

# Presentation to the Portfolio Committee on Trade and Industry by the NRCS on LOAs and ICT Modernisation Project

**Mr Edward Mamadise  
Chief Executive Officer**

**27 November 2018**

# NRCS representation

- ❑ Mr. Edward Mamadise (Chief Executive Officer)
  - ❑ Abigail Thulare (COO)
  - ❑ Bongani Khanyile (Programme Manager Modernisation)
  - ❑ Meisie Katz (General Manager – FAI)
  - ❑ Edward Matemba (Manager Strategy and Risk)
  - ❑ Isaac Malapela (Acting GM: Electro-technical)

# Scope of Presentation

- Background
- LOAs
  - Status Report Electro-technical
  - Challenges
  - Proposed Solutions
- ICT Modernisation Project

# Industries regulated by NRCS that require pre-market Approval

| <b>Industry Sector</b>               | <b>Product regulated / Service rendered</b>   |
|--------------------------------------|---|
| Automotive                           | Vehicles, Replacements components   |
| Chemicals, Materials and Mechanicals | Cement, chemicals, detergents, Personal protective equipment, safety shoes, building materials, treated timber, plastic bags, solar water heaters, plumbing equipment |
| Electro-technical                    | Electrical appliances and products, electronic appliances and products  |
| Legal Metrology                      | measuring instruments used for a prescribed purpose and gaming equipment  |

# Critical Appointments: Progress

| POSITION                               | PROGRESS TO DATE   |
|--|--|
| Chief Operations Officer               | <ul style="list-style-type: none"><li>• Ms. Abigail Thulare</li><li>• Joined NRCS on 1 November 2018</li></ul>   |
| Modernisation Programme Manager        | <ul style="list-style-type: none"><li>• Mr. Bongani Khanyile</li><li>• Seconded to CEO office, Effective, 1 November 2018</li><li>• Responsible for the Implementation of the modernisation programme.</li></ul> |
| Chief Information Officer              | <ul style="list-style-type: none"><li>• Candidate accepted NRCS offer and will join the organisation on 2 January 2019</li></ul>   |
| Human Resources Administration Manager | <ul style="list-style-type: none"><li>• Ms Ndivhuho Phosa</li><li>• Joined NRCS on 1 November 2018</li></ul>   |

# Premarket Approvals - LOAs

# PRE-MARKET APPROVALS

## **Focus of the presentation**

- ❑ Electro-technical Approvals due to the relatively high number of applications on hand and the backlog that was experienced within the Electro-technical Domain

## **Approvals targets**

- ❑ The NRCS has implemented a number of measures aimed at ensuring that all applications are processed within 120 days
- ❑ Or processed within the identified turn-around times as per the risk classification of the product and company

## **International Electrical Commission System of Conformity Assessment Schemes for Electro-technical Equipment and Components (IECEE Certification Body Scheme)**

- ❑ Now separating CB Scheme applications as they are classified low risk
- ❑ 1500 applications on average per year

# INTERVENTIONS THAT WERE IMPLEMENTED

## Candidate Inspectors

- ❑ 6 Candidate Inspectors were appointed on 1 April 2017
- ❑ Completed training on 5 Compulsory Specifications VCs 9008 (energy efficiency), 9006 (geysers), 8029 (cord sets and cord extension sets), 8008 (plugs, socket outlets, and socket outlet adaptors), and 8006 (cords)
- ❑ These 5 VCs account for approximately 60% of the volume of applications and fall into the medium to high risk categories.
- ❑ Candidates are evaluating applications under the 5 VCs. 50% of their time is spent on evaluating applications and 50% on training.
- ❑ Candidates are scheduled to complete training End of March 2019, bringing the staff complement within Electro-technical approvals to 13

## 30 Day Cancellation Policy

- Applicants are given 30 days to rectify both technical and administrative findings
- 1520 Applications (1 April to 30 October) were rejected because the applicants failed to address findings within 30 days. An increase from prior year where 1545 applications were rejected for the whole financial year.



# OTHER INTERVENTIONS

## Risk Based Approach

- ❑ Manually implementing Risk Based Approach
- ❑ All applications now being classified according to the NRCS risk criteria
- ❑ Each risk category has a generic check list to aid the approval process
- ❑ Renewal applications provided all else remains the same are now on being processed on average below 75 days.

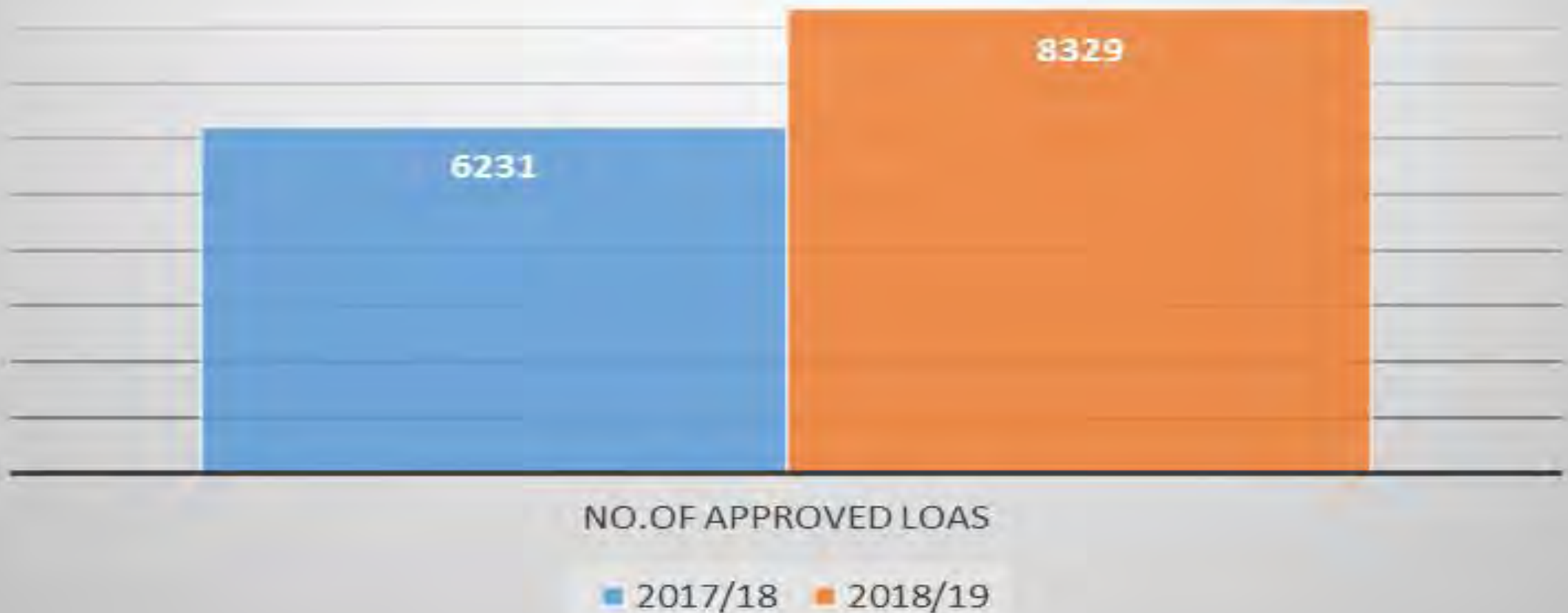
## ❑ Average Turn-around times

| Risk classification | RBA target | Average for period |
|---------------------|------------|--------------------|
| Low risk            | 75         | 72                 |
| Medium risk         | 90         | 96                 |
| High risk           | 120        | 101                |

# IMPACT OF INTERVENTIONS

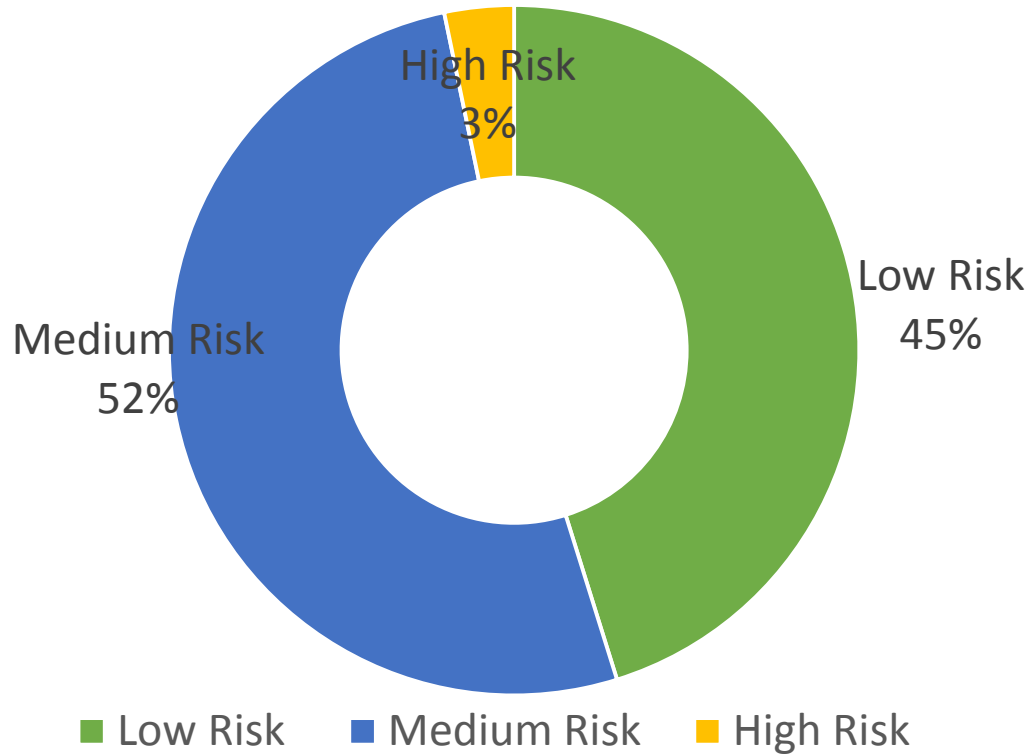
- Between 1 April 2018 and 30 October 2018, 66% of the LOAs within Electro-technical sector were issued within 120 days

## Approved LOAs 2018/19 vs 2017/18

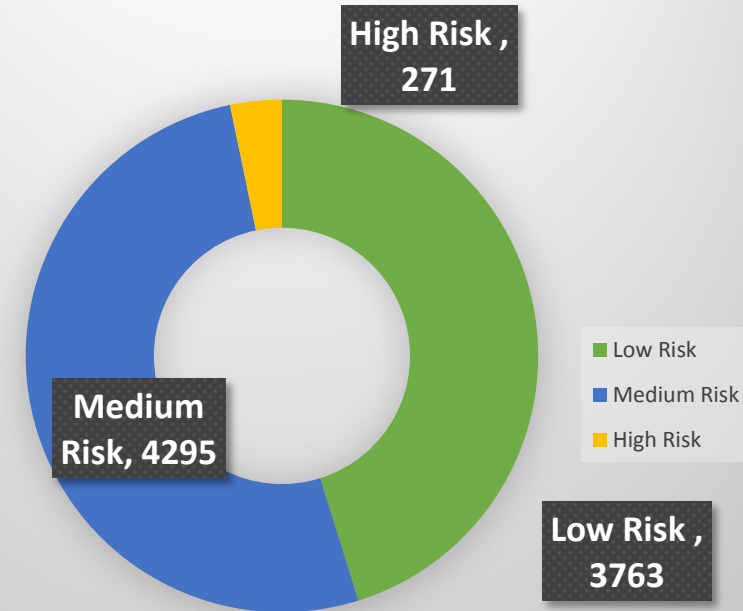


# IMPACT OF INTERVENTIONS

Risk Classification of Approved Applications



Risk Classification of Approved Applications



# IMPACT OF INTERVENTIONS

- ❑ Reduced number of applications on hand from 5236 on 1 April 2018 to 3095 at the end of October 2018
- ❑ At the end of October 2018, the analysis of LOA applications (3095) carried over to the next period was:
  - ❑ 278 - Approved in the process of issuing LOAs (to be captured)
  - ❑ 766 unassigned, within 120 days
  - ❑ 1371 awaiting corrective action/pending, of which ~ 900 were within 30 days
  - ❑ 680 assigned for technical evaluation

# INTERVENTIONS IN PROGRESS

- ❑ Modernisation project implementation
- ❑ The candidate inspectors will qualify as Approval Inspectors in April 2019, which will add to the available capacity
- ❑ Full implementation of RBA by 2019/2020 (product, company)
- ❑ Self-compliance implementation by 2019/2020
- ❑ Full and consistent implementation of 30 days cut off by automatic system by 1 April 2019
- ❑ Full implementation of the profiling of findings by 1 April 2019
- ❑ Review Business Processes as part of the Modernisation project to improve efficiency in processing LOAs



ICT



# Modernisation Program

- ❑ Modernization Program is a suite of interdependent strategies that the NRCS plans to deploy to address system challenges and improve efficiencies:
- ❑ Appointment of a resource company, that will assist NRCS with Business Process Review in preparation for rolling out new systems.
- ❑ Implementation of an integrated Enterprise Resource Planning (ERP) system for Human Resources, Financial, Warehousing and Project Management.

# Modernisation Program

- ❑ Automation of the operational environment comprising of inspections and approvals, to be integrated with support systems.
- ❑ External cooperation and integration with agencies like SARS, CIPC and SABS to ensure exchange of real time information between organizations.



# Operations System *(end to end process operation)*

## **CUSTOMER PORTAL**

- Online registration
- Online application
- Online payment
- Real time status notification

## **PREMARKET APPROVALS**

- Approval management system
- Policy based approvals
- Integration to ERP to verify accounts
- Electronic/Digital Signature

## **INSPECTIONS MANAGEMENT**

- Scheduling of inspections
- Real time 360 view of inspection
- Instant access to information
- Resource Productivity Management

## **SAMPLE MANAGEMENT**

Management of samples for testing and approval

## **RISK ENGINE**

- Automatic classification of approvals and inspections
- Automatic scheduling of approvals and inspections according to the risk rating

# Support System (Enterprise Resource Planning)

## HR MODULES

- Payroll Modules
- Leave Management

## FINANCE MODULES

- Account Receivables & Payable, Fixed Assets, General Ledger, Cash Management, Inventory.
- Online Levy Capturing
- Budget Management
- Travel Management

## ICT HELPDESK MANAGEMENT

- Resource Management

## SUPPLY CHAIN MANAGEMENT

- Demand Planning & Reporting
- Vendor Management
- Tender Management

## FACILITIES

- Warehouse Management (Samples & Confiscated Goods)

## PROJECT MANAGEMENT

- Resource Management

# Project 1 – Resource Company Appointment

## MODERNISATION PROJECT 1 - RESOURCE COMPANY APPOINTMENT

| Financial Years   | 2018/19 |            |        |        |  |       |
|---|---------|------------|--------|--------|--|-------|
| Months  | Oct     | Nov        | Dec    | Jan    | Feb  | March |
| Bid Advert Date   | 26-Oct  |            |        |        |  |       |
| Tender Briefing Session   |         | 7 & 22 Nov |        |        |  |       |
| Bid Advert Closing Date   |         | 29-Nov     |        |        |  |       |
| BEC & BAC Approvals   |         |            | 14-Dec |        |  |       |
| Finalize Appointment  |         |            |        | 17-Jan |  |       |
| SLA Sign off  |         |            |        |        | 15-Feb   |       |
| Operations Processes & Data Mapping by Resources Co. (Preparatory work for Project 3) |         |            |        |        | Effective Mid Feb. Timelines to be confirmed in future |       |

# Project 2 - ERP

## MODERNISATION PROJECT 2 - APPOINTMENT OF A SERVICE PROVIDER TO IMPLEMENT ENTERPRISE RESOURCE PLANNING (ERP)

| Financial Years                         | 2018/19 |        |        |        |        | 2019/20      |  |                       |         |     |         |     |         |     |     |         |     |         |  |  |
|---|---------|--------|--------|--------|--------|--------------|--|-----------------------|---------|-----|---------|-----|---------|-----|-----|---------|-----|---------|--|--|
| Months                                  | Nov     | Dec    | Jan    | Feb    | March  | April        | May  | ERP MODULE            | Jun     | Jul | Aug     | Sep | Oct     | Nov | Dec | Jan     | Feb | March   |  |  |
| Business Case Approval                  | 23-Nov  |        |        |        |        | Requirements | Development & Customization<br>(includes Cleaned Data Migration) of<br>ERP System to NRCS Business | HR Modules            | Phase 1 |     |         |     |         |     |     |         |     |         |  |  |
| Bid Specification<br>Committee Approval |         | 05-Dec |        |        |        |              |  | Finance<br>Modules    |         |     | Phase 2 |     |         |     |     |         |     |         |  |  |
| Bid Adjudication<br>Committee Approval  |         |        | 14-Dec |        |        |              |  | SCM Modules           |         |     |         |     | Phase 3 |     |     |         |     |         |  |  |
| Bid Advertisement                       |         |        | 15-Jan |        |        |              |  | Inventory<br>Module   |         |     |         |     |         |     |     | Phase 4 |     |         |  |  |
| Bid Advertisement -<br>Closing date     |         |        |        | 15-Feb |        |              |  | Project<br>Management |         |     |         |     |         |     |     |         |     | Phase 5 |  |  |
| BEC & BAC Approval                      |         |        |        | 28-Feb |        |              |  |                       |         |     |         |     |         |     |     |         |     |         |  |  |
| Appointment & SLA signoff               |         |        |        |        | 30-Mar |              |  |                       |         |     |         |     |         |     |     |         |     |         |  |  |

Ongoing Change Management through communicating the need, benefits and assurances. Project Rollout Updates, User Requirements compilation staff participation. Identifying of project ambassadors per Business Unit. Training of users and support after rollout.

# Project 3 – Regulatory Operational System

- ❑ The Business Process Mapping will be done by a service provider (Resource Company) which will inform the Terms of Reference to be used to insource a Service Provider who will develop the system that will meet NRCS requirements.
- ❑ The Resource Company is expected to complete the Business Process Mapping process by end April 2019.
- ❑ In 2016/17 FY, NRCS conducted a market analysis on the availability of Regulatory Operational System. The results received indicated that there is no readily available system in the market and the system has to be developed based on the Regulatory Business Processes.
- ❑ Management anticipate that Project 3 will commence beginning of the 2nd Quarter of 2019/20 FY and rollout completed by end 4th Quarter 2019/20.
- ❑ 2018/19 Treasury Approved Budget for NRCS Modernisation is R 53 m.

# Program Dependencies

- ❑ Proper Supply Chain Processes
  - ❑ Responsiveness of the Tenders
- ❑ Development and rollout of the operations system done within the anticipated timelines.
- ❑ Buy-in and total commitment to the implementation of the program from management and staff.

# Thank You