving system was not adequately maintained. As a result, documentation and information were sometimes not available to support transactions and management decisions.

EFFECTIVENESS

In some instances, project deliverables were only partially achieved, as was the case with the implementation of the provincial health information system.

The above observations did not conform to the principles of economy, efficiency and effectiveness, as reflected on pages 19 and 20 of this report. The weaknesses identified were caused largely by the lack of rigorous review processes to ensure that existing prescripts were followed. These, and issues of inadequate planning and financial and performance management, adversely affected the economical, efficient and effective use of consultants.

The recurrence of these issues is cause for concern. In the 2008-09 to 2010-11 financial years, the Limpopo Provincial Government spent R4,23 billion on consultants; R1,46 billion on consulting/professional services, R1,54 billion on contractors and R1,23 billion on agency/outsourced services. Over the same period, the Department of Health and Social Development spent R1,73 billion on consultants (41% of the total provincial expenditure of R4,23 billion). Of this amount, Social Development spent R145 million and Health R1,59 billion. The department’s expenditure on consultants remained consistently high over this period.

The Department of Health and Social Development received a qualified audit opinion for the 2008-09 and 2009-10 financial years. Subsequent to the separation of the department, the Department of Health received a disclaimer audit opinion, while the Department of Social Development received a qualified audit opinion in the 2010-11 financial year.

The outcomes of this audit have been shared with the management of the department and the provincial executive. The department has made a number of commitments; key among these is the institution of immediate action to address the findings and recommendations identified in this report.

Key aspects of this report have been integrated into our financial audits to ensure regular monitoring by the department.

I wish to thank the staff of the Limpopo Department of Health and Social Development for their assistance during the audit.

Auditor-General of South Africa

Pretoria

October 2013
The performance audit on the use of consultants was conducted at the Department of Health and Social Development of the Limpopo Provincial Government, and covered 21 multi-year contracts with a value of R508 million. This provincial department was selected for audit, based on our assessment of possible weaknesses in the use of consultants as identified through other audits, as well as spending trends at the department.

The Limpopo Provincial Government incurred operational expenditure\(^1\) of R86.72 billion during the 2008-09 to 2010-11 financial years. Of this amount, its total expenditure on goods and services was R17.67 billion.

Expenditure on consultants by the Limpopo Provincial Government amounted to R4.23 billion, representing 4.9% of its operational expenditure and 23.9% of its expenditure on goods and services.

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\(^1\) Operational expenditure includes compensation of employees, goods and services, and interest and rent on land.
Audits similar to this provincial audit were conducted nationally and at selected departments of all the other provinces. The report of the audit at selected national departments was tabled in Parliament on 24 January 2013.

For the purpose of this report, the Standard Chart of Accounts terminology of consulting/professional services, contractors and agency/outsourced services have been grouped under the general term “consultants”. The Standard Chart of Accounts defines these terms as follows:

- **CONSULTING/PROFESSIONAL SERVICES:**
  
  ...specialist services and skills provided that are required for the achievement of a specific objective, with the aim of providing expert and professional advice on a time and material basis. It is unnecessary to maintain these skills in-house since they are required on a once-off or temporary basis

- **CONTRACTORS:**
  
  ...required to provide services that are of a non-specialised nature that are not core business of the department

- **AGENCY/OUTSOURCED SERVICES:**

  ...the relevant department ordinarily has the capacity and expertise to carry out these services, but for some reasons are not utilising their own staff.
EXPENDITURE ON CONSULTANTS

Below is an overview of the expenditure on consultants by the Limpopo Provincial Government for the 2008-09 to 2010-11 financial years.

Total expenditure on consultants per department in the Limpopo Provincial Government for 2008-09 to 2010-11

- Social Development: 145 R'million
- Health: 929 R'million
- Education: 79 R'million
- Provincial Treasury: 84 R'million
- Public Works: 162 R'million
- Sport, Arts and Culture: 157 R'million
- Agriculture: 757 R'million
- Roads and Transport: 3 R'million
- Safety, Security and Liaison: 91 R'million
- Economic Development, Environment and Tourism: 186 R'million
- Office of the Premier: 26 R'million
- Local Government and Housing: 19 R'million
- Provincial Legislature: 79 R'million
Below is an overview of the expenditure on consultants by the Limpopo Department of Health and Social Development for the 2008-09 to 2010-11 financial years.

**Total expenditure on consultants at the Department of Health and Social Development**

<table>
<thead>
<tr>
<th>Year</th>
<th>Health 2008-09</th>
<th>Social Development 2008-09</th>
<th>Health 2009-10</th>
<th>Social Development 2009-10</th>
<th>Health 2010-11</th>
<th>Social Development 2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>27%</td>
<td>26%</td>
<td>24%</td>
<td>45%</td>
<td>29%</td>
<td>79%</td>
</tr>
<tr>
<td>2009-10</td>
<td>51%</td>
<td>22%</td>
<td>55%</td>
<td>21%</td>
<td>47%</td>
<td>72%</td>
</tr>
<tr>
<td>2010-11</td>
<td>72%</td>
<td>24%</td>
<td>45%</td>
<td>29%</td>
<td>29%</td>
<td>53%</td>
</tr>
</tbody>
</table>
The table below summarises the key audit findings at the Limpopo Department of Health and Social Development, as they relate to the aspects of economy, efficiency and effectiveness.

<table>
<thead>
<tr>
<th>KEY FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economy</strong></td>
</tr>
<tr>
<td>The economical acquisition of consultancy-related resources includes a competitive procurement process for the appointment of consultants and the creation and maintenance of a permanent staff capacity where required</td>
</tr>
<tr>
<td>Key findings at the Limpopo Department of Health and Social Development in this regard include the following:</td>
</tr>
<tr>
<td>• Strategic planning for the use of consultants was not always done and the department did not have a strategy and policy on the use of consultants</td>
</tr>
<tr>
<td>• Planning and needs assessments were not always done before appointing consultants, as was the case with the information technology service providers</td>
</tr>
<tr>
<td>• The department did not always determine whether outsourcing was the most cost-effective option in comparison to creating internal capacity</td>
</tr>
</tbody>
</table>

| **Efficiency** |
| The efficient use of consultants requires the achievement of an optimal relationship between the outputs produced by consultants and the resources expended by departments to remunerate these consultants. The management of the process to achieve this relationship is also a key consideration |
| Key findings at the Limpopo Department of Health and Social Development in this regard include the following: |
| • Contracts and payments were not always monitored and evaluated. This led to instances where project objectives were not achieved |
| • The document archiving system was not adequately maintained. As a result, documentation and information were sometimes not available to support transactions and management decisions |

| **Effectiveness** |
| The use of consultants is considered to be effective if the objectives that informed the appointment of consultants are met |
| The effective use of consultants at the Limpopo Department of Health and Social Development was adversely affected by the lack of planning and monitoring. As a result: |
| • In some instances, project deliverables were only partially achieved, as was the case with the implementation of the provincial health information system |
The Limpopo public sector cannot easily dispense with partnering with the private sector due to the specialised nature of some activities. In addition, departments experienced numerous human resource and other challenges. These challenges are recognised by the Limpopo Provincial Government and, in many instances, necessitate the use of consultants. When used correctly, consultants can be beneficial and provide access to skills that are not cost-effective for a department to build or maintain itself.

While recognising the above benefits, it is necessary to remain mindful of the manner in which consultants are used by the provincial government. Section 195 of the Constitution of the Republic of South Africa of 1996 notes that the efficient, economic and effective use of resources must be promoted.

The Public Service Commission, in its 2001 Report on the State of the Public Service, highlighted the use of consultants as a concern. In the report, the Commission stated:

The Public Service Commission is of the view that the use of any consultant needs to be justifiable and open to intense scrutiny. This is particularly true when specialist, high cost professional services are utilised or when former state employees are involved.

In 2001, the Department of Public Service and Administration instructed departments to:

- Undertake an institutional assessment of capacity to absorb outside assistance before tenders are issued
- Prepare sound and realistic tender specifications, which match the ability to implement and sustain the outcomes of projects
- Include skills transfer in the contracts and monitor the delivery thereof
- Undertake regular performance audits of consulting assignments
- Assess the total cost of using consultants in relation to cost-effectiveness before a decision is made to appoint a consultant
- Include information on the use of consultants in the annual report of a department to:
  - Provide a more balanced view of personnel expenditure in the public service
  - Provide information regarding expenditure on consultants, and the type and value of projects
  - Improve the monitoring of government on the use of consultants
  - Promote the sharing of learning products in government.

The lack of skilled staff to carry out departmental duties has been highlighted in several recent reports of the Auditor-General of South Africa.
The Department of Public Service and Administration also indicated that a database of reports produced by consultants would be compiled and updated annually, envisaging that it would contribute to:

- The reduction of the number of consultants appointed by different departments to develop virtually the same policies or systems
- Guidance in support of decision-making on the future use of consultants
- Sharing of learning products in the public service.

ABOUT THIS REPORT

This report is presented in an environment where the partnership between the private and public sectors has become important in driving South Africa towards its development goals.

This performance audit revealed that issues of inadequate planning and financial and performance management adversely affected the economical, efficient and effective use of consultants.

The National Treasury and the Department of Public Service and Administration issued various guidelines and regulations to improve the overall management and use of consultants.

However, despite these, many weaknesses still exist. The reasons for this include a lack of monitoring and enforcement of compliance. Appropriate action is also not taken against those who contravene existing laws, regulations and policies.

Where consultants are the preferred option to deliver a service or programme, the departments’ capacity to monitor and evaluate projects must be strengthened. This will ensure that all project deliverables and related objectives are achieved. In instances where deficiencies are detected, corrective action must be imposed promptly.
EXECUTIVE SUMMARY
Attention to the following focus areas is crucial in ensuring the economical, efficient and effective use of consultants by departments. This performance audit centred on the focus areas presented below:
<table>
<thead>
<tr>
<th>No.</th>
<th>Project</th>
<th>Best Available Value of Contract</th>
<th>Consulting/Professional Services</th>
<th>Planning and Appointment</th>
<th>Internal Capacity</th>
<th>Training and Transfer of Skills</th>
<th>Performance Management and Monitoring</th>
<th>Extension of Contracts</th>
<th>Closing and Finalising Projects</th>
<th>Economy</th>
<th>Efficiency</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Procurement, packaging and distribution of medicines (Page 32)</td>
<td>28 591 772</td>
<td>❏</td>
<td>✓</td>
<td>●</td>
<td>●</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Catering at Elim and Thabamoopo hospitals (Page 33)</td>
<td>9 790 970</td>
<td>✓</td>
<td>✓</td>
<td>●</td>
<td>●</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Catering at Nkhensani, Malamulela and Evukakeni hospitals (Page 33)</td>
<td>7 806 006</td>
<td>✓</td>
<td>✓</td>
<td>●</td>
<td>●</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Catering at Letaba and Tshilidzini hospitals (Page 33)</td>
<td>5 888 686</td>
<td>✓</td>
<td>✓</td>
<td>●</td>
<td>●</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Catering at Sekororo hospital (Page 33)</td>
<td>2 128 103</td>
<td>✓</td>
<td>✓</td>
<td>●</td>
<td>●</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Catering at Van Velden hospital (Page 33)</td>
<td>533 964</td>
<td>✓</td>
<td>✓</td>
<td>●</td>
<td>●</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>7</td>
<td>Catering at Philadelphia hospital (Page 33)</td>
<td>2 275 942</td>
<td>✓</td>
<td>✓</td>
<td>●</td>
<td>●</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>8</td>
<td>Transaction advisor for the renal dialysis PPP project (Page 32)</td>
<td>4 492 569</td>
<td>✓</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Management of places of safety for juvenile offenders (Page 33)</td>
<td>27 681 275</td>
<td>✓</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Accreditation for five hospitals (Page 33)</td>
<td>625 732</td>
<td>✓</td>
<td>✓</td>
<td>●</td>
<td>●</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Provincial Health Information System (Page 34)</td>
<td>261 436 524</td>
<td>✓</td>
<td>✓</td>
<td>●</td>
<td>●</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3 The best available value is the contract value. Where the contract value was not available, the actual payments were used.
4 Some information requested could not be provided for audit purposes, resulting in a limitation of scope.
<table>
<thead>
<tr>
<th>No.</th>
<th>Project</th>
<th>Best Available Value of Contract (^1)</th>
<th>Consulting/Professional Services</th>
<th>Planning and Appointment</th>
<th>Internal Capacity</th>
<th>Training and Transfer of Skills</th>
<th>Performance Management and Monitoring</th>
<th>Extension of Contracts</th>
<th>Closing and Finalising Projects</th>
<th>Economy</th>
<th>Efficiency</th>
<th>Effectiveness</th>
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<tr>
<td>12</td>
<td>Information technology services</td>
<td>93 541 000</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>13</td>
<td>Transport of student nurses(^2)</td>
<td>972 000</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Training of auxiliary caregivers(^6)</td>
<td>16 005 004</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Maintenance of air conditioners(^1)</td>
<td>2 179 716</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Maintenance of standby generator(^1)</td>
<td>594 099</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>17</td>
<td>Maintenance of boiler and Hotwell Tank(^1)</td>
<td>2 035 495</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
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</tr>
<tr>
<td>18</td>
<td>Care to old people in the community(^1)</td>
<td>24 908 759</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Forensic audit at six cost centres(^2)</td>
<td>4 705 806</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>MEC’s turnaround strategy(^2)</td>
<td>438 632</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>21</td>
<td>Modernisation of boilers(^1)</td>
<td>11 532 094</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>508 164 148</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>14</td>
<td>1</td>
<td>10</td>
</tr>
</tbody>
</table>

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\(^1\) The best available value is the contract value. Where the contract value was not available, the actual payments were used

\(^2\) Some information requested could not be provided for audit purposes, resulting in a limitation of scope

\(^3\) Findings are not material and therefore not included in this report

\(^4\) No findings identified on this project

\(^5\) Most information for these projects could not be provided for audit purposes, resulting in a limitation of scope
The Limpopo Department of Health and Social Development could not provide certain information requested by the audit team. This resulted in some audit procedures not being carried out to verify management control measures. The department did not adequately maintain its archiving system to ensure that all documents were safely stored and retained. Not providing information for audit purposes is a contravention of the Public Finance Management Act. The lack of sufficient and appropriate evidence was also raised previously by the Auditor-General of South Africa. This was raised during the annual financial audits in the 2008-09 to the 2010-11 financial years.

**COMMENTS RECEIVED**

The following feedback was obtained from the Limpopo Department of Health\(^8\) relating to the implementation of measures based on our recommendations. These corrective actions are monitored during the Auditor-General of South Africa’s annual financial audits.

- **Planning and appointment**

  Draft policies for the management of consultants, which will include the outsourcing of non-core functions and the cost comparison between internal capacity and consultants as a requirement, exist and are awaiting approval.

  A detailed review of the service requirements and the service level agreements in the information technology directorate will take place. The service level agreements are assessed annually.

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\(^8\) Comment was only requested from Health as the same staff were involved at Social Development
With regard to the Provincial Health Information System project, infrastructure building efforts, cabling and upgrades of some network infrastructure are still continuing. Funding remains a challenge. Some key clinical modules are still dependent on infrastructure availability.

A proper requirements analysis will be done before beginning major projects, and the department will allocate an appropriate budget to support its needs.

- **Internal capacity**

  The information technology directorate will use permanent staff for work of a consistent nature such as operations, and will use consultants for work of a variable nature. This is in line with industry best practices. The mix between permanent staff and consultants will be based on the availability of such persons required.

  However, the State Information Technology Agency still renders the information technology services to the department, mainly because the department is losing staff. Staff cannot be replaced due to a lack of funding as the provincial government was placed under administration from December 2011. The vacancy rate at the information technology directorate is above 50%.

  The department will appoint dedicated full-time project managers as the need arises on major projects and as funds become available.

- **Project management and monitoring**

  The supply chain management compliance unit has been established to monitor compliance and coordinate reports on the performance of consultants.

  The consultants are required to submit weekly, quarterly and annual reports of progress, challenges and priorities. A final close-out report is required from all consultants.

  At the information technology directorate, a project management methodology has been adopted and implemented. Performance agreements in line with project plans are now required. The service level agreements in the information technology directorate include the following requirements:
  - Roles and responsibilities
  - Project deliverables
  - Timeframes
  - Monitoring processes
  - Performance management.

  Business-led steering committees will be appointed for all future projects. The reviewing and monitoring of the services rendered by the State Information Technology Agency are also in place.

- **Limitation of scope**

  An integrated electronic document management system will be developed to accommodate multiple stakeholders simultaneously requiring access to documents, and to ensure that documents are available at all times.

  The Department of Health will request its internal audit unit to include an analysis of the internal controls system pertaining to documentation and information in their audit plan.

**CONCLUSION**

Government’s success in optimising the value and the benefits of using consultancy services will only be achieved if:

- Proper systems of financial management and controls are established and adhered to in the department
- Officials and accounting officers are held responsible for the economical, efficient and effective use of resources
- Compliance with regulations and policies is enforced
• Planning for the use of consultants is improved and is part of the department’s strategy and business plans
• Sufficient internal capacity is created to enable the department to deliver on its mandates
• Consultants’ performance is monitored and managed to ensure that deliverables are achieved on time
• Consultancy contracts are properly closed through retrospective analyses where the processes followed and the objectives achieved are evaluated.
RECOMMENDATIONS

1. PLANNING AND APPOINTMENT

1.1 The types and extent of services to be contracted out should be strategically considered, taking into account the following:
   • The long-term objectives and needs of the department
   • The cost of contracting out versus the cost of creating and filling internal capacity.

1.2 A comprehensive strategy and policy governing the use of consultants should be developed and implemented.

1.3 The department should comprehensively research, plan and perform feasibility studies for major projects. Lessons from previous projects should be incorporated in the planning. The plans and feasibility studies of major projects should be reviewed by experts.

1.4 The department should budget properly for projects and include all key dependencies, such as infrastructure.

1.5 Needs assessments should be performed before renewing contracts, to ensure that the department’s changing needs are met.

2. INTERNAL CAPACITY

2.1 Internal capacity should be assessed regularly and internal processes that hinder the filling of vacancies should be addressed.

2.2 Management should have a plan and prioritise filling vacant posts on time, to reduce the reliance on consultants for the continuity of service delivery.

3. PERFORMANCE MONITORING AND MANAGEMENT

3.1 The work of consultants should be monitored properly to verify their performance. This includes monitoring payments against actual services rendered.

3.2 The service level agreements should include at least the following:
   • Roles and responsibilities
   • Project deliverables
   • Time frames
   • Monitoring processes
   • Performance management.

4. CLOSING AND FINALISING PROJECTS

A retrospective analysis to determine whether the proper processes were followed and whether the desired objectives were achieved, should be done at the end of each stage and project.
5. LIMITATION OF SCOPE

The department should address the lack of proper filing and archiving systems. This will ensure that documentation and information are available to support transactions and management decisions.

6. GENERAL

6.1 The Provincial Treasury should monitor compliance with relevant prescripts. In addition, it should enforce appropriate action where departments deviate from such prescripts.

6.2 The department’s strategy and business plans should include the planned use of consultancy services. These plans should be intensively reviewed by internal audit and portfolio/audit committees.

6.3 The accounting officer’s section in the annual report should cover the element of accountability for the use of consultants. This should focus on the extent to which economy, efficiency and effectiveness have been achieved in appointing consultants.

6.4 Specific oversight on the use of consultants should be performed quarterly by relevant committees, including portfolio committees and the Provincial Public Accounts Committee.

6.5 Internal audit should include the use of consultants by the department in their annual internal audit plan, and perform regular audits in these areas.
DEPARTMENT OF HEALTH AND SOCIAL DEVELOPMENT
**A. LIMITATION OF SCOPE**

A significant amount of information and documentation was requested several times from the department. However, the department could not submit this information for audit purposes. Not providing information to the Auditor-General of South Africa (AGSA) for audit purposes is a contravention of the Public...
Finance Management Act. The lack of documentation resulted in some audit procedures not being carried out.

The matter of the outstanding information/documentation was escalated to the department at various levels.

**Documentation not provided for audit**

The absence of supporting documentation led to management assurance not being provided for 18 of the 21 projects audited, as indicated on pages 19 and 20 of this report.

As a result, the department could not provide assurance that the following management practices were observed over the period of the audit:

**Planning and appointment**

The audit team could not determine whether:

- The department had followed a competitive procurement process in appointing consultants
- Needs and cost benefit analyses were conducted prior to appointing consultants.

**Internal capacity**

Documentation was not available to determine whether the department had permanent staff with the necessary skills and experience to minimise the need for appointing consultants.

---

**Training and transfer of skills**

Information was not available to determine whether skills were transferred efficiently and effectively to staff.

**Performance management and monitoring**

The audit team could not verify the following:

- Whether consultants had been monitored
- Whether the department had paid consultants only after it was satisfied that milestones and objectives had been achieved.

**Extension of contracts**

The audit team could not conclude on whether:

- Consultants had achieved the original contract deadlines before an extension was granted
- Work expected from the extension of the contract was part of the original appointment.

**Closing and finalising projects**

Information was not available to conclude on whether the services rendered met all the objectives of the department.

The lack of documentation was a result of the department not effectively maintaining the archiving system. Therefore, the department could not prove that it had proper management processes to monitor and manage consultants.

The lack of sufficient and appropriate evidence was also previously raised by the AGSA during the 2008-09 to 2010-11 financial audits.
B. DEPARTMENTAL FINDINGS

The findings below were grouped together as the issues identified affected multiple contracts.

1. STRATEGY AND POLICY FOR THE USE OF CONSULTANTS

1.1 The department did not have a comprehensive strategy and policy on the use of consultants. As a result, the department was not in a position to plan in advance the following:

- Services that would be outsourced to consultants
- Internal capacity to avoid becoming dependent on consultants.

1.2 The department’s high expenditure on consultants for the 2008-09 to 2010-11 financial years is indicated in table 1. The department’s lack of strategic planning led to it not analysing the cost-effectiveness of using consultants.

Table 1: Expenditure on consultants for Health and Social Development

<table>
<thead>
<tr>
<th></th>
<th>2008-09 R’MILLION</th>
<th>2009-10 R’MILLION</th>
<th>2010-11 R’MILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>480</td>
<td>700</td>
<td>558</td>
</tr>
<tr>
<td>Social Development</td>
<td>15</td>
<td>43</td>
<td>57</td>
</tr>
</tbody>
</table>

2. PLANNING AND APPOINTMENT

The department did not always determine whether outsourcing was the most cost-effective option in comparison to using internal capacity. Table 2 reflects the amounts spent by the department without performing such cost comparisons.

Table 2: Amount spent without cost comparisons

<table>
<thead>
<tr>
<th>SERVICE</th>
<th>PAYMENT PERIOD</th>
<th>AMOUNT PAID R’MILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement, packaging and distribution of medicines</td>
<td>2008-09</td>
<td>29</td>
</tr>
<tr>
<td>Hospital catering</td>
<td>2008-09</td>
<td>28</td>
</tr>
</tbody>
</table>

3. SERVICE LEVEL AGREEMENTS

3.1 Some consultants did not adhere to service level agreements (SLAs). As a result, project milestones and deliverables were delayed. For example, the department appointed a transaction advisor for the renal dialysis project at a cost of R4,4 million. However, the transaction advisor did not plan for the milestones set out in the SLA. Table 3 indicates the delays in the achievement of the different milestones.
4. CLOSING OF PROJECTS

The department did not always review the work of consultants when projects came to an end. Project closure reports were not always prepared as managers were not aware of the National Treasury requirement that projects should be closed off.

The absence of closure reports hampered the following key project management activities:

- Determining whether project deliverables were achieved
- Determining compliance with contractual requirements
- Documenting project results and capturing/sharing lessons learnt.

Table 4: Instances where the department did not prepare closure reports

<table>
<thead>
<tr>
<th>SERVICES RENDERED</th>
<th>VALUE OF SERVICES RECEIVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management of places of safety for juvenile offenders</td>
<td>27 681 275</td>
</tr>
<tr>
<td>Accreditation of hospitals</td>
<td>625 732</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28 307 007</strong></td>
</tr>
</tbody>
</table>

3.2 The SLAs with consultants stipulated that project managers should maintain minutes of their progress meetings. Minutes of all progress meetings held between the department’s project managers and certain consultants could not be provided.

The department could not provide minutes of progress meetings with the following consultants:

- A consultant appointed to manage a secure care facility for the period April 2008 to March 2009

The lack of progress meetings could lead to delays in deliverables and project objectives not being achieved efficiently and effectively.
C. FINDINGS PER PROJECT

1. PROVINCIAL HEALTH INFORMATION SYSTEM

The department embarked on a multi-year programme to implement the Provincial Health Information System (PHIS) in hospitals across Limpopo.

The first implementation of the PHIS began in 1997. The Medicom system was implemented by consultant A at a cost of approximately R112 million. In 2001, consultant B was appointed to replace the Medicom system with the Unicare system at a cost of R90 million. In 2006, the department contracted consultant C to implement a new Medicom system to replace the Unicare system, at a cost of approximately R265 million.

At the time of the audit, the Special Investigating Unit (SIU) was investigating the implementation of the PHIS by consultant C. Certain information requested during the audit was with the SIU and other information could not be provided by the department. This resulted in some audit procedures not being conducted.

1.1 Insufficient planning and a lack of skills resulted in the three consultants being appointed at a total cost of approximately R467 million until 6 July 2010, for a system that is, to date, not fully implemented and operational.

Table 5: Costs incurred on the PHIS since 1997 by consultants

<table>
<thead>
<tr>
<th>CONSULTANT</th>
<th>PERIOD</th>
<th>SYSTEM</th>
<th>COST INCURRED R’MILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultant A</td>
<td>1997-2000</td>
<td>Medicom</td>
<td>112</td>
</tr>
<tr>
<td>Consultant B</td>
<td>2001-2006</td>
<td>Unicare</td>
<td>77</td>
</tr>
<tr>
<td>Consultant B (extension)</td>
<td>2006-2006</td>
<td>Unicare</td>
<td>13</td>
</tr>
<tr>
<td>Consultant C</td>
<td>2006-2010</td>
<td>New Medicom</td>
<td>265</td>
</tr>
<tr>
<td><strong>Approximate cost incurred</strong></td>
<td></td>
<td></td>
<td><strong>467</strong></td>
</tr>
</tbody>
</table>

Implementation of the PHIS was affected by the following:

- Consultant A

  The budget was exhausted and technical challenges were experienced. At the end of the contract, the Medicom system had been implemented at only 23 of the 43 contracted hospitals.

- Consultant B

  The consultant was appointed to implement the Unicare system at the remaining 20 hospitals. However, the proposal did not comply with either the department’s original specifications or national guidelines and specifications. The project was implemented without a project charter and an SLA. The contract expired on 28 February 2006 and the Unicare system was disabled in April 2007.

- Consultant C

  By 23 June 2009, several deliverables were not met as the department did not supply the required hardware. The approved budget for the project was spent, which resulted in the department’s request for an investigation by the SIU.

Since 1997 the PHIS, which is not fully implemented and operational, has cost approximately R467 million

10 Computer hardware refers to the components of a computer such as the monitor, keyboard, routers and printers.
1.2 Consultant C faced similar constraints as consultants A and B in developing and implementing the PHIS:

- The department’s lack of capacity to drive a project of this magnitude and complexity. The department could not provide the following capacity:
  - Four project managers, as agreed with consultant C
  - A qualified programme manager
  - A technical manager.
- Inadequate representation of the department on the project’s technical committee
- The department’s failure to act in 2007 on learning that the State Information Technology Agency (SITA) did not have the resources to support it.

The department did not have the budget required to appoint the staff needed, which led to it being unable to adequately plan and monitor the implementation of the system.

1.3 The department did not plan or budget for the information technology (IT) hardware and infrastructure required to implement the PHIS. The contract between the department and consultant C stipulated that all items of IT hardware and infrastructure would be provided in time by the department.

1.4 Invoices for the period June 2007 to March 2008 were not paid by the department within the stipulated timeframes. The SLA between the department and consultant C provided for invoices to be paid within 30 days. The department incurred interest of R5 million as a result of these late payments. The senior manager of IT was charged with gross negligence for the late payment of these invoices.

The dependency of the project on IT hardware and infrastructure was discussed at the first project steering committee meeting held on 21 November 2006. This was further escalated to the head of the department. The lack of IT hardware and infrastructure delayed efficient and effective project delivery and milestones. It also had an impact on training departmental staff in the use of the system.

As at 23 June 2009, the following key deliverables were not implemented:

- The Pharmaceutical Logistics System
- Customisation to meet user requirements
- Interfaces with other government information systems
- The train-the-trainer programme
- An upgraded helpdesk system
- Change management and communication, which were required to strengthen the use and acceptance of the system
- The transfer of skills to the department’s personnel, who needed assistance in understanding and taking ownership of the system to ensure its sustainability.

The project was not well managed and its objectives were not fully achieved. The project was uneconomical as the full contract value was paid despite the system not being fully implemented. Of the 24 modules implemented by consultant C, 15 were still not used due to the infrastructure limitations/problems. For example, in hospital wards there was no network infrastructure and computers.
The estimated cost of completing the implementation of the new Medicom system could not be provided by the department.

2. INFORMATION TECHNOLOGY SERVICES

SITA was contracted from April 2005 to perform the following IT services on behalf of the department:

- Server hosting and management services
- Server housing services (from 2008)
- Functional application support
- Business advisory services
- Local Area Network and desktop support services
- Wide Area Network support.

The department spent R94 million on SITA computer services during the 2007-08 and 2008-09 financial years.

2.1 The department did not have sufficient internal staff to monitor the services rendered by SITA. The department had established 17 management positions and three assistant positions to plan and monitor IT activities. Of the 20 positions established, only one senior manager and two assistant positions were filled during the 2007-08 and 2008-09 financial years. A moratorium on filling vacancies led to the vacant positions not being advertised in the 2007-08 and 2008-09 financial years.

The only senior manager was suspended on 19 May 2008 for 21 months due to allegations of misconduct. A SITA employee was informally appointed to act as senior manager. This led to SITA monitoring their own services, including reviewing and approving their own timesheets.

The failure of the department to employ senior personnel in these management positions led to the following deficiencies in the management process:

- The services rendered by SITA were not adequately reviewed
- The costing model was not reviewed (the cost of the majority of services was fixed)
- The department’s requirements and the SLAs were not reviewed in detail
- The personnel structure was not reviewed
- The information and communication strategy for the department was not clear.

2.2 The department could not provide documentation to prove that it had re-evaluated its needs when renewing the SLAs annually. For example, the extent of skills required from SITA staff for the PHIS project and the level of experience that would ensure the project’s success, were not analysed.

Furthermore, the SLAs were deficient, as they did not include:

- Roles and responsibilities
- Project deliverables
- Time frames
- Monitoring processes
- Performance management.
REGULATORY FRAMEWORK
REGULATORY FRAMEWORK

While the Constitution of the Republic of South Africa of 1996 makes provision for the procurement of services by the public sector, various laws, regulations and policies, documents and guidance material pertaining to consultants have been issued over the past 10 years. Among these are:

- Supply Chain Management: A Guide for Accounting Officers (February 2004) and National Treasury Practice Note Number SCM 3 of 2003 (December 2003), issued by the National Treasury
- Standard Chart of Accounts Toning Project Summary Report (21 December 2007), issued by the National Treasury
- Public Service Regulations (2001), issued by the Department of Public Service and Administration
- Guide on Hourly Fee Rates for Consultants (annual publication), issued by the Department of Public Service and Administration
- Use of Consultants in the Public Service (September 2001), issued by the Department of Public Service and Administration

SUPPLY CHAIN MANAGEMENT

In Supply Chain Management: A Guide for Accounting Officers (Supply Chain Management Guide), February 2004, Chapter 5, and National Treasury Practice Note Number SCM 3 of 2003 (December 2003 – Practice Note 3), the following is stated with regard to consultants:

The term consultant includes, among others, consulting firms, engineering firms, construction managers, management firms, procurement agents, inspection agents, auditors, other multinational organisations, investment and merchant banks, universities, research agencies, government agencies, non-governmental organisations (NGOs) and individuals.

Accounting officers may use these organisations as consultants to assist in a wide range of activities such as policy advice, accounting officers’ reform management, engineering services, construction supervision, financial services, procurement services, social and environmental studies and identification, preparation and implementation of projects to complement accounting officers’ capabilities in these areas.

Consultants should only be engaged when the necessary skills and/or resources to perform a project/duty/study are not available and the accounting officer cannot be reasonably expected either to train or to recruit people in the time available.

The relationship between the accounting officer and the consultant should be one of purchaser/provider and not employer/employee. The work undertaken by a consultant should be regulated by a contract. The accounting officer is, however, responsible for monitoring and evaluating contractor performance and outputs against project specifications and targets, and should take remedial action if performance is below standard.
STANDARD CHART OF ACCOUNTS

According to the Standard Chart of Accounts Toning Project Summary Report, consultants, contractors and agencies/outsourced services are categorised as consulting/professional services, contractors and agency/outsourced services.

Consulting/professional services refer to specialist services and skills provided that are required for the achievement of a specific objective, with the aim of providing expert and professional advice on a time and material basis. It is unnecessary to maintain these skills in-house, since they are required on a once-off or temporary basis. It further states that a consultant is a professional person appointed by the department to provide technical and specialist advice or to assist with the design and implementation of specific projects/programmes. The legal status of this person can be an individual, a partnership or a corporation.

Contractors are required to provide services that are of a non-specialised nature and that are not core business of the department. It is normally not cost-effective to maintain these skills within the department.

Agency/outsourced services refer to services where the relevant department ordinarily has the capacity and expertise to carry out these services, but for some reason is not utilising its own staff. The reasons might include temporary incapacity or the outsourcing of services to save costs, for example cleaning, security and recruitment.

PUBLIC SERVICE REGULATIONS

In terms of the Public Service Regulation (PSR) J.3, Part III: Planning, Work Organisation and Reporting of Chapter 1 of the PSR, 2001, a consultant means:

A natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- The rendering of expert advice
- The drafting of proposals for the execution of specific tasks
- The execution of specific tasks which are of a technical or intellectual nature but exclude an employee of a department.
Mandate

This performance audit was conducted in accordance with the mandate conferred by section 188(4) of the Constitution of the Republic of South Africa, 1996, read in conjunction with sections 5(3) and 20(3) of the Public Audit Act, 2004.

While it is not within the Auditor-General's mandate to question policy, the Auditor-General does assess the effects of policy (in terms of the principles of economy, efficiency and effectiveness) and the overall management measures that lead to policy decisions.

Purpose of Performance Auditing

Performance auditing is an independent, objective and reliable examination of whether government undertakings, programmes, systems, activities or organisations are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance auditing seeks to provide new information, analysis or insights and, where appropriate, recommendations. Subject matter is not limited to specific programmes, entities or funds, but can include topics related to service delivery, value for money or effects of regulations. Performance auditing places special focus on citizens. The primary questions being asked are whether government is "doing the right thing" and doing this "in the right and least expensive way".

The reports generated through the performance auditing process inform Parliament and other institutions charged with oversight of the extent to which audited entities:

- Procure resources of the right quality in the right quantities at the right time and place at the lowest cost (economy)
- Achieve the optimal relationship between the output of goods, services or other results and the resources used to produce them (efficiency)
- Achieve policy objectives, operational goals and other intended effects (effectiveness).

Advantages of Performance Auditing

Performance auditing benefits government by:

- Promoting good governance, accountability and transparency
- Creating mechanisms for change and improvement
- Contributing to learning and change and serving as a basis for decision-making.

Promoting good governance, accountability and transparency

Performance auditing assists those charged with governance and oversight to improve their performance. This is done by examining whether decisions by the legislature or executive authorities are efficiently and effectively implemented, and whether citizens have received value for money. It provides constructive incentives for the responsible authorities concerned to take appropriate action.
Performance auditing affords taxpayers, financiers, ordinary citizens, and the media an insight into the management and outcomes of different government activities. It contributes in a direct way to providing useful information to the citizen while also serving as a basis for governmental learning and improvement.

Creating mechanisms for change and improvement

In the private sector, a company’s success can be assessed by its ability to generate a profit. A company that does not continually improve will ultimately be forced to leave the market. There is no similar mechanism in the public sector. While it is possible to reorganise activities in the public sector, and even close some agencies, even the most unsuccessful key ministry will keep some necessary functions.

This requires the public sector to create different mechanisms to measure results and ensure continual improvements in government entities. Performance budgeting, management and reporting are commonly used as such a mechanism. Performance auditing plays a role in highlighting problems and promoting change.

Contributing to learning and change and serving as a basis for decision-making

Performance auditors are not a part of the system they audit, which makes it easier to objectively listen to the views and knowledge of different stakeholders at different levels of the public administration. This enables performance auditors to impart new knowledge and understanding to stakeholders. Such new knowledge promotes learning and change.

As resources are scarce, the efficient and effective achievement of objectives is emphasised. Decisions need to be made on how to prioritise different programmes and ministries. Performance auditing serves as a basis for decisions on how to prioritise and make better use of available resources.

DIFFERENCES BETWEEN PERFORMANCE AUDITING AND OTHER TYPES OF AUDITING

The three recognised types of government auditing are:

- Financial auditing
- Performance auditing
- Compliance auditing.

The concept of regularity auditing covers both financial and compliance auditing. Performance auditing may include dimensions of compliance, but not as an end in itself. In performance auditing, compliance with rules and regulations is a tool to assess the performance of the audited entity.

The main differences between regularity auditing and performance auditing are highlighted below.

<table>
<thead>
<tr>
<th>ASPECT</th>
<th>PERFORMANCE AUDITING</th>
<th>REGULARITY AUDITING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>Assess whether the performance of the audited entity meets the three Es (economy, efficiency and effectiveness)</td>
<td>Assess financial statements, financial management and whether the accounts are true and fair</td>
</tr>
<tr>
<td>Starting point</td>
<td>Presumed problems</td>
<td>Done on an annual basis</td>
</tr>
<tr>
<td>Focus</td>
<td>The performance of the organisation/programme and its activities</td>
<td>The accounting and financial management systems</td>
</tr>
<tr>
<td>Academic base</td>
<td>Interdisciplinary (economics, political science, engineering, health, education, etc)</td>
<td>Accounting and financial management</td>
</tr>
</tbody>
</table>
**PERFORMANCE AUDIT PROCESS**

The audit process was standardised and guided by the *Performance Audit Manual of 2008*, which sets out the policies, standards and guidelines for the planning, execution, reporting and following up of performance audits conducted in the public sector.

As required by the *Performance Audit Manual*, sufficient audit evidence was obtained for the findings and illustrative examples contained in this report. These examples have been included to illustrate the consequences and effects of deficient management measures and are not collectively a full reflection of the extent of audit work conducted at entities.

The Auditor-General of South Africa expects that the deficiencies highlighted and the recommendations made in this regard will give rise to sustained corrective action by the management of audited entities.

**FOCUS AREAS AND KEY AUDIT QUESTIONS**

The performance audit on the use of consultants sought to answer the following key questions:

<table>
<thead>
<tr>
<th>FOCUS AREA</th>
<th>KEY AUDIT QUESTIONS</th>
<th>PRINCIPLE ADDRESSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning and appointment process</td>
<td>Did departments analyse the cost-effectiveness of permanent capacity versus using a consultancy, while ensuring continuity and service delivery?</td>
<td>Economy</td>
</tr>
<tr>
<td></td>
<td>Was consideration given to whether the objectives of the department would be better achieved through the appointment of consultants or permanent staff?</td>
<td>Effectiveness</td>
</tr>
<tr>
<td></td>
<td>Were competitive and transparent appointment processes followed?</td>
<td>Economy</td>
</tr>
<tr>
<td></td>
<td>Were effective recruitment and appointment processes followed to limit the duration of consultants’ appointments?</td>
<td>Efficiency</td>
</tr>
<tr>
<td></td>
<td>Was proper contract administration provided for, including setting proper milestones, performance targets, monitoring systems, roles and responsibilities and the transfer of skills?</td>
<td>Efficiency</td>
</tr>
<tr>
<td>FOCUS AREA</td>
<td>KEY AUDIT QUESTIONS</td>
<td>PRINCIPLE ADDRESSED</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------</td>
</tr>
</tbody>
</table>
| **Internal capacity at departments** |  1. Was there a lack of permanently appointed staff with the necessary skills and experience in the departments, which necessitated the appointment of consultants as a compensating measure?  
2. Were consultants employed in high or critical positions such as CFO, etc?  
3. Were departments using consultants because the internal processes to appoint permanent staff were inefficient and ineffective?  
4. Were consultants employed to monitor the work of other consultants or to compile specifications for tenders, for which they then tendered?                                                                                                                                                                    | Economy             |
|                                  |                                                                                                                                                                                                                                                                                                                                                   |                     |
|                                  |                                                                                                                                                                                                                                                                                                                                                   | Effectiveness       |
|                                  |                                                                                                                                                                                                                                                                                                                                                   | Efficiency          |
|                                  |                                                                                                                                                                                                                                                                                                                                                   | Efficiency and effectiveness |
| **Training and transfer of skills from consultants to employees** |  1. Did the consultant transfer skills efficiently and effectively to departmental staff to enable the staff to do the work, thereby limiting the duration of the consultancy appointment?                                                                                       | Efficiency and effectiveness |
| **Performance management and monitoring of consultants** |  1. Did departments monitor and control the work of the consultant to ensure that the quality of the work performed matched the required deliverables and that it was achieved in the most efficient and cost-effective manner?  
2. Were alternative options considered to ensure that the objectives and business needs were achieved in a timely and cost-effective manner?  
3. Did departments have controls in place to avoid contracts being prolonged?                                                                                                                        | Efficiency          |
|                                  |                                                                                                                                                                                                                                                                                                                                                   | Economy and effectiveness |
|                                  |                                                                                                                                                                                                                                                                                                                                                   | Economy and efficiency |

<table>
<thead>
<tr>
<th>FOCUS AREA</th>
<th>KEY AUDIT QUESTIONS</th>
<th>PRINCIPLE ADDRESSED</th>
</tr>
</thead>
</table>
| **Extensions of contracts**        |  1. Did departments regularly extend consultants’ contracts and did the department consider alternatives before extending a contract?  
2. Did departments have controls in place to avoid contracts being prolonged?                                                                                                                                                                                                       | Economy and efficiency |
|                                  |                                                                                                                                                                                                                                                                                                                                                   | Efficiency          |
| **Closing and finalising projects** |  1. Did departments close the consultancy properly to ensure that all the deliverables were met, implemented and properly filed?  
2. Did departments compare the consultants’ services rendered with the product delivered to ensure that the project was economically concluded, that the department obtained value for its money and that lessons learnt were incorporated in future engagements?  
3. Were consultancy reports provided at the closing of the project to provide information on consultants appointed to supplement or replace existing capacity to perform normal operational functions? | Effectiveness |
|                                  |                                                                                                                                                                                                                                                                                                                                                   | Economy and effectiveness |
|                                  |                                                                                                                                                                                                                                                                                                                                                   | Efficiency          |