



KPMG Services (Proprietary) Limited
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Mr. Duncan Hindle
Director-General
National Department of Education
Private Bag X895
Pretoria
0001

Your ref T van Wyk

Our ref CMR/08

Contact K Venter

14 August 2008

Dear Mr. Hindle

Feasibility Study - ICT in Education


Thank you for your letter dated and received on the 17th July 2009. At the outset I would like to confirm our firm's continued commitment to the e-learning project as well as to the Department of Education.

Ms Carol Read, a member of our Board and the director responsible for Education at KPMG, met with Ms Penny Vinjevold and the senior members of her directorate on 12 August to discuss the project. The meeting was cordial and constructive and all matters were resolved to the satisfaction of both the Department and KPMG.

We discussed the completion of Phase 1 based on a mutually agreed fee structure. We estimate the fee to be R566 750 (excluding VAT) to complete from the current project status up to (and including) presentation of the feasibility study to the PPP Unit of National Treasury with the view to obtain Treasury Approval 1 (TA1) in terms of the Public Finance Management Act. Annexure A provides details of the fee estimate to complete Phase 1. The original contract for phase 1 was on a fixed price basis. However, for fairness and to protect both parties we requested that we complete the project on an hourly basis using the rates as indicated in the Annexure. It was agreed that the officials of the Department would study our estimate and determine which of these activities they wished us to undertake, where after they would revert to us.

We look forward to assisting the Department during completion of Phase 1 as well as Phase 2 of this project.

Yours faithfully

 Moses Kgosana
Chief Executive Officer

KPMG Services (Proprietary) Limited, a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

KPMG Services (Proprietary) Limited is not a Registered Auditor in terms of the Auditing Profession Act, 26 of 2005 and does not provide audit services as defined in Section 1 of this Act

Registration number 1999/012876/07
FSP number 8484

Policy Board:
Chief Executive: RM Kgosana

Executive Directors: TH Bashall, DC Duffield, A Han, TH Hoole, FB Leith, JS McIntosh, AM Mokgabudi, D van Heerden

Other Directors: LP Fourie, A Jaffer, E Magondo, PJ Marais, S Motau, CM Read, T Rossouw, Y Suleman (Chairman of the Board), A Thunström, JM Vice

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.

Annexure A

The KPMG Consortium still have an approved budget of R245,750 (excluding VAT, CPIX and disbursements) to be invoiced. This amount has already been spent because of all the additional meetings attended and the work that resulted from these.

Over and above this R 245,750, for further attendance requirements and work anticipated resulting from these an additional budget is required. Although actual hours will be charged, the anticipated expenditure amount is estimated at R 566,750 (excluding VAT and disbursements). The table below sets out the detail:

Action	Hours for Director	Hours for Senior Manager
Updating the underlying feasibility reports and summaries based on the current executive summary.		24
Summarizing the Governance structure.	2	8
Final compilation of feasibility study to submit for approval.	4	16
Presentation to Treasury (Why this project and not others such as Food Nutrition, Professional Development).	4	4
Treasury presentation: discussions, slides and research for the presentations, as well as other treasury meetings for example budget meetings ect. Scope for 4 meetings and preparation.	32	32
Attending 1 provincial CFO's meeting and preparations for this meeting.	4	8
Other HEDCOM Sub comities meetings and preparation for these. Scope for 5 of these meetings.	20	40
Attending other Ad hoc (NGN, DOC, USAASA, ect) meetings and preparing for these. Scope for 10 of these meetings.	40	60
Project management/ invoices/ sub contractors/ disbursements and close out report.		8
Total Hours	106	200
Rate per hour	R 2,375	R 1,575
Sub Total	R 251,750	R 315,000
Total (Excluding VAT and disbursements)		R 566,750