



cutting through complexity

# KPMG's Major Project Services

## Capability Statement

ADVISORY





## Challenges facing your company during infrastructure development and your capital project implementation....

The execution of infrastructure projects will present your company with risk and challenges. Having the appropriate governance structures, policies, processes and systems in place supported by the appropriate level of oversight and control in place is critical, only in doing so can internal and external risks be mitigated.

### Some of the key challenges facing your company are:

- Increasing project size and complexity
- Shortages of skilled resources with relevant major project experience
- Unreliable project reporting and project information
- Complexity of governance requirements impacting project decision making and approvals
- Ineffective detection and prevention of cost and schedule overruns, fraud, waste and asset abuse on the capital project
- Inadequate project controls, policies, procedures and systems for implementation of the infrastructure projects across your portfolio
- Lack of adequate project front end loading
- Regulatory requirements and approvals

KPMG's global infrastructure service is a unique offering which can be tailored to meet your company's needs across the entire capital project.

**GLOBALLY CONNECTED**

**LOCALLY  
RELEVANT**

**I N D E P E N D E N T**  
**GLOBAL EXPERTISE**  
Integrated across lifecycle. Local and global capacity  
**DEEP, SPECIALISED SKILLS**

## Introduction to KPMG's Infrastructure and Capital Project Services

KPMG has provided services to the financiers, owners and contractors on a range of large scale infrastructure projects globally and in SA. We provide a seamless range of advisory and assurance services to support you through the lifecycle of infrastructure projects. KPMG draws on a global team of infrastructure experts and proven methodologies.

KPMG's team has advised on some of the largest infrastructure projects undertaken in South Africa, including a range of significant power, oil and gas, water, construction and mining projects. Our offering covers the full project lifecycle from strategy to operations.

### A SEAMLESS OFFERING OVER THE INFRASTRUCTURE LIFE CYCLE



### We have specialist skills in a range of areas, including:

- Enterprise, Financial and Project Risk Management
- Internal Audit
- Forensic Investigations
- Dispute Advisory
- Economics reviews
- Climate Change and Sustainability Services
- Cost Optimisation Strategies and reviews
- Feasibility Studies
- Contract Compliance Services
- Regulatory Compliance Services
- Dispute Advisory Services
- Tax Planning and reviews
- Stakeholder reviews
- Relationship Management reviews

### KPMG's integrated team have advised on a range of infrastructure projects covering the following sectors:

- Power plants (coal, gas, hydroelectric, renewable energy and nuclear)
- Civil construction
- Rail
- Port facilities
- Pipelines
- Water
- Airports
- Oil and gas
- Mining
- Telecommunications
- Roads
- Project Data Analytics

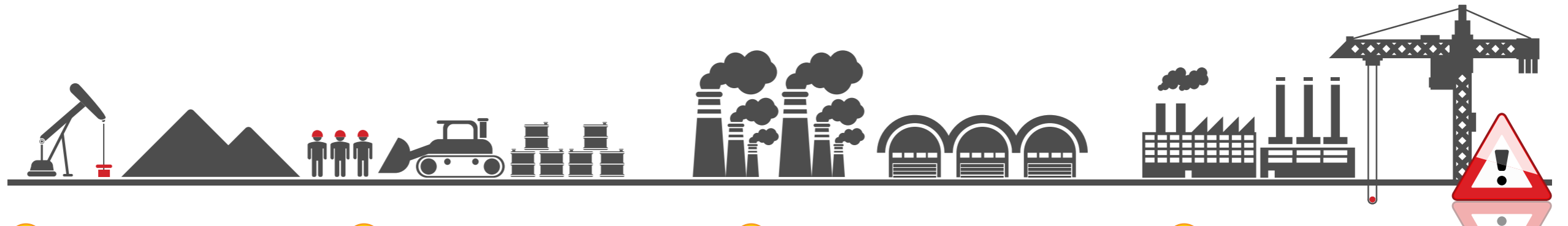


# How can we assist you in developing your strategy?

STRATEGY AND DEVELOPMENT PHASE

Your company's infrastructure development and capital project covers investments across South Africa and Africa.

You will be faced with significant challenges and our professionals are ready to assist.



## Financing your Infrastructure and Capital Projects

- Business case reviews
- Policy and regulatory framework reviews and advisory
- Infrastructure planning
- Market analysis and planning
- Organisational development

## Tax and your Infrastructure and Capital Projects

- Corporate tax - compliance requirements for your infrastructure and capital project
- Tax guidance – regulatory frameworks and understanding the tax implications

## Economics and your Infrastructure / Capital Project

- Econometric modeling
- Economic impact analysis
- Development economics
- Economic growth analysis

## Risk assessment and analysis covering project risks, including

Economic factors, finance, people, regulatory, market, supply, cost, commercial, timing, environmental, public sector capacity, intergovernmental cooperation, stakeholder relations, project and high-level operational risks.

## Sustainability

- Carbon Markets and Economics
- Climate Change Strategy and Carbon, Monitoring, Reporting and Verification (MRV)
- Climate Financing
- Project Environmental Impact Assessment (EIA) review

## Major Projects Advisory Tailored to meet your needs

- Project Prioritisation and Selection guidance
- Assistance with option analysis
- Project costing reviews
- Socio economic impact studies
- Schedule integrity reviews and reviews of Work Breakdown Structures (WBS)
- Investment decision support
- Contracting Strategy advisory and review

### OUR CREDENTIALS

Project	Client
Thermal and Hydro Power Stations	Zimbabwe Power Corporation
Medupi & Kusile Projects, Risk Assessment & Assurance	Murray & Roberts Projects
Capital Projects Portfolio Review and Development	Anglo American, etc.



# How can we assist you during the procurement and financing phase?

## PROCUREMENT AND FINANCING PHASE



### Financing your Infrastructure and Capital Projects

- Buy and sell side advice
- Project finance
- Financial structuring for your capital project
- Bid evaluations

### Risk

- Risk assessment and analysis covering macro and micro level risks, including:
- Contractual risk allocation
- Risk Allowances (schedule and cost)
- Review of cost estimates

### Tax and your Capital Project

- Tax compliance – corporate
- Indirect tax guidance and consulting
- Tax implementations and structuring

### Major Projects Advisory Covering your Procurement and Financing Phase

- Guidance and review of your contracting structure
- Project governance structures
- Project Breakdown structures
- Owners team capacity assessments
- Owners organisation review

- Socio economic contract provisions
- Adjudication support covering the full your company tendering process
- Design status reviews
- Feasibility study assessments

### Understanding the Economics of your Capital Project

- Cost optimisation
- Cost benefit analysis
- Economic policy review

### Forensics — on Demand Services

- Vendor screening
- Compliance and monitoring services
- Records risk management
- Fraud risk management
- Continuous Control Monitoring

### Internal Audit, Risk & Governance

- Procurement reviews
- Vendor selection criteria and process
- Governance structures and adherence
- Business readiness reviews

#### OUR CREDENTIALS

Project	Client
TUHF Equity Investment Advisory	TUHF
Aluminium Smelter	Mozal
Stainless Steel Plant	Columbus Stainless Steel
Stainless Steel Plant	Saldanha Steel
Gautrain Project – Socio-Economic Monitoring	Bombela JV

HIGH PERFORMING  
**PROFESSIONALS**  
 CUTTING THROUGH COMPLEXITY

KPMG professionals will provide your company with focused industry knowledge, multidisciplinary teams, and substantive experience in managing both the financial and technical aspects of infrastructure and capital projects.



# How can we assist you during the delivery and construction phase?

## Monitoring and measuring your project delivery through our Major Project Advisory and Assurance offerings

- Commercial oversight during delivery and construction
- Assessment of Reporting Integrity
- Project control environment review
- Contractor and vendor system interface reviews
- Review of claims and entitlements
- Scope change management and approval
- PMO set up and status reporting

## Internal Audit and Assurance

- Contractor management reviews
- Residual risk assessments
- Combined assurance programmes
- Asset protection and security
- Contract Compliance Services
- Internal control design and effectiveness reviews
  - Bulk material reconciliations
  - People processes
  - Procure to Pay
  - Revenue to Cash
- Governance structure reviews
- IFRS compliance reviews
- Documentation controls
- IT and information safeguarding
- Ethics reviews

### OUR CREDENTIALS

Project	Client
Gautrain Project – Socio-Economic Monitoring	Bombela JV
Medupi Project – Construction Review	Murray & Roberts
Kusile Project – Construction Review	Murray & Roberts
Sishen Expansion Project – Ongoing Monitoring	Kumba Iron Ore

## DELIVERY AND CONSTRUCTION PHASE

## Ongoing Risk Assessment and Analysis During Construction

- Risk assessment and analysis covering project level risks including:
  - Cost and schedule
  - Contractual compliance
  - Upside and opportunity risks
  - Lessons learnt and identification
  - Benefits realisations testing

## Oversight of Finances during Delivery and Construction

- Project finance oversight during delivery and construction
- Cash flow protections & management
- Contract compliance reviews
- Escalation modeling & projections

## Tax and Regulatory Compliance Monitoring

- Tax compliance
- Indirect tax advisory
- Regulatory compliance

## Forensics

- Compliance and monitoring
- Dispute advisory
- Expert witness
- Evidence and discovery management
- Data analytics and Continuous Control Monitoring
- Fraud prevention & detection

## Sustainability

- Sustainability reporting and assurance

## Stakeholder Management

- Relationship management reviews
- Stakeholder communication

### OUR CREDENTIALS

Project	Client
Sishen South Project – Ongoing Monitoring	Kumba Iron Ore
Coal – Commercial Management and Design Review	EXXARO
ENRL – Project Review	ENRL
Project Inkwezi – Establishment Review	PetroSA



# How can we assist you during the operations phase?

OPERATIONS AND PERFORMANCE

## Major Project Advisory - Operations and Beyond

- Review of operational effectiveness
- Post-implementation reviews
- Hand over compliance reviews (quality)
- Assistance with close-out across the project

## Risk Management

- Risk identification and assessment
- Implementation of risk management processes
- Risk mitigation planning and implementation monitoring
- Review of operational and performance risks
- Review of risk management systems and “gap analysis”

## Forensics

- Compliance and monitoring
- Data analytics and Continuous Monitoring
- Digital evidence recovery
- Expert witness
- Dispute advisory

## Financing — into operation and performance monitoring

- Asset management
- Cost takeout
- Contract monitoring

## Tax - Operations

- Tax compliance during operations

## Sustainability

- Sustainability reporting and assurance
- Post implementation socio economic review

## Economics - Optimising your Operational Performance and Understanding your Costs

- Cost optimisation
- Modelling for operational performance

## Operational Effectiveness

- Fit for purpose diagnostics
- Cost reduction
- Benchmarking
- Organisational optimisation

## Internal Audit and Assurance

- Internal control design and effectiveness reviews:
  - People
  - Procure to Pay
  - Revenue
- Maintenance process reviews and compliance
- Warranty and retention management
- Operations and production process reviews
- Contract compliance
- Financial and operational reporting reviews

### OUR CREDENTIALS

Project	Client
Post-implementation Reviews – Anglo Portfolio Wide	Anglo American
Sishen Expansion Project – Close Out Assistance	Kumba Iron Ore
Kolomela Project – Close Out Assistance	Kumba Iron Ore
Sishen Expansion Project – Ongoing Monitoring	Kumba Iron Ore
NMPP – Prudency Review	Transnet
Cape Town Container Terminal – EPCM cost Review	Transnet



Your company will have access to a global network of professionals through KPMG’s offering. We understand projects and we understand your challenges.

# Meet the team - South Africa

The South African Infrastructure and Capital project team consists of experienced professionals ready to serve your company.



## De Buys Scott

### Position

Partner: Head of KPMG's Debt & Structured Finance Division, Head of Financing, Global Infrastructure and Projects Group SA ("GIPG") and Joint CEO of GIPG Africa

### Experience

De Buys has in excess of 23 years of experience in transaction advisory services on Public-Private-Partnerships, Corporate & Project Finance, Procurement, Disposals and Capital-raising in various sectors including health, hospitals, passenger rail and office accommodation for national government departments.



## Jeff Shaw

### Position

Partner: Africa Lead – Major Projects Advisory

### Experience

Jeff has been extensively involved in the establishment and operation of major projects both in South Africa and internationally. These projects have covered large geographic areas and involved multi billion dollar expenditure on a large number of interrelated projects.



## Eugene Mwansa

### Position

Associate Director: Management Consulting

### Experience

Eugene is a qualified Mechanical Engineer (BEng) and a registered Professional Engineer (Pr Eng). In addition, Eugene holds a Masters Degree in Business Administration (MBA) from Witwatersrand University.



## Ashley Smith

### Position

Managing Partner: Internal Audit, Risk and Compliance Services Europe, Middle East and Africa

### Experience

Ashley joined KPMG 20 years ago and has gained experience across a wide spectrum of industries and clients. He heads up IARCS for EMA and supports their integrated approach Assurance through a leading resource base of 450 people.



## Johan de la Rey

### Position

Partner: Major Project Assurance

### Experience

Johan has been extensively involved in providing risk management and internal audit assurance services to a wide variety of industries over the last 26 years. Specific experience includes Eskom Power Station Programme, Sasol Pipelines, Transnet and the Construction Industry.



## Walter Palk

### Position

Partner: IT Advisory

### Experience

Walter has been with KPMG for over 16 years, four of which have been spent in the Canadian practice of KPMG (focusing on the Energy and Forestry sectors) and prior to that, two years in the firm's UK financial sector practice. Walter is primarily responsible for providing assurance on large IT Project implementations, leading IT Risk and Advisory services to clients in a range of industries, and focusing specifically on internal audit, Project Risk Management, regulatory risk management (Sarbanes-Oxley Act) and IT Governance.

Our experience base covers a range of sectors and engagements, **with our team equipped to work with you on your key projects across the full project.**



## Mike Roos

### Position

Associate Director: Forensics

### Experience

Mike Roos advises clients on best practice for continuous control monitoring, fraud risk assessments and has extensive dispute resolution experience.



## Shireen Naidoo

### Position

Climate Change and Sustainability

### Experience

Shireen brings more than 20 years of experience in the Health, Safety and Environmental (HSE)/Sustainability field, the last 12 of which have been predominantly in the mining sector, relating to sustainability reporting and assurance (including ICM, GRI the UN Global Compact and the Mining Charter), HSE due diligence and environmental rehabilitation provisions.



## Andre Groenewald

### Position

Partner: Forensics

### Experience

André provides fraud risk management services, which includes fraud risk assessments of business processes and major projects implementing fraud prevention policies and advising clients on effective fraud risk management strategies. He is also active in Dispute Advisory Services.



## Frank Blackmore

### Position

Associate Director: Senior Economic Advisor

### Experience

Frank's key areas of experience include econometric modeling, cost optimisation, indexation of cash flows, economic impact analysis, development economics, cost benefit analysis, financial economics, economic growth analysis, economic policy and financial mathematics.



## Kerry Jenkins

### Position

Partner: Regulatory Compliance

### Experience

Kerry's key experience is in Governance and Regulatory Compliance programmes. She has serviced a variety of clients and industries in this regard in her 15 years with KPMG.



## Marlene Pappas

### Position

Partner: Contract Compliance

### Experience

Marlene has extensive experience in performing contract compliance services to a variety of international clients, including the construction industry.



## Gavin Maile

### Position

Partner: Africa Construction Markets

### Experience

Gavin leads the Africa Construction Market for KPMG and has more than 20 years experience in this field.



## Meet the team - Global

The Global infrastructure leadership team consists of specialists working across Europe, North America, South America and Asia-Pacific. Our practice therefore has **access to leading professionals in the infrastructure and capital projects area.**



### Nick Chism – United Kingdom

**Position**

Global Lead – Global Infrastructure and Projects Group (GIPG)

**Experience**

Nick Chism is KPMG’s global head of infrastructure. Global Infrastructure is a strategic growth area of KPMG globally. It is a network of 3000 professionals, advising infrastructure contractors, operators and investors, as well as governments, on the development, procurement, financing, delivery and acquisition/disposal of infrastructure assets worldwide.



### Geno Armstrong – USA

**Position**

Global Lead – Major Project Advisory

**Experience**

Geno has over 20 years of domestic and international development and construction experience. Geno holds primary specialisation in assisting clients with real estate and construction development strategies, troubled project recovery, claims and disputes.





# About KPMG - Who we are

GLOBALLY CONNECTED

**LOCALLY**  
RELEVANT

KPMG is a global network of professional services firms whose aim is to turn understanding of information, industries, and business trends into value. Constantly striving to be better lies at the heart of what makes us different.

For almost 100 years, KPMG has provided very high calibre professional services to its clients. Today, having successfully grown to be one of the largest professional services organisations in the world, KPMG is acknowledged as a leader in all forms of Audit, Tax, and Advisory services with a global approach to services that spans industry sectors and national boundaries. Global capability and consistency are central to the way we work. By providing global organisations with the same quality of service and behaviour around the world, we can work with them wherever they choose to operate. Our industry focus helps KPMG people to develop a rich understanding of clients' businesses and the insight, skills and resources required to address industry-specific issues and opportunities.

## KPMG FACTS AND FIGURES



**KPMG has a large client base** representing commercial, financial and government interests in virtually every sector of the global economy.

### KPMG clients include

**413** of Fortune's Global 500 leading companies

**388** of Financial Times' Global 500 companies

**67** of the 75 insurance companies listed in the Global 1200 (2009)

**141** of the 191 Banking companies listed on the Global 1200 (2009).

### KPMG in Africa

KPMG is well represented across the African continent. Our objectives are to provide consistent, high-quality services to multi-national, regional and local clients and to enhance the product offering in certain previously under-served markets. Our extensive network of practices enables KPMG to ensure that our clients have access to a blend of professionals who are well versed with local conditions, giving them access to skilled resources, no matter where they are in Africa.



### KPMG in South Africa

- South African member firm of KPMG International
- Operating in South Africa since 1895
- One of the largest Audit, Tax and Advisory firms with 11 offices in South Africa
- Over 3 000 professionals
- More than 250 Directors



With

**145 000**

**PEOPLE WORLDWIDE**  
KPMG member firms provide **ASSURANCE tax and legal and financial advisory services** FROM MORE THAN

**715 cities** in 152 countries.



KPMG has some

**7 900 partners**

and **145 000 staff** serving over **180 000 clients** including **1 400** of the worlds

**6 000 largest corporations.**

Worldwide fee income of **US\$ 20.63 billion** in 2010 and **US\$ 22.7 billion** in 2011.



# About KPMG in Africa

GLOBAL CONSISTENCY

**LOCAL**  
DELIVERY

Africa is showing extraordinary potential and KPMG is well positioned to serve our clients' needs across the continent. KPMG is therefore operational across the African continent.

KPMG is well represented across the African continent. Our offices in Africa are officially integrated, and are managed as one practice across the continent. Individual countries retain their legal independence and local Director ownership. KPMG's objectives are to provide consistent, high-quality services to multi-national, regional and local clients and to enhance the product offering in certain previously under-served markets. Our extensive network of practices enables KPMG to ensure that our clients have access to a blend of professionals who are well versed with local conditions, giving them access to skilled resources, no matter where they are in Africa.

CURRENTLY **KPMG PRACTICES** ARE SITUATED

Angola Botswana Kenya Malawi Mauritius Mozambique

IN THE FOLLOWING COUNTRIES

Ghana Namibia Nigeria Sierra Leone South Africa Swaziland Tanzania Uganda Zambia Zimbabwe

## What makes KPMG Africa different?



**COMPREHENSIVE**  
**'African Footprint'**  
ensuring we can be where  
**our clients are**  
and that we know each other,

**blend** WITH A of local  
knowledge and skills



**Africa-wide**  
consistency through the implementation,  
**support and monitoring**  
of key audit and  
other initiatives  
**from a single point**



**Leaders in the**  
**KEY MARKETS**  
of Central, East, West  
and Southern Africa

**High quality**  
maintained through KPMG's  
rigorous quality performance procedures



# KPMG's Advisory Practice

Advisory works with organisations to tackle challenges in growth, governance and performance. Combining the skills of 25 000 people operating in 80 countries around the world, we seek to provide objective advice and execution to both improve and preserve the value of our firms' clients' businesses. **For further information**

## AFRICA TEAM

### De Buys Scott

Partner, Advisory  
Head of Financing, Global Infrastructure and  
Projects Group - Africa  
**M:** +27 82 551 3345  
**E:** [debuys.scott@kpmg.co.za](mailto:debuys.scott@kpmg.co.za)

### Jeff Shaw

Partner, Advisory  
Africa Lead for Major Projects Advisory  
**M:** +27 82 882 2658  
**E:** [jeff.shaw@kpmg.co.za](mailto:jeff.shaw@kpmg.co.za)

### Ashley Smith

Partner, Advisory  
Head of Internal Audit Service  
**M:** +27 83 448 9809  
**E:** [ashley.smith@kpmg.co.za](mailto:ashley.smith@kpmg.co.za)

### Johan de la Rey

Partner, Advisory  
Major Project Assurance  
**M:** +27 83 419 7404  
**E:** [johan.delarey@kpmg.co.za](mailto:johan.delarey@kpmg.co.za)

### Eugene Mwansa

Associate Director, Advisory  
Advisor  
**M:** +27 718 1963  
**E:** [eugene.mwansa@kpmg.co.za](mailto:eugene.mwansa@kpmg.co.za)

### Walter Palk

Partner, Advisory  
IT Project Assurance  
**M:** +27 83 397 2154  
**E:** [walter.palk@kpmg.co.za](mailto:walter.palk@kpmg.co.za)

### Kerry Jenkins

Partner, Advisory  
Regulatory Compliance Services  
**M:** +27 83 297 1197  
**E:** [kerry.jenkins@kpmg.co.za](mailto:kerry.jenkins@kpmg.co.za)

### Shireen Naidoo

Partner, Advisory  
Head of Climate Change and Sustainability  
Services  
**M:** +27 83 381 9235  
**E:** [shireen.naidoo@kpmg.co.za](mailto:shireen.naidoo@kpmg.co.za)

### Andre Groenewald

Partner, Advisory  
Forensics  
**M:** +27 82 719 2294  
**E:** [andre.groenewald@kpmg.co.za](mailto:andre.groenewald@kpmg.co.za)

### Gavin Maile

Partner, Advisory  
Africa Construction Markets  
**M:** +27 83 253 7165  
**E:** [gavin.maile@kpmg.co.za](mailto:gavin.maile@kpmg.co.za)

### Marlene Pappas

Partner, Advisory  
Contract Compliance  
**M:** +27 82 719 2061  
**E:** [marlene.pappas@kpmg.co.za](mailto:marlene.pappas@kpmg.co.za)

### Frank Blackmore

Associate Director, Advisory  
Senior Economic Advisor  
**M:** +27 82 712 2667  
**E:** [frank.blackmore@kpmg.co.za](mailto:frank.blackmore@kpmg.co.za)

## GLOBAL TEAM

### Geno Armstrong

Principal, Advisory  
Global Leader for Major Projects Advisory  
**T:** 415-963-7301  
**E:** [garmstrong@kpmg.com](mailto:garmstrong@kpmg.com)

### Nick Chism

Global Lead of  
Infrastructure and Projects  
**T:** +44 20 73118603  
**E:** [nick.chism@kpmg.co.uk](mailto:nick.chism@kpmg.co.uk)

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