



Major Project Assurance / Asset Maintenance

**Internal Audit, Risk and Compliance
Services:** KPMG South Africa

2016
kpmg.co.za

Introduction

Executive teams and Boards are faced with increased stakeholder and regulatory focus, pressure to grow profits whilst conducting business ethically, competitively and with a lack of surprise!

Investment decision

This is even truer when scarce capital is to be invested or spent on Capital Projects or a new IT system. Investment Committees and the Board not only require assurance that approved projects will be delivered on time and budget, but also that the overall capital portfolio is appropriately balanced and prioritised, to support the organisation's strategic objectives.

Is your project portfolio optimised?
Do you invest in the right projects at the right time?
Are they fit for purpose and aligned with your company's strategic objectives?

Asset creation

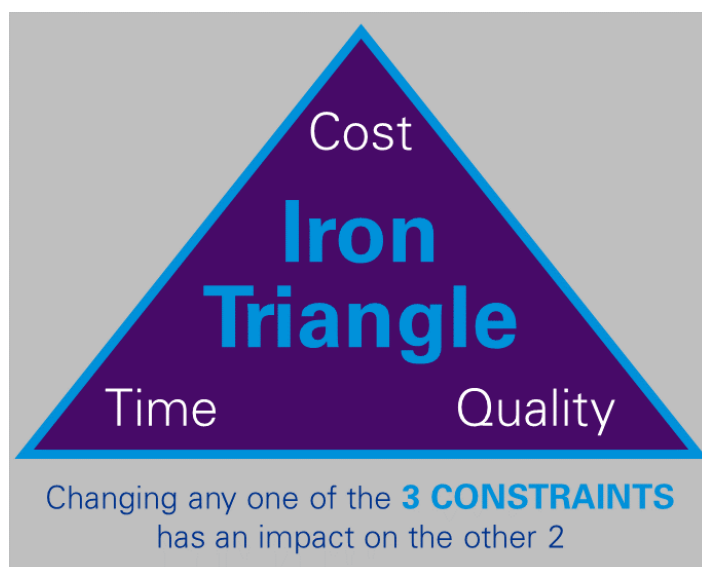
The execution of major capital projects presents owners and contractors with enormous challenges. Having appropriate governance, oversight and control in place is critical at Project Portfolio, Programme and individual Project level. Objective feedback around the health or status of projects in the portfolio, promotes key decisions around portfolio prioritisation and optimisation, and drives ongoing risk mitigation regarding project cost, timeline and scoping by project owners, developers and contractors.

Are your projects running on time and within budget?

Asset maintenance

Furthermore, the global economic downturn and prevailing local concerns and uncertainty, requires companies to critically re-assess the viability and affordability to initiate new capital programmes and projects and the completion of existing projects. Commerciality requires a focal shift to maximise the performance of newly completed assets or assets already owned. The need for a more holistic asset management process has thus become critical to the sustainability and continuation of operations.

Are assets adequately maintained to ensure optimum performance and return on investment?



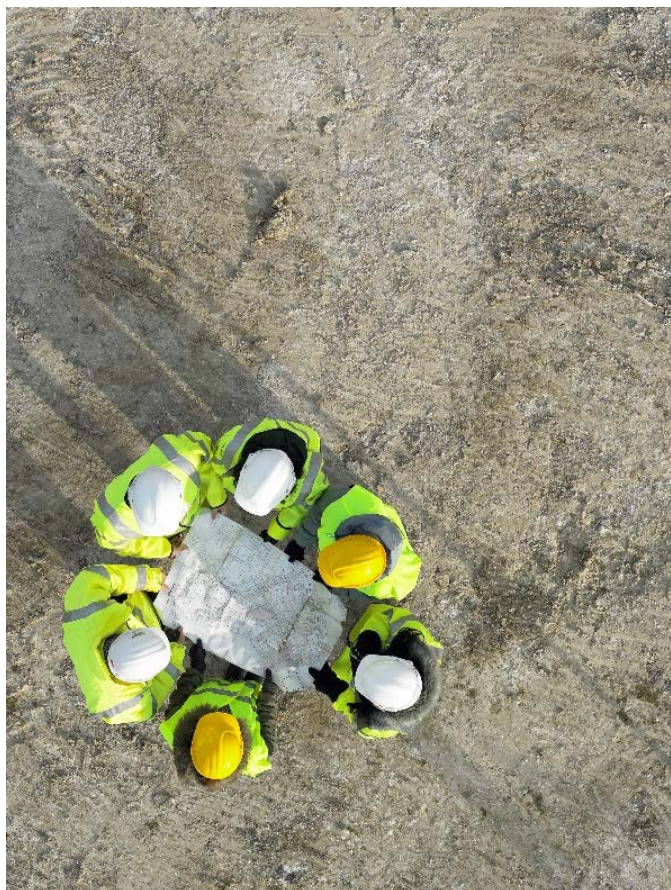
Why should I read this?

Research has shown that 91 % of projects, worldwide, are delivered late and/or over cost. Contributing factors are:

- Contractual / commercial risks
- Cost and commitment overrun "surprises"
- Lack of integrated systems (GL and Project level)
- Project control failures
- Lack of effective contractor management
- Ineffective or filtered project reporting
- Quality failures
- Poor selection of contractors or subcontractor

Are the relevant risk areas being assured and audited?

What KPMG Major Project Assurance does



KPMG's Major Project Assurance (MPA) services has a mature, end-to-end methodology to address risk and assurance at every milestone of asset creation, through concept, pre-feasibility, feasibility, project execution to operational readiness, post implementation review, asset hand over and asset maintenance stage.

Our service offering

We assess both the adequacy and effectiveness of existing controls to govern the risks that clients face during the feasibility and project execution stages, to achieve the ultimate objectives of completing projects within timeline, cost and quality parameters, whilst complying with laws and regulations. This includes the assessment of compliance with contractual requirements and the effectiveness of contractor management, by the asset owner team or EPCM service provider.

Our Capital Portfolio Governance reviews assist clients in improving management oversight over the entire project portfolio, including complex and troubled projects. Overall, our scalable and targeted services are aimed at saving our clients time and money.

Our reviews of the asset maintenance processes focus on the effective planning and execution of asset / plant maintenance, ensuring that asset achieves its intended, useful life. Our services also include project reviews of major asset refurbishment or plant shut down processes.

How we can help

Our multi-disciplinary professionals recognise that each project is unique, so we tailor our services based on the structure and complexity of the project, experience of the project delivery team, and the client's business objectives (short, medium and long-term) to ensure focus on the right risks at the right time.

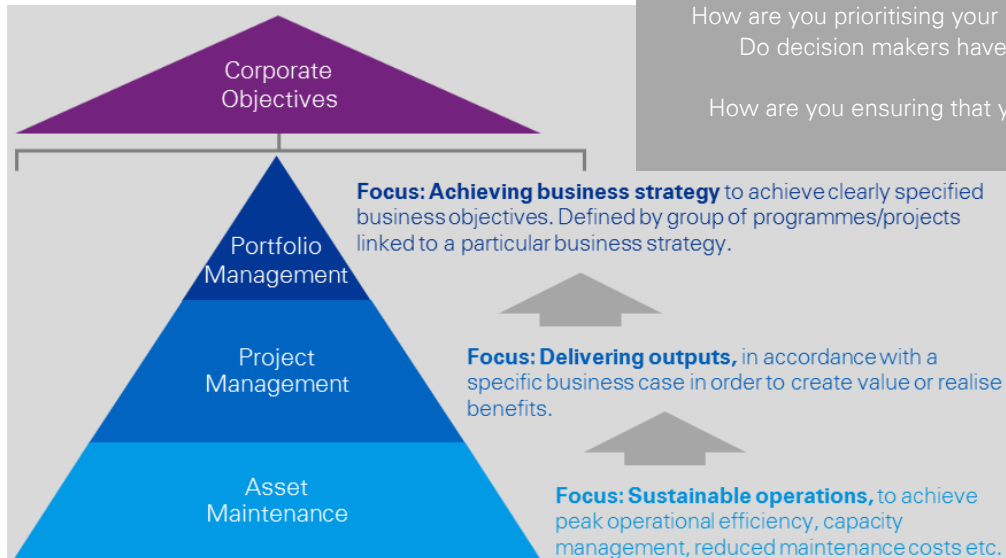
Project assurance interventions are scheduled throughout the project lifecycle at key stages of the project, tracking changes to the project's risk profile, to ensure that assurance activities focus on the relevant (existing and emerging) project risks and assurance requirements at the best possible timing.

Thus, increasing the probability of on-time and within cost project delivery, at the specified quality.

All our services can be tailored to specifically meet the needs of owners and constructors undertaking major capital projects, plant shutdowns, asset maintenance processes i.e. all clients with a project or operating asset portfolio.

Investment Decision

Adequate Capital Portfolio Management is vital as it supports the organisation's strategic goals and ultimately affects the bottom line. Portfolio management is critical to organise and prioritise programmes and projects to enable the allocation of appropriate resources and support to enhance the achievement of goals. The desired portfolio maturity level for each organisation may vary depending on the organisation's strategic objectives, capital portfolio size and complexity, risk tolerances, and nature of core business (e.g. Asset Owner and Operator vs. Constructor etc.). Therefore, each organisation should determine its specific desired level of maturity that is appropriate for the organisation.



How are you prioritising your projects in the current economy?
Do decision makers have a holistic view of the portfolio to make informed decisions?
How are you ensuring that your projects' goals are aligned to your organisation's strategy?

Our Portfolio Governance reviews assist clients in improving management oversight over the entire portfolio including complex and troubled projects. We also assist clients to determine the current level of capital portfolio maturity and to advance to the desired or next maturity level.

The need for a more holistic asset management approach has become critical to the sustainability and continuation of operations, the achievement of peak operational efficiency, better management of demand and capacity, reduction of maintenance costs and the delivery of improved customer service. A holistic view will enable owners to gain access to the full potential of their investments and to meet the organization's broader business needs.

Are you adequately assured to respond to the following?

- Are your organizational objectives reflected in your asset management vision and plan?
- Is your Board aware of the importance of asset management?
- Do you consider the entire lifecycle of your assets?
- Are you allocating and prioritizing resources optimally across assets?
- Are decisions on capital investment, maintenance and asset disposal made by trained asset managers?
- Is asset data included in maintenance, operational, financial and inventory management systems?
- Do you measure asset-specific risks and assess their impact on your business corporate objectives?



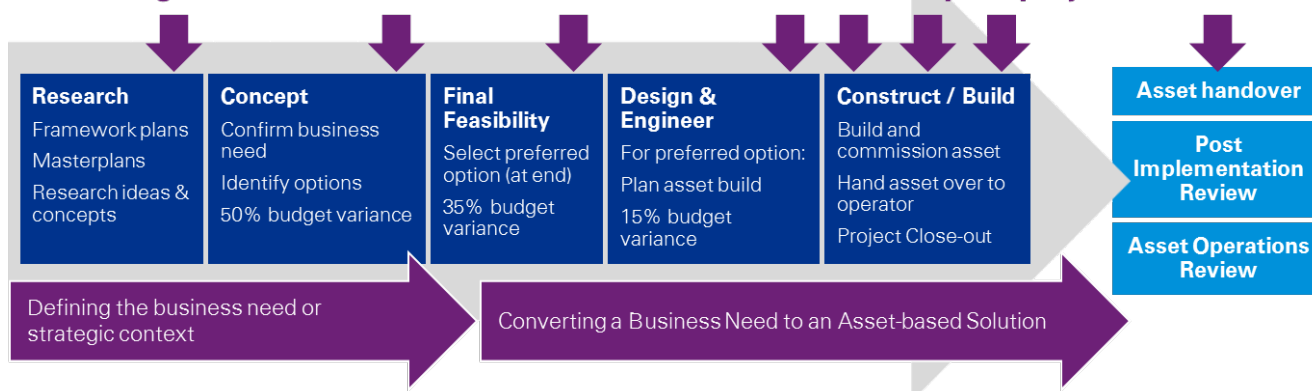
KPMG has an extensive and comprehensive range of services and solutions for the various stages of the Asset Life Cycle

Asset Maintenance

Asset Creation

KPMG MPA adopts a Risk Based audit approach, based on the Project's objectives, ensuring that all significant risks- are identified, mitigated, monitored and reported throughout the Project Lifecycle. Project audit / assurance interventions are scheduled throughout the project lifecycle at key milestones of the project lifecycle, as the project's risk profile changes to ensure that the review focuses on the relevant (existing and emerging) project risks and assurance requirements.

The timing of our assurance intervention is flexible to match your project Milestones



Timing of Assurance coverage:

Depending on the stage of the project in the project lifecycle, the risk profile of the project will dictate the areas of emphasis/scope of the assurance activity. The timing of the assurance intervention will also be guided by the stage of the project in the lifecycle to ensure a focused, effective and valued add service.

Are your Capital Investment Projects or IT Projects running on cost and time?
Scope creep, delays, and non-performing contractors almost certainly leading to over-expenditure or late delivery?

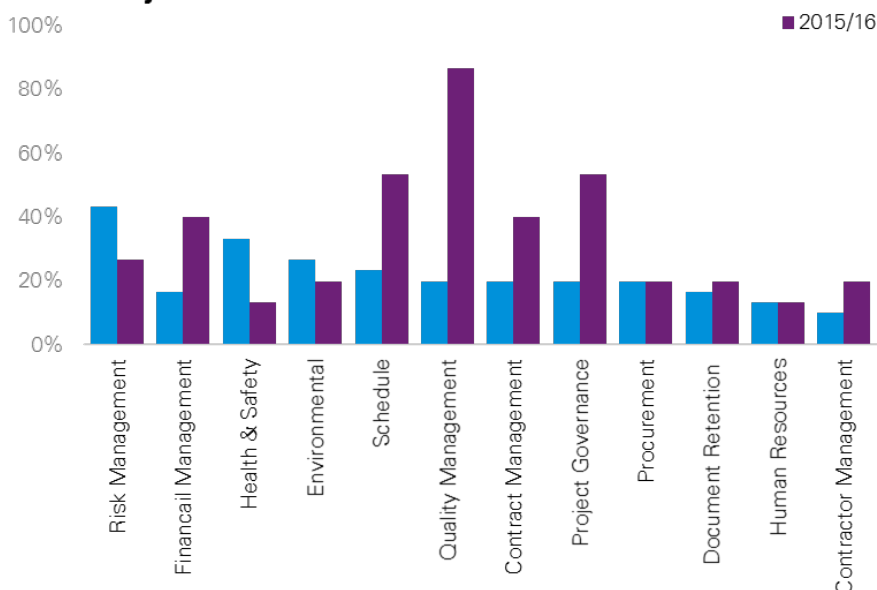
How do your Projects stack up?

Access to assurance results across Africa and various industries enables us to benchmark your project against peers and industry leaders with the ability to identify trends and better practices. Across the spectrum of MPA reviews conducted, the themes for 2015/16 indicate that the majority of projects experience difficulties impacting Schedule, Quality, Cost and Regulatory Compliance.

Projects in **Africa** are additionally impacted by:

- Vast and swift changes in market forces
- Unilateral changes to regulations
- Local customs & cultures
- Infrastructure challenges
- Skills shortages
- Safety & Security
- Political interference
- Bribery and Corruption

% of Projects where the theme occurs



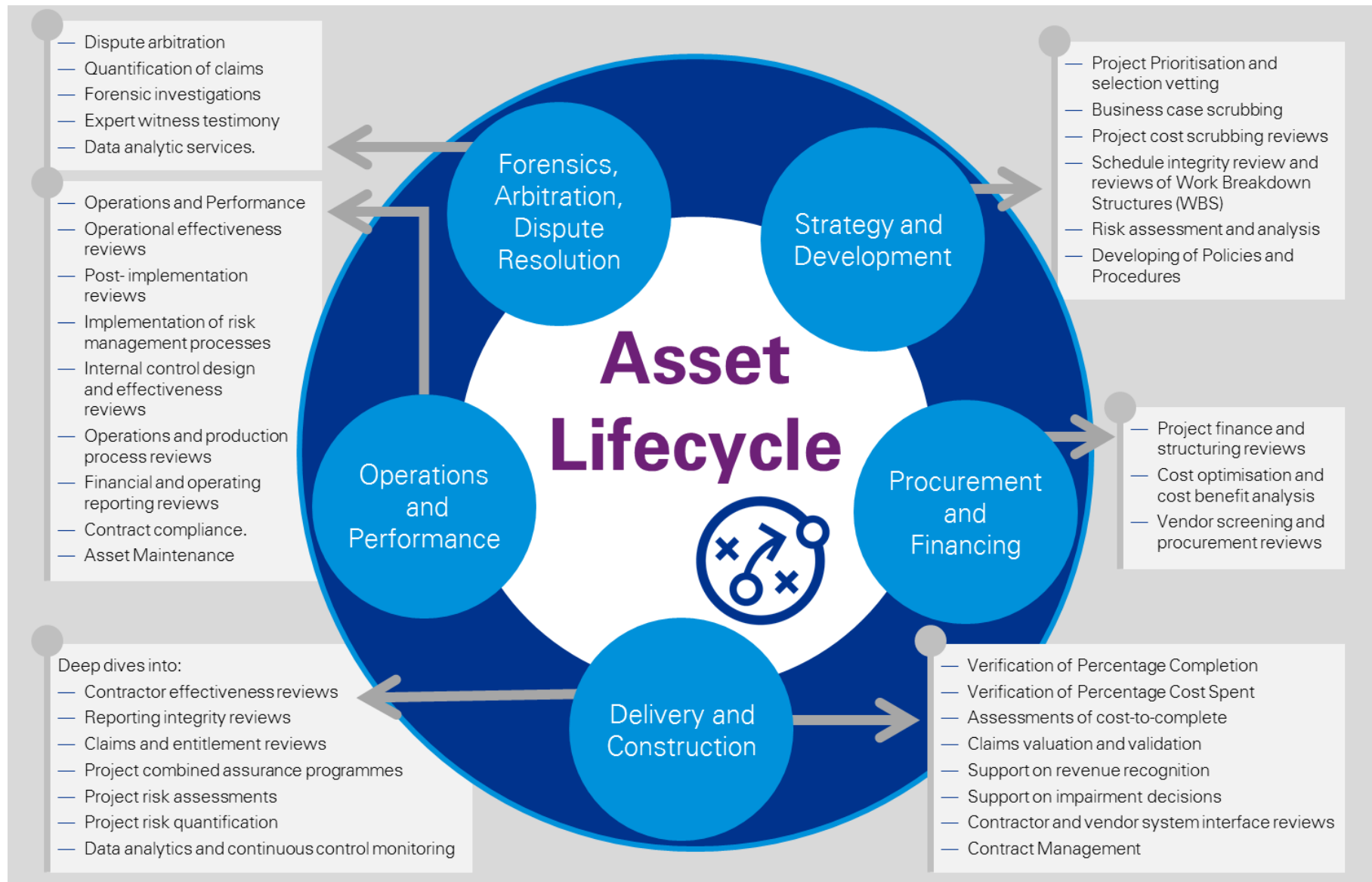
Assurance –

Are you covered?

Are the relevant risk areas being assured and audited?



Value add to Clients



Our Credentials

We bring experience and insights no other service provider can offer

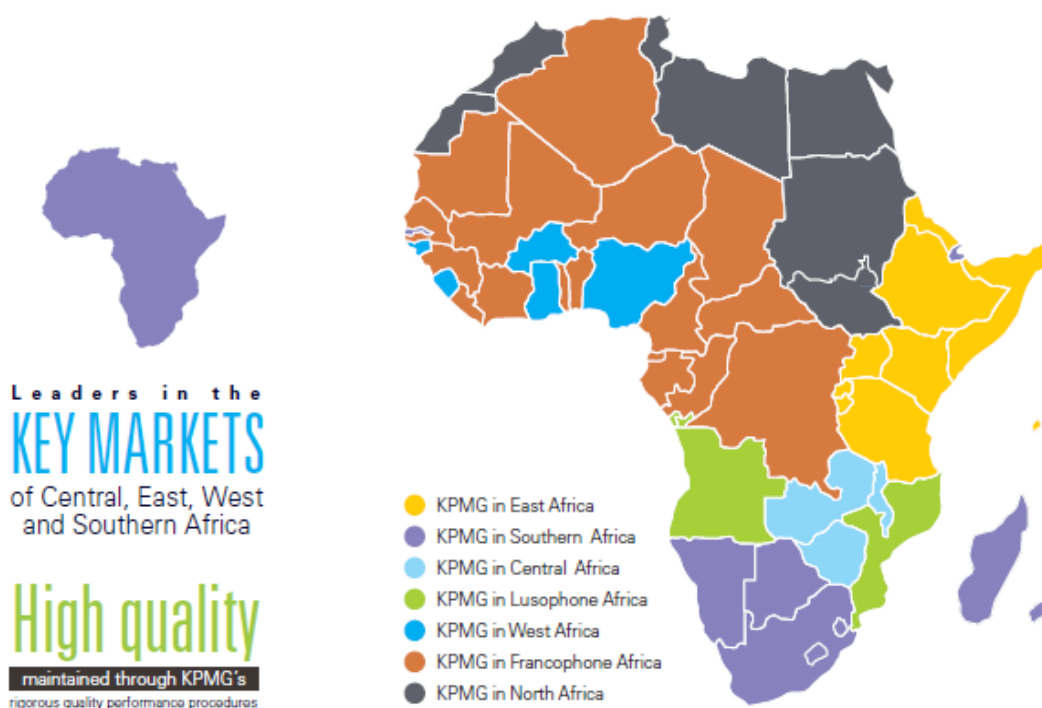
Our Proven Track Record

KPMG has been providing Internal Audit services to companies across various sectors for more than 15 years. Leading organisations choose KPMG as the Internal Audit services provider of choice.

More specifically, some of our clients in our **Major Project Assurance / Asset Maintenance** Services portfolio include:



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



Our dedicated MPA teams service clients across the African continent – we go where you go!

Dedicated, Experienced, Multi-Disciplinary Teams

Our unrivalled project assurance team is fully integrated and consists of skilled professionals from multiple disciplines:

Skills and disciplines:

- Quantity Surveyors
- Project Managers
- Project Planners / schedulers
- Performance Auditors
- Engineers – Multiple disciplines
- Project Risk Managers
- Chartered Accountants.
- Internal Auditors
- IT Auditors
- Forensic Investigators
- Contract Compliance professionals
- Sustainability and Climate Change professionals
- Regulatory Compliance professionals
- Enterprise Risk Management professionals
- Financial Risk Management professionals

We don't "dabble" in Project Assurance/ Asset Maintenance



Contact details



Johan de la Rey

Lead Director – Major Project Assurance

Johan is a Director at KPMG and joined its Internal Audit, Risk and Compliance Services team in 1999. He has been a managing member of the team since then. He has a total of 36 years of experience in internal auditing, external auditing and accountancy. Before joining KPMG he worked in an in-house function of a large electricity utility. Johan specialises in providing assurance on Infrastructure Creation projects, as well as Integrated Assurance and Enterprise Risk Management. Johan has experience in both the private and public sectors and has provided internal audit, risk management and governance services to clients in all industries. He holds a BCom degree from the University of Pretoria complemented with a Certified Internal Auditing and Certified Risk Management Assessor qualifications from the IIA Inc and is also a fellow member of the IIA Inc, and AGA(SA) from SAICA.

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Modise Maseng

Director – Asset Management

Modise is a Director at KPMG. Since joining KPMG as a Director in 2010, he has been with various service lines within Advisory, notably Infrastructure and Major Projects Advisory and Internal Audit, Risk and Compliance Services. During this time he has lead Advisory for KPMG in the Free State and Northern Cape Provinces in South Africa.

Currently he is the Lead Engagement Director in arguably one of the biggest outsourced Internal Audit assignments. Before joining KPMG, Modise was the Chief Audit Executive of Maseng Viljoen, an audit and consulting practice he co-founded with 5 other Partners. He has well over 17 years professional experience in Public Practice.

He is a Chartered Accountant by profession and has an Accounting Honours Degree with University of KwaZulu Natal (South Africa).

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Jaco Hoon

Associate Director – Major Project Assurance

Jaco is an Associate Director at KPMG and joined KPMG's Internal Audit, Risk and Compliance Services team in 2001. He has a total of 15 years of experience in Internal Audit, Risk Management and Compliance within the private and public sectors. Jaco specialises in risk-based internal audit, with a current focus on Major Project (Capital) Assurance in the Infrastructure and Industrial sectors. In addition, Jaco has experience in control design and implementation, gained through leading large multidisciplinary engagement teams, locally and abroad. He holds a BCom (HONS) Internal Auditing

degree at the University of Pretoria complemented by a Certified Internal Auditing and Certified Control Self-Assessment qualifications from the IIA Inc.

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